




ANNUAL REPORT 2020



"The ability to quickly quantify data while also generating several contrast-weighted images [with SyMRI] will enable us to speed up our workflow while at the same time providing clinically relevant data to our patients."

Dr. Ricardo Burgos, Radiologist, Hawaii Diagnostic Radiology Services, USA

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This is SyntheticMR

SyntheticMR develops innovative analysis and imaging solutions that can speed up MRI examinations and at the same time deliver objective decision support to clinicians.

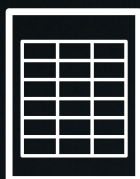
SyntheticMR's solution SyMRI measures the body's absolute tissue properties and generates multiple contrast weighted images, automatic segmentation of biomarkers and quantitative data in a single examination. This delivers objective data that can help improve diagnosis, monitoring and treatment of patients.

The product is currently sold directly to customers through our regional sales offices in the USA, India, Japan and Germany, as well as through partnerships with GE Healthcare, Siemens Healthineers, Philips Healthcare, Fujifilm and United Imaging.

The company was founded by Dr Marcel Warntjes in 2007. The company has 24 employees with headquarters in Linköping.



Efficient workflow



Improved decision support



Unique technology





Ulrik Harrysson
CEO SyntheticMR AB

CEO comments

A strong end to a challenging 2020

With joy and pride I note that in the fourth quarter, we reached the highest quarterly sales in SyntheticMR's history. This despite of limitations due to the ongoing global pandemic. Sales of SyMRI increased compared with the previous quarter and were more than ten times higher than in the same period last year. The development of sales to GE Healthcare of our product marketed under the name of MAGiC was also positive. The outcome was better than the year's previous quarters and showed growth compared with the last three months of the previous year. Sales of SyMRI in relation to total revenues increased in line with previous quarters. Consequently, our product mix is now more favorable.

SyntheticMR is a company with high growth ambitions. The strategies we began to implement in 2020 prove to be right in order to achieve our offensive long-term goals and to successfully establish SyMRI as standard of care. Sales for the full year 2020 amounted to SEK 48.7 million (45.8), which is an increase of 6 percent compared with the previous year. This is primarily due to the more than three-fold increase in sales of SyMRI licenses. Operating profit for 2020 amounted to SEK 0.9 million (4.9), which corresponds to a margin of 2 percent (11).

All our priority markets contribute to the strong sales development of SyMRI. Customers who implement our product solution as standard in their workflow are continuously added. For example, Mayo Clinic, MD Anderson Cancer Center and SimonMed in the United States. Karolinska University Hospital in Sweden, Juntendo University Hospital in Japan and Mahajan Imaging in India are other customers who, through the use of SyMRI in clinical routine, confirm the value of our product offering. Our improved business model with subscription licenses is a good development for many reasons. We have been able to compensate for the limited effect on cash flow. We continue to implement this model which will increase recurring revenues with a growing customer base.

Successful partnership development

In 2020, we reached several agreements that broaden the available market and increase the resources to promote and sell SyMRI. An important step in the collaboration with GE Healthcare was taken through the signing of an in-depth collaboration agreement that now covers our full product solution. As part of the agreement, GE Healthcare will integrate SyMRI on its platform to deliver faster workflows, unique physiological information and objective decision support through quantification to its customers. We also signed an agreement with Philips Healthcare USA which means that SyMRI is included in their price catalog and thus their sales organization now offers our complete solution to their customers. During the year, an initiative was also implemented that makes SyMRI compatible with more scanners from Siemens. We have now also reached a new milestone by signing a global licensing agreement with a new

partner, United Imaging. They have a strong position in China and a growing global presence. The collaboration will further strengthen and establish SyMRI on the global market. The new collaboration with Fujifilm enables the clinicians to get the results from SyMRI directly in the hospital system for handling medical images and patient information, which streamlines the clinical workflow. With our partnerships, we now cover more than three quarters of the MRI market, which gives us an excellent basis for continued growth.

Innovation and development

Successful collaboration with our business partners also contributes to our product development projects. For example in the development of our product solution based on 3D technology. This product will significantly improve the data generated from the MRI examination, which will provide great benefits in the care of various diseases. Among others, the growing area of oncology. SyMRI MSK is our new product package for examination of the musculoskeletal system, including the spine. With this offer we address new customer segments, such as orthopedic surgery. The process for regulatory approval in the EU and the USA began in 2020 and it is gratifying to say that the product is already CE marked. Together with SyMRI NEURO, for brain examinations, we now offer an improved workflow and objective decision support to over two thirds of the MRI examinations performed in healthcare. In order to improve our product development plan, we frequently consult our clinical advisors. This group was formed during the year and consists of several renowned medical specialists from reputable hospitals and universities.

Strengthened for the future

It is with satisfaction I can state that we ended 2020 very strongly. Under challenging conditions, we have built a clear momentum in our customer market that is very valuable as we continue our growth journey. Even though the challenging conditions can be assumed to remain for some time to come, I am very confident that the plans we are implementing are right for us to achieve our goals and establish SyMRI as standard in the customer's clinical workflow. The strategy to invest in our own sales force and establish the model with subscription licenses has worked out very well. The increased demands for financial control that this entails are handled well. An aggressive plan to develop collaborations with existing and new partners has been exceeded and led to a number of new business agreements during the year. Existing and new product development projects are successfully implemented. It is with satisfaction I can state that we are strengthened to continue implementing our growth plans!

Ulrik Harrysson, CEO, SyntheticMR AB

The year in brief

GE HEALTHCARE

Agreement with GE Healthcare to integrate SyMRI NEURO in GE's platform.

PHILIPS HEALTHCARE

SyMRI is integrated in Philips Healthcare USA product catalogue.

DR. JAN FRITZ JOINS SYNTHETICMR'S MEDICAL ADVISORY BOARD

Dr. Jan Fritz is a full-time musculoskeletal radiologist, Associate Professor, and the Division Chief of Musculoskeletal Radiology at the NYU Grossman School of Medicine in New York City.

HAWAII DIAGNOSTIC RADIOLOGY SERVICES IMPLEMENTS SYMRI INTO CLINICAL ROUTINE

HDRS has a strong reputation as the leading outpatient imaging clinic in Hawaii, offering a wide variety of examinations to patients. HDRS have four locations throughout Hawaii, with MRI facilities in two of these locations.

MAYO CLINIC ORDERS SYMRI FOR CLINICAL ROUTINE

Mayo Clinic is one of the top ranked hospitals in the world and receives more than 1.2 million patients from all over the US. The purchase order relates to SyntheticMR's product SyMRI for use in clinical routine.

DR. WENDE GIBBS JOINS SYNTHETICMR'S MEDICAL ADVISORY BOARD

Dr. Gibbs is a Senior Associate Consultant and Assistant Professor in Neuroradiology at the Mayo Clinic.

PROSCAN IMAGING TO INTEGRATE SYMRI INTO CLINICAL WORKFLOW

ProScan Imaging operates 25 outpatient imaging centers throughout the US, providing a wide range of teleradiology services such as MRI, CT and Ultrasound.

Milestones



DR. ALEX ROVIRA JOINS SYNTHETICMR'S MEDICAL ADVISORY BOARD

Dr Rovira is Head of Neuroradiology at Vall d'Hebron Hospital in Barcelona and a Professor of Radiology and Neuroimmunology.

COLLABORATION AGREEMENT SIGNED WITH MAHAJAN IMAGING

Mahajan Imaging is one of India's most renowned diagnostic imaging centers, and the collaboration agreement is expected to support SyntheticMR's marketing efforts in India.

SYMRI RECEIVES REGULATORY CLEARANCE IN JAPAN

FUJIFILM

SyMRI available in Fujifilm's Synapse PACS solution to customers in Japan.

SYMRI RECEIVES REGULATORY CLEARANCE IN SAUDI ARABIA

SYMRI RECEIVES REGULATORY CLEARANCE IN THAILAND

SYMRI RECEIVES REGULATORY CLEARANCE IN BRAZIL

2015

Cooperation and co-marketing agreement signed with Philips

2016

Cooperation and co-marketing agreement signed with Siemens. MAGiC FDA cleared

2017

SyMRI FDA cleared, additional agreement with Siemens syngo.via

2018

SyMRI NEURO is FDA cleared for both GE and Philips

2019

SyntheticMR Inc. established in the US

2020

SyMRI MSK FDA 510(k) pending

Vision

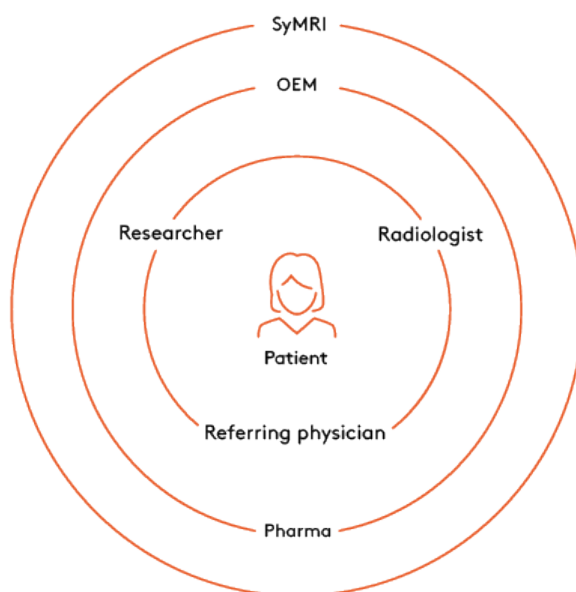
"SyntheticMR's vision is to create a paradigm shift within MRI and to lead the development of quantitative MRI."

The patient in focus

SyMRI should meet the needs of several different stakeholders on the market, but the focus is ultimately on helping patients receive faster and safer care.

SyMRI is currently sold through SyntheticMR's established partnerships with Siemens Healthineers, Philips Healthcare, GE Healthcare and United Imaging. Through these OEM collaborations, the product accessibility can increase on the global market.

Researchers are an important user group for SyntheticMR. They contribute with new ideas on product development as well as increased acceptance for the product on the global market. The main purpose however, is for the product to be used by radiologists and referring physicians in the clinical workflow. That's where SyMRI's product offer can have the greatest impact on patient care.



Strategic initiatives

SyntheticMR's long-term ambition is to replace conventional methods with quantitative technology and establish ourselves as the standard of care on the global market.

Strengthen our position in current and new markets

During the year, SyntheticMR established a strong regional presence in four key regions: North America, Japan, India and 'DACH'. We will continue to strengthen our position in these markets by working closely with regional OEM partners and key opinion leaders. Through regional marketing initiatives, we can effectively reach out to our customer segments.

At the same time, we are expanding our reach in new markets where we have received regulatory approval in recent years, including Latin America, Saudi Arabia and South Korea. We are also working for an establishment in China where we see a great opportunity for our product offering.

We work closely with our customers to meet their needs in terms of licensing and financing. That is why we are developing flexible business models that are adapted to the market. Among other things, we see an increased demand for time-limited licenses. It also means that we build a broad customer base for recurring sales of current and upcoming products.

In-depth collaboration with our partners

MR manufacturers play an important role in increasing the availability of SyntheticMR's products to end customers. Through close collaboration with the four largest MRI manufacturers GE Healthcare, Siemens Healthineers, Philips Healthcare and United Imaging,

we have the opportunity to reach a large part of the market both in terms of installed base and newly produced MR-scanners.

We continuously work to further strengthen our collaborations through agreements and joint development projects. At the same time, we also see great opportunities to broaden our reach in collaboration with new partners, both MR manufacturers but also other companies such as PACS providers. We will continue to work together with our partners so that customers have increased access to our products and that it is as well integrated in their clinical workflow as possible.

Product development and innovation

SyntheticMR is in its core a customer-focused innovation company. We always strive to offer solutions with high clinical value that contribute to improved efficiency and precision in healthcare. Together with our customers and our newly established Medical Advisory Board, we develop innovative solutions for solving clinical questions.

During the year, we will launch an expanded product offering for MRI examinations of the musculoskeletal system and spine. In addition, we have significant development projects such as a 3D solution and to improve the integration of our product in the clinical workflow. The key to our success lies in our employees, who contribute with ideas and knowledge that enable us to constantly be at the forefront of technology.

Core values

SyntheticMR relies on good internal and external cooperation's in order for its products to reach the global market. The company's core values influence our work atmosphere as well as the relationships we foster with our customers and partners. Trust and confidence are fundamental to retaining innovative and resourceful employees, which is a prerequisite to supplying the MRI market with a sustainable, qualitative product. By adhering to our three core values, we cultivate valuable relationships characterized by lasting cooperation, both within and outside the company

TEAMPLAY

The company's expertise revolves around developing and commercializing products based on the latest research within field. This is accomplished through close cooperation with select clinics and hospitals in order to ensure that the products developed correspond to the market requirements.

Creating and preserving close relationships with researchers and clinics across the globe is vital to obtaining new ideas conducive to product development.

INNOVATION

SyntheticMR is characterized by an innovative company culture in which diverse perspectives, solutions, and ideas are embraced to further the company's development.

The goal is to retain and attract skilled employees who are able to create new ways to satisfy the needs of customers and the market. Thanks to innovative employees, SyntheticMR today supplies quality products to the global market.

TRUST

Trust is essential to cultivating sustainable relationships, both within and outside the company. SyntheticMR builds trust by keeping its promises to each other, to partners and to customers. Among other things, this means that SyntheticMR delivers on time with high quality, and that the product meets the expectations of the end-customer.

Quality and Product Development

Quality and sustainability are key words for SyntheticMR, in our innovation processes as well as in our product development. We offer products that fulfill relevant directives, regulations and standards such as the Medical Technology Directive (MDD 93/42 / EEC), the Medical Technology Regulations (MDR 2017/745), and ISO 13485: 2016.

SyntheticMR currently sells and markets its SyMRI software for clinical use in Australia, Brazil, Europe, India, Japan, Mexico, Saudi Arabia, Thailand, Turkey and the USA.

SyntheticMR's products must be safe to use throughout its life. Usability and sustainability are taken into account in all our product development efforts.

Before a new function or feature is released, relevant tests are performed in-house as well as by clinicians. For SyntheticMR, it is important that new software functionality meets clinical needs.

SyntheticMR has a strong focus on product development. We therefore offer new functions and solutions in the software that respond to customers' needs. Within our product development, we conduct ongoing surveys to explore the attitudes, needs, wishes and behaviors of our customers. This feedback then forms the basis for our work to develop new innovations, product and service concepts, as well as an improved customer experience.

Magnetic resonance imaging (MRI)

Magnetic resonance imaging (MRI) is an advanced form of medical image diagnostics where the magnetic field of the MR scanner is used to create images of internal structures and organs. MRI provides better contrasts and higher resolution images of soft tissues compared to other techniques, which makes it especially useful for imaging the brain, the heart and muscle tissue.

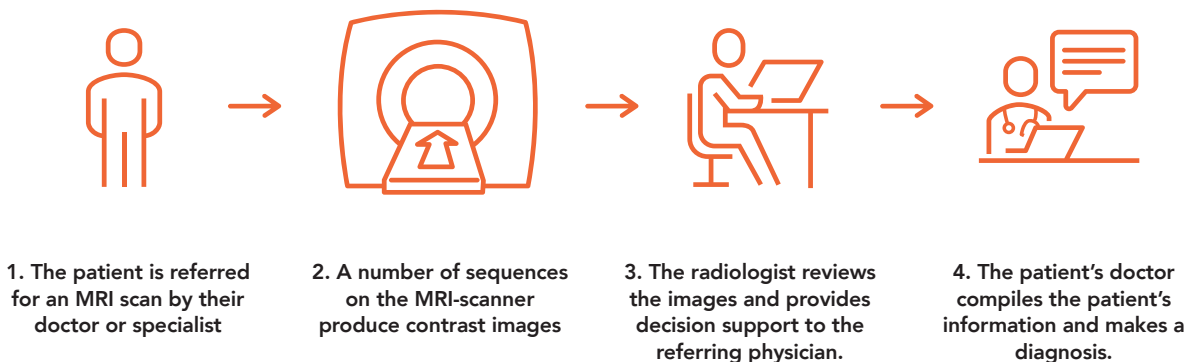
A regular MRI exam involves several sequences with different settings for repetition time (TR) and echo time (TE), where each sequence generates a static contrast image that highlights tissue types differently. The more contrast images the radiologist requires, the more sequences are run on the MR scanner.

The sequences are run in order, which means the patient may have to spend a long time in the MR scanner. This can be very uncomfortable for the

patient, but also leads to long wait times and high costs for the clinic. Unlike x-ray, CT, PET and SPECT, MRI does not expose the patient to ionizing radiation, high costs and long wait times for MRI often mean other imaging modalities are used instead.

The diagnoses following MRI scans are often subjective, since important parameters and measurements are estimated by the radiologist using the naked eye. Manually measuring volumes is difficult and requires a lot of skill and experience. It is therefore difficult to make a fast diagnosis, follow the course of a disease, or to measure the effects of treatment. There is a great need for ways to measure volumes in order to diagnose and monitor patients in an efficient and reliable way.

About the technology:



Synthetic MRI

A conventional MRI examination is performed by running a number of sequences on the MRI scanner, where each sequence generates a black and white contrast-weighted image. The contrast-weighted images are based on an arbitrary grayscale where the radiologist estimates tissue types and volumes with the naked eye.

SyntheticMR's technology differs from conventional methods in that, instead of taking a grayscale image, it measures the actual tissue properties and generates parametric maps of the anatomy. These parametric maps are used to synthetically recreate contrast-weighted images, which means that the examination can be performed faster than if the images were obtained conventionally.

The maps can be used for advanced tissue analysis, for example in the assessment of cartilage in patients with osteoarthritis. They also provide the basis for automatic tissue segmentation of, among others, gray and white matter in the brain.

Faster workflow

An MRI examination of the brain can take up to 40-60 minutes, which means high costs for the department and inconvenience for the patient. With SyntheticMR's technology, the examination can be accelerated by replacing some sequences. This is especially important in pediatrics, where the child is often sedated during the MRI examination. At the same time, healthcare providers can save costs and shorten wait times, as more patients can be examined in one day.

Adjustable contrast images

The contrast images in SyMRI are synthetically recreated from quantitative data, allowing the user to adjust the settings after the examination, when the patient has returned home. This reduces the risk of having to recall the patient if any contrast image

should be missing and allows the doctor to optimize the images afterwards.

Fine-tuning the contrast images is particularly useful in MSK, where it can help the radiologist highlight tissues that may otherwise be difficult to see with conventional technology.

Segmentation of brain tissue

SyntheticMR's product package SyMRI NEURO includes automatic estimation and segmentation of brain tissue, which offers improved decision support to radiologists and referring physicians.

SyMRI NEURO contains segmentation of white and gray matter as well as cerebrospinal fluid. As the first product on the market, SyMRI NEURO also includes segmentation and volume calculations of myelin.

Myelin is a substance that forms an insulating layer around axons in the brain and makes nerve signals travel faster. It is especially important to be able to measure myelin in pediatrics, where measured values beyond normal are linked to a number of diseases such as Sturge-Weber syndrome, ADHD and autism. Measuring myelin is also important in neurodegenerative diseases such as dementia and multiple sclerosis (MS).

SyMRI can also calculate the Brain Parenchymal Fraction (BPF), which is used to follow up brain atrophy, the loss of brain tissue that occurs in connection with neurodegenerative diseases such as MS. The doctor can also mark out and calculate volumes in, for example, tumors or lesions.

The segmentation can thus provide a quick overview of the patient and can contribute to a faster diagnosis and more efficient follow-up of the patient.

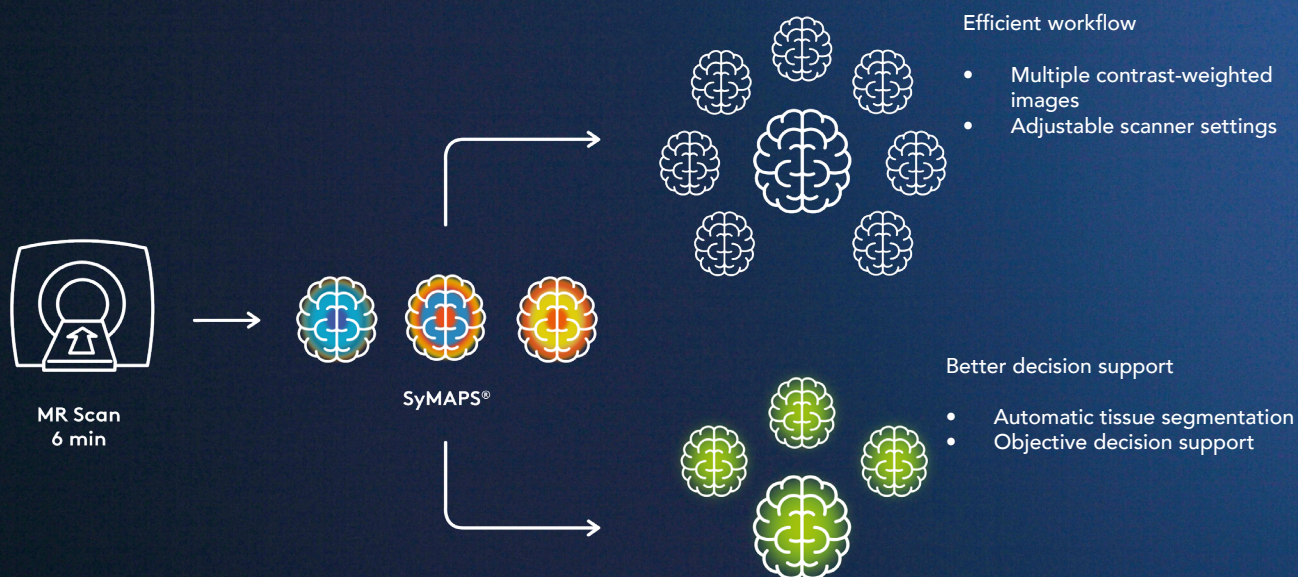
Product packages

SyMRI NEURO

SyntheticMR's product package SyMRI NEURO can speed up MRI brain examinations as well as deliver objective decision support to the radiologist and referring physician. Based on a single 4-6 minute sequence, it provides quantitative tissue maps, SyMaps, as well as multiple contrast-weighted images that can speed up the workflow and improve the patient's experience.

SyMRI NEURO also delivers advanced quantitative solutions for volume measurements of brain tissue, including white and gray matter, cerebrospinal fluid and myelin. The product package also includes reference curves, which allows the clinician to quickly compare the patient to a healthy population and identify abnormalities or pathology. The product package is currently used clinically in pediatrics and MS, among other applications.

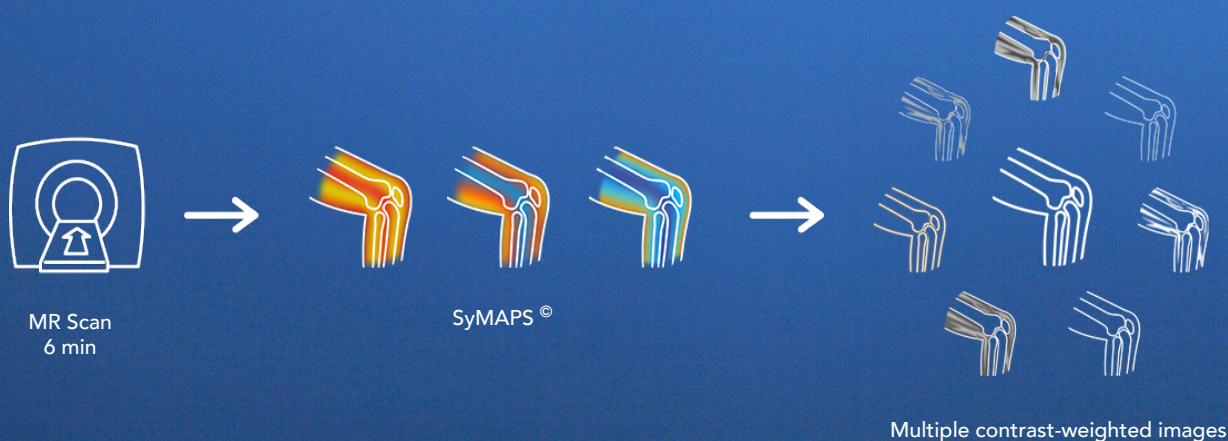
How it works:



SyMRI MSK

SyntheticMR's product package SyMRI MSK can be used on the musculoskeletal system, including the knee and spine. It delivers quantitative tissue maps, SyMaps, as well as several contrast-weighted images that are adjustable post-scan, which enables the radiologist to optimize the images to illuminate different tissues depending on the pathology. SyMRI MSK also provides parametric T2 maps to examine cartilage, which can be used for patients with osteoarthritis.

How it works:



About the market

The use of MRI in healthcare is steadily increasing. Globally, an estimated 70-80 million MRI scans are carried out each year, with brain imaging accounting for approximately a quarter of all examinations.

The MRI Market

The global MRI market was valued at approximately 5.3 billion USD in 2019, with an estimated 4,067 MRI units delivered globally during the year (Frost & Sullivan 2020).

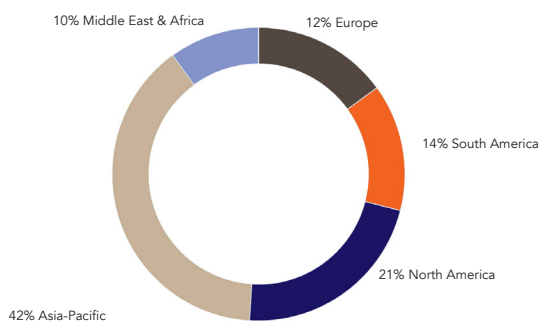
Demand for soft tissue diagnostic imaging techniques is steadily increasing. An aging population and a higher incidence of chronic diseases result in an increase in the need for diagnosis and follow-up, which supports the need for MRI.

Due to the limited capacity of hospitals and clinics, as well as the high cost of MRI examinations, the efficiency you can achieve is becoming increasingly relevant. A reduction in camera time and a higher degree of accuracy that reduces the need for re-scanning are examples of factors that have proven important for hospitals.

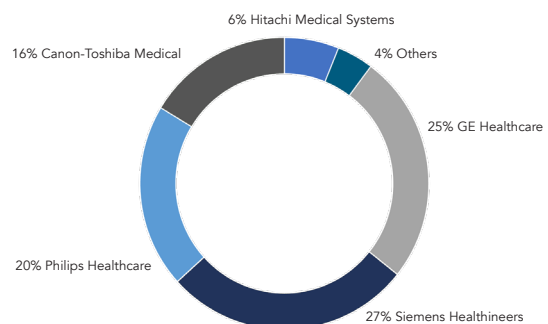
The largest markets are the USA, China and India both in terms of market revenues and number of MR-units.

The market mainly consists of three MR-manufacturers, Siemens Healthineers, Philips Healthcare and GE Healthcare, which together have a global market share of 73.6%. Canon-Toshiba Medical and Hitachi Medical are the second largest manufacturers with 16.2% and 6.4% respectively of the global market (Frost & Sullivan 2020).

Geographic distribution



MR manufacturer market share



Trends and Market Drivers

Today's healthcare is strongly affected by a growing and aging population. According to the WHO, the proportion of Disability Adjusted Life Years (DALYs) lost due to neurological diseases will increase from 95 million in 2015 to 103 million in 2030. Osteoarthritis, a chronic joint disease, is estimated to account for 6.5% of DALYs globally and affects 10-15% of the population over 60 years.

These factors are increasing the demand for cost savings and efficiency within healthcare. The need for faster patient throughput is also increasing. COVID-19 has led to requirements that the MR-scanners are cleaned between each patient. SyntheticMR's technology is well positioned to offer cost savings and increased efficiency within the healthcare sector.

At the same time, healthcare providers are affected by a declining and increasingly strained workforce. The Association of American Medical Colleges estimates that the United States will have a deficit of nearly 42,000 radiologists and other specialists by 2033. This declining occupational group will have to deal with the ever-increasing number of patients.

To handle this increasing pressure, SyntheticMR offers solutions that aim to make radiologists' work easier and at the same time provide more information than conventional technology. Subjectively assessing

an image can take time even for an experienced radiologist, especially if the assessment requires calculations or volume estimations.

Through quantitative data, SyntheticMR's solution SyMRI can offer automatic calculations and estimations that would take a long time to perform manually. Quantitative data can also offer a more robust follow-up, for example in connection with treatment, which can easily be compared over time or against a control group.

SyntheticMR's technology is therefore well positioned to meet the increasing challenges in healthcare, by further streamlining patient care, speeding up examination times and at the same time offering objective decision support in order to improve the radiologist's daily work. This in turn can contribute to more patients being able to undergo MRI examinations and at the same time receive more reliable diagnosis and follow-up than can be achieved with conventional technology.

OEM partners

GE Healthcare

SyntheticMR and GE Healthcare have had a license agreement since 2014, which gives GE Healthcare the right to globally sell an integrated and customized version of the software to its customers. The customized version is marketed under the name MAGiC.

MAGiC is approved for sale on the largest global markets. In 2019, MAGiC became available for sale at the workstations in the radiologist's so-called reading room and the first installations are now in place with successful results.

In the autumn of 2020, a new agreement was signed which means that GE Healthcare will integrate the entire product package SyMRI NEURO on its platform under the name MAGiC Neuro.

Philips Healthcare

SyntheticMR and Philips entered into a marketing and collaboration agreement in 2015. The agreement means that SyntheticMR is responsible for regulatory approvals and has an active role in sales activities relating to Philips customers

Philips can offer its customers the specific sequence needed to use SyMRI, SyntAc, and all SyntheticMR product packages.

During the year 2020, SyntheticMR signed an agreement with Philips Healthcare USA, which gives their organization the opportunity to offer the complete

product package, SyMRI NEURO to its customers on the American market. The agreement represents a major step forward, and in January 2021, the company received its first order via this sales channel.

SyntheticMR sees great potential in a close collaboration with Philips. This includes, for example, making SyMRI available in Philips' global product portfolio.



GE Healthcare

PHILIPS
Healthcare

Siemens Healthineers

SyntheticMR and Siemens Healthineers entered into a marketing and collaboration agreement in 2017. This means that SyntheticMR has an active role in end customer sales and also has the regulatory responsibility. SyMRI NEURO is offered during procurement and is also available in Siemens' digital ecosystem, syngo.via OpenApps.

SyMRI NEURO is available for sale as a clinical product in selected markets, including the EEA (CE) and the United States (FDA). The SyMRI sequence is available as standard on the latest Siemens systems. SyMRI in

syngo.via OpenApps offers full integration into the clinical flow and can also read data from other MRI manufacturers, such as from systems from Philips and GE.

In 2021, we will continue to develop the collaboration and expand market availability.

United Imaging

United Imaging develops advanced medical products, digital healthcare solutions and intelligent solutions that cover the entire process of imaging and treatment. The company was founded in 2011 with global headquarters in Shanghai.

Globally, United Imaging exceeded 10,000 installed imaging systems by 2020 and they also opened their first headquarters in the United States, in Houston, Texas, to meet demand in that market and position the company for further growth in the region.

During the first quarter of 2021, SyntheticMR and United Imaging entered into a global license agreement. This gives United Imaging the opportunity to market and sell SyntheticMR's product package SyMRI NEURO to its customers globally.



SyntheticMR's focus markets

North America

North America is the largest MRI market globally, with a unit shipment of 798 units and market revenues of 1.303 bn USD in 2019 (Frost & Sullivan 2020). The US market highlights the strength of the major OEM manufacturers, with Siemens Healthineers, GE Healthcare and Philips Healthcare having a 29.4%, 26.1% and 21.7% market share respectively based on 2019 installed base (Frost & Sullivan 2020).

The direct costs of neurological diseases in USA, where MRI examinations play a major role in diagnosis and follow-up, is estimated at around 100 billion dollars per year. Of these, Alzheimer's Disease, Epilepsy, Parkinson's and MS together make up 75% of all cases. This gives a good indication of the great need for MRI scanners on the US market. (Frost & Sullivan 2018). About 57% of all MRI scans in the United States are on the brain or spine (Frost & Sullivan 2020).

Japan

The Japanese MRI market is the third largest market in the APAC region after China and India, with a unit shipment of 191 units and market revenues of 181 mn USD in 2019 (Frost & Sullivan 2020). A native manufacturer holds the largest market share in Japan, with Canon Medical Systems having a 27% share, whilst Hitachi Medical has their largest market share by country in Japan, with 13.5% based on 2019 installed base (Frost & Sullivan 2020).

India

India represents one the largest MRI markets globally, with a unit shipment of 173 units and revenues of 303.4 mn USD in 2019 (Frost & Sullivan 2020). As with the US, the major manufacturers make up the vast majority of the Indian market, with Siemens, GE and Philips having a 30.5%, 29% and 23% share respectively based on 2019 installed base (Frost & Sullivan 2020).

'DACH'

The 'DACH' region consists of Austria, Germany and Switzerland. Germany is the largest MRI market in Europe, with a unit shipment of 75 units and revenues of 130.6 mn USD in 2019 (Frost & Sullivan 2020). The native manufacturer, Siemens Healthineers have the largest market share in Germany, both in terms of 2019 installed base (35.1%) and 2019 unit shipment (35%) (Frost & Sullivan 2020).

"The ability to add multi-parametric maps and myelin into our clinical routine will be a great benefit to our patients."

Dr. Wende Gibbs, Neuroradiologist
Mayo Clinic
USA





"With this technology we get more
information in one third of the time"

Dr. Alex Rovira, Head of MRI and Neuroradiology, University Hospital Vall d'Hebron, Spain



Financial information

The Organization

SyntheticMR has broad competences within magnetic resonance imaging, systems- and algorithm development, regulatory affairs, marketing and sales.

Management



Ulrik Harrysson CEO

Year of birth: 1969

Employed since: 2019

Education: Master's degree in Business Administration, specialization in Marketing, from Jönköping International Business School

Previous experience: Ulrik most recently came from Hermes Medical Solutions AB where he was Senior Vice President Global Marketing and Sales. Previous roles, during his more than 25-year career, include international positions in global companies such as HemoCue, Danaher and Pfizer.

Holdings in SyntheticMR: 7,000

Related holdings in SyntheticMR: none



Johanna Norén, CFO and Head of Investor Relations

Year of birth: 1974

Employed since: 1 April 2021, Interim assignment during 2020/2021

Education: Bachelor's degree in Business Administration, Stockholm University

Previous experience: Johanna has worked as the interim CFO at SyntheticMR during 2020/2021 and before that worked as a Financial Manager at Aebi Schmidt AB. Johanna has over 20 years of experience in various finance and controller roles.

Holdings in SyntheticMR: 54

Related holdings in SyntheticMR: none



**Lisa Warnroth,
Head of QA/RA**

Year of birth: 1981

Employed since: 2012

Education: Master in Medical Biologi, Linköping University
Certified QA/RA Leader, SBQ Certification and Certified Change Leader.

Previous experience: Lisa previously comes from Sanofi Pasteur MSD where she worked with product safety and clinical trials regarding the company's products. With her 7 years at SyntheticMR, she has a solid experience of national and international quality and regulatory work.

Holdings in SyntheticMR: 6,000

Related holdings in SyntheticMR: 100



**Markus Malmgren,
Head of Research and Development**

Year of birth: 1978

Employed since: 2019

Education: Master of Science in Applied Physics
and Electrical Engineering

Previous experience: Markus has most recently worked with product development at the company Zenterio where he was Head of Development. He has over 15 years of experience in leadership in software organizations. Previously, he has had similar roles and responsibilities at Enea AB.

Holdings in SyntheticMR: none

Related holdings in SyntheticMR: none

Board

Johan Sediñ

Chairman of the Board since September 2019, and Board member since 2011.

Year of birth: 1965

Professional background: More than 25 years of experience in the medical technology industry. Leading positions within the Elekta Group, of which the latest as Chief Operating Officer (COO).

Education: Master of Science, Industrial Economics
The Institute of Technology at Linköping University. Leadership Training, Captain Level, Royal Swedish Air Force.

Other assignments: Chairman of the Board of Dirac Research AB and Sedvisor Limited and Board Member of Bio-works Technology AB (publ).

Holdings in SyntheticMR: 194,305

Related holdings in SyntheticMR: none

Staffan Persson

Former Chairman of the Board, and Board member since 2013.

Year of birth: 1956

Professional background: Investor and entrepreneur in private owned as well as publicly traded companies.

Education: Bachelor in business administration, Umeå University. Studies in Business Administration, C-level, Uppsala University. Law studies at Uppsala and Stockholm University.

Other assignments: CEO Swedia Capital AB, Chairman of the Board at Sveab Holding AB, Piteå Stadshotell AB, Arctic Falls AB and Darkathlon AB, Board Member at 24 Storage AB, Land Promotions Ltd and Stiga Sport AB.

Holdings in SyntheticMR: 8,707

Related holdings in SyntheticMR: 1,180, 384

Note: Presented holding of shares refers to December 31, 2020

Marcel Warntjes

Board member since 2007, Senior Adviser and Head of Innovation at SyntheticMR since 2018.

Year of birth: 1973

Professional background: Founder of SyntheticMR AB and former CEO and CTO. Background as a system architect at Philips Healthcare. Many years of experience in research in the field of MRI.

Education: PhD physics, AMOLF/Free University, Amsterdam

Other assignments: Clinical Scientist at CMIV, Linköping University.

Holdings in SyntheticMR: 346,000

Related holdings in SyntheticMR: none

Petra Apell

Board member since 2020

Year of birth: 1970

Professional background: Over 30 years of experience of the life science industry with senior management positions in international marketing, sales and business development at Johnson & Johnson, XVIVO Perfusion AB and Mentice AB.

Education: Master of Science, Gothenburg University. Doctoral studies at Technology, Management and Economics, Chalmers University of Technology.

Other assignments: Board Member at Texray AB/Texray Inc.

Holdings in SyntheticMR: none

Related holdings in SyntheticMR: 493

SyntheticMR – The Share

Number of shares and Share capital

The total number of registered shares in SyntheticMR as of December 31, 2020 amounts to 4,040,078. The quota value is SEK 0.222 and the share capital of the company amounts to SEK 896,897. All shares have equal rights to the company's assets and profits. One share carries one vote.

Dividend

The board of directors proposes to the AGM that no dividend will be paid due to the 2020 results.

Analyst coverage

Carl Mellerby – SEB
Christian Lee – Pareto Security
Joakim Kindahl - Aktiespararna

Listing on Spotlight stock market

SyntheticMR's share has been listed on the Spotlight Stock Market since November 2013.

Share capital development

Year	Transaction	Change in No. of shares	Increase in share capital (SEK)	Total Share capital (SEK)	No. of shares	Quotient value
2007	Formation	100,000	100,000	100,000	100,000	1
2008	New issue	5,000	5,000	105,000	105,000	1
2008	Stock dividend issue	–	244,650	349,650	105,000	3.33
2008	New issue	48	159.84	349,809.84	105,048	3.33
2008	Reverse stock split 1:36	-102,130	–	349,809.84	2,918	119.88
2008	New issue	1,301	155,963.88	505,773.72	4,219	119.88
2008	Split of shares 270:1	1,134,911	–	505,773.72	1,139,130	0.444
2008	New issue	12,500	5,550.00	511,323.72	1,151,630	0.444
2009	New issue	38,750	17,205.00	528,528.72	1,190,380	0.444
2009	Split of shares 20:1	22,617,220	–	528,528.72	23,807,600	0.022
2012	New issue	4,328,654	96,096.1188	624,624.84	28,136,254	0.022
2013	New issue	6,492,981	144,144.1782	768,769.0170	34,629,235	0.022
2013	Equalization issue	5	0.1110	768,769.1280	34,629,240	0.022
2013	Reverse stock split 1:10	-31,166,316	–	768,769.128	3,462,924	0.222
2014	New issue	577,154	128,128.188	896,897.316	4,040,078	0.222

Shareholder

The number of Shareholders in SyntheticMR at 31 December 2020 amounted to 2,231 (2,216). Below is a table with SyntheticMR's 10 largest Shareholders.

As of 2020-12-31	Tot. No. of shares	Tot. No. of votes	Votes, %	Capital, %
Staffan Persson, <i>including related persons</i>	1,189,091	1,189,091	29.43	29.43
Jan (Marcel) Warntjes	346,000	346,000	8.56	8.56
Handelsbanken Fonder	250,000	250,000	6.19	6.19
Swedbank Robur Fonder	200,000	200,000	4.95	4.95
Johan Sedihn	194,305	194,305	4.81	4.81
Berenberg Funds	144,802	144,802	3.58	3.58
Thord Wilkne	100,000	100,000	2.48	2.48
Avanza Pension	97,609	97,609	2.42	2.42
Aktia Asset Management	85,493	85,493	2.12	2.12
Nordnet Pensionsförsäkring	72,785	72,785	1.80	1.80
Total	2,680,085	2,680,086	66.34	66.34
Remaining shares	1,359,993	1,359,993	33.66	33.66
TOTAL	4,040,078	4,040,078	100.00	100.00

Turnover and share price

In 2020, a total of 789 thousand (949) shares in SyntheticMR AB were traded for a value of SEK 207 million (243). This corresponds to an average price of SEK 262 (256). The highest and lowest price paid during 2020 was SEK 385 and SEK 117 respectively. The closing price of the year's last trading day, December 30, was SEK 342 (223). The market value of SyntheticMR at the end of December was SEK 1 382 million (901).

Administration report

The Board of Directors and the CEO of SyntheticMR AB (publ), corporate registration number 556723-8877, hereby submit the annual and consolidated report for the financial year 2020. SyntheticMR AB is listed on the Spotlight stock market. The company has approximately 2,200 shareholders (2,200). Comparisons stated in parentheses refer to the corresponding period last year.

Information about the business

SyntheticMR develops analytical and imaging methods for magnetic resonance imaging (MRI) that can shorten the examination time and deliver more information to the clinician.

SyntheticMR's unique technology measures absolute values of brain tissue and generates adjustable contrast images, automatic segmentation of biomarkers, and quantitative data with a single MR sequence.

SyntheticMR's SyMRI product is sold through partnerships with Siemens Healthineers, Philips Healthcare, United Imaging and Sectra, as well as a customized version of GE Healthcare.

The company was founded in 2007 by Dr. Marcel Warntjes in Linköping. SyntheticMR has 24 employees, of which 17 are in the office in Linköping. Remaining persons are employed by SyntheticMR's US subsidiary.

SyMRI

SyntheticMR's software SyMRI delivers a number of contrast images, segmentation of biomarkers and quantitative data with a single MR sequence. With SyMRI, the examination time can be significantly shortened, while the clinician is given more information when making a diagnosis. Through shorter MRI examinations, reduced care queues and more reliable diagnoses, SyMRI can contribute to a more efficient workflow and increased patient benefit.

Product packages

SyMRI is available in various product packages.

Through partnerships, SyMRI is compatible with MR scanners from the four globally leading manufacturers GE Healthcare, Siemens Healthineers, Philips Healthcare and United Imaging.

SyMRI NEURO can speed up MRI brain examinations as well as deliver objective decision support to the radiologist and referring physician. Based on a single 4-6 minute sequence, it provides multiple contrast-weighted images that can speed up the workflow and improve the patient's experience.

SyMRI MSK can be used on the musculoskeletal system, including the knee and spine. It delivers several contrast-weighted images that are adjustable post-scan, which enables the radiologist to optimize the images to illuminate different tissues depending on the pathology.

MAGiC is a customized version of SyMRI which is marketed by GE Healthcare under license agreements.

Significant events during the financial year

Marketing and sales

Sales of SyMRI increased by approximately 300 percent compared to last year.

An in-depth global collaboration agreement has been signed with GE Healthcare which has already generated a number of orders.

SyntheticMR has received regulatory approval for SyMRI in Japan, Brazil, Thailand and Saudi Arabia.

SyMRI is compatible with additional scanners from Siemens Healthineers.

An agreement has been signed with Philips Healthcare, USA, to include SyMRI in their product catalog.

SyMRI can be integrated in Fujifilm's product Synapse.

During the year several customers have implemented SyMRI in their clinical workflow, for example well known

international hospitals such as Mayo Clinic and MD Anderson Cancer Center.

Covid-19 impact

In 2020, operations were negatively affected by effects related to the pandemic. The external situation had consequences such as changed priorities and advanced investment projects for certain end customers. Consequently, we saw an inhibiting effect on order intake. Furthermore, large parts of planned marketing efforts were not carried out due to the cancellation of physical meetings. Although several activities were replaced by alternative forums, the opportunities to effectively implement the sales processes were affected. The challenging conditions are expected to persist for some time to come, but the negative effects are expected to subside in 2021.

Other

Johan Sedihn was elected as Chairman of The Board at the AGM 5th May 2020 and Petra Apell was elected as a Board Member.

Significant events after the end of the financial year

See note 24.

Organization

The Group's head office is located in Linköping. At year-end, the number of employees in SyntheticMR was 24 (23).

Turnover and earnings

Net sales for the full year amounted to 48,729 TSEK, which is an increase compared to the previous year by 6 percent (45,803). Sales include licenses sold, as well as service and upgrade agreements. The increase compared to the previous year is primarily attributable to an increased number of SyMRI licenses sold.

Operating expenses amounted to 49,326 TSEK, which is 4,921 TSEK higher than the same period last year (44,405). The increase of 4,921 TSEK is mainly attributable to the investments made in our own sales force globally.

Operating profit for the year amounted to 865 TSEK (4,917), which corresponds to an operating margin of 2 percent (11). Total profit after tax for the full year 2020 amounted to 451 TSEK (3,790). This resulted in earnings per share before and after dilution of 0.11 SEK (0.94).

Tax

Tax on profit for the year amounted to -152 TSEK (-1,172) and is partly attributable to current tax on profit for the year and partly attributable to different tax rates related to foreign subsidiaries.

Cash flow and liquidity

For the full year, cash flow from operating activities amounted to -8,931 TSEK (12,768). The decrease is explained by a deteriorating operating result and a new business model. Accounts receivable at the end of the period were 17.4 percent (22.2) of net sales for the full year.

Cash flow from investing activities amounted to -5,555 TSEK (-3,624), of which investments in intangible fixed assets amounted to -5,555 TSEK (-3,624) and consist of capitalized development expenses and patents.

Cash flow for the year amounted to -21,530 TSEK (2,596) and, as of December 31, 2020, the Group's cash and cash equivalents amounted to 13,004 TSEK (34,747).

Financial position

The Group's total assets amounted to 47,820 TSEK (56,439) as of December 31, 2020 and the equity / assets ratio was 79.8 percent (77.6). As of December 31, 2020, current receivables amounted to 12,801 TSEK (12,044). The receivables are mainly accounts receivable and accrued revenues. The increase is largely explained by an increased number of SyMRI licenses sold.

Equity

Equity at the end of the period amounted to SEK 38,179 TSEK (43,789).

Research and Development

Advanced research and development within the Group is a prerequisite for continued commercialization of the SyMRI® product. The Group believes that its products, projects and with the recruited staff well meet the opportunities for continued progress.

Patent

During the year, SyntheticMR received two patents, one of which is registered in Europe and another in the United States. The approved patents relate to the company's 3D solution, segmentation of myelin in the brain and image of contrast charging. In addition to these patents, SyntheticMR has ten additional registered patents with the US Patent Office, two in Japan and two in China. The approved patents cover functionality relating to the SyMRI NEURO package. The patents cover the technical solution of segmenting different tissues in the brain based on absolute values from the MRI camera, as well as visualization of quantitative MRI images and data. One of the patents relates to a 3D variant of SyntheticMR's quantification. As the trend in the market is 3D visualization, this patent means an important part of SyntheticMR's future product portfolio. Patent protection extends until 2037 and onwards. Two more patents were submitted to the US Patent Office in 2020 but have not yet been approved. Patenting takes place together with established patent offices.

Parent Company

SyntheticMR AB (publ) is the parent company of the SyntheticMR Group. The operations of the Parent Company are essentially in line with the operations of the Group, which is why the comments to the Group to a large extent also apply to the Parent Company.

Share Information

Share capital as of December 31, 2020 amounted to 896,897 SEK and the number of shares to 4,040,078. All shares have equal rights to the Group's assets and profits. One share carries 1 vote. The quotient value amounts to 0.22 SEK.

Owners

The largest owners of SyntheticMR are Staffan Persson,

Jan (Marcel) Warntjes and Handelsbanken Fonder. Together, these shareholders represent 44.2 percent of the votes.

Dividend

The board of directors proposes to the AGM that no dividend will be paid due to the 2020 results.

Annual General Meeting

All shareholders who are registered in the shareholder register and report their participation to the Group in accordance with the issued notice are entitled to participate in negotiations at the AGM. The Annual General Meeting regarding the fiscal year 2020 will take place on May 11, 2021 at 18:00, Storgatan 11, Linköping.

An account of the Board's work during the year

SyntheticMR's Board of Directors consists of four members, who were elected by the shareholders at the Annual General Meeting on May 5, 2020. During 2020, the Board held 11 minuted meetings, in addition to several phone meetings. The work of the Board is conducted in accordance with special rules of procedure and instructions on the division of work between the Board and the CEO. Issues that have been addressed include the Group's global establishment, business partners and organizational issues. The Board also deals with collaboration agreements, interim reports, annual accounts, audit and forecasting issues.

In addition to the CEO as rapporteur at the Board meetings, other members of the Group participate, as needed. In addition to board meetings, the Chairman of the Board and other Board members have had continuous contact with the CEO.

Remuneration and benefits to the CEO for the financial year 2020 have been decided by the Board of Directors. The Board of Directors has appointed a Nomination Committee in 2020. The Group's auditors attend at least one of the Board's meetings annually.

Corporate governance

SyntheticMR's corporate body consists of the Board of Directors, CEO and the auditor. This is governed by the corporate governance rules set out in the Swedish

Companies Act, the Articles of Association and the listing agreement with Spotlight stock market.

SyntheticMR is not currently covered by the Swedish Code of Corporate Governance as the Group's shares are admitted to trading on the Spotlight stock market. Nor has the Board decided to apply the code on a voluntary basis. The Board of Directors will monitor developments and may, if necessary, introduce the parts that will be applicable to a company of its size.

Remuneration principles

The Chairman of the Board and members of the Board receive remuneration in accordance with the decision of the Annual General Meeting. The Board determines the CEO's remuneration, which consists of salary, pension and bonus.

Auditor

The auditor will audit SyntheticMR's annual report and accounts as well as the Board of Directors and the CEO's administration. After each financial year, the auditor shall submit an audit report to the AGM. Auditor in SyntheticMR is BDO Mälardalen AB. The principal auditor is Jörgen Lövgren, authorized public accountant and member of FAR.

Future outlook

It is essential for SyntheticMR's future profitability and financial position that SyMRI and the products that the Group may develop in the future are commercialized in a successful manner. Commercialization is largely done through partnerships with global and leading MRI manufacturers.

Risks and uncertainties

SyntheticMR operates in a global market through partners, which means that the company is exposed to various risks and uncertainties, such as market risks, business-related risks and financial risks. Risk management within SyntheticMR aims to identify, evaluate and reduce risks related to the company's business and operations. For more information, see note 3.

Proposed appropriation of profit. At the disposal of the AGM are amounts in SEK:

Retained earnings	11,899,814
Share premium	17,761,503
Profit for the year	130,675
Total	29,791,992

The Board of Directors proposes that the profit be allocated as follows:

To be retained	29,791,992
Total	29,791,992

Multi-year overview

Below is a financial overview for SyntheticMR's last five operating years.

Overview Income statement

TSEK	The Group*		Parent company				
	2020	2019	2020	2019	2018	2017	2016
Net sales	48,729	45,803	41,345	45,803	48,304	35,645	19,004
Own work capitalized	3,498	2,578	3,498	2,578	2,430	2,272	3,142
Other income	-2,036	941	-2,036	1,233	827	58	555
Total income and own work capitalized	50,192	49,322	42,808	49,614	51,561	37,975	22,701
Operating expenses	49,326	-44,405	-42,641	-44,738	-32,824	-26,857	-19,540
Operating profit	865	4,917	169	4,876	18,737	11,117	3,161
Net financial income/expenses	-49	-16	21	17	-32	-32	-46
Net profit for the period from operations	816	4,901	190	4,894	18,705	11,085	3,115
Tax on net profit for the period	-152	-1,172	-58	-1,172	-4,052	-2,724	-721
Net profit for the period	663	3,729	131	3,721	14,653	8,361	2,394
Earnings per share before dilution	0.11	0.94	0.03	0.92	3.63	2.07	0.59
Earnings per share after dilution	0.11	0.94	0.03	0.92	3.63	2.07	0.59

Overview Balance sheet

TSEK	2020	2019	2020	2019	2018	2017	2016
Fixed assets	12,015	9,648	10,870	8,343	7,637	10,468	13,087
Current assets	35,805	46,791	33,877	48,063	48,437	28,598	15,519
– Including cash and cash equivalents	13,004	34,747	12,971	34,015	32,090	16,989	9,318
Total assets	47,820	56,439	44,748	56,406	56,074	39,066	28,606
Equity	38,179	43,789	37,791	43,720	46,059	32,227	23,866
Long-term liabilities	203	324	–	–	–	–	–
Short-term liabilities	9,438	12,326	6,957	12,686	10,015	6,839	4,740
Total liabilities and shareholders equity	47,820	56,439	44,748	56,406	56,074	39,066	28,606

Overview Cash flow

TSEK	2020	2019	2020	2019	2018	2017	2016
Cash flow from operating activities	-8,931	12,768	-9,427	11,609	18,007	10,655	4,476
Cash flow from investing activities	-5,555	-3,624	-5,555	-3,624	-2,906	-2,984	-3,315
Cash flow from financing activities	-7,044	-6,548	-6,060	-6,060	–	–	-40
Cash flow for the period	-21,530	2,596	-21,044	1,925	15,101	7,671	1,121
Cash, opening balance	34,747	32,090	34,015	32,090	16,989	9,318	8,197
Liquid assets of the translation difference	-213	61	–	–	–	–	–
Cash, closing balance	13,004	34,747	12,971	34,015	32,090	16,989	9,318

* The Group was formed on 1 July 2019 and as the operations of the subsidiary in 2019 were insignificant, the Group's financial information for 2019 has been prepared for the full year 2019. There are no comparative figures for the Group before 2019.

Key figures

TSEK	The Group		Parent company				
	2020	2019	2020	2019	2018	2017	2016
Net sales	48,729	45,803	41,345	45,803	48,304	35,645	19,004
Sales growth %	6	-5	-10	-5	36	88	207
Operating profit	865	4,917	169	4,876	18,737	11,117	3,161
Operating margin %	2	11	0	11	39	31	17
Net profit for the year	663	3,729	131	3,721	14,653	8,361	2,394
Cash flow from operating activities	-8,931	12,768	-9,427	11,609	18,007	10,655	4,476
Shareholders equity	38,179	43,789	37,791	43,720	46,059	32,227	23,866
Total assets	47,820	56,439	44,748	56,406	56,074	39,066	28,606
Equity/assets ratio %	79.8	77.6	84.5	77.5	82.1	82.5	83.4
Return of equity %	2	8	0	8	37	30	11
Number of employees	23	20	17	19	17	14	12
Number of shares before/after dilution	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078
Average number of shares before/after dilution	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078
Per share data, SEK							
Profit/loss per share, before/after dilution	0.11	0.94	0.03	0.92	3.63	2.07	0.59
Cash flow from operating activities	-2.21	3.16	-2.33	2.87	4.46	2.64	1.11
Equity per share before/after dilution	9.45	10.84	9.35	10.82	11.40	7.98	5.91
Dividend per share	–	1.50	–	1.50	1.50	–	–

Definitions of key ratios

Definitions of key ratios

Earnings per share – Profit for the period divided by the weighted average number of shares outstanding during the period.

Performance measurements

Sales growth – Percentage change in sales compared to the same period last year.

Operating margin, % – Operating profit including financial income divided by net sales.

Equity ratio, % – Closing equity for the period divided by closing balance sheet total for the period.

Return on equity, % – Profit for the period divided by average equity.

Number of employees – Average number of employees during the year.

Cash flow from operating activities per share – Cash flow from operating activities divided by the average number of shares outstanding during the period.

Equity per share – Equity divided by the number of shares outstanding at the end of the period.

Consolidated Income Statement and Other Comprehensive Income

TSEK	Note	2020	2019
Operating income			
Net sales	5,7	48,729	7,254
Own work capitalized		3,498	2,578
Other income	6	-2,036	941
Total income and capitalized own work		50,192	49,322
Operating expenses			
Other external expenses	8,9	-18,399	-16,809
Employee benefit expenses	10	-26,907	-24,184
Depreciation / amortization of tangible and intangible assets	14,15,16	-4,020	-3,412
Operating profit		865	4,917
Results from financial items	11	897	897
Financial income		2	2
Financial expenses		-51	-18
Net financial income/expenses		-49	-16
Profit for the year before tax		816	4,901
Tax on net profit	12	-152	-1,712
Net profit for the year		663	3,729
Other comprehensive income			
<i>Items that can later be reversed in the income statement</i>			
Exchange rate differences		-213	61
Other comprehensive income for the year		-213	61
Profit for the year		415	3,790
Earnings per share before and after dilution, SEK	13	0,11	0.94

Consolidated Balance sheet

Assets, equity and liabilities

TSEK	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Capitalized development expenditure	14	9,354	7,254
Patent	15	1,359	889
Equipment, fixtures and fittings	16	157	200
Rights of use assets	9	1,145	1,305
Total fixed assets		12,015	9,648
Current assets			
Accounts receivable	17,20	8,478	10,184
Other receivables	20	1,817	460
Prepaid expenses and accrued income	18	12,506	1,400
Cash and cash equivalents	19	13,004	34,747
Total current assets		35,805	46,791
TOTAL ASSETS		47,820	56,439
EQUITY AND LIABILITIES			
Equity			
Share capital	21	897	897
Other contributed capital	21	17,762	17,762
Reserves	21	-152	61
Profit brought forward including profit for the year		19,672	25,069
Equity attributable to the Parent Company		38,179	43,789
Total equity		38,179	43,789
Non-current liabilities			
Long-term financial liabilities	25	203	324
Total non-current liabilities		203	324
Current liabilities			
Short-term financial liabilities	25	957	988
Accounts payable		1,143	1,765
Tax liabilities		0	335
Other current liabilities		472	1,200
Accrued expenses and prepaid income	22	6,866	8,038
Total short-term liabilities		9,438	12,326
TOTAL EQUITY AND LIABILITIES		47,820	56,439

Consolidated Statement of cash flow

TSEK	Note	2020	2019
Operating activities			
Operating profit		865	4,917
Adjustments for non-cash items			
Depreciation/amortization of tangible and intangible assets		4,020	3,412
Interest received		2	2
Paid interest		-51	-18
Income tax paid		-2,468	-1,540
Cash flow from operating activities before changes in working capital		2,368	6,773
Changes in accounts receivable	17	1,707	4,728
Changes in other receivable		-12,464	-425
Changes in accounts payable	20	-623	-175
Changes in other payable		81	1,867
Cash flow from operating activities		-8,931	12,768
Investing activities			
Investment in intangible assets	14,15	-5,555	-3,408
Investment in tangible assets	16		-216
Cash flow from investing activities		-5,555	-3,624
Financing activities			
Paid dividend		-6,060	-6,060
Repayment of leases	25	-984	-488
Cash flow from financing activities		-7,044	-6,548
Cash flow for the year		-21,530	2,596
Cash and cash equivalents opening balance		34,747	32,090
Net affects of exchange gain/loss on cash balances		-213	61
Cash and cash equivalents, closing balance	19	13,004	34,747

Consolidated Statement of changes in equity

TSEK	Share capital	Other contributed capital	Translation reserve	Profit brought forward	Total equity attributable to the Parent Company's owner
Opening equity 1 January, 2019	897	17,762	–	27,400	46,059
Profit for the year	–	–	–	3,729	3,729
Other comprehensive income for the year	–	–	61	–	61
Total profit for the year	–	–	61	3,729	3,790
Transaction with the Group's owner - dividend	–	–	–	-6,060	-6,060
Closing equity December 31, 2019	897	17,762	61	25,069	43,789

TSEK	Share capital	Other contributed capital	Translation reserve	Profit brought forward	Total equity attributable to the Parent Company's owner
Opening equity 1 January, 2020	897	17,762	61	25,069	43,789
Profit for the year	–	–	–	663	663
Other comprehensive income for the year	–	–	-213	–	-213
Total profit for the year	–	–	-213	663	450
Transaction with the Group's owner - dividend	–	–	–	-6,060	-6,060
Closing equity December 31, 2020	897	17,762	-152	19,672	38,179

Parent Company Income Statement and Other Comprehensive Income

TSEK	Note	2020	2019
Operating income			
Net sales	5,7	41,345	45,803
Own work capitalized		3,498	2,578
Other income	6	-2,036	1,233
Total income		42,808	49,614
Operating expenses			
Other external expenses	8,9	-21,320	-19,647
Employee benefit expenses	10	-18,293	-22,174
Depreciation/amortization of tangible and intangible assets	14,15,16	-3,028	-2,917
Operating profit		169	4,876
Financial income and expense			
Interest income	11	40	20
Interest expenses		-19	-3
Net financial income/expenses		21	17
Profit for the period before tax			
Tax on profit for the year	12	-58	-1,172
Net profit for the year		131	3,721
Statement of comprehensive income			
Net profit for the year		131	3,721
Other comprehensive income		–	–
Comprehensive income for the year		131	3,721
Earnings per share before and after dilution	13	0.03	0.92

Parent company Balance sheet

Assets, equity and liabilities

TSEK	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Capitalized development expenditure	14	9,354	7,254
Patent	15	1,359	889
Equipment, fixtures and fittings	16	157	200
Total fixed assets		10,870	8,343
Current assets			
Accounts receivable	17,20	7,688	9,737
Other receivables	20	1,816	460
Receivables from Group companies		4,707	2,451
Prepaid expenses and accrued income	18	6,696	1,400
Cash and bank balances	19	12,971	34,015
Total current assets		33,877	48,063
TOTAL ASSETS		44,748	56,406
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	21	897	897
Fund for development expenditures		7,102	5,996
Unrestricted equity			
Share premium reserve	21	17,762	17,762
Retained earnings		11,900	15,344
Profit for the year		131	3,721
Total shareholder's equity		37,791	43,720
Current liabilities			
Accounts payable		1,136	1,649
Current tax liability		0	1,685
Other liabilities		447	3,306
Accrued expenses and prepaid income	22	5,374	6,046
Total current liabilities		6,957	12,686
TOTAL EQUITY AND LIABILITIES		44,748	56,406

Parent company Statement of cash flow

TSEK	Notes	2020	2019
OPERATING ACTIVITIES			
Operating profit		169	4,876
Adjustments for non-cash items			
Depreciation/amortization of tangible and intangible assets		3,028	2,917
Interest received		40	20
Paid interest		-19	-3
Income tax paid		-2,468	-1,540
Cash flow from operating activities before changes in working capital		749	6,270
Changes in accounts receivable	17	2,049	5,175
Changes in other receivable		-9,689	-2,876
Changes in accounts payable	20	-512	-290
Changes in other payable		-2,024	3,330
Cash flow from operating activities		-9,427	11,609
INVESTING ACTIVITIES			
Investment in intangible assets	14,15	-5,555	-3,408
Investment in tangible assets		—	-216
Cash flow from investing activities		-5,555	-3,624
Financing activities			
Paid dividend		-6,060	-6,060
Cash flow from financing activities		-6,060	-6,060
Cash flow for the year		-21,044	1,925
Cash, opening balance		34,015	32,090
Cash, closing balance	18	12,971	34,015

Parent company Statement of changes in equity

TSEK	Restricted equity		Unrestricted equity			Total equity
	Share capital	Fund for development expenditures	Other contributed capital	Retained earnings	Net profit	
Opening balance January 1, 2019	897	5,219	17,762	7,528	14,653	46,059
Allocation according to AGM resolution	–	–	–	14,653	-14,653	–
Transactions with shareholders - dividend paid	–	–	–	-6,060	–	-6,060
Allocation fund for development expenditures	–	2,578	–	2,578	–	–
Reversal of amortization	–	-1,801	–	1,801	–	–
Comprehensive income for the year	–	–	–	–	3,721	3,721
Closing balance December 31, 2019	897	5,996	17,762	15,345	3,721	43,720
Opening balance January 1, 2020	897	5,996	17,762	15,345	3,721	43,720
Allocation according to AGM resolution	–	–	–	3,721	-3,721	–
Transactions with shareholders - dividend paid	–	–	–	-6,060	–	-6,060
Allocation fund for development expenditures	–	3,503	–	-3,503	–	–
Reversal of amortization	–	-2,396	–	2,396	–	–
Comprehensive income for the year	–	–	–	–	131	131
Closing balance December 31, 2020	897	7,102	17,762	11,900	131	37,791

Notes

Note 1 Applied accounting principles

General information

The financial reports for SyntheticMR AB (publ), which includes the Swedish parent company and its subsidiaries, as of December 31, 2020, have been approved by the Board and the President on April 8, 2021 and will be submitted to the Annual General Meeting on May 11, 2021 for adoption. SyntheticMR AB (publ) with corporate registration number 556723-8877 is a Swedish-registered limited company with its registered office in Stockholm. The visit address to the head office is Storgatan 11, 582 23 Linköping. The parent company's shares are listed on the Spotlight stock market. The Group's operations are described in the Directors' Report.

Compliance with norms and laws

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Group applies the Annual Accounts Act (1995: 1554) ("ÅRL") and RFR 1 Supplementary accounting rules for groups issued by the Swedish Financial Reporting Board. Since subsidiaries were formed in the United States, SyntheticMR AB is the parent company of a group ("SyntheticMR or" the group ") since 2019-07-01 and therefore consolidated accounts are prepared.

The Parent Company applies the same accounting principles as the Group except in the cases specified below under the section "Parent Company accounting principles".

In addition to financial data defined in IFRS, specific key ratios, so-called alternative key figures to reflect the results of the underlying business and increase comparability between different periods. These alternative performance measures (APMs) do not replace financial data as defined in IFRS.

Prerequisites for the preparation of the financial reports

The consolidated financial statements have been prepared on the basis of the assumption of going concern. Assets and liabilities are reported at historical acquisition cost unless otherwise stated below. The preparation of the financial statements in accordance with IFRS requires the management to make assessments and estimates and make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Assessments made by the company management in the application of IFRS that have a significant impact on the financial statements and estimates made that may lead to significant adjustments in the following year's financial reports are described in detail in Note 2 - Significant estimates and assessments.

The accounting principles set out below for the Group have been applied consistently to all periods presented in the Group's financial statements, unless otherwise stated below.

Changed and new accounting principles for the year

No changed or new accounting principles were applied during the year.

New IFRS issued but not yet effective in the current period

New and amended IFRSs, which enter into force in the coming financial years, have not been prospectively applied and are not expected to have any significant impact on the Group's financial reports.

Segment reporting

An operating segment is part of the Group that engages in business activities from which it may earn revenues and incur expenses for which discrete financial information is available. An operating segment's earnings are also followed up by the company's highest executive decision-maker, which the Group has identified as the CEO. Company management has determined the segments based on the information processed by the CEO and used as a basis for allocating resources and evaluating results. In this internal reporting, the Group is a segment.

Classification

Fixed assets consist essentially of amounts that are expected to be recovered after more than twelve months from the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months from the balance sheet date.

Foreign currency

The functional currency for the Parent Company is Swedish kronor, which is the reporting currency for the Parent Company and the Group. All amounts are stated in Swedish kronor unless otherwise stated.

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Non-monetary items, which are measured at historical cost in a foreign currency, are not recalculated. Exchange rate differences arising from the translation are reported in the profit for the year. Exchange gains and losses on operating receivables and operating liabilities are recognized in operating profit, while exchange gains and losses on financial receivables and liabilities are reported as financial items.

Assets and liabilities in foreign operations are translated from the functional currency of the foreign operations to the Group's reporting currency at the exchange rate prevailing on the balance sheet date. Revenues and expenses in a foreign operation are translated into

Swedish kronor at an average exchange rate, which is an approximation of the exchange rates that existed at the respective transaction date. Translation differences arising from foreign currency translation of foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity. When controlling influence ceases for a foreign operation, the associated translation differences from the translation reserve in equity are reclassified to profit or loss.

Income

IFRS 15 is based on a five-step model for revenue recognition of customer agreements. Revenue is recorded when control of products and services is transferred to the customer.

Performance commitments and timing of revenue recognition

The majority of the company's revenue comes from the sale of licenses with revenue recognized at a time when control of the licenses has been transferred to the customer. This time normally occurs when the licenses are delivered to the customer. In addition to licenses, the company has identified service and support as a separate performance commitment in most of the company's contracts. Revenue from these performance commitments is recognized over time when the performance is implemented. If service and support are separated into the agreement, it is this transaction price that is recognized as revenue over time. In some agreements, however, service and support are offered as a whole together with the license, which makes this performance commitment 10 percent of the total transaction price. This transaction price is the amount the commitment would have had if it had been sold separately.

Determination and allocation of the transaction price

The company's revenues are based on fixed prices, which also constitute the transaction price per agreement. In some cases, the company enters into customer agreements that give the customer a discount on future orders. Such discounts constitute a "material

right” and result in a portion of the compensation received for the first sale being deferred and recognized as revenue when subsequent sales are fulfilled or (if later) when the right to receive a discount expires. The company then estimates both the likelihood that the customer will take up his future discount offer and the value of future purchases that can be made to estimate the value of the rights granted. This must be done contract by contract for each customer to whom material rights have been granted.

Costs for obtaining long-term contracts and costs for fulfilling contracts

Commissions paid to sellers for their work on procurement of longer contracts are reported as an asset and amortized over the contract period, i.e. in the same pattern as revenue is reported.

Contract assets, contractual debt and accounts receivable

When the Group has an obligation to transfer goods or services for which the company has received (or is to receive) compensation from a customer, a contractual liability is reported. The Group's right to compensation in exchange for goods and services that the company has transferred to a customer when that right is due to something other than the elapsed time is reported as a contract asset. A trade receivable is recognized when the goods / service are delivered, as this is the time when the compensation is unconditional.

Government grants

During the year, SyntheticMR received government grants for projects on internationalization. There is no obligation to repay the state aid. Government grants are reported in the statement of financial position as accrued income when there is reasonable assurance that the grant will be received and that the Group will fulfill the conditions associated with the grant. Grants are systematically accrued in the profit for the year in the same way and over the same periods as the costs the grants are intended to offset.

Financial income and expenses

Financial income consists of interest income on bank funds and financial expenses consist of credit interest

on underutilized overdraft facilities. Interest income and interest expenses are reported in accordance with the effective interest method. The effective interest rate is the interest rate that discounted the estimated future payments and disbursements over the expected term of a financial instrument to the net asset value of the financial asset or liability. The calculation includes all transaction costs and fees paid or received by the contracting parties that are part of the effective interest rate. Financial income and expenses are recognized in the period to which they relate.

Financial instruments

IFRS 9, Financial Instruments, handles the classification, valuation and recognition of financial assets and liabilities. The standard contains three main valuation categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification is based on the unit's business model and the type of contractual cash flows from the financial asset.

Financial assets

The Group classifies its financial assets into valuation categories, depending on the purpose for which the asset was acquired and on the types of cash flows generated. At present, all the company's financial assets are attributable to the valuation category amortized cost.

Amortized cost

The Group's financial assets valued at amortized cost consist of accounts receivable, other receivables and cash and cash equivalents.

Assets in this category mainly arise from the provision of goods and services to customers, but also include other types of financial assets where the objective is to hold these assets to obtain contractual cash flows and these cash flows are exclusively payments of capital amounts and interest. They are initially recognized at fair value plus transaction costs directly attributable to acquisitions or issues (with the exception of accounts receivable that are initially reported at transaction price), and are subsequently recognized at amortized cost using the effective interest method.

Impairment of financial assets

Impairment requirements for accounts receivable are recognized based on the simplified approach in IFRS 9 using the expected credit losses for the entire life of the contract.

To calculate the credit loss reserve on accounts receivable, the company uses a matrix. In this matrix, accounts receivable are divided into different types based on different risk profiles. The expected losses are based on the sales payment profiles for sales over a period of 12 months and the corresponding historical credit losses that occurred during this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic forecasts that affect customers' ability to pay claims.

For trade receivables, which are reported net, write-downs are recognized in a separate reserve for expected credit losses (ECL), and the cost is recognized as an other external expense in the income statement. Upon confirmation that a trade receivable will not be payable by the customer, the asset's gross value is written off against the associated reserve.

Impairment requirements for other receivables and cash and cash equivalents are recognized based on the general method for expected loan losses. The method used in the calculation of the impairment depends on whether the credit risk has increased significantly since the first accounting date of the financial asset. For receivables where credit risk has not increased significantly since the first reporting date, credit loss reserves are reported based on twelve months expected credit losses (step 1). For those receivables where credit risk has increased significantly since the first accounting date, a credit loss reserve is calculated based on an amount equal to lifetime expected credit loss of the contract (step 2). For the receivables where an actual loss situation has occurred, the loan loss reserve is calculated based on the entire remaining life. The interest income that is reported is then based on the net receivable after write-down (step 3).

Cash and cash equivalents include deposits with banks.

Financial liabilities

Financial liabilities are reported at amortized cost. Financial liabilities recognized at amortized cost are initially valued at fair value, including transaction costs. After the first accounting period, they are valued at amortized cost using the effective interest method.

Remuneration to employees

Short-term remuneration

Short-term employee benefits such as salary, paid vacation, paid sick leave, bonus, are calculated without discounting and are recognized as a cost when the related services are received.

A provision is recognized for the expected cost of bonus payments when the company has a valid legal or informal obligation to make such payments as a result of services received from employees and the obligation can be calculated reliably.

Pensions

All of the Group's pension plans are classified as defined contribution. Defined contribution plans are defined as plans where the company's obligation is limited to the fees the company is obliged to pay. In such a case, the size of the employee's pension depends on the contributions that the company pays to privately managed pension insurance plans and the return on capital provided by the contributions. Consequently, it is the employee who bears the actuarial risk (that the compensation will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected compensation).

The Group's obligations regarding fees for defined contribution plans are recognized as an expense in the profit for the year at the rate they are earned by the employees performing services for the company for a period. The Group's commitment for each period consists of the amounts that the company will contribute for the period in question.

Compensation for termination

A provision is reported in connection with layoffs of employees only if the company is demonstrably obliged to terminate an employment before the nor-

mal time or when remuneration is provided as an offer to encourage voluntary retirement.

Leases

When an agreement is entered into, the Group assesses whether the agreement is, or contains, a lease agreement. An agreement is, or contains, a lease agreement if the agreement assigns the right to decide over a certain period of use over an identified asset in exchange for compensation.

IFRS 16

The effects on the report on financial position are presented below.

IFRS 16 as of July 1, 2019	TSEK
Assets	
Access rights assets	1,800
Liabilities	
Leasing liabilities	1,800
– of which long-term liabilities	814
– of which current liabilities	986

Right-of-use asset

The Group recognizes rights of use in the statement of financial position at the commencement date of the lease (i.e. the date when the underlying asset becomes available for use). Right-of-use assets are valued at cost less deductions for accumulated depreciation and any impairment losses, and adjusted for revaluation of the lease debt. The acquisition cost of right-of-use assets includes the initial value recognized for the attributable lease debt, initial direct expenses, and any prepayments made on or before the commencement date of the lease after deduction of any incentives received. Provided that SyntheticMR is not reasonably certain that the ownership of the underlying asset will be taken over at the end of the lease, the rights of use will be written off linearly during the shorter of the lease period and the useful life.

Lease liabilities

At the commencement date of a lease, the Group recognizes a lease liability corresponding to the present value of the lease payments to be paid during

the lease term. The leasing period is determined as the non-cancellable period together with periods to extend or terminate the agreement if the Group is reasonably confident of exercising those options. The lease payments include fixed payments (after deduction of any benefits in connection with the signing of the lease to be received), variable leasing fees that depend on an index or a rate (e.g. a reference rate) and amounts expected to be paid according to residual value guarantees. In addition, the lease payments include the exercise price of an option to purchase the underlying asset or penalty fees payable upon termination in accordance with a termination option, if such options are reasonably safe to use by SyntheticMR. Variable leasing fees that do not depend on an index or rate are recognized as an expense in the period to which they are attributable.

In order to calculate the present value of the lease payments, the Group uses the incremental borrowing rate in the agreement if it can be easily determined and in other cases the Group's incremental borrowing rate is used as of the start date of the lease agreement. After the commencement date of a lease agreement, the lease debt increases to reflect the interest on the lease debt and decreases with leasing fees paid. In addition, the value of the lease debt is revalued as a result of changes in agreements, changes in the lease period, changes in lease payments or changes in an assessment to purchase the underlying asset.

Application of practical exceptions

SyntheticMR applies the practical exceptions regarding short-term leases and leases where the underlying asset is of low value. Short-term leases are defined as leases with an initial leasing period of a maximum of 12 months after consideration of any options to extend the lease. Leasing agreements where the underlying asset is of low value comprise the Group, for example, of office inventory. Leasing payments for short-term leases and leases where the underlying asset is of low value are expensed on a straight-line basis over the leasing period.

Tangible fixed assets

Tangible fixed assets are reported at cost less accumulated depreciation and any impairment losses. The acquisition value includes the purchase price and costs directly attributable to the asset in order to bring it in place and in condition to be utilized in accordance with the purpose of the acquisition. Accounting principles for impairment are presented below.

The carrying amount of a tangible fixed asset is removed from the balance sheet in the event of decommissioning or divestment or when no future economic benefits are expected from the use or decommissioning / divestment of the asset. Gains or losses arising from the divestment or scrapping of an asset comprise the difference between the sale price and the asset's carrying amount less direct selling expenses. Profit and loss are reported as other operating income / expense.

Depreciation

Depreciation is based on original acquisition value less any residual values. Depreciation is recognized on a straight-line basis over the asset's estimated useful life. Estimated useful lives:

- fixtures, tools and installations 5 years

An asset's residual value and useful life are assessed annually.

Intangible fixed assets

Research and Development

Expenditure on research aimed at obtaining new scientific or technical knowledge is recognized as an expense when it arises.

Development expenditure, e.g. to develop new or improved products, is reported as an asset in the balance sheet as the company can demonstrate that the product is technically useful, the asset is judged to give rise to future economic benefits and the expenses can be calculated reliably. Finally, the company must have sufficient resources to complete the development and then use or sell the intangible asset.

The carrying amount includes directly attributable personnel costs. Other development expenditures are recognized in profit for the year as an expense when incurred. Reported development expenses in the balance sheet are recognized at cost less accumulated amortization and any impairment losses.

Other intangible assets

Expenses, in the form of fees and consulting costs, for future patents are reported as an asset in the balance sheet to the extent that they are deemed to be capable of leading to completed patents.

Amortization

Amortization is recognized on a straight-line basis for the year's profit over the estimated useful lives of intangible assets. The useful lives are reviewed at least annually. Capitalized development expenditures where amortization has not begun are tested for impairment annually or as soon as indications arise that indicate that the asset value cannot be justified. Intangible assets with determinable useful lives are amortized from the time they are available for use. The estimated useful lives are:

- Capitalized development expenditure 5 years
- Patent 5 years

Impairment of non-financial assets

At each reporting occasion, an assessment is made of whether there is any indication of a need for impairment of the Group's assets. If it is not possible to determine significant independent cash flows for an individual asset, when assessing the need for impairment, the assets should be grouped to the lowest level where it is possible to identify significant independent cash flows, a so-called cash-generating unit. If there is any indication of a need for impairment, the asset's recoverable amount is calculated as the higher of its value in use and fair value less costs to sell. The value in use is the present value of future cash flows discounted at an interest rate that is based on a risk-free interest rate adjusted for the risk associated with the specific asset. Impairment is made if the recoverable amount is less than the carrying amount.

Impairment is reversed if a subsequent increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made. An impairment loss is only reversed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had if no impairment had been made.

Income taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit for the year except when the underlying transactions are recognized in other comprehensive income or in equity, with the associated tax effect being recognized in other comprehensive income or in equity.

Current tax is a tax that must be paid or received in respect of the current year, using the tax rates that are decided or in practice decided on the balance sheet date. Current tax also includes adjustment of current tax attributable to earlier periods.

Deferred tax is calculated according to the balance sheet method, based on temporary differences between the values recognized in the balance sheet and their valuation for taxation. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or regulated. Deferred tax is calculated using the tax rates and tax rules that are decided or in practice decided on the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognized only to the extent that it is probable that these will be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

Provisions

Provisions are recognized in the balance sheet when the company has a liability (legal or constructive) due to an event occurring and when it is probable that an outflow of resources associated with financial benefits will be required to fulfill the obligation and the amount can be calculated reliably way. Provisions are also made for events after the balance sheet date to the extent that they confirm the conditions that existed on the balance sheet date, for example court rulings on disputes. If the company expects to receive compensation corre-

sponding to a provision made, for example through an insurance contract, the compensation is recognized as an asset in the balance sheet when it is virtually certain that the compensation will be received. If the effect of the time value of the future payment is considered to be material, the value of the provision is determined by calculating the estimated future payment at present value with a pre-tax discount factor that reflects the market's current valuation of the time value and any risks attributable to the obligation. The gradual increase in the amount assigned to the present value calculation is recognized as an interest expense in the income statement.

Contingent liabilities

A contingent liability is recognized when there is a possible commitment arising from events that have been confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

Equity

All the company's shares are ordinary shares. The share capital is reported at the quota value of the ordinary shares and the excess part is reported as other contributed capital. Transaction costs directly attributable to the issue of new shares are recognized, net of tax, in equity as a deduction from the issue proceeds.

Cash Flow Analysis

The cash flow statement has been prepared in accordance with the indirect method, which means that the result is adjusted for transactions that did not entail payments or disbursements during the period and for any income or expenses attributable to the investment or financing operations.

The Parent Company's accounting principles

The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995: 1554) and the recommendation RFR 2 "Accounting for legal entities" issued by the Swedish Financial Reporting Board. The Parent Company applies the same accounting principles as the Group, with the deviations specified below. Unless otherwise stated, the accounting

principles for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial reports.

Classification and presentation format

The report on financial position and the statement of earnings for the Parent Company have been prepared in accordance with the presentation of the Annual Accounts Act, while the report on comprehensive income, the statement of changes in equity and the statement of cash flows is based on IAS 1 Presentation of financial reports and IAS 7 Report on cash flows.

Leases

The rules on the accounting of leases under IFRS 16 are not applied in the Parent Company. This means that leasing fees are recognized as expenses on a straight-line basis over the lease period, and that utilization rights and leasing liabilities are not included in the Parent Company's balance sheet. However, identification of a lease is made in accordance with IFRS 16, i.e. that an agreement is, or contains, a lease agreement if the agreement assigns the right to decide over a certain period of use over an identified asset in exchange for compensation.

Note 2 Significant judgements and estimates

In order to prepare the financial statements, SyntheticMR must make assessments and assumptions that affect asset and liability items, respectively revenue and expense items reported in the financial statements. The estimates and judgments for accounting purposes discussed in this section are those that are deemed to be the most important for an understanding of the financial statements.

Recovering of the value of development expenditure

The Group invests in research and development, parts of which are reported as intangible assets, see also

Note 13. Reporting of development expenditure as an asset requires that assessments be made that the product is expected to be technically and commercially useful in the future and that future economic benefits are probable. Amortization of capitalized development expenses takes place over an estimated useful life of a maximum of 5 years. The estimated sales volume and the useful life may be reconsidered, which may lead to a need for impairment.

Note 3 Risks and uncertainty factors

SyntheticMR operates in a global market through partners, which means that the company is exposed to various risks and uncertainties, such as market risks, business-related risks and financial risks. The risk management within SyntheticMR is aimed at identifying, assessing and reducing risks related to the company's business and operations.

Market risks

Through SyntheticMR's partners, the company is present in a large number of geographical markets, which means exposure to political and economic risks both globally and in individual countries or regions. Weak economic development and strained finances can, in certain markets, cause the government's investments in health care to be adversely affected and that it will be more difficult for private hospitals and clinics to arrange financing.

Business-related risks

Qualified employees

The Group is dependent on key personnel and qualified employees, both in company management and in operational operations. This is to increase the market penetration of current products as well as continued product development. The Group's ability to attract, recruit and retain qualified personnel, a number of key personnel with specialist expertise, and management are of great importance for the company's future success. A large proportion of the Group's employees hold call options.

Intangible assets

The values in SyntheticMR are partly dependent on the company's ability to obtain and defend patents and other intellectual property rights. Patent protection for medical and medical technology projects, innovations and companies can be uncertain and involve complicated legal and technical issues. Patents must be applied for and maintained in different jurisdictions and it cannot be taken for granted that granted patents provide long-term protection as issued patents can be contested, invalidated and circumvented. It cannot be taken for granted that the company's filed patent applications will be granted. It cannot be ensured that the technical height of the patents granted and possibly the future patents granted is sufficient to provide the necessary protection or is sufficient to obtain intended market shares. Nor can it be ruled out that new patents in the field or new discoveries may affect SyntheticMR's market success opportunities. Such a negative impact on market success can in turn have a negative impact on SyntheticMR's financial position and future earnings development. To the extent that SyntheticMR, within the framework of product development, uses technologies that are patented or will be patented, owners of these patents can claim patent infringement. The uncertainty associated with patents means that it is difficult to predict the outcome of such disputes.

Legal disputes

Through SyntheticMR's operations, the company risks being involved in disputes attributable to the ongoing operations. Such disputes may include, among other things, product liability, contractual issues, intellectual property rights and alleged deficiencies in the delivery of the company's products. Disputes can usually be costly, time consuming and hinder the running of the business.

Disputes regarding intellectual property rights are costly and can have a material impact on SyntheticMR's operations and financial position, and it can also be very difficult to predict the outcome of complicated disputes. Disputes related to the company's product liability may include, for example, alleged negligence, breach of warranty or malpractice, which may result in substantial costs regardless of whether or not SyntheticMR is ultimately held liable. SyntheticMR has insurance product liability insurance, but there is a risk that future claims may exceed or fall outside insurance coverage.

Product functionality and quality

For a business like SyntheticMR's, it is essential to show that the products that the company has developed or will develop can be successfully commercialized within the company's market segment. It cannot be guaranteed that commercialization of the company's technologies will be successful, and it cannot be assumed that the company will gain acceptance for its technologies and products by industrial partners or end customers.

Product liability and insurance

In the area of health care there is always a risk regarding product liability. Marketing and sales within the company's market area pose a significant risk in terms of product liability and can result in SyntheticMR being held accountable. Product liability insurance is a common way of seeking protection against such potential risks, but it cannot be taken for granted that such insurance will cover future claims against the company. Claiming product liability can result in significant costs for litigation and damages. A claim against SyntheticMR in addition to the available insurance coverage, or a claim that leads to significant negative exposure, can have a negative effect on SyntheticMR's operations, earnings and financial position. Nor can it be ensured that suitable insurance can be obtained at an acceptable premium or that such insurance can be obtained at all.

Competition

The importance of each product's competitiveness is crucial to SyntheticMR's success. In addition, the risk that competing methods or projects may be more efficient, safer or cheaper than those developed by SyntheticMR. Nor can it be ruled out that competitors have or will have access to significantly greater financial, technical and personnel resources than SyntheticMR. This could mean that competitors to the company can produce competing products faster than SyntheticMR. Nor can it be ruled out that SyntheticMR's competitors may also have access to greater capacity for manufacturing (as far as relevant) and distribution than SyntheticMR. Thus, it cannot be taken for granted that SyntheticMR's current or future products achieve market success in competition with other similar products or solutions.

Collaborations

SyntheticMR's marketing strategy is based on strategic collaborations with development partners both in the early development phase and in the later phase of product development, marketing, sales and distribution. SyntheticMR currently has strategic collaborations with a number of MR manufacturers, which are GE Healthcare, Siemens Healthineers Philips Healthcare and United Imaging. If SyntheticMR loses one or more of these partners, it can have a negative impact on the company's sales, earnings and position.

Regulatory approvals/Authority's approvals

SyntheticMR develops medical technology products and thus the business is governed by the requirements and standards set by regulatory authorities. Therefore, rule changes can result in increased costs or constitute barriers in the sale of SyntheticMR's products. Regulatory processes can also affect the possibility of introducing new products in different markets. Like other companies in the medical technology industry, SyntheticMR is dependent on assessments and decisions by the relevant authorities, such as the Food and Drug Administration (FDA) in the United States. Applications to these authorities require extensive documentation and unforeseen circumstances may delay the possibility of introducing, marketing and selling the company's products.

SyntheticMR's operations are conducted in accordance with a quality system that meets international rules and product safety standards from the International Organization for Standardization (ISO). The quality system is evaluated and certified by external regulators and inspected regularly. If, for example, safety regulations were not met, this could result in delays and stopped deliveries of SyntheticMR's products.

Financial risks

Through its operations, the Group is exposed to various types of financial risks. Financial risks refer to fluctuations in the company's earnings and cash flow as a result of changes in exchange rates and financing and credit risks.

Currency risk

Exchange rate risk is the risk of fluctuations in the value of a financial instrument due to changes in exchange rates. SyntheticMR is exposed to transaction exposure, which arises in connection with currency flows on purchases and sales in currencies other than Swedish kronor. The Group is impacted by the US dollar and the euro change against the Swedish krona, as the majority of invoicing is in dollars and euros, while the majority of costs are in Swedish kronor.

The Group does not use hedging instruments in the form of futures or options to hedge currency risks, which means that exchange rate effects will have an impact on earnings.

Transaction exposure

The Group's transaction exposure net converted to TSEK is divided into the following currencies net:

TSEK	The Group		Parent company	
	2020	2019	2020	2019
USD	20,984	35,842	20,604	35,842
EUR	1,006	1,557	1,006	1,557
Total	21,989	37,399	21,610	37,399

The company's income statement includes exchange rate gains and exchange rate losses of TSEK -2,705 (217) in operating income and TSEK 0 (0) in net financial items. Transaction exposure has not been hedged.

Sensitivity analysis

The Group is impacted by the US dollar and the euro change against the Swedish currency, since invoicing is mainly denominated in dollars and euros, while the majority of costs are in Swedish currency. In 2020, revenue in dollars was invoiced with an average rate of 9.15 SEK, compared with 9.47 SEK in 2019. In 2020, revenue in euros was recorded at an average rate of 10.35 SEK compared with 10.59 SEK in 2019. Currency effects have had a negative effect on sales. With unchanged exchange rates, sales had increased by 10 percent for the full year 2020 compared with the previous year.

A sensitivity analysis of the currency exposure shows that the effect on the operating profit in 2020 of a change in the US dollar exchange rate of +/- 10 percent is about +/- 2.2 MSEK (3.3) and that the corresponding effect of a change in the euro exchange rate by +/- 10 percent is approximately +/- 0.6 MSEK (0.1).

The Group is also affected by currency effects on balance sheet items, which are distributed among the following currencies.

TUSD	The Group		Parent company	
	2020	2019	2020	2019
Accounts receivable	948	1 007	1 194	1 007
Cash and cash equivalents	1 275	453	1 271	375
Accounts payable	20	27	19	27
Total	2 243	1 487	2 484	1 409
TEUR				
Accounts receivable	34	34	34	34
Cash and cash equivalents	116	8	116	8
Accounts payable	2	9	2	9
Total	152	51	152	51

A sensitivity analysis of the currency exposure on the above balance sheet items shows that the effect on operating profit in 2020 of a change in the dollar exchange rate per balance sheet day by +/- 10 percent is +/- 760 TSEK (938) and that the corresponding effect of a change in the euro exchange rate by +/- 10 percent is +/- 32 TSEK (36).

Financing risk (liquidity risk)

In the future, SyntheticMR will continue to be dependent on financing market launch of current products and development of new products. The financing is done either through self-financing or through partner financing. It cannot be guaranteed that in the future SyntheticMR will be able to find expansion capital. Thus, SyntheticMR may need additional capital and it cannot be ruled out that access to additional capital is limited at times when this is needed, which could have negative effects on the company's market value and / or its ability to exploit investment opportunities.

The Group works actively to monitor cash flows and continuously updates projections of expected liquidity trends. This enables any necessary measures to be taken in good time. Based on currently known conditions, the assessment is that the company has sufficient liquidity to conduct its operations in accordance with current plans.

The Group's agreed non-discounted cash flows for financial liabilities are shown in the table below. Liabilities have been included in the period when repayment may be required at the earliest.

The Group	2020					Total
	<6 month	6-12 month	1-2 year	2-5 year	>5 year	
TSEK						
Leasing liabilities	532	503	213	–	–	1,246
Accounts payable	1,143	–	–	–	–	1,143
Other current liabilities	3,337	1,968	1,561	386	–	7,251
Total	5,012	2,471	1,774	386	–	9,640

Credit risk

The Group's credit risk mainly consists of accounts receivable from commercial partners (e.g. GE Healthcare, Siemens Healthineers and Philips Healthcare) that sold the company's products, as well as specific hospitals to which the company sold SyMRI directly. The Group estimates that the credit risk will continue to be very low and that the credit quality is high and is not expected to change. See Note 17.

Note 4 Segment reporting

As the Group is a segment, the information on revenues required by Note 5. is presented. The Group has a customer whose sales exceed 10 percent of the Group's total net sales. All of the Group's fixed assets are in the parent company.

Note 5 Net sales distribution

The Group receives its revenues from the transfer of licenses as well as service and support that takes place at a certain time or over time. The income of the Group and the parent company is distributed as follows;

TSEK	The Group		Parent company	
	2020	2019	2020	2019
<i>Geographical markets</i>				
Sweden	1,289	1,726	1,289	1,726
Other countries	47,440	44,077	40,056	44,077
Total	48,729	45,803	41,345	45,803
<i>Major service lines</i>				
Licenses	47,039	44,356	39,752	44,356
Service and support	1,690	1,447	1,593	1,447
Total	48,729	45,803	41,345	44,803
<i>Timing of revenue recognition</i>				
Licenses transferred at a point in time	47,039	44,356	39,752	44,356
Services transferred over time	1,690	1,447	1,593	1,447
Total	48,729	45,803	41,345	45,803

The following table shows how much of the recognized revenues in 2020 are attributable to accrued contract liabilities relating to prepaid service and support.

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Recognized income that was included in contract liabilities at beginning of the year	1,173	1,040	1,173	1,040
Total	1,173	1,040	1,173	1,040

Note 6 Other operating income

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Exchange-rate result on operating receivables/liabilities	-2,705	217	-2,705	217
Contributions received	669	724	669	724
Other	–	–	–	292
Total	-2 036	941	- 2,036	1,233

Note 7 Intra-Group income and expenses

%	Parent company	
	2020	2019
Share of sales pertaining to Group companies	2%	1%
Share of purchases pertaining to Group companies	13%	16%

Note 8 Auditors' fee and compensation for expenses

Audit assignment refers to the review of the annual accounts and the accounts, as well as the administration of the Board of Directors and the CEO. Auditing activities in addition to the audit assignment involve other quality assurance services that must be performed in accordance with the constitution, articles of association, statutes or agreements. Tax advice includes both advice and review of compliance within the tax area. Other services are other assignments.

TSEK	The Group		Parent company	
	2020	2019	2020	2019
BDO				
Auditing assignments	528	287	528	287
Audit activities other than audit assignment	10	–	10	–
Other services	35	–	35	–
Total	573	287	573	287

Note 9 Leases

The Group		Access rights assets		
TSEK		Office space	Vehicle	Total
Opening balance 2019-01-01	1,361,063	439,146	1,800,209	1,800,209
Additional contracts	–	–	–	–
Depreciation	-408,319	-86,317	-494,636	–
Interest payments	–	–	–	15,142
Lease payments	–	–	–	-503,370
Closing balance 2019-12-31	952,744	352,829	1,305,573	1,311,982

The Group		Access rights assets		
TSEK		Office space	Vehicle	Total
Opening balance 2020-01-01	952,744	352,829	1,305,573	1,311,982
Additional contracts	831,640	–	831,640	831,640
Depreciation	-823,562	-168,489	-992,051	–
Interest payments	–	–	–	32,151
Lease payments	–	–	–	-1,015,878
Closing balance 2020-12-31	960,822	184,339	1,145,162	1,159,895

TSEK	2020	2019
Depreciation of right-of-use assets	-992,051	-494,636
Interest expenses on lease liabilities	32,151	15,142
Expenses relating to short term leases	-92,488	-92,488
Total	-1,052,388	-571,982

For information on non-discounted cash flows attributable to leasing, see note 3.

Parent company

TSEK	2020	2019
Leasing costs for the year	1,221	1,318
Non-cancellable lease payments amounts to:		
Within one year	1,034	1,121
Between one and five years	213	1,234
Longer than five years	–	–
Total	1,246	2,354

Not 10 Employees, staff costs and management executive compensation

Average number of employees

In the Group, the average number of employees was 23 (20), including 8 (10) women and 15 (10) men.

At year-end, the number of employees was 24 (24). All of them are employees of the Swedish parent company except 7 of which 7 are men and 0 are women in the subsidiary in the USA.

Gender distribution in company management

There are two female and two male senior executives in the Group as well as three men and one woman on the Board.

Salaries and other remuneration to senior executives and other employees as well as social costs

TSEK	2020				2019			
	Senior executives and Board members		Other employees		Senior executives and Board members		Other employees	
	The Group	Parent company	The Group	Parent company	The Group	Parent company	The Group	Parent company
Salaries and other remuneration	4,882	4,882	14,644	6,999	5,704	5,704	9,163	7,300
Social security costs	3,471	3,471	3,421	2,451	4,070	4,070	3,206	3,067
(of which pension cost)	(1,559)	(1,559)	(1,266)	(808)	(1,833)	(1,833)	(577)	(577)
Total	8,353	8,353	18,065	9,450	9,773	9,773	12,369	10,367

Salaries and other remuneration to the Board¹ and management

¹ Periodization of the Board's fees takes place from the Annual General Meeting to the Annual General Meeting, which is unchanged from the previous year.

2020	Basic salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Johan Sediñh	350	–	–	–	350
Board member Petra Apell, from 5th of May 2020	100	–	–	–	100
Board member Staffan Persson	150	–	–	–	150
Board member Marcel Warntjes	–	–	–	–	–
CEO Ulrik Harrysson	1,427	–	140	482	2,049
Other senior executives (3)	2,673	182	35	1,078	3,968
Total	4,700	182	175	1,559	6,616

2019	Basic salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Acting Chairman of the Board Johnan Sedin	209	–	–	–	209
Board member Yvonne Mårtensson	134	–	–	–	134
Board member Staffan Persson	165	–	–	–	165
Board member Marcel Warntjes	–	–	–	–	–
CEO Ulrik Harrysson	822	–	70	210	1,102
CEO Stefan Tell	957	220	57	135	1,368
Other senior executives (4)	3,110	87	43	1,488	4,728
Total	5,397	307	170	1,833	7,706

Variable remuneration

In 2020, the CEO's variable remuneration was maximized to 50 per cent of the annual gross salary. The variable remuneration was based on company targets set by the Board of Directors.

Pensions

All pension commitments are defined contribution. The retirement age for the CEO and senior executives is 65 years and the pension premium correspond to the ITP plan. No other pension obligations exist.

Severance pays

The CEO has a notice period of six months in the event of his own dismissal and of six months in the event of termination by the company. The CEO is entitled to twelve months' salary in severance pay and, in both cases, receives salary during the notice period. A mutual notice period of two months applies between the company and other senior executives, unless the existing law prescribes longer notice period. During the notice period, salary is paid. No severance pay is paid to the Board members.

Board fee

According to the decision of the Annual General Meeting 2020, fees to the members of the Board elected at the Annual General Meeting for the period up to the end of the 2021 Annual General Meeting shall be as follows: The Chairman of the Board receives 375 TSEK and other members who are not employees or consultants of the company receive 150 TSEK.

Note 11 Financial income and expenses

All income and expenses are attributable to assets and liabilities valued at amortized cost.

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Other interest income	2	2	2	2
Other interest income from group companies	–	–	38	18
Other interest expenses	-51	-18	-19	-3
Total	-49	-16	21	17

Note 12 Tax on profit for the year

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Current tax expense				
Tax expense for the period	-152	-1,172	-58	-1,172
Recognized profit before tax	816	4,901	-190	4,901
Tax at current tax rate of 21.4 %	-175	-1,047	-40	-1,047
Tax effect of other tax rates from foreign subsidiary (tax rates 26 - 34%)	-22	–	–	–
Tax effect of non-deductible expenses	-25	-125	-25	-125
Tax effect of non-taxable income	62	–	–	–
Tax attributable to previous years	8	–	8	–
Reported effective tax	-152	-1,172	-58	-1,172

Note 13 Dividend per share, earnings per share and number of shares

	The Group		Parent company	
	2020	2019	2020	2019
Proposed dividend per share (SEK)	0.00	1.50	0.00	1.50
Total number of shares at beginning of the year	4,040,078	4,040,078	4,040,078	4,040,078
– of which treasury stock	–	–	–	–
Number of shares outstanding at beginning of the year	4,040,078	4,040,078	4,040,078	4,040,078
Number of shares outstanding at year-end	4,040,078	4,040,078	4,040,078	4,040,078
Average number of shares outstanding during the period	4,040,078	4,040,078	4,040,078	4,040,078
Earnings per share before/after dilution	0.11	0.94	0.03	0.92
Profit/loss for the year	451	3,790	132	3,721

Note 14 Capitalized development expenditure

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Opening balance	25,046	21,718	25,046	21,718
Internally developed assets	4,923	3,328	4,923	3,328
Closing balance	29,969	25,046	29,969	25,046
Opening balance, accumulated amortization	-17,791	-15,098	-17,791	-15,098
Amortization for the year	-2,824	-2,693	-2,824	-2,693
Closing balance	-20,616	-17,791	-20,616	-17,791
Closing carrying amount	9,354	7,254	9,354	7,254

Activated development expenses relate to the development of new versions of SyntheticMR's software products. These development expenses are capitalized and amortized over 5 years from the time the product is released on the market and the asset can thus be considered to start contributing to the company's revenues.

An impairment test is performed annually for proprietary intangible assets for projects where no depreciation has begun and when there are indications that an impairment need exists. The recoverable amount for cash-generating units is determined based on value in use.

Depreciation has begun for all capitalized expenses. An assessment has been made as to whether there are any indications of impairment. Based on the company's development during 2020, the expected growth rate and the size of the amount of the capitalized assets, no formal impairment test has been performed.

Note 15 Patent

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Opening balance	3,132	3,051	3,132	3,051
New acquisitions	632	81	632	81
Closing balance	3,764	3,132	3,764	3,132
Opening balance, accumulated amortization	-2,243	-2,036	-2,243	-2,036
Amortization for the year	-162	-207	-162	-207
Closing balance	-2,404	-2,243	-2,404	-2,243
Closing carrying amount	1,359	889	1,359	889

Note 16 Equipment and fittings

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Opening balance	378	163	378	163
New acquisitions	–	215	–	215
Closing balance	378	378	378	378
Opening balance, accumulated amortization	-178	-161	-178	-161
Depreciation for the year	-43	-17	-43	-17
Closing balance	-221	-178	-221	-178
Closing carrying amount	157	200	157	200

Note 17 Accounts receivable

To calculate the expected credit loss reserve on accounts receivable, the company uses a matrix. In this matrix, accounts receivable are divided into different types based on different risk profiles. As the company has a larger customer that accounts for the majority of accounts receivable, these receivables have been divided into a separate group for calculating credit losses. The remaining accounts receivable are divided based on different risk profiles, such as MRI manufacturers or hospitals.

In addition, the impairment needs of the accounts receivable are analyzed individually as they are delayed for payment.

Considering the company's credit loss matrix, with associated historical and future information together with individual analysis, no credit losses have been reserved for. Below is an age distribution of the company's outstanding accounts receivable where 98 percent are not due.

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Age analysis carrying amount				
Not overdue	8,323	10,011	7,569	9,564
Past due 0-30 days	134	–	117	–
Past due 30-90 days	20	173	2	173
Past due more than 90 days	2	–	–	–
Total	8,478	10,184	7,688	9,737

No credit risk reserve of accounts receivable was identified during the year.

Note 18 Prepaid expenses and accrued income

TSEK	The Group		Parent company	
	2020	2019	2020	2019
Prepaid insurance	409	242	409	242
Prepaid rent	22	241	220	241
Accrued income	11,520	–	5,717	–
Other items	357	917	350	917
Total	12,506	1,400	6,696	1,400

Note 19 Cash and cash equivalents

TSEK	The Group		Parent company	
	2020	2019	2020	2019
<i>The following sub-components are included in cash and cash equivalents:</i>				
Cash and bank balance	13,004	34,747	12,971	34,015
Total	13,004	34,747	12,971	34,015

Note 20 Financial instruments

The Company holds the following financial assets and liabilities. All are valued at amortized cost.

The fair value of financial assets and liabilities, which is reported at amortized cost is deemed to correspond in all material respects to its fair value.

TSEK	The Group		Parent company	
	2020	2019	2020	2019
<i>Financial assets valued at amortized costs</i>				
Cash and cash equivalents	13,004	34,747	12,971	34,015
Accounts receivable	8,478	10,184	7,688	9,737
Other financial assets	1,817	460	6,523	2,911
Total	23,299	45,391	27,182	46,663
<i>Financial liabilities valued at amortized costs</i>				
Accounts payable	1,143	1,765	1,136	1,649
Long term financial liabilities	1,160	1,312	–	–
Total	2,302	3,077	1,136	1,649

Note 21 Share capital

As of December 31, 2020, the registered share capital amounted to SEK 896,897, distributed on 4,040,078 shares. SyntheticMR has only one class of shares. The shares are represented by one vote each and are entitled to equal shares of distributable profits. For additional information, see the section SyntheticMR - Share, page 36.

Opening number of shares 1 January, 2020	4,040,078
Closing number of shares 31 December 2020	4,040,078

Other contributed capital

Other contributed capital consists of capital contributed by the Group's owners in the form of share premium.

Reserves

The Group's reserve additionally refers to a translation reserve, which includes all exchange rate differences that arise when translating financial reports from foreign operations that have prepared their financial reports in a functional currency other than the currency in which the Group's financial reports are presented. The Group presents its financial reports in Swedish crowns. Accumulated translation differences are recognized in profit or loss on the divestment of the foreign operations.

Note 22 Accrued expenses and deferred income

TSEK	The group		Parent company	
	2020	2019	2020	2019
Vacation pay liability	1,076	1,159	1,076	1,159
Accrued board fee	406	598	406	598
Accrued salaries	1,043	516	251	322
Accrued social security expenses	749	762	749	762
Deferred income	2,507	2,240	1,807	1,793
Other items	1,086	1,413	1,086	1,413
Total	6,866	6,688	5,374	6,046

Note 23 Related parties transactions

For a description of transactions with persons in Senior Management and the Board of Directors, see note 10. During 2020, transactions with related parties amounts to 1,931 TSEK. The amount relates to consultancy fees to board member Marcel Warntjes in his role as Head of Innovation and as responsible for innovation and as Senior Advisor to the company's management and consultant fee to Johanna Norén in her role as Interim CFO. Invoicing has been done at market value.

Note 24 Proposed appropriation of profit

TSEK

The following profit is available to the AGM:

	2020	2019
Retained earnings	11,900	15,344
Share premium reserve	17,762	17,762
Profit for the year	131	3,721
Total	29,792	36,827

The Board of Directors proposes to the AGM that these earnings are appropriated as follows:

Distributed to shareholders (1.50 SEK per share in 2019)	–	6,060
In new account is transferred	29,792	30,767
Total	29,792	36,827

Note 25 Liabilities attributable to Financing activities

	The group	
	Leasing liabilities	
TSEK	2020	2019
Opening balance	1,312	–
Affecting cash flow		
Amortization of lease liabilities	-984	-488
Non-cash flow affecting		
Implementation of IFRS 16	–	1,800
Lease additions	832	–
Closing balance	1,160	1,312

Note 26 Events after balance sheet date

A global license agreement has been signed with United Imaging regarding marketing and sales of SyMRI NEURO.

SyMRI MSK received CE-mark.

The Board of Directors and the Managing Director ensure that this annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the company's position and results. The administration report provides a true and fair view of the development of the company's operations, position and results, and describes significant risks and uncertainties faced by the Company.

Stockholm April 8, 2021

Johan Sedihn
Chairman of the board

Ulrik Harrysson
CEO

Staffan Persson
Board member

Marcel Warntjes
Board member

Petra Apell
Board member

Our audit report was submitted on April 8, 2021
BDO Mälardalen AB

Jörgen Lövgren
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Synthetic MR AB (publ)

Corporate identity number 556723-8877

Report on the annual accounts

Opinions

We have audited the annual accounts and consolidated accounts of Synthetic MR AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 32-68 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.

The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position as per 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information is found on pages 1-31.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, with regard to the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or mistake.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or mistake, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistake and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or mistake, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from mistake, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Synthetic MR AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section. We are independent of the parent company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's and the groups organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm April 8th, 2021
BDO Mälardalen AB

Jörgen Lövgren
Authorized Public Accountant

Information to the shareholders

The Annual General Meeting will be held on Tuesday, May 11th, 2021 at 18:00, Storgatan 11, Linköping.

Shareholders who want to participate should

- Be recorded in the Euroclear Sweden AB share register on Monday, May 3rd, 2021.
- Notify its intention to attend the Annual General Meeting to the company no later than Wednesday, May 5th, 2021 at 16:00.

Notice

The notification must be made either by mail to SyntheticMR AB, Storgatan 11, 582 23 Linköping, tel. +46 (0) 70619 21 00 or by e-mail to info@syntheticmr.com. Enter the text **"Registration AGM SyntheticMR AB"** at the time of notification.

At registration, shareholders must state name, address, telephone number (daytime), civic registration number / corporate identity number, number of shares represented, and any representatives and assistants to attend. Power of attorney, registration certificates and other authorization documents should, in order to facilitate the Annual General Meeting, be submitted to the Company by Wednesday, May 5th, 2021. Please note that any power of attorneys must be provided in original.

Shareholders of nominee-registered shares held through a bank or other custodian must request temporary registration under their own names in the share register at Euroclear Sweden AB in order to be entitled to participate in the meeting. Such re-registration, must be completed no later than Monday, May 3rd, 2021, which means that shareholders must notify their nominee well in advance of this.

Financial reports 2021

- Quarterly report for January-March 2021 will be published on May 11th, 2021.
- Quarterly report for January-June 2021 will be published on July 13th, 2021.
- Quarterly report for January-September 2021 will be published on November 11th, 2021.
- Year-end report for 2021 will be published on February 22nd, 2022.

The reports will be available on SyntheticMR's website **www.syntheticmr.com** these dates under the heading Investor Relations.

For further information contact:

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