

Interim report April – June 2022

SyntheticMR AB (publ)

Q1

Q2

Q3

Q4



Second quarter in brief

- Net sales amounted to 18.7 million SEK (11.8), which means a sales growth of 59 percent.
- Operating profit amounted to 4.4 million SEK (0.1).
- Net profit for the period amounted to 5.1 million SEK (-0.2).
- Earnings per share amounted to 0.13 SEK (-0.01).

First half year in brief

- Net sales for the first half year amounted to 28.6 million SEK (26.5), which means a sales growth of 8 percent.
- Operating profit amounted to 0.8 million SEK (2.6).
- Profit for the period amounted to 1.7 million SEK (2.5).
- Earnings per share amounted to 0.04 SEK (0.06).

Significant events during the second quarter

During the period, the directed share issue which was carried out in March 2022, was booked to an amount of SEK 60 million.

A collaboration with Mahajan Imaging in New Delhi, India, has been initiated to gather reference values for the Indian population.

Significant events during the first half year

During the period, a directed new issue of shares was carried out for an amount corresponding to SEK 60 million before transaction costs. The transaction was booked during quarter 2 2022.

SyntheticMR US Inc has partnered with Hyland Healthcare.

A sales and support representative, based in Beijing, China, was established.

Significant events after the second quarter

A subsidiary of SyntheticMR has been established in India.

SyMRI NEURO is now compatible with Philips SmartSpeed, an AI-based acceleration technology for imaging.

Dr. Jeff Miller, Phoenix Children's is a new member of the SyntheticMR Advisory Board.

Key ratios

	2022 Apr-Jun	2021 Apr-Jun	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Net sales, TSEK	18,722	11,786	28,597	26,455	58,421
Sales growth, %	59	19	8	18	20
Operating profit, TSEK	4,371	100	750	2,572	9,988
Operating margin, %	23	1	3	10	17
Net profit for the period, TSEK	5,112	-225	1,659	2,478	7,900
Profit/loss per share before/after dilution, SEK	0.13	-0.01	0.04	0.06	0.20

CEO comments

Strong recovery during the period

During the second quarter of the year, we achieved the highest quarterly sales in SyntheticMR's history. This is very satisfactory, not least considering the weak development at the beginning of the year. It is also gratifying that the causes that negatively affected the first quarter were significantly reduced during the period.

Sales from April to June amounted to SEK 18.7m (11.8), which corresponds to organic growth of 59 percent compared to last year's quarter. Operating profit amounted to SEK 4.4m (0.1), which corresponds to a margin of 23 percent (1). The improved result compared to the same period last year is explained by increased sales.

Deepened partnerships

SyntheticMR has collaborations with MR manufacturers which together represent more than 95% of the global market. Continuing to deepen our partnerships with these established players is of course very important. Among other things, it provides stability to our business. It also testifies to the value of our current offering as well as the plan for product development. Through recent global license and distribution agreements, they market, sell and distribute SyMRI as part of their customer offering. Together with our own direct sales, we have strong resources to market and sell SyMRI, broaden the available market and thereby strengthen the possibilities for increased sales. During the second quarter, up to two-thirds of total sales are attributed to our partners.

An example of partner collaboration that has developed significantly recently is with Philips Healthcare. We have informed that SyMRI NEURO is now compatible with Philips SmartSpeed, an AI-based acceleration

technology for imaging. The combination of SyMRI NEURO and Philips SmartSpeed allows customers to get more diagnostic information in a very short time.

Another development of collaboration we communicated is that SyMRI MSK is now available on Siemens Healthineer's platform syngo.via Open Apps. This means that more customers get access to the product and thus contributes to our endeavor to support a faster workflow and the provision of objective decision support to healthcare.



"SyntheticMR has collaborations with MR manufacturers which together represent more than 95% of the global market. Continuing to deepen our partnerships with these established players is of course very important."

We also continue to deepen our partnerships around product development. High priority is next-generation SyMRI in 3D. The previously mentioned project with Canon Medical Systems, which started in mid-2021, is proceeding according to plan. Collaboration in the area is ongoing with other partners as well and we are enthusiastic about

the increased rate of development. The collaborations will further establish and strengthen SyMRI on the global market in line with our ambition to become the standard of care.

The way ahead

SyntheticMR is well positioned to successfully continue to establish SyMRI as the standard in healthcare. Again, we meet clients, partners and other important contacts in person and the value of this cannot be overstated. The response from the market to our offer is unabatedly strong. But I humbly note from experience that unforeseen disturbances in the outside world can affect the business going forward, even if I don't see anything on the horizon at the moment. However, good examples from the past convince me that we are well equipped to handle the time ahead with its opportunities and challenges. We continue to build a strong foundation, and with undiminished force while maintaining cost control we continue to implement our growth plan.

Ulrik Harrysson
CEO SyntheticMR

Financial information

Second quarter, April – June 2022

Net sales for the second quarter increased with 59 percent compared to the same period last year and amounted to 18,722 thousand SEK (11,786). The increase is attributed to both direct sales and sales to partners.

Furthermore, changes in the exchange rate against the dollar and the euro had a positive effect of 1,212 thousand SEK.

Operating expenses in the second quarter were higher compared with the same period last year and amounted to -16,807 thousand SEK (-12,322). The expenses are mainly attributed to increased investments in commercial resources and activities.

Operating profit for the quarter was 4,371 thousand SEK (100), corresponding to an operating margin of 23 percent (1). Tax on profit for quarter amounted to -75 thousand SEK (203). Total profit after tax amounted to 5,268 thousand SEK (-230), which resulted in earnings per share of 0.13 SEK (-0.01).

In the second quarter, cash flow from operating activities amounted to -6,109 thousand SEK (-1,076).

First half year, Jan – June 2022

Net sales of the first half year 2022 amounted to 28,597 thousand SEK (26,455), which corresponds to an increase of 8 percent. The increase is attributed to both direct sales and sales to partners.

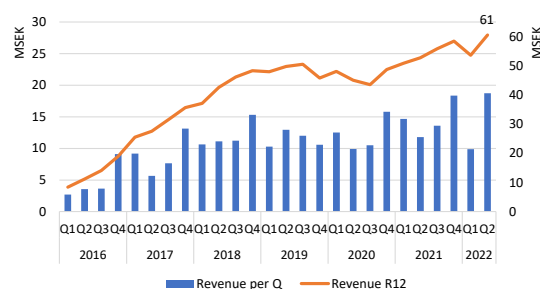
The costs for the first half year 2022 amounted to -31,857 thousand SEK compared to -27,197 thousand SEK last year. The expenses are mainly attributed to increased investments in commercial resources and activities.

Furthermore, the Group has more employees and at the end of the half year there were 27 employees, compared with 25 persons at the same time last year.

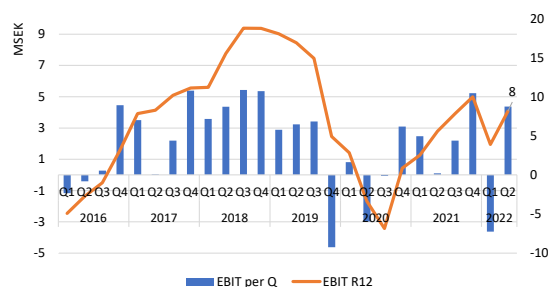
Operating profit amounted to 750 thousand SEK (2,572), which corresponds to an operating margin of 3 percent (10). Tax on earnings amounted to -76 thousand SEK (-197). Total profit after tax for the first half year amounted to 1,843 thousand SEK (2,465), which resulted in earnings per share of 0.04 SEK (0.06).

Cash flow from operating activities amounted to -6,526 thousand SEK (1,905). As of June 30, 2022 the Group's cash and cash equivalents amounted to 54,933 thousand SEK (12,498).

Turnover per quarter and rolling 12 month 2016-2022



Operating profit per quarter and rolling 12 month 2016-2022



Currency effects

The Group is impacted by the currency change against the Swedish krona, since invoicing is mainly denominated in USD and EUR, while most of the costs are in SEK.

The Group does not use hedging instruments in terms of futures or options to hedge currency risks.

Capitalization of Intangible assets

Investments in intangible assets for the second quarter amounted to 2,940 thousand SEK (1,127). The corresponding figure for the first half year is 4,682 thousand SEK (2,190). Investments in intangible assets relates to capitalized development costs and patents.

Financial position

The Group's total assets amounted to 121,484 thousand SEK on June 30, 2022, compared to 59,804 on March 31, 2022. The equity/assets ratio was for the same period 84.5 percent (71.4). At the end of the period, current receivables amounted to 49,046 thousand SEK (34,990), whereof 14,213 thousand SEK (9,797) related to account receivables and 32,176 thousand SEK (22,830) related to accrued revenue.

Shareholders' equity at the end of the period amounted to 102,624 thousand SEK (42,709). The Group has no interest-bearing liabilities other than lease liabilities.

Related party transactions

During the second quarter, transactions with related parties amounts to 264 thousand SEK. For the first half year the amount is 572 thousand SEK. The amount refers to consulting fees to board member Marcel Warntjes in his role as responsible for innovation and as Senior Adviser to the Group's management.

Otherwise, no significant transactions with related parties during the current period or the comparative period has occurred.

Risks and uncertainties

Through its operations, SyntheticMR's operations and results are affected by several external and internal factors. A continuous process is ongoing to identify all possible risks and assess how to handle the respective risks.

The most relevant risks and uncertainties are described in the annual report for 2021 and relates to financial and operational risks. No other significant risks and uncertainties than those described in the 2021 annual report have been identified in 2022.

The Group has, like most other MedTech companies, an uneven order inflow over the year and the variation in individual quarters may be high.

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.

Share data and ownership

During the period, the directed share issue which was carried out in March 2022, was booked to an amount of SEK 60 million.

Share capital on June 30, 2022, amounted to 924,647 SEK and the number of shares to 41,650,780. The quota value per share is SEK 0.022. All shares have equal rights to the Group's assets and profits. One share entitles to one vote. The Group's shares were listed on October 18, 2013, at Spotlight Stock Market

Consolidated Income Statement and Other Comprehensive Income

	2 nd quarter		First half year		Full year
TSEK	2022	2021	2022	2021	2021
Operating income					
Net sales	18,722	11,786	28,597	26,455	58,421
Own work capitalized	1,232	1,088	2,421	2,047	4,379
Other income	1,224	-451	1,589	1,267	2,479
Total income and capitalized own work	21,179	12,423	32,608	29,768	65,278
Operating expenses					
Other external expenses	-7,267	-3,902	-12,584	-9,410	-20,675
Employee benefit costs	-8,286	-7,282	-16,808	-15,530	-30,014
Depreciation/amortization of tangible and intangible assets	-1,255	-1,138	-2,465	-2,257	-4,602
Other operating costs	-	-	-	-	-
Operating profit	4,371	100	750	2,572	9,988
Results from financial items					
Result from financial income/expense, net	815	-122	986	103	436
Profit for the period before tax	5,186	-22	1,736	2,675	10,424
Tax on net profit for the period	-75	-203	-76	-197	-2,523
Net profit for the period	5,112	-225	1,659	2,478	7,900
Statement of comprehensive income					
Exchange rate differences	157	-5	184	-13	54
Other comprehensive income	157	-5	184	-13	54
Profit for the period	5,268	-230	1,843	2,465	7,954
Earnings per share before and after dilution	0.13	-0.01	0.04	0.06	0.20

Consolidated Balance Sheet

ASSETS			
TSEK	2022-06-30	2021-06-30	2021-12-31
Fixed assets			
Capitalized development expenditure	13,826	9,754	10,978
Patent	1,097	1,387	1,199
Equipment	225	156	156
Rights of use assets	2,213	672	199
Other fixed assets	144	-	99
Total fixed assets	17,504	11,968	12,631
Current assets			
Accounts receivable	14,213	11,847	11,798
Other receivables	1,091	770	822
Prepaid expenses and accrued income*	33,742	14,395	24,043
Cash and cash equivalents	54,933	12,498	11,552
Total current assets	103,979	39,511	48,215
TOTAL ASSETS	121,484	51,479	60,845
EQUITY AND LIABILITIES			
Equity			
Share capital	925	897	897
Other contributed capital	72,380	17,762	17,762
Reserves	86	-165	-98
Profit brought forward including profit for the period	29,233	22,152	27,574
Equity attributable to the Parent Company	102,624	40,645	46,134
Total equity	102,624	40,645	46,134
Non-current liabilities			
Long-term financial liabilities	1,405	-	-
Total non-current liabilities	1,405	-	-
Current liabilities			
Short-term financial liabilities	821	684	203
Accounts payable	2,724	1,266	2,580
Current tax liabilities	489	-	1,023
Other current liabilities	1,855	730	627
Accrued expenses and prepaid income	11,566	8,155	10,278
Total short-term liabilities	17,455	10,834	14,711
TOTAL EQUITY AND LIABILITIES	121,484	51,479	60,845

* Accrued revenue amounted to 32,176 thousand SEK on June 30, 2022, compared to 14,534 thousand SEK on June 30, 2021, and 22,912 thousand SEK on December 31, 2021.

Consolidated statement of cash flow

	2 nd quarter		First half year		Full year
TSEK	2022	2021	2022	2021	2021
Operating activities					
Operating profit	4,371	100	750	2,572	9,988
Adjustments for non-cash items					
Depreciation/amortization of tangible and intangible assets	1,255	1,138	2,465	2,257	4,602
Unrealized exchange rate differences	572	-294	603	-559	-326
Interest received	-	-	-	-	-
Paid interest	-11	-10	-24	-15	-19
Income tax paid	-542	-467	-989	-779	-1,713
Cash flow from operating activities before changes in working capital	5,644	468	2,806	3,476	12,531
Changes in accounts receivable	-4,341	-797	-2,059	-2,974	-2,857
Changes in other receivable	-8,180	-167	-8,235	-841	-10,541
Changes in accounts payable	789	828	141	116	1,433
Changes in other payable	-21	-1,407	822	2,128	3,780
Cash flow from operating activities	-6,109	-1,076	-6,526	1,905	4,346
Investing activities					
Investment in intangible assets	-2,940	-1,127	-4,682	-2,190	-5,060
Investment in tangible assets	-27	-	-100	-20	-46
Investment in other fixed assets	-56	-	-66	-	-110
Cash flow from investing activities	-3,024	-1,127	-4,849	-2,210	-5,217
Financing activities					
Paid dividend	-	-	-	-	-
New share issue	60,000	-	60,000	-	-
Issue expenses	-5,354	-	-5,354	-	-
Repayment of leases	-234	-239	-468	-476	-957
Cash flow from financing activities	54,412	-239	54,179	-476	-957
Cash flow for the period	45,280	-2,441	42,804	-781	-1,828
Cash and cash equivalents opening balance	9,079	14,597	11,552	13,004	13,004
Exchange gain/loss on cash balances	574	342	577	275	376
Cash and cash equivalents, closing balance	54,933	12,498	54,933	12,498	11,552

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 January 1, 2021	897	17,762	-152	19,672	38,179
Profit for the period	-	-	-	2,478	2,478
Other comprehensive income for the period	-	-	-13	-	-13
Total profit for the period	-	-	-13	2,478	2,465
New share issue	-	-	-	-	-
Issue expenses	-	-	-	-	-
Transaction with the Group's owner - dividend	-	-	-	-	-
Closing equity June 30, 2021	897	17,762	-165	22,152	40,645

Opening equity January 1, 2022	897	17,762	-98	27,574	46,134
Profit for the period	-	-	-	1,659	1,659
Other comprehensive income for the period	-	-	184	-	184
Total profit for the period	-	-	184	1,659	1,843
New share issue	28	59,972	-	-	60,000
Issue expenses	-	-5,354	-	-	-5,354
Transaction with the Group's owner – dividend	-	-	-	-	-
Closing equity June 30, 2022	925	72,380	86	29,233	102,624

Consolidated key figures

	2 nd quarter		First half year		Full year
	2022	2021	2022	2021	2021
Net sales, TSEK	18,722	11,786	28,597	26,455	58,421
Sales growth, %	59	19	8	18	20
Operating profit, TSEK	4,371	100	750	2,572	9,988
Operating margin, %	23	1	3	10	17
Net profit for the period, TSEK	5 112	-225	1,659	2,478	7,900
Cash flow from operating activities, TSEK	-6,109	-1,076	-6,526	1,905	4,346
Shareholders equity, TSEK	102,624	40,645	102,624	40,645	46,134
Total assets, TSEK	121,484	51,479	121,484	51,479	60,845
Equity/assets ratio, %	84.5	79.0	84.5	79.0	75.8
Return on equity, %	12	13	12	13	19
Number of employees	26	25	26	25	25
Number of shares before/after dilution*	41,650,780	40,400,780	41,650,780	40,400,780	40,400,780
Average number of shares before/after dilution*	41,650,780	40,400,780	41,650,780	40,400,780	40,400,780
Per share data, SEK*					
Profit/loss per share before/after dilution	0.13	-0.01	0.04	0.06	0.20
Cash flow per share from operating activities	-0.15	-0.03	-0.16	0.05	0.11
Equity per share before/after dilution	2.46	1.01	2.46	1.01	1.14
Dividend per share	-	-	-	-	-

Sales growth - The change in net sales compared with the year-earlier period expressed as a percentage.

Operating margin, % - Operating profit/loss expressed as a percentage of net sales.

Equity/assets ratio, % - Equity expressed as a percentage of total assets.

Return on equity, % - Profit/loss for the period as a percentage of average equity. Average equity is calculated as the sum of equity at the end of the period plus equity at the end of the year-earlier period, divided by two.

Number of employees - Average number of employees during the period.

Profit/loss per share - Profit/loss for the period as a percentage of average number of shares.

Cash flow per share from operating activities - Cash flow from operating activities as a percentage of average number of shares during the period

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

Parent Company Income Statement and Other Comprehensive Income

Income statement	2 nd quarter		First half year		Full year
	2022	2021	2022	2021	2021
Operating income					
Net sales	13,465	10,072	21,270	22,894	48,085
Own work capitalized	1,232	1,088	2,421	2,047	4,379
Other income	1,251	-451	1,616	1,267	2,479
Total income and capitalized own work	15,948	10,708	25,307	26,207	54,943
Operating expenses					
Other external expenses	-6,992	-3,956	-12,150	-10,007	-22,844
Employee benefit expenses	-5,198	-4,452	-10,718	-9,593	-19,065
Depreciation/amortization of tangible and intangible assets	-1,002	-902	-1,968	-1,784	-3,644
Other operating expenses	-	-	-	-	-
Operating profit	2,756	1,397	471	4,823	9,390
Result from financial items					
Result from financial income/expense, net	826	-118	1,010	112	549
Profit for the period before tax	3,582	1,279	1,481	4,935	9,939
Tax on profit for the period	-	-	-	-	-2,324
Net profit for the period	3,582	1,279	1,481	4,935	7,615
Statement of comprehensive income					
Net profit for the period	3,582	1,279	1,481	4,935	7,615
Other comprehensive income	-	-	-	-	-
Comprehensive income for the period	3,582	1,279	1,481	4,935	7,615
Earnings per share before and after dilution	0.09	0.03	0.04	0.12	0.19

Parent Company balance sheet

ASSETS			
TSEK	2022-06-30	2021-06-30	2021-12-31
Fixed assets			
Capitalized development expenditure	13,826	9,754	10,978
Patent	1,097	1,387	1,198
Equipment	225	156	156
Total fixed assets	15,147	11,296	12,333
Current assets			
Accounts receivable	10,421	9,852	7,275
Other receivables	842	1,064	741
Receivables from Group companies	17,186	8,760	12,215
Prepaid expenses and accrued income	16,182	8,396	13,677
Cash and bank balances	54,019	11,983	10,824
Total current assets	98,650	40,053	44,732
TOTAL ASSETS	113,797	51,350	57,065
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	925	897	897
Fund for development expenditures	14,923	7,741	12,187
Unrestricted equity			
Other paid-in capital	72,380	17,762	17,762
Retained earnings	11,824	11,392	6,945
Profit for the period	1,481	4,935	7,615
Total shareholders' equity	101,532	42,726	45,405
Current liabilities			
Accounts payable	2,699	1,244	2,489
Current tax liabilities	516	-	1,023
Other liabilities	1,045	1,013	606
Accrued expenses and prepaid income	8,005	6,367	7,541
Total current liabilities	12,265	8,624	11,660
TOTAL EQUITY AND LIABILITIES	113,797	51,350	57,065

Accounting policies

SyntheticMR applies the International Financial Reporting Standard (IFRS) as approved by the EU.

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions in the Annual Accounts Act. The interim report for the parent company has been prepared in accordance with RFR 2, accounting for legal entities, and Chapter 9 of the Annual Accounts Act, Interim Report. The same accounting principles and calculation bases have been applied as in the most recent annual report, for more information see: applied accounting and valuation principles in the annual report for 2021.

The parent company's and the group's reporting and functional currency is Swedish kronor. All amounts in the interim report are, unless otherwise stated, presented in thousands of kronor. Rounding effects may occur.

When preparing the interim report, Group management is required to make assessments and estimates as well as make assumptions that affect SyntheticMR's results and position, as well as other information provided. Management evaluates these on an ongoing basis based on historical experience and expectations of future events that are considered reasonable under current conditions. The estimates for accounting purposes that result from these will, by definition, seldom correspond to the actual result. See the Group's annual report for 2021 for more information on estimates and assessments.

Disclosures in accordance with IAS 34. 16A appear not only in the financial statements but also in other parts of the interim report.

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

New standards, amendments and interpretations applied by the Group as of 1 January 2022

SyntheticMR has made the assessment that new and amended standards and interpretations have no effect on the Group's financial reports.

Segment reporting

An operating segment is a part of the Group that conducts operations from which it can generate revenue and incur costs and for which independent financial information is available. The result of an operating segment is further monitored by SyntheticMR's highest CEO, which the Group identifies as the CEO. Group management has determined the segments based on the information processed by the President and used as a basis for allocating resources and evaluating results. In this internal reporting, the Group constitutes a segment.

Disaggregation of revenue

The Group has a customer whose turnover exceeds 10 percent of the Group's total net sales.

	2 nd quarter		First half year		Full year
TSEK	2022	2021	2022	2021	2021
<u>Geographical markets</u>					
Sweden	1,775	278	2,020	621	1,666
Other	16,947	11,508	26,577	25,834	56,755
Total	18,722	11,786	28,597	26,455	58,421
<u>Major service lines</u>					
Licenses	18,106	11,321	27,402	25,556	56,502
Service and Support	616	465	1,195	899	1,919
Total	18,722	11,786	28,597	26,455	58,421
<u>Timing of revenue recognition</u>					
Licenses transferred at a point in time	18,106	11,321	27,402	25,556	56,502
Services transferred over time	616	465	1,195	899	1,919
Total	18,722	11,786	28,597	26,455	58,421

Financial instruments

The Group holds the following financial assets and liabilities.

	2 nd quarter		Full year
TSEK	2022	2021	2021
Financial assets at amortized cost			
Cash and cash equivalents	54,933	12,498	11,552
Accounts receivables	14,213	11,847	11,798
Other financial assets	1,091	770	822
Total	70,237	25,115	24,172
Financial liabilities at amortized cost			
Accounts payable	2,724	1,266	2,580
Lease liability	2,226	684	203
Total	4,950	1,950	2,783

Financial assets and liabilities carried at amortised cost are considered to have carrying amounts that materially correspond to their fair value.

SyntheticMR in brief

SyntheticMR develops innovative imaging solutions that can speed up the imaging workflow and deliver objective decision support to clinics.

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 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, Germany, and South Korea. The company has partnerships with GE Healthcare, Siemens Healthineers, Philips Healthcare, Fujifilm United Imaging and Hyland Healthcare.

The company was founded by Dr. Marcel Warntjes in 2007. At the end of the quarter the company had 27 employees globally and the head office is based in Linköping.

Strategy

SyntheticMR's long-term ambition is to replace conventional methods with quantitative technology as far as possible and establish the company's products as a standard of care in the global market.

SyntheticMR has a strong regional presence in four key regions: North America, Japan, India and 'DACH' - Germany, Austria and Switzerland. Through regional marketing activities and collaborations with OEM partners, the company can effectively reach the market. Through a business model based on time-limited licenses, the company builds a broad customer base for recurring sales of current and upcoming products.

SyntheticMR has had a license agreement since 2014 with GE Healthcare, one of the largest and leading MRI manufacturers globally. SyntheticMR also has collaboration and co-marketing agreements with Philips Healthcare since 2015 and Siemens Healthineers since 2016. Since 2020, SyntheticMR has been collaborating with the PACS supplier Fujifilm in the Japanese market. In 2021, a global licensing agreement was also signed with the Chinese MRI manufacturer United Imaging.

Through close cooperation with MR and PACS manufacturers, SyntheticMR has the opportunity to reach a large part of the market both in terms of installed base and newly produced MRI scanners. SyntheticMR is an innovation company with the customer in focus, which strives to offer solutions with high clinical value that contribute to higher efficiency and precision in healthcare. Together with customers and the newly established Medical Advisory Board, SyntheticMR develops innovative solutions for solving clinical issues.

SyMRI

A conventional MRI examination is performed by running several 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 absolute tissue properties and generates parametric maps of the anatomy. These parametric maps are used as a basis for synthetically recreating contrast-weighted images, which means that the assessment can be carried out faster than if the images were obtained conventionally.

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

Faster workflow

An MRI scan of the brain can take up to 40-60 minutes, which means high costs for the radiology department and is inconvenient for the patient. With SyntheticMR's technology, the investigation 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 can save large costs and shorten care queues, 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 contrast after the examination, when the patient has returned home. This reduces the risk of having to recall the patient if any contrast is missing and allows the doctor to adjust the images afterwards.

A fine-tuning of the contrast images is particularly useful in MSK, where it can help the radiologist to 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 increased decision support to radiologists and referring physicians.

SyMRI NEURO contains and 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 the normal are linked to several 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 effective follow-up of the patient.

Product packages

SyMRI NEURO can speed up MRI brain examinations as well as deliver objective decision support to the radiologist and the referring doctor. Based on a single 5-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 knees and spine. The product delivers several contrast-weighted images that are adjustable post-scan, which enables the radiologist to optimize the images to illuminate different tissues depending on pathology.

Review

This report has not been reviewed by SyntheticMR's auditors.

Financial Calendar

Interim report Jan-Sep 2022 - Nov 16th, 2022.
Year-end report Jan-Dec 2022 - Feb 15th, 2023.
Annual General Meeting 2023 - May 23rd, 2023.
Interim report Jan-Mar 2023 - May 23rd, 2023.

For further information

Johanna Norén, CFO and Head of IR
Tel: +46 70 619 21 00
E-mail: johanna.noren@syntheticmr.com

Ulrik Harrysson, CEO
Tel: +46 70 529 29 87
Email: ulrik.harrysson@syntheticmr.com

This is a translation of the Swedish version of the report. When in doubt, the Swedish wording prevails.

This disclosure contains information that SyntheticMR AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person set out above, on August 23rd, 2022.

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

Stockholm August 23rd 2022
SyntheticMR AB (publ)

Board of Directors