

# Interim report January – March 2023

SyntheticMR AB (publ)

Q1

Q2

Q3

Q4



### First quarter in brief

- Net sales amounted to 16,1 million SEK (9,9), which means a sales growth of 63 percent.
- Operating profit amounted to -2 million SEK (-3,6), corresponding to an operating margin of -13 percent (-37).
- Net profit for the period amounted to -2,2 million SEK (-3,5).
- Earnings per share amounted to -0.05 SEK (-0.08).

### Significant events during the first quarter

During the first quarter SyMRI received regulatory approval in Singapore, UK and Canada.

### Significant events after the first quarter

Nothing to report.

### Key ratios

	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Net sales, TSEK	16,142	9,875	68,271
Sales growth, %	63	-33	17
Operating profit, TSEK	-2,022	-3,621	7,223
Operating margin, %	-13	-37	11
Net profit for the period, TSEK	-2,229	-3,452	5,879
Profit/loss per share before/after dilution, SEK	-0.05	-0.08	0.15

## CEO comments

### **Sales and cost development in line with the growth plan**

Sales in the quarter amounted to SEK 16.1m (9.9). The outcome is a record for a first quarter and corresponds to an organic growth of 63 percent compared to the same period last year. Sales development mainly consists of larger orders from partners and increased direct sales. Operating profit amounted to SEK -2.0m (-3.6). This corresponds to a margin of -13 percent (-37). The development is explained by the fact that sales increased more than costs during the quarter. The cost increase compared to the same period last year stems from planned investments in line with our growth plan. As previously communicated, we have now reached a level of costs that is reasonable and relevant to our business model from which we now continue to grow with an increased focus on profitability. The outcome in the first quarter is in line with our plan and we reiterate that we expect revenues in excess of SEK 90.0m and an operating margin after depreciation of at least 20% in 2023.

### **The financial impact of the business and price model**

With undiminished force we continue to establish SyMRI as a standard of care. The business model we developed includes sales directly to end customers and to MR system manufacturers. Over time, sales increase to both segments and in more geographic markets. The pricing model we have implemented includes options for a permanent license and now also time-limited variants. Of course, we always make an overall assessment of each deal. Among other things, any counterparty risk is evaluated and if we consider it relevant, we make applicable reservations. In addition to the above, we take the license period into account in our pricing.

We too are affected by the pressure of inflation and our customers are increasingly aware of this reality with price increases as a result. The fact that with this model we tie up more capital than before is a natural consequence, which also means that we have a greater focus on cash flow.



*"The outcome in the first quarter is in line with our plan and thus reiterates that in 2023 we expect revenues exceeding SEK 90.0 million and an operating margin after depreciation of at least 20%."*

Increased capital bidding primarily applies to licenses for customers who have already installed an MR system. An example could be a sale of a five-year license to such a customer. In this case, the agreement is made with the customer that payment must be made over the license period. After applicable reservations, the income is booked, and invoicing is done from the start of the first year and thereafter evenly over the license period.

## Looking ahead

SyntheticMR is well equipped to reach the goals we have set for 2023. The response from the market for SyMRI and the value the product provides to the customer is positive. The installed base we have is still negligible in terms of market share. The organization is sufficient to provide growing direct sales with increased efficiency and results. The sales organization has been expanded over several years and its efficiency has potential for improvement. The same applies to our innovative work in research and development. We are satisfied with the geographical priorities that have been made in terms of market areas. As we increase our sales, we also broaden our presence. Nowadays, we have three established subsidiaries. During the first quarter, SyMRI was approved for clinical use in three new countries. Canada, UK and Singapore are markets with high potential that provide good conditions for increased market penetration globally.

We also see that our partner collaborations develop and deepen. These also facilitate the likelihood that we will achieve continued market success. The global license and distribution agreements we have strengthen our direct sales capacity. Our collaborations around product development continue successfully. Regardless of financial goals, we are driven by the ambition to successfully establish SyMRI as a standard of care. If we succeed, financial rewards will follow.

Ulrik Harrysson  
CEO SyntheticMR

## Financial information

### First quarter, January – March 2023

Net sales for the first quarter increased with 63 percent compared to the same period last year and amounted to 16,142 thousand SEK (9,875). The increase is attributed to both direct sales and sales to partners.

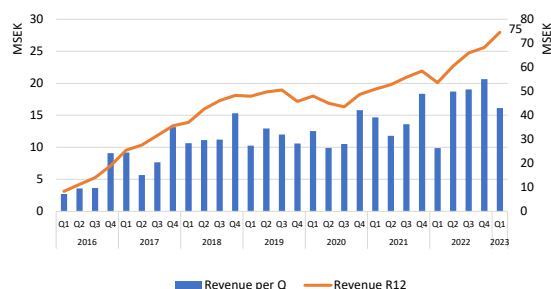
Operating expenses in the were higher compared with the same period last year and amounted to -19,465 thousand SEK (-15,050). The expenses are mainly attributed to increased investments according to plan in commercial resources and activities.

During the quarter, the operating profit was negatively affected by SEK -59 thousand attributable to exchange rate changes mainly in USD and EUR.

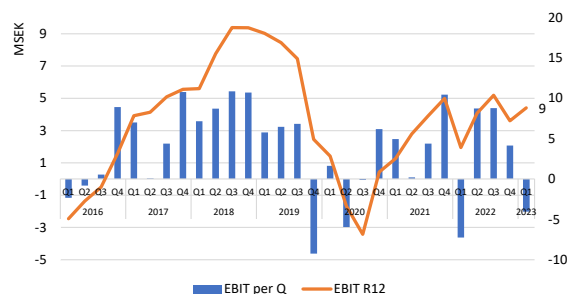
Operating profit for the quarter was -2,022 thousand SEK (-3,621), corresponding to an operating margin of -13 percent (-37). Tax on profit for quarter amounted to 0 thousand SEK (-2). Total profit after tax amounted to -2,231 thousand SEK (-3,425), which resulted in earnings per share of -0.05 SEK (-0.08).

In the first quarter, cash flow from operating activities amounted to -1,852 thousand SEK (-458).

Turnover per quarter and rolling 12 month 2016-2023



Operating profit per quarter and rolling 12 month 2016-2023



### 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 first quarter amounted to 2,461 thousand SEK (1,742). Investments in intangible assets relates to capitalized development costs and patents.

### Financial position

The Group's total assets amounted to 124,286 thousand SEK on March 31, 2023, compared to 127,432 on December 31, 2022. The equity/assets ratio was for the same period 84.4 percent (84.1). At the end of the period, current receivables amounted to 66,237 thousand SEK (65,804), whereof 14,543 thousand SEK (17,167) related to account receivables and 48,019 thousand SEK (45,831) related to accrued revenue.

Shareholders' equity at the end of the period amounted to 104,896 thousand SEK (107,127). The Group has no interest-bearing liabilities other than lease liabilities.

### Related party transactions

During the first quarter, transactions with related parties amounts to 340 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 financial and operational risks and uncertainty factors are described in the annual report for 2022. No other significant risks and uncertainties than those described in the 2022 annual report have been identified in 2023.

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

Share capital on March 31, 2023, amounted to 924,647 SEK and the number of shares to 41,650,780. The new 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

	1 <sup>st</sup> quarter		Full year
TSEK	2023	2022	2022
<b>Operating income</b>			
Net sales	16,142	9,875	68,271
Own work capitalized	1,302	1,189	5,307
Other income	0	365	2,708
<b>Total income and capitalized own work</b>	<b>17,444</b>	<b>11,429</b>	<b>76,286</b>
<b>Operating expenses</b>			
Other external expenses	-8,197	-5,317	-28,636
Employee benefit costs	-9,727	-8,522	-35,253
Depreciation/amortization of tangible and intangible assets	-1,482	-1,211	-5,174
Other operating costs	-59	-	-
<b>Operating profit</b>	<b>-2,022</b>	<b>-3,621</b>	<b>7,223</b>
<b>Results from financial items</b>			
Result from financial income/expense, net	-207	171	689
<b>Profit for the period before tax</b>	<b>-2,229</b>	<b>-3,450</b>	<b>7,912</b>
Tax on net profit for the period	0	-2	-2,033
<b>Net profit for the period</b>	<b>-2,229</b>	<b>-3,452</b>	<b>5,879</b>
<b>Statement of comprehensive income</b>			
Exchange rate differences	-3	27	468
Other comprehensive income	-3	27	468
<b>Profit for the period</b>	<b>-2,231</b>	<b>-3,425</b>	<b>6,347</b>
Earnings per share before and after dilution	-0.05	-0.08	0.15

## Consolidated Balance Sheet

<b>ASSETS</b>			
<b>TSEK</b>	<b>2023-03-31</b>	<b>2022-03-31</b>	<b>2022-12-31</b>
<b>Fixed assets</b>			
Capitalized development expenditure	18,621	11,822	17,327
Patent	1,044	1,145	1,073
Equipment	566	214	236
Rights of use assets	1,998	2,451	2,251
Other fixed assets	215	103	244
<b>Total fixed assets</b>	<b>22,443</b>	<b>15,736</b>	<b>21,130</b>
<b>Current assets</b>			
Accounts receivable	14,543	9,797	17,167
Other receivables	1,643	980	994
Prepaid expenses and accrued income*	50,052	24,213	47,643
Cash and cash equivalents	35,605	9,079	40,498
<b>Total current assets</b>	<b>101,843</b>	<b>44,069</b>	<b>106,302</b>
<b>TOTAL ASSETS</b>	<b>124,286</b>	<b>59,804</b>	<b>127,432</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	925	897	925
Other contributed capital	72,380	17,762	72,380
Reserves	367	-71	370
Profit brought forward including profit for the period	31,224	24,122	33,453
Equity attributable to the Parent Company	104,896	42,709	107,127
<b>Total equity</b>	<b>104,896</b>	<b>42,709</b>	<b>107,127</b>
<b>Non-current liabilities</b>			
Long-term financial liabilities	1,009	1,612	1,264
<b>Total non-current liabilities</b>	<b>1,009</b>	<b>1,612</b>	<b>1,264</b>
<b>Current liabilities</b>			
Short-term financial liabilities	1,014	849	1,009
Accounts payable	2,757	1,936	2,124
Current tax liabilities	47	738	639
Other current liabilities	869	840	1,743
Accrued expenses and prepaid income	13,695	11,121	13,526
<b>Total short-term liabilities</b>	<b>18,381</b>	<b>15,483</b>	<b>19,041</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>124,286</b>	<b>59,804</b>	<b>127,432</b>

\* Accrued revenue amounted to 48,019 thousand SEK on March 31, 2023, compared to 22,830 thousand SEK on March 31, 2022, and 45,831 thousand SEK on December 31, 2022.



## Consolidated statement of cash flow

	1 <sup>st</sup> quarter		Full year
TSEK	2023	2022	2022
<b>Operating activities</b>			
Operating profit	-2,022	-3,621	7,223
<b>Adjustments for non-cash items</b>			
Depreciation/amortization of tangible and intangible assets	1,482	1,211	5,174
Unrealized exchange rate differences	139	31	-2,444
Interest received	-	-	-
Paid interest	-208	-13	-53
Income tax paid	-1,649	-447	-1,938
<b>Cash flow from operating activities before changes in working capital</b>	<b>-2,256</b>	<b>-2,839</b>	<b>7,963</b>
Changes in accounts receivable	2,645	2,278	-4,487
Changes in other receivable	-3,272	-68	-21,484
Changes in accounts payable	639	-650	-479
Changes in other payable	392	821	3,246
<b>Cash flow from operating activities</b>	<b>-1,852</b>	<b>-458</b>	<b>-15,241</b>
<b>Investing activities</b>			
Investment in intangible assets	-2,461	-1,742	-10,344
Investment in tangible assets	-363	-72	-152
Investment in other fixed assets	29	-11	-
<b>Cash flow from investing activities</b>	<b>-2,795</b>	<b>-1,825</b>	<b>-10,495</b>
<b>Financing activities</b>			
Paid dividend	-	-	-
New share issue	-	-	60,000
Issue expenses	-	-	-5,354
Repayment of leases	-250	-233	-964
<b>Cash flow from financing activities</b>	<b>-250</b>	<b>-233</b>	<b>53,682</b>
Cash flow for the period	-4,897	-2,516	27,945
Cash and cash equivalents opening balance	40,498	11,552	11,552
Exchange gain/loss on cash balances	4	44	1002
<b>Cash and cash equivalents, closing balance</b>	<b>35,605</b>	<b>9,079</b>	<b>40,498</b>

## 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
<b>Opening equity January 1, 2022</b>	<b>897</b>	<b>17,762</b>	<b>-98</b>	<b>27,574</b>	<b>46,134</b>
Profit for the period	-	-	-	-3,452	-3,452
Other comprehensive income for the period	-	-	27	-	27
<b>Total profit for the period</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>-3,452</b>	<b>-3,425</b>
New share issue	-	-	-	-	-
Issue expenses	-	-	-	-	-
Transaction with the Group's owner - dividend	-	-	-	-	-
<b>Closing equity March 31, 2022</b>	<b>897</b>	<b>17,762</b>	<b>-71</b>	<b>24,122</b>	<b>42,709</b>

<b>Opening equity January 1, 2023</b>	<b>925</b>	<b>72,380</b>	<b>370</b>	<b>33,453</b>	<b>107,127</b>
Profit for the period	-	-	-	-2,229	-2,229
Other comprehensive income for the period	-	-	-3	-	-3
<b>Total profit for the period</b>	<b>-</b>	<b>-</b>	<b>-3</b>	<b>-2,229</b>	<b>-2,231</b>
New share issue	-	-	-	-	-
Issue expenses	-	-	-	-	-
Transaction with the Group's owner – dividend	-	-	-	-	-
<b>Closing equity March 31, 2023</b>	<b>925</b>	<b>72,380</b>	<b>367</b>	<b>31,224</b>	<b>104,896</b>

## Consolidated key figures

	1 <sup>st</sup> quarter		Full year
	2023	2022	2022
Net sales, TSEK	16,142	9,875	68,271
Sales growth, %	63	-33	17
Operating profit, TSEK	-2,022	-3,621	7,223
Operating margin, %	-13	-37	11
Net profit for the period, TSEK	-2,229	-3,452	5,879
Cash flow from operating activities, TSEK	-1,852	-458	-15,241
Shareholders equity, TSEK	104,896	42,709	107,127
Total assets, TSEK	124,286	59,804	127,432
Equity/assets ratio, %	84.4	71.4	84.1
Return on equity, %	7	4	7
Number of employees	28	26	27
Number of shares before/after dilution*	41,650,780	40,400,780	41,650,780
Average number of shares before/after dilution*	41,650,780	40,400,780	41,332,287
<b>Per share data, SEK*</b>			
Profit/loss per share before/after dilution	-0.05	-0.08	0.15
Cash flow per share from operating activities	-0.04	-0.01	-0.37
Equity per share before/after dilution	2.52	1.06	2.57
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	1 <sup>st</sup> quarter		Full year
	2023	2022	2022
<b>Operating income</b>			
Net sales	13,582	7,805	48,819
Own work capitalized	1,302	1,189	5,307
Other income	-	365	4,812
<b>Total income and capitalized own work</b>	<b>14,884</b>	<b>9,359</b>	<b>58,937</b>
<b>Operating expenses</b>			
Other external expenses	-7,840	-5,157	-26,664
Employee benefit expenses	-5,919	-5,521	-21,530
Depreciation/amortization of tangible and intangible assets	-1,229	-966	-4,193
Other operating expenses	-50	-	-
<b>Operating profit</b>	<b>-155</b>	<b>-2,285</b>	<b>6,551</b>
<b>Result from financial items</b>			
Result from financial income/expense, net	-197	183	958
<b>Profit for the period before tax</b>	<b>-352</b>	<b>-2,101</b>	<b>7,509</b>
Tax on profit for the period	-	-	-1,885
<b>Net profit for the period</b>	<b>-352</b>	<b>-2,101</b>	<b>5,624</b>
<b>Statement of comprehensive income</b>			
Net profit for the period	-352	-2,101	5,624
Other comprehensive income	-	-	-
<b>Comprehensive income for the period</b>	<b>-352</b>	<b>-2,101</b>	<b>5,624</b>
Earnings per share before and after dilution	-0.01	-0.05	0.14

## Parent Company balance sheet

ASSETS	1 <sup>st</sup> quarter		Full year
TSEK	2023-03-31	2022-03-31	2022-12-31
<b>Fixed assets</b>			
Capitalized development expenditure	18,621	11,822	17,327
Patent	1,044	1,145	1,073
Equipment	566	214	236
Shares in group companies	393	-	393
<b>Total fixed assets</b>	<b>20,623</b>	<b>13,181</b>	<b>19,029</b>
<b>Current assets</b>			
Accounts receivable	12,538	5,309	11,515
Other receivables	1,635	731	994
Receivables from Group companies	27,914	13,393	27,616
Prepaid expenses and accrued income	20,320	14,355	18,836
Cash and bank balances	34,544	8,096	40,009
<b>Total current assets</b>	<b>96,951</b>	<b>41,885</b>	<b>98,971</b>
<b>TOTAL ASSETS</b>	<b>117,574</b>	<b>55,066</b>	<b>118,000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	925	897	925
Fund for development expenditures	19,664	12,967	18,400
<b>Unrestricted equity</b>			
Other paid-in capital	72,380	17,762	72,380
Retained earnings	12,706	13,780	8,347
Profit for the period	-352	-2,101	5,624
<b>Total shareholders' equity</b>	<b>105,323</b>	<b>43,304</b>	<b>105,675</b>
<b>Current liabilities</b>			
Accounts payable	2,602	1,778	1,912
Current tax liabilities	-	821	589
Other liabilities	805	830	1,738
Accrued expenses and prepaid income	8,845	8,333	8,086
<b>Total current liabilities</b>	<b>12,251</b>	<b>11,762</b>	<b>12,325</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>117,574</b>	<b>55,066</b>	<b>118,000</b>

## 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 2022.

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 2022 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 2023

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 two customers whose turnover exceeds 10 percent of the Group's total net sales.

	1 <sup>st</sup> quarter		Full year
TSEK	2023	2022	2022
<u>Geographical markets</u>			
Sweden	88	360	2,266
Other	16,055	9,515	66,005
<b>Total</b>	<b>16,142</b>	<b>9,875</b>	<b>68,271</b>
<u>Major service lines</u>			
Licenses	15,507	9,296	65,878
Service and Support	635	579	2,393
<b>Total</b>	<b>16,142</b>	<b>9,875</b>	<b>68,271</b>
<u>Timing of revenue recognition</u>			
Licenses transferred at a point in time	15,507	9,296	65,878
Services transferred over time	635	579	2,393
<b>Total</b>	<b>16,142</b>	<b>9,875</b>	<b>68,271</b>

## Financial instruments

The Group holds the following financial assets and liabilities.

	1 <sup>st</sup> quarter		Full year
TSEK	2023	2022	2022
<b>Financial assets at amortized cost</b>			
Cash and cash equivalents	35,605	9,079	40,498
Accounts receivables	14,543	9,797	17,167
Other financial assets	1,643	980	994
<b>Total</b>	<b>51,791</b>	<b>19,856</b>	<b>58,659</b>
<b>Financial liabilities at amortized cost</b>			
Accounts payable	2,757	1,936	2,124
Lease liability	2,023	2,461	2,273
<b>Total</b>	<b>4,780</b>	<b>4,397</b>	<b>4,397</b>

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 31 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.

### For further information

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### Financial Calendar

Interim report Jan-Jun 2023 - Aug 22<sup>nd</sup>, 2023.  
Interim report Jan-Sep 2023 - Nov 10<sup>th</sup>, 2023.  
Year-end report Jan-Dec 2023 - Feb 20<sup>th</sup>, 2024.

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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 May 23<sup>rd</sup>, 2023.

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 May 23<sup>rd</sup> 2023  
SyntheticMR AB (publ)

Board of Directors