

Year-End report January – December 2023

SyntheticMR AB (publ)

Q1

Q2

Q3

Q4



Fourth quarter in brief

- Net sales amounted to 30.1 million SEK (20.6), which means a sales growth of 46 percent.
- Operating profit amounted to 8.8 million SEK (2.1), corresponding to an operating margin of 29 percent (10).
- Net profit for the period amounted to 4.6 million SEK (0.5).
- Earnings per share amounted to 0.10 SEK (0.01).

Full year January - December in brief

- Net sales for the full year 2023 amounted to 89.2 million SEK (68.3), which means a sales growth of 31 percent.
- Operating profit amounted to 14.1 million SEK (7.2), corresponding to an operating margin of 16 percent (11).
- Profit for the period amounted to 10 million SEK (5.9).
- Earnings per share amounted to 0.23 SEK (0.15).

Significant events during the fourth quarter

SyMRI in 3D has received CE marking and is thus available for sale on the European market.

Expanded partnership with Philips Healthcare to include SyMRI in 3D.

Significant events during the full year 2023

During the first quarter SyMRI received regulatory approvals in Singapore, UK and Canada. After the approvals, we have received our first orders in Canada and Singapore.

During the second quarter SyMRI received regulatory approval in South Korea. After the approval, we have received several orders.

The Central Government Health Scheme in India recommends SyMRI to be evaluated being included as standard in examination protocols across the country.

SyMRI in 3D has received CE marking and is thus available for sale on the European market.

Expanded partnership with Philips Healthcare to include SyMRI in 3D.

Significant events after the fourth quarter

Nothing to report.

Key ratios

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net sales, TSEK	30,119	20,640	89,213	68,271
Sales growth, %	46	12	31	17
Operating profit, TSEK	8,775	2,079	14,077	7,223
Operating margin, %	29	10	16	11
Net profit for the period, TSEK	4,582	527	10,014	5,879
Profit/loss per share before/after dilution, SEK	0.10	0.01	0.23	0.15

CEO comments

Strong sales development during the last quarter of the year

Sales in the fourth quarter amounted to SEK 30.1 million (20.6). A new all time high is thus reached, more than SEK 8.0 million higher than the sales record last quarter. This corresponds to organic growth of 46 percent compared to the strong fourth quarter last year. The sales development mainly consists of larger orders from several partners and increased direct sales in prioritized geographic markets. The operating result was our best to date, SEK 8.8 million (2.1), corresponding to a margin of 29 percent (10). For the full year 2023, sales amounted to SEK 89.2 million (+31%) and operating profit to SEK 14.1 million (16% in margin).

At the end of the year, the costs were slightly higher than estimated and the cash balance lower than expected. This relates to opportunities that arose regarding SyMRI in 3D and expansion of the collaboration with Philips Healthcare. For example, we made the decision to increase investment in customer exhibitions and launch activities. Furthermore, we prioritized increased investment in processes that provide additional regulatory approvals to sell our new product. Regulatory issues are necessary everyday things in our industry. The counterparty has a very large part of the time plan and thus also how it affects our costs. The commercial organization has the capacity to continue creating increased sales. We are also greatly helped in this by the close cooperation with our industrial partners and our process for regulatory management works well. The cash balance at the balance date has partly been negatively affected by the timing of invoicing.

Overall, the year ends strongly in terms of sales. I would have liked to see more of the sales processes completed before the end of the year. The good part of this is that the sales opportunities remain. Thus, these have a positive impact on the beginning of 2024. It should also be mentioned that in December we received a significant order from an MR scanner manufacturer. The order concerns licenses of SyMRI intended for the global market. The licenses will begin to be delivered and recognized as revenue in 2024 and the order value is at least SEK 15 million.

SyntheticMR and Philips Healthcare expand global partnership with SyMRI in 3D

We are very pleased and proud to now expand our partnership with Philips Healthcare to include SyMRI in 3D. The extended agreement means that the product will be included in the company's global price book and sold in their commercial organization. This will enable Philips Healthcare to offer SyMRI in both 2D and 3D to its customers. By joining forces with them on SyMRI in 3D, we have achieved a crucial milestone on our way to establishing a new standard in healthcare. Our shared mission to improve efficiency, elevate patient care and drive meaningful savings in healthcare reaffirms our commitment to revolutionizing the field.



"Overall, the year ends strongly in terms of sales. I would have liked to see more of the sales processes completed before the end of the year. The good part of this is that the sales opportunities remain. Thus, these have a positive impact on the beginning of 2024."

In addition to the fact that we are in the process of obtaining approval for the clinical use of SyMRI in 3D in the USA, we have now obtained approval in the EU. The product is thus CE-marked and available for sale on the European market. With preparations in place, we now eagerly look forward to the commercial launch of SyMRI in 3D in the first half of the year.

Looking ahead

To continue establishing SyMRI as a standard in healthcare, expanding partnerships with MR scanner manufacturers is a very high priority. Among other things in terms of product development related to SyMRI in 3D. SyMRI in 3D enables precise volumetric estimates of brain regions, a technique commonly referred to as parcellation. It gives clinicians the opportunity to gain deeper insights into the structure and function of the brain. In addition, the exceptional resolution of SyMRI in 3D facilitates comprehensive lesion analysis, ensuring a more accurate and in-depth assessment of medical conditions. SyMRI in 3D will enable doctors to make even better, more informed decisions using quantitative imaging in dementia, multiple sclerosis and various pediatric conditions, among others.

With SyMRI in 2D, we have established our customer solution in healthcare. With 3D, we greatly increase the chances of becoming standard in even more clinical contexts. In 2024, we expect revenues exceeding SEK 110 million and an operating margin after depreciation of at least 20%. The current quarter has started positively, well in line with the goals we set for the whole year.

Ulrik Harrysson
CEO SyntheticMR

Financial information

Fourth quarter, October – December 2023

Net sales for the fourth quarter increased with 46 percent compared to the same period last year and amounted to 30,119 thousand SEK (20,640). The increase is attributed to both direct sales and sales to partners.

Operating expenses in the fourth quarter were higher compared with the same period last year and amounted to -22,564 thousand SEK (-19,991). The expenses are mainly attributed to increased investments in commercial resources and activities.

During the quarter, the operating profit was negatively affected by SEK 1,256 thousand attributable to exchange rate changes mainly in USD and EUR.

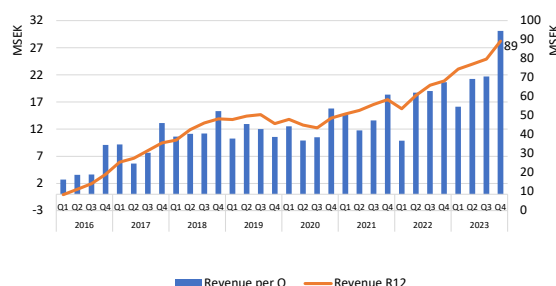
Operating profit for the quarter was 8,775 thousand SEK (2,079), corresponding to an operating margin of 29 percent (10). Tax on profit for quarter amounted to -2,161 thousand SEK (-338). Total profit after tax amounted to 4,141 thousand SEK (500), which resulted in earnings per share of 0.10 SEK (0.01).

In the fourth quarter, cash flow from operating activities amounted to -2,796 thousand SEK (-4,462).

Operating profit amounted to 14,077 thousand SEK (7,223), which corresponds to an operating margin of 16 percent (11). Tax on earnings amounted to -3,067 thousand SEK (-2,033). Total profit after tax for the full year amounted to 9,445 thousand SEK (6,347), which resulted in earnings per share of 0.23 SEK (0.15).

Cash flow from operating activities amounted to -6,964 thousand SEK (-15,241). As of December 31, 2023 the Group's cash and cash equivalents amounted to 21,320 thousand SEK (40,498).

Turnover per quarter and rolling 12 month 2016-2023



Full year, January - December 2023

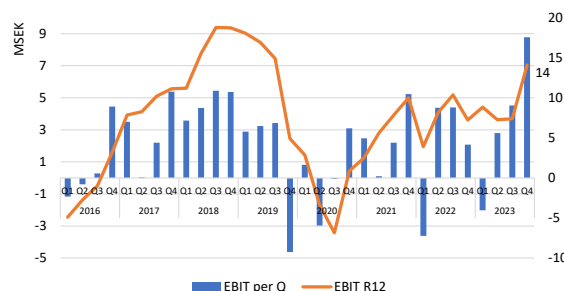
Net sales for the full year 2023 amounted to 89,213 thousand SEK (68,271), which corresponds to an increase of 31 percent (17). The increase is attributed to both direct sales and sales to partners.

During the year, the operating profit was negatively affected by SEK 913 thousand attributable to exchange rate changes mainly in USD and EUR.

The costs for the full year amounted to -80,295 thousand SEK compared to -69,063 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 fourth quarter there were 37 employees, compared with 29 persons at the same time last year.

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 fourth quarter amounted to 2,475 thousand SEK (2,690). The corresponding figure for the full year is 9,129 thousand SEK (10,344). Investments in intangible assets relates to capitalized development costs and patents.

Financial position

The Group's total assets amounted to 142,965 thousand SEK on December 31, 2023, compared to 134,089 on September 30, 2023. The equity/assets ratio was for the same period 81.5 percent (83.8). At the end of the period, current receivables amounted to 97,042 thousand SEK (82,587), whereof 25,177 thousand SEK (14,501) related to account receivables and 70,507 thousand SEK (63,642) related to accrued revenue.

Shareholders' equity at the end of the period amounted to 116,572 thousand SEK (112,431). The Group has no interest-bearing liabilities other than lease liabilities.

Related party transactions

During the fourth quarter, transactions with related parties amounts to 300 thousand SEK. For the full year 2023 the amount is 1,160 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 2022 and relates to financial and operational risks. 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 31 December, 2023, 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

	4 th quarter		Full year	
TSEK	2023	2022	2023	2022
Operating income				
Net sales	30,119	20,640	89,213	68,271
Own work capitalized	1,220	1,430	5,159	5,307
Other income	-	-	-	2,708
Total income and capitalized own work	31,339	22,070	94,372	76,286
Operating expenses				
Other external expenses	-8,223	-8,078	-30,452	-28,636
Employee benefit costs	-11,438	-10,141	-42,688	-35,253
Depreciation/amortization of tangible and intangible assets	-1,646	-1,389	-6,242	-5,174
Other operating costs	-1,256	-382	-913	-
Operating profit	8,775	2,079	14,077	7,223
Results from financial items				
Result from financial income/expense, net	-2,032	-1,214	-996	689
Profit for the period before tax	6,744	865	13,081	7,912
Tax on net profit for the period	-2,161	-338	-3,067	-2,033
Net profit for the period	4,582	527	10,014	5,879
Statement of comprehensive income				
Exchange rate differences	-441	-27	-569	468
Other comprehensive income	-441	-27	-569	468
Profit for the period	4,141	500	9,445	6,347
Earnings per share before and after dilution	0.10	0.01	0.23	0.15

Consolidated Balance Sheet

ASSETS

TSEK	2023-12-31	2022-12-31
Fixed assets		
Capitalized development expenditure	21,311	17,327
Patent	1,136	1,073
Equipment	477	236
Rights of use assets	1,240	2,251
Other fixed assets	439	244
Total fixed assets	24,603	21,130
Current assets		
Accounts receivable	25,177	17,167
Current tax assets	-	-
Other receivables	1,358	994
Prepaid expenses and accrued income*	70,507	47,643
Cash and cash equivalents	21,320	40,498
Total current assets	118,362	106,302
TOTAL ASSETS	142,965	127,432

EQUITY AND LIABILITIES

Equity		
Share capital	925	925
Other contributed capital	72,380	72,380
Reserves	-199	370
Profit brought forward including profit for the period	43,466	33,453
Equity attributable to the Parent Company	116,572	107,127
Total equity	116,572	107,127
Non-current liabilities		
Long-term financial liabilities	235	1,264
Total non-current liabilities	235	1,264
Current liabilities		
Short-term financial liabilities	1,029	1,009
Accounts payable	3,124	2,124
Current tax liabilities	239	639
Other current liabilities	2,421	1,743
Accrued expenses and prepaid income	19,346	13,526
Total short-term liabilities	26,158	19,041
TOTAL EQUITY AND LIABILITIES	142,965	127,432

* Accrued revenue amounted to 68,435 thousand SEK on December 31, 2023, compared to 45,831 thousand SEK on December 31, 2022.

Consolidated statement of cash flow

	4 th quarter		Full year	
TSEK	2023	2022	2023	2022
Operating activities				
Operating profit	8,775	2,079	14,077	7,223
Adjustments for non-cash items				
Depreciation/amortization of tangible and intangible assets	1,646	1,389	6,242	5,174
Unrealized exchange rate differences	1,099	581	1,502	-2,444
Interest received	148	-	174	-
Paid interest	-7	-16	-52	-53
Income tax paid	-781	-488	-3,993	-1,938
Cash flow from operating activities before changes in working capital	10,880	3,545	17,950	7,963
Changes in accounts receivable	-11,750	-2,536	-8,671	-4,487
Changes in other receivable	-7,328	-6,383	-24,765	-21,484
Changes in accounts payable	677	-497	1,024	-479
Changes in other payable	4,725	1,409	7,498	3,246
Cash flow from operating activities	-2,796	-4,462	-6,964	-15,241
Investing activities				
Investment in intangible assets	-2,475	-2,690	-9,129	-10,344
Investment in tangible assets	-28	-	-391	-152
Investment in other fixed assets	-30	-	-195	-
Cash flow from investing activities	-2,533	-2,690	-9,715	-10,495
Financing activities				
Paid dividend	-	-	-	-
New share issue	-	-	-	60,000
Issue expenses	-	-	-	-5,354
Repayment of leases	-254	-249	-1,009	-964
Cash flow from financing activities	-254	-249	-1,009	53,682
Cash flow for the period	-5,583	-7,410	-17,687	27,945
Cash and cash equivalents opening balance	27,785	47,946	40,498	11,552
Exchange gain/loss on cash balances	-882	-47	-1,491	1002
Cash and cash equivalents, closing balance	21,320	40,498	21,320	40,498

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, 2022	897	17,762	-98	27,574	46,134
Profit for the period	-	-	-	5,879	5,879
Other comprehensive income for the period	-	-	468	-	468
Total profit for the period	-	-	468	5,879	6,347
New share issue	28	59,972	-	-	60,000
Issue expenses	-	-5,354	-	-	-5,354
Transaction with the Group's owner - dividend	-	-	-	-	-
Closing equity December 31, 2022	925	72,380	370	33,453	107,127
Opening equity January 1, 2023	925	72,380	370	33,453	107,127
Profit for the period	-	-	-	10,014	10,014
Other comprehensive income for the period	-	-	-569	-	-569
Total profit for the period	-	-	-569	10,014	9,445
New share issue	-	-	-	-	-
Issue expenses	-	-	-	-	-
Transaction with the Group's owner – dividend	-	-	-	-	-
Closing equity December 31, 2023	925	72,380	-199	43,466	116,572

Consolidated key figures

	4 th quarter		Full year	
	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
Net sales, TSEK	30,119	20,640	89,213	68,271
Sales growth, %	46	12	31	17
Operating profit, TSEK	8,775	2,079	14,077	7,223
Operating margin, %	29	10	16	11
Net profit for the period, TSEK	4,582	527	10,014	5,879
Cash flow from operating activities, TSEK	-2,796	-4,462	-6,964	-15,241
Shareholders equity, TSEK	116,572	107,127	116,572	107,127
Total assets, TSEK	142,965	127,432	142,965	127,432
Equity/assets ratio, %	81.5	84.1	81.5	84.1
Return on equity, %	6	7	6	7
Number of employees	37	29	35	27
Number of shares before/after dilution*	41,650,780	41,650,780	41,650,780	41,650,780
Average number of shares before/after dilution*	41,650,780	41,650,780	41,650,780	41,332,287
Per share data, SEK*				
Profit/loss per share before/after dilution	0.10	0.01	0.23	0.15
Cash flow per share from operating activities	-0.07	-0.11	-0.17	-0.37
Equity per share before/after dilution	2.80	2.57	2.80	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	4 th quarter		Full year	
TSEK	2023	2022	2023	2022
Operating income				
Net sales	24,025	13,460	62,808	48,819
Own work capitalized	1,220	1,430	5,159	5,307
Other income	1,965	2,062	1,965	4,812
Total income and capitalized own work	27,210	16,953	69,931	58,937
Operating expenses				
Other external expenses	-7,600	-7,520	-29,208	-26,664
Employee benefit expenses	-6,056	-6,080	-22,505	-21,530
Depreciation/amortization of tangible and intangible assets	-1,394	-1,181	-5,231	-4,193
Other operating expenses	-1,256	-381	-895	-
Operating profit	10,904	1,790	12,093	6,551
Result from financial items				
Result from financial income/expense, net	-1,508	-982	-445	958
Profit for the period before tax	9,396	808	11,648	7,509
Tax on profit for the period	-2,033	-321	-2,935	-1,885
Net profit for the period	7,362	487	8,713	5,624
Statement of comprehensive income				
Net profit for the period	7,362	487	8,713	5,624
Other comprehensive income	-	-	-	-
Comprehensive income for the period	7,362	487	8,713	5,624
Earnings per share before and after dilution	0.18	0.01	0.21	0.14

Parent Company balance sheet

ASSETS

TSEK	2023-12-31	2022-12-31
Fixed assets		
Capitalized development expenditure	21,311	17,327
Patent	1,136	1,073
Equipment	477	236
Shares in subsidiaries	393	393
Total fixed assets	23,317	19,029
Current assets		
Accounts receivable	11,927	11,515
Current tax assets	-	-
Other receivables	1,358	994
Receivables from Group companies	38,970	27,616
Prepaid expenses and accrued income	37,783	18,836
Cash and bank balances	17,109	40,009
Total current assets	107,148	98,971
TOTAL ASSETS	130,465	118,000

EQUITY AND LIABILITIES

Restricted equity		
Share capital	925	925
Fund for development expenditures	22,448	18,400
Unrestricted equity		
Other paid-in capital	72,380	72,380
Retained earnings	9,923	8,347
Profit for the period	8,714	5,624
Total shareholders' equity	114,389	105,675
Current liabilities		
Accounts payable	2,606	1,912
Current tax liabilities	86	589
Other liabilities	1,763	1,738
Liabilities from Group companies	356	-
Accrued expenses and prepaid income	11,265	8,086
Total current liabilities	16,076	12,325
TOTAL EQUITY AND LIABILITIES	130,465	118,000

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 January 1, 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.

TSEK	4 th quarter		Full year	
	2023	2022	2023	2022
<u>Geographical markets</u>				
Sweden	1,659	144	3,033	2,266
Other	28,460	20,496	86,181	66,005
Total	30,119	20,640	89,213	68,271
<u>Major service lines</u>				
Licenses	29,430	20,038	86,611	65,878
Service and Support	689	602	2,602	2,393
Total	30,119	20,640	89,213	68,271
<u>Timing of revenue recognition</u>				
Licenses transferred at a point in time	29,430	20,038	86,611	65,878
Services transferred over time	689	602	2,602	2,393
Total	30,119	20,640	89,213	68,271

Financial instruments

The Group holds the following financial assets and liabilities.

TSEK	Full year	
	2023	2022
Financial assets at amortized cost		
Cash and cash equivalents	21,320	40,498
Accounts receivables	25,177	17,167
Other financial assets	1,358	994
Total	47,855	58,659
Financial liabilities at amortized cost		
Accounts payable	3,124	2,124
Lease liability	1,264	2,273
Total	4,388	4,397

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 40 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 Europe. 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.

Annual general meeting (AGM)

The AGM is scheduled to take place in SyntheticMRs office on May 21st, 2024, at 18:00 Storgatan 11, Linköping.

Further information on registration for the AGM and Board of Directors proposals for decision points will be published on the company's website in connection with the notice of the AGM.

Dividend proposal

For the financial year 2023, the Board of Directors of SyntheticMR propose that no dividend is paid.

Financial Calendar

Annual General Meeting 2024 - May 21st, 2024.
Interim report Jan-Mar 2024 - May 21st, 2024.

The annual report will be available no later than April 19, 2024 on the company's website.

For further information

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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 February 20th, 2024.

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 February 20th, 2024
SyntheticMR AB (publ)

Board of Directors