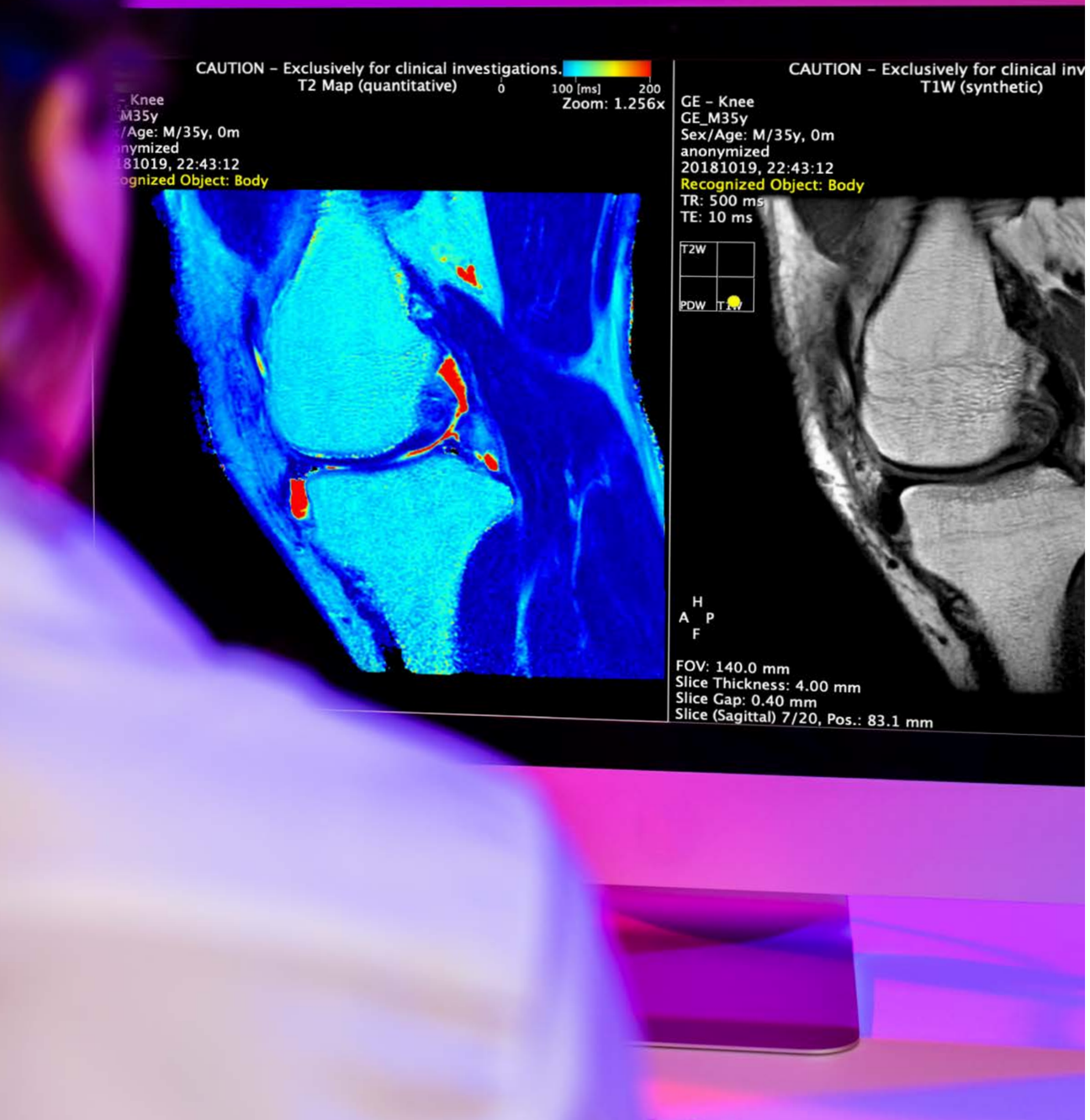
SyntheticMR

ANNUAL REPORT 2018

"With this technique, we can also generate contrast pictures that are other-wise difficult to obtain conventionally."

Dr Jan Fritz, Associate Professor of Radiology at Johns Hopkins Hospital



Content

"It's a game changer"

Suraj Serai, Assistant Professor of Radiology,
Cincinnati Children's Hospital Medical Center

SyntheticMR Intro

SyntheticMR develops innovative software solutions for Magnetic Resonance Imaging (MRI) that supports shorter exam times and delivers more information to the clinician.

SyntheticMR's unique technology measures the absolute properties of the brain and delivers adjustable contrast images, automatic biomarker segmentation and quantitative data in a single MR scan.

SyntheticMR's product SyMRI is sold through partner agreements with Siemens Healthineers and Philips. A client-specific version is sold by GE Healthcare.

The company was founded by Dr Marcel Warntjes in 2007 based on innovations developed at Center for Medical Image Science and Visualisation (CMIV) in Linköping, Sweden. SyntheticMR has 16 employees and is based in central Linköping.

Stefan Tell
CEO SyntheticMR AB

CEO COMMENTS

Continued full-year growth

For the full year 2018, sales amounted to SEK 48.4 million (35.6), which is an increase of 36 percent compared to 2017. Adjusted operating profit in 2018 after non-recurring items totalled SEK 19.7 million (11.1), which corresponds to a margin of 41 percent (31).

The company experienced positive full-year cash flow of SEK 15.1 million, with liquid assets totalling SEK 32.1 million as of December 31, (17.0).

It is gratifying to note that our scalable business model is affording us favourable margins with respect to sales growth. We are very satisfied with the continued, strong conversion of profit to cash flow. This healty financial position creates flexibility when faced with new opportunities and provides SyntheticMR with legitimacy.

Our partners and SyMRI on a global market

During 2018, we strengthened our partnership with GE Healthcare; as a result MAGiC can now also be offered in reading rooms. This means that, through us, GE Healthcare is able to provide the market with additional value for customers. Radiologists are able to work with MAGiC during diagnostic procedures in reading rooms. GE Healthcare introduced this solution to the market at the end of 2018, and we received the first orders in the first quarter of 2019. To obtain a MAGiC licence for a reading room, the customer must, at the same time, order (or already hold) a licence for the MRI system. I consider this an important step in increasing customer value and bolstering our partnership with GE Healthcare.

In 2018, SyMRI NEURO was granted FDA-clearence for use with Philips and GE systems. This was an important milestone in the further development of our partnership with Philips, and it enables us to offer expanded functionality to MAGiC customers on the US market.

Our sales via Philips increased in 2018, albeit from low levels. This partnership holds immense potential. Philips' regional sales departments are showing considerable interest. We are continuing our efforts to make SyMRI available in Philips' product catalogue, which is an important step for future sales.

Siemens continues to work to upgrade hospitals to make Syngo.via Open Apps (the platform with which SyMRI is integrated as an option) available. The pace of this project is not in line with our expectations. Siemens obtained initial FDA-clearance at the beginning of 2019 for the MRI system combination that is a prerequisite for SyMRI. This means we can now begin the application process with the FDA for the clearance of SyMRI in combination with Siemens' MRI system. This constitutes yet another important step towards increasing the potential availability of SyMRI in the largest geographic MRI market.

What makes our products unique and where do we see future potential?

At present, there is no standardised method for working with quantitative data in MRI. Because a standardised method is lacking, quantitative data is not routinely used in conjunction with MRI, and quantification is primarily used in research. SyntheticMR is currently well-positioned to establish a standard in this area. Our position is based on two important cornerstones:
1. Established partnerships with the three largest manufacturers, who collectively make up around 70% of the market.
2. Our innovative product facilitates manufacturer-independent quantification.

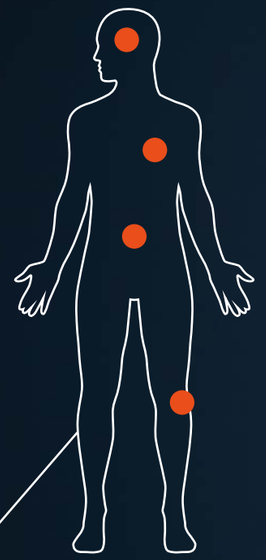
We are currently in an establishment phase where – with every license sold – we increase the number of scanners on the market that are adapted to this standard. SynthticMR provides solutions based on standardised measurements. We see great potential in the solutions we currently offer to the market and those in our R&D plan.

Stefan Tell, CEO SyntheticMR AB

The year in brief

Regulatory

- SyMRI NEURO is FDA cleared for use on both GE and Philips scanners
- MAGiC is cleared for clinical use and sales in China. The first licenses were sold to GE in China during the second quarter
- During the year SyntheticMR was granted a patent in the US relating to myelin detection in the brain
- Another patent has been approved in both the US and Japan relating to a 3D version of the quantification in SyMRI



PATENT 3

Clinical studies

- Six different studies are published that highlights the clinical value and potential of SyMRI on the knee
- Two studies are published on SyMRI on the spine
- One doctoral thesis on SyMRI on the heart was presented at Linköping University
- One study concludes that the myelin volumes in SyMRI are a potential biomarker for the early identification of cognitive decline
- A poster on myelin in SyMRI wins a prize at a medical conference on multiple sclerosis, ECTRIMS
- Several new studies show the clinical value of SyMRI

NEURO

Business development

- SyMRI is live in syngo.via Open Apps
- SyMRI NEURO is marketed jointly with the new scanner Philips Elition
- MAGiC is made available in the reading room
- Expanded collaborations with our partners

Events

- SyntheticMR hosts our first booth at the neuro-radiology conference ASNR
- SyntheticMR hosts our first booth at the world's largest radiology conference, RSNA
- SyntheticMR's founder Marcel Warntjes holds presentations at both ISMRM and RSNA
- SyntheticMR hosts a user event at the Swedish Embassy in Tokyo
- SyntheticMR participates with a presentation at the Swedish Embassy in Vienna in association with ECR

Milestones

2007	2008	2009	2012	2013	2014	2015	2016	2017	2018
SyntheticMR is founded by Dr Marcel Warntjes	Cooperation is initiated with Sectra	The first product is CE-marked	SyntheticMR signs evaluation agreement with GE Healthcare	SyntheticMR is listed on **Spotlight Stock Market**	Licence agreement with GE Healthcare, MAGiC is introduced at RSNA	Cooperation and co-marketing agreement signed with Philips	Cooperation and co-marketing agreement signed with Siemens. MAGiC FDA cleared	SyMRI FDA cleared, additional agreement with Siemens syngo.via	SyMRI NEURO is FDA cleared for both GE and Philips

THE MRI MARKET

About the market

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

The MRI market

The global MRI market was valued at roughly USD 6.6 billion in 2017, with an annual growth rate of around 6.6%. The installed base amounted to approximately 33,000 units in 2017. (Mordor Intelligence 2017)

There is steadily increasing demand for diagnostic imaging techniques, particularly with regard to the imaging of soft tissue. An ageing population and a higher incidence of chronic diseases are leading to a greater need for diagnosis and follow-up, in which MRI plays a major role.

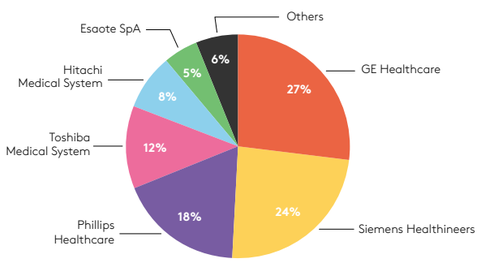
At the same time, more people are gaining access to sophisticated technology as national health insurance becomes more widespread. In the US, 90 percent of the population had access to health insurance in 2017, while many countries in Europe and Asia provide national health insurance which covers MRI scans.

Despite the considerable demand for MRI scans, hospitals and clinics have limited capacity. The cost of MRI scanners remains high. These factors put pressure on achieving greater efficiency, both with regard to faster scans and for the radiologists.

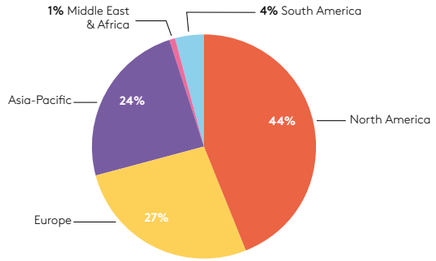
The three largest markets are North America, Europe, and China, whereas Japan has the greatest number of MRI scanners per capita. Asia-Pacific and Latin America are growing markets, where a large population base, improved healthcare systems, and a rising adoption rate of MRI systems are driving development.

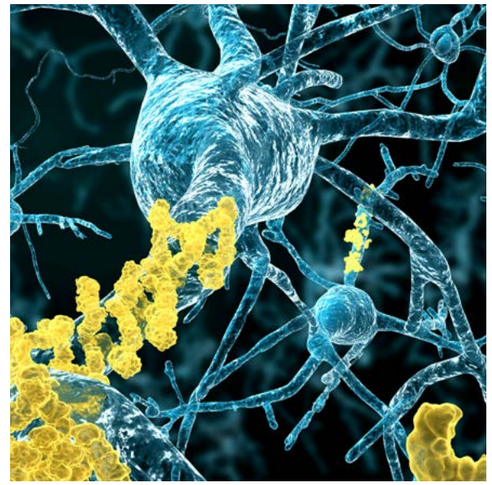
The market is consolidated with the five leading players – Siemens, Philips, GE Healthcare, Canon and Hitachi – holding 89 percent of the market share. (Mordor Intelligence 2017)

Market shares MR manufactures



Geographical distribution





THE MRI MARKET

Trends and driving forces

A few strong driving forces exist in the MRI market which may influence SyntheticMR's development moving forward.

Major technological advances are being achieved in MRI. The introduction of MRI scanners with field strengths as high as 7 and 9 tesla are expected to create a new market segment. At the same time, hybrid systems like PET-MRI are providing new possibilities for advanced quantitative imaging techniques. A rising helium price may encourage a shift to new and more cost-effective helium-free systems, which may challenge current players on the MRI market. (Mordor Intelligence 2017)

Neurological disorders such as Alzheimer's, strokes and MS are estimated to account for up to 11 percent of all disorders, depending on the country. The cost these will incur on society is expected to increase appreciably in the coming years. It is thought that technological advances in image analysis will be able to contribute to faster scans, thereby lowering costs for hospitals. New technologies in PET-MRI and artificial intelligence will play a major role. Quantitative MRI is predicted to be a part of clinical practice moving forward. (Frost & Sullivan 2018)

The MRI adoption rate is increasing globally. Fast and quiet scans, along with MRI-compatible pacemakers mean the technology is accessible to an ageing population. Radiologists are using MRI images more frequently thanks to higher image quality and lower costs. (Mordor Intelligence 2017)

The above factors are driving MRI within neurology, but there is also increasing demand for other anatomies. MRI is expected to be used an even greater extent for scans of the heart, lungs, chest and other areas. (Frost & Sullivan 2018)

SyntheticMR is well-positioned to take advantage of the opportunities afforded by the growing MRI market. SyMRI NEURO has considerable potential for application in myriad neurological disorders, possibly together with AI-based solutions. Shorter scans may pose a degree of risk in terms of increased competition, but can also contribute to significant opportunities, since SyntheticMR's product is in line with market demand. At the same time, clinical studies indicate SyMRI's potential for other anatomies, such as the knees, which could serve as a foundation for additional competitive offers.

ABOUT THE COMPANY

Vision

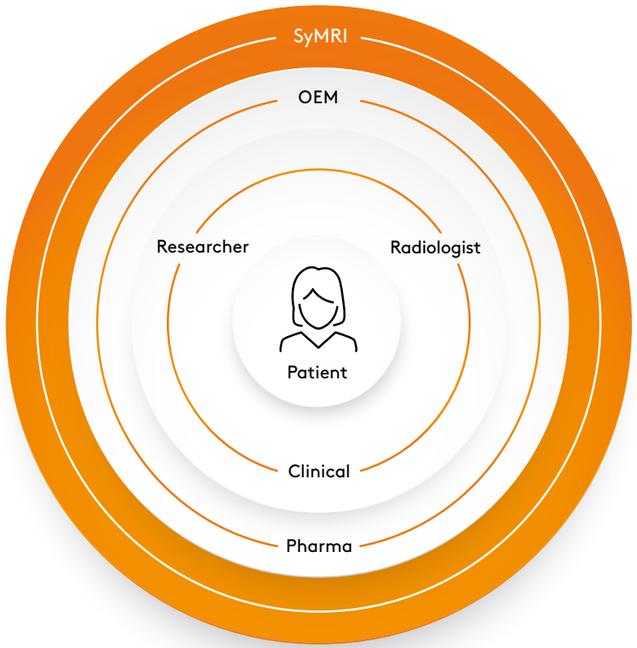
SyntheticMR's vision is to usher in a paradigm shift within MRI and to lead the development of quantitative MRI.

The patient in focus

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

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

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



ABOUT THE COMPANY

Core values

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

Team play

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

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

Innovation

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

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

Trust

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

ABOUT THE COMPANY

OEM partners

Siemens Healthineers

Siemens is a market-leading player in MRI systems. SyntheticMR and Siemens entered into a marketing and cooperation agreement in 2017. The agreement involves SyntheticMR playing an active role in end-customer sales, and holding regulatory responsibility for the products. SyMRI is available for sale as a clinical product on the European market in combination with Siemens' MRI scanners. The combination, which is a prerequisite for the use of SyMRI, obtained FDA clearance via Siemens at the beginning of 2019. This means that SyntheticMR can now initiate the FDA application process to make SyMRI available on Siemens' MRI scanners on the US market.

SyntheticMR's products are offered during procurement as well as through the digital ecosystem and syngo.via OpenApps. In the latter, the end-user can easily begin the installation of SyMRI NEURO, which enables direct integration in the clinical workflow. The product offer to Siemens includes the segmentation and volume determination of myelin. Myelin segmentation is highly topical within research, and is also expected to provide increased clinical value, particularly with regard to neurodegenerative diseases, such as Alzheimer's and MS.

SyntheticMR's long-term goals are to further develop the business partnership with Siemens, which will require developing innovative, sought-after, and profitable product offerings. Another ambition of SyntheticMR is to obtain regulatory approval for SyMRI in combination with MRI systems from Siemens in order to increase our market share and sales.

Philips Healthcare

Philips is the third largest manufacturer of MRI systems globally. SyntheticMR and Philips signed a marketing and cooperation agreement in 2015. This agreement means that SyntheticMR is responsible for the requisite regulatory approvals and plays and active role in sales to the end customer.

SyMRI has obtained regulatory approval in combination with MRI systems from Philips on the European market through CE-certification, and on the US market through FDA clearance. Philips can offer its customers all product packages from SyntheticMR provided that the specific combination required is installed on the MRI scanner at the same time.

In 2018, Philips launched a new, advanced MRI system: Ingenia Elition. SyntheticMR's SyMRI software and Philips' new MRI scanner have been jointly marketed on the US market since the end of 2018.

SyntheticMR recognises great potential in the partnership with Philips and strives for closer cooperation in order to increase sales and market penetration. This includes, for example, making SyMRI available in Philips' global product portfolio.

GE Healthcare

GE Healthcare is a world-leading MRI manufacturer with a market share of approximately 27 percent. SyntheticMR and GE Healthcare have had a licensing agreement since 2014 which gives GE healthcare the right to sell an integrated and customised version of the software directly to its customers globally. The agreement is a non-exclusive contract that gives GE Healthcare the right to offer a customised version of SyMRI IMAGE as an optional accessory for MRI cameras sold to its customers. The customised version of SyMRI IMAGE is marketed under the name MAGiC.

MAGiC is currently approved for sale on the largest i nternational markets. In 2018, MAGiC obtained regulatory approval in China, one of the fastest growing markets. The customer value offered by MAGiC – in the form of efficiency and simplicity – corresponds well to the needs existing in the Chinese market, and the first licences were sold to the country the same year.

MAGiC became purchasable at the end of 2018 by workstations in radiology reading rooms. This means that radiologists are now able to utilise MAGiC in a more integrated workflow.

With MAGiC, GE Healthcare offers its customers one of our product kits. Discussions with GE Healthcare are in progress concerning the possibility of also offering our other product kit, SyMRI NEURO, to its customers.

ABOUT THE TECHNOLOGY

Magnetic Resonance Imaging

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

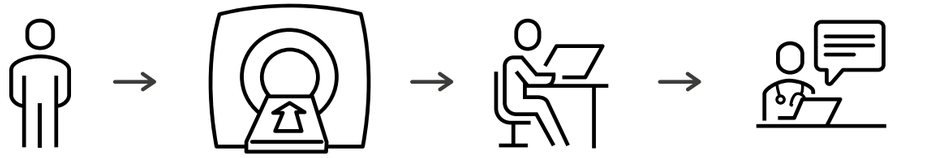
A regular MRI exam involves several sequences with different settings for repetition time (TR) and echo time (TE), where each sequence generates a static contrast image that highlights tissue types differently (see next page). The more contrast images the radiologist requires, the more sequences are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

The sequences are run in order, which means the patient may have to spend a long time in the MR scanner. This can be very uncomfortable for the patient, but also leads to long wait times and high costs for the clinic.

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

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

About the technology:

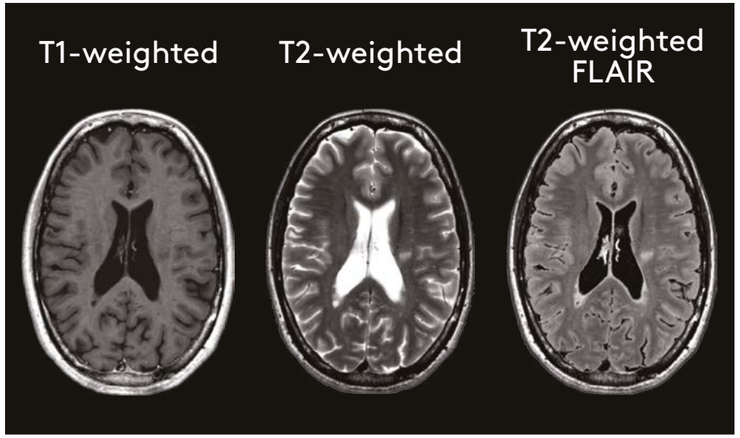


The patient is referred for an MRI scan by their doctor or specialist

A number of sequences on the MRI scanner produce contrast images

A radiologist analyses the images in the reading room and answers the doctor

The patient's doctor compiles the patient's information and makes a diagnosis



In a T1-weighted image (left) fat-rich tissue is bright and fluids dark. In a T2-weighted image (centre) fat-rich tissue is dark while fluids are bright. In a T2-weighted Fluid Attenuated Inversion Recovery (right) the fat-rich tissue is dark, fluids bright but normal fluids are nulled.

ABOUT THE TECHNOLOGY

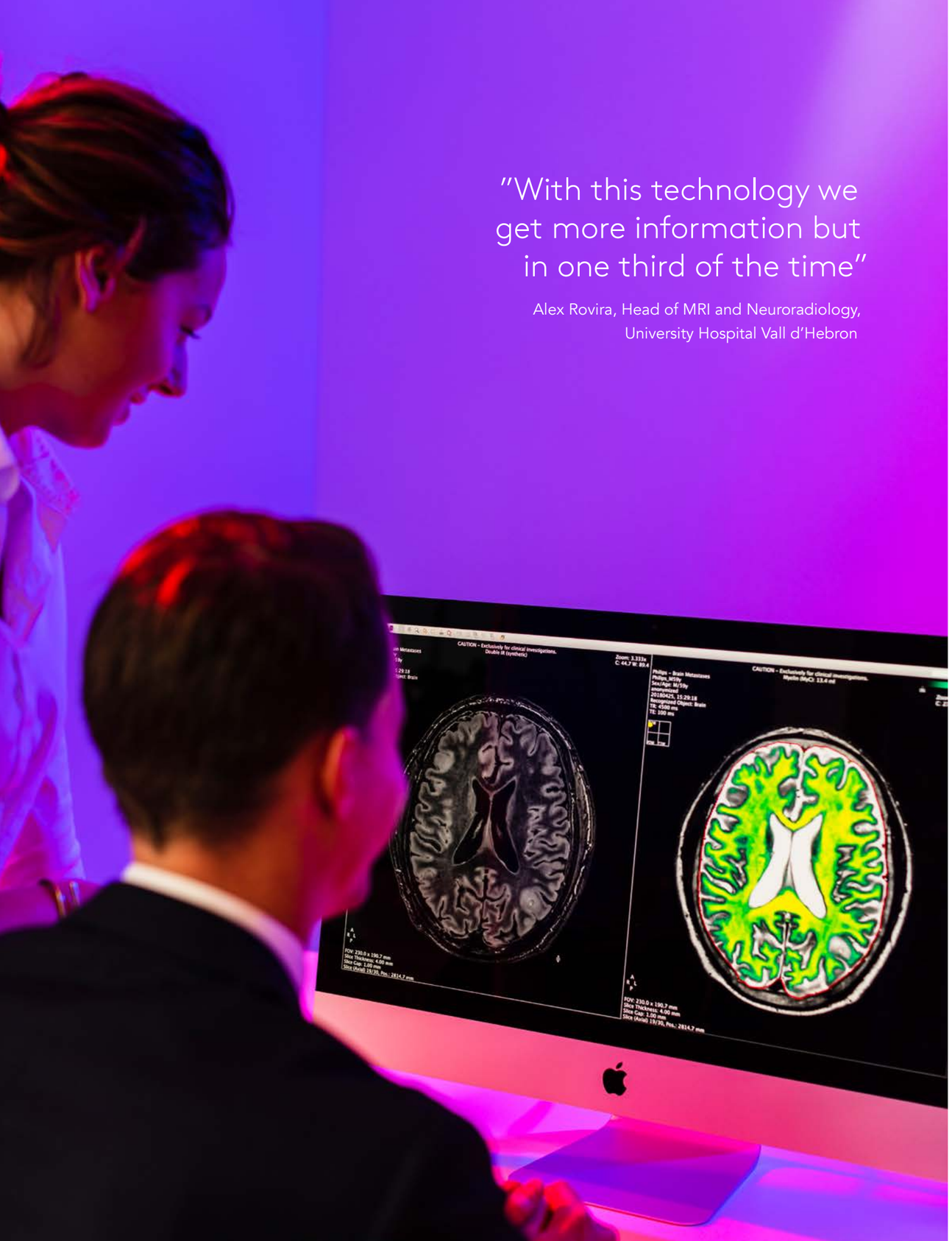
How it works

The hydrogen nuclei (protons) in the body's water molecules act as spinning magnets. When they enter the powerful magnetic field inside an MRI scanner, they align according to the field and spin in a specific frequency. When a radio frequency is added the direction of the protons changes in relation to the magnetic field. Because this happens to all protons at the same time they spin at the same rate, and a weak magnetic field can be measured which provides an image of the inside of the body.

The time it takes for the protons to recover and realign with the MRI scanner is called T1. The time it takes for the spin to dephase so the signal disappears is called T2.

In a T1-weighted contrast image, the magnetization is allowed to recover by changing the repetition time (TR) before measuring the MRI signal. In a T2-weighted image the magnetization is allowed to decay by changing the echo time (TE) before measuring the MR signal.

Tissue in the brain have different T1 and T2 relaxation times and proton density, which means they are highlighted differently with different contrast images. In the T1-weighted image tissue that contains a lot of fat is bright and fluids are dark, while gray matter is darker than white matter. In a T2-weighted image, fluids are bright but fat-rich tissue is dark, and gray matter is brighter than white matter. In a T2-weighted Fluid Attenuated Inversion Recovery (FLAIR) contrast a set inversion time (TI) suppresses normal fluids, which helps the radiologist discover pathologies.



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

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

ABOUT THE TECHNOLOGY

Synthetic MR

SyntheticMR uses a unique scanning sequence that measures the absolute tissue properties of the brain. Based on this data, the software synthetically recreates contrast images, segmentations and parametric maps of the patient.

Adjustable contrasts

The contrast images in SyMRI are synthetically created from quantitative data, which enables the user to adjust the contrasts once the MRI examination is finished and the patient has gone home. This reduces the risk of having to recall the patient since the clinician can fine-tune images and recreate contrasts after the scan is performed.

The ability to adjust the images is particularly useful within pediatrics, as it can be difficult to know beforehand which contrast to use on a brain that is still in development.

Biomarker segmentation

SyMRI provides automatic segmentations and volume calculations for white matter, gray matter and cerebrospinal fluid, which offers objective decision support to the clinician.

SyMRI is also the first product on the market to provide segmentation and volume measurements of myelin. Myelin is a substance that forms an isolating layer around the axons in the brain and speeds up the transmission of nerve signals. It is especially important to measure myelin within pediatrics, where measurements beyond normal are linked to a number of diseases such as Sturge-Weber syndrome, ADHD and autism, but also in patients with neurodegenerative diseases such as dementia and multiple sclerosis (MS).

The software automatically calculates the brain parenchymal fraction, which can be used to follow up brain atrophy caused by, for example, MS. The clinician may also select areas of interest to measure volumes in for example lesions or tumors.

The biomarker segmentation offers a quick overview of the patient and may contribute to a faster diagnosis and a more efficient patient follow-up.

Parametic maps

SyMRI also contains advanced parametric maps that display relaxation values for brain tissue in terms of T1, T2 and PD. These quantitative measurements are independent of scanner brands and offer large potential for clinical research. Some product packages include exportable maps to external formats, for use in advanced research within neurology and neuroradiology.

PRODUCT PACKAGES

SyMRI is available in several product packages.

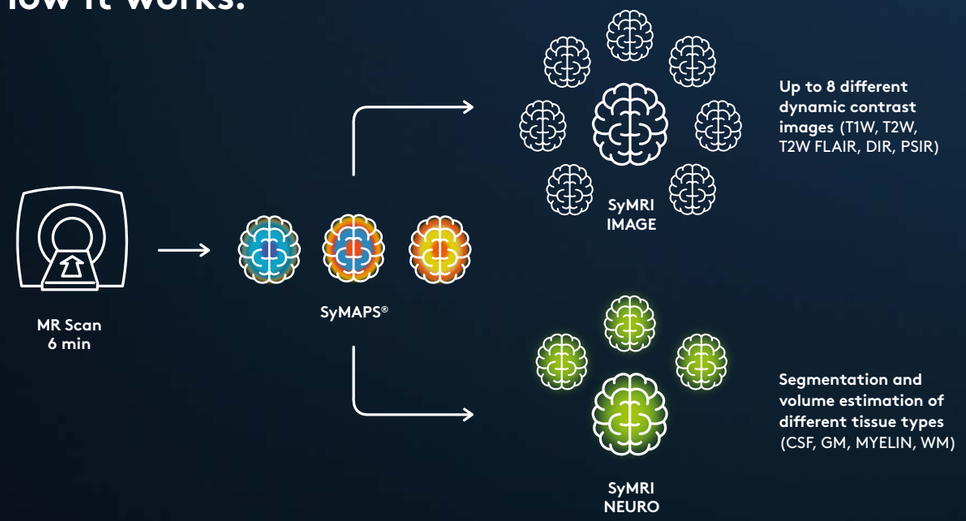
- SyMRI IMAGE
  – Faster workflow. Multiple contrast images.
  This product package delivers multiple contrast images in a single 6-minute scan. The package is especially designed to speed up the workflow and increase patient throughput.

- MAGiC is a customer-specific version of SyMRI IMAGE marketed and sold by GE Healthcare under a licence agreement.

- SyMRI NEURO – Objective decision support. Automatic segmentation.
  The more advanced product package SyMRI NEURO includes contrast images as well as biomarker segmentation, volumetric measurements of brain tissues and quantitative parametric maps. The product is designed to offer the clinician more information than conventional MRI and provide objective decision support for the diagnosis and follow-up of patients.

- SyMRI Research Edition
  – Quantitative Data. Advanced research.
  This research tool includes contrast images, volumetric measurements and quantitative maps to provide more information to the researcher. The parametric maps are also exportable for further analysis.

How it works:



CASE STUDY

SyMRI within cognitive disability and dementia

A recently-published study in the medical journal European Radiology indicates that myelin calculation in SyMRI is a potential clinical biomarker for identifying cognitive impairment at an early stage.

Myelin forms an insulating layer around axons in the brain and enables nerve signals to travel faster. The loss of myelin can cause damage to the axons and lead to cognitive problems.

The authors of the study, which was published in the autumn of 2018, observed that myelin volumes in seemingly healthy white matter was an independent predictor of global cognitive function in the patients included in the study, based on the clinical dementia rating scale CDR-SOB.

Myelin can therefore serve as a marker for the early detection of cognitive impairment in patients with, for example, Alzheimer's or other types of dementia.

Measuring myelin has historically been problematic since it leads to prolonged examinations, which can be an issue for elderly patients unable to lie still in the scanner for extended periods. The authors affirm that SyMRI can generate both myelin volume and contrast images in under 5 minutes, which makes it easy to incorporate into clinical practice.

SUSTAINABILITY AND QUALITY ASSURANCE

Quality and Product Development

Quality is a keyword for SyntheticMR, both in our innovation processes and product development. We offer products that comply with applicable regulations and standards for medical devices, such as the Swedish Medical Device Directive (MDD 93/42/EEC) and ISO 13485:2016. SyntheticMR sells and markets its SyMRI software for use in Europe and the USA, with the SyMRI IMAGE and SyMRI NEURO product kits.

SyntheticMR's products shall be safe to use throughout their service life. Usability is considered throughout product development and, before a new feature is incorporated into a new release, relevant tests are carried out in-house as well as by clinical partners in hospitals. For SyntheticMR, it is important that new features in the software meet the clinical needs existing in the market today.

Product development is a major focus of SyntheticMR. We therefore offer new software features and solutions that address customer needs. In our product development, we conduct regular surveys to gauge customer attitudes, needs, wishes and behaviours. The feedback we receive then forms the basis of our work in developing new innovations, product and service concepts, and in improving the customer experience.

SYMRI

Future outlook

Strategic Partners

A clear strategy of SyntheticMR has been to enter into partnerships with the largest global manufacturers of MRI systems. This has been accomplished by means of licensing agreements with GE Healthcare and cooperative agreements with Philips and Siemens.

SyntheticMR will continue to focus on business development pertaining to existing partnerships. Among other things, the work includes enabling our partners to offer all our products on a global market, develop product packages together, and integrate the products with the customer's clinical flow.

At the same time as our products are gaining a stronger foothold in the global market, the interest and commitment of several MRI manufacturers is also increasing around the world, particularly in Asia. The growth of SyntheticMR as an organisation also affords opportunities to connect to more partners in the future in order to achieve a larger available market and future sales.

Other Parts of the Anatomy

SyntheticMR's SyMRI software is certified for clinical use on the brain. MRI scans on the brain constitute approximately 25 percent of all the MRI scans performed in a year. This large market share, coupled with SyMRI's considerable customer value, meant that this is the area into which initial investments were made.

In recent years, researchers around the world have been studying other parts of the anatomy based on SyntheticMR's technology. These studies, which have focused on areas including the knee and spine, show that SyMRI has the potential for clinical use in those areas as well. Before any products reach the global market, additional validation, development and regulatory approvals are required. SyntheticMR's vision for the future, however, is for SyMRI to provide customer value in parts of the anatomy other than the brain.

Pharma

A major trend in MRI is the development of quantitative data, which means that the clinics obtain different types of metrics from an MRI examination. The pharmaceutical industry continuously researches new and improved drugs to combat, for example, degenerative diseases such as Alzheimer's and MS.

SyntheticMR's view is that access to quantitative data will prove valuable to researchers and companies when monitoring and developing new medicines.

CASE STUDY

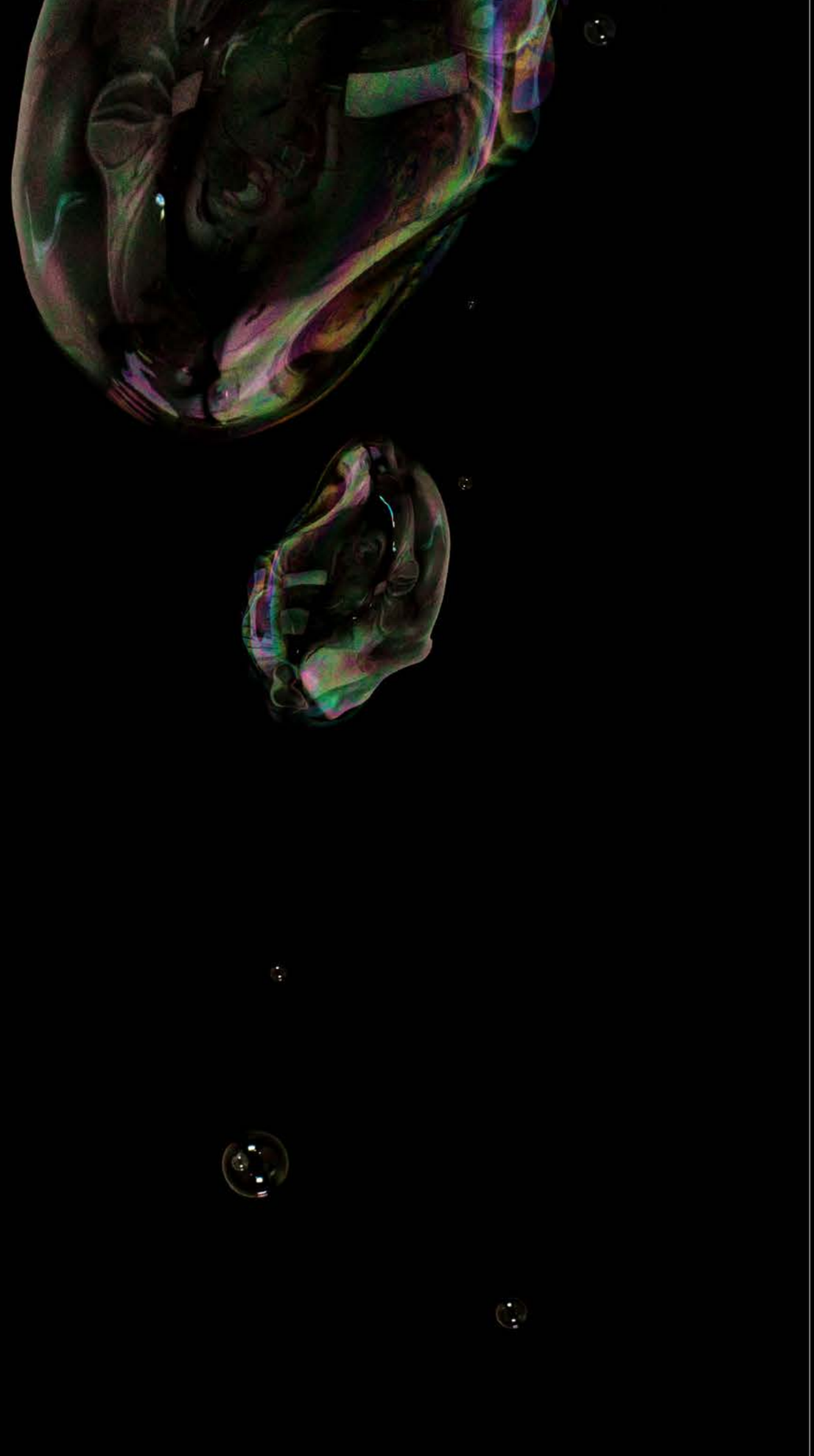
Knee

A recent study concluded that synthetic MRI of the knee with SyMRI is accurate for quantitative T1, T2 and proton density while still delivering MR images with a similar quality as conventional MRI.

Quantitative scans are sometimes included after cartilage restoration procedures to see if the implanted cartilage is healing. Acquiring this additional information with conventional methods adds to the total scan time, which isn't reimbursed in the US.

"The main potential of SyMRI is the time saving aspect during image acquisition," Dr Fritz says, Associate Professor of Radiology at Johns Hopkins and co-author of the study. "It also allows us to generate contrasts that may be difficult to acquire."

One example is STIR FLAIR, which may be able to show synovitis. "I was able to generate STIR FLAIR using the adjustable contrasts in the SyMRI software," Dr Fritz says.



Financial information

Organization

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

Management

Stefan Tell, CEO

Year of birth: 1972

Hired since: 2011

Education: Master of Business Administration, University of Reading, London
Diploma in Business Finance, IHM Business School

Previous experience: Stefan has a wide experience in finance, business development and strategy, including strategic planning for a global business unit within Siemens. Closest he comes from Siemens where he worked with strategic planning for one of Siemens global business areas.

Holdings in SyntheticMR: 19,404
Related holdings in SyntheticMR: 4,195
Call options: none

Fredrik Jeppsson, CFO and Head of Investor Relations

Year of birth: 1982

Hired since: 2014

Education: Master in Ekonomy, Handelshögskolan, Göteborg

Previous experience: Fredrik was most recently Group Business Controller at Teracom, Boxer Group, where he worked with forecasts as well as financial follow-up and analysis. He has also worked as an Authorized Accountant at PwC, which included responsibility for audits of listed companies.

Holdings in SyntheticMR: 82
Related holdings in SyntheticMR: none
Call options: 8,500

Lisa Warnroth, Head of QA/RA

Year of birth: 1981

Hired since: 2012

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

Previous experience: Lisa joined SyntheticMR from Sanofi Pasteur MSD where she worked with product safety and clinical trials for vaccines. She was also responsible for some quality management.

Holdings in SyntheticMR: 100
Related holdings in SyntheticMR: 100
Call options: 8,500

Jonas Hurtig, Head of Marketing and Commercial Affairs

Year of birth: 1971

Hired since: 2017

Education: Master in Rapid Growth, Ahrens University
BBA in International Business, Johnson & Wales University

Previous experience: Jonas joined SyntheticMR from Saab, where he most recently was VP Head of Brand Management and Marketing Communication. He also has a background as an entrepreneur and as VP Sales and Marketing at Eckerud Scandinavian Group AB.

Holdings in SyntheticMR: 100
Related holdings in SyntheticMR: none
Call options: none

Markus Malmgren, Head of Research and Development

Year of birth: 1978

Hired since: 2019

Education: Master of Science in Applied Physics and Electrical Engineering

Previous experience: Markus has recently worked with product development at the company Zenterio where he was Head of Development. He has more than 15 years of experience in leadership in software organizations. Previously he has had a similar role and responsibility at Enea AB.

Holdings in SyntheticMR: none
Related holdings in SyntheticMR: none
Call options: none

Board

Staffan Persson
Chairman of the Board since 2013

Year of birth: 1956

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

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

Other assignments: Board member as well as CEO of Swedia Capital AB with related companies, Board member, Chairman, of Sveab Holding AB and Darkathlon AB. Board member Dooba Holdings Ltd, 24 Storage AB and Stiga Sports Group AB.

Holdings in SyntheticMR: 8,707
Related holdings in SyntheticMR: 1,260,491
Issued call options: 69,400

Yvonne Mårtensson
Boardmember since 2016

Year of birth: 1953

Professional background: More than 30 years of experience from leading positions in fast-growing companies primarily in medtech and diagnostic industry, including as President and CEO of CellaVision AB for 16 years.

Education: Master of Science, Linköping University of Technology.

Other assignments: Chairman of the Board of Elos Medtech AB, Board member of Biotage AB, 3Brain AG and Xvivo Perfusion AB.

Holdings in SyntheticMR: 4,000
Related holdings in SyntheticMR: none

Note: Presented holding of shares refers to March 31, 2019

Johan Sedihn
Boardmember since 2011

Year of birth: 1965

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

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

Other assignments: Chairman of the Board of Sedvisor Limited and Shanghai Elekta Oncology Systems. Board Member of Dirac Research AB.

Holdings in SyntheticMR: 182,775
Related holdings in SyntheticMR: none

Marcel Warntjes
Board member since 2007, Head of Innovation at SyntheticMR since 2018

Year of birth: 1973

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

Education: PhD physics

Other assignments: Clinical Scientist at CMIV, Linköping University.

Holdings in SyntheticMR: 336,000
Related holdings in SyntheticMR: none
Call options: 10,000

SyntheticMR – The Share

Number of shares and Share capital

The total number of registered shares in SyntheticMR as of December 31, 2018 amounts to 4,040,078. The quota value is SEK 0.222 and the share capital of the company amounts to SEK 896,897,316. All shares have equal rights to the company's assets and profits. One share carries one vote.

Dividend

For the financial year 2018, the Board of Directors of SyntheticMR proposes a dividend of SEK 1.50 per share.

Analyst coverage

Oscar Stjerngren and Carolina Elvind – Danske Bank
Christian Lee – Pareto Security

Listing on Spotlight stock market

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

Share capital development

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

Shareholder

The number of shareholders in SyntheticMR at December 31, 2018 amounted to 1,894 (2,028). Below is a table with SyntheticMR's 10 largest shareholders.

Per 2018-12-31	Tot. No. of shares	Tot. No. of votes	Votes, %	Capital, %
Staffan Persson, *including related persons*	1,293,491	1,293,491	32.02	32.02
Jan (Marcel) Warntjes	336,000	336,000	8.32	8.32
Handelsbanken	316,338	316,338	7.83	7.83
Swedbank Robur	297,519	297,519	7.36	7.36
State Street Bank & Trust	193,289	193,289	4.78	4.78
Johan Sedihn	182,775	182,775	4.52	4.52
Thord Wilkne, *including related persons*	165,000	165,000	4.08	4.08
Försäkringsaktiebolaget, Avanza Pension	111,041	111,041	2.75	2.75
Aither AB	82,613	82,613	2.04	2.04
Länsförsäkringar	61,761	61,761	1.53	1.53
Total	**3,039,827**	**3,039,827**	**75.24**	**75.24**
Other share holders	**1,000,251**	**1,000,251**	**24.76**	**24.76**
TOTAL	**4,040,078**	**4,040,078**	**100.00%**	**100.00%**

Turnover and shareprice

In 2018, a total of 825 thousand (2,368) shares in SyntheticMR AB were traded for a value of SEK 275 million (653). This corresponds to an average price of SEK 333 (276). The highest and lowest price paid during 2018 was SEK 412 and SEK 261 respectively. The closing price of the year's last trading day, December 28, was SEK 289 (279). The market value of SyntheticMR at the end of December was SEK 1,168 million (1,125).

Administration report

The Board of Directors and Managing Director of SyntheticMR AB (publ), registration nr 556723-8877, hereby issue the annual report for the financial year 2018. SyntheticMR AB is listed on Spotlight stock market. The company has approximately 1,900 shareholders (2,000). Comparisons listed in brackets refer to the corresponding period of the previous year.

SyntheticMR in brief

SyntheticMR develops innovative software solutions for Magnetic Resonance Imaging (MRI) that supports shorter exam times and delivers more information to the clinician.

SyntheticMR's unique technology measures the absolute properties of the brain and delivers adjustable contrast images, automatic biomarker segmentation and quantitative data in a single MR scan.

SyntheticMR's product SyMRI is sold through partner agreements with Siemens, Philips and Sectra. A client-specific version is sold by GE Healthcare.

The company was founded by Dr Marcel Warntjes in 2007 based on innovations developed at Center for Medical Image Science and Visualization (CMIV) in Linköping, Sweden. SyntheticMR has 18 employees and is based in Linköping.

SyMRI

SyntheticMR's software SyMRI delivers multiple contrast images, biomarker segmentation and quantitative data in a single MR scan. SyMRI can significantly shorten examination times while at the same time providing more information to the diagnosing clinician. Through shorter MR examinations, reduced waiting times and more reliable diagnosis, SyMRI can support a more efficient workflow and improved patient satisfaction.

Product packages

SyMRI is available in various product packages. Through partner agreements, SyMRI is compatible with MR-scanners from the three leading manufacturers worldwide, GE Healthcare, Philips and Siemens.

SyMRI IMAGE delivers multiple, fully adjustable, contrast images in a single 6-minute scan. This product package is especially designed to speed up the workflow and increase patient throughput.

MAGiC is a customer-specific version of SyMRI IMAGE marketed and sold by GE Healthcare under a licence agreement.

SyMRI NEURO includes contrast images, biomarker segmentation, volumetric measurements of brain tissues and quantitative parametric maps. This product is designed to provide the clinician with more information than a conventional MRI scan and provides objective decision support for the diagnosis and follow-up of patients.

SyMRI Research Edition includes contrast images, volumetric measurements and quantitative maps to provide more information to the researcher. The parametric maps are also exportable for a further analysis and research.

Significant events during 2018

Market and sales

SyntheticMR received two clearances from the FDA regarding the company´s software SyMRI NEURO. The clearances mean that SyMRI is now cleared for sale in the US together with MR-systems from GE Healthcare and Philips. SyMRI NEURO is the first product on the market that includes volume calculation and segmentation of myelin. It is especially important to measure myelin within pediatrics and in patients with neurodegenerative diseases.

MAGiC was cleared for clinical use and sales in China, through the clearance of the CFDA (China Food and Drug Administration). During the second quarter, the first licenses were sold to GE Healthcare in China.

During the year, SyntheticMR has been granted a number of patents. One of them in the United States refers to myelin detection in the brain, and the patent has previously been registered in China and Japan. Furthermore, another patent has been approved both in the US and Japan. This patent relates to a 3D variant of SyntheticMR's quantification. The trend in the market is 3D visualization, which means that this patent is an important part of SyntheticMR's future earnings.

SyntheticMR is part of a project together with Elekta, Inovia AI and Linköping University, which aims to improve diagnosis, planning and workflow in cancer treatment. SyntheticMR has been granted SEK 1.8 million in grants from Vinnova for this project.

Other

SyntheticMR's CEO Stefan Tell has resigned. He remains as CEO until June 30, 2019 at the latest. Stefan has been CEO of the company since 2011.

Significant events after the balance sheet date

See note 25.

Organization

The company's office is located in Linköping. At year-end, the number of employees in SyntheticMR was 18 (16).

Revenues and result

Net sales for the full year amounted to SEK 48,304 thousand, an increase of 36 percent (35,645) compared to the previous year. Sales include sold licenses, as well as service and upgrade agreements. The increase in comparison with the previous year is largely explained by the fact that sales of MAGiC licenses through GE Healthcare have increased.

Operating expenses amounted to SEK 32,824 thousand which is SEK 5,967 thousand higher than the corresponding period last year (26,857). The increase is mainly due to higher personnel costs in the form of more employees, primarily in the marketing and the sales organization and provision of severance pay to departing CEO of SEK 867 thousand. Furthermore, major investments in market and communication continue, as in 2018 we have had our own stands during several congresses.

Operating profit for the year 2018 amounted to SEK 18,737 thousand (11,117), corresponding to an operating margin of 39 percent (31). Profit after tax amounted to SEK 14,653 thousand (8,361). This resulted in earnings per share before and after dilution of SEK 3.63 (2.07).

Tax

Tax on profit amounted to SEK -4,052 thousand (-2,724) and refers partly to a change in deferred tax asset on valued loss carry-forwards, which has no cash flow impact, and current tax on profit for the year. The company has no remaining loss carry-forwards.

Cash flow and liquidity

For the full year, the cash flow from operating activities was SEK 18,007 thousand (10,655). The increase is explained by an improved operating profit. Accounts receivable at the end of the period amounted to 30.9 percent (30.0) of net sales for the full year.

Cash flow from investment activities amounted to SEK -2,906 thousand (-2,984) of which investments in intangible fixed assets amounted to SEK -2,906 thousand (-2,984). Investments in intangible assets relate to capitalized development expenditure and patents.

Cash flow for the year was SEK 15,101 thousand (7,671) and at 31 December 2018, the company's cash assets amounted to SEK 32,090 thousand (16,989).

Financial position

The company's total assets amounted to SEK 56,074 thousand (39,066) at December 31, 2018 and with an equity ratio of 82.1 percent (82.5). At December 31, 2018, current receivables totaled SEK 16,347 thousand (11,609). The receivables mainly comprised accounts receivables and the increase is largely explained by increased sales growth.

Shareholders' equity

Shareholders' equity at the end of the period amounted to SEK 46,059 thousand (32,227), with an equity ratio of 82.1 percent (82.5).

Research and Development

Advanced research and development within the company is a prerequisite for the continued commercialization of the SyMRI® product. The company estimates that its products, projects and the recruited staff meet the potential for continued progress.

Patents

During the year, SyntheticMR has got a number of patents registered. One of them in U.S. refers to myelin detection in the brain, and the patent has previously been registered in China and Japan. Furthermore, another patent has been approved both in the US and Japan. This patent relates to a 3D variant of SyntheticMR's quantification. The trend in the market is 3D visualization, which means that the patent is an important part of SyntheticMR's future earnings. SyntheticMR thus has ten registered patents with the patent office in the US, two in Japan and two in China. The approved patents cover both the functionality related to SyMRI IMAGE as well as SyMRI NEURO. The patents cover the technical solution that allows us to segment different tissues in the brain based on absolute values from the MR system, as well as visualization of quantitative MR images and data. Patent protection extends until 2029 onwards. Patenting is done together with established patent offices.

Share Information

Share capital at December 31 2018 amounted to 896,897.316 and the number of shares to 4,040,078. All shares have equal rights to the company's assets and profits. One share brings 1 vote. The quotient value amounts to SEK 0.222.

Share holders

The largest owners of SyntheticMR are Staffan Persson with companies, Jan (Marcel) Warntjes and Handelsbanken. These shareholders together represent 48.2 percent of the votes.

Dividend

For the fiscal year 2018, the Board of Directors of SyntheticMR to propose to the Annual general meeting a dividend of SEK 1.50 (0) per share.

Annual General Meeting

All shareholders who are registered in the shareholder register and report their participation to the company according to the issued notice are entitled to participate in negotiations at the Annual General Meeting. The Annual General Meeting for the financial year 2018 takes place on April 29, 2019 at 18:00, Storgatan 11, Linköping.

Board of director's work during 2018

SyntheticMR's Board of directors consists of four members, elected by the shareholders at the AGM on April 25, 2018. The Board held eleven meetings in 2018. The work of the Board is governed by a formal work plan where decision-making structure between the Board and the Managing Director is included. Issues that have been addressed include, among other things, global establishment, partnerships and organizational matters. The Board also deals with cooperation agreements, interim reports, Year-end reports, auditing and forecasting issues.

In addition to the CEO as rapporteur at the Board meetings, other employees of the company also attend, if necessary. In addition to board meetings with minutes, the Chairman and other Board members have had continuous contact with the company's CEO.

Remuneration and benefits to the CEO for the 2018 fiscal year have been decided by the Board. The Board has no Remuneration Committee and no Nomination Committee during 2018.The company's auditors participate annually at at least one of the Board's meetings.

Corporate governance

SyntheticMR's corporate body consists of the Annual General Meeting, the Board of Directors, the Managing Director and the Auditor. These are governed by the corporate governance rules specified in the Swedish Companies Act, the Articles of Association and the listing agreement with Spotlight stock market.

SyntheticMR is currently not covered by the Swedish Corporate Governance Code, as the company's share is traded on Spotlight stock market. Nor has the company decided to apply the code on a voluntary basis. The Board will follow developments and, if necessary, may introduce the parts that apply to a company of its size.

Remuneration principles

The chairman of the board and board members receive remuneration according to the decision of the AGM. The Board determines the CEO's remuneration which consists of salary, pension and bonus.

Auditor

The auditor shall review SyntheticMR's annual reports and financial statements, as well as the Board and the Managing Director management of the company. After each financial year, the auditor shall submit an audit report to the AGM. Auditor of SyntheticMR is BDO Mälardalen AB. Responsible partner is Jörgen Lövgren, Authorized Public Accountant and Member of FAR.

Expectations regarding future developments

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

Risks and uncertainties

See note 3.

Proposal on disposition of the company's results
The following is at the disposal of the AGM, amount in SEK

Retained earnings	7,529,276
Other contributed capital	17,761,503
Profit of the year	14,652,687
Total	**39,943,466**

The Board proposes that the profit be allocated as follows:

Proposed dividens	6,060,117
Carried forward	33,883,349
Total	**39,943,466**

Multi-year overview

Below is a financial overview of the company's last five fiscal years.

Overview Income statement

TSEK	2018	2017	2016	2015	2014
Net sales	48,304	35,645	19,004	6,199	1,848
Own work capitalized	2,430	2,272	3,142	3,012	2,531
Other income	827	58	555	427	301
Total income	**51,561**	**37,975**	**22,701**	**9,638**	**4,680**
Operating expenses	-32,824	-26,857	-19,540	-15,920	-11,324
Operating profit	**18,737**	**11,117**	**3,161**	**-6,264**	**-6,644**
Net financial income/expenses	-32	-32	-46	17	30
Net profit for the period from continuing operations	**18,705**	**11,085**	**3,115**	**-6,247**	**-6,614**
Tax on net profit for the period	-4,052	-2,724	-721	6,325	-
Net profit for the period	**14,653**	**8,361**	**2,394**	**78**	**-6,614**

Overview Balance sheet

TSEK	2018-12-31	2017-12-31	2016-12-31	2015-12-31	2014-12-31
Fixed assets	7,637	10,468	13,087	13,109	6,316
Current assets	48,437	28,598	15,519	12,124	17,082
– where of cash balance	32,090	16,989	9,318	8,197	15,928
Total assets	**56,074**	**39,066**	**28,606**	**25,233**	**23 398**
Shareholders equity	46,059	32,227	23,866	21,472	21,394
Long term liabilities	0	0	0	0	40
Short term liabilities	10,015	6,839	4,740	3,761	1,964
Total liabilities and shareholders equity	**56,074**	**39,066**	**28,606**	**25,233**	**23 398**

Overview cash flow

TSEK	2018	2017	2016	2015	2014
Cash flow from operating activities	18,007	10,655	4,476	-4,680	-3,337
Cash flow from investing activities	-2,906	-2,984	-3,315	-2,955	-2,531
Cash flow from financing activities	-	0	-40	-96	14,681
Cash flow for the period	**15,101**	**7,671**	**1,121**	**-7,731**	**8,813**
Cash, opening balance	16,989	9,318	8,197	15,928	7,116
Cash, closing balance	**32,090**	**16,989**	**9,318**	**8,197**	**15,928**

Key ratios

	2018	2017	2016	2015	2014
Net sales, TSEK	48,304	35,645	19,004	6,199	1,848
Sales growth, %	36	88	207	236	40
Operating profit, TSEK	18,737	11,117	3,161	-6,264	-6,644
Operating margin, %	39	31	17	neg.	neg.
Net profit, TSEK	14,653	8,361	2,394	78	-6,614
Cash flow from operating activities, TSEK	18,007	10,655	4,476	-4,680	-3,337
Shareholders equity, TSEK	46,059	32,227	23,866	21,472	21,394
Total assets, TSEK	56,074	39,066	28,606	25,233	23,398
Equity/assets ratio, %	82.1	82.5	83,4	85.1	91,4
Return of equity, %	37	30	11	0	neg.
No. of employees	17	14	12	10	7
No. of shares at balance sheet dare before/ after dilution	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078
Average No. of shares before/after dilution	4,040,078	4,040,078	4,040,078	4,040,078	3,543,347
Data per share					
Profit/loss before/after dilution, SEK	3.63	2.07	0.59	0.02	-1.87
Cash flow from operating activities, SEK	4.46	2.64	1.11	-1.16	-0.83
Equity before/after dilution, SEK	11.40	7.98	5.91	5.31	5.30
Dividend per share	1.50	-	-	-	-

Definitions of key ratios

IFRS key ratios

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

Alternative key-ratios

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.

No. of employees – Average number of employees during the year.

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.

Income Statement

and Statement of Comprehensive Income

SEK thousand	Not	2018	2017
Operating income			
Net sales	5	48,304	35,645
Own work capitalized		2,430	2,272
Other income	6	827	58
Total income		**51,561**	**37,975**
Operating expenses			
Other external expenses	7,8	-11,753	-8,621
Employee benefit costs	9	-18,214	-14,598
Depreciation of tangible and intangible assets	14,15,16	-2,857	-2,879
Other expenses	10	-	-760
Operating profit		**18,737**	**11,117**
Results from financial items	11		
Financial income		0	0
Financial expenses		-32	-32
Net financial income/expenses		**-32**	**-32**
Net profit for the period from continuing operations		18,705	11,085
Tax on net profit for the period	12	-4,052	-2,724
Net profit for the period		**14,653**	**8,361**
Statement of Comprehensive income			
Net profit for the period		**14,653**	**8,361**
Other comprehensive income		**-**	**-**
Comprehensive income for the year		**14,653**	**8,361**
Earnings per share before dilution	13	3.63	2.07
Earnings per share after dilution	13	3.63	2.07

Balance sheet

Assets

SEK thousand	Note	2018-12-31	2017-12-31
FIXED ASSETS			
Intangible fixed assets			
Capitalized development expenditure	14	6,620	6,694
Patent	15	1,015	874
Total intangible fixed assets		**7,635**	**7,568**
Property, plant and equipment			
Equipment, fixtures and fittings	16	2	20
Total tangible fixed assets		**2**	**20**
Other fixed assets			
Deferred tax assets	17	0	2,880
Total other fixed assets		**0**	**2,880**
TOTAL FIXED ASSETS		**7,637**	**10,468**
CURRENT ASSETS			
Other receivables			
Accounts receivable	18, 21	14,912	10,685
Other receivables	21	523	45
Prepaid expenses and accrued income	19	912	879
Total other receivables		**16,347**	**11,609**
Cash and bank balances	20	32,090	16,989
TOTAL CURRENT ASSETS		**48,437**	**28,598**
TOTAL ASSETS		**56,074**	**39,066**

Balance sheet

Equity and liabilities

SEK thousand	Note	2018-12-31	2017-12-31
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital	22	897	897
Fund for development expenditures		5,218	4,101
Unrestricted equity			
Other paid-in capital		17,762	17,762
Retained earnings		7,529	1,106
Profit of the year		14,653	8,361
TOTAL SHAREHOLDERS' EQUITY		**46,059**	**32,227**
Current liabilities			
Accounts payable	21	1,941	1,534
Tax liabilities		1,627	299
Other liabilities		843	344
Accrued expenses and prepaid income	23	5,604	4,662
Total current liabilities		**10,015**	**6,839**
TOTAL EQUITY AND LIABILITIES		**56,074**	**39,066**

Statement of cash flow

SEK thousand	2018	2017
OPERATING ACTIVITIES		
Operating profit	18,737	11,117
Adjustments for non-cash items		
Depreciation of tangible and intangible assets	2,857	2,879
Received interest	-	-
Paid interest	-32	-32
Income tax paid	-220	-234
Cash flow from operating activities before changes in working capital	**21,342**	**13,731**
Changes in accounts receivable	-4,227	-5,392
Changes in other receivable	-201	128
Changes in accounts payable	407	848
Changes in other payable	686	1,341
Cash flow from operating activities	**18,007**	**10,655**
INVESTING ACTIVITIES		
Investment in intangible assets	-2,906	-2,984
Investment in tangible assets	-	-
Cash flow from investing activities	**-2,906**	**-2,984**
Financing activities		
Amortization of loans	-	-
Cash flow from financing activities	**-**	**-**
Cash flow for the period	15,101	7,671
Cash, opening balance	16,989	9,318
CASH, CLOSING BALANCE	**32,090**	**16,989**

Statement of changes in equity

	Restricted equity		*Unrestricted equity*			
SEK thousand	**Share capitall**	**Fund for development expenditures**	**Other contributed capital**	**Retained earnings**	**Net profit**	**Total equity**
Opening balance January 1, 2017	**897**	**2,670**	**17,762**	**144**	**2,394**	**23,866**
Allocation according to AGM resolution				2,394	-2,394	0
Allocation fund for development expenditures		2,271		-2,271		0
Reversal of depreciation		-840		840		0
Comprehensive income for the year					8,361	8,361
Closing balance December 31, 2017	**897**	**4,101**	**17,762**	**1,106**	**8,361**	**32,227**
Closing balance December 31, 2017	**897**	**4,101**	**17,762**	**1,106**	**8,361**	**32,227**
Adjustment on application of IFRS 15				-821		-821
Opening balance January 1, 2018	**897**	**4,101**	**17,762**	**285**	**8,361**	**31,406**
Allocation according to AGM resolution				8,361	-8,361	
Allocation fund for development expenditures		2,430		-2,430		
Reversal of depreciation		-1,313		1,313		
Comprehensive income for the year					14,653	14,653
Closing balance December 31, 2018	**897**	**5,218**	**17,762**	**7,529**	**14,653**	**46,059**

Notes

Note 1 Accounting policies

General information

The financial statements of SyntheticMR AB (publ), as of December 31, 2018, have been approved by the Board of Directors and the CEO on April 7, 2019 and will be submitted to the AGM on April 29, 2019 for approval. SyntheticMR AB (publ) with registration number 556723-8877 is a Swedish-registered limited company with its registered office in Stockholm. The visiting address of the company's office is Storgatan 11, 582 23 Linköping. The company's shares are listed on Spotlight stock market. The company's activities are described in the administration report.

Compliance with standards and laws

The financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Recommendation RFR 2, Accounting for Legal Entities. The main rule of the recommendation is that legal persons should apply International Financial Reporting Standards (IFRS) as applied by groups as far as possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exceptions and additions to be made from IFRS. By following RFR 2, the company applies IFRS as approved by the EU.

In addition to financial data as defined in IFRS, so-called alternative performance measures, are presented to reflect the results of the underlying business and increase the comparability between different periods. These alternative key ratios do not replace financial data as defined in IFRS. See page 39.

Assumptions when preparing the financial statements

The functional currency is Swedish kronor (SEK), which also represents the reporting currency. This means that the financial statements are presented in Swedish kronor. All amounts, unless otherwise stated, are rounded to the nearest thousand.

Assets and liabilities are reported at historical cost unless otherwise stated below. Preparing the financial statements in accordance with RFR2 requires that management make assessments and estimates as well as make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments.

Estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognized in the period in which the change is made if the change has only affected this period or during the period the change is made and future periods if change affect both the current period and future periods.

Assessments made by management in the application of RFR2 that have a significant impact on the financial statements and estimates that may result in significant adjustments in subsequent financial statements are described in more detail in Note 2 – Significant estimates and assessments.

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

Revised or new accounting standards for the year

IFRS 9 Financial instruments

As of January 1, 2018, IFRS 9 has replaced IAS 39 Financial Instruments: Accounting and Valuation. It contains rules for the classification and valuation of financial assets and liabilities, impairment of financial instruments and hedge accounting. The company's financial assets consists solely of accounts receivables and cash. The short maturity of the company's financial assets and the purpose of getting the contractual cash flow paid means that valuation after the first accounting recognition will be at amortized cost. Thus, the transition to IFRS 9 will not have any effect on the

company. SyntheticMR applies this standard as of January 1, 2018, when the standard came into effect.

IFRS 9 also introduces a new model for making provisions for credit losses, which takes into account forward-looking information. The new impairment model is not expected to have an impact on the company's financial position based on historical and forward-looking information regarding bad debts. Customers are well-known companies and their ability to pay is not expected to change.

Other parts of the new standard have not had impact on the company's financial statements.

IFRS 15 Revenue from Contracts with customers

IFRS 15 regulates how accounting for revenues should take place. The principles on which IFRS 15 is based shall provide users of financial reports with more useful information about the company's income. The increased disclosure obligation means that information on the type of income, the timing of recognition, uncertainties linked to revenue recognition and cash flow attributable to the company's customer contracts shall be provided. According to IFRS 15, revenue must be recognized when the customer receives control of the sold goods or services and has the opportunity to use and receive the benefit from the goods or services. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretative statements (IFRIC and SIC). IFRS 15 came into force on January 1, 2018 with mandatory application.

SyntheticMR applies this standard as of January 1, 2018 with retroactive transition application by reporting the total effect as an adjustment of opening balance for retained earnings as of January 1, 2018. This amount amounted to SEK 821 thousand after taking into account deferred tax.

No new or revised IFRS has been early applied.

New IFRS and interpretations not yet applied

One new IFRS standard will come into effect January 1st, 2019 and have not been applied in advance for the preparation of these financial statements. Other news or changes with future application are not planned to be applied soon. Below is the standard that is expected to have an impact or may have an impact on the company's financial reports. In addition to the standard described below, other news that IASB has approved will not affect the company's financial statements.

IFRS16 Leasing

As of January 1, 2019, IFRS16 Leases replaced existing IFRS related to the recognition of leasing agreements. The standard removes the division of leasing agreements into operating or financial leasing for the lessee, which is required in IAS 17 and instead introduces a common model for reporting all leases. The standard will not have any effect on the financial reports as the company applies the relief rule according to RFR 2.

Segment reporting

A reportable segment is a part of the company that operates from which it can generate revenues and incur costs and for which there is independent financial information available. The operating profit of a business segment is further monitored by the company's highest executive decision maker, which is identified by the company as the CEO. The management has determined the segments based on the information being dealt with by the CEO and used as a basis for allocating resources and evaluating results. In this internal reporting, the company as a whole is a segment.

Classification

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

Foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the transaction date. Functional currency is Swedish kronor. Monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising from the translation are recognized in the profit and loss for the year.

Revenues

FRS 15 Revenue from contracts with customers is the new revenue recognition standard that replaces IAS 18 and IAS 11. The standard establishes a new principle-based model for revenue recognition of customer agreements and is based on a five-step model that requires revenue recognition when control of products and services is transferred to the customer. The standard provides detailed guidance on the reporting of e.g. agreements that contain several components, variable remuneration, allocation of discounts, licenses, agent and principal conditions and contract expenses.

Performance obligations and timing for revenue recognition

The majority of the company's revenues derive from the sale of licenses with revenues recognized at a time when the control of the licenses has been transferred to the customer. This time normally occurs when the licenses are delivered to the customer. In addition to licenses, the company has identified service and support as a separate performance obligation in most of the company's contracts. Income from these performance obligations is recognized over time when the performance is delivered. If service and support are separated in the agreement, this transaction price is recognized as revenue over time. However, in certain agreements, service and support are offered as a imbedded together with the license, and then this performance obligation constitutes 18 percent of the total transaction price. This transaction price is the amount that the commitment had had if sold separately.

Determining and allocating the transaction price

The company's revenues are based on fixed prices, which also constitute the transaction price per agreement.

In some cases, the company includes customer agreements that give the customer a discount on future orders. Such discounts constitute a "material right" and result in a portion of the compensation received for the first sale being postponed and recognized as revenue when subsequent sales are met or (if later) when the right to receive a discount expires. The company then estimates both the likelihood that the customer will take up their future discount offer and the value of future purchases that can be made to estimate the value of the granted rights. This estimates must be performed for each contract with every customer to whom material rights have been granted.

Contract assets, contract debt and accounts receivable

When the company has an obligation to transfer goods or services for which the company has received compensation (or is to receive) from the customer, a contract liability is reported. A trade receivable is recognized when the goods / services are delivered and invoiced, as this is the time when the compensation is unconditional.

Government contribution

SyntheticMR has received contributions from the government for international project. There is no repayment obligation for state aid.

Financial income and expenses

Financial income and expenses comprise interest income on bank accounts and financial expenses consist of credit interest on unutilized check credit.

Financial instruments

IFRS 9, Financial Instruments, handles the classification, valuation and accounting of financial assets and liabilities. The standard contains three main valuation categories for financial assets: valuation to amortized cost, fair value over other comprehensive income and fair value through profit or loss. The classification is based on the unit's business model and type of contractual cash flows from the financial asset. The standard does not imply any significant changes for the classification and measurement of financial liabilities. IFRS 9 also changes the principles for impairment of financial assets and replaces the actual loss model used in IAS 39 with a forward-looking impairment model based on expected losses. IFRS 9 also contains a new principle for hedge accounting.

Financial assets

The company classifies its financial assets into valuation categories, depending on the purpose for which the asset was acquired and on the types of cash flows

generated. At present, all of the company's financial assets attributable to the valuation category are amortized cost. The transition from IAS 39 to IFRS 9 has not entailed any change in the valuation of financial assets.

Amortized cost

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

Assets in this category arise mainly from the supply of goods and services to customers (but also include other types of financial assets where the aim is to keep these assets in order to obtain contractual cash flows and these cash flows are exclusively payments of principal amounts and interest). Initially, these are recognized at fair value plus transaction costs that are directly attributable to the transaction, and are subsequently recognized at amortized cost using the effective interest method.

Impairment for accounts receivable are reported based on the simplified approach in IFRS 9 using the expected credit losses for the entire contract's remaining life.

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

Impairment for other receivables are recognized based on an expected credit loss model. The method used in the calculation of the provision depends on whether the credit risk has increased significantly since the first accounting date of the financial asset. For those receivables where the credit risk has not increased significantly since the first accounting date, credit loss reserves are reported based on twelve-month expected loan losses (step 1). For those receivables where the credit risk has increased significantly since the first accounting date, a credit loss reserve calculated on the basis of the estimated default for the entire contract's remaining life is reported (step 2). For those receivables where an actual loss situation has occurred, the credit loss is calculated on the basis of the entire remaining life expectancy. The interest income reported is then based on the net claim after write-down (step 3).

Cash and cash equivalents include deposits in banks.

Cash flow statement

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

Remuneration to employees

Short-term remuneration

Short-term employee remuneration such as salary, paid holiday, paid sick leave, bonus, are calculated without discounting and are expensed when the related services have been received.

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

Pensions

Pension plans are classified as defined contribution plans or defined benefit plans. The company has no defined contributions plans. Defined contribution plans define the plans in which the company's obligation is limited to the fees the company undertakes to pay. In that case, the size of the employee's pension depends on the fees paid by the company to privately-administered pension insurance plans and the return on capital that the fees give. Consequently, it is the employee who bears the actuarial risk (that remuneration will be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration).

The company's commitments to the plans are expensed against profit for the year as they are vested by the employees performing services for the company for a period. The company's obligation for each period is determined by the amounts that the company will contribute for the actual period.

The company also has a retirement pension that is fully covered by a company owned endowment insurance. In accordance with IAS 19, the retirement pension has been classified as defined contribution pension plan, which means that the endowment insurance and retirement benefit are netted.

Compensation for termination

A provision associated with the termination of employment is recognized only if the company is demonstrably obliged to terminate an employment before the normal date or when compensation is given as an offer to encourage voluntary resignation.

Leased assets

Lease agreements are classified in the financial statements either as finance or operating lease. A finance lease exists when the financial risks and benefits associated with ownership are substantially transferred to the lessee. If this is not the case, it is an operating lease. Operating lease means that the leasing fee is expensed over the term of the loan based on the use, which may differ from what was de facto paid as leasing fee during the year. Significant leases include office furnishings (contracts expire on 2020-01-31), computer equipment and benefit vehicles.

SyntheticMR has reported all current leases as operating leases in accordance with the exception in RFR 2.

Tangible fixed assets

Tangible fixed assets are recognized in the company at cost less accumulated amortization and any impairments. Cost includes the purchase price and any expense directly attributable to the asset to put it in place and in order to be utilized in accordance with the purpose of the acquisition. Accounting principles for impairment are described below.

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

Depreciation principles

Depreciation is based on original cost minus any residual values. Depreciation is applied directly over the estimated useful life of the asset. Estimated useful lives:

- fixtures, tools and installations 5 years

An asset's residual value and useful life is tested annually.

Intangible fixed assets

Research and development

Expenditure for research activities that relate to obtaining new scientific or technical knowledge is recognized as an expense as incurred.

Expenditure for development activities, whereby the research results or other knowledge are applied to achieve new or improved products, are recognized as an asset in the balance sheet when the company can demonstrate that the product is technically useful, the asset is expected to generate future economic benefits and the expenses can be measured reliably. Finally, the company must have sufficient resources to complete development and then use or sell the intangible asset.

The carrying amount includes directly attributable personnel costs. Other development expenses are recognized in profit and loss when they occur. Reported development expenses in the balance sheet are recognized at cost less accumulated amortization and any impairments.

Other intangible assets
Expenditure, in the form of fees and consultancy expenses, for future patents are recognized as an asset in the balance sheet to the extent that these are deemed to lead to completed patents.

Amortization principles
Amort is recognized in profit or loss on a direct basis over the estimated useful lifespan of the intangible assets. The useful lifespan is reviewed at least annually. Capitalized development expenditure for which depreciation has not commenced is tested for impairment annually or as soon as indications arise that indicate that the asset in question may be impaired. Intangible assets with determinable useful lives are derecognized from the date when they are available for use. The estimated useful lives are:

- Capitalized development expenditure 5 years
- Patent 5 years

Impairment losses

At each balance sheet date, an assessment is made if there are any indication of impairment of the company's assets. If it is not possible to determine significant independent cash flows for an individual asset, when assessing impairment requirements, assets are grouped to the lowest level where it is possible to identify significant independent cash flows, a cash-generating unit. If any indication exists, the asset's recoverable amount is calculated as the maximum of value in use and fair value minus selling costs. Utilization value is the present value of future cash flows discounted by an interest rate based on a risk-free interest rate adjusted for the risk associated with the specific asset. Impairments are made if the recoverable amount is less than the carrying amount.

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

Taxes

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

Current tax is tax payable or received in respect of the current year, applying the tax rates that are decided or actually determined by the balance sheet date. Current tax also includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated using the balance sheet method based on temporary differences between the carrying amounts of assets and liabilities and amounts used for taxation purposes. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax rules that have been decided or in practice decided on the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are reported only to the extent that they are likely to be utilized. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilized.

Provisions

Provisions are recognized in the balance sheet when the company has an obligation (legal or informal) due to an event occurring and it is likely that an outflow of resources associated with financial benefits will be required to fulfill the obligation and the amount can be measured reliably. Provisions are also made for events after the balance sheet date to the extent that they confirm conditions that existed at the balance sheet date, such as court rulings relating to disputes. If the company expects to receive a compensation equivalent to a provision made, for example through an insurance contract, the compensation is recognized as an asset in the balance sheet when it is almost certain that the compensation will be received. If the effect of the time value of the future payment is assessed as significant, the value of the provision is determined by calculating the estimated future payment at present with a discount factor before tax reflecting the market's current valuation of the time value and any risks attributable to the liability. The gradual increase in the assigned amount that the present value calculation entails is reported as an interest expense in the income statement.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence is confirmed only by one or more uncertain future events or when there is an obligation not recognized as a liability or provision due to the fact that an outflow is unlikely of resources will be required.

Note 2 Significant estimates and assessments

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

Recovering the value of development expenditure
The company invests in research and development, of which parts are reported as intangible assets, see further Note 14. The reporting of development expenditure as an asset requires that the product is expected to be technically and commercially useful in future and that future economic benefits are likely. Amortization of capitalized development expenditure takes place over an estimated useful life of a maximum of 5 years. The estimated sales volume and useful life period may be reviewed, which may lead to impairment.

Note 3 Risks and uncertainties

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

Market risks

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

Operational risks

Qualified personnel
The company relies heavily on key personnel and qualified employees, both in the management and in the operational activities. If any of these leaves the Company, this could delay and / or obstruct market penetration of current products as well as continued product development. In addition, it is crucial for SyntheticMR's success to be able to attract and retain qualified employees. Although it is SyntheticMR's view that the company will be able to attract and retain qualified employees, it cannot be assumed that this can be done on satisfactory terms, with which the Company may face difficulties in maintaining or developing the business. A large number of the Company's employees are holders of call options.

Intellectual properties
The values in SyntheticMR are partly dependent on the company's ability to obtain and defend patents and other intellectual property rights. Patent protection for medical and medical technology projects, innovations and companies can be uncertain and include complex legal and technical issues. Patents must be applied for and maintained in different jurisdictions and it cannot be taken for granted that registered patents provide long-term protection since registered patents can be contested, voided and circumvented. It cannot be taken for granted that the company's filed patent applications will be granted. It cannot be ensured that the

technical height of the registered patent and any patent granted in the future is sufficient to provide the necessary protection or is sufficient to obtain the expected market shares. Nor can it be excluded that new patents in the field or new discoveries may affect SyntheticMR's potential for market success. Such negative impact on market performance can in turn have a negative impact on SyntheticMR's financial position and future earnings performance. Insofar as SyntheticMR uses technology that is patented or will be patented within the framework of product development, owners of these patents may claim patent infringement. The uncertainty associated with patents implies that it is difficult to predict the outcome of such disputes.

Legal disputes

Through SyntheticMR's operations, the company risks being involved in disputes related to the day-to-day operations. Such disputes may include product liability, contractual issues, intellectual property rights and alleged deficiencies in the delivery of the company's products. Disputes can usually becomes costly, time-consuming and prevents ongoing operations.

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

Functionality and quality of the product

For a business like SyntheticMRs, it is essential to show that the products that the company has developed or will develop can be successfully commercialized within the company's market segments. It cannot be assured that commercialization of the company's technologies will be successful, and it cannot be taken for granted that the company will receive acceptance for its technologies and products by industrial partners or end customers.

Product liability and insurance

In the healthcare industry there is always a risk of product liability. Marketing and sales within the company's market area involve a significant risk of product liability and may result in SyntheticMR being held liable. Product liability insurance is a proven method of seeking to cope with such possible risks, but it cannot be taken for granted that such insurance will cover future claims against the company. Claims for product liability can lead to significant expenses of litigation and damages. A claim against SyntheticMR in addition to the available insurance cover or claim that leads to significant negative exposure may adversely affect SyntheticMR's operations, results and financial position. It can also not be ensured that suitable insurance can be obtained at an acceptable premium or that such insurance can at all be obtained.

Competition

The importance of each product's competitiveness is crucial to SyntheticMR's success. In addition, the risk that competing methods or projects may be more effective, safer or less expensive than those developed by SyntheticMR. Nor can it be ruled out that competitors have or will have access to significantly greater economic, technical and personal resources than SyntheticMR. This could mean that competitors to the company can launch competing products faster than SyntheticMR. Nor can it be ruled out that SyntheticMR's competitors may also have access to greater production capabilities (as appropriate) and distribution than SyntheticMR. Thus, it cannot be assumed that SyntheticMR's current or future products reach market success in competition with other similar products or solutions.

Co-operations

SyntheticMR's market strategy is based on effective collaborations with partners both in the early development phase and in the latter phase of product development, marketing, sales and distribution. This means that the Company in each individual project and at all phases of the project is strongly dependent on its partners, as well as the forms and organization of this cooperation. SyntheticMR cannot be assumed, in the necessary stages of the development of each project, to attract the right kind of partner, to find the right forms and organization for cooperation with such partners or to enter into sufficiently beneficial agreements with such partners. Nor can it be taken for granted that the company is able to retain existing partners.

Regulatory approvals/Authority's approvals

SyntheticMR and its partners rely on national and international authority approvals for market launch. It cannot be ensured that the company, in its operations, or through its partners, receives such approvals, which in turn may affect the company's earnings and future development.

SyntheticMR develops medical technology products and thereby the operations are governed by the requirements and standards set by regulatory authorities. Changes in the rule can therefore result in increased costs or hinder the sale of SyntheticMR's products.

Regulatory processes can also affect the possibility of introducing new products in different markets. Like other companies in the medical technology industry, SyntheticMR is dependent on assessments and decisions by the relevant authorities, such as the Food and Drug Administration (FDA) in the US. Applications to these authorities require extensive documentation and unforeseen circumstances may delay the possibility of introducing, marketing and selling the company's products.

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

Financial risks

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

Currency risk

Currency risk is the risk of fluctuations in the value of a financial instrument due to changes in exchange rates. SyntheticMR is exposed to transaction exposure which arises in connection with business transactions with currencies other than Swedish kronor. The company relies on the development of the US dollar and the Euro against the Swedish krona, since the majority of its revenue is in US dollars and euros, while most of the expenses are in Swedish kronor.

The company does not use hedging instruments in terms of futures or options to hedge currency risks, which means that exchange rate effects are recognized in profit and loss.

Financial risk (liquidity risk)

SyntheticMR will continue to be dependent on financing market launch of existing products and developing new products. Funding is done either through self-financing or through partner financing. It cannot be assured that SyntheticMR will be able to find expansion capital in the future. SyntheticMR may therefore need additional capital and it cannot be ruled out that the availability of additional capital is limited at the time when this is needed, which may adversely affect the company's market value and/or its ability to capitalize on investment opportunities.

The company actively monitors cash flow and continuously updates forecasts of the expected liquidity trend. This enables any necessary actions to be handled in good time. Based on the present conditions, the assessment is that the company has sufficient liquidity to conduct its business in accordance with current plans.

Credit risk

The company's credit risk is related mainly to accounts receivable from commercial partners (e.g. Philips, Siemens and GE Healthcare), which sells the company's products, as well as specific hospitals to which the company sells SyMRI directly. The company estimates that credit risk will still be very low, and that credit quality is high and is not expected to change. See Note 18.

Transaction exposure

The company's net transaction exposure converted to SEK thousand is divided into the following currencies net:

TSEK	2018	2017
USD	43,088	30,984
EUR	646	1,891
Total	**43,734**	**32,875**

The company's income statement includes exchange rate gains and exchange rate losses of SEK 577 thousand (-760) in operating profit and SEK 0 (0) in net financial items. Transaction exposure has not been hedged.

Sensitivity analysis

The company is affected on the development of the US dollar and the Euro against the Swedish krona, since most of the billing takes place in US dollars and Euros, while most of the expenses are in Swedish kronor. In 2018, revenue was recognized in US dollars at an average rate of SEK 8.70, compared to SEK 8.50 in 2017. In 2018, the revenues in Euro was recorded at an average rate of SEK 10.28, compared to SEK/EUR 9.73 in 2017. Currency effects have had a positive effect on sales. With unchanged exchange rates, sales had increased by 34 percent for the full year 2018 compared with the previous year.

A sensitivity analysis of currency exposure shows that the effect on operating profit in 2018 of a change in the US dollar rate by +/- 10 percent is approximately +/- SEK 4.3M (3.1) and that the corresponding effect of a change in the Euro rate by +/- 10 percent is approximately +/- SEK 0.0M (0.1).

The company's translation exposure relating to balance sheet items in foreign currency is distributed among the following currencies.

TUSD	2018	2017
Accounts receivable	1,569	1,113
Accounts payable	0	38
TOTAL	**1,569**	**1,151**

TEUR	2018	2017
Accounts receivable	63	122
Accounts payable	12	8
TOTAL	**75**	**130**

A sensitivity analysis of the currency exposure on the above balance sheet items shows that the effect on operating profit in 2018 of a change in the US dollar exchange rate at +/- 10 percent is +/- SEK 1,408 thousand. (916) and that the corresponding effect of a change in the Euro rate by +/- 10 percent is +/- SEK 65 T (121).

Note 4 Segment reporting

A reportable segment is a part of the company that operates from which it can generate revenues and incur expenses and for which there is independent financial information available. The operating profit of a business segment is further monitored by the company's highest executive decision maker, which is identified by the company as the CEO. The management has determined the segments based on the information being dealt with by the CEO and used as a basis for allocating resources and evaluating results. In this internal reporting, the company is a segment.

Note 5 Income distribution

The company receives its revenues from the transfer of licenses and service and support that takes place at a certain time or over time. The company has a customer whose turnover exceeds 10 percent of the company's total net sales. The company's income is distributed as follows;

TSEK	2018	2017
Geographical markets		
Sweden	577	689
Other countries	47,727	34,956
TOTAL	**48,304**	**35,645**

Major service lines		
Licenses	47,002	34,779
Service and support	1,302	866
TOTAL	**48,304**	**35,645**
Timing of revenue recognition		
Licenses transferred at a point in time	47,002	34,779
Services transferred over time	1,302	866
TOTAL	**48,304**	**35,645**

The following table shows how much of the recognized revenues in 2018 are attributable to accrued contract liabilities relating to prepaid service and support.

TSEK	2018	2016
Recognized income that was included in contract liabilities at beginning of the year	903	391
TOTAL	**903**	**391**

Note 6 Other operating income

TSEK	2018	2017
Exchange-rate gains on operating receivables/ liabilities	577	-
Contributions received	250	58
TOTAL	**827**	**58**

Note 7 Auditors' fee and compensation for expenses

Audit assignments refers to the audit of the annual report and the accounting, as well as the administration of the board and the managing director. Auditing activities in addition to the audit assignment imply other quality assurance services that are to be performed in accordance with the constitution, articles of association, statutes or agreements. Tax advisory services include both advice and review of tax compliance. Other services are other assignments.

TSEK	2018	2017
BDO		
Auditing assignments	262	261
Audit activities other than audit assignment	24	9
Other services	-	12
TOTAL	**286**	**282**

Note 8 Leasing

SyntheticMR reports all leases as operational as specified in RFR2. Leases for operating leases are expensed over the lease period.

Significant leasing agreements include lease contracts, furniture and other office furnishings, computer equipment and company cars.

The company's lease for office premises is valid from March 1st, 2016. The agreement was originally 3 years old but after the end of the period it has been extended for another year, meaning the earliest termination is February 28th, 2021. The nominal rent amount amounts to SEK 666 thousand per year, with a minimum index of 1.5 percent plus property tax.

TSEK	2018	2017
Leasing fees of the year	1,158	1,068
Contracted future leasing fees for contracts due for payment		
Within 1 year	1,099	1,040
Later than 1 year but whitin 5 years	1,327	1,227
Later than 5 years	-	-
TOTAL	**2,426**	**2,267**

Not 9 Employees, personnel costs and remuneration to senior executives

Average number of employees

In the company, the average number of employees was 15 (14) persons, of whom 10 (11) men and 5 (3) women. At year-end, the number of employees was 18 (16).

Gender distribution in company management

There are four male and one female senior executive in the company and three men and one woman on the board.

Salaries and other remuneration to senior executives and other employees and social security expense

	2018		2017	
TSEK	Senior executives and Board members	Other employees	Senior executives and Board members	Other employees
Salaries and other remuneration	5,366	5,763	5,021	4,355
Social security sosts	3,956	2,627	3,644	1,535
(of which pension costs)	(1,886)	(1,117)	(1,663)	(607)
TOTAL	**9,323**	**8,390**	**8,664**	**5,890**

Salaries and other remuneration of board members[1] and group management

2018	Basic salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Staffan Persson	206	-	-	-	206
Board member Yvonne Mårtensson	133	-	-	-	133
Board member Johan Sedihn	133	-	-	-	133
Board member Marcel Warntjes	710	-	-	218	869
CEO Stefan Tell[2]	1,988	440	109	310	2,847
Other senior executives (4)	2,146	270	40	1,358	3,814
TOTAL	**5,316**	**710**	**149**	**1,886**	**8,061**

[1] The Board fees is recognized from the Annual General Meeting to the Annual General Meeting, which is unchanged from the previous year.
Board members Yvonne Mårtensson and Johan Sedihn have, respectively, invoiced through companies the Board fees during 2018 that were approved at the 2017 AGM.
[2] Includes a reservation of SEK 660 thousand in severance pay that will be paid in 2019.

2017	Basic salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Staffan persson	188	-	-	-	188
Board member Yvonne Mårtensson	121	-	-	-	121
Board member Johan Sedihn	121	-	-	-	121
Board member Reidar Gårdebäck	121	-	-	-	121
Board member Marcel Warntjes	719	-	-	159	878
CEO Stefan Tell	1,093	540	79	324	2,036
Other senior executives (4)	1,933	185	7	1,180	3,304
TOTAL	**4,296**	**725**	**86**	**1,663**	**6,769**

Variable remuneration

The variable remuneration to the CEO was maximized in 2018 to 50 percent of the annual gross salary. The variable remuneration was based on company goals determined by the Board.

Pensions

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

Severance pays

For the CEO, a notice period of six months applies for his own dismissal and six months for termination by the company. The CEO is entitled to six months' salary in severance pay and, in both cases, receives salary during the period of notice. Between the company and other senior executives, a mutual notice period of two months applies, unless the applicable law advocates a longer period of notice. Salaries are payable during the notice period. No severance pay is payable to the Board members.

In 2018, 6 monthly salaries have been reserved in severance pay to the CEO since he will leave his position in 2019.

Board fee

According to decision at the Annual General Meeting's 2018, remuneration to the members of the Board elected at the Annual General Meeting for the period up to the end of the Annual General Meeting 2019 shall be paid as follows: The Chairman of the Board receives SEK 210 thousand and other members who are not employed in the Company receive SEK 135 thousand.

Note 10 Operating expenses

TSEK	2018	2017
Exchange-rate loses operating receivables/liabilities	-	760
TOTAL	**0**	**760**

Note 11 Financial income and expenses

TSEK	2018	2017
Interest income on cash	-	-
Other interest income/expenses	-32	-32
NET	**-32**	**-32**

Note 12 Tax on profit for the year

TSEK	2018	2017
Current tax expense		
Tax expense for the period	-941	-
Deferred tax expense/income		
Deferred tax attributable to loss carryforwards	-3,111	-2,724
Total tax expense/income recognized	**-4,052**	**-2,724**
Recognized profit before tax	**18,705**	**11,085**
Tax at current tax rate of 22 %	-4,115	-2,439
Effect of non-deductible costs	-432	-285
Effect of non-taxable income	330	0
Effect of deductible costs not recognized in profit and loss.	396	-
Effect due to transition to IFRS 15	-231	-
Reported effective tax	**-4,052**	**-2,724**

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

	2018	2017
Proposed dividend per share (SEK)	1.50	-
Total number of shares at beginning of the year	4,040,078	4,040,078
Of which treasury stock	-	-
Number of shares outstanding at beginning of the year	4,040,078	4,040,078
Number of shares outstanding at year-end	4,040,078	4,040,078
Average number of shares outstanding during the period	4,040,078	4,040,078
Earnings per share before/after dilution	3.63	2.07
Profit/loss for the year	14,653	8,361

Note 14 Capitalized development expenditure

TSEK	2018	2017
Opening balance	19,163	16,616
Internally developed assets	2,555	2,547
Closing balance	**21,718**	**19,163**
Opening balance, accumulated amortization	-12,469	-9,905
Amortization for the year	-2,629	-2,564
Closing balance	**-15,098**	**-12,469**
Closing carrying amount	**6,620**	**6,694**

Capitalized development expenditures relate to the development of new versions of SyntheticMR's software products. These development expenditures are capitalized and depreciated over 5 years after the product is released on the market and the asset can thus be considered to contribute to the company's revenue.

An impairment test for proprietary intangible asset is conducted annually for those projects where depreciation hasn't started and when indications of an impairment loss prevail. The recoverable amount for cash-generating units is determined based on value in use.

For all capitalized expenses, depreciation has begun. An evaluation has been made as to whether there are any indications of impairment losses. Based on the company's financial development in 2018, the expected growth rate and the amount of assets capitalized, no formal impairment test has been performed.

Note 15 Patent

TSEK	2018	2017
Opening balance	2,701	2,264
New acquisitions	350	437
Closing balance	**3,051**	**2,701**
Opening balance, accumulated amortization	-1,827	-1,529
Amortization for the year	-209	-298
Closing balance	**-2,036**	**-1,827**
Closing carrying amount	**1,015**	**874**

Note 16 Equipment and fittings

TSEK	2018	2017
Opening balance	163	163
New acquisitions	0	0
Closing balance	**163**	**163**
Opening balance, accumulated amortization	-143	-126
Amortization for the year	-18	-17
Closing balance	**-161**	**-143**
Closing carrying amount	**2**	**20**

Note 17 Deferred taxes

TSEK	2018	2017
Unutilized loss carryforwards	-	2,880
TOTAL	**0**	**2,880**

Note 18 Accounts receivable

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

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

With regard to the company's matrix for calculating credit loss, with associated historical and future information together with individual analysis, no credit losses have been reserved for. Below is an age distribution of companies' outstanding accounts receivable, where 96 percent are not due.

TSEK	2018	2017
Age analysis carrying amount		
Not overdue	14,259	10,117
Past due 0-30 days	339	568
Past due 30-90 days	271	-
Past due more than 90 days	43	-
TOTAL	**14,912**	**10,685**

Note 19 Prepaid expenses and accrued income

TSEK	2018	2017
Prepaid rent	279	256
Other items	633	623
TOTAL	**912**	**879**

Note 20 Cash and cash equivalents

TSEK	2018	2017
The following sub-components are included in cash and cash equivalents:		
Cash and bank balance	32,090	16,989
TOTAL	**32,090**	**16,989**

Note 21 Financial instruments

The company holds the following financial assets and liabilities.

TSEK	2018	2017
Financial assets valued at amortized costs		
Accounts receivable	14,912	10,685
Other financial assets	523	132
Cash	32,090	16,989
TOTAL	**47,845**	**27,806**

TSEK	2018	2017
Financial liabilities valued at amortized costs		
Accounts payable	1,941	1,534
TOTAL	**1,941**	**1,534**

Note 22 Share capital

As of December 31, 2018, the registered share capital amounted to SEK 896,897.31, divided into 4,040,078 shares. SyntheticMR has only one type of share. The shares are represented by one vote each and are entitled to equal shares of distributable earnings. For additional information, see Section SyntheticMR – The Share, page 30.

Note 23 Accrued expenses and deferred income

TSEK	2018	2017
Vacation pay liability	1,134	1,173
Accrued board fee	360	428
Accrued salaries	1,117	552
Accrued social security expenses	821	676
Deferred income	1,206	1,355
Other items	965	478
TOTAL	**5,604**	**4,662**

Note 24 Related parties

For a description of transactions with persons in a leading position and the Board of Directors, see Note 9. During 2018, transactions with related parties took place totaling SEK 900,000. The amount refers to consulting fees to the board member Marcel Warntjes in his role as responsible for innovation and as senior advisor to the company's management. Invoicing has taken place at market value. In addition, invoicing of board fees from two members of the Board of Directors totaling SEK 330,000 is included. No other transactions have been made with related persons.

Note 25 Events after balance sheet date

SyntheticMR has sold the first licenses of MAGiC AW to GE Healthcare. These licenses mean that the clinics can now get the same functionality in the "reading room" that they previously had at the MRI system.

The Board of Directors of SyntheticMR AB has appointed Ulrik Harrysson as the new CEO of SyntheticMR AB. He will take office no later than September 1, 2019.

Note 26 Transitional effects on accounting in accordance with IFRS 15

See below for effects on the company's financial reports.

TSEK	2017-12-31	Effect from IFRS 15	2018-01-01
ASSETS			
FIXED ASSETS			
Capitalized development expenditure	6,694		6,694
Patent	874		874
Equipment, fixtures and fittings	20		20
Deferred tax assets	2,880	231	3,111
Total tangible fixed assets	**10,468**	**231**	**10,699**
CURRENT ASSETS			
Accounts receivable	10,685		10,685
Other receivables	45		45
Prepaid expenses and accrued income	879		879
Cash and bank balances	**16,989**		**16,989**
TOTAL CURRENT ASSETS	**28,598**	**0**	**28,598**
TOTAL ASSETS	**39,066**	**231**	**39,297**
EQUITY AND LIABILITIES			
Shareholder´s equity			
Share capital	897		897
Fund for development expenditures	4,101		4,101
Other paid-in capital	17,762		17,762
Retained earnings	1,106	-821	285
Profit for the year	8,361		8,361
TOTAL SHAREHOLDER´S EQUITY	**32,227**	**-821**	**31,406**
Current liabilities			
Accounts payable	1,534		1,534
Tax liabilities	299		299
Other liabilities	344		344
Accrued expenses and prepaid income	4,662	1,052	5,714
Total current liabilities	**6,839**	**1,052**	**7,891**
TOTAL EQUITY AND LIABILITIES	**39,066**	**231**	**39,297**

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

Stockholm April 7, 2019

Staffan Persson
Chairmain of the board

Stefan Tell
CEO

Yvonne Mårtensson
Board member

Marcel Warntjes
Board member

Johan Sedihn
Board member

Our audit report was submitted on April 8, 2019
BDO Mälardalen AB

Jörgen Lövgren
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of
SynthticMR AB (publ)
Corporate identity number 556723-8877

Report on the annual accounts

Opinions

We have audited the annual accounts of SynthticMR AB (publ) for the year 2018. The annual accounts of the company are included on pages 34-62 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of SynthticMR AB (publ) as of December 31 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act and International Financial Reporting Standards (IFRS), with the exceptions stated in RFR2. The statutory administration report is consistent with the other parts of the annual accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information is found on pages 1–33.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act and in accordance with IFRS with the exceptions stated in RFR 2. The board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of SyntheticMR AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

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

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

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

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

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

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

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

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

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

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

Stockholm April 8th, 2019
BDO Mälardalen AB

Jörgen Lövgren
Authorized Public Accountant

Information to the shareholders

The Annual General Meeting will be held on Monday April 29, 2019, at. 18.00 in Linköping, Storgatan 11.

Shareholders who want to participate should

- Be recorded in the Euroclear Sweden AB share register on April 23rd, 2019
- Notify its intention to attend the Annual General Meeting to the company no later than Tuesday April 23rd, 2019.

Notice

The notification must be made either by mail to SyntheticMR AB, Storgatan 11, 582 23 Linköping, tel. +46 (0) 72 303 13 39 or by e-mail to info@syntheticmr.com. Enter the text *"Registration AGM SyntheticMR AB"* at the time of notification.

At registration, shareholders must state name, address, telephone number (daytime), civic registration number / corporate identity number, number of shares represented, and any representatives and assistants to attend. Power of attorney, registration certificates and other authorization documents should, in order to facilitate the Annual General Meeting, be submitted to the Company by Tuesday April 23rd, 2019. Please note that any power of attorneys must be provided in original.

Shareholders of nominee-registered shares held through a bank or other custodian must request temporary registration under their own names in the share register at Euroclear Sweden AB in order to be entitled to participate in the meeting. Such re-registration, must be completed no later than Tuesday, April 23rd, 2019, which means that shareholders must notify their nominee well in advance of this.

Financial reports 2019

- Quarterly report for January–March 2019 will be published on April 29th, 2019.
- Quarterly report for January–June 2019 will be published on July 17th, 2018.
- Quarterly report for January–September 2019 will be published on November 12th, 2019.
- Year-end report for 2019 will be published on February 27th, 2020.

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

For further information contact:

Fredrik Jeppsson, CFO and Head of Investor Relations, +46 72 30 313 39 or
Stefan Tell, CEO, +46 73 37 340 90 SyntheticMR AB.

Dictionary

Helium-free MR system	Helium is used in MR cameras to cool down the heat that gets off the magnetic field. The problem is that helium is in short supply and therefore very expensive. Philips among others has developed an MR camera that requires only a few liters of helium compared to what other cameras require.
Relaxation time	The relaxation time is the time it takes for the proton to return to its normal position after a magnetic pulse.
Inversion time	It is the time for the proton to have an inversion pulse to the camera takes a picture.
Relaxation values	The values you get when measuring the relaxation time.
Axons	Axons are nerve thread that leads the signals between the nerve cells. A human has axons throughout the body.
Synovitis	A medical word for dermatitis.
Biomarker	A biomarker is something that can be measured and shows disease. One example is lowering blood samples.
Pathology (pathologies)	The doctrine of diagnosing diseases from tissue samples (disease of tissues).
Proton Density	In MR it is the protons that are present in water that gives signal to the image. Proton density indicates how many protons are in a particular place.
Cerebrospinal fluid	The fluid around the brain and spinal cord. The fluid protects and cleans the organs.

Design/production Linkin AB • **Content** SyntheticMR AB • **Photo** David Einar • **Cover image** Isabelle Alsén • **Print** Larsson Offsettryck AB


"We're imaging the future
of quantitative MRI"
SyntheticMR
SyntheticMR AB (publ)
Storgatan 11 • SE 582 23
Linköping • Sweden
syntheticmr.com