

»Clinical guidelines in the US and Europe support Senzime's patient monitoring technology, laying the foundation for long-term growth«

»Increased sales of TetraSens and customer mix strengthen gross margin to 65 percent«

### October - December 2022

- Net sales amounted to TSEK 4,550 (3,717), a 22 percent increase. Sales of instruments were TSEK 1,603 (1,358), an 18 percent increase. Sales of disposables were TSEK 2,947 (2,358), a 25 percent increase.
- Adjusted sales<sup>1</sup> increased by 59 percent.
- Adjusted for the acquisition of RMI and currency fluctuations, net sales decreased by -21 percent.
- The gross margin excluding amortization was 65.3 percent (45.4).
- EBITDA was TSEK -37,458 (-21,561).
- Profit (loss) after financial items was TSEK -42,692 (-24,366).
- Earnings per-share were SEK -0,61 (-0.38).
- Cash and cash equivalents as of December 31, 2022, were TSEK 26,035 (74,872).

### January - December 2022

- Net sales amounted to TSEK 14,034 (10,980), a 28 percent increase. Sales of instruments were TSEK 6,686 (5,570), a 20 percent increase. Sales of disposables were TSEK 7,348 (5,410), a 36 percent increase.
- Adjusted sales<sup>1</sup> increased by 80 percent.
- Adjusted for the acquisition of RMI and currency fluctuations, net sales decreased by -1 percent.
- The gross margin excluding amortization was 62.0 percent (54.3).
- EBITDA was TSEK -118,353 (-73,300). Adjusted for RMI related acquisition costs, EBITDA was TSEK -101,587 (-73,300).
- Profit (loss) after financial items was TSEK -134,358 (-84,289).
- Earnings per-share were SEK -1.99 (-1.31).
- The acquisition of RMI was completed on July 1, 2022 (see page 17).

### Events after the end of the quarter

On January 23, 2023, Senzime resolved on a rights issue of approximately SEK 100 m and published its terms & conditions. More information on page 5.

kSEK	Q4		Q1-Q4	
	2022	2021	2022	2021
Net sales	4,550	3,717	14,034	10,980
EBITDA	-37,458	-21,561	-118,353	-73,300
Profit (loss) after financial items	-42,692	-24,366	-134,357	-84,288
Earnings per share (SEK)	-0.61	-0.38	-1.99	-1.31
Gross margin excl. amortization (%)	65.3	45.4	62.0	54.3
Solidity (%)	81.4	86.3	81.4	86.2

Figures in brackets above are for the corresponding period of the previous year. Unless otherwise stated, all information refers to the group.

1. Adjusted for currency, non-recurring items, and RMI, which was acquired in the third quarter. Non-recurring items refer to estimated inventory build-up by distributors in South Korea and the US.

# A stronger platform for continued growth

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**Many key pieces fall into place in 2022:** our strategic acquisition of RMI of the US, a license and collaborative agreement with Masimo, a new commercial strategy in the US, major new customers in Europe and the US, plus clinical guidelines published supporting our technology. We've worked strategically to create a commercial platform, and our investments in direct sales on our core markets, combined with distributors on other key markets, are starting to pay off.

**In the fourth quarter** we reported strong underlying direct sales growth, above all for sensor sales. Net sales grew by 59 percent to SEK 4.6 m, adjusted for the acquisition of Respiratory Motion Inc. (RMI), currency effects and non-recurring items. In Europe, underlying sales increased by 46 percent, and in the US by 126 percent. Our gross margin expanded from around 45 percent to 65 percent, reflecting sensors accounting for a higher sales share.

**The installed base** of TetraGraph® systems generated disposable sensor sales of SEK 2.9 m, an increase of 111 percent adjusted for the acquisition of RMI, currency fluctuations and non-recurring items. We also secured our first order of TetraSens® Pediatric, for monitoring children, from a leading US university hospital in the period.

**In the fourth quarter**, clinical guidelines were adopted by the American Society of Anesthesiologists (ASA) in the USA and the European Society of Anaesthesiology and Intensive Care (ESAIC) in Europe. Both these guidelines, now published in leading scientific journals, recommend the type of technology that Senzime's TetraGraph system is based on for monitoring patients receiving muscle relaxant drugs as part of general anesthesia. We're already seeing how these guidelines have increased market interest, and we expect demand will continue to grow in 2023, helping our continued positive sales performance.

**The ExSpiron® monitoring system**, included in the acquisition of RMI, is now integrated into our product portfolio, and our sales force and distributors are starting to position it commercially. ExSpiron fits our business well, offering the potential to help improve care end to end in the value chain. However, our current focus is on commercialization in those segments adjacent to the TetraGraph system, to optimize synergies.

**Healthcare decision-making and budget processes** in different countries can affect performance between quarters, as can large single orders. However, we're seeing a really positive underlying market trend, with interest in, and demand for, our solutions



increasing. In 2023, I expect robust and accelerated sales performance demonstrating that our mid to long-term goals are within reach.

**The rights issue we've announced**, with commitments from our main shareholders, gives every shareholder the opportunity to remain part of our journey. I'm really grateful that shareholders representing close to 50 percent have announced their intention to subscribe for their pro rata holdings. This issue empowers us to keep scaling up our sales channels in the US and accelerate our collaborative projects with Masimo of the US.

**I'm so proud** of where we are today, and the work done by all our professionals at Senzime. I'm looking forward to us continuing to work together to reduce complications and patient suffering, while contributing to improved quality of care.

Pia Renaudin, CEO

Uppsala, Sweden, February 2023

# Comments on the Report

## Revenue and profit in the fourth quarter 2022

The group's net sales in the fourth quarter 2022 were TSEK 4,550 (3,716), corresponding to an increase of 22% on the fourth quarter of the previous year. Adjusted for non-recurring items, sales of RMI products and currency fluctuations, sales increased by 59 percent. Non-recurring items consist of estimated inventory build-up of a non-recurring nature by distributors in South Korea and the US.

Growth was primarily driven by strong sales of monitors and disposable sensors in Europe. Sales of monitors increased by 17 percent, and disposable sensors by 93 percent, adjusted for RMI and currency fluctuations. In the US, underlying sales adjusted for currency, RMI and non-recurring items increased by 126 percent. On our main markets, the installed base of monitors was the main driver of the high sensor sales growth.

The gross margin excluding amortization in the period was 65.3 percent, compared to 45.4 percent for the corresponding quarter of the previous year. This increase relates primarily to the product and customer mix, where a higher share of total sales is sourced from the high-margin product TetraSens compared to the fourth quarter 2021.

The group's total operating expenses in the quarter were TSEK 41,390 (23,247). Continued development of the marketing organizations in the USA and Germany, and negative currency effects, caused cost increases compared to the corresponding quarter of the previous year.

Earnings before interest and taxes in the fourth quarter were TSEK -42,485 (-24,333). Accordingly, earnings before interest and taxes for the period were TSEK -42,692 (-24,366).



## Revenue and profit in January - December 2022

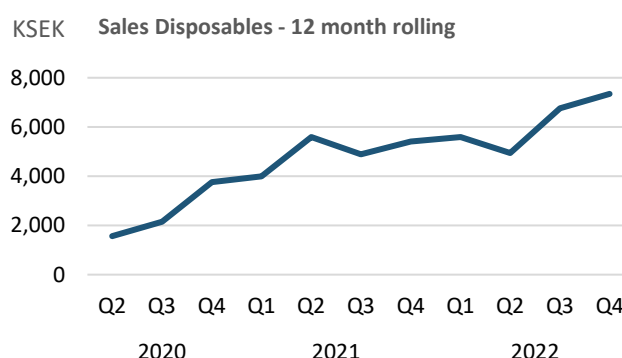
Net sales in the period January - December 2022 were TSEK 14,034 (10,980), an increase of 28 percent on the corresponding period of the previous year. Adjusted for non-recurring items, sales of RMI products and currency fluctuations, sales were up by 80 percent.

Growth is mainly from direct sales in the US, with increased sales of TetraSens to current customers with installed bases, and from distributor sales in Europe, primarily from increased shipments of TetraGraph systems.

The gross margin excluding amortization in the period was 62.0 percent, compared to 54.3 percent for the corresponding period of the previous year. This increase relates primarily to the product and customer mix, where a higher share of total sales is sourced from the high-margin product TetraSens.

The group's total operating expenses were TSEK 129,509 (79,268). The acquisition of RMI and continued build-up of sales resources in the USA and Germany have caused cost increases between periods. However, expenses related to the acquisition of RMI for period amounted to TSEK 16,767, and accordingly, adjusted for them, the group's total operating expenses were TSEK 112,742 (79,268). The integration of RMI has been completed, which has also contributed to the cost increase.

Earnings before interest and taxes for the period were TSEK -133,905 (-84,191). Financial expenses for the period were TSEK -453 (-98). Loss after financial items for the period were TSEK -134,358 (-84,289)



kSEK Oct-Dec	Reported			RMI	RMI and
	2022	2021	Growth	adjusted	currency
				adjusted	adjusted
<b>US</b>	<b>1,820</b>	<b>1,534</b>	<b>19%</b>	<b>-9%</b>	<b>-23%</b>
Devices/Other	76	480	-84%	-87%	-88%
Disposables	1,744	1,054	65%	27%	7%
<b>Europa</b>	<b>2,570</b>	<b>1,108</b>	<b>132%</b>	<b>55%</b>	<b>46%</b>
Devices/Other	1,369	687	99%	28%	17%
Disposables	1,201	421	185%	100%	93%
<b>RoW</b>	<b>159</b>	<b>1,074</b>	<b>-85%</b>	<b>-85%</b>	<b>-86%</b>
Devices/Other	158	191	-17%	-17%	-26%
Disposables	1	883	-100%	-100%	-100%
<b>Senzime Oct-Dec</b>	<b>4,550</b>	<b>3,716</b>	<b>22%</b>	<b>-12%</b>	<b>-21%</b>
Devices/Other	1,603	1,358	18%	-19%	-25%
Disposables	2,947	2,358	25%	-8%	-18%

kSEK Jan-Dec	Reported			RMI	RMI and
	2022	2021	Growth	adjusted	currency
				adjusted	adjusted
<b>US</b>	<b>6,801</b>	<b>4,092</b>	<b>66%</b>	<b>38%</b>	<b>18%</b>
Devices/Other	2,108	2,315	-9%	-11%	-22%
Disposables	4,693	1,777	164%	101%	71%
<b>Europa</b>	<b>6,559</b>	<b>3,546</b>	<b>85%</b>	<b>61%</b>	<b>53%</b>
Devices/Other	3,929	2,042	92%	68%	59%
Disposables	2,630	1,504	75%	50%	44%
<b>RoW</b>	<b>674</b>	<b>3,342</b>	<b>-80%</b>	<b>-80%</b>	<b>-81%</b>
Devices/Other	649	1,213	-47%	-47%	-59%
Disposables	26	2,129	-99%	-99%	-100%
<b>Senzime Jan-Dec</b>	<b>14,034</b>	<b>10,980</b>	<b>28%</b>	<b>9%</b>	<b>-1%</b>
Devices/Other	6,686	5,570	20%	10%	2%
Disposables	7,348	5,410	36%	8%	-4%

## Financial position

The group's equity was TSEK 261,903 (150,580) at the end of the fourth quarter. The equity/assets ratio was 81.4 percent (86.2). At the end of the period, the company's cash and cash equivalents were TSEK 26,035 (74,872).

On January 23, 2023, the Board decided on a new share issue of approximately SEK 100 m with preferential rights for existing shareholders. The purpose of this rights issue is to implement a number of initiatives as part of scaling up operating activities, such as ensuring scale and delivery in hardware and software development as well as commercialization of the strategic collaborative agreement with Masimo. The company also intends to finance the general working capital requirement against the background of expected growth. The Board's opinion is that this funding is sufficient to ensure the operation of the business for at least a twelve-month period based on existing plans. The Board expects that further expansion beyond plan will require additional funding.

## Cash flow and investments

Cash flow from operating activities including changes in working capital for the fourth quarter was TSEK -29,463 (-20,561). The negative cash flow is due to the loss reported, balanced by a positive change in working capital. Cash flow from investing activities for the third quarter amounted to TSEK -1,224 (-1,257). Investments in the period largely related to capitalization of development projects. Cash flow from financing activities was approximately TSEK -935 (-351) for the fourth quarter.

Cash flow from operating activities including changes in working capital for the period January - December 2022 was TSEK -136,778 (-81,328). The negative cash flow is largely due to the loss reported, as well as a one-off payment related to RMI's net debt in conjunction with the acquisition of RMI. Cash flow from investing activities for the period January - December 2022 was TSEK -4,977 (-2,974), largely related to capitalization of development projects. Cash flow from financing activities for the period January-December 2022 was TSEK 92,364 (-945). In June 2022, Senzime conducted a directed new share issue that raised approximately TSEK 100,000 for the company before issue expenses, and approximately TSEK 95,000 after issue expenses.

## Stock options

### Staff stock options

The group has four staff stock option programs, totaling 2,556,050 options. See note 8 of this Year-end Report for more detail.

### Dilution

Based on the existing number of shares and outstanding staff stock options and share warrants, dilution from the programs, assuming all options (including those not yet granted) are exercised to subscribe for new shares, would be a maximum of 3.7 percent.

## Parent company and subsidiaries

Most of the group's operations are conducted in the parent company. For comments on the parent company's results of operations, see the comments on the group. US company Respiratory Motion, Inc. was acquired in the third quarter 2022, and is a 100%-owned subsidiary of Senzime AB. US company Senzime, Inc. started operating activities in the second quarter 2020. Sales in the USA are conducted in-house and via local distributors. German subsidiary Senzime GmbH started operations in the first quarter 2021. The group's two other subsidiaries exclusively hold certain rights that have been licensed to the parent company against royalty payments.

## Sustainability

Senzime's operations help improve global health and patient safety by reducing anesthesia-related and respiratory complications, as well as cutting healthcare costs of surgical procedures and emergency treatment. Senzime's sustainability work supports its commitment to patients, and endeavors to achieve sustainable development based on responsible action that is consistent with core values. In the fourth quarter, Senzime conducted a materiality analysis and initiated stakeholder dialogues. Another fundamental part of sustainability work was that at the end of 2022, Senzime initiated the process of joining the UN Global Compact, which means the company committing to managing its business according to the 10 Principles on labor, human rights, anti-corruption and the environment.

### Other significant events in the quarter

Clinical guidelines have been adopted in the US and EU; the American Society of Anesthesiologists (ASA) has now published clinical guidelines for the monitoring and reversal of neuromuscular blockade. These guidelines recommend the type of technology Senzime's employs for neuromuscular monitoring, and this is the first time the ASA has recommended neuromuscular monitoring.

The European Society of Anaesthesiology and Intensive Care (ESAIC) strongly recommends the use of quantitative neuromuscular monitoring to prevent complications related to NMBAs. Senzime's TetraGraph system satisfies these new guidelines, enabling increased patient safety and fewer complications.

### Significant events after the end of the quarter

On January 23, 2023, the Board decided on a new share issue of approximately SEK 100 m with preferential rights for existing shareholders. The purpose of this rights issue is to implement a number of initiatives as part of scaling up operating activities. The rights issue is 90.7% covered by subscription commitments, letters of intent and guarantee commitments. The Board's decision on the rights issue is subject to the approval of an Extraordinary General Meeting scheduled for February 16, 2023. The subscription price is set at SEK 7.25 per share and involves a maximum of 13,976,797 new shares, which will raise Senzime approximately SEK 100 m in issue proceeds before deducting transaction costs, providing the issue is fully subscribed. The subscription period runs from February 21 to March 7.

### Risks and uncertainty factors

A number of risk factors may have a negative impact on the operations of Senzime. Accordingly, it is important to consider relevant risks besides the company's growth potential. A review of the group's significant financial and business risks is included in the Statutory Administration Report and annual accounts for 2021. The company does not consider that any further significant risks have arisen.

### Outlook

Just like many other companies, Senzime has faced major challenges from the Covid-19 pandemic. The fundamental need for neuromuscular monitoring has not reduced, even if surgery has been deferred to satisfy and enable the supply of medical staff. The pandemic impacted the number of trials conducted in 2020 and 2021. Access to hospitals has varied between countries. However, Senzime has enjoyed increased access to hospitals in 2022. Senzime has no operations in either Russia or Ukraine. It is also too early to judge the possible consequences of a long-term conflict between these countries.

### Review

This Year-end Report has not been reviewed by the auditors.

## Board of Directors' certification

The Board of Directors and CEO certify that this Year-end Report gives a true and fair view of the parent company's and the group's operations, financial position, and results of operations, and reviews the significant risks and uncertainties faced by the parent company and companies in the group.

Uppsala Stockholm, February 1, 2023

**Philip Siberg**  
*Chairman of the Board*

**Sorin J. Brull**  
*Board member*

**Adam Dahlberg**  
*Board member*

**Laura Piccinini**  
*Board member*

**Lennart Kalén**  
*Board member*

**Eva Walde**  
*Board member*

**Jenny E Freeman**  
*Board member*

**Pia Renaudin**  
*Chief Executive Officer*

## Condensed Consolidated Statement of Comprehensive Income\*

Amounts in SEK thousands	Note	Q4		Jan-Dec	
		2022	2021	2022	2021
Net sales	2	4,550	3,717	14,034	10,980
Cost of goods sold	3	-5,645	-4,801	-18,429	-15,903
<b>Gross profit (loss)</b>		<b>-1,095</b>	<b>-1,084</b>	<b>-4,395</b>	<b>-4,923</b>
Development expenditure	4	-6,461	-3,898	-19,463	-12,527
Selling expenses	4	-23,475	-13,338	-70,045	-39,533
Administrative expenses	4,5,8,9	-8,154	-6,538	-44,340	-28,175
Other operating income		3,361	1,373	16,461	2,884
Other operating expenses		-6,661	-848	-12,123	-1,917
<b>Earnings before interest and taxes</b>		<b>-42,485</b>	<b>-24,333</b>	<b>-133,905</b>	<b>-84,191</b>
Financial income		-	-	-	-
Financial expenses		-207	-33	-453	-98
<b>Financial items - net</b>		<b>-207</b>	<b>-33</b>	<b>-453</b>	<b>-98</b>
<b>Profit (loss) after financial items</b>		<b>-42,692</b>	<b>-24,366</b>	<b>-134,358</b>	<b>-84,289</b>
Income tax		-194	594	1,658	2,146
<b>Profit (-loss) for the period</b>		<b>-42,886</b>	<b>-23,772</b>	<b>-132,700</b>	<b>-82,143</b>

Amounts in SEK thousands	Note	Q4		Jan-Dec	
		2022	2021	2022	2021
<b>Profit (-loss) for the period</b>		<b>-42,886</b>	<b>-23,772</b>	<b>-132,700</b>	<b>-82,143</b>
<b>Other comprehensive income</b>					
<b>Items reclassifiable to profit or loss</b>					
Translation differences		-7,788	-998	2,348	-580
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>-50,674</b>	<b>-24,770</b>	<b>-130,352</b>	<b>-82,723</b>

Profit/loss for the year and total comprehensive income are wholly attributable to equity holders of the parent.

### Earnings per share, based on profit/loss for the year attributable to equity holders of the parent

SEK	Note	Q4		Jan-Dec	
		2022	2021	2022	2021
Weighted average number of shares, before dilution	6	69,883,985	62,493,290	66,627,234	62,493,290
Weighted average number of shares, after dilution	6	69,883,985	62,660,393	66,627,234	62,679,957
<b>Earnings per share, basic and diluted, SEK</b>	6	<b>-0.61</b>	<b>-0.38</b>	<b>-1.99</b>	<b>-1.31</b>

\* Q3 items for 2022 restated. The final acquisition analysis for RMI meant the previous Income Statement and Balance Sheet published as of September 30 have been restated. More information in note 9.



# Condensed Consolidated Balance Sheet

Amounts in SEK thousands	Note	31 Dec	
		2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets		243,328	74,159
Property plant and equipment		2,285	1,286
Rights of use		13,781	1,884
Other financial assets		4,084	1,735
<b>Total non-current assets</b>		<b>263,478</b>	<b>79,064</b>
<b>Current assets</b>			
Inventories		21,652	8,834
Trade receivables and other receivables		4,210	4,936
Other receivables		4,746	5,644
Prepaid expenses and accrued income		1,721	1,272
Cash and cash equivalents		26,035	74,872
<b>Total current assets</b>		<b>58,364</b>	<b>95,558</b>
<b>Total assets</b>		<b>321,842</b>	<b>174,622</b>
<b>Equity and liabilities</b>			
<b>Equity</b>		<b>261,903</b>	<b>150,580</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions		2,886	1,735
Lease liability		10,506	617
Deferred tax liability		25,361	9,712
<b>Total non-current liabilities</b>		<b>38,753</b>	<b>12,064</b>
<b>Current liabilities</b>			
Lease liability		2,537	1,017
Trade payables		7,318	3,941
Other current liabilities		2,508	2,062
Accrued expenses		8,823	4,958
<b>Total current liabilities</b>		<b>21,186</b>	<b>11,978</b>
<b>Total equity and liabilities</b>		<b>321,842</b>	<b>174,622</b>



## Condensed Consolidated Statement of Changes in Equity

Amounts in SEK thousands	Note	Attributable to parent company's shareholders				Total equity
		Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	
<b>Opening balance January 1, 2021</b>		7,812	397,553	1,913	-175,932	231,346
Profit (-loss) for the period					-82,143	-82,143
Other comprehensive income				-580		
<b>Total comprehensive income</b>		-	-	<b>-580</b>	<b>-82,143</b>	<b>-82,723</b>
<b>Transactions with shareholders in their capacity as owners</b>						
Staff stock options					1,957	1,446
New share issue						
Expenses attributable to new share issues						
<b>Total transactions with shareholders</b>		-	-	-	<b>1,957</b>	<b>1,957</b>
<b>Closing balance December 31, 2021</b>		<b>7,812</b>	<b>397,553</b>	<b>1,333</b>	<b>-256,118</b>	<b>150,580</b>

Amounts in SEK thousands	Note	Attributable to parent company's shareholders				Total equity
		Share capital	Other contributed capital	Reserves	Retained earnings incl. profit (loss) for the year	
<b>Opening balance January 1, 2022</b>		7,812	397,553	1,333	-256,118	150,580
Adjustment of translation difference				621	-621	
<b>Adjusted opening balance January 1, 2022</b>		<b>7,812</b>	<b>397,553</b>	<b>1,954</b>	<b>-256,739</b>	<b>150,580</b>
Profit (-loss) for the period					-132,701	-112,808
Other comprehensive income				2,348		23,552
<b>Total comprehensive income</b>		-	-	<b>2,348</b>	<b>-132,701</b>	<b>-130,353</b>
<b>Transactions with shareholders in their capacity as owners</b>						
Staff stock options					1,577	1,577
Set-off issue upon acquisition		168	130,804			130,972
Expenses attributable to new share issues			-244			-244
Settlement of debts		97	14,286			14,383
Directed cash issue		658	99,342			100,000
Expenses attributable to new share issues			-5,012			-5,012
<b>Total transactions with shareholders</b>		<b>923</b>	<b>239,176</b>	-	<b>1,577</b>	<b>241,676</b>
<b>Closing equity December 31, 2022</b>		<b>8,735</b>	<b>636,729</b>	<b>4,302</b>	<b>-387,863</b>	<b>261,903</b>

## Condensed Consolidated Statement of Cash Flow

Amounts in SEK thousands	Note	Q4		Jan-Dec	
		2022	2021	2022	2021
<b>Cash flow from operating activities</b>					
Earnings before interest and taxes		-42,484	-24,333	-133,905	-84,191
<i>Adjustment for non-cash items</i>					
Depreciation and amortization		5,025	2,800	15,550	10,987
Other non-cash items		457	245	1,831	1,920
Interest paid		-8	-33	-23	-98
Income tax paid		-107	-44	-240	-273
<b>Cash flow from operating activities before change in working capital</b>		<b>-37,117</b>	<b>-21,365</b>	<b>-116,787</b>	<b>-71,655</b>
<b>Cash flow from change in working capital</b>					
Increase/decrease in inventories		-3,583	-464	-5,496	-5,086
Increase/decrease in trade receivables		-545	-1,348	1,862	-1,651
Increase/decrease in operating receivables		5,604	-808	6,583	-413
Increase/decrease in trade payables		3,021	1,341	1,388	-777
Increase/decrease in accounts payables		3,184	2,083	-24,328	-1,746
<b>Total change in working capital</b>		<b>7,681</b>	<b>804</b>	<b>-19,991</b>	<b>-9,673</b>
<b>Cash flow from operating activities</b>		<b>-29,436</b>	<b>-20,561</b>	<b>-136,778</b>	<b>-81,328</b>
<b>Cash flow from investing activities</b>					
Investments in tangible assets		-80	-333	-979	-1,171
Investments in intangible assets		-1,144	-924	-4,129	-1,803
Investments in participations in group companies		-	-	131	-
<b>Cash flow from (-used in) investing activities</b>		<b>-1,224</b>	<b>-1,257</b>	<b>-4,977</b>	<b>-2,974</b>
<b>Cash flow from financing activities</b>					
Payments made for repayment of lease liabilities		-935	-351	-2,380	-945
New share issue, net of transaction expenses		-	-	94,744	-
<b>Cash flow from financing activities</b>		<b>-935</b>	<b>-351</b>	<b>92,364</b>	<b>-945</b>
<b>Decrease/increase in cash and cash equivalents</b>		<b>-31,595</b>	<b>-22,169</b>	<b>-49,391</b>	<b>-85,247</b>
Cash and cash equivalents at beginning of period		58,389	97,436	74,872	160,310
Exchange difference in cash and cash equivalents		-759	-395	554	-191
<b>Cash and cash equivalents at end of period</b>		<b>26,035</b>	<b>74,872</b>	<b>26,035</b>	<b>74,872</b>

## Parent company Income Statement

Amounts in SEK thousands	Note	Q4		Jan-Dec	
		2022	2021	2022	2021
Net sales	2	5,422	5,060	13,643	15,450
Cost of goods sold	3	-3,194	-2,773	-8,564	-9,316
<b>Gross profit (loss)</b>		<b>2,228</b>	<b>2,287</b>	<b>5,079</b>	<b>6,134</b>
Development expenditure	4	-4,625	-3,893	-14,728	-12,527
Selling expenses	5	-36,507	-18,358	-64,491	-28,173
Administrative expenses	9	-7,479	-7,082	-25,007	-37,994
Other operating income		3,007	1,281	16,043	2,788
Other operating expenses		-6,616	-1,019	-12,073	-2,085
<b>Earnings before interest and taxes</b>		<b>-49,992</b>	<b>-26,784</b>	<b>-95,177</b>	<b>-71,857</b>
Financial income		1,598	-	1,598	-
Financial expenses	1	-12	-12	-2	-14
<b>Financial items - net</b>		<b>1,599</b>	<b>-12</b>	<b>1,596</b>	<b>-14</b>
<b>Profit (loss) after financial items</b>		<b>-48,393</b>	<b>-26,796</b>	<b>-93,581</b>	<b>-71,871</b>
<b>Profit (-loss) for the period</b>		<b>-48,393</b>	<b>-26,796</b>	<b>-93,581</b>	<b>-71,871</b>

The parent company has no items recognized as other comprehensive income, so total comprehensive income is consistent with profit/loss for the year.

# Parent Company Balance Sheet

Amounts in SEK thousands	Note	31 Dec	
		2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible fixed assets		20,914	18,579
Property plant and equipment		1,457	984
Financial assets		246,194	34,786
<b>Total non-current assets</b>		<b>268,565</b>	<b>54,349</b>
<b>Current assets</b>			
Inventories		13,663	7,153
Trade receivables and other receivables		5,856	8,437
Receivables from Group companies		2,560	3,180
Prepaid expenses and accrued income		1,987	1,329
Cash and bank balances		20,434	74,173
<b>Total current assets</b>		<b>44,500</b>	<b>94,272</b>
<b>Total assets</b>		<b>313,065</b>	<b>148,621</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Restricted equity		33,351	28,940
Non-restricted equity		234,367	90,664
<b>Total equity</b>		<b>267,718</b>	<b>119,604</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions		2,886	1,735
<b>Total non-current liabilities</b>		<b>2,886</b>	<b>1,735</b>
<b>Current liabilities</b>			
Trade payables		5,820	3,852
Liabilities to Group companies		29,617	16,837
Other current liabilities		2,239	1,889
Accrued expenses		4,785	4,704
<b>Total current liabilities</b>		<b>42,461</b>	<b>27,282</b>
<b>Total equity and liabilities</b>		<b>313,065</b>	<b>148,621</b>

# Notes on the consolidated accounts

## Not 1. Accounting policies

This condensed Interim Report for the fourth quarter ending on December 31, 2022 has been prepared in accordance with IAS 34 "Interim Financial Reporting." The term "IFRS" in this document includes the application of IAS and IFRS, as well as their interpretations as published by the IASB Standards Interpretation Committee (SIC) and the IFRS Interpretations Committee (IFRIC). Application of the accounting policies is consistent with the annual accounts for the financial year ending on December 31, 2021 and should be read in conjunction with this Interim Report. There have been no amendments to IFRS in 2022 considered to have a material impact on the results of operations and financial position of the group. Unless specifically stated otherwise, all amounts are stated in thousands of Swedish kronor (SEK 000) information in brackets is for the comparative year.

The purchase method has been used for accounting the group's business combinations.

The purchase consideration for the acquisition of a subsidiary consists of the fair values of:

- assets taken over
- liabilities the group incurs to previous owners
- shares issued by the group
- assets or liabilities that are the consequence of an agreement on contingent consideration
- previous share of equity in the acquired entity

Identified acquired assets, liabilities and contingent liabilities taken over in a business combination are initially measured at fair value on the acquisition date. Acquisition-related expenses are expensed as they occur.

Goodwill is the amount of:

- transferred compensation and the fair value of previous equity shares of the acquired entity on the acquisition date.

Contingent considerations are classified as financial liabilities. Amounts classified as financial liabilities are restated in each period to fair value. Any revaluation gains and losses are recognized in profit or loss. If the business combination is a step acquisition, the previous equity shares of the acquired entity are restated to fair value at the acquisition date. Any gain or loss arising from the restatement is recognized in profit or loss.

## Not 2. Division of net sales

Amounts in SEK thousands	Q4		Jan-Dec	
	2022	2021	2022	2021
Devices/Other	1,603	1,358	6,686	5,570
* there of royalties	124	133	272	255
Disposables	2,947	2,358	7,348	5,410
<b>Total</b>	<b>4,550</b>	<b>3,716</b>	<b>14,034</b>	<b>10,980</b>

## Not 3. Cost of goods sold

Amounts in SEK thousands	Q4		Jan-Dec	
	2022	2021	2022	2021
Cost of materials	906	1,931	3,862	4,508
Personnel expenses	274	43	672	143
External services	285	56	537	365
Depreciation and amortization	4,180	2,771	13,358	10,887
<b>Total</b>	<b>5,645</b>	<b>4,801</b>	<b>18,429</b>	<b>15,903</b>

#### Not 4. Development, selling and administrative expenses by nature of cost

Amounts in SEK thousands	Q4		Jan-Dec	
	2022	2021	2022	2021
Personnel expenses	23,481	14,469	72,905	46,894
Consulting expenses	6,283	6,294	22,285	22,063
Depreciation and amortization	430	28	501	99
Other expenses	7,896	2,983	38,157	11,179
<b>Total</b>	<b>38,090</b>	<b>23,774</b>	<b>133,848</b>	<b>80,235</b>

#### Not 5. Transactions with related parties

During the period, two Directors invoiced SEK 1,867,000 (1,072,000) on market terms for consulting services rendered associated with the company's operating activities. These services were mainly rendered by Sorin Brull and Jenny Freeman.

#### Not 6. Earnings per share

SEK	Q4		Jan-Dec	
	2022	2021	2022	2021
Basic earnings per share	-0.61	-0.38	-1.99	-1.31
Diluted earnings per share	-0.61	-0.38	-1.99	-1.31
<b>Performance measure used in the calculation of earnings per share</b>				
Results attributable to the parent company's shareholders are used	Profit (-loss) for the period	Profit (-loss) for the period	Profit (-loss) for the period	Profit (-loss) for the period
Result attributable to the parent company's shareholders, SEK thousand	-42,887	-23,772	-132,701	-82,143
<b>No.</b>				
Weighted average no. of ordinary shares for calculating basic earnings per share	69,883,985	62,493,290	66,627,234	62,493,290
Adjustment for calculating diluted earnings per share	-	167,103	-	186,667
<b>Stock options</b>				
Weighted average no. of ordinary shares and potential shares used as denominator for calculating diluted earnings per share	69,883,985	62,660,393	66,627,234	62,679,957

Diluted earnings per share is not reported because it generates higher earnings per share because the company is loss making.

#### Share capital history

Date	Event	Number of shares	Share capital (SEK)	Quotient value (SEK)
Jan 1, 2022	Opening	62,493,290	7,811,661	0.125
Jun 1, 2022	Cash private placement	5,263,158	657,895	0.125
Jul 1, 2022	Settlement of debts	773,687	96,711	0.125
Jul 1, 2022	Set-off issue on acquisition	1,353,850	169,231	0.125
<b>Total, December 31, 2022</b>		<b>69,883,985</b>	<b>8,735,498</b>	<b>0.125</b>

All shares to be issued as payment for the acquisition of Respiratory Motion Inc. have not yet been issued. 6,350,400 shares remain un-issued.

## Not 7. Alternative performance measures

Senzime has defined the following alternative measures. The computations are published at [www.Senzime.com](http://www.Senzime.com).

Performance measure	Definition	Motive for use
Gross margin excl. amortization	Gross profit (loss) excl. amortization of intangible assets divided by net sales	The group uses the alternative performance measure gross margin excluding amortization because it illustrates the impact of amortization of capitalized development expenditure on gross margin.
EBITA	Earnings before interest and taxes excluding amortization of intangible assets	The group uses the alternative performance measure EBITA because it illustrates the impact of amortization of capitalized development expenses on operating profit.
Equity/assets ratio	Closing equity in the period divided by closing total assets in the period	The group uses the alternative performance measure equity/assets ratio because it illustrates the portion of the total assets that consist of equity, and has been included so investors will be able to assess the group's capital structure.
Items affecting comparability	Items of material value that do not have any clear relationship with ordinary activities and are of such nature that they cannot be expected to occur often. They may, for example, relate to acquisitions, major one-off orders, other unusual non-recurring revenue and expenses, capital gains/losses from divestments, restructuring expenses and impairment losses.	Enables improved understanding of the company's underlying operations.
Currency fluctuations	Adjusted for currency fluctuations on the net sales of operations excludes the effect of exchange rates by restating the net sales of operations for the relevant period by applying the rates of exchange used for the comparative period.	This performance measure is important for understanding the underlying progress of operations, and improves compatibility between periods

## Not 8. Staff stock option programs

### Staff stock option program 2022/2026

The AGM on May 18, 2022, resolved on an additional staff stock option program comprising 900,000 options. These staff stock options will be offered and granted to employees based on participants' individual performance in an evaluation period that continues until December 31, 2022 (the "Evaluation Period"). However, granting may be earlier or later subject to special decision by the Board of Directors. The maximum number of staff stock options that may be granted to participants is 200,000 staff stock options per person.

Granted staff stock options are vested for three years as follows: 20% of granted staff stock options will be vested on February 1, 2024; 20% of granted staff stock options will be vested on February 1, 2025; and 60% of granted staff stock options will be vested on February 1, 2026. Participants may exercise granted and vested staff stock options in the period February 1, 2026, to February 28, 2027. There has been no granting as yet, and the subscription price is set at SEK 30.00



### Dilution from option programs

In total, the Group's four staff stock option programs comprise 2,556,050 options, which on full exercise, would entail dilution of 3.7%. This assumes that all options are exercised, including staff stock options that have not yet been granted.

### Not 9. Business combinations

On July 1, 2022, Senzime AB acquired 100% of the share capital of American company Respiratory Motion, Inc. (RMI).

RMI is a Boston-based medical technology company that develops and markets systems for monitoring respiratory function and other vital functions. The company's solution ExSpiron® is a unique, non-invasive system that monitors patient breathing volume and respiratory rate in real time. ExSpiron is based on many years of research by physicians in the USA and is protected by 14 patent families and proprietary algorithms. The system is CE and FDA approved and has been validated on over 6,000 patients in more than 30 scientific publications.

Monitoring patient respiratory function is critical, and closely monitored during surgery according to standardized protocols. However, a significant proportion of patients need continued monitoring of respiratory rates and volume in real time even postoperatively, when they come to a ward. Adequate equipment that can provide early warnings of respiratory depression and prevent complications in patients who are not intubated is often absent.

Respiratory depression affects up to 30% of patients undergoing various types of pain treatment (analgesia) in postoperative care. This leads to complications, extra care time and increased costs for caregivers.

Like Senzime's TetraGraph®, ExSpiron® is based on a "razor and razorblade" sales model powered by an installed base of monitors with the associated disposable sensors. The estimated total addressable market in the United States alone amounts to more than USD 4 billion, which, combined with RMI's access to approximately 5,500 hospitals, enables rapid growth of the installed base of monitors. RMI currently has a number of strategic purchasing agreements with some of the larger purchasing organizations in the USA through Group Purchasing Organizations.

The acquisition of RMI is in line with Senzime's vision of a world free of anesthesia-related complications. RMI's product portfolio is complementary to Senzime, which increases Senzime's ability to cover more of the patient journey extending outside the operating theater and enables cross-sales synergies through its own sales force and distributor channels. The companies also have clear operational synergies in manufacturing, product development, regulatory affairs and administration. The acquisition broadens Senzime's product portfolio and is expected to accelerate market penetration of both TetraGraph® and ExSpiron®. The transaction also creates the potential to accelerate Senzime's overall goal of becoming a global market leader in patient monitoring of vital functions, thus helping reduce anesthesia and analgesia-related complications.

The previous preliminary purchase consideration has been adjusted, partly because the previous preliminary contingent consideration has been restated, and the number of shares related to the purchase consideration has been corrected, with the adjustment stated with retroactive effect in the following table. The previously published Income Statement and Balance Sheet for the group as of September 30 are restated as follows:

#### Adjustments Q3-report

Income statement	redovisat Q3	justerad Q3
Cost of goods sold	-15 908	-12 784
Selling expenses	-46 757	-46 570
Financial expenses	-20 760	-246
Income tax	2 683	1 852
Conversion difference	23 552	10 136

Balance sheet	redovisat Q3	justerad Q3
Intangible assets	365 494	174 747
Deferred tax liability	-52 790	-17 061
Long-term liabilities	-141 865	0

Information on purchase consideration, acquired net assets and goodwill follows.

<b>Purchase consideration (SEK 000)</b>	<b>Preliminary purchase consideration (SEK 000)</b>	
Cash and cash equivalents	0	0
Ordinary shares	130,972	144,125
Contingent consideration	0	141,865
<b>Total purchase consideration</b>	<b>130,972</b>	<b>285,990</b>

### Ordinary shares

The purchase consideration has been computed on the listed share price on the completion date of July 1, 2022, of SEK 17 per share. A small portion of the agreed maximum number of the 8,477,937 ordinary shares were issued to the sellers of RMI in tandem with the acquisition. Of the 8,477,937 ordinary shares, 773,687 shares are those Senszime issued in its setoff issue to settle the reported liabilities of RMI on the acquisition date. Accordingly, these reduced the contracted purchase consideration, which then amounts to 7,704,250 shares. The highest number of ordinary shares have been assigned a value of SEK 130,972,000.

The agreed maximum number of shares of 8,477,937 is allocated as follows:

1. On completion on July 1, 2022, 2,127,537 Senszime shares were issued through set-off. 773,687 of these are shares issued to settle the reported liabilities of RMI on the acquisition date.
2. A total of 6,350,400 shares of the consideration have not yet been issued on completion of the transaction because all sellers in RMI have not yet provided complete information. The sellers have 12 months (until July 1, 2023, inclusive) to provide/complete their information in order to receive their proportionate share of the consideration shares in return.
3. Total shares corresponding to some 10% of the purchase consideration, are being withheld for a 12-month period for the settlement of any warranty claims against the sellers. This will then be settled in a set-off issue based on the prevailing share price.

All of the initial purchase consideration including the uncompleted share issue has been recognized as equity.

### Contingent consideration

The acquisition of RMI includes an agreement on contingent consideration, paid in the event of RMI achieving certain milestones in the calendar year 2023, which must then be paid after approval of the annual accounts in 2024, and may be a maximum of USD 25 m. The contingent consideration may be paid in new Senszime shares, in cash or a combination of new Senszime shares and cash. Senszime is free to decide on which alternative, and on the potential division between new shares and cash.

Senzime has altered the preliminary opinion published in its previous quarterly report, now assessing that none of the contingent consideration will be payable. This implies that the additional purchase consideration accounted in the September quarterly report has been removed.

The previous preliminary net asset analysis has been restated from that stated in the quarterly report for September, partly due to the previous preliminary contingent consideration being adjusted, and the number of shares related to the purchase consideration being corrected, with the adjustment applied retroactively.

The fair value of acquired net assets has been revalued to TSEK 130,972 and is allocated as follows:

### Net asset analysis as of July 1, 2022

SEK 000

Intangible assets	68,190
<i>Trademarks and brands</i>	12,416
<i>Technology</i>	55,774
Machinery and equipment	354
Right-of-use assets	11,790
Inventories	7,322
Other working capital assets	7,968
Cash and cash equivalents	131
Liabilities	-48,844
Working capital liabilities	-5,435
Deferred tax liabilities related to identified intangible assets	-17,061
<b>Identified net assets</b>	<b>24,415</b>
Goodwill	106,557
<b>Carried value of 100% of the shares</b>	<b>130,972</b>

Goodwill mainly relates to the company's workforce.

Acquisition-related expenses were SEK 16.8 m and are included in administrative expenses.

From the acquisition date, sales of SEK 2.0 m related to the required entity products are included in the group's statement of total sales for the reporting period. The acquired entity's gain or loss since the acquisition date cannot be reported at consolidated level because the company and its products are integrated and not reported as a separate segment.

If the acquisition had been conducted on January 1, 2022, the sales of the acquired company would have made a contribution of some SEK 1.8 m to the group's total sales for the period January-June 2022. The acquired company's loss for the period January-June amounted to approximately SEK -43.0 m. The acquired company's reported loss for the period was updated to SEK -26.0 m according to a pro forma adjustment of SEK 17.0 m attributable to inventory overheads relating to the year 2021.

### Not 10. Contingent liabilities

The strategic connectivity and licensing agreement with Masimo signed in June 2022 involves future sales generating royalty payment outflows based on a market royalty model. There is more detail on this agreement in the Interim Report for January - June 2022. The RMI acquisition includes a contingent consideration of USD 25 m. For more information, see note 9.

### Not 11. Intangible assets and shares in subsidiaries

The substantial increase in intangible assets relates to the acquisition of Respiratory Motion Inc. Intangible assets increased by SEK 69.2 m, relating to trademarks, brands, and technology (of which currency restatements from the completion date onwards of SEK +1.0 m) due to the acquisition. The parent company's shares in subsidiaries increased by SEK 147.7 m due to the acquisition of Respiratory Motion Inc. For more information on the acquisition, see note 9 Business combinations.

Senzime is a Swedish medical technology company that develops, and markets CE and FDA approved patient monitoring systems and products. Senzime's employees worldwide are committed to the vision of a world without anesthesia and breathing-related complications.

The company markets an innovative portfolio of solutions, including TetraGraph® and ExSpirom® 2Xi for real-time monitoring of neuromuscular function and breathing during and after surgery. The goal is to help eliminate care-related complications and radically reduce costs associated with surgical procedures and emergency treatments.

Senzime aims at a market valued at over SEK 40 billion per year and works with sales teams in the world's leading markets. The company's shares are listed on NASDAQ Stockholm's main market (ticks SEZI). More information is available at [senzime.com](http://senzime.com).

## Calendar 2023

Year-end Report:	February 1
Publication of Annual Report:	April
Interim Report Q1:	May 5
AGM:	May 16
Interim Report Q2:	July 18
Interim Report Q3:	October 26

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