

Q2

Interim Report

Senzime AB (publ.)
January – June 2023

JANUARY – JUNE 2023 in brief

SECOND QUARTER 2023 (1 APRIL – 30 JUNE)

- Net sales amounted to TSEK 8,462 (3,403), an increase of 149 percent. Sales of instruments/others were TSEK 4,072 (2,124), an increase of 92 percent. Sales of disposables were TSEK 4,390 KSEK (1,279), an increase of 243 percent.
- Adjusted net sales¹ increased by 87 percent.
- The gross margin excluding amortization was 70.0 percent (50.0).
- Operating expenses were TSEK 37,101 (40,035) and adjusted operating expenses² amounted to TSEK 32,893 (23,635)
- EBITDA was TSEK -30,201 (-38,018). Adjusted with one-time expenses², EBITDA amounted to TSEK -25,992 (-21,617 adjusted for RMI acquisition costs).
- Profit (loss) after financial items was TSEK -35,264 (-40,886).
- Earnings per-share were -0.42 SEK (-0.63).
- Cash and cash equivalents as of June 30, 2023, were TSEK 41,635 (126,495)

SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- Philip Siberg takes over as new CEO. Adam Dahlberg is elected as the new chairman of the board and Göran Brorsson as new board member.
- Launch of integration to Masimo's Hospital Automation™ platform within the framework of collaboration
- Expanded collaboration with Japanese licensee Fukuda Denshi and initial system deliveries.
- Outlicensing of ExSpiron on the Chinese market
- Notification of increased production capacity based on increased demand and calls from European and American anesthesia associations.

EVENTS AFTER THE END OF THE SECOND QUARTER

- Issuance of a second tranche of consideration shares for a total of 5,055,954 shares to sellers of Respiratory Motion and extension of the end date for the sellers' fulfillment of conditions for obtaining shares.
- Major order for TetraGraph systems from leading university hospitals in California

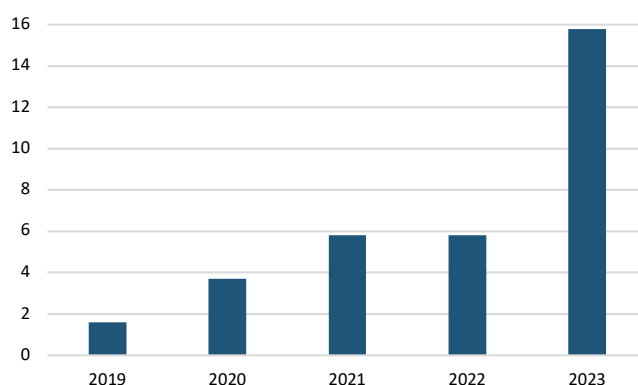
HALF YEAR 2023 (1 JANUARY – 30 JUNE)

- Net sales amounted to TSEK 15,750 (5,764), an increase of 173 percent. Sales of instruments/others were TSEK 7,515 (3,881) an increase of 94 percent. Sales of disposables were TSEK 8,234 (1 883), an increase of 337 percent.
- Adjusted net sales¹ increased by 118 percent.
- The gross margin excluding amortization was 69.3 percent (54.6).
- Operating expenses were TSEK 69,479 (59,927) and adjusted operating expenses² amounted to TSEK 63,651 (43,527)
- EBITDA was TSEK -56,661 KSEK (-56,168). Adjusted with one-time expenses², EBITDA amounted to TSEK -50,834 (-39,768 adjusted for RMI acquisition costs).
- Profit (loss) after financial items was TSEK -66,955 (-61,866).
- Earnings per-share were -0.84 SEK (-0.96).

OTHER SIGNIFICANT EVENTS DURING THE HALF YEAR

- Rights issue adds SEK 92 million to the company before transaction costs.
- Approval of TetraSens child sensor on the Japanese market.
- The company won a large new order for its child sensor in the US.

NET SALES FIRST HALF YEAR (MSEK)



Figures in parentheses above describe the corresponding period in the previous year. Unless otherwise stated, all information refers to the group.

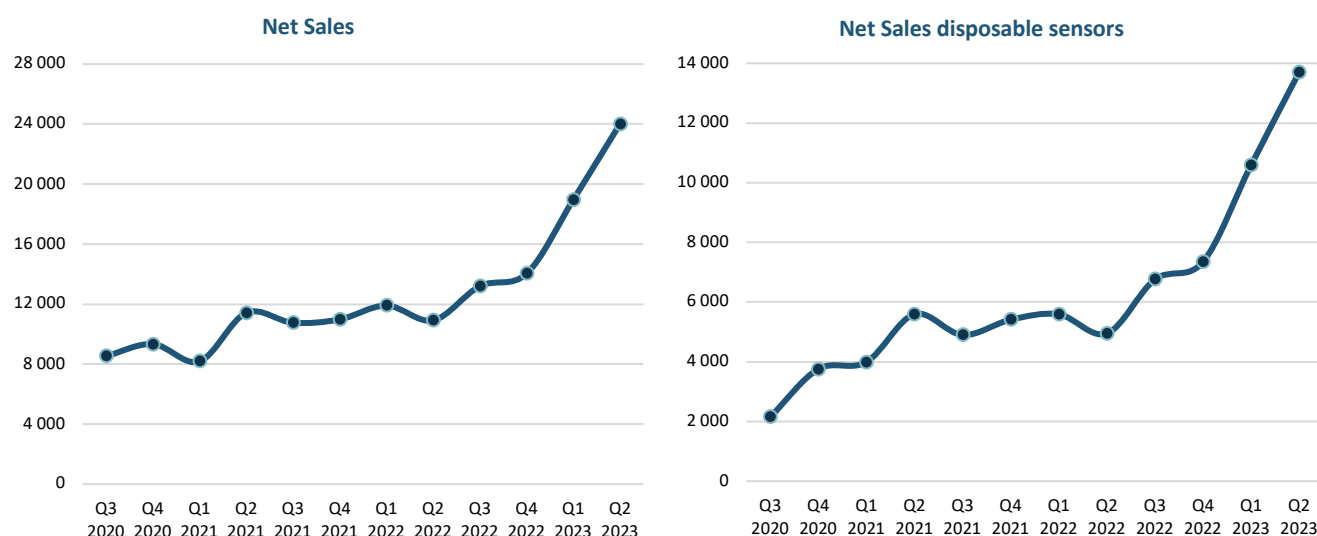
1. Adjusted for currency effects and RMI acquired in the third quarter of 2022

2. Adjusted for the company's former CEO's severance costs, company financing and issue-related costs

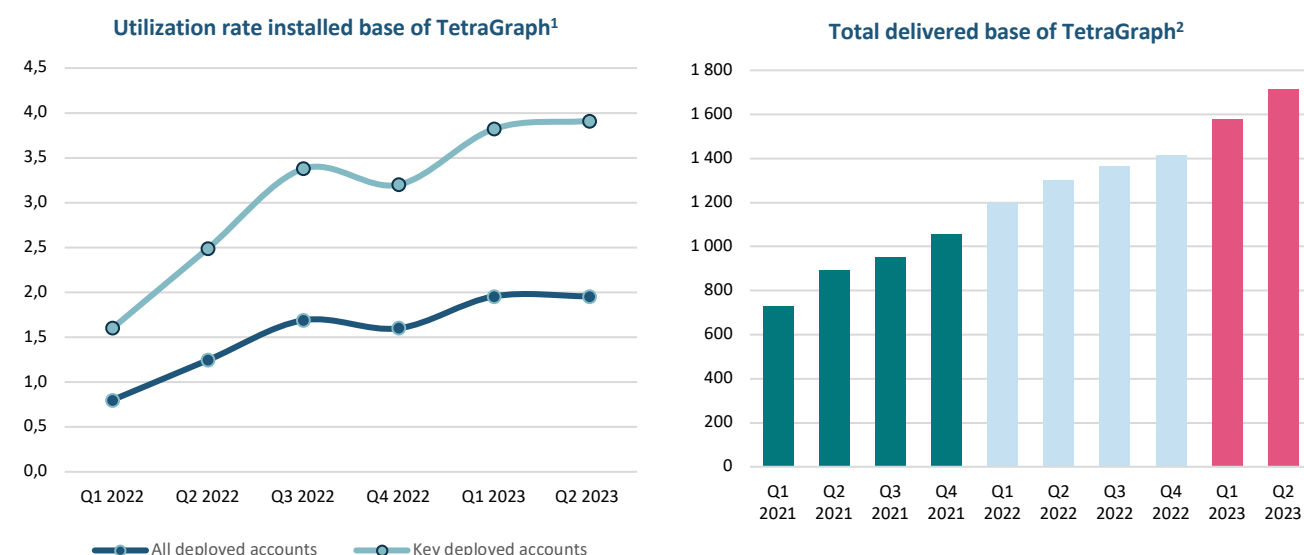
KPI's

| TSEK | Q2 | | Q1-Q2 | | TOT YEAR |
|-------------------------------------|---------|---------|---------|---------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Net Sales | 8,462 | 3,403 | 15,750 | 5,764 | 14,034 |
| EBITDA | -30,201 | -38,018 | -56,661 | -56,168 | -118,353 |
| Profit (loss) after financial items | -35,264 | -40,886 | -66,955 | -61,866 | -134,358 |
| Earnings per share (SEK) | -0.42 | -0.63 | -0.84 | -0.96 | -1.99 |
| Gross margin excl. amortization (%) | 70.0 | 50.0 | 69.3 | 54.6 | 62.0 |
| Solidity (%) | 82.9 | 82.4 | 82.9 | 82.4 | 81.4 |

SALES 12-MONTHS ROLLING (TSEK)



KPIs ROLLOUT OF TETRAGRAPH



Comment: (1) Calculated based on number of TetraSens electrodes shipped divided by installed base of TetraGraph monitors, in focus markets (US, Germany and EU distributors). The figure refers to the number of TetraSens per TetraGraph monitor per week, calculated on 45 working weeks per year. "All deployed accounts" refers to all accounts in focus markets with installed TetraGraphs, and "Key deployed accounts" refers to key accounts in focus markets. (2) Refers to all accumulated deliveries of TetraGraph monitors to end customers, distributors and partners. Some of the delivered base is still in stock at sales partners or has not yet been installed in a hospital environment.

KPI NUMBER OF CUSTOMERS

At the end of July, the company had a total of 151 customers (vs. 111 customers at the end of December 2022) in the main markets.

Quadrupled growth in sensor sales

It has been an eventful quarter for Senzime. We continue to report strong growth and net sales increased by 149 percent to SEK 8.5 million. Net sales during the first half of the year amounted to SEK 15.8 million, an increase of 173 percent.

Sales of disposable sensors have now more than quadrupled this year as compared to the same period last year, an important signal that the utilization of the TetraGraph systems in the market are gradually increasing. The gross margin before depreciation increased to 70 percent, compared to 50 percent the previous year. This is the result of product mix, licensing income and an efficient production process.

The important US business continues to develop well with sales this year more than three times higher than last year. We have a new commercial leadership in the US and are expanding the organization to meet demand. After the end of the quarter, we won another important deal in the US for 70 TetraGraph systems from a leading university hospital after an extensive competitive evaluation process. The deal reflects well the type of hospital deals we now encounter in the market.

We continue to expand our partner collaborations and during the quarter we signed our fourth license agreement. Through the agreement, we outlicense the ExSpiron system on the Chinese market to CoreSpiron, who receives up to 10 years of manufacturing and sales rights. Senzime's royalty income is estimated to exceed SEK 50 million during the contract period. The agreement demonstrates our capacity to capitalize in various ways on the product portfolio we acquired in 2022.

The license cooperation with Fukuda Denshi has been extended to also include the manufacture of TetraGraph systems. We have now taken over the production responsibility from previous external suppliers and during the quarter we delivered the first 30 Uppsala-made TetraGraph systems to Japan.

The collaboration with Masimo delivered a first milestone by launching the integration between TetraGraph and the Masimo Hospital Automation™ platform. Delivery in the next phase of the collaboration is estimated to take place in 2024.

Several significant studies have been published. Studies at the University of Colorado showed that the TetraGraph system enables significant cost savings through reduced need for costly reversal drugs.

Studies at Nationwide Children's Hospital, Ohio, confirmed the benefits of using the TetraGraph system on young children. The study was the first of its kind to evaluate a portable EMG-based system for monitoring young children under anesthesia.

Studies at the Medical College of Wisconsin presented validation data that strengthens the competitiveness of TetraGraph. The study was the first of its kind to validate an EMG algorithm against laboratory standards for all levels of neuromuscular blockade, and with very high accuracy as a result.



Mayo Clinic researchers confirmed the quality of TetraGraph's new, fifth-generation EMG algorithm. The study showed that the algorithm enables better planning of drug dosage during surgery and promotes patient safety.

We are now increasing the pace and there is no doubt that the new US and European guidelines are driving the adoption of neuromuscular monitoring around the world. In June, the two major global anesthesia associations - ASA and ESAIC - published a joint call urging healthcare systems that it is critical to systematically follow the new recommendations.

Based on the many ongoing clinical evaluations and estimated order intake, we are increasing production capacity to be able to deliver more than 500 TetraGraph monitors in the second half of 2023. We are positioned to pass two major milestones by achieving a delivered base of 2,000 TetraGraphs and selling more than 100,000 TetraSens sensors in 2023. June was a milestone for Senzime as we delivered over 10,000 TetraSens in one month for the first time.

We have the privilege of being in the middle of a technical and clinical market shift. It has been a long journey for Senzime but now we have full access to healthcare again, we have strong support from guidelines, and we have a unique and highly competitive product portfolio. The focus is now profitable growth, driving up the utilization rate of our systems, leading in innovation and scaling up with the support of smart partnerships. For that, we have a fantastic team and I want to thank my predecessor Pia Renaudin who laid the foundation for what we are now are leveraging and accelerating further on.

Uppsala, August 2023
Philip Siberg, CEO

Comments to the Report

Revenue and profit in the second quarter 2023

The group's net sales for the second quarter of 2023 amounted to TSEK 8,462 (3,403), which corresponds to an increase of 149 percent compared to the second quarter of the previous year. Adjusted for sales of RMI products and currency changes, sales increased by 87 percent.

The growth was primarily driven by increased sales of monitors in the US and Japan as well as significantly increased sales of disposable sensors above all in the US but also in Europe and Japan. Sales of monitors increased by 30 percent and disposable sensors by 177 percent adjusted for RMI and currency changes. In the US, underlying sales, adjusted for currency and RMI, increased by 170 percent. In our main markets, it was primarily the installed base of monitors that drove the strong sensor sales growth.

The gross margin before depreciation during the second quarter amounted to 70.0 percent, compared to 50.0 percent for the corresponding quarter last year. The increase is primarily attributable to product and customer mix, where an increased share of total sales comes from the high-margin product TetraSens and TetraSens Pediatric compared to the second quarter of 2022. The license deal with the partner in China also contributed to the increased margin for the quarter.

During the second quarter, the group's total operating expenses amounted to TSEK 37,101 (40,035). Adjusted for non-recurring costs this year related to the company's former CEO's severance pay, the total operating costs amounted to TSEK 32,893 (23,635 adjusted for RMI acquisition costs). Continued development of the market organizations in the US and RMI integration as well as negative currency effects have led to cost increases compared to the quarter of the previous year.

Operating profit during the second quarter amounted to TSEK -35,257, adjusted TSEK -31,049 (-40,871, adjusted -24,472).

Revenue and profit January – June 2023

Net sales amounted to TSEK 15,750 (5,764), which corresponds to an increase of 173 percent compared to the same period last year. Adjusted for sales of RMI products and currency changes, sales increased by 118 percent.

The growth comes mainly from direct sales in the US with a large increase in sales of TetraSens to existing customers with an installed base as well as new sales of TetraGraph systems to new customers. In the US, underlying sales, adjusted for currency and RMI, increased by 193 percent. Coupled with increased distributor sales of single-use sensors in Europe and new sales to Japan of TetraGraph systems and single-use sensors, Senzime has delivered nearly a tripling of sales compared to the same period last year.

The gross margin before depreciation during the period amounted to 69.3 percent, compared to 54.6 percent the previous year. The increase is primarily attributable to product and customer mix, where an increased share of total sales comes from the high-margin product TetraSens and TetraSens Pediatric, above all in the USA market. The license deal with the partner in China also contributed to the increased margin for the period.

The group's total operating expenses amounted to TSEK 69,479 (59,927). Adjusted for non-recurring costs this year related to the company's former CEO's severance pay as well as financing and issue costs, the total operating costs amounted to TSEK 63,651 (43,527 adjusted for RMI acquisition costs). Continued development of the market organizations in the US and RMI integration as well as negative currency effects have led to cost increases compared to the same period last year.

The operating profit for the period amounted to TSEK -66,680, adjusted TSEK -60,852 (-61,831, adjusted -45,431).

Bridge adjusted OPEX

| TSEK | Q2 | | Q1+Q2 | |
|--|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| OPEX - reported | 37 101 | 40 035 | 69 479 | 59 927 |
| Severance CEO | -4 107 | 0 | -4 107 | 0 |
| Corporate financing and issue related expenses | -101 | 0 | -1 720 | 0 |
| RMI acquisition expenses | 0 | -16 400 | 0 | -16 400 |
| OPEX - adjusted | 32 893 | 23 635 | 63 652 | 43 527 |
| EBITDA - reported | -30 201 | -38 018 | -56 661 | -56 168 |
| EBITDA - adjusted | -25 992 | -21 617 | -50 834 | -39 768 |

| | Reported | | | RMI adjusted | RMI and currency adjusted |
|------------------------|--------------|--------------|---------------|-----------------|---------------------------------|
| TSEK Apr-Jun | 2023 | 2022 | Growth | Growth | Growth |
| US | 4,108 | 1,217 | 238% | 193% | 170% |
| Devices/Other | 1,160 | 470 | 147% | 142% | 121% |
| Disposables | 2,948 | 746 | 295% | 224% | 201% |
| Europa | 2,216 | 2,043 | 8% | 8% | -2% |
| Devices/Other | 1,175 | 1,534 | -23% | -23% | -31% |
| Disposables | 1,041 | 509 | 105% | 103% | 83% |
| RoW | 2,138 | 143 | 1,395% | 642% | 588% |
| Devices/Other | 1,737 | 119 | 1,360% | 455% | 418% |
| Disposables | 401 | 24 | 1,564% | 1,564% | 1,419% |
| Senzime Apr-Jun | 8,462 | 3,403 | 149% | 101% | 87% |
| Devices/Other | 4,072 | 2,124 | 92% | 40% | 30% |
| Disposables | 4,390 | 1,279 | 243% | 201% | 177% |

| | Reported | | | RMI adjusted | RMI and currency adjusted |
|------------------------|---------------|--------------|-------------|-----------------|---------------------------------|
| TSEK Jan-Jun | 2023 | 2022 | Growth | Growth | Growth |
| US | 9,183 | 2,515 | 265% | 219% | 193% |
| Devices/Other | 3,368 | 1,591 | 112% | 110% | 93% |
| Disposables | 5,815 | 924 | 530% | 407% | 369% |
| Europa | 4,364 | 3,031 | 44% | 42% | 31% |
| Devices/Other | 2,399 | 2,096 | 14% | 12% | 4% |
| Disposables | 1,965 | 935 | 110% | 108% | 92% |
| RoW | 2,203 | 218 | 911% | 417% | 382% |
| Devices/Other | 1,749 | 194 | 803% | 247% | 225% |
| Disposables | 454 | 24 | 1,782% | 1,782% | 1,621% |
| Senzime Jan-Jun | 15,750 | 5,764 | 173% | 133% | 118% |
| Devices/Other | 7,515 | 3,881 | 94% | 64% | 53% |
| Disposables | 8,234 | 1,883 | 337% | 276% | 251% |

Financial position

At the end of the second quarter, the group's equity amounted to TSEK 283,912 (185,288). The equity ratio amounted to 82.9 percent (82.4). At the end of the period, the company's cash and cash equivalents amounted to TSEK 41,635 (126,495). The board works continuously to secure the company's long-term financing to ensure the operation of the business assuming investments and ventures. The company's growth plan is continuously balanced against the financial resources that are available at any given time. The established growth plan, which is driven by market demand, will require additional financing, which can be obtained through, for example, loans or the issue of shares. The board has a positive view of being able to carry out a capital acquisition beneficial to the company.

Cash-flow and investments

Cash flow from current operations, including changes in working capital, amounted to TSEK -27,972 (-23,220) for the second quarter. The negative cash flow is mostly due to the negative result balanced by the second quarter positive change in working capital. Cash flow from investment activities for the second quarter amounted to TSEK -2,298 (-2,040). Investments during the period are largely related to the activation of development projects. Cash flow from financing activities amounted to TSEK -1,100 (94,712) for the second quarter.

Cash flow from current operations including changes in working capital for the period January - June 2023 amounted to TSEK -61,206 (-39,873). The negative cash flow is mostly due to the negative result and negative change in working capital which is mostly reflected in the increase in accounts receivable due to increased sales and decrease in accounts payable. Increased sales and better planning have also contributed to a certain reduction in inventory. The cash flow from investment activities for the period January - June 2023 amounted to TSEK -4,343 (-3,724) and is largely related to the activation of development projects. The cash flow from financing activities for the period January - June 2023 amounted to TSEK 81,002 (94,441). In March 2023, Senzime carried out a new rights issue, which added approximately SEK 92 million to the company before issue and warranty costs and approximately SEK 83 million after issue and warranty costs.

Stock options

Staff stock options

The group has four staff stock option programs, totaling 2,100,000 options. See note 8 of this interim report for more detail.

Dilution

Based on the existing number of shares and outstanding staff and warrants, the dilution resulting from the programs is calculated on the assumption that all options (including not yet assigned) are used for new subscriptions of shares to amount to a maximum of 2.5 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 contribute to improved global health and patient safety by reducing anesthetic and breathing-related complications and lowering healthcare costs in connection with surgical procedures and emergency treatments. Senzime's sustainability work supports the commitment to patients and strives for sustainable development based on responsible action and in line with the fundamental values.

During the fourth quarter, Senzime has carried out a materiality analysis and initiated stakeholder dialogues. An important part of the basic sustainability work was also that at the end of 2022, Senzime began a process to sign the UN Global Compact, which means that the company commits to operating the business

according to their 10 principles, which include labor law, human rights, anti-corruption and the environment.

Other significant events in the quarter

The company received a European patent for the TetraSens disposable sensor.

In the fall of 2022, Senzime's US subsidiary Senzime Inc. concluded a distribution agreement with Florida-based Mercury Medical regarding sales rights in certain regions of the US market. The termination of the agreement was a consequence of Mercury Medical not achieving agreed and conditional sales volumes. Senzime Inc. and Mercury Medical are at odds over the termination terms of the agreement, and the respective companies have engaged local legal counsel to take the next steps toward a resolution after a mediation process was conducted without results in the spring of 2023.

Significant events after the end of the quarter

Senzime receives major orders for TetraGraph systems from leading university hospitals in California. The order initially consists of 70 TetraGraph monitors to be installed over a nine-month period in several hospitals. Initial order value amounts to approximately SEK 1.5 million and the monitors are expected to generate annual recurring revenue in excess of SEK 3 million per year at full use. The order was secured after an extensive clinical and competitive evaluation process.

On June 1, 2022, the company entered into an agreement to acquire all shares in Boston-based Respiratory Motion Inc. According to the agreements for the transaction, the Initial consideration, after customary adjustments for net debt and normalized working capital, shall be paid in the form of 8,477,937 shares in Senzime to the sellers of Respiratory Motion which by July 1, 2023 at the latest fulfilled certain conditions agreed in the transaction for obtaining the shares. Each seller who fulfills the conditions by the last-mentioned date receives his share of the initial consideration, which is set off against the subscription proceeds for the seller's share of the consideration shares. In July, the board of Senzime carried out a directed new share issue due to the transaction, and with the support of the issue authorization from the general meeting on May 16, 2023, of 5,055,954 shares at a subscription price of SEK 18.59 per share. The subscription price per share corresponded to the volume-weighted price (VWAP) for the twenty trading days up to and including 31 May 2022.

Those entitled to subscribe were the sellers of Respiratory Motion who met the conditions for obtaining shares on July 1, 2023. Payment for the shares was made by offsetting the sellers' shares in the initial consideration. The reason for the deviation from the shareholders' preferential right is to complete the transaction in accordance with the agreements entered into. As a result of difficulties in transferring shares to US securities accounts, the board of Senzime has further decided to allow an extension of the end date for the sellers' fulfillment of conditions for obtaining shares in the transaction to August 31, 2023. The new issue entailed a dilution of approximately 6 percent of the number of shares and votes in Senzime. The number of shares and votes in Senzime increased through the new issue by 5,055,954 from 82,566,660 to 87,622,614. The share capital increased by SEK 631,994.25 from SEK 10,320,832.50 to SEK 10,952,826.80.

Risks and uncertainty factors

A number of risk factors can have a negative impact on the operations of Senzime. It is therefore of great importance to consider relevant risks alongside the company's growth opportunities. An account of the group's significant financial and business risks can be found in the management report and in the annual report for 2022. No further significant risks are deemed to have arisen.

Outlook

Like many other companies, Senzime has faced major challenges as a consequence of the Covid-19 pandemic. The basic need for neuromuscular monitoring has not diminished, although operations have been postponed to accommodate and allow for the availability of medical personnel. The pandemic has affected the number of new trials in 2020 and 2021. Access to the hospitals has varied between different countries. However, Senzime has seen increased access to the hospitals in 2022 and now in 2023. Senzime has no operations in either Russia or Ukraine. At the same time, it is too early to assess the consequences of a prolonged conflict between these countries.

Review

This interim report has not been subject to review by the company's auditors.

Board of Directors' certification

The Board of Directors and CEO certify that this interim 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 August 24, 2023

Adam Dahlberg
Chairman of the Board

Sorin J. Brull
Board member

Laura Piccinini
Board member

Göran Brorsson
Board member

Eva Walde
Board member

Jenny E Freeman
Board member

Philip Siberg
Chief Executive Officer

Condensed Consolidated Statement of Comprehensive Income

| Amounts in SEK thousands | Note | Q2 | | Jan-Jun | | Full-year |
|--|-------|----------------|----------------|----------------|----------------|-----------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| Net sales | 2 | 8,462 | 3,403 | 15,750 | 5,764 | 14,034 |
| Cost of goods sold | 3 | -6,618 | -4,239 | -12,951 | -7,668 | -18,429 |
| Gross profit (loss) | | 1,844 | -836 | 2,799 | -1,904 | -4,395 |
| Development expenditure | 4 | -5,358 | -4,383 | -10,303 | -7,717 | -19,463 |
| Selling expenses | 4 | -21,397 | -14,356 | -36,998 | -26,559 | -70,045 |
| Administrative expenses | 4,5,8 | -14,299 | -23,256 | -25,612 | -27,957 | -44,340 |
| Other operating income | | 5,610 | 2,432 | 6,466 | 5,425 | 16,461 |
| Other operating expenses | | -1,657 | -472 | -3,032 | -3,119 | -12,123 |
| Earnings before interest and taxes | | -35,257 | -40,871 | -66,680 | -61,831 | -133,905 |
| Financial income | | 179 | - | 179 | - | - |
| Financial expenses | | -186 | -15 | -454 | -35 | -453 |
| Financial items - net | | -7 | -15 | -275 | -35 | -453 |
| Profit (loss) after financial items | | -35,264 | -40,886 | -66,955 | -61,866 | -134,358 |
| Income tax | | 900 | 526 | 1,788 | 969 | 1,658 |
| Profit (-loss) for the period | | -34,364 | -40,360 | -65,167 | -60,897 | -132,700 |

| Amounts in SEK thousands | Note | Q2 | | Jan-Jun | | Full-year |
|--|------|----------------|----------------|----------------|----------------|-----------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| Profit (-loss) for the period | | -34,364 | -40,360 | -65,167 | -60,897 | -132,700 |
| Other comprehensive income | | | | | | |
| Items reclassifiable to profit or loss | | | | | | |
| Translation differences | | 4,795 | -565 | 3,983 | -162 | 2,348 |
| Other comprehensive income for the period, net of tax | | - | - | - | - | - |
| Total comprehensive income | | -29,569 | -40,925 | -61,184 | -61,059 | -130,352 |

The year's profit and total comprehensive income is attributable in its entirety to the parent company's shareholders.

Earnings per share, calculated on the period's earnings attributable to the parent company's shareholders

| SEK | Note | Q2 | | Jan-Jun | | Full-year |
|--|----------|--------------|--------------|--------------|--------------|--------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| Weighted average number of shares, before dilution | 6 | 82,566,660 | 64,247,676 | 77,634,509 | 63,370,483 | 66,627,234 |
| Weighted average number of shares, after dilution | 6 | 82,566,660 | 64,387,513 | 77,634,509 | 63,517,984 | 66,627,234 |
| Earnings per share, basic and diluted, SEK | 6 | -0.42 | -0.63 | -0.84 | -0.96 | -1.99 |

Condensed Consolidated Balance Sheet

| Amounts in SEK thousands | Note | 30 June | | December 31 |
|---|------|---------|---------|-------------|
| | | 2023 | 2022 | 2022 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | | 246,036 | 71,413 | 243,328 |
| Property plant and equipment | | 2,788 | 1,972 | 2,285 |
| Rights of use | | 13,019 | 2,366 | 13,781 |
| Other financial assets | | 4,015 | 3,080 | 4,084 |
| Total non-current assets | | 265,858 | 78,831 | 263,478 |
| Current assets | | | | |
| Inventories | | 20,251 | 9,382 | 21,652 |
| Trade receivables and other receivables | | 7,961 | 2,812 | 4,210 |
| Other receivables | | 4,892 | 5,934 | 4,746 |
| Prepaid expenses and accrued income | | 2,041 | 1,314 | 1,721 |
| Cash and cash equivalents | | 41,635 | 126,495 | 26,035 |
| Total current assets | | 76,780 | 145,937 | 58,364 |
| TOTAL ASSETS | | | | |
| | | 342,638 | 224,768 | 321,842 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| | | 283,912 | 185,288 | 261,903 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Provisions | | 3,280 | 2,589 | 2,886 |
| Lease liability | | 9,905 | 667 | 10,506 |
| Deferred tax liability | | 24,206 | 8,743 | 25,361 |
| Total non-current liabilities | | 37,391 | 11,999 | 38,753 |
| Current liabilities | | | | |
| Lease liability | | 2,569 | 1,307 | 2,537 |
| Trade payables | | 3,711 | 7,663 | 7,318 |
| Other current liabilities | | 3,092 | 2,257 | 2,508 |
| Accrued expenses | | 11,963 | 16,254 | 8,823 |
| Total current liabilities | | 21,335 | 27,481 | 21,186 |
| TOTAL EQUITY AND LIABILITIES | | | | |
| | | 342,638 | 224,768 | 321,842 |

Condensed Consolidated Statement of Changes in Equity

| Amounts in SEK thousands | Note | Attributable to parent company's shareholders | | | Retained earnings incl. profit (loss) for | Total equity |
|---|------|---|---------------------------|--------------|---|----------------|
| | | Share capital | Other contributed capital | Reserves | | |
| Opening balance January 1, 2022 | | 7,812 | 397,553 | 1,333 | -256,118 | 150,580 |
| Adjustment of conversion difference | | | | 621 | -621 | |
| Adjusted opening balance as of 1 January 2022 | | 7,812 | 397,553 | 1,954 | -256,739 | 150,580 |
| Profit (-loss) for the period | | | | | -60,901 | -60,901 |
| Other comprehensive income | | | | -162 | | -162 |
| Total comprehensive income | | - | - | -162 | -60,901 | -61,063 |
| Transactions with shareholders in their capacity as owners | | | | | | |
| Staff stock options | | | | | 783 | 783 |
| New share issue | | 658 | 99,342 | | | 100,000 |
| Expenses attributable to new share issues | | | -5,012 | | | -5,012 |
| Total transactions with shareholders | | 658 | 94,330 | - | 783 | 95,771 |
| Closing balance 30 June 2022 | | 8,470 | 491,883 | 1,792 | -316,857 | 185,288 |

| Amounts in SEK thousands | Note | Attributable to parent company's shareholders | | | Retained earnings incl. profit (loss) for | Total equity |
|---|------|---|---------------------------|--------------|---|----------------|
| | | Share capital | Other contributed capital | Reserves | | |
| Opening balance January 1, 2023 | | 8,735 | 636,729 | 4,302 | -387,863 | 261,903 |
| Profit (-loss) for the period | | | | | -65,167 | -65,167 |
| Other comprehensive income | | | | 3,983 | | 3,983 |
| Total comprehensive income | | - | - | 3,983 | -65,167 | -61,184 |
| Transactions with shareholders in their capacity as owners | | | | | | |
| Staff stock options | | | | | 350 | 350 |
| Nyemission | | 1,585 | 90,364 | | | 91,949 |
| Expenses attributable to new share issues | | | -9,106 | | | -9,106 |
| Total transactions with shareholders | | 1,585 | 81,258 | - | 350 | 83,193 |
| Closing equity 30 June 2023 | | 10,320 | 717,987 | 8,285 | -452,680 | 283,912 |

Condensed Consolidated Statement of Cash Flow

| Amounts in SEK thousands | e | Q2 | | Jan-Jun | | Full-year |
|---|---|----------------|----------------|----------------|----------------|-----------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| Cash flow from operating activities | | | | | | |
| Earnings before interest and taxes | | -35,257 | -40,872 | -66,680 | -61,831 | -133,905 |
| <i>Adjustment for non-cash items</i> | | | | | | |
| Depreciation and amortization | | 5,056 | 2,854 | 10,018 | 5,664 | 15,550 |
| Other non-cash items | | 240 | 299 | 339 | 783 | 1,831 |
| Interest paid | | -6 | -15 | -92 | -35 | -23 |
| Income tax paid | | -698 | -510 | -811 | -568 | -240 |
| Cash flow from operating activities before change in working capital | | -30,665 | -38,244 | -57,226 | -55,987 | -116,787 |
| Cash flow from change in working capital | | | | | | |
| Increase/decrease in inventories | | 1,925 | 227 | 1,401 | -354 | -5,496 |
| Increase/decrease in trade receivables | | -2,565 | -439 | -3,751 | 2,124 | 1,862 |
| Increase/decrease in operating receivables | | -301 | -491 | -466 | -524 | 6,583 |
| Increase/decrease in trade payables | | -396 | 4,266 | -3,607 | 3,811 | 1,388 |
| Increase/decrease in accounts payables | | 4,030 | 11,461 | 2,443 | 11,057 | -24,328 |
| Total change in working capital | | 2,693 | 15,024 | -3,980 | 16,114 | -19,991 |
| Cash flow from operating activities | | -27,972 | -23,220 | -61,206 | -39,873 | -136,778 |
| Cash flow from investing activities | | | | | | |
| Investments in tangible assets | | -683 | -279 | -738 | -836 | -979 |
| Investments in intangible assets | | -1,615 | -1,761 | -3,605 | -2,888 | -4,129 |
| Investments in participations in group companies | | - | - | - | - | 131 |
| Cash flow from (-used in) investing activities | | -2,298 | -2,040 | -4,343 | -3,724 | -4,977 |
| Cash flow from financing activities | | | | | | |
| Payments made for repayment of lease liabilities | | -933 | -276 | -1,841 | -547 | -2,380 |
| New share issue, net of transaction expenses | | -167 | 94,988 | 82,843 | 94,988 | 94,744 |
| Cash flow from financing activities | | -1,100 | 94,712 | 81,002 | 94,441 | 92,364 |
| Decrease/increase in cash and cash equivalents | | -31,370 | 69,452 | 15,453 | 50,844 | -49,391 |
| Cash and cash equivalents at beginning of period | | 73,803 | 56,356 | 26,035 | 74,872 | 74,872 |
| Exchange difference in cash and cash equivalents | | -798 | 687 | 147 | 779 | 554 |
| Cash and cash equivalents at end of period | | 41,635 | 126,495 | 41,635 | 126,495 | 26,035 |

Parent company Income Statement

| Amounts in SEK thousands | Note | Q2 | | Jan-Jun | | Full-year |
|--|-------|----------------|----------------|----------------|----------------|----------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| Net sales | 2 | 12,845 | 4,224 | 20,319 | 5,411 | 13,643 |
| Cost of goods sold | 3 | -6,004 | -2,312 | -9,827 | -3,486 | -8,564 |
| Gross profit (loss) | | 6,841 | 1,912 | 10,492 | 1,925 | 5,079 |
| Development expenditure | 4 | -3,519 | -4,383 | -6,943 | -7,717 | -14,728 |
| Selling expenses | 4 | -15,441 | -19,388 | -18,767 | -23,798 | -64,491 |
| Administrative expenses | 4,5,8 | -12,694 | -7,117 | -22,725 | -11,957 | -25,007 |
| Other operating income | | 5,629 | 2,426 | 6,486 | 5,417 | 16,043 |
| Other operating expenses | | -1,313 | -471 | -2,673 | -3,119 | -12,073 |
| Earnings before interest and taxes | | -20,497 | -27,021 | -34,130 | -39,249 | -95,177 |
| Financial income | | 2,089 | - | 3,037 | - | 1,598 |
| Financial expenses | | -6 | -2 | -28 | -2 | -2 |
| Financial items - net | | 2,083 | -2 | 3,009 | -2 | 1,596 |
| Profit (loss) after financial items | | -18,414 | -27,023 | -31,121 | -39,251 | -93,581 |
| Profit (-loss) for the period | | -18,414 | -27,023 | -31,121 | -39,251 | -93,581 |

In the parent company, there are no items reported as other comprehensive income, which is why total comprehensive income corresponds to the period's result.

Parent Company Balance Sheet

| Amounts in SEK thousands | Note | 30 June | | December 31 |
|---|------|---------|---------|-------------|
| | | 2023 | 2022 | 2022 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible fixed assets | | 23,553 | 19,585 | 20,914 |
| Property plant and equipment | | 1,340 | 1,350 | 1,457 |
| Financial assets | | 260,754 | 86,917 | 246,194 |
| Total non-current assets | | 285,647 | 107,852 | 268,565 |
| Current assets | | | | |
| Inventories | | 14,731 | 8,040 | 13,663 |
| Trade receivables and other receivables | | 7,589 | 7,508 | 5,856 |
| Receivables from Group companies | | 4,674 | 2,741 | 2,560 |
| Prepaid expenses and accrued income | | 1,889 | 1,533 | 1,987 |
| Cash and bank balances | | 38,568 | 95,491 | 20,434 |
| Total current assets | | 67,451 | 115,313 | 44,500 |
| TOTAL ASSETS | | 353,098 | 223,165 | 313,065 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Restricted equitiy | | 37,825 | 30,758 | 33,351 |
| Non-restricted equity | | 281,954 | 145,366 | 234,367 |
| Total equity | | 319,779 | 176,124 | 267,718 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Provisions | | 3,280 | 2,589 | 2,886 |
| Total non-current liabilities | | 3,280 | 2,589 | 2,886 |
| Current liabilities | | | | |
| Trade payables | | 2,776 | 7,630 | 5,820 |
| Liabilities to Group companies | | 14,516 | 18,342 | 29,617 |
| Other current liabilities | | 2,114 | 2,474 | 2,239 |
| Accrued expenses | | 10,633 | 16,006 | 4,785 |
| Total current liabilities | | 30,039 | 44,452 | 42,461 |
| TOTAL EQUITY AND LIABILITIES | | 353,098 | 223,165 | 313,065 |

Notes on the consolidated accounts

Not 1. Accounting policies

This condensed Interim Report for the second quarter ending on June 30, 2023, 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, 2022, and should be read in conjunction with this Interim Report. There have been no amendments to IFRS in 2023 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.

Not 2. Division of net Sales

| | Q2 | | Jan-Jun | | Full-year |
|--------------------------|--------------|--------------|---------------|--------------|---------------|
| Amounts in SEK thousands | 2023 | 2022 | 2023 | 2022 | 2022 |
| Devices/Other | 4,072 | 2,124 | 7,515 | 3,881 | 6,686 |
| * there of royalties | 1,199 | 37 | 1,201 | 110 | 272 |
| Disposables | 4,390 | 1,279 | 8,234 | 1,883 | 7,348 |
| Total | 8,462 | 3,403 | 15,750 | 5,764 | 14,034 |

Not 3. Costs of goods sold

| | Q2 | | Jan-Jun | | Full-year |
|-------------------------------|--------------|--------------|---------------|--------------|---------------|
| Amounts in SEK thousands | 2023 | 2022 | 2023 | 2022 | 2022 |
| Cost of materials | 1,975 | 1,402 | 3,812 | 2,234 | 3,862 |
| Personnel expenses | 279 | 84 | 428 | 95 | 672 |
| External services | 206 | 160 | 456 | 200 | 537 |
| Depreciation and amortization | 4,158 | 2,593 | 8,255 | 5,139 | 13,358 |
| Total | 6,618 | 4,239 | 12,951 | 7,668 | 18,429 |

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

| | Q2 | | Jan-Jun | | Full-year |
|-------------------------------|---------------|---------------|---------------|---------------|----------------|
| Amounts in SEK thousands | 2023 | 2022 | 2023 | 2022 | 2022 |
| Personnel expenses | 25,315 | 16,488 | 44,765 | 29,256 | 72,905 |
| Consulting expenses | 6,290 | 5,572 | 13,841 | 10,314 | 22,285 |
| Depreciation and amortization | 130 | 86 | 282 | 150 | 501 |
| Other expenses | 9,318 | 19,849 | 14,024 | 22,513 | 38,157 |
| Total | 41,054 | 41,995 | 72,913 | 62,233 | 133,848 |

Not 5. Transactions with related parties

During the period, two board members invoiced KSEK 1,197 (580) on market terms, for performed consulting services linked to the company's operational activities.

The services are mainly performed by Sorin Brull KSEK 632 (580) and Jenny Freeman KSEK 565 (0).

NOT 6. Earnings per share

| SEK | Q2 | | Jan-Jun | | Full-year |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2022 |
| Basic earnings per share | -0.42 | -0.63 | -0.84 | -0.96 | -1.99 |
| Diluted earnings per share | -0.42 | -0.63 | -0.84 | -0.96 | -1.99 |
| Performance measure used in the calculation of earnings per share | | | | | |
| | Profit (-loss) for the period | Profit (-loss) for the period | Profit (-loss) for the period | Profit (-loss) for the period | Profit (-loss) for the period |
| Results attributable to the parent company's shareholders are used | | | | | |
| Result attributable to the parent company's shareholders, SEK thousand | -34,364 | -40,360 | -65,167 | -60,897 | -132,700 |
| No. | | | | | |
| Weighted average no. of ordinary shares for calculating basic earnings per share | 82,566,660 | 64,247,676 | 77,634,509 | 63,370,483 | 66,627,234 |
| Adjustment for calculating diluted earnings per share | - | 139,837 | - | 147,501 | - |
| Stock options | | | | | |
| Weighted average no. of ordinary shares and potential shares used as denominator for calculating diluted earnings per share | 82,566,660 | 64,387,513 | 77,634,509 | 63,517,984 | 66,627,234 |

Earnings per share after dilution are not reported as it gives better earnings per share because the period's earnings are negative. In the rights issue carried out during Q1 there is a bonus issue element, the effect is however insignificant as the subscription rights had a low value when the issue was not fully subscribed. Consequently, no recalculation has been made

Share capital history

| Date | Event | Number of shares | Share capital (SEK) | Quotient value (SEK) |
|---------------------------|-----------------|---------------------|------------------------|-------------------------|
| Jan 1, 2023 | Opening | 69 883 985 | 8 735 498 | 0,125 |
| March 11, 2023 | New share issue | 12 682 675 | 1 585 334 | 0,125 |
| Total 30 juni 2023 | | 82 566 660 | 10 320 832 | 0,125 |

The board decided on July 5, 2023, as previously communicated, to, with the support of authorization from the general meeting on May 16, 2023, carry out a directed new issue of shares to sellers of Respiratory Motion, Inc. During the subscription period, all 5,055,954 shares were subscribed for and allocated in accordance with the board's decision.

Not 7. Alternative performance measures

Senzime has defined the following alternative measures.

| 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 |

| | | Q2 | | Jan-Jun | | Full-year |
|--|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| A | Net sales, KSEK | 8,462 | 3,403 | 15,750 | 5,764 | 14,034 |
| B | Gross profit excl. amortization, KSEK | 5,927 | 1,701 | 10,918 | 3,146 | 8,699 |
| B/A Gross margin excl. amortization (%) | | 70.0% | 50.0% | 69.3% | 54.6% | 62.0% |

| | | Q2 | | Jan-Jun | | Full-year |
|---------------------------------|------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| Amounts in SEK thousands | | | | | | |
| A | Earnings before interest and taxes | -35,257 | -40,871 | -66,680 | -61,831 | -133,905 |
| B | Depreciation and amortization | 5,056 | 2,854 | 10,019 | 5,664 | 15,552 |
| A+B EBITDA | | -30,201 | -38,018 | -56,661 | -56,168 | -118,353 |

| | | Q2 | | Jan-Jun | | Full-year |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2023 | 2022 | 2023 | 2022 | 2022 |
| Amounts in SEK thousands | | | | | | |
| A | Equity | 283,912 | 185,288 | 283,912 | 185,288 | 261,903 |
| B | Total assets | 342,638 | 224,768 | 342,638 | 224,768 | 321,842 |
| A/B Equity/assets ratio, (%) | | 82.9% | 82.4% | 82.9% | 82.4% | 81.4% |

Not 8. Staff stock option programs

Dilution from option programs

In total, the group's four employee option programs comprise 2,100,000 options, which when fully utilized means a dilution of 2.5 percent. This is provided that all options are exercised, including the staff options that have not yet been assigned. During the first half of 2023, no employee options have expired.

Staff stock option program 2022/2026

The annual general meeting on 18 May 2022 decided on an employee option program comprising 900,000 options. These employee stock options shall be offered and granted to employees based on the individual performance of the participants during an evaluation period that shall last through December 31, 2022 (the "Evaluation Period"). Allocation may, however, take place earlier or later following a special decision to this effect by the board. The maximum number of employee options that can be allocated to participants is 200,000 employee options per person.

Granted employee options vest over three years as follows: 20 percent of awarded employee options vest on February 1, 2024; 20 percent of granted employee options vest on February 1, 2025; and 60% of assigned staff options vest on February 1, 2026. Participants can exercise assigned and earned staff options during the period from February 1, 2026 to February 28, 2027. The subscription price is set at SEK 30.00.

All 900,000 employee options are awarded in February 2023, 580,000 of these are awarded to the company's former CEO and other senior executives.

Not 9. 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 acquisition of RMI includes a contingent consideration of USD 25 m.

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 ExSpiron® 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](https://www.senzime.com).

Calendar 2023

| | |
|------------------------------------|---------------|
| Interim Report Q3: | October 26 |
| Year-End Report: | Februari 2024 |
| Publication of Annual Report 2023: | April 2024 |

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