

2020

ANNUAL REPORT



MONITORING FOR LIFE

Senzime in brief



Senzime develops and markets CE-marked and FDA-approved medical device systems driven by unique algorithms and disposable sensors that evaluate patient muscle function before, during and after surgery under anesthetic. The company's goal is to contribute to improved clinical precision and simplified management of health care. Senzime's solution is called TetraGraph®, which digitally and continuously measures the level of neuromuscular blockade to prevent complications. Fewer complications mean less suffering for patients, but also help shorten hospitalizations, and reduce the cost of care. Senzime's vision is for TetraGraph® to be deployed in every surgical procedure where neuromuscular blocking agents (NMBAs) are used, to enable safe emergence from anesthesia for all patients.

Senzime's development portfolio also includes innovative, patient-oriented solutions that enable automated and continuous measurement of biological compounds like glucose and lactate in the blood and tissues—CliniSenz® Analyzer and OnZurf® Probe.

Senzime operates on an expansive global market, currently worth in excess of

SEK 15 billion per year in Europe and the USA alone. Senzime currently has sales in 18 countries, the most important markets being the USA, Germany, France, Italy, the UK, Spain, Switzerland, South Korea and Japan. The company's shares are traded on Nasdaq First North Growth Market (ticker SEZI).

SEK 000	2020 ¹	2019 ¹	2018 ¹	2017 ²	2016 ²
Net sales	9,337	6,711	3,214	189	1,628
Profit (loss) after financial items	-48,991	-34,266	-24,591	-13,027	-9,412
Earnings per share (SEK)	-0.84	-0.65	-0.55	-0.33	-0.34
Equity/assets ratio (%)	89.4	83.9	81.2	84.6	84.4
Gross margin before depreciation and amortization (%)	40.9	57.6	6.6	-	-

For definitions of performance measures, see supplementary disclosures, notes 16 and 17.

¹ According to new accounting policies (IFRS)

² According to previous accounting policies (K3)

Net sales
SEK 000

9,337

Gross margin

41%

No. of employees

20



»Sales growth and well-funded expansion plans set the scene for a successful 2021«

Contents

The year in brief	4
CEO's statement	5
The global challenge	6
The need for objective monitoring	7
Market potential	8
Business model	10
Senzime's products	12
Guidelines and clinical evidence	14
Patents and trademarks	17
Sustainability and corporate social responsibility	18
Board of Directors	20
Senior management	22
The share and shareholders	24

FINANCIAL REPORTING

Statutory Administration Report	26
Consolidated financial information	33
Notes on the consolidated accounts	38
Parent company financial information	63
Notes on the parent company accounts	68
Board of Directors' signatures	76
Audit Report	77
Information for shareholders	79

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Annual General Meeting

Senzime's AGM will be held at 4 pm on May 11 in Uppsala, Sweden. More information on page 79.

The year in brief

Million-kronor orders for TetraGraph® systems and TetraSens® disposable sensors from South Korea

Senzime secured four million-kronor orders for TetraGraph® and TetraSens® disposable sensors from its South Korean distributor in the year. Disposable sensors like TetraSens® are included in the government reimbursement system effective March 2021.



Breakthrough deal in the UK

Senzime takes orders for TetraGraph® systems and associated disposable sensors from the NHS Medway Maritime and Sherwood Forest hospitals via its new UK distributor HC21. The initial order value is approx. SEK 0.5 m.

Strategic order from Switzerland

Senzime takes a strategic order from the company's Swiss distributor Leuag in the year, and receives enquiries about TetraGraph® from all Switzerland's teaching hospitals. This order was for TetraGraph® systems with Philips Interface, and TetraSens® disposable sensors, purchased by one hospital to replace its current analog AMG system.

Commercial expansion and breakthrough order in the USA

Senzime expanded its sales organization in the year by creating a direct sales team in key states, and signing distribution agreements for some northwestern and central US states. The year closed with an order from one of the country's leading hospitals in patient safety. The ten TetraGraph® systems and associated disposable sensors initially purchased are expected to be followed by more systems in future.

Launch of TetraGraph® in France

In the year, Senzime signed a distribution agreement with The Surgical Company (formerly Sebac) on the French market, while also taking its first order from one of the country's teaching hospitals. New clinical guidelines issued in France in the year include recommendations supporting the use of objective monitoring during surgery.

Two private placements raise the company some SEK 170 million

Senzime successfully completed two private placements raising approx. SEK 170 million. Participants include new and existing Swedish and foreign institutional investors. The purpose of these capital raisings was to keep building sales organizations in the USA and Germany, produce flexible product and service propositions, and develop AI algorithms and cloud-native services to address the differing needs of hospitals. The proceeds will be used to relocate manufacture from the UK to Uppsala, Sweden, to enable faster response to future product development needs, and expand gross margins.

Senzime announces strategic and financial targets

The company announced plans to be the market leader in its segment, and achieve a minimum global market share of 10% for the long term, on a market worth an estimated SEK 15 billion per year. In 2023, Senzime will achieve minimum sales of SEK 200 million, with sales gains of 100% on 2022. Profitability is to be achieved in 2023.

Senzime out-licenses OnZurf® Probe on the European market

The company out-licensed manufacturing and sales rights on OnZurf® Probe in Europe in the year. Forecast royalty income to Senzime over the contract term exceeds SEK 100 million.



Sales growth and well-funded expansion plans set the scene for a successful 2021

Our year featured breakthrough orders from the UK and Switzerland, as well as several million-kronor orders from South Korea. In addition to this, our sales start in the USA, enabled by a successful start-up and fantastic hirings in our US organization, was the highlight of the year. TetraGraph® is also now trialing on different markets, putting us in an excellent starting position for 2021.

Sales in December were the best month in Senzime's history. In Switzerland and the UK, we're seeing examples of hospitals upgrading from older, analog technology to TetraGraph®, which with its digital platform, is suitable for all types of surgery. User-friendliness and precision were additional contributors to this change. We're also seeing a large number of hospitals considering trialing our systems, which I'm delighted by, considering hospitals are still partly closed.

Moreover, signing a distribution agreement with The Surgical Company—the leader on the French anesthesia market—was momentous. This gives us rapid access to the French market, while we took our first order for one of the country's teaching hospitals.

Sales of disposable sensors continued in South Korea, with several orders taken in the year, clearly demonstrating the leverage in our business model.

We successfully completed two private placements, raising total proceeds of some SEK 170 m. It feels fantastic to have confidence renewed by existing shareholders, as well as new investors. We'll be using this capital to keep building



“We'll be the market leader in our segment, achieving a minimum global market share of 10 % in the long term.”

our own sales resources in the USA and Germany, producing flexible products and service propositions, and developing AI algorithms and cloud-native services to address the differing needs of hospitals, but also for relocate of our manufacturing to consolidate Senzime's know-how, streamline product development and expand our gross margins.

Our business helps improve global health. Senzime will be an active contributor to sustainable development by acting responsibly, and consistent with our core ethical values.

In the year, we updated our targets, for Senzime to be the market leader in its segment and achieve a minimum global

market share of 10% in the long term on a market worth some SEK 15 billion per year. In 2023, Senzime will achieve minimum sales of SEK 200 million, with a sales increase of 100% on 2022.

In closing, I'd like to thank the physicians, clinicians, shareholders and my colleagues who have been part of Senzime's exciting journey. Your confidence in us during what I can confidently describe as a challenging 2020, was decisive for our capability to achieve the vision of a world without anesthesia-related complications. Everything suggests we have a lot to look forward to in 2021!

Pia Renaudin, CEO

Uppsala, Sweden, April 2021

The global challenge

Seventy years after the introduction of NMBAs in anesthesia practice, anesthesiologists still face challenges in the correct management of neuromuscular blockade postoperatively.

Of nearly 80 million surgical procedures performed with NMBAs each year, about 22 million patients are affected by complications when waking from general anesthetic.

Of this total, some 1 million patients suffer CREs (critical respiratory events). Apart from major patient suffering, these complications also result in longer hospitalizations and increased costs of health care. The clinical data confirms that the share of patients in postoperative recovery with residual NMBAs is high. A US multicenter study from 2019 indicated that about 65% of these patients had residual neuromuscular blockade after tracheal extubation.

In the US alone, postoperative complications lead to an estimated 92,000 inten-

sive care admissions every year, generating a cost of over USD 3 billion.

Complications resulting in patients remaining in theater also dramatically increase costs. Data from the US indicate the per minute cost of theater at between USD 22 and 133. The cost saving available by preventing patient transfers to intensive care departments due to residual neuromuscular blockade averages USD 1,500 per day.

The use of an objective monitor is a vital part of preventing the incidence of residual neuromuscular blockade and anesthesia-related complications, thus alleviating patient suffering and improving patient safety.



6 OUT OF 10 PATIENTS

are incompletely reversed on extubation, a condition known as residual neuromuscular blockade, RNMB.



93 PER CENT

of patients affected by a serious critical complication have RNMB.



22 MILLION PATIENTS

are affected by critical complications on waking from anesthesia.



≈\$1,500 PER DAY

could be saved by avoiding patients needing intensive care because of RNMB.

The need for objective and digital monitoring

Neuromuscular blocking agents (NMBAs)

NMBAs can be used to facilitate intubation, but also to keep patient still during surgery, which is critical in laparoscopic, abdominal, neuro and orthopedic surgery for example. Usage of NMBAs reduces muscle contraction, and the higher the dosage that can be administered, the fewer complications arise in the patient. When 90-100% of muscle receptors are blocked, intubation is more safely facilitated.

The correct dosage of NMBAs can be ensured, and patient recovery of muscular function can be ensured through monitoring to avoid residual neuromuscular blockade once the patient is to breathe spontaneously.

Several studies demonstrate that in six out of ten patients, premature tracheal extubation is associated with a very high risk of complications.

A lack of effective measurement methodologies previously compelled physicians to use subjective methods for

assessing patient ability to breathe independently, which is a fundamental reason for the high incidence of CREs. There has been a long-term absence of medical devices offering objective indications and ease of use.

Why EMG technology?

Modern electromyography (EMG) measures actual response directly in the muscle, while its predecessors measured the effect of the response, i.e. an actual movement, of the thumb for example. Accordingly, the relevant muscle, the hand in this case, needs freedom of motion and may not be obstructed, which is very problematic, in robotic surgery, for example.

EMG works independent of external influence, so it is appropriate for all types of surgery including robotic surgery and keyhole surgery, where the arm is tucked under the surgical drape. EMG technology is the most precise technology currently available.

Senzime's TetraGraph® is an objective monitor developed by anesthesiologists that satisfies the market's standards, and can be used in today's high-technology operating theaters.

TetraGraph® is a user-friendly digital system offering high measurement precision that works completely independent of patient positioning. Physicians worldwide now have equipment that starts on the press of a button, offering real-time information on the level of patient neuromuscular blockade.

Note: EMG technology measures overall muscular electrical activity arising in neurotransmission (from nerve to muscle). The nerves and muscles of the body are connected via synapses. To enable muscle contraction, a substance (acetylcholine) must be freed from the nerve, a neurotransmission. This is how muscle understands that it needs to contract. NMBAs used in surgery block this process. If the patient is fully relaxed, there is no muscle response. An objective monitor stimulates the nerve, and measures the response.



Market potential

A changing market offering substantial potential

Every year, some 80 million surgical procedures are conducted with NMBA in 166,000 theatres on Sensime's focus markets, equating to potential market value of SEK 15 billion.

Sensime's TetraGraph® is an objective monitor developed by anesthesiologists that satisfies the market's standards, and can be used in today's high-technology operating theaters. TetraGraph® is a digital system based on pioneering new technology and a unique algorithm. The result is high-precision measurement, and a user-friendly product that starts on the press of a button, offering real-time information on the level of patient neuromuscular blockade.

In the US alone, postoperative complications lead to an estimated 92,000 intensive care admissions every year, generating a cost of over USD 3 billion. Complications resulting in patients remaining in theater also dramatically increase costs. Data from the US indicate the per minute cost in theater is between USD 22-133. The cost saving available by preventing patient transfers to intensive care departments due to residual neuromuscular blockade averages USD 1,500 per day.

The use of an objective monitor is a vital part of preventing the incidence of residual neuromuscular blockade and anesthesia-related complications, thus alleviating patient suffering and improving patient safety.



Great dynamism on Sensime's market

→ More surgery being conducted:

There is an established market for monitoring anesthetized patients. However, the analog equipment in use is not accurate enough. Sensime is one of few players providing this type of new, digital and safe technology.

→ **Guidelines:** a growing base of nations are now updating recommendations and guidelines on objective monitoring during surgery, which is an important driver of our sales.

→ **Digitalization:** interest and knowledge of how digital, medical device innovations can streamline and improve health care for the individual patient.

→ **New market dynamism:** the transition in health care to newer digital technology applicable to all types of surgery is accelerating. This is making health care more precise and individualized, offering health and care staff better decision-support data, while patient safety improves.

→ **Overall market growth for EMG:** studies indicating that residual neuromuscular blockade at tracheal extubation is preventable for six out of ten patients are an important factor driving market growth. Recommendations and guidelines in a growing number of countries on objective monitoring during surgery are forthcoming.

DIGITALIZATION

Greater interest and knowledge of how digital medical device innovations can streamline and improve health care.

Senzime operates on an expansive market with potential value exceeding SEK 15 billion per year



USA and Canada

52,000 surgical
procedures/year

Europe

64,000 surgical
procedures/year

Asia and Oceania

50,000 surgical
procedures/year

TETRASENS'S TOTAL MARKET

SEK **11.9** BILLION

TETRAGRAPH'S TOTAL MARKET

SEK **3.6** BILLION



Business model

Senzime's current focus is on increasing the rate of placing monitors in hospitals, while simultaneously training and supporting hospitals in the use of disposable sensors, which in combination, create leverage in the form of repeat revenues that is the basis of our business model.

TetraGraph® is now available in 29 countries, the most important market being the USA, Germany, France, Italy, UK, Spain, Switzerland, South Korea, and Japan.

Senzime incorporated a wholly owned subsidiary in the USA in 2020 that sells the company's products direct to hospitals and clinics. The US sales organization will continue to grow, adding new salespeople

in 2021. Senzime's strategy in the US is to grow with proprietary sales resources, as well as indirectly, and accordingly entered agreements with a few distributors in 2020.

Senzime started up a proprietary sales organization in Germany, the most important market in Europe, at the end of 2020. The incorporation of Senzime GmbH was completed in the first quarter of 2021, and initially, a General Manager, responsible for sales on the German market, and a Clinical Manager, focused on supporting clinical trials of TetraGraph® at hospitals in Germany, were appointed.

Senzime has agreements with leading anesthesia distributors on its other European focus markets. Senzime collaborates very closely with distributors to maximize commitment. Senzime's experts participate and support distributors on-site in hospitals during especially important trials.

Senzime's current focus is on increasing

the rate of placing monitors in hospitals, while simultaneously training and supporting hospitals in the use of disposable sensors, which in combination, provides leverage in the form of repeat revenues that is the basis of our business model.

In South Korea, Senzime has a distribution agreement with the company Unimedics, whose unique, complementary product portfolio of anesthesia monitors is an excellent fit for the marketing of TetraGraph®. South Korea's reimbursement model also includes Senzime's type of disposable sensor (TetraSens®) effective March 1, 2021.

The business model in Japan involves out-licensing, which means our Japanese partner Fukuda Denshi gains access to Senzime's TetraGraph® technology for exclusive commercialization of this product on the Japanese market.



Direct sales to hospitals and clinics

In 2020, Senszime incorporated a wholly owned subsidiary in the USA focused on direct sales to hospitals and clinics. Senszime Inc.'s General Manager Christopher Estes gives his thoughts on his team and the future.

Christopher, you were hired by the company as general manager for the USA in January 2020. Tell us about the team you've hired and your work on ensuring Senszime's positioning on the US market.

When we were granted FDA approval in October 2019, we simultaneously launched our commercial strategy for the USA. Our initial focus has been on developing our sales organization. We've capitalized on the enormous talent on the US market, and by utilizing independent distributors and direct salespeople, we've built a hybrid team, gaining nationwide coverage for our current and potential customers. We've also invested in clinical trials. We have completed the first phase of our plan, and our team is now well equipped to work intensively on our core mission of improving patient safety.

Describe your sales strategy and the critical success factors for achieving your goals.

There is growing awareness of the serious clinical problem in residual neuromuscular blockade, and the potential subsequent complications. The technology has been inadequate until now, which has largely obstructed use. Now that Senszime is delivering a sophisticated and accurate system that is user-friendly, we have the solution the market's been waiting for. The key to success is clear—we must create awareness of our product on the market, which we're doing through our sales channels and digital marketing. We have to continue to support research to further highlight the need for this type of moni-



toring to improve the quality of healthcare and reduce costs. Finally, we have to deliver uncompromising quality and support. Our team in Sweden is manufacturing and delivering the highest-quality products, and working continuously on developing innovation on our current and future platforms. Our US team has a combined total of over 100 years' experience of selling medical device products, so I'm convinced we can give hospitals the insight and support they need to start using our technology.

You have an impressive background, with over 20 years' sector experience, including ten years in an executive position with Medtronic. Why did you decide to join Senszime?

I've had the privilege of working for some of the best medical device companies in the world. Medtronic offered an unbelievable developmental opportunity, but despite that, I was so inspired and curious when I heard about Senszime. Nearly

three decades of research had identified a critical patient safety problem, but no company had succeeded in designing a product that was sophisticated, and simultaneously user-friendly, offering anesthetists accurate information on the depth of neuromuscular blockade. When I had the opportunity of meeting Pia Renaudin, Senszime's CEO, and heard more about the scope of the mission, the company's focus on quality, their relationships with the pre-eminent researchers in the segment, and the company's commitment to invest in the US market, my decision was an easy one to make. The Board of Directors has been exceptionally positive to our efforts, and my colleagues in Management have offered enormous support to what we've achieved here in the USA.

I'm convinced that we will achieve great success, and I expect that our team here in the US will deliver extraordinary results in the coming months and years.

Senzime's products

TetraSens®

The TetraSens® electrode is CE-marked and FDA approved, for use jointly with TetraGraph®. It has two proximal stimulating electrodes, one recording electrode and one reference electrode. Applying TetraSens®, which is constructed for single use to avoid cross-contamination between patients, is fast and easy. The electrodes can be applied to either hand, with the stimulation electrodes over the ulnar nerve at the wrist and the evoked response recorded from any of the hand muscles; typically, either the muscle at the base of the little finger (abductor digiti minimi muscle), or, more commonly, from the muscle at the base of the thumb (abductor pollicis muscle).

TetraConnect

The TetraConnect cloud-native service makes it easy for physicians to view and export data from TetraGraph® in pdf or Excel format. This web portal also enables the user to access extensive data posts of clinical usage or for research purposes. Users can also report events, make annotations, and view neuromuscular response measured during surgery in detailed charts.



TetraGraph®

TetraGraph® is a CE-marked, FDA approved, innovative and user-friendly digital system for monitoring patients under anesthesia in combination with NMBAs (neuromuscular blocking agents). TetraGraph® is intended to measure the effect of NMBAs simply and precisely, supporting clinicians in decision-making on the level of neuromuscular function in real time, and thus when it is safe to wake the patient after surgery. The system consists of a portable, handheld patient monitoring unit and disposable sensors.

By preventing complications and enabling care staff to follow guidelines and drug recommendations, TetraGraph® helps shorten hospitalizations and reduce the cost of health care. Senzime estimates the potential global market for TetraGraph® at 166,000 operating theaters, which perform 80 million procedures per year.



OnZurf® Probe

OnZurf® Probe is a CE-marked product based on micro-dialysis technology that enables continuous sampling from an individual organ. OnZurf® Probe is a unique micro-dialysis catheter for clinical applications, which is fixed to the surface of the organ without penetrating the tissue and causing unnecessary organ stress.

CliniSenz® Analyzer

CliniSenz® Analyzer is the future of post-operative and continuous patient monitoring in hospital environments. The system requires only small sample volumes for analysis, and CliniSenz® Analyzer's results are specific, with high precision. The Analyzer utilizes enzyme-based heat flows, which reduces the risk of interference from other compounds such as pharmaceuticals. CliniSenz® Analyzer is used in tandem with OnZurf® Probe and other microdialysis catheters.

TetraGraph Philips Interface

Data from TetraGraph® can be transferred to selected patient monitoring systems and integrated into existing infrastructure enabling the upload of patient data to a local electronic patient journal.

TetraGraph® Philips Interface enables the transmission of neuromuscular parameters to Philips patient monitors, where they are displayed on Philips IntelliVue.





Guidelines and clinical evidence

Convincing evidence of the need for neuromuscular monitoring to reduce complications in the use of NMBA has helped increase awareness and sharpen global focus. This is especially notable in the large number of national guidelines produced and published in recent years. Both France and Canada updated their guidelines in 2020, setting more stringent requirements for objective monitoring.

The ESAIC (European Society for Anesthesiology & Intensive Care) appointed a working committee in 2020 to produce European recommendations for managing neuromuscular blockade.

The evidence for Sensime's technology—electromyography (EMG)

EMG is the most precise and reliable technology available on the market to measure the level of neuromuscular blockade. It is applicable to all types of surgery, unlike previous, more limited alternatives. In a consensus statement, international experts in the field declared EMG as the new gold standard for quantitative neuromuscular monitoring

New guidelines

“Neuromuscular monitoring must be used when neuromuscular blocking agents are used”

Clinical trials on TetraGraph®

Sensime's strategy is to deliver scientific and clinical evidence validating the benefits of TetraGraph®. Several clinical trials on TetraGraph® are currently ongoing at leading clinics worldwide, two being multicenter studies with clinics in the US and Europe participating. Their results will be presented as abstracts at major international anesthesiology congresses in 2021. We expect the results to verify TetraGraph's capability to improve patient safety.

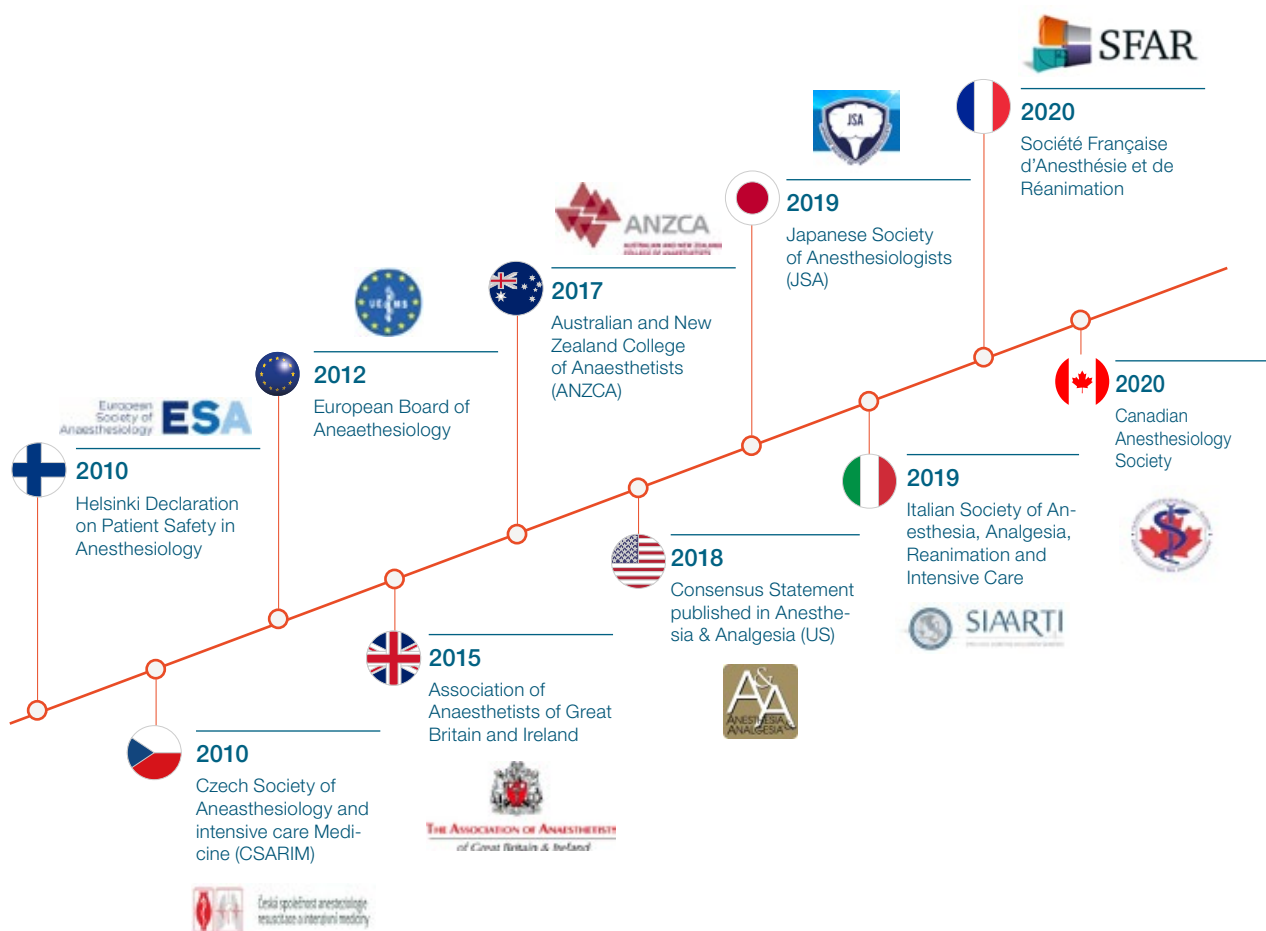
Studies are also ongoing to expand current application segments to also cover children, adding muscle groups to also include use on the foot.

In Anesthesia & Analgesia, a study from the Mayo Clinic in Jacksonville, Florida, USA evaluating TetraGraph, was published in 2020. Its outcomes corroborate TetraGraph's user-friendliness.

(J. Ross Renew et al, Ease of Application of Various Neuromuscular Devices for Routine Monitoring, Anesthesia & Analgesia, 2020)



The growing base of international guidelines driving the transition to objective monitoring



[1] Guidelines Frankfurt: Plaud et al, Guidelines on muscle relaxants and reversal in anaesthesia. *Anaesth Crit Care Plan Med.* 2020 Feb;39(1):125-142, guidelines Canada: Dobson et al, Special Announcement: Guidelines to the practice of Anesthesia-Revised Edition 2020. *Can J Anesth.* 67,1-8 (2020), för en generell översikt över guidelines: R Nemes, J. Renew, Clinical Practice Guideline for the management of neuromuscular blockade; what are the recommendations in the USA and other countries? *Current Anesthesiology Reports*, 10, 90-98 (2020).

Nemes R, et al. Clinical Practice Guideline for the Management of Neuromuscular Blockade: What Are the Recommendations in the USA and Other Countries? *Current Anesthesiology Reports* (2020) 10:90.

[1] Naguib M, et al. Consensus Statement on perioperative Neuromuscular Monitoring. *Anesth Analg.* 2018; 127(1):71-80.

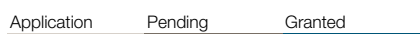


Patents and trademarks

Intellectual property is an important part of Senszyme's operations and the company protects its business through patent and trademark registration.



Senzyme's biosensor platform (incl. sensor) and enzyme reaction are protected by patents in Germany, the UK, US, Switzerland, France, Netherlands and Sweden.



Senzyme has methods and device patents granted (OnZurf® Probe) in Japan, the US, Germany, the UK and Sweden.



Senzyme has a patent granted on its improved microdialysis probe (OnZurf® Probe) in Sweden and the USA. It has filings under consideration in Europe.



Senzyme holds a patent on TetraSens® in the US. This patent is under consideration in Europe.



Senzyme also has patent filings under consideration for TetraGraph®.



Patent protection will remain important to the future progress of operations, and Senszyme will protect its investments in research and development through more patents.

Senzyme has trademark registrations for OnZurf®, CliniSenz®, TetraGraph® and TetraSens® in the EU and USA. Applications covering "Senzyme" have been filed with the relevant authorities in the EU and USA.

Sustainability and corporate social responsibility at Senzime

Developing and manufacturing medical device products is a great responsibility. Patients rely on our equipment for their treatment, and we earn their trust by ensuring that our manufacture and professionals live up to their expectations of quality and procedures.

Our operations help improve global health, as well as respect for the environment and people. Senzime's guiding principle is actively contributing to sustainable development by managing our business responsibly, consistent with our core values. The strategic direction of Senzime's sustainability work is decided by the Board of Directors, and based on Management's strategic business planning processes. We have policies governing ethics, sustainability, and a code of conduct, as well as other

documentation and procedures where we monitor our sustainability work.

To streamline our work on continuous improvement and state-of-the-art manufacture, the company has a certified quality control system. In partnership with our suppliers, we endeavor to offer good terms, and respect human rights.

Code of conduct

Senzime's code of conduct sets guidelines that are consistent with legislation, such as respect for human rights and labor law, fair hiring procedures and anti-corruption. Suppliers and business partners are important and integrated parts of Senzime's overall value chain for products and services. We expect them to manage their businesses consistent with the same high

legal and ethical standards and business methods as we do. Senzime supports fundamental labor laws, freedom of association and effective recognition of the right to collective bargaining. We do not accept any form of forced labor or child labor.

Senzime does not accept discrimination because of race, ethnic or national origin, skin color, gender, family status, sexual orientation, disability, age, political convictions or other characteristics protected by law. Senzime promotes equal opportunities, and all candidates for employment are considered on the basis of their skills and qualifications. Senzime regards any form of discrimination or harassment as unacceptable.

All employees have been trained and received information on our codes of conduct, and verified that they have read them.



Ethical rules

Senzime employee should treat everyone fairly, demonstrate mutual respect, actively promote a positive working environment, and neither compromise, nor use, unethical methods. All suppliers and distributors are informed about our code of conduct and are liable for compliance with it.

Our core values:

Passion

"We work inspired"

Passion is how we describe our motivation. We have a drive, ambition and passion to exceed the expectations of our customers, patients and shareholders. We are dedicated to delivering high-quality anesthesia solutions that enhance clinical precision, which improve patient safety.

Integrity

"We do what is right"

For us, integrity means being honest and transparent. We treat each other with respect. Trustful relationships with customers and colleagues are important to us. We comply with regulations, corporate policies and procedures. We share our skills and knowledge professionally, and protect confidential information. We believe in an ethical and sustainable strategy for business.

Accountability

"We deliver on promises"

Ownership is about taking responsibility and delivering on time. We deliver according to plan, on time, and with the right quality. We work on continuous improvement. We lead and drive new market needs. We inform and engage our teams.

Performance

"We focus on what matters"

We prioritize what means most! While balancing short and long-term goals, we never lose sight of our overall business objective. We know what's expected of

us and deliver and exceed our financial targets. We want to attract specialist skills, because we know that the right people working together achieve the best results. Senzime should be exciting and easy to do business with. We're leaders, not followers.

Employees

Our people are our most valuable resource, and the company endeavors to be an attractive workplace so it can attract specialist skills. We offer great developmental opportunities and personal development in a multinational organization.

Diversity is very important to us. We have an even gender division in Management, consisting of four (4) women and four (4) men. Overall, the company employs 10 (50%) women and 10 (50%) men (December 31, 2020). The company's Board of Directors has four (4) men and one (1) woman (April 2020). Senzime increased its employee headcount by 73% in 2020, without staff turnover.

Senzime conducts an employee satisfaction survey each year to evaluate the company's working environment, performance, and identify areas of improvement. In the year, we then followed up continuously based on its outcomes.

Supporting the development of every employee, and promoting a transparent culture, is an important part of leadership. We conduct yearly appraisal interviews to give our staff and managers an opportunity for constructive dialogue and following up on individual goals. Senzime has a matrix organization of lines/projects, and accordingly, we also conduct employee calibration with line managers and project managers so all components of individual contributions are recognized. The aim of this is to also capture cross-functional aspects that are an important component of interaction.

Senzime works on continuous improvement of its working environment consistent with Swedish law, and monitors progress in this segment.

GDPR/data protection

Senzime's data protection policy formulates how we work actively to protect the company's mission-critical assets such as the knowledge and information that is generated in various forms (physical, digital and oral) as well as information systems, IT systems and the rest of our IT infrastructure. The company is building its success on highly qualified professionals with unique know-how and scientific expertise in research and development.

It is important that the operational risks related to people, processes and systems that may have a negative impact on Senzime are continuously identified and assessed in our daily business. It is also important that we reduce these risks to the level designated by Management.

Whistle blower system

The company encourages all employees, customers and other business partners to report non-compliance, impropriety or serious incidents related to the company without fear of retaliation. No cases were reported in 2020.

Manufacture of Senzime's products

To minimize environmental impact as far as possible, Senzime selects local suppliers where available, or alternatively seeks out suppliers in countries neighboring manufacturing facilities. This is one of the core strategies when transferring parts of manufacture to our new plant in Uppsala, Sweden.

Logistics and packaging optimization are ongoing projects designed to reduce our environmental impact. Senzime carefully evaluates each of its critical suppliers' performance each year, mainly focusing on financial status, delivery insurance, quality and sustainability.

Senzime avoids animal research, where this is not stipulated by law or regulation.

Board of Directors



Philip Siberg

Chairman of the Board

Chairman of the Board since 2016

Domicile: California, US

Born in: 1973

Education: M.Sc. (Eng.), Royal Institute of Technology, Stockholm (1997)

Main occupation: Philip is co-founder and CEO of Coala Life Inc.

Other appointments: Philip is CEO and Deputy Director of Longmeadow Farm AB, and advisor to healthtech entrepreneurs and start-ups.

Previous appointments: for the past five years, Philip has served as CEO of Acacia Designs BV (acquired by Senzyme in 2016), CEO of Stille AB (publ.), CEO and Chairman of Dipylon Medical AB (formerly CMA Microdialysis AB), Director of Dipylon AB (liquidation completed on 27 November 2014) and Stille Incentive AB.

Holdings in the company: Philip Siberg holds a total of 732,989 Senzyme shares personally and through Longmeadow Farm AB.



Adam Dahlberg

Director

Director since 2000

Domicile: Oskarshamn, Sweden

Born in: 1973

Education: MBA, Stockholm School of Economics (1998)

Main occupation: Adam is active in investment, real estate ownership and agriculture.

Other assignments: Adam is Chairman of PiezoMotor Uppsala AB (publ) and Corline Biomedical AB (publ), a Director of companies including Corline Pharma AB, Silotronet AB and Wirums Säteri AB.

Previous experience: for the past five years, Adam has served as Chairman of Senzyme AB (publ.).

Holdings in the company: Adam Dahlberg holds 3,601,344 Senzyme shares. Additionally, Ebba Fischer holds 2,048,409 shares, the Crafoordska Foundation 1,606,943 shares, Margareta Nilsson 1,587,544 shares, Anna Manhusen 1,358,230 shares, AB Pethle 244,663 shares and Carl Rosenblad 279,061 shares of the company, all of whom are related parties of Adam Dahlberg..



Sorin J. Brull

Director

Director since 2016

Domicile: Florida, USA

Born in: 1956

Education: Medical School, WVU (1984), Residency (Anesthesia), Yale University (1987), Fellowship, Yale University (1988)

Main occupation: Sorin J. Brull serves as a consultant in anesthesiology. He is Professor of the Mayo Clinic College of Medicine and was formerly Head of Department at the University of Arkansas for Medical Sciences (UAMS) and Section Chief of the Department of Anesthesiology at Yale School of Medicine.

Other assignments: Sorin was a Director of the Anesthesia Patient Safety Foundation (APSF), and a consultant for the US Food & Drug Administration (FDA).

Previous experience: Sorin is also founder of Acacia Designs, which was acquired by Senzyme AB in 2016.

Holdings in the company: Sorin J. Brull holds 3,223,528 shares of the company personally and through Pershing Trustee.

Other: Sorin J. Brull acquired shares of the company as part of the merger between Senzyme and Acacia Designs. He is also party to an agreement with Senzyme AB on consulting services.



Lennart Kalén

Director

Director since 2018

Domicile: Stockholm, Sweden

Born in: 1947

Education: Master of Science, MBA and studies at IMI Geneva. Engineer in Building Technologies.

Main occupation: Lennart serves as Deputy Chairman of AB Segulah and Chairman of Segulah Venture AB.

Other assignments: Lennart Kalén is Chairman of Optolexia AB and a Director of Sanbäckens Holding AB

Previous experience: Lennart has held executive positions internationally for SKF, ABB Fläkt, Alfa Laval, Dahl Sweden/Saint Gobain, and has served as Chairman of Balco Group AB (Nasdaq), DoCu Nordic AB, NEA AB, Previa AB and Sankt Eriks AB.

Holdings in the company: Lennart Kalén represents the Segulah group with 5,409,085 shares, of which 1,001,000 shares held through his own company, 2,480,000 shares via Segulah Venture AB and 1,928,085 shares via AB Segulah.

Other: For the past 20 years, Lennart has served in positions including Industrial Partner for Segulah Adviser AB, offering advisory services for private equity funds.



Eva Walde

Director

Director since 2021

Domicile: Stockholm, Sweden

Born in: 1963

Education: MBA, Gothenburg School of Business, Economics & Law (1989).

Main occupation: Eva Walde is VP of Marketing for Olink AB.

Other appointments: Eva Walde is a Director of Sedana Medical AB (publ.).

Previous appointments: over 20 years' experience of executive roles with companies including Johnson & Johnson, Pfizer and Thermo Fisher.

Senior management



Pia Renaudin

Chief Executive Officer

since 2019

Domicile: Bromma, Sweden

Born in: 1967

Background: Pia Renaudin possesses broad-based experience of the life science industry, focusing on marketing and sales. She previously held executive positions globally and regionally in Sweden and France. Pia Renaudin has managed many strategic product launches for global companies including AstraZeneca, Bristol Myers, Squibb, Gilead Sciences and Stryker.

Holdings in the company: Pia Renaudin and family hold 312,000 Senzime shares. She also holds share warrants with the right to subscribe to 400,000 shares.



Erik Bergman

Executive Vice President and CFO

since 2019

Domicile: Uppsala, Sweden

Born in: 1957

Background: M.Sc. (Econ.) Erik Bergman has over 35 years of life science SMEs (small and mid-sized enterprises), including financial reporting to the stock market, as well as capital raisings, IPOs and M&As, as well as internal financial controlling and business development. Previous positions include serving as a CFO and CEO.

Holdings in the company: Erik Bergman holds 5,000 shares in Senzime.



Christopher J. Estes

President of Senzime, Inc.

since 2020

Domicile: Naples, Florida, USA

Born in: 1969

Background: Christopher Estes has over 20 years' experience as a senior manager in the medical device segment. For 10 years, Chris served as regional vice president of Medtronic, heading up sales of Respiratory & Monitoring Solutions. Chris joined Senzime from SenTec Inc., which is active in anesthesia monitoring, where he was President and headed up the North American operation. Chris is a graduate in respiratory care and business management from the University of Missouri, Columbia, USA.



Johanna Faris

Director Quality Assurance and Regulatory Affairs

since 2018

Domicile: Uppsala, Sweden

Born in: 1975

Background: Johanna Faris has 20 years' work experience of medical devices, active in product and production development. Johanna has broad experience of positions including QA manager and Regulatory Manager, and has served as a QA/RA and validation consultant.



Anders Jacobson

Chief Technology Officer

since 2016

Domicile: Uppsala, Sweden

Born in: 1967

Background: Anders Jacobson possesses broad-based experience of R&D, holding various executive positions in life science and technical consulting for over 15 years. His previous positions included senior management in research & development, manufacturing, servicing and technical sales in international environments.

Holdings in the company: Anders Jacobson holds 6,750 shares in Senzime.



Catrin Molund

Vice President Global Marketing and Business Development

since 2016

Domicile: Uppsala, Sweden

Born in: 1970

Background: Catrin Molund has over 20 years experience of the life science sector from companies such as Orexo, Phadia, Amersham Biosciences and Pyrosequencing. Previous positions include IT management, international marketing and project management.

Holdings in the company: Catrin Molund holds 1,297 shares i Senzime.



Anders Selin

Vice President Global Sales

since 2019

Domicile: Stockholm, Sweden

Born in: 1962

Background: Anders Selin has 30 years' experience of service for global listed medical device companies in sales, marketing, technical services and product development. Previous positions including VP and GM of EMEA, Asia and LATAM, with P&L responsibility for over USD 500 million and 1,500 employees.



Johanna Tulkki

Chief Operating Officer

since 2020

Domicile: Uppsala, Sweden

Born in: 1970

Background: Johanna Tulkki has over 20 years' professional experience of medical device products, mostly in production setups and supply chains. Previous positions include serving as COO of Coala Life and Senior Operations Manager for Cavid and St Jude Medical.

The share

Senzime's share is quoted on NASDAQ First North Growth Market and trades under the ticker symbol "SEZI". The company's Certified Adviser is FNCA Sweden AB, +46 (0)8 528 00 99, info@fnca.se.

Share capital

According to Senzime AB's Articles of Association, share capital will be a minimum of SEK 4.5 m and a maximum of SEK 18.0 m. The share capital as of December 31, 2020 was SEK 7.8 m. The quotient value is SEK 0.125 per share. There is a total of 62,493,290 shares. There is only one share class. All shares are entitled to an equal share of the company's assets. Each share carries one vote at Annual General Meetings (AGMs) and any Extraordinary General Meetings (EGMs), and there are no limitations in the matter of how many votes each shareholder may cast at AGMs/EGMs. Nor do the Articles of Association have any provisions limiting rights to transfer shares.

Trading

The closing price of Senzime's share on December 31, 2020 was SEK 24.00, equating to market capitalization of approx. SEK 1,500 m. Total turnover in the year was 14,306,761 (6,369,827) shares, with a value of approximately SEK 286.9 m (74.2). The share price increased by 27% in the year. The share price high in 2020 was SEK 28.50 (September 21), and the low was SEK 9.70 (March 17).

Dividend policy

Because Senzime will be in continued development in the coming years, any capital surplus will be invested in operations. Consequently, and because the company has not previously paid any dividend to shareholders, the Board of Directors does not intend to propose any dividend for the current year, or commit to a predetermined dividend pay-out ratio. If Senzime's cash flow from operating activities subsequently increases above the company's need for capital, the Board of Directors intends to propose that the AGM resolves to pay dividends.

Dividend proposal

The Board of Directors is proposing to the AGM that no dividend is paid for the financial year 2020.

Stock market information

Senzime endeavors to provide shareholders, financial analysts and other stakeholders with relevant, clear and updated financial information. Financial information is primarily presented in the Annual Report, Annual Financial Statement and three Interim Reports. Senzime's Annual Reports, Interim Reports and press releases are available at www.senzime.com.

Shareholders

The number of shareholders of Senzime as of December 31, 2020 was 2,325 (1,460) according to Euroclear data. Accordingly, Senzime's ten largest shareholders had holdings corresponding to 60.1% (65.5) of the votes and equity of the company. The largest shareholder is the Crafoord family with 14.6% (18.4) of the number of shares and votes.

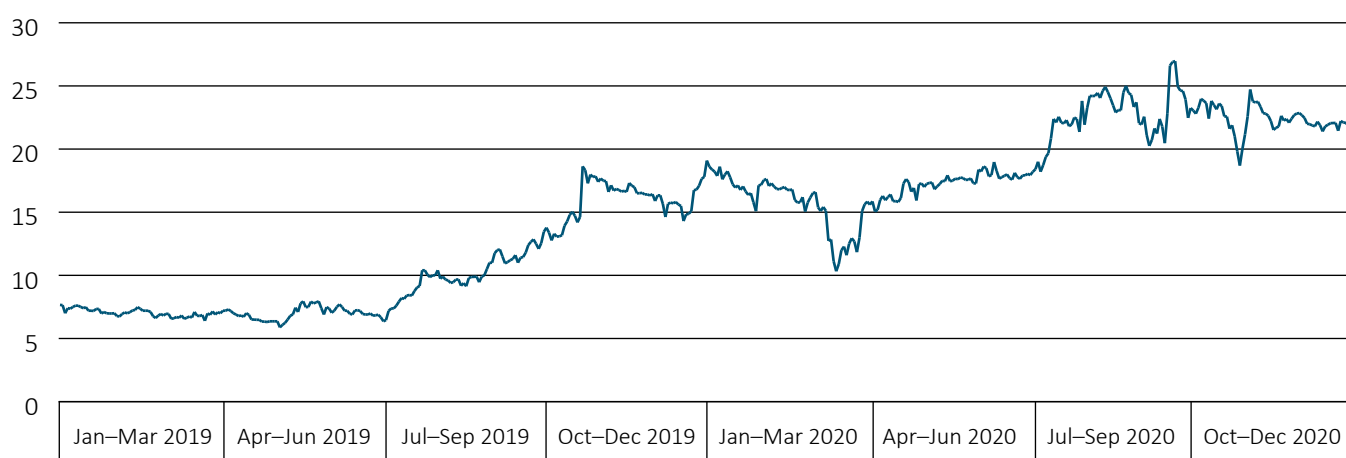
Share capital history

Date	Event	No. of shares	Share capital (SEK)	Quotient value (SEK)
January 1, 2020	Opening	52,448,290	6,556,036	0.125
April 21, 2020	New share issue	4,900,000	612,500	0.125
November 25, 2020	Share warrants	600,000	75,000	0.125
December 7, 2020	New share issue	4,545,000	568,125	0.125
Total, December 31, 2020		62,493,290	7,811,661	0.125

Ten largest shareholders as of December 31, 2020

Shareholder	No. of shares	Equity holding (%)
Crafoord family	9,119,251	14.6
Segulah Venture AB and AB Segulah	4,408,085	7.1
Handelsbanken Fonder AB	3,940,251	6.3
Pershing LLC.	3,925,499	6.3
Sorin J. Brull	3,233,528	5.2
Länsförsäkringar Fondförvaltning AB	2,772,187	4.4
Lindskog family	2,717,669	4.3
Fourth National Swedish Pension Fund	2,700,000	4.3
Swedbank Robur Microcap	2,565,000	4.1
Stone Bridge Biomedical	2,172,030	3.5
Other	24,939,790	39.9
Total	62,493,290	100.0

Senzime's share price (SEK)



Statutory Administration Report

The Board of Directors and Chief Executive Officer of Senszime AB, with corporate identity number 556565–5734, hereby present the annual accounts and consolidated accounts for the financial year 2020. Unless otherwise stated, all amounts are in thousands of Swedish kronor (SEK 000), and are for the group. Figures in brackets are for the financial year 2019, unless otherwise stated

Senzime has decided to transition to accounting in accordance with International Financial Reporting Standards (IFRS). These are the first annual accounts prepared pursuant to IFRS. The first financial statement prepared pursuant to IFRS is the interim financial statement for the third quarter 2020.

Operations

Senzime is a medical device company active in patient monitoring. Senszime was founded in 1999 on the business concept of developing bedside systems for measuring life-critical substances. In 2001, members of the Crafoord family, represented by Adam Dahlberg, became investors in the company. In 2004, Senszime completed its first prototype for clinical measurement of blood sugar levels for health care.

The company MD Biomedical AB was acquired in 2015. MD Biomedical AB was founded in 2011 and has developed and patented OnZurf® Probe, a new generation of microanalysis catheter. Senszime's CliniSenz® Analyzer and OnZurf® Probe products enable the detection of postoperative complications significantly earlier than with conventional methodologies, and accordingly, can help improve patient safety and reduce the costs of health care. Acacia Designs B.V. was acquired in spring 2016, when operations were extended to also include solutions for monitoring patients under general anesthetic, often a similar patient group to Senszime's other products. Senszime's product portfolio currently consists of three product families, but its focus is on monitoring patients under anesthetic receiving muscle relaxants (NMBAs).

In this segment, Senszime has developed a system to monitor the level of myoparalysis in patients under general anesthetic with the aim of reducing complications. Senszime's TetraGraph® system enables the correct drug dosages to be administered, and objectively determine when it is safe to wake the patient and allow spontaneous breathing. Tetra- Graph® has been developed to improve patient monitoring simply, and with high precision, with the resulting reduction in postoperative complications and costs of care.

In fall 2019, the US regulator, the FDA, cleared Senszime to market and sell TetraGraph® in the US. The US subsidiary, Senszime Inc., was registered in Florida in January 2020. Sales in the US will be through this wholly owned subsidiary and local distributors.

Business highlights in the financial year

- **January 7.** Senszime secures major new order from South Korea worth approx. SEK 1.5 million, and means Senszime passing 400 TetraGraph® shipped.
- **March 31.** Breakthrough deal in the UK, Senszime announces

that the company has taken orders for TetraGraph® systems and disposable sensors from the NHS Medway Maritime and Sherwood Forest hospitals in the UK. Order value of approx. SEK 0.5 million.

- **April 8.** Senszime AB conducts private placement, with the Fourth National Swedish Pension Fund, Swedbank Robur Microcap, TIN Fonder, Danske Invest Småbolagsfond, Handelsbanken Fonder, Länsförsäkringar Fonder and ÖstVäst Capital Management investing. This issue involves 4,900,000 shares, raising Senszime approx. SEK 69 million after issue expenses.
- **June 24.** Senszime expands its US sales team and signs more distribution agreements. Senszime expands its sales organization by creating a direct sales force in key US territories, also signing distribution agreements for certain northwestern states and central regions of the country.
- **September. 15** Senszime receives a million-kronor order for disposable sensors from South Korea. Senszime secures another order from its South Korean distributor, worth approx. SEK 1 million, for TetraSens® disposable sensors alone.
- **September 23.** Senszime communicates strategic and financial targets. Senszime will be the market leader in its segment, achieving a minimum global market share of 10% in the long term. The company will achieve minimum sales of SEK 200 million in 2023, with sales gains of 100% on 2022, and be profitable by 2023.
- **October 2.** Senszime receives an order from Switzerland. Senszime reports another order from its distributor Leuag, for TetraGraph® systems with Phillips Interface, and TetraSens® disposable sensors, purchased by a hospital to replace its current AMG system. Order value is approx. SEK 300,000.
- **October 29.** Senszime expands into the French market as a result of new clinical guidelines. Senszime signs a distribution agreement with The Surgical Company (formerly Sebac) for the French market, simultaneous with preparing to deliver its first order to a teaching hospital in the country. The market entry is driven by new clinical guidelines in France, which recommend the use of Senszime products in surgery.
- **November 2.** Senszime out-licenses OnZurf® on the European market. Senszime enters a licensing agreement with Italian company Moss S.p.a, a deal giving Moss 10-year manufacturing and sales rights for OnZurf® Probe in Europe. Forecast royalties to Senszime in the contract period exceed SEK 100 million.
- **November 25.** Senszime secures another million-kronor order

from South Korea, plus another order for TetraGraph® systems and associated disposable sensors from its distributor in South Korea. Order value is just over SEK 1 million.

- **December 2.** Senszime conducts a private placement of 4,545,000 shares, raising approx. SEK 95 million. A number of Swedish and foreign institutional investors, and some existing shareholders, participate in the new share issue. The net proceeds of the issue are intended to keep building and reinforcing Senszime's organization to support its commercialization strategy.
- **December 22.** Million-kronor order from South Korea, with Senszime securing an order for TetraSens® disposable sensors from its South Korean distributor. Order value is just over SEK 1 million.
- **December 23.** Patent granted for OnZurf® Probe in the USA. OnZurf® Probe is a microdialysis probe designed to monitor the gastrointestinal organs like the esophagus, stomach and liver.
- **December 30.** Breakthrough order from US teaching hospital, involving the broad placement of TetraGraph® systems in the hospital's theatres, initially involving ten systems and disposable sensors, with the intention of adding more systems.

Business highlights after the end of the financial year

- **January 14.** Senszime starts up in Germany, hiring a Country Manager and Regional Clinical Manager. The Katholisches Klinikum Bochum teaching hospital places its first order in the country for TetraGraph® systems.
- **February 15.** The company applies to list the company's share on NASDAQ Stockholm's main list in 2021, a decision which is part of its continued expansion, and consistent with Senszime's commercial strategy. Senszime views quotation on NASDAQ Stockholm's main list as a logical next step in its development.
- **March 15.** An EGM elects Eva Walde as a Director.

The company's expected future progress and significant risk factors

A number of risk factors may have a negative impact on Senszime's operations.

Accordingly, it is very important to consider relevant risks in addition to Senszime's growth potential. A number of risk factors, which are not arranged in order of importance, and make no claims as to completeness, follow:

Key individuals

Senzime is a small and knowledge-intensive business enterprise, and is dependent on a number of key individuals to achieve success. If one or several key individuals leaves Senszime, this may have negative consequences for operations, and results of operations.

Distributors, suppliers and other collaborative partners

Senzime bases its strategy on activities including development and sale jointly with distributors, licensees and other collaborative partners, or in-house. If it is not possible to create existing or future partnerships, they are not achievable or do not function as intended, Senszime's commercialization potential would be negatively impacted. Senszime also has partnerships with suppliers. If

one or several of these parties decided to discontinue a partnership, this might negatively impact operations.

Technology and product development

Senzime's products are in a commercialization phase. Even if substantial efforts are made to assure the technology is utilized, the possibility that complementary or alternative technological solutions will be necessary cannot be ruled out. This means that development work in addition to that already planned would be necessary.

Patents and intellectual property matters

To some extent, Senszime's value is dependent on its capability to secure and defend patents and other intellectual property. Patent protection may be uncertain and involve complex legal and technical issues. There is a risk that patents are not granted on patent-pending inventions, that granted patents do not offer sufficient protection, or granted patents are circumvented or invalidated. Usually, previously granted patents are associated with substantial costs to conduct processes to protect validity, and where boundaries to potential infringement on Senszime's part or against competing companies' patents or for any infringement from external parties against Senszime's patents. With access to greater financial resources, competitors may be in a better position than Senszime to meet such expenses. If Senszime is unsuccessful in obtaining or defending patent protection of its inventions, competitors may be able to use Senszime's technology freely, which would negatively impact its capability to commercialize operations.

Confidentiality and commercial secrets

Senzime is dependent on commercial secrets not covered by patents, patent filings or other intellectual property. Such commercial secrets include information on discoveries where patents have not yet been filed. Even if employees and collaborative partners are normally covered by non-disclosure agreements with Senszime, there is a risk that a party with access to confidential business information reveals or otherwise uses it in a manner that damages Senszime, which may negatively impact its operations, financial position and results of operations.

Financial risks

Senzime's accounts receivable are associated with credit risk, where there is a risk of payment being delayed or of payment default. Senszime operates internationally, and a high share of sales are assumed to be in currencies other than Swedish kronor. If a customer does not pay or exchange rates are unfavorable for Senszime, this may negatively impact its financial position and results of operations.

The acquisition of Acacia Designs B.V. also means the group has substantial intangible assets denominated in euros. Changes in the relationship between the Swedish krona and euro may impact the group's consolidated net equity negatively.

Senzime currently has no interest-bearing assets or liabilities.

COVID-19

Like most other companies, Senszime is facing the major challenge that the Corona pandemic presents, and the company is closely complying with the Public Health Agency of Sweden's regulatory guidelines.

The availability of components and production capacity has not



impacted Sensime to date, and the company is working actively to support its customers and partners remotely with the aid of digital tools. The fundamental need for neuromuscular monitoring has not reduced, even if surgery has been deferred to enable the availability of medical staff.

The availability of hospital capacity has been very limited, affecting the number of trials in 2020.

Need for finance and working capital

The company is in a start-up phase, where expected revenues do not cover planned expenses. There is a risk that in future, Sensime may also need to raise further capital.

Access to further finance is affected by a number of factors such as market conditions, general access to credit, Sensime's credit rating and credit capacity. Disruptions and uncertainty on the capital and credit markets may also limit access to the capital necessary to conduct operations. If, in future, Sensime is unsuccessful in raising the necessary capital for the company on reasonable terms, its operations, financial position and results of operations could be negatively impacted.

To the extent Sensime raises further finance through issuing shares or share-based instruments, Sensime's shareholders will be affected by dilution to the extent such new issues are conducted waiving shareholders' preferential rights.

The Board's opinion is that the company's cash and cash equivalents are sufficient to cover the needs of operations for at least the upcoming 12-month period.

CORPORATE GOVERNANCE

Sensime's decision-making bodies are its shareholders' meetings, Board of Directors, Chief Executive Officer and auditors, and based on Swedish law, internal regulations and provisions, the Articles of Association, and are compliant with NASDAQ First North Growth Markets' Rulebook for Issuers. At present, Sensime has not applied the Swedish Code of Corporate Gov-

ernance, but the company intends to start implementation of the Code during the coming financial year.

As of December 31, 2020, Sensime had 2,325 (1,460) shareholders according to Euroclear. Sensime's ten largest owners held shares corresponding to 60.1% (65.5) of the votes and capital of the company. The largest shareholder is the Crafoord family, with 14.6% (18.4) of the number of shares and votes.

Shareholders' meetings

Shareholders' meetings are the company's highest decision-making body. The Annual General Meeting (AGM) is held yearly within six months of the end of the financial year. The invitation to the AGM and Extraordinary General Meetings (EGMs) where amendments of the Articles of Association are to be considered must be issued at the earliest six, and the latest four, weeks prior to such Meeting. Invitations to other EGMs must be issued at the earliest six, and the latest two, weeks prior to such Meeting. Invitations to shareholders' meetings are through announcements in the Swedish Official Gazette, and by making the invitation available on the company's website. Simultaneous with the invitation, the company must announce that an invitation has been issued through an announcement in Swedish daily newspaper *Svenska Dagbladet*.

The AGM 2020 considered the company's Income Statement and Balance Sheet, election of its Board of Directors, Directors' fees, other statutory matters, Constitution of a Nomination Committee and amendment of the Articles of Association. The AGM also approved a general authorization on new share issues for the Board of Directors.

An EGM on July 2, 2020, approve the introduction of two new staff stock option plans for Sensime employees. An EGM on March 5, 2021, elected Eva Walde as a regular Director.

Articles of Association

Sensime's Articles of Association are available at the company's website, www.sensime.com.

Board of Directors and work of the Board of Directors

Each year, the Board of Directors should hold a Board meeting following election after the AGM. The Board of Directors should also meet at least five times per year. The Board meeting following election should consider matters including appointing a Chairman of the Board where the AGM has not appointed the Chairman, appointing the company's signatories, and reviewing and approving the rules of procedure for the Board of Directors. Normally, Board meetings consider the company's financial situation and advances in negotiations with collaborative partners, distributors, customers and suppliers.

The company's development activities are discussed as required. The company's auditor reports as required, although at least once yearly, directly to the Board of Directors, at one Board meeting.

The Board of Directors is quorate when at least half of the Directors are in attendance. At present, the company does not have any deputies appointed by shareholders' meetings. The CEO should attend board meetings and consult and present on those matters stated in the Articles of Association.

The rules of procedure also stipulate the permanent matters for decision by the Board of Directors of the company, which for example are publication of the company's annual accounts and quarterly reports, yearly budget of the company, entering agreements of material significance to the company such as long-term leases or collaborative agreements, decision on appointing a Chief Executive Officer. At present, Sensime's Board of Directors has five members, presented in more detail in the "Board of Directors" section on page 20.

In 2020, the Board of Directors held a total of 20 (11) meetings, of which 5 (5) was scheduled and 13 (6) per capsulam or telephone conferences

Board committees

At a meeting on December 16, 2020, Sensime's Board of Directors decided to establish an Audit Committee, a Remuneration Committee and a Committee for strategic R&D issues.

Audit Committee

The Audit Committee consults on matters for decision by the Board of Directors. This Committee must consider matters including monitoring the company's financial position, supervising the effectiveness of the company's internal controls, internal audit and risk management, stay informed on the audit of the annual accounts and consolidated accounts, and review and monitor auditor impartiality and independence. The Audit Committee should also support the Nomination Committee on proposals for election and remuneration of the company's auditors, and meet with the company's auditors regularly.

The company's auditor attends one or two Audit Committee meetings each year. The Audit Committee met on two occasions in the first quarter of 2021

Remuneration Committee

The Remuneration Committee reviews and consults on issues affecting the salary, other employment terms, pension benefits and bonus of the CEO and members of Management that report directly to the CEO, and other central compensation issues. The Remuneration Committee should also continuously monitor and evaluate programs for variable compensation to management

decided in the year, as well as monitor and evaluate application of the guidelines for remunerating senior management as resolved by the AGM. The Remuneration Committee met on one occasion in the first quarter of 2021.

R&D Committee

The duty of the R&D Committee is to supervise the company's research and development plans at an overarching level. This Committee should also ensure that the company's research activities are consistent with its long-term strategic corporate goals.

Chief Executive Officer

Sensime's Chief Executive Officer is responsible for the company's ongoing administration in accordance with the provisions of the Swedish Companies Act. The Board of Directors prepares instructions for the Chief Executive Officer containing a review of the segregation of duties and reporting instructions. These instructions stipulate that the Chief Executive Officer is responsible for the company's accounting records being completed in accordance with applicable legislation, and the company's funds are administered satisfactorily. The Chief Executive Officer should also prepare delegation instructions for various officers of the company, as well as hiring, dismissing and setting the terms & conditions for the company's staff.

Audit

The company's auditors should review Sensime's annual accounts and accounting records, and administration by the Board of Directors and CEO. After each financial year, the auditor should present an audit report and consolidated audit report at the AGM. Since the AGM 2016, Sensime's auditor has been registered public audit firm Öhrlings PricewaterhouseCoopers AB, with Leonard Daun, who is an Authorized Public Accountant and member of FAR, the Institute for the Accounting Profession in Sweden, being key audit partner, who can be reached at: Box 179, 751 04 Uppsala, Sweden.

Internal control

According to the Swedish Companies Act and NASDAQ First North Growth Markets guidelines, the Board of Directors is responsible for the company's internal controls and governance. To maintain and develop a functional control environment, the Board of Directors has stipulated a number of fundamental documents of significance to financial reporting. They include the rules of procedure for the Board of Directors, and instructions for the Audit and Remuneration Committees, instructions for the CEO, Sustainability Report, Finance and Currency Policy, risk analysis and Accounting Handbook. A functional control environment also necessitates a well-developed structure of regular oversight. The responsibility for day-to-day work on maintaining the control environment primarily rests with the CEO. The CEO reports regularly to the Board of Directors based on predetermined procedures, and the CFO consults and reports on matters to the Audit Committee. Additionally, the Board of Directors receives reports from the company's auditor at one Board meeting each year.

Insider policy

Sensime has adopted an Insider Policy to supplement current insider legislation (MAR). This Insider Policy stipulates matters including the individuals covered by the policy and the periods

when trading in the company's financial instruments is prohibited. This Policy also stipulates guidelines for decisions on processes associated with delayed publication of news, and the definition of persons discharging managerial responsibilities (PDMRs).

Nomination Committee

The Nomination Committee for the AGM 2021 consists of the three largest shareholders in terms of the vote, which as of September 1, 2020 were Adam Dahlberg and family, AB Segulah and Handelsbanken Fonder. Each of these parties appointed a member, to constitute Sensime's Nomination Committee with the Chairman of the Board. The members are: Adam Dahlberg (Chairman), Lennart Kalén, AB Segulah, Malin Björkmo, Handelsbanken Fonder and Philip Siberg, Chairman of the Board of Sensime AB (publ). The Nomination Committee will be presenting its proposed invitation to the AGM on May 11.

The Board of Directors' proposed resolution on guidelines for remunerating senior management for the AGM 2021

The Board of Directors proposes that the AGM adopts the following guidelines for remunerating senior management.

Scope and applicability of the guidelines

These guidelines cover the company's CEO and the individuals that are members of Sensime's Management from time to time. To the extent Directors of the company render service to the company in addition to their directorships, these guidelines should also apply to any compensation paid to a Director for such service.

The guidelines should be applied to compensation that is agreed, and to amendments to previously agreed compensation, subsequent to adoption of the guidelines at the AGM 2021. Compensation includes the transfer of securities, and of rights to acquire securities from the company in future.

The guidelines do not cover compensation resolved by shareholders' meetings, such as share-based incentive programs. Executives that serve as a Director or Deputy Director on the Boards of group companies should not receive special compensation for this service.

Contribution of the guidelines to the company's business strategy, long-term interests and sustainability

Sensime is a Swedish company that develops and markets systems driven by unique algorithms and sensors to monitor patient neuromuscular function and electrical impulses—before, during, and after surgery. The company's solution is called TetraGraph®, a medical device system that digitally and continuously measures the level of neuromuscular blockade in the patient.

Sensime's vision is improved clinical precision and simplified management of care. By preventing complications and enabling health care staff to monitor care guidelines and drug recommendations, the company's products help shorten hospitalizations and reduce the costs of care. The company's development portfolio also includes innovative, patient-oriented solutions that enable automated and continuous monitoring of biological compounds such as glucose and lactate in the blood and tissues.

Sensime's business model involves the company working on developing and selling jointly with distributors, licensees and other collaborative partners, or itself.

Successful implementation of the company's strategy and protecting the company's long-term interests require the company to hire and retain Management with good skills and capability of achieving designated targets. This requires the company to offer competitive compensation. These guidelines contribute to the company's business strategy, long-term interests and sustainability by providing the company with the opportunity to offer senior executives and management competitive compensation.

Forms of compensation

The company's compensation system should be on market terms and competitive. Compensation may be paid in the form of basic salary, variable compensation, pension and other benefits.

Basic salary should be individualized for each manager and based on the position, responsibilities, skills, experience and performance of the manager. The senior manager may be offered the opportunity to rebalance between basic salary and pension, as well as other benefits, providing this is cost neutral for the company.

Variable compensation should relate to the outcome of the company's targets and strategies, and should be based on predetermined and measurable criteria designed to promote long-term value creation. It should be possible to alter the share of total compensation that is variable depending on position. For the CEO and the rest of senior management, variable compensation may be a maximum of 25% of yearly basic salary. Variable compensation should not be pensionable, to the extent this does not otherwise ensue from mandatory collective bargaining provisions. The Board of Directors should be able to wholly or partly reclaim variable compensation paid erroneously pursuant to law or contract, subject to the ensuing limitations.

Pension benefits should be defined contribution, to the extent the manager is not covered by defined benefit pension pursuant to mandatory collective-bargaining provisions. The pension premiums for defined contribution pensions may be a maximum of 40% of the senior manager's yearly basic salary.

Other benefits may include company cars, corporate healthcare, life and healthcare insurance, as well as other similar benefits. Other benefits should represent a minor portion of total compensation, and may be a maximum of 10% of the senior manager's yearly basic salary.

Consulting fees should be on market terms. Where consulting services are rendered by Directors of the company, the relevant Director is not entitled to participate in the Board of Directors' (or Remuneration Committee's) consultation on matters relating to compensation for the relevant consulting services. In addition to, and independent of, these guidelines, the AGM may resolve on share-based and similar payments.

Criteria for payment of variable compensation

The criteria that serve as the basis for paying variable compensation should be determined by the Board of Directors each year with the aim of ensuring that these criteria are consistent with Sensime's current business strategy and earnings targets. The criteria may be individualized or collective, financial or non-financial, and should be designed so that they promote the company's business strategy, sustainability strategy and long-term interests. For example, such criteria may be linked to the company

achieving specific business-related goals, relating to sales and permits, for example. The criteria may also be associated to the individual employee, such as the individual serving the company for a specified period.

The period is serving as a basis for assessing whether the criteria have been satisfied should be at least one year. The assessment as to the extent the criteria have been satisfied should be made when the measurement period has concluded. Assessments of whether the financial criteria have been satisfied should be based on the company's most recently published financial information. The Board of Directors decides on the payment of any variable compensation after consultation by the Remuneration Committee.

Salary and employment terms of employees

With the aim of assessing the reasonableness of the guidelines, when consulting on the proposal for these guidelines, the Board of Directors has considered the salary and employment terms of the company's employees. This included the Board of Directors receiving information on employees' total compensation, the types of compensation, how the level of compensation has changed over time, and at what rate.

Notice period and severance pay

For the CEO, the notice period on termination by the company should be a maximum of 12 months, while the notice period on termination by the CEO should be a maximum of six months.

For other senior managers than the CEO, the notice period on termination by the company should be a minimum of three months, and a maximum of 12 months, while the notice period on termination by the senior manager should be a minimum of three months and a maximum of six months, unless otherwise ensuing from legislation.

Severance pay may be due to senior managers on termination by the company. Basic salary during the notice period and severance pay should not exceed a combined total corresponding to one year's basic salary.

Compensation may be due for non-competition undertakings. Such remuneration should compensate for potential loss of income, and should only be payable to the extent the former senior manager is not entitled to severance pay.

Such compensation may be a maximum of 60% of the senior manager's basic salary at the date of notice, unless otherwise ensuing from mandatory collective bargaining provisions. Such compensation may be due for a period that the non-competition undertaking applies, which may be a maximum of 12 months after terminating employment, with the option of deduction against other income from employment or consulting agreements.

Decision-making process for determining, reviewing and executing the guidelines

The Board of Directors has established a Remuneration Committee whose duty is to consult on the Board of Directors decisions in the matter of remuneration principles, remuneration and other employment terms for Management, as well as monitoring and evaluating variable compensation for Management that is current, and decided during the year, as well as monitoring and evaluating application of the guidelines for remunerating senior management that the AGM may adopt, and applicable remuneration

structures and remuneration levels in the company.

The Remuneration Committee's duties also include consulting on Board of Directors decisions on proposed guidelines for remunerating senior management.

The Board of Directors should prepare proposals for new guidelines as required by material amendments of the guidelines, although at least every fourth year. The Board of Directors should submit proposals for resolution by the AGM. The guidelines should apply until new guidelines are adopted by a shareholders' meeting.

Departure from the guidelines

The Board of Directors may decide to temporarily depart from the guidelines, if there are special reasons for this in an individual case, and a departure is necessary to protect Senzime's long-term interests and sustainability, or to ensure the company's economic viability.

For example, such special reasons maybe that a departure is considered necessary to hire or retain key individuals, or in extraordinary circumstances where the company achieves a specific desired outcome ahead of plan, that the company succeeds in entering a specific agreement earlier, or on better terms, than expected, or the company's value increases, or it increase its sales or earnings more than forecast.

Financial information

Revenues and earnings for the full year 2020

Revenues and earnings for the full year 2020

The group's net sales were SEK 9,337 thousand (6,711), a 39% increase on the previous year. Excluding the previous year's lump-sum revenue from Japan of SEK 1.8 million, sales increased by 90%. In 2018, a corresponding lump-sum revenue of SEK 2.4 million was reported.

The year's positive sales performance was another contributor, primarily in Asia but also in the USA and Europe. Covid-19 had a limiting effect on sales growth.

SEK 11,718 thousand (10,805) of depreciation and amortization for the full year for TetraGraph® and OnZurf® Probe were charged to cost of goods sold in the consolidated income statement.

The gross margin before depreciation and amortization for the full year was 41% (58).

Selling and administration, as well as development expenses were a total of SEK 39,332 thousand (27,179). The largest cost classes are personnel and consulting expenses. The build-up of sales organizations in the USA and Sweden explain most of the cost increase between these years.

Financial expenses essentially consist of interest expenses on a lease liability. The operating loss for the period was SEK -48,866 thousand (-34,229).

Financial position

At year-end 2020, consolidated equity was SEK 231.3 million (110.0). The equity/assets ratio was 89.4% (83.9). The group's cash and cash equivalents were SEK 160.3 million (30.9) at the end of the period.

The company judges that its cash and cash equivalents are sufficient to cover operational needs for at least the coming 12-month period.

Cash flow and investments

Cash flow from operating activities including change in working capital for the full year 2020 was SEK -38,335 thousand (-26,569). The negative cash flow is mostly because of the loss reported.

Cash flow from financing activities for the full year 2020 was SEK 167,689 thousand (28,565).

Senzime executed two private placements in the year, one in April and one in December, raising a total of approx. SEK 164 million after issue expenses, allocated between SEK 69 million (April) and SEK 95 million (December).

A number of Swedish and foreign institutional investors participated in these issues including the Fourth National Swedish Pension Fund, Swedbank Robur Microcap, TIN Fonder, Handelsbanken Fonder, FE Småbolag Sweden and ÖstVäst Capital Management, as well as certain existing shareholders.

For the full year, cash flow from investing activities was SEK -327 thousand (-3,766). Most of the investments in the previous year were capitalized expenditure for development work on TetraGraph®.

Stock options

Staff stock options

All outstanding staff stock options in Senzime's staff stock option program 2017/2020, and the related share warrants for share subscription were exercised in November 2020. Accordingly, 600,000 new shares were issued to option holders at a price of SEK 8.80 per new share, raising the company approx. SEK 5.3 million.

An EGM on July 7, 2020, approved two new staff stock option plans which would entitle holders to subscribe for a total maximum of 1,200,000 shares. These stock options will be issued free of charge, and are conditional on continued employment with the company. 100,000 of these options were granted in the year.

Granting of the remaining staff stock options will be divided into three categories of employee: the CEO, management and other employees. Granting is performance-based, and the CEO decides on granting in the management and other employees categories.

Share warrants

Chief Executive Officer Pia Renaudin has held 400,000 share warrants since May 2019. Each share warrant entitles the holder to subscribe for one new share of the company at a price of SEK 12.00 with latest exercise date May 7, 2022.

Dilution

Based on the current number of shares, as well as outstanding staff stock options and share warrants, dilution from the programs, assuming all options (including those not yet granted) are exercised for subscription of shares, has been computed at a maximum of approx. 2.8%.

Parent company and subsidiaries

Most of the group's operating activities are conducted through the parent company. For comments on the parent company's results of operations, see the comments for the group. The US subsidiary Senzime Inc. started operating activities in the second quarter of 2020. Sales in the USA are made by this company, and through local distributors. The group's two other subsidiaries only hold certain rights that are licensed to the parent company against royalty payments.

Future prospects

Senzime's goal is to be market leader in its segment of peri and postoperative neuromuscular monitoring, with a minimum global market share of 10% in the long term.

The company's financial targets are to achieve minimum sales of SEK 200 million in 2023, with sales gains of 100% on 2022, and be profitable by 2023.

Other

In May 2016, Senzime acquired Dutch company Acacia Designs B.V., which was then consolidated into the group's accounts. The Dutch tax agency has made inquiries regarding certain aspects of intragroup transactions. Senzime has provided the tax agency with various background information related to the merger and information in Acacia B.V.'s tax return for 2016. The Dutch tax agency is satisfied with the responses to its enquiries. After dialogue with the Dutch tax agencies, Acacia Designs B.V. and Senzime agreed to adjust the licensing arrangement, which relates to the IP that Acacia B.V. developed and is licensed to Senzime.

Dividend

The Board of Directors is proposing to the AGM that no dividend is paid for the financial year.

Certified Adviser

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Proposed appropriation of profits

The following funds are at the disposal of the Annual General Meeting (SEK):

Share premium reserve	376,793,644
Accumulated profit or loss	-175,675,192
Profit (loss) for the year	-40,172,669
Total	160,945,783

The Board of Directors proposes that the funds are appropriated as follows (SEK):

Dividends to shareholders of SEK 0 per share, totaling SEK 0	-
Carried forward	160 945 783
Total	160 945 783

Financial information

Consolidated Statement of Comprehensive Income

SEK 000	Note	2020	2019	2018
Net sales	5	9,337	6,711	3,214
Cost of goods sold	6,19,20	-17,236	-13,650	-6,748
Gross profit (loss)		-7,899	-6,939	-3,534
Development expenditure	7,9	-8,187	-4,790	-801
Selling and administrative expenses	7,8,9,21	-31,145	-22,389	-20,318
Other operating income	12,15	1,122	556	372
Other operating expenses	11,15	-2,758	-667	-260
Earnings before interest and taxes		-48,866	-34,229	-24,541
Financial expenses	13	-125	-37	-50
Financial items		-125	-37	-50
Profit (loss) after financial items		-48,991	-34,266	-24,591
Income tax	14	1,547	1,548	516
Profit (loss) for the year		-47,444	-32,718	-24,075
Other comprehensive income:				
Items reclassifiable to profit or loss				
Exchange differences on translation of foreign operations		-36	1,206	743
Other comprehensive income for the period		-36	1,206	743
Total comprehensive income for the year		-47,480	-31,512	-23,332

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

Earnings per share, based on net profit (loss) attributable to equity holders of the parent	Note	2020	2019	2018
Weighted average number of shares - before dilution		56,199,776	50,098,102	44,154,382
Weighted average number of shares - after dilution		56,353,496	50,160,009	44,154,382
Earnings per share, basic and diluted, SEK	16	-0.84	-0.65	-0.55

The notes on pages 38 to 62 are an integrated part of the consolidated accounts.

Consolidated Balance Sheet

SEK 000	Note	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Goodwill	19	770	770	770	770
Capitalized development expenditure	19	80,837	92,059	97,643	90,896
Patents and similar rights	19	561	704	848	833
Total intangible assets		82,168	93,533	99,261	92,499
Rights of use	21	2,632	542	909	1,405
Property, plant and equipment					
Machinery and equipment	20	238	120	179	238
Total property, plant and equipment		238	120	179	238
Total non-current assets		85,038	94,195	100,350	94,143
CURRENT ASSETS					
Inventories	23	3,950	2,437	961	1,063
Current receivables					
Trade receivables	22,24	3,285	2,528	2,731	3
Other receivables	25	5,868	647	831	666
Prepaid expenses and accrued income	26	442	403	456	593
Total current receivables		9,595	3,578	4,018	1,262
Cash and cash equivalents	27	160,310	30,898	32,666	8,738
Total current assets		173,855	36,913	37,645	11,063
TOTAL ASSETS		258,893	131,107	137,995	105,206

Consolidated Balance Sheet, cont.

SEK 000	Note	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
EQUITY AND LIABILITIES					
Equity	28				
Share capital		7,812	6,556	6,135	5,086
Other paid-up capital		397,553	229,891	201,179	151,629
Reserves		1,913	1,949	743	0
Accumulated profit or loss inc. profit (loss) for the year		-175,932	-128,426	-96,073	-72,699
Total equity		231,346	109,970	111,984	84,016
LIABILITIES					
Non-current liabilities					
Lease liability	21,34	1,248	52	273	791
Deferred tax liabilities	29	11,858	13,405	14,952	15,467
Total non-current liabilities		13,106	13,457	15,225	16,258
Current liabilities					
Lease liability	21,34	1,148	336	517	482
Trade payables	22	4,718	2,949	4,795	2,485
Other current liabilities	30	5,450	1,167	1,148	561
Accrued expenses	31	3,125	3,228	4,326	1,404
Total current liabilities		14,441	7,680	10,786	4,932
Total liabilities		27,547	21,137	26,011	21,190
TOTAL EQUITY AND LIABILITIES		258,893	131,107	137,995	105,206

The notes on pages 38 to 62 are an integrated part of the consolidated accounts.

Consolidated Statement of Changes in Equity

SEK 000	Note	Share capital	Attributable to equity holders of the parent			Total equity
			Other paid-up capital	Reserves	Retained earnings inc. profit (loss) for the year	
Opening balance, Jan. 1, 2018		5,086	151,629	0	-72,699	84,016
Profit (loss) for the period					-24,075	-24,075
Other comprehensive income				743		743
Total comprehensive income for the year		0	0	743	-24,075	-23,332
Transactions with shareholders in their capacity as owners						
Staff stock options	10				701	701
New share issue	28	1,049	51,550			52,599
Issue expenses	28		-2,000			-2,000
Closing balance, Dec. 31, 2018		6,135	201,179	743	-96,073	111,984
Opening balance, Jan. 1, 2019		6,135	201,179	743	-96,073	111,984
Profit (loss) for the period					-32,718	
Other comprehensive income				1,206		
Total comprehensive income for the year		0	0	1,206	-32,718	-31,512
Transactions with shareholders in their capacity as owners						
Staff stock options	10				365	365
New share issue	28	421	29,579			30,000
Issue expenses	28		-867			-867
Closing balance, Dec. 31, 2019		6,556	229,891	1,949	-128,426	109,970
Opening balance, Jan. 1, 2020		6,556	229,891	1,949	-128,426	109,970
Profit (loss) for the period					-47,444	-47,444
Other comprehensive income				-36		-36
Total comprehensive income for the year		0	0	-36	-47,444	-47,480
Transactions with shareholders in their capacity as owners						
Staff stock options	10				-61	-61
New share issue	28	1,256	177,515			178,771
Issue expenses	28		-9,853			-9,853
Closing balance, Dec. 31, 2020		7,812	397,553	1,913	-175,932	231,346

The notes on pages 38 to 62 are an integrated part of the consolidated accounts.

Consolidated Statement of Cash Flows

SEK 000	Note	2020	2019	2018
Cash flow from operating activities				
Earnings before interest and taxes		-48,866	-34,229	-24,541
Adjustment for non-cash items:				
- Depreciation and amortization		11,901	10,805	3,745
- Other non-cash items		498	853	261
Interest paid		-124	-37	-50
Cash flow from operating activities before change in working capital		-36,591	-22,608	-20,585
Cash flow from change in working capital				
Increase/decrease in inventories		-1,513	-1,476	102
Increase/decrease in trade receivables		-6,177	440	-2,759
Increase/decrease in trade payables		5,946	-2,925	5,818
Total change in working capital		-1,744	-3,961	3,161
Cash flow from operating activities		-38,335	-26,569	-17,424
Cash flow from investing activities				
Investments in tangible assets	20	-192	-	-
Investments in intangible assets	19	-135	-3,766	-9,269
Cash flow from investing activities		-327	-3,766	-9,269
Cash flow from financing activities				
Payments made for repayment of lease liabilities	21	-1,218	-568	-479
New share issue, net of transaction expenses		168,907	29,133	51,100
Cash flow from financing activities		167,689	28,565	50,621
Decrease/increase in cash and cash equivalents		129,027	-1,770	23,928
Cash and cash equivalents at beginning of year		30,898	32,666	8,738
Exchange differences in cash and cash equivalents		385	-	-
Cash and cash equivalents at end of year		160,310	30,898	32,666

The notes on pages 38 to 62 are an integrated part of the consolidated accounts.

Note 1 Notes on the consolidated accounts**General information**

These annual accounts are for the parent company Sensime AB (publ), corporate identity number 556565-5734, and its subsidiaries. Sensime AB (publ) is a parent company registered in Sweden, with its registered office in Uppsalla, at the address Ulls väg 41, 756 51, Uppsalla, Sweden.

Unless otherwise stated, all amounts are reported in thousands of Swedish kronor (SEK 000). Information in brackets is for the comparative year. The Board of Directors approved these consolidated accounts for publication on April 13, 2021.

Note 2 Summary of significant accounting policies

This note lists the significant accounting policies applied when preparing these consolidated accounts. These policies have been applied consistently for all years presented, unless otherwise stated.

i) Basis of preparation of the financial statements

The consolidated accounts of the Sensime AB group have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRSIC) as endorsed by the EU.

These annual accounts have been prepared in accordance with IFRS and the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the cost method. Historical financial information has been restarted effective January 1, 2018, which is the date of transition to IFRS.

These annual accounts are Sensime's first prepared in accordance with IFRS. The first financial statement prepared according to IFRS is the interim financial statement for the third quarter of 2020. Explanations on the transition from previously applied accounting policies to IFRS and the effect restatements have had on the Statements of Comprehensive Income and Equity are disclosed in note 36. Preparing reports consistent with IFRS requires the application of a number of critical estimates for accounting purposes. This also requires Management to make certain judgements on the application of the group's accounting policies. Those segments involving a high degree of judgement, that are complex or such segments where assumptions and estimates are of material significance to the consolidated accounts, are stated in note 4.

ii) New standards to be applied from January 1, 2020

No new standards, interpretations or amendments that came into effect on January 1, 2020 have had any impact on the consolidated financial statements.

iii) New and amended standards that have not yet been applied by the group

A number of new standards and interpretations come into effect for financial years beginning January 1, 2021 and later, and have not been applied when preparing these financial statements. No published standards and interpretations that have not yet come into effect have impacted the group.

2.1 Consolidated accounts**(a) Subsidiaries**

Subsidiaries are all companies over which the group has a controlling influence. The group controls a company when it is exposed, or has the right, to variable returns from its holding in the company, and has the ability to affect such returns through its influence in the company. Subsidiaries are consolidated effective the date when controlling influence transfers to the group. They are excluded from the consolidated accounts effective the date controlling influence ceases.

Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between group companies are eliminated. The accounting policies of subsidiaries have been amended where appli-

cable to guarantee consistent application of the group's policies.

Acquisition accounting is used for reporting the group's business combinations.

2.2 Segment reporting

Sensime's chief operating decision-maker (CODM) is the CEO, because this individual is primarily responsible for allocating resources and evaluating performance. Judgements of the group's business segments should be based on the financial information reported to the CEO (management approach). The financial information reported to the CEO as support for allocating resources and evaluating the group's performance, relate to the group as a whole. Against this background, Management has determined that the group whole group is one operating segment.

2.3 Translation of foreign currency**(i) Functional currency and presentation currency**

The different entities of the group have their local currency as functional currency because the local currency is defined as the currency used in the primary economic environment where each entity is mainly active. The consolidated accounts use Swedish kronor (SEK), which is the parent company's functional currency and the group's presentation currency.

(ii) Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the rates of exchange ruling on the transaction date. Exchange rate gains and losses that occur on payment of such transactions, and in the translation of monetary assets and liabilities in foreign currencies, are translated at closing day rates, recognized in operating profit or loss in the Statement of Comprehensive Income.

Exchange rate gains and losses that relate to loans, and cash and cash equivalents, are recognized in the Statement of Comprehensive Income as financial income or expenses. All other exchange rate gains and losses are recognized in the "other operating expenses" and "other operating income" items in the Statement of Comprehensive Income.

(iii) Translation of foreign group companies

The results of operations and financial positions of all group companies with different functional currencies to the presentation currency are translated to the group's presentation currency. The assets and liabilities for each of the balance sheets are translated from the foreign operation's functional currency to the group's presentation currency, Swedish krona, at closing date rates. Revenues and expenses for each of the income statements are translated to Swedish krona at average rates of exchange for each accounting period. Translation differences arising in currency translation of foreign operations are recognized in other comprehensive income.

Accumulated gains and losses in equity are recognized in profit or loss when the foreign operation is sold wholly or partly.

2.4 Revenue recognition**License rights to Sensime's intangible assets**

Revenues from licenses are for an exclusive right, a license, for a customer to use the group's intellectual property associated with the Tetra-Graph® system on certain specified markets. To recognize the revenue of out-licensing an item of intellectual property, the group applies the following policies, and makes the following judgements.

Distinct license or integrated undertaking

A judgement is made as to whether a license right in a customer contract is distinct, and should be disclosed separately, or the license is integrated with services in the contract, and should just be recognized collectively, as an undertaking. For a license to be treated as a distinct undertaking and reported individually, the customer should be able to benefit from the license without Sensime making further undertakings in the current contract. For the recognition of revenue from non-distinct licenses in the customer contract, see under services below.

Reporting distinct licenses and customer contracts; right to use or right to access

For distinct licenses, Senzime judges whether a license the counterparty receives during an agreement term involves a right to use the intellectual property as it is when the license is issued, or right to access the intangible asset during the whole license period. This judgement is based on the agreement's economic significance. A counterparty that receives a license right for a fixed fee through a non-cancellable agreement that permits the licensee to use the right freely, and when Senzime does not have any remaining obligations to fulfil, is considered a right-to-use license and is reported at a given point in time. If, instead, the agreement means the counterparty has the right to access through the whole license period (depending on Senzime performing activities that affect the value and use of the license) the compensation is allocated on a straight-line basis over the agreement term.

Usually, distinct licenses are right-to-use licenses because the services that could affect the value and benefit of the license are reported separately as an individual distinct performance obligation.

Timing of recognition of fixed transaction prices for distinct licenses

The transaction price to be received for the performed obligation to transfer a license to a customer can be fixed or variable, depending on the terms & conditions of the agreement. The revenue for a fixed transaction price for a right-to-use license is recognized at a given point in time. This point in time is when the customer receives control over the license, and can benefit from it. A fixed transaction price for a right-to-access license is recognized over the time period Senzime has an obligation to provide the customer with right to access.

Timing of recognition of the variable transaction price (milestones) for distinct licenses

Agreements on out-licensing Senzime's intangible assets often include a schedule of payment. A lump sum is often paid on entering agreements. This revenue is recognized when the counterparty has obtained control over the license as described above. The revenue for potential additional compensation, i.e. variable payments depending on certain future events, is not recognized until it is very likely that a material reversal of accumulated revenue recognized will not occur when the future uncertainties cease. This point in time is not considered to occur until the counterparty has confirmed that a specific event has occurred. Such event may be definitive regulatory approval of the product, for example.

Timing of recognition of variable transaction prices (royalties) for distinct licenses

Royalties are also a form of variable transaction price associated with a customer's license. Royalty is recognized according to a special principle. The revenue for sales-based royalties promised in exchange for a license for intellectual property is only recognized when subsequent sales occur

Sale of goods

The group develops, manufactures and sells medical device solutions. Essentially, the group's customer base consists of various distributors, although a minority of sales are also direct to end-customers. The revenue from sales is recognized when control of the goods transfers to the customer, which is normally on delivery of the product. Delivery normally occurs when goods are transported to the specific site, the risks of obsolescence or lost goods has transferred to the customer, and the customer has either accepted the goods in accordance with the agreement, the deadline for objections to the agreement has expired, or the group has objective evidence that all criteria for acceptance have been satisfied. Senzime judges that no financing component applies at the time the group's goods are sold.

2.5 Current and deferred income tax

The tax expense for the period consists of current and deferred tax. Tax is recognized in the Consolidated Statement of Comprehensive Income, apart from when tax relates to items recognized in other comprehensive

income, or directly in equity. In such cases, tax is also recognized in other comprehensive income and equity respectively.

The current tax expense is computed on the basis of the tax rules that are enacted or substantively enacted in those countries where the parent company and its subsidiaries are active and generate taxable revenues, as of the reporting date. Management regularly evaluates the claims made in tax returns regarding situations where applicable tax rules are subject to interpretation. Where considered appropriate, provisions are made for amounts that are likely to be payable to the tax agency.

Deferred tax is recognized on all temporary differences occurring between the taxable value of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is not recognized if it occurs as a result of a transaction which is the first-time recognition of an asset or liability that is not a business combination, and at the time of the transaction, neither affects reported nor taxable earnings. Deferred income tax is computed by applying the tax rates (and laws) that are enacted or substantively enacted on the reporting date, and are expected to apply when the relevant deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent it is likely that future taxable surpluses will be available, against which the temporary differences can be used. Deferred tax assets and liabilities are offset when there is a legal right of offset for current tax receivables and tax liabilities, and when the deferred tax receivables and tax liabilities relate to taxes charged by one and the same tax agency, and either relate to the same taxpayer, or different taxpayers, when there is an intention to settle these balances through net payments.

2.6 Leases

The group's lease arrangements are essentially on premises for offices. The group only operates as a lessee.

Leases are recognized as right-of-use assets and a corresponding liability, on the date the lease is available for use by the group. Each lease payment is allocated between amortization of the liability and a financial expense. The financial expense should be allocated over the lease term so that each accounting period is charged with an amount that corresponds to a fixed interest rate for the liability reported in each period.

Right-of-use assets are amortized on a straight-line basis over the shorter of the asset's useful life and the length of the lease term.

Assets and liabilities that arise from lease arrangements are initially recognized at present value.

Lease liabilities include the present value of the following lease payments:

- fixed payments and
- variable lease payments dependent on an index.

Lease payments are discounted by an incremental borrowing rate.

Assets with right of use are measured at cost and include the following:

- the initial measurement of the lease liability and
- payments made at or prior to the time the leased asset is available to the lessee.

Lease payments related to short-term leases and leases for which the underlying asset has low value, are recognized as an expense on a straight-line basis over the lease term. Leases for which the underlying asset is of low value are essentially on office equipment.

Extension and cancellation options

Extension and cancellation options are included in the group's leases on offices. These terms & conditions are used to maximize flexibility in managing the arrangements. Extension or cancellation options are included in the asset and liability when it is reasonably certain that they will be used.

2.7 Property, plant and equipment

Property, plant and equipment include equipment. Property, plant and equipment are recognized at cost less depreciation. Cost includes expenditure directly attributable to purchasing the asset.

Depreciation of assets to allocate the costs to an estimated residual value over the estimated useful life, is on a straight line basis as follows:

- Equipment – 60 months

The residual value and useful lives of assets are tested at the end of each reporting period and restated as required.

The residual value of an asset is immediately impaired to its recoverable amount if the carrying amount of the assets exceeds its estimated recoverable amount. Gains and losses on sale are determined by comparing the sales revenue and carrying amount, and are recognized in other operating income/other operating expenses net in the Statement of Comprehensive Income.

2.8 Intangible assets

Goodwill

Goodwill occurs on the acquisition of subsidiaries and is the amount whereby the purchase consideration, potential non-controlling interests in the acquired entity and the fair value of previous equity share in the acquired entity on the acquisition date exceeds the fair value of identifiable acquired net assets. If the amount is less than fair value the value of the acquired subsidiary's net assets, in the event of a bargain purchase, the differences reported directly in the statement of comprehensive income.

To test for impairment, the goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition. Each unit or group of units that goodwill has been allocated to is the lowest level in the group at which the goodwill in question is monitored in internal controls. Goodwill is monitored at business segment level.

Patents and similar rights

Patents and similar rights acquired separately are reported at cost. Patents and similar rights have a definite useful life and are recognized at cost less accumulated amortization and impairment. Expenditure for patents related to intangible assets judged to satisfy the criteria for capitalization below are recognized as an asset in the Balance Sheet.

Amortization of assets to allocate their cost over estimated useful lives are on a straight-line basis as follows:

- Patents and similar rights – 120-140 months

The useful life of patents is judged as consistent with each patent's registration period.

Capitalized expenditure for development work

Expenses for maintenance are expensed as they occur. Development expenses directly attributable to the development of medical device solutions controlled by the group, are recognized as intangible assets when the following criteria are satisfied:

- It is technically possible to complete them for use,
- The company's intention is to complete them, and use or sell them,
- The conditions for use or sale are in place,
- How they can generate probable future economic benefits can be demonstrated,
- Adequate technical, financial and other resources to complete development to use or sell them are available, and
- The expenditure related to them during their development can be measured reliably.

Directly attributable expenditure that is capitalized as part of the development process includes expenditure for employees and external consultants.

Other development expenses that do not satisfy these criteria are expensed when they occur. Development expenses previously expensed are not recognized as an asset in a subsequent period.

Capitalized development expenses that satisfy the above capitalization criteria have a definite useful life. Amortization commences from the date when the asset is ready for use. Amortization is on a straight-line basis over the useful life. The useful life is 120-140 months. The group has judged that intangible assets have a useful life of 10 years, and if there is a legal right (for example a patent) with a remaining useful life of over 10 years, instead, the maximum useful life, and thus amortization period, runs for the remaining useful lives for these legal rights—although never more than 20 years.

The cost of capitalized expenditure for development work acquired in a business combination is the fair value at the acquisition date. Additional expenditure is recognized in the same way as described above. In subsequent periods, these intangible assets are recognized at cost less accumulated amortization and impairment.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life (goodwill), or intangible assets that are not ready for use (capitalized expenditure for development work) are not impaired, but subject to yearly impairment tests. Assets that are amortized are tested for impairment whenever events or changed circumstances indicate that carrying amount may not be recoverable. An asset is impaired when its carrying amount exceeds its recoverable amount. Recoverable amount is the greater of the asset's fair value less selling expenses, and its value in use. When assessing impairment, assets are grouped at the lowest level where there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) previously impaired, a test of whether reversal should be effected is conducted at each reporting date.

2.10 Financial instruments

The group's financial assets and liabilities consist of the following items: trade receivables, accrued income, cash and cash equivalents, trade payables and accrued expenses.

a) First-time recognition

Financial assets and financial liabilities are recognized when the group becomes party to the instrument's contractual terms. Purchases and sales of financial assets and liabilities are recognized on the transaction date, the date when the group undertakes to purchase or sell the asset.

On first-time recognition, financial instruments are accounted at fair value plus, for an asset or financial liability not recognized at fair value through profit or loss, transaction expenses directly attributable to the purchase or issue of a financial asset or financial liability, such as charges and commissions. Transaction expenses for financial assets and liabilities recognized at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

b) Financial assets - classification and measurement

The group classifies and measures financial assets in the amortized cost category. Classification of investments in debt instruments depend on the group's business model for managing financial assets and the contractual terms of the cash flows of the assets.

Financial assets measured at amortized cost

Assets held with the intention of receiving contractual cash flows and where these cash flows only consist of principal and interest, are measured at amortized cost. The carrying amount of these assets is restated by any expected credit losses recognized (see impairment of financial assets below). The group's financial assets measured at amortized cost consist of the items other trade receivables, accrued income and cash and cash equivalents.

c) Financial liabilities – classification and measurement

Financial liabilities are measured at amortized cost. After first-time recognition, the group's financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities consist of trade payables.

d) Derecognition of financial assets and financial liabilities

Financial assets are derecognized from the Statement of Financial Position when the right to receive cash flows from the instrument have expired or transferred, and the group has transferred basically all risks and benefits associated with rights of ownership. Financial liabilities are derecognized from the Statement of Financial Position when the obligations in the agreement have been fulfilled, or otherwise extinguished. When the terms of the financial liability are renegotiated, and not derecognized from the Balance Sheet, a gain or loss is recognized in the Statement of Financial Position. The gain or loss is computed as the difference between the original contracted cash flows and the modified cash flows discounted to the original effective interest rate.

e) Offsetting financial instruments

Financial assets and liabilities are offset and recognized at a net amount in the Balance Sheet only when there is a legal right of offset for the carrying amounts and an intention to settle them with a net amount, or simultaneously realize the asset and settle the liability. The legal right may not be dependent on future events and must be legally binding for the company and the counterparty, both in normal business operations and in the event of payment default, insolvency or bankruptcy.

f) Impairment of financial assets

Assets recognized at amortized cost

The group judges the future expected credit losses associated with assets recognized at amortized cost. The group reports a credit loss reserve for such expected credit losses at each reporting date. For trade receivables, the group applies the simplified approach for credit provisioning, i.e. the reserve will correspond to the expected loss over the whole lifetime of the trade receivable. To measure expected losses, trade receivables are grouped based on allocated credit loss risk characteristics and overdue days. The group uses forward-looking variables for expected credit losses. Expected credit losses are recognized in the Consolidated Statement of Comprehensive Income, in the other operating expenses item.

g) Measuring and disclosing fair value

The carrying amounts of the group's financial assets and liabilities are judged as a reasonable estimate of fair value because they are current receivables and liabilities, whose discounting effect is insignificant.

2.11 Trade receivables

Trade receivables are amounts attributable to customers for goods sold in operating activities. Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. The group holds trade receivables to collect contracted cash flows. Accordingly, at subsequent reporting dates, trade receivables are measured at amortized cost using the effective interest method.

2.12 Cash and cash equivalents

In the Balance Sheet and Statement of Cash Flows, cash and cash equivalents consist of bank balances.

2.13 Share capital

Ordinary shares are classified as equity. Transaction expenses directly attributable to the issue of new shares or options are reported net of tax in equity as a deduction from the issue proceeds.

2.14 Trade payables

Trade payables are financial instruments and reflect the obligation to pay for goods and services purchased from suppliers in operating activities. Trade payables are classified as current liabilities if they become due within one year. If not, they are reported as non-current liabilities. Trade payables are initially recognized at fair value, and subsequently at amortized cost using the effective interest method.

2.15 Public subsidies

Public subsidies are recognized at fair value when there is reasonable certainty that the subsidies will be received, and the group will satisfy the criteria associated with such subsidies. Subsidies received prior to satisfying the criteria for revenue recognition are recognized as a liability.

2.16 Inventories

Inventories are reported using the first in first out (FIFO) principle at the lower of cost or market. Market value is the estimated selling price in operating activities, less applicable variable selling expenses.

2.17 Employee benefits**a) Short-term compensation of employees**

Liabilities for salaries and benefits including non-monetary benefits and paid absence expected to be settled within 12 months of the end of the financial year, are recognized as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The expense is recognized in the Statement of Comprehensive Income as employees render service. Liabilities are recognized as an obligation to compensate employees in the Consolidated Balance Sheet.

b) Pension obligations

The group has defined contribution pension plans only. A defined contribution pension plan is a pension plan through which the company pays fixed contributions to a separate legal entity. The group has no legal or informal obligation to pay additional contributions if this legal entity has insufficient assets to pay all compensation to employees associated with employee service during current or previous periods. Contributions are recognized as personnel expenses in the Statement of Comprehensive Income when they become due for payment.

In addition to this, Senzime has issued a pension promise to the CEO and other senior managers, and in tandem with this, purchased an endowment insurance pledged as collateral for these employees' pensions. The pension promise means that these individuals receive the value of the endowment insurance less special employer's contributions. These endowment insurance policies are treated as plan assets and recognized net against the obligation, which means that the net obligation will always be zero. In the Income Statement, premiums are reported associated with this pension promise net in the same way as other defined contribution plans (see above).

2.18 Share-based payment

The group has one staff stock option plan. The fair value of the service entitling employees to granting of options through the group's staff stock option plan is recognized as a personnel expense with the corresponding increase in equity. The total amount to be expensed is based on the fair value of the options granted:

- Including all market-related terms and conditions (e.g. target share price)
- Excluding any impact of the service conditions and non-market related conditions for vesting (e.g. profitability, sales increase targets and the employee remaining in the company's service for a designated period).
- Including the impact of terms that are not vesting terms (including requirements for the employee to save or retain shares during a designated period, for example).

The total expense is recognized over the vesting period: the period over which all the specified vesting terms should be satisfied. The group tests whether its judgement of how many shares are expected to be vested based on the non-market related vesting terms and service terms at the end of each reporting period. Potential variations from the original judgements that the test gives rise to are recognized in the Income Statement, and the corresponding restatements are made in equity. The social security contributions arising on the granting of stock options are treated as an integrated part of granting, and this expense is treated as a cash-settled share-based payment.

2.19 Earnings per share

(i) Basic earnings per share

Basic earnings per share are computed by dividing:

- Profit or loss attributable to equity holders of the parent excluding dividends attributable to preference shares
- By a weighted average number of outstanding ordinary shares in the period, adjusted for the bonus issue element of ordinary shares issued in the period, and excluding repurchased shares held in treasury by the parent company.

(ii) Diluted earnings per share

To compute diluted earnings per share, the amounts used to compute basic earnings per share are adjusted by considering:

- The effect after tax of dividends and interest expenses on potential ordinary shares and
- The weighted average number of ordinary shares that are additional if all potential ordinary shares that give rise to a dilution effect are converted to ordinary shares.

2.20 Cash Flow Statement

The cash flow statement is prepared according to the indirect method. Reported cash flows only include transactions involving payments received or made.

Note 3 Financial risk management

3.1 Financial risk factors

Through its operating activities, the group is exposed to a number of different financial risks such as market risk (currency risk), credit risk, liquidity risk and refinancing risk. The group endeavors to minimize potential unfavorable effects on its financial results. The objective of the group's financing activities are to:

- Ensure that the group can fulfil its payment obligations,
- Manage financial risks,
- Ensure access to necessary finance, and
- Optimize the group's net financial income/expense.

The Board of Directors bears ultimate responsibility for exposure, managing and monitoring Sensime's risks. The applicable limits for exposure, management and monitoring financial risks are determined by the Board of Directors and reviewed each year in Sensime's adopted finance policy. The Board of Directors has delegated responsibility for daily risk management to the CEO. The Board of Directors is able to decide on temporary departures from limits designated in the finance policy.

(a) Market risk

Currency risk

The group is exposed to currency risks arising from different currency exposures, mainly in EUR, USD and GBP, because the company has most of its sales in these currencies. In 2018 and 2019, Sensime received lump sum payments in JPY. Within Sensime AB, currency risk primarily arises in cross-border trading, where pricing and invoicing is usually in EUR and USD. Although the majority of Sensime AB's expenses are denominated in SEK, procurement, primarily of raw materials, is in GBP and EUR. The exposure to currency risk in transactions should mainly be limited by matching the group's incoming and outgoing payments. The finance policy states that residual net exposure, net flow, can be currency hedged. However, a maximum of 50% of the net flow may be hedged. Permitted hedging instruments are currency forwards and currency options (call and put options). However, such instruments may only be utilized with the Board of Directors' approval. As of December 31, 2020, and for all comparative periods, there were no outstanding derivative instruments.

The group's currency exposure related to transaction risk from the items in foreign currency recognized in the Balance Sheet at the end of each reporting period, are stated in the following table. All amounts are expressed in SEK 000.

	GBP	EUR	USD
Dec. 31, 2020			
Trade receivables	18	2,729	533
Trade payables	-1,606	-1,018	-82
Net	-1,588	1,711	451
Dec. 31, 2019			
Trade receivables	0	657	0
Trade payables	-1,053	-991	-301
Net	-1,053	-334	-301
Dec. 31, 2018			
Trade receivables	0	223	0
Trade payables	-708	-577	-200
Net	-708	-354	-200
Jan. 1, 2018			
Trade receivables	0	0	0
Trade payables	-46	0	-147
Net	-46	0	-147

Sensitivity analysis – transaction exposure

The material portion of the group's operating activities are conducted through the Swedish parent company. In 2018 and 2019, there was only one small Dutch subsidiary in the group, and a US subsidiary was incorporated in 2020. These subsidiaries expose the group to currency risk related to EUR and USD on the translation of their Balance Sheets and Income Statements.

If the Swedish krona had depreciated/appreciated by 10% in relation to the USD with all other variables constant, equity as of December 31, 2020 would have been SEK 78,000 higher/lower, because of translation of the US subsidiary's Income Statement and Balance Sheet.

If the Swedish krona had depreciated/appreciated by 10% in relation to the EUR with all other variables constant, equity as of 31 December 31 2020 would have been SEK 2,258,000 (2019: SEK 1,818,000, and 2018: SEK 1,195,000) higher/lower.

If the Swedish krona had depreciated/appreciated by 10% in relation to the GBP, the translated profit after tax in 2020 would have been SEK 159,000 (2019: SEK 105,000, 2018: SEK 71,000) higher/lower, in relation to the EUR, the translated gain/loss in 2020 would have been SEK 171,000 (2019: SEK 33,000, 2018: SEK 35,000) higher/lower, in relation to the USD, the translated profit/loss after tax would have been, in 2020, SEK 45,000 (2019: SEK 30,000, 2018: SEK 20,000) lower/higher. This is largely the result of gains/losses on the translation of trade receivables and trade payables.

(b) Credit risk

Credit risk arises through balances with banks and credit institutions, and customer credit exposure including outstanding receivables. Credit risk is managed by group management. Only banks and credit institutions with a minimum credit rating of "A" are acceptable. The group does not have any contract assets.

Credit risk is managed at group level. In cases where there is no independent credit check, a risk assessment of the customer's creditworthiness is conducted, considering its financial position, as well as previous experience and other factors. Individual risk limits are determined based on internal or external credit checks pursuant to the limits set by the Board of Directors. The usage of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses resulting from payment default by these counterparties.

Historically, the group's credit losses have been insignificant, and customers' payment histories are good. Considering this, and forward-looking information on macroeconomic factors that might influence customers' ability to pay receivables, the group's expected credit losses are also assumed as insignificant

(c) Liquidity risk

Through prudent liquidity management, the group ensures it has sufficient cash reserves to satisfy the needs of operating activities. The finance policy stipulates that sufficient cash and cash equivalents should

always be available to cover a period of at least three months ahead.

Management continuously monitors rolling forecasts of the group's liquidity reserves and cash and cash equivalents based on expected cash flows. These forecasts also consider the potential impact of the situation with covid-19. Surplus liquidity may only be invested in assets that can be converted to cash and cash equivalents within three banking days. The maximum term of an individual asset in which surplus liquidity invested is one year.

(d) Refinancing risk

Refinancing risk is defined as the risk that difficulties in refinancing the company arise, that finance cannot be arranged, or can only be arranged at increased cost. Both the scale and timing of the group's potential future capital requirements depend on a number of factors, including the potential to enter collaborative or licensing agreements, and the advances made in research and development projects. To ensure the financing of research and development projects, Senzime has conducted new share issues. This risk is limited by the group continuously evaluating different funding solutions.

The following table analyzes the group's financial liabilities allocated to the period remaining as of the reporting date until contracted due date. The amounts stated in the table are the contracted undiscounted cash flows. Future cash flows in foreign currency have been computed based on closing day rates.

	Less than 3 mths.	Between 3 mths. and 1 yr.	Between 1 & 2 yrs.	Between 2 & 5 yrs.	More than 5 yrs.	Total contracted cash flows	Carrying amount
As of January 1, 2018							
Financial liabilities							
Lease liability	118	364	517	274	-	1,273	1,273
Trade payables	2,485	-	-	-	-	2,485	2,485
Total	2,603	364	517	274	-	3,358	3,358
As of December 31, 2018							
Financial liabilities							
Lease liability	127	391	272	-	-	790	790
Trade payables	4,795	-	-	-	-	4,795	4,795
Total	4,922	391	272	-	-	5,585	5,585
As of December 31, 2019							
Financial liabilities							
Lease liability	151	186	51	-	-	388	388
Trade payables	2,949	-	-	-	-	2,949	2,949
Total	3,100	186	51	-	-	3,337	3,337
As of December 31, 2020							
Financial liabilities							
Lease liability	285	863	1,025	223	-	2,396	2,396
Trade payables	4,718	-	-	-	-	4,718	4,718
Total	5,003	863	1,025	223	-	7,114	7,114

3.2 Computing and reporting fair value

The different levels of financial instruments measured at fair value are defined as follows:

(a) Financial instruments in level 1

Listed prices (unadjusted) on active market places for identical assets or liabilities.

(b) Financial instruments in level 2

Other observable data for the asset or liability than listed prices included in level 1, either direct (i.e. as price quotations) or indirect (i.e. resulting from price quotations).

(c) Financial instruments in level 3

In those cases one or material input data is not based on observable market information, the relevant affected instrument is classified in level 3.

The group has no items recognized at fair value for any of the financial years covered in these annual accounts.

The carrying amounts of the group's financial assets and liabilities (in addition to lease liability) are considered reasonable estimates of fair value, because they relate to current receivables and liabilities, whose discount effect is insignificant.

3.3 Management of capital

The goal of the group's capital management is to ensure its capability to continue its operations so that it can keep generating returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to keep the cost of capital down.

To maintain its research portfolio over time, and thus generate future values, a strong capital base is required.

The group's capital is judged on the basis of its equity/assets ratio.

The equity/assets ratios as of December 31, 2020, 2019 and 2018 are stated in the following table:

	2020	2019	2018
Equity	231.3	110.0	112.0
Total assets	258.9	131.1	138.0
Equity/assets ratio	89.4%	83.9%	81.2%

Note 4

Critical estimates and judgements for accounting purposes

The group makes estimates and assumptions about the future. The estimates for accounting purposes that result from them will seldom correspond to actual outcomes by definition. Those estimates and assumptions that involve a significant risk of material restatements in the carrying amounts of assets and liabilities during subsequent financial years are summarized below.

a) Estimates and judgements associated with deductible deficits

Deferred tax assets for loss carry-forwards or other future tax deductions are recognized to the extent it is likely that the deduction can be used against a surplus in future taxation. Because the group is not reporting positive earnings, pursuant to IFRS, the group also needs to demonstrate convincing evidence that future earnings will be generated, and not merely make them likely, for deferred tax asset to be recognized. It is not currently possible to demonstrate such convincing evidence at present, and accordingly, no deferred tax asset is reported.

b) Estimates and judgements associated with capitalized development expenditure

Each year, the group tests capitalized development expenditure for impairment. Impairment tests have been conducted at product level for CliniSenz®, OnZurf® Probe and TetraGraph®. Recoverable amount has been determined by measuring value in use. The impairment tests demonstrated that there was no impairment as of December 31, 2020.

c) License agreements

The group has entered contracts where customers receive the right to use TetraGraph® on a marketplace. Licenses in customer agreements entered to date are treated as distinct from other performance obligations (services) in the contract. Accordingly, the customer can benefit from the license without the services offered in the contract. The fixed fee of the license has been recognized as a revenue when the customer obtains control over it because the licensee can freely use the right, and Senzime has not had any remaining obligations to perform (right to use licenses). Pursuant to the group's policies, additional variable compensation in these contracts dependent on future events is not recognized until Senzime has performed its obligation, and the counterparty has confirmed that a specific event has occurred.

Note 5

Net sales

Revenue

The revenue from external parties reported to the CEO is measured in the same way as in the Consolidated Statement of Comprehensive Income.

Revenue from externa kunder	2020	2019	2018
License revenue			
- Up-front milestones		1,806	2,424
Sale of goods	9,337	4,905	790
Total	9,337	6,711	3,214

Revenue from external customers by country, based on customer location:

	2020	2019	2018
Sweden	158	546	0
USA	1,330	0	0
Europe/Oceania	2,226	950	783
Asia	5,623	5,215	2,431
Total	9,337	6,711	3,214

Revenue of approx. SEK 5,375,000 (2019: SEK 5,201,000, 2018: SEK 7,000) are for a single external customer.

Non-current assets in addition to financial Instruments and deferred tax assets, allocated by the physical location of the assets, are stated in the following table:

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Netherlands	73,213	83,518	89,923
Sweden	7,993	8,661	7,899
Total	81,206	92,179	97,822

Note 6 Cost of goods sold

	2020	2019	2018
Cost of materials	5,054	2,204	2,245
Personnel expenses	170	469	338
External services	294	172	420
Depreciation and amortization	11,718	10,805	3,745
Total	17,236	13,650	6,748

Note 8 Reimbursement of auditors

	2020	2019	2018
PwC			
– Auditing	421	454	223
– Tax consultancy	870	0	0
– Other	624	124	0
Total	1,915	578	223

Note 7 Selling, administration and development expenditure by cost class

	2020	2019	2018
Personnel expenses	23,706	12,864	10,939
Consulting expenses	11,510	10,005	7,388
Depreciation and amortization	184	389	389
Other expenses	3,932	3,921	2,403
Total	39,332	27,179	21,119

Note 9 Employee benefits, etc.

	2020	2019	2018
Salary and other benefits	16,221	10,573	9,018
Social security contributions	5,080	4,201	2,977
Pension expenses – defined contribution plans	2,117	1,249	1,286
Total employee benefits	23,418	16,023	13,281

Salary and other benefits, as well as social security expenses

	2020		2019		2018	
	Salary and other benefits	Social security expenses (of which pensions-expenses)	Salary and other benefits	Social security expenses (of which pensions-expenses)	Salary and other benefits	Social security expenses (of which pensions-expenses)
Directors, Presidents and other senior managers	8,828	4,422	5,100	3,380	5,248	2,989
– of which pension expense		1,337		1,000		1,078
Other employees	7,393	2,775	5,473	2,070	3,770	1,274
– of which pension expense		780		249		208
Group total	16,221	7,197	10,573	5,450	9,018	4,263

Average number of employees with geographical division by country

	2020		2019		2018	
	Average number of employees	Of which men	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	12	4	12	3	10	2
USA	3	3	0	0	0	0
Group total	15	7	12	3	10	2

Gender division in the group (incl. subsidiaries), Directors and other senior managers

	2020		2019		2018	
	No. on reporting date	Of which men	No. on reporting date	Of which men	No. on reporting date	Of which men
Directors	4	4	4	4	5	5
CEO and other senior managers	8	4	7	4	5	1
Group total	12	8	11	8	10	6

Compensation and other benefits 2020

	Basic salary/ Directors' fee	Variable remuneration	Other benefits	Share-based payment	Pension expense	Consulting fee	Total
Chairman – Philip Siberg	100						100
Director – Adam Dahlberg	50						50
Director – Sorin J Brull						1 127	1 127
Director – Lennart Kalén	50						50
CEO – Pia Renaudin	1,619	315	83		737		2,754
Other senior managers (7)	8,629		6	706	955	1,222	11,518
Total	10,448	315	89	706	1,692	2,349	15,599

Consulting fees are for financial services and medical expertise.

Compensation and other benefits 2019

	Basic salary/ Directors' fee	Variable remuneration	Other benefits	Share-based payment	Pension expense	Consulting fee	Total
Chairman – Philip Siberg	100						100
Director – Adam Dahlberg	50						50
Director – Sorin J Brull						879	879
Director – Lennart Kalén	50						50
CEO – Pia Renaudin	1,536	300	103		373		2,312
Catrin Molund Interim CEO (1 month)	163						163
Other senior managers (4)	3,564			342	627	210	4,743
Total	5,463	300	103	342	1,000	1,089	8,297

Consulting fees are for financial services and medical expertise.

Compensation and other benefits 2018

	Basic salary/ Directors' fee	Variable remuneration	Other benefits	Share-based payment	Pension expense	Consulting fee	Total
Chairman – Philip Siberg	100						100
Director – Adam Dahlberg	50						50
Director – Sorin J Brull						725	725
Director – Lennart Kalén	50						50
Catrin Molund Interim CEO	87						87
CEO – Lena Söderström	2,917		54	114	717		3,802
Other senior executives (4)	2,332			361	361		3,054
Total	5,536		54	475	1,078	725	7,868

Consulting fees are for financial services and medical expertise.

Other benefits are company cars and healthcare

Guidelines

Fees are payable to the Chairman of the Board and Directors in accordance with an AGM resolution of May 14, 2020. For other Directors, where remuneration has been payable in the form of consulting fees by a group company, no Directors' fee has been paid.

The AGM resolved on the following guidelines for remunerating management. Remuneration to the Chief Executive Officer and other senior managers consists of basic salary, variable compensation, other benefits, pension etc. Other senior managers are the seven individuals that make up group management with the CEO.

The division between basic salary and variable compensation should be in proportion to the manager's responsibilities and authority. For the CEO, variable compensation is maximized at 25% of basic salary. The other senior managers, variable compensation is maximized at 25% of

basic salary. Variable compensation is based on outcomes in relation to individual targets.

Pension benefits and other benefits to the CEO and other senior managers are payable as part of total compensation.

Defined contribution pension

The group has defined contribution pension plans only. The pension expense is the expense affecting profit or loss for the year.

The retirement age of the CEO is 67. The pension premium should be 6.3% of pensionable salary up to 7.5 income base amounts, and 31.8% of salary portions above 7.5 income base amounts. Pensionable salary means basic salary and an average of the three most recent years' var-

able compensation. For other senior managers, retirement age is 67. Pension premium should be 6.3% of pensionable salary up to 7.5 income base amounts, and 31.8% on salary portions above 7.5 income base amounts.

No pension obligations have been made to Directors that are not permanently employed by a group company.

For the CEO and rest of senior management, Sensime has purchased an endowment insurance pledged as collateral for the pension promise made to these individuals. This pension promise is reported in the same way as other defined contribution pensions, and pension expenses linked to them are included in pension expenses in the disclosure on remuneration to the CEO and other senior managers above. For more information, see section 2.17 b).

Severance pay

The current CEO took up employment in 2019, and her contract has a six-month notice period, and for termination by the company, severance pay of six times basic monthly salary. After a period of service of three years, the notice period is adjusted to 12 months for termination by the employee, and for termination by the company, severance pay of 12 months' basic salary. No agreements have been reached regarding severance pay for other senior managers.

The CEO has the following number of warrants as of each reporting date:

Dec. 31, 2020	400,000
Dec. 31, 2019	400,000
Dec. 31, 2018	0
Jan. 1, 2018	0

Senior management held the following number of staff stock options on each reporting date:

Dec. 31, 2020	100,000
Dec. 31, 2019	240,000
Dec. 31, 2018	640,000
Jan. 1, 2018	640,000

For more information on programs, see note 10.

Note 10 Share-based payment

Stock option programs

A summary of the group's current/previous stock option plans for any of the periods covered by the annual accounts 2020 follows.

Share warrants

The CEO holds 400,000 share warrants. The subscription price was SEK 0.54 per option based on a valuation according to Black & Scholes on the grant date. The share warrants were purchased at market value. Each share warrant gives entitlement to subscribe for one new share of Sensime AB against cash payment at a subscription price of SEK 12 per share. Options can be exercised until May 7, 2022 inclusive.

Staff stock options

Sensime's staff stock option program was approved by the shareholders at an EGM on September 15, 2017. This staff stock option plan covers all permanent employees. Each option gives entitlement to subscribe for

one new share at a price of SEK 8.80 in the period until November 30, 2020 inclusive. The options were issued free of charge. These options require continued employment by the company and are non-transferable. All the staff stock options were exercised in November 2020, and accordingly, 600,000 new shares were issued to option holders, raising the company approx. SEK 5.3 million.

An EGM on July 2, 2020 approved two new staff stock option programs. One of the programs involves 100,000 staff stock options, and is for one senior manager, granted free of charge. The granted staff stock options will be vested over three years as follows: 20% of granted staff stock options vested on July 1, 2021; 20% of granted staff stock options vested on July 1, 2022; and 60% of granted staff stock options vested on July 1, 2023. Assuming vesting and continued employment by the company, each option can be exercised to subscribe for shares in the period July 1, 2023 to September 30, 2023. The subscription price has been set at SEK 24.70, which is 125% of the volume-weighted average price paid for the company's share on Nasdaq First North Growth Market in a period of 20 trading days from the date of the shareholders' meeting resolution.

The second staff stock option program adopted by the EGM on July 2, 2020 involves 1,100,000 options. Staff stock options can be offered and granted to employees of the company based on participants' individual performance during an assessment period that will run until December 31, 2020 (the "Assessment Period"). Granting is in the following staff categories: CEO, maximum 200,000 staff stock options; management, maximum total 500,000 staff stock options with each participant granted a maximum of 100,000 staff stock options; other employees, participants in this category may be granted a maximum of 30,000 staff stock options each. Granted staff stock options will be vested over three years as follows: 20% of granted staff stock options vested on February 1, 2022; 20% of granted staff stock options vested on February 1, 2023; and 60% of granted staff stock options vested on February 1, 2024. Participants can exercise granted and vested staff stock options in the period February 1, 2024 to April 30, 2024. The subscription price has been set at SEK 24.70, which is 125% of the volume-weighted average price paid for the company's share on Nasdaq First North Growth Market in a period of 20 trading days from the date of the shareholders' meeting resolution onwards. In total, 880,000 of these 1,100,000 options were granted in February 2021, with the following allocation: CEO: 100,000 staff stock options; members of management total: 500,000 staff stock options (highest individual granting 90,000); other employees: 280,000 (highest individual granting 30,000).

Participants employed after the end of the Assessment Period may be granted staff stock options at two predetermined dates: February 1, 2022 and February 1, 2023. Each staff stock option should entitle participants to acquire one (1) new share of the company during the exercise period. The exercise price has been reset to a new level, of 125% of the volume-weighted average price paid for the company's share on Nasdaq First North Growth Market (or other marketplace where the company's share is quoted) for a period of 20 trading days from the grant date onwards. However, the exercise price may be no lower than SEK 24.70.

A summary of outstanding share warrants follows:

	2020		2019		2018	
	Average exercise price, SEK per option	No. of options (000)	Average exercise price SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)
As of January 1	12.00	400	0.00	0	0.00	0
Granted			12.00	400	0.00	0
As of December 31	12.00	400	12.00	400	0.00	0

Outstanding staff stock options at year-end have the following expiration dates and exercise prices:

	2020		2019		2018	
	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)
As of January 1	7.00	600	7.00	1,000	7.00	1,080
Granted	24.70	100			9.00	120
Forfeited				-400	-2.00	-200
Exercised	8.80	-600				
As of December 31	24.70	100	7.00	600	7.00	1,000

Grant date	Expiration date	Exercise price	Staff stock options December 31, 2020 (000)	Staff stock options 31 December 2019 (000)	Staff stock options 31 December 2018 (000)	Staff stock options 1 January 2018 (000)
Sep. 22, 2017	Nov. 30, 2020	8.80		480	880	880
Jun. 30, 2018	Nov. 30, 2020	8.80		120	120	
Jul. 2, 2020	Sep. 30, 2023	24.70	100			
Total			100	600	1,000	880

Remaining weighted average contract period for outstanding options at the end of the period

2.75 0.92 1.92 2.92

Fair value of granted staff stock options

The estimated fair value on the grant date for options granted in 2020 was SEK 2.40 per option (2018: SEK 1.56). Fair value on the grant date is computed with the aid of an adapted version of the Black & Scholes valuation model.

Input data for the model for options granted in the year:

- a) the options were granted free of charge invested over a three-year period. Vested options can be exercised within two months of vesting
- b) exercise price: SEK 24.70
- c) grant date: July 7, 2020
- d) expiration date: September 30, 2023
- e) share price at grants date: SEK 18.05
- f) expected volatility of the company's share price: 35%
- g) risk-free interest rate: 0%

The expected volatility of the share price is based on historical volatility (in turn based on the remaining term of the option), adjusted for the expected changes in future volatility resulting from publicly available information.

The total expenses recognized in the Income Statement for staff stock options is SEK 1,480,000 (2019: SEK 1,552,000, 2018: SEK 790,000). The majority of these expenses are social security contributions.

The total carrying amount of liabilities related to share-based payments on the reporting date is SEK 14,000 (2019: SEK 1,301,000, 2018: SEK 113,000).

Note 11 Other operating expenses

	2020	2019	2018
Loss on sale of property, plant and equipment	2	0	0
Loss on sale of intangible assets	498	0	0
Exchange losses	2,258	667	260
Total	2,758	667	260

Note 12 Other operating income

	2020	2019	2018
Exchange gains	1,122	556	372
Total	1,122	556	372

Note 13 Financial expenses

	2020	2019	2018
Interest expenses lease liability	122	34	48
Other financial expenses	3	3	2
Total financial expenses	125	37	50

Note 14 Income tax

	2020	2019	2018
Current tax:			
Current tax på profit (loss) for the year	0	0	0
Adjustments for previous years	0	0	0
Total current tax	0	0	0
Deferred tax (note 29)			
Incidence and reversal of temporary differences	1,547	1,548	516
Effect of changed tax rate	0	0	0
Total deferred tax	1,547	1,548	516
Total income tax	1,547	1,548	516

Income tax on the group's profits (loss) before tax differs from the theoretical amount that would have resulted by applying the Swedish tax rate to the profits of consolidated entities as follows:

	2020	2019	2018
Profit (loss) before tax	- 48,991	-34,266	-24,591
Income tax computed at tax rate in Sweden (2020: 21.4%, 2019: 21.4%, 2018: 22%)	10,484	7,333	5,410
Tax effects of:			
Non-deductible expenses	-13	-67	-77
Tax effect of foreign tax rates	88	108	93
Unreported temporary differences, loss carry-forwards	-9,013	-5,826	-4,920
Change in deferred tax			
Income tax	1,547	1,548	516

The weighted average tax rate for the group was 21.6% (2019: 21.7%, 2018: 22.4%).

Note 15 Exchange differences - net

Exchange differences have been recognized in the Statement of Comprehensive Income as follows:

	2020	2019	2018
Other operating expenses (note 10)	-2,258	-667	-260
Other operating income (note 11)	1,122	556	372
Total	-1,136	-111	112

Note 16 Earnings per share

Earnings per share are computed by dividing profit for the year by a weighted average number of outstanding ordinary shares in the period.

Senzime has had potential ordinary shares in the form of share warrants and staff stock options. However, these did not cause any dilution effect for 2018, 2019 and 2020, because conversion to ordinary shares would result in a lower loss per share.

	2020	2019	2018
SEK			
Basic earnings per share	-0.84	-0.65	-0.55
Diluted earnings per share	-0.84	-0.65	-0.55
Earnings measures for computing earnings per share			
Earnings attributable to equity holders of the parent for computing basic and diluted earnings per share			
Earnings attributable to equity holders of the parent, SEK 000	-47,444	-32,718	-24,075
Weighted average number of ordinary shares for computing basic earnings per share	56,199,776	50,098,102	44,154,382
Adjustment for computing diluted earnings per share:			
- Options	153,719	61,907	-
Weighted average number of ordinary shares and potentiella ordinary shares used as the denominator for computing diluted earnings per share	56,353,495	50,160,009	44,154,382

Note 17 Alternative performance measures

Senzime has defined the following alternative performance measures. The computations are published at 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.
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.

Note 18 Investments in subsidiaries

The group had the following subsidiaries as of December 31, 2020:

Name	Country registration and operation	Operations	Prop. ordinary shares held directly by parent company (%)	Prop. ordinary shares held by group (%)
Acacia Designs B.V	Netherlands	Medical devices	100	100
MD Biomedical AB	Sweden	Medical devices	100	100
Senzime Inc.	USA	Medical devices	100	100

Note 19 Intangible assets

Name	Goodwill	Capitalized development expenditure	Patents and similar rights	Total
As of January 1, 2018				
Cost	770	96,303	1,575	98,649
Accumulated amortization		-5,407	-742	-6,149
Carrying amount	770	90,896	833	92,500
Financial year 2018				
Opening carrying amount	770	90,896	833	92,500
Purchases in the year		9,269	169	9,438
Amortization in the year		-3,425	-154	-3,579
Exchange differences		903		903
Closing carrying amount	770	97,643	848	99,262
As of December 31, 2018				
Cost	770	106,475	1,744	108,990
Accumulated amortization	0	-8,832	-896	-9,728
Carrying amount	771	97,643	848	99,262
Financial year 2019				
Opening carrying amount	770	97,643	848	99,262
Purchases in the year		3,766		3,766
Amortization in the year		-9,618	-143	-9,761
Exchange differences		268		268
Closing carrying amount	770	92,059	705	93,535
As of December 31, 2019				
Cost	770	110,509	1,744	113,024
Accumulated amortization	0	-18,450	-1,039	-19,489
Carrying amount	770	92,059	705	93,535
Financial year 2020				
Opening carrying amount	770	92,059	705	93,535
Purchases in the year		136		136
Sales and retirements		-497		-497
Amortization in the year		-10,255	-144	-10,399
Exchange differences		-607		-607
Closing carrying amount	770	80,836	561	82,168
As of December 31, 2020				
Cost	770	109,541	1,744	112,056
Accumulated amortization	0	-28,705	-1,183	-29,888
Carrying amount	770	80,836	561	82,168

Capitalized development expenditure

The significant portion of capitalized development expenditure consist of TetraGraph® (SEK 73.2 million). This balance is fully complete and amortization has commenced. Even if there is no indication of impairment, the group tests for impairment of capitalized development expenditure each year. The impairment test is conducted at product level and the most material assumptions in the impairment test are sales growth and the discount rate.

Impairment test of goodwill

Senzime assesses the performance of operations for the group as a whole, because the whole group is treated as one segment. Goodwill is monitored for the group as a whole.

The recoverable amount of goodwill has been determined based on computations of value in use. Senzime judges that sales growth, EBITDA margin, the discount rate and long-term growth are the most important assumptions in the impairment test. Computations of value in use are based on estimated future cash flows after tax based on financial budgets, as approved by Management. This computation is based on Management's experience and historical data. The long-term sustainable growth rate for the operating segment has been determined on the basis of Management's opinion.

For each of the above operating segments for which an amount goodwill amount has been allocated, the material assumptions used when valuing use has been computed follow: discount rate and long-term growth rate.

A seven-year forecast period without residual value has been applied for the impairment test. Growth in the forecast periods averages 29%. The discount rate before tax applied in the impairment test is 18%. The impairment test has demonstrated that there is no impairment.

The total amount of expenditure for development expenses in the year is SEK 8,217,000 (2019: SEK 4,790,000, 2018: SEK 801,000).

Note 20 Property, plant and equipment**Machinery and equipment****As of January 1, 2018**

Cost	295
Accumulated depreciation	-57
Carrying amount	238

Financial year 2018

Opening carrying amount	238
Depreciation in the year	-59
Closing carrying amount	179

As of December 31, 2018

Cost	295
Accumulated depreciation	-116
Carrying amount	179

Financial year 2019

Opening carrying amount	179
Depreciation in the year	-59
Closing carrying amount	120

As of December 31, 2019

Cost	295
Accumulated depreciation	-175
Carrying amount	120

Financial year 2020

Opening carrying amount	120
Purchases in the year	194
Sales and retirements	-114
Depreciation in the year	38
Closing carrying amount	238

As of December 31, 2020

Cost	375
Accumulated depreciation	-137
Carrying amount	238

Note 21 Leases

Essentially, the group's leases consist of leases for premises. Leases have a term of approx. 3 years.

The following amounts related to leases are recognized in the Income Statement

	2020	2019	2018
Amortization of rights of use:			
Real estate	1,238	496	496
Vehicles	61	57	0
Total	1,299	553	496
Interest expenses (included in financial expenses)	122	34	48

Expenditure related to leases for which the underlying assets of low value that are not short-term leases (included in administrative expenses).

Total cash flow for leases was SEK 1,218,000 (2019: SEK 568,000, 2018: SEK 479, 000). For information on lease liability maturities, see note 3.

Additional rights of use in 2020 amounted to SEK 3,218,000 (2019: SEK 185,000, 2018: SEK 0,000).

The following amounts related to leases are recognised in the Balance Sheet:

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Assets with right of use:				
Vehicles	67	128	0	0
Real estate	2,565	414	909	1,405
Total	2,632	542	909	1,405
Lease liabilities:				
Non-current	1,248	52	273	791
Current	1,148	336	517	482
Total	2,396	388	790	1,273

Note 22 Financial instruments by category

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Financial assets measured at amortized cost				
Trade receivables	3,285	2,528	2,731	3
Cash and cash equivalents	160,310	30,898	32,666	8,738
Total	163,595	33,426	35,397	8,741

All the group's financial assets are reported in the category "financial assets measured at amortized cost."

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Financial liabilities measured at amortized cost				
Trade payables	4,718	2,949	4,795	2,485
Total	4,718	2,949	4,795	2,485

All of the group's financial liabilities are recognized in the "financial liabilities measured at amortized cost" category.

Over and above the financial instruments stated in the table (above), the group has financial liabilities in the form of lease liabilities, which are recognized and measured according to IFRS 16 (see note 3).

Note 23 Inventories

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Current assets				
– Finished goods recognised at cost	3,950	2,437	961	1,063
Total	3,950	2,437	961	1,063

In the financial year 2020, costs of materials of SEK 5,054,000 (2019: SEK 2,203,000, 2018: SEK 2,245,000) were recognized in the Income Statement. They are recognized as cost of goods sold under the item material.

Note 24 Trade receivables

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Trade receivables	3,285	2,528	2,731	3
Less: provision for expected credit losses				
Trade receivables - net	3,285	2,528	2,731	3

The maximum exposure to credit risk on the reporting date for trade receivables is the carrying amount above. The fair value of trade receivables corresponds to carrying amount, because the discount effect is not significant. No trade receivables have been pledged as collateral for any liability.

Note 25 Other receivables

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
VAT receivable	757	230	219	415
Tax asset	4,409	417	570	186
Other current receivables	702	0	42	65
Total	5,868	647	831	666

Note 26 Prepaid expenses and accrued income

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Prepaid insurance	208	101	83	75
Other prepaid expenses	234	302	373	518
Total	442	403	456	593

Note 27 Cash and cash equivalents

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Bank balances	160,310	30,898	32,666	8,738
Total	160,310	30,898	32,666	8,738

Note 28 Share capital and other paid-up capital

	No. of shares	Share capital	Other paid-up capital
As of January 1, 2018	40,694,223	5,086,778	151,129,000
New share issue	4,166,670	520,834	24,314,627
Share subscription with share warrants	216,610	27,076	472,824
New share issue	4,000,000	500,000	25,262,549
As of December 31, 2018	49,077,503	6,134,688	201,179,000
New share issue	3,370,787	421,348	28,712,000
As of December 31, 2019	52,448,290	6,556,036	229,891,000
New share issue	4,900,000	612,500	68,279,625
Share subscription with share warrants	600,000	75,000	4,960,000
New share issue	4,545,000	568,125	94,422,375
As of December 31, 2020	62,493,290	7,811,661	397,553,000

As of December 31, 2020, the share capital consists of 62,493,290 ordinary shares with a quotient value of SEK 0.125.

All shares issued by the parent company are fully paid up.

Information on Sensime's stock option plans, including further detail on issued, exercised and expired options in the financial year, as well as out-standing options at the end of the financial year, is in note 10.

Note 29 Deferred tax

Deferred tax assets are recognized for tax loss carry-forwards or other deductions to the extent it is likely that they can be used against future taxable earnings. No deferred tax asset has been recognized because the group does not judge that the criteria for reporting deferred tax in IAS 12 are satisfied.

Deferred tax liabilities	Intangible assets
As of January 1, 2018	15,469
Recognized in the Statement of Comprehensive Income	-516
As of December 31, 2018	14,953
Recognized in the Statement of Comprehensive Income	-1,548
As of December 31, 2019	13,405
Recognized in the Statement of Comprehensive Income	-1,547
As of December 31, 2020	11,858

Unused loss carry-forwards for which no deferred tax asset has been reported amount to SEK 160,685,000 as of December 31, 2020 (December 31, 2019: SEK 108,289,000, December 31, 2018: SEK 79,673,000; January 1, 2018: SEK 52,883,000). SEK 127,456,000 of loss carry-forwards do not expire at any time, other loss some carry-forwards expire between the years 2023 and 2029.

Note 30 Other current liabilities

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Withholding tax	4,403	615	392	192
Less social security contributions	245	346	278	27
Less special employer's contribution	794	261	501	342
Other current liabilities	8	-55	-23	0
Total	5,450	1,167	1,148	561

Note 31 Accrued expenses and deferred income

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Accrued salaries	884	300	1,372	0
Accrued vacation pay	1,138	768	710	563
Accrued social security contributions	487	1,636	776	201
Other accrued expenses and deferred income	616	524	1,468	640
Total	3,125	3,228	4,326	1,404

Note 32 Contingent liabilities and pledged assets

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Corporate mortgages	300,000	300,000	300,000	300,000
Guarantee commitments	850,000			
Total	1,150,000	300,000	300,000	300,000

Collateral pledged is the previous trading credit facility with SEB, which is currently terminated. An overdraft facility has been arranged but is not currently in use.

Note 33 Transactions with related parties

Apart from compensation of senior managers and consulting services purchased from them, state as stated in note 9, there are no transactions with related parties.

Note 34 Changes in liabilities related to financing activities

	Jan. 1, 2018	Cash inflow	Cash outflow	Non-cash items	Dec. 31, 2018
Lease liability	1,273		-483		790
Total	1,273		-483		790

	Jan. 1, 2019	Cash inflow	Cash outflow	Non-cash items	Dec. 31, 2019
Lease liability	790		-402		388
Total	790		-402		388

	Jan. 1, 2020	Cash inflow	Cash outflow	Non-cash items	Dec. 31, 2020
Lease liability	388			2,007	2,395
Total	388			2,007	2,395

Note 35 Subsequent events

January 14. Senzime starts up in Germany, hiring a Country Manager and Regional Clinical Manager. The Katholisches Klinikum Bochum teaching hospital places its first order in the country for TetraGraph® systems.

February 15. The company applies to list the company's share on NASDAQ Stockholm's main list in 2021, a decision which is part of its continued expansion, and consistent with Senzime's commercial strategy. Senzime views quotation on NASDAQ Stockholm's main list as a logical next step in its development.

March 5. An EGM elects Eva Walde as a Director.

When the opening balance sheet as of January 1, 2018 and balance sheets as of December 31, 2018 and December 31, 2019 were prepared pursuant to IFRS, amounts in previous annual accounts that were restated, were previously reported pursuant to BFNAR 2012:1 annual and consolidated accounts (K3). A review of how the transition from previously applied accounting policies to IFRS has impacted the group's results of operations and financial position is illustrated in the following tables and associated references.

Decisions taken when preparing opening balances for accounting according to IFRS

The first time IFRS is adopted in consolidated accounts, accounting should be pursuant IFRS 1, First-time Adoption of IFRS. The general rule is that all applicable IFRS and IASs that have come into effect and been endorsed by the EU, should be applied retroactively. However, IFRS 1 contains transition rules that offer companies some options.

The IFRS-committee permitted exemptions from complete retroactive application of all standards that the group has decided to apply when preparing opening balances are stated below:

Leases

The group has adopted the exemption of adopting IFRS 16 from the transition date (January 1, 2018) and prospectively (IFRS D9B). The selected exemption means that the lease liability is measured at the present value of remaining lease payments discounted by the lessee's incremental borrowing rate. The right of use is measured at an amount corresponding to the lease liability. The group has also made the following decisions based on IFRS 1 D9D at the transition date:

- Leases for which the underlying asset is of low value are not recognized in the right-of-use asset or lease liability.
- Estimates made subsequently in determining the lease term, because the arrangement contains extension or cancellation options.

Note 36 Effects on the adoption of International Financial Reporting Standards (IFRS)

The consolidated accounts for 2020 are Senzime AB's (Senzime's third financial statements prepared according to IFRS. The accounting policies stated in note 2 have been applied when the consolidated accounts of Senzime were prepared as of December 31 for December 31, 2020, and for the comparative information presented as of December 31, 2019, December 31, 2018, and when preparing the statement of the periods opening financial position (opening balance sheet) as of January 1, 2018 (the group's adoption date of IFRS).

Exemption for accumulated translation differences

IFRS 1 permits accumulated translation differences reported in equity to be zeroed on the transition date of IFRS. This is an expedient compared to determining accumulated translation differences in accordance with IAS 21. The effect of altered exchange rates from the time when subsidiaries or associated companies are incorporated or acquired. Senzime has decided to zero all accumulated translation differences in the translation reserve, and reclassify them to retained earnings at the transition date of IFRS 1, January 1, 2018. Senzime has also decided to apply the exemption pursuant to IFRS 1 C2, to decide not to apply IAS 21 retroactively on restatements of value and goodwill attributable to business combinations conducted prior to the adoption of IFRS. Restatements of fair value and goodwill are recognized in the acquired entity's functional currency instead.

Exemption for business combinations

The standard IFRS 1 formalizes how the adoption of IFRS should be conducted, offers an opportunity to apply the policies of the standard IFRS 3 Business Combinations, either prospectively from the transition date of IFRS, or from a specific date prior to the transition date. The group has decided to apply IFRS 3 prospectively for business combinations that occur after the date of adoption of IFRS. Accordingly, business combinations conducted prior to the transition date have not been restated.

Reconciliation between previous accounting policies and IFRS

Pursuant to IFRS 1, the group should present a reconciliation between equity and total comprehensive income as reported pursuant to previous accounting policies, and equity and total comprehensive income pursuant to IFRS. The group's transition to accounting according to IFRS did not have any impact on total cash flows from operating activities, investing activities or financing activities. However, a reclassification of cash flow occurred between financing activities and cash flow from operating activities, because amortization of the lease liability is recognized in financing activities after the transition to IFRS. According to previous accounting policies, total cash flow from leases is recognized in operations. The following table illustrates the reconciliation between previous accounting policies and IFRS for each period, for equity and total comprehensive income.

Amounts in SEK 000	Jan-Dec 2018				Jan-Dec 2019			
	Notes	Income Statement (acc. to previous accounting policies)	Total effect of adoption of IFRS	Acc. to IFRS	Notes	Income Statement (acc. to previous accounting policies)	Total effect of adoption of IFRS	Acc. to IFRS
Net sales		3,214	-	3,214		6,711	-	6,711
Cost of goods sold	a,b,c,d)	-8,441	1,693	-6,748	a,b,c,d)	-15,251	1,601	-13,650
Gross profit (loss)		-5,227	1,693	-3,534		-8,540	1,601	-6,939
Selling and administrative expenses	c)	-21,646	527	-21,119	c)	-27,781	602	-27,179
Other operating income		372	-	372		556	-	556
Other operating expenses		-260	-	-260		-667	-	-667
Earnings before interest and taxes		-26,761	2,220	-24,541		-36,432	2,203	-34,229
Financial items – net	c)	-2	-48	-50	c)	-3	-34	-37
Profit (loss) before tax		-26,763	2,172	-24,591		-36,435	2,169	-34,266
Income tax	e)	1,142	-626	516	e)	2,758	-1,210	1,548
Profit (loss) for the year		-25,621	1,546	-24,075		-33,677	959	-32,718
Other comprehensive income for the period, net of tax	b, g, h)		743	743	b, g, h)		1,206	1,206
Total comprehensive income for the year		-25,621	2,288	-23,333		-33,677	2,165	-31,512

Amounts in SEK 000	Jan. 1, '18				Dec. 31, '18			
	Notes	Acc. to previous accounting policies	Total effect of adoption of IFRS	Acc. to IFRS	Notes	Acc. to previous accounting policies	Total effect of adoption of IFRS	Acc. to IFRS
Assets								
Non-current assets								
Intangible assets								
Capitalized development expenditure	b)	152,995	-62,099	90,896	b)	157,909	-60,266	97,643
Patents and similar rights		833	-	833		848	-	848
Goodwill		771	-	771	a)	441	330	771
Total intangible assets	b)	154,599	-62,099	92,500		159,198	-59,936	99,262
Property, plant and equipment								
Equipment, tools, fixtures and fittings		238	-	238		179	-	179
Total property, plant and equipment		238	-	238		179	-	179
Right-of-use assets	c)	0	1,405	1,405	c)	0	909	909
Total non-current assets		154,837	-60,694	94,143		159,377	-59,028	100,349
Current assets								
Inventories		1,063	-	1,063		961	-	961
Trade receivables, other receivables, pre-paid expenses and accrued income	c)	1,394	-132	1,262	c)	4,153	-135	4,018
Cash and cash equivalents	h)	8,738	-	8,738	h)	32,666	-	32,666
Total current assets		11,195	-132	11,063		37,780	-135	37,645
TOTAL ASSETS		166,032	-60,826	105,206		197,157	-59,162	137,995

		Dec. 31, '19		
Amounts in SEK 000	Notes	Acc. to previous accounting policies	Total effect of adoption of IFRS	Acc. to IFRS
Assets				
<i>Non-current assets</i>				
<i>Intangible assets</i>				
Capitalized development expenditure	b)	149,760	-57,701	92,059
Patents and similar rights		704	-	704
Goodwill	a)	110	660	770
Total intangible assets		150,574	-57,041	93,533
<i>Property, plant and equipment</i>				
Equipment, tools, fixtures and fittings		120	-	120
Total property, plant and equipment		120	-	120
Right-of-use assets	c)	-	542	542
Total non-current assets		150,694	-56,499	94,195
Current assets				
Inventories		2,437	-	2,437
Trade receivables, other receivables, pre-paid expenses and accrued income	c)	3,732	-154	3,578
Cash and cash equivalents	h)	30,898	-	30,898
Total current assets		37,067	-154	36,913
TOTAL ASSETS		187,761	-56,654	131,107

Amounts in SEK 000	Jan. 1, '18				Dec. 31, '18			
	Notes	Acc. to previous accounting policies	Total effect of adoption of IFRS	Acc. to IFRS	Notes	Acc. to previous accounting policies	Total effect of adoption of IFRS	Acc. to IFRS
EQUITY AND LIABILITIES								
<i>Equity</i>								
<i>Share capital</i>		5,086	-	5,086		6,135	-	6,135
Other paid-up capital	f)	151,129	500	151,629		201,179	-	201,179
Reserves		-	-	-	g,b)	-	743	743
Accumulated profit or loss (inc. profit (loss) for the year)	b,e)	-15,756	-56,943	-72,699	a,b,c,e)	-39,906	-56,167	-96,073
Equity attributable to equity holders of the parent		140,459	-56,443	84,016		167,408	-55,424	111,984
<i>Non-current liabilities</i>								
Lease liability	c)	-	791	791	c)	-	273	273
Deferred tax liability	e)	20,623	-5,156	15,467	e)	19,481	-4,529	14,952
Total non-current liabilities		20,623	-4,365	16,258		19,481	-4,256	15,225
<i>Current liabilities</i>								
Lease liability	c)	-	482	482	c)	-	517	517
Trade payables, other current liabilities, accrued expenses and deferred income	f,h)	4,950	-500	4,450		10,268	-	10,268
Total current liabilities		4,950	-18	4,932		10,268	517	10,785
TOTAL LIABILITIES AND EQUITY		166,032	-60,826	105,206		197,157	-59,162	137,995

	Dec. 31, '19			
Amounts in SEK 000	Notes	Acc. to previous accounting policies	Total effect of adoption of IFRS	Acc. to IFRS
EQUITY AND LIABILITIES				
<i>Equity</i>				
<i>Share capital</i>		6,556	-	6,556
Other paid-up capital	h)	232,575	-2,684	229,891
Reserves	g,b)	-	1,949	1,949
Accumulated profit or loss (inc. profit (loss) for the year)	a,b,c,e)	-75,438	-52,988	-128,426
Equity attributable to equity holders of the parent		163,693	-53,723	109,970
<i>Non-current liabilities</i>				
Lease liability	c)	-	52	52
Deferred tax liability	e)	16,724	-3,319	13,405
Total non-current liabilities		16,724	-3,267	13,457
<i>Current liabilities</i>				
Lease liability	c)	-	336	336
Trade payables, other current liabilities, accrued expenses and deferred income		7,344	-	7,344
Total current liabilities		7,344	336	7,680
TOTAL LIABILITIES AND EQUITY		187,761	-56,654	131,107

a) Reversal of goodwill amortization

According to previous accounting policies, goodwill was amortized over the period when it was expected to generate economic benefits. Pursuant to IFRS, goodwill is not amortized, but instead subject to yearly impairment tests. Because goodwill is not amortized pursuant to IFRS, the previous amortization of goodwill pursuant to previous accounting policies from January 1, 2018 onwards is reversed. The reversal of goodwill amortization in a period impacts profit or loss for that period, as well as total comprehensive income, and has been reversed into the "cost of goods sold" item in the Income Statement. The total restatement of equity and Balance Sheet of the goodwill recognized pursuant to previous accounting policies and IFRS as of December 31, 2018 and December 31, 2019 is illustrated in the following tables.

Amounts in SEK 000	As of Dec. 31, 2018	As of Dec. 31, 2019
Goodwill according to previous accounting policies	440	110
Reversal of goodwill amortization	330	660
Goodwill according to IFRS	770	770

b) Capitalized development expenditure**CliniSenz®**

On adoption of IFRS, Senzime examined when the criteria of IAS 38. p 57 for capitalization of development expenses are satisfied. This examination revealed that Senzime judges that development expenses related to CliniSenz® satisfy all the criteria of IAS 38. p 57 effective January 1, 2018. Accordingly, Senzime capitalizes development expenses related to CliniSenz® that have arisen effective this date. Development expenses capitalized prior to January 1, 2018 of SEK 35,517,000 pursuant to previous accounting policies, have been reversed, which results in intangible assets decreasing and retained earnings decreasing (increased loss) on the adoption of IFRS.

TetraGraph®

On December 2, 2016, Senzime entered an agreement with Fukuda Denshi on licensing rights for TetraGraph® for the Japanese market. Effective this date, Fukuda gained control over the license for the IP of TetraGraph®. Because Senzime can no longer use this intangible asset for the remainder of its useful life on the Japanese market, that portion of the intangible asset corresponding to the Japanese market is considered sold. Accordingly, effective date of sale of December 2, 2016, a portion of the intangible asset should be derecognized from the Balance Sheet as a capital gain/loss recognized in the Income Statement (compensation from Fukuda minus sold intangible asset). Thus, on the adoption date of IFRS, January 1, 2018, that portion of the capitalized development expenditure for TetraGraph® that was sold is reduced, which results in a decrease of intangible assets and a decrease (increased loss) of equity. The total effect on the capitalized expenditure for development on adoption and in subsequent periods is illustrated in the following table:

Amounts in SEK 000	Jan. 1, '18	Dec. 31, '18	Dec. 31, '19
Capitalized development expenditure	152,995	157,909	149,760
Expensed capitalized development expenditure, ClineSenz®	-35,517	-35,517	-35,517
Sold portion of intangible assets (TetraGraph®)	-26,582	-26,582	-26,582
Reversed amortization on sold balance, TetraGraph®	-	1,859	3,682
Adjustment translation difference, TetraGraph®	-	-26	716
Capitalized development expenditure, IFRS	90,896	97,643	92,059

c) Leases

The group as lessee

On the adoption date of IFRS, the group reports a right-of-use assets and a lease liability in its Balance Sheet for leases, classified as operating leases pursuant to previous policies, and that are not assets on assets of low value, or short leases. On the adoption date of IFRS, a lease liability is recognized, measured at the present value of remaining lease payments, of SEK 1,273,000, on December 31, 2018 SEK 791,000, and on December 31, 2019 SEK 289,000. On the adoption date, right-of-use assets are measured at an amount corresponding to the value of the lease liability restated for deferred lease payments. At the adoption date, these right-of-use assets were SEK 1,405,000, on December 31, 2018 SEK 909,000, and December 31, 2019 SEK 542,000.

In the Statement of Financial Position, right-of-use assets are amortized on a straight-line basis over the term of the lease, and interest is measured on the lease liability at a fixed interest rate for the reported liability in each period.

In the Statement of Comprehensive Income, amortization on assets with right of use are recognized in the cost of goods sold function, and an interest expense in financial expenses, instead of lease payments, which were previously recognized in selling and administrative expenses. Amortization of rights of use amounted to SEK 552,000 for the financial year 2019 (2018: SEK 496,000), and interest expenses of SEK 34,000 (2018: SEK 48,000). The weighted average incremental borrowing rate used on first-time recognition (January 1, 2018) was 4.45%.

d) Review of effects in the Income Statement

Related to points a-c

Notes a), b) and c) above indicate that a portion of the balance of capitalized development expenditure is expensed on adoption, goodwill had been reversed, and additional non-current assets in the form of right-of-use assets were added to the Consolidated Balance Sheet.

The reversal of goodwill amortization recognized according to previous accounting policies, and the reversal of amortization on the sold balance of TetraGraph®, and additional amortization on rights of use had the following effect on the "cost of goods sold" line of the Consolidated Statement of Comprehensive Income for the financial year 2018 and 2019.

Adjustments on the "cost of goods sold" line of the Consolidated Statement of Comprehensive Income (SEK 000)	Full year 2018	Full year 2019
Reversal of goodwill amortization	330	330
Reversed amortization on sold balance, TetraGraph®	1,859	1,823
Additional amortization on right of use	-496	-552
Total adjustment on the "cost of goods sold" line of the Consolidated Statement of Comprehensive Income	1,693	1,601

e) Deferred tax

A large portion of the balance of capitalized expenditure for development related to TetraGraph® were added via a business combination, with this balance measured at fair value. In tandem with the business combination, a temporary difference arose between the taxable and consolidated value of this intangible asset. In tandem with the restatement associated with TetraGraph® reviewed in b) above, deferred tax associated with the sold balance was dissolved. The following table illustrates adjustments of deferred tax in the opening balance and presented in Income Statements.

Deferred tax liability (SEK 000)	Per den 1 January 2018
Deferred tax liability, previous accounting policies	20,623
Dissolution of deferred tax due to sale of surplus value, TetraGraph®	-5,156
Total deferred tax liability, IFRS	15,467

Deferred tax liabilities change as the underlying items with which the tax is associated change. A specification of adjustments reported on the "income tax" line of the Consolidated Statements Of Comprehensive Income for the financial year 2018 and 2019 are attributable to the following IFRS adjustments.

Adjustments on the "Income tax" line of the Consolidated Statement of Comprehensive Income	Full year 2018	Full year 2019
Amounts in SEK 000	Full year 2018	Full year 2019
Deferred tax on reversed amortization on sold balance, TetraGraph®	-629	-1,210
Total adjustments on the "Income tax" line of the Consolidated Statement of Comprehensive Income	-629	-1,210

f) Contingent consideration

The contingent consideration related to the acquisition of MD Biomedical AB, which was recognized as a provision as of January 1, 2018 according to previous accounting policies, will be wholly payable in shares. Pursuant to IFRS 3 (p. 58 a), this contingent consideration should be measured at fair value and recognized as equity. Accordingly, on the adoption of IFRS, this item is adjusted, to be wholly recognized as equity.

g) Translation differences in the period

Pursuant to IFRS, translation differences are recognized in other comprehensive income and capitalized in the "provisions" item against equity. In subsequent periods, translation differences for the translation of foreign subsidiaries are recognized in "other comprehensive income," and capitalized in "provisions" in equity. Amounts entered in the Statement of Comprehensive Income and reclassified from the "retained earnings" to allowances "provisions" items in the Balance Sheet for amounts, which pursuant to previous accounting policies, were recognized directly against retained earnings, and an adjustment of translation differences because of IFRS adjustments of intangible assets related to the sold balance of TetraGraph®. In 2019, accumulated translation differences were recognized in other paid-up capital, and accordingly, there was a reclassification instead between the "other paid-up capital" and "provisions" items.

h) Reclassification and reheading in the Balance Sheet and Statement of Comprehensive Income***Balance Sheet***

Reheadings and reclassifications have occurred of the following balance sheet items; "cash and bank balances" has been reheaded as "cash and cash equivalents."

Pursuant to IFRS, provision should not have their own heading called "provisions," but be recognized under one of the headings "non-current liabilities" or "current liabilities" depending on the nature of the provision. Accordingly, deferred tax liabilities have been re-classified as "non-current liabilities."

Equity

Reclassification related to staff stock options has occurred between other paid-up capital and retained earnings. This is to achieve consistency between how this item was recognized in equity in previous years.

Statement of Comprehensive Income

Compared to previous accounting policies, in the Income Statement, additional items to be recognized in other comprehensive income have arisen. Senzime recognizes these two components in a statement called the "Statement Of Comprehensive Income."

Parent Company Income Statement

SEK 000	Note	2020	2019	2018
Net sales	38	10,756	6,711	3,214
Cost of goods sold	42	-7,670	-4,224	-3,875
Gross profit (loss)		3,086	2,487	-661
Development expenditure	40,43	-8,187	-4,790	-801
Selling and administrative expenses	39,40,41,43, 61	-33,495	-22,741	-20,440
Other operating income	44	1,060	556	372
Other operating expenses	45	-2,635	-667	-261
Earnings before interest and taxes		-40,171	-25,154	-21,791
Profit (loss) from financial items				
Profit (loss) from participations in group companies		-	-	-13,100
Interest expenses and similar profit (loss) items	46	-2	-3	-3
Total profit (loss) from financial items		-2	-3	-13,103
Profit (loss) after financial items		-40,173	-25,157	-34,894
Income tax	47	-	-	-
Profit (loss) for the year		-40,173	-25,157	-34,894

In the parent company there are no items reported as comprehensive income, so total comprehensive income is the same as profit (loss) for the year. The notes on pages 68 to 75 are an integrated part of the parent company accounts.

Parent Company Balance Sheet

SEK 000	Note	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Capitalized development expenditure	48	17,966	19,770	17,240	8,688
Patents and similar rights	48	561	704	848	833
		18,527	20,474	18,088	9,521
Property, plant and equipment					
Machinery and equipment	49	238	120	179	238
Total property, plant and equipment		238	120	179	238
Financial assets					
Participations in group companies	50	6,775	6,566	6,566	19,666
Receivables from group companies	62	4,677	4,587	4,444	3,601
Total financial assets		11,452	11,153	11,010	23,267
Total non-current assets		30,217	31,747	29,277	33,026
CURRENT ASSETS					
Inventories					
Inventories	52	3,488	2,438	961	1,063
Current receivables					
Trade receivables	51	2,752	2,379	2,713	3
Receivables from group companies	62	1,529	0	0	0
Current tax asset	55	5,111	595	762	601
Other receivables	55	421	22	43	62
Prepaid expenses and accrued income	56	711	556	591	725
Total current receivables		10,524	3,552	4,109	1,391
Cash and bank balances	57	159,386	30,475	32,231	8,674
Total current assets		173,398	36,465	37,301	11,128
TOTAL ASSETS		203,615	68,212	66,578	44,154

The notes on pages 68 to 75 are an integrated part of the parent company accounts

Parent Company Balance Sheet, cont.

SEK 000	Note	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
EQUITY AND LIABILITIES					
Equity					
Restricted equity					
Share capital	58	7,812	6,556	6,135	5,086
Statutory reserve		3,839	3,839	3,839	3,839
Development fund		16,921	18,547	15,837	7,107
		28,572	28,942	25,811	16,032
Non-restricted equity					
Share premium reserve		376,794	207,506	181,504	140,682
Accumulated profit or loss		-175,675	-150,458	-116,145	-39,591
Profit (loss) for the year		-40,173	-25,157	-34,894	-77,255
		160,946	31,891	30,465	23,836
Total equity		189,518	60,833	56,276	39,868
Current liabilities					
Trade payables		4,671	2,960	4,794	2,371
Liabilities to group companies	62	1,490	0	30	30
Other current liabilities	59	5,442	1,222	1,173	556
Accrued expenses and deferred income	60	2,494	3,197	4,305	1,329
Total current liabilities		14,097	7,379	10,302	4,286
TOTAL EQUITY AND LIABILITIES		203,615	68,212	66,578	44,154

The notes on pages 68 to 75 are an integrated part of the parent company accounts

Parent Company Statement of Changes in Equity

SEK 000	Note	Share capital	Statutory reserve	Development fund	Share premium reserve	Retained earnings inc. profit (loss) for the year	Total equity
Opening balance, Jan. 1, 2018		5,086	3,839	7,107	140,683	-116,847	39,868
Profit (loss) for the year and other comprehensive income						-34,894	-34,894
Total comprehensive income		0	0	0	0	-34,894	-34,894
Transactions with shareholders in their capacity as owners							
Provision to development fund				8,730	-8,730		0
Staff stock option programs	41					702	702
New share issue		1,049			51,551		52,600
Issue expenses					-2,000		-2,000
Total transactions with shareholders in their capacity as owners		1,049	0	8,730	40,821	702	51,302
Closing balance, Dec. 31, 2018		6,135	3,839	15,837	181,504	-151,039	56,276
Opening balance, Jan. 1, 2019		6,135	3,839	15,837	181,504	-151,039	56,276
Profit (loss) for the year and other comprehensive income						-25,157	-25,157
Total comprehensive income		0	0	0	0	-25,157	-25,157
Transactions with shareholders in their capacity as owners							
Provision to development fund				2,709	-2,709		0
Option premium	41					217	217
Staff stock option programs	41					364	364
New share issue		421			29,579		30,000
Issue expenses					-867		-867
Total transactions with shareholders in their capacity as owners		421	0	2,709	26,003	581	29,714
Closing balance, Dec. 31, 2019		6,556	3,839	18,546	207,507	-175,615	60,833
Opening balance, Jan. 1, 2020		6,556	3,839	18,546	207,507	-175,615	60,833
Profit (loss) for the year and other comprehensive income						-40,173	-40,173
Total comprehensive income		0	0	0	0	-40,173	-40,173
Transactions with shareholders in their capacity as owners							
Provision to development fund				-1,626	1,626		0
Staff stock options	41					-60	-60
New share issue		1,256			177,515		178,771
Issue expenses					-9,853		-9,853
Total transactions with shareholders in their capacity as owners		1,256	0	-1,626	169,288	-60	168,858
Closing balance, Dec. 31, 2020		7,812	3,839	16,920	376,795	-215,848	189,518

The notes on pages 68 to 75 are an integrated part of the parent company accounts

Parent Company Cash Flow Statement

SEK 000	Note	2020	2019	2018
Cash flow from operating activities				
Earnings before interest and taxes		-40,171	-25,157	-21,791
Adjustments for non-cash items				
- Depreciation and amortization		1,663	1,439	931
Interest paid		-2	0	0
Other non-cash items		498	581	199
Cash flow from operating activities before change in working capital		-38,012	-23,137	-20,661
Cash flow from changes in working capital				
Change in inventories		-1,050	-1,477	102
Change current trade receivables		-7,112	557	-2,718
Change current trade payables		6,718	-2,923	6,016
Total change in working capital		-1,444	-3,843	3,400
Cash flow from operating activities		-39,456	-26,980	-17,261
Cash flow from investing activities				
Investments in intangible assets	48	-137	-3,766	-9,439
Investments in tangible assets	49	-194	-	-
Investments in financial assets			-143	-843
Acquisition of participations in subsidiaries	50	-209	-	-
Cash flow from investing activities		-540	-3,909	-10,282
Cash flow from financing activities				
New share issue		178,760	30,000	53,100
Issue expenses		-9,853	-867	-2,000
Cash flow from financing activities		168,907	29,133	51,100
Change cash and bank balances		128,911	-1,756	23,557
Cash and bank balances at beginning of year		30,475	32,231	8,674
Cash and bank balances at end of year		159,386	30,475	32,231

Note 37 Parent company accounting policies

The critical accounting policies applied when preparing these annual accounts are stated below. These principles have been applied consistently for all years presented unless otherwise stated.

The annual accounts of the parent company have been prepared in accordance with RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. In those cases where the parent company applies different accounting policies to the group's accounting policies, as reviewed in note 2 of the consolidated accounts, they are stated below.

In tandem with the adoption of accounting according to IFRS for the consolidated accounts, the parent company adopted RFR 2 Accounting for Legal Entities. Explanations on the effects of adoption from previous accounting policies of the parent company to RFR 2 are stated in note 64.

The annual accounts have been prepared according to the cost method. Preparing statements consistent with RFR 2 requires the use of a number of important estimates for accounting purposes. This also requires management to make certain judgements on the application of the parent company's accounting policies. Those segments involving a high degree of judgement, which are complex, or such segments where assumptions and estimates are of material significance to the annual accounts are stated in note 4 of the consolidated accounts.

Through its operating activities, the parent company is exposed to a number of different financial risks: market risk (currency risk and interest risk), credit risk and liquidity risk. The parent company's overarching risk management policy focuses on the unpredictability of the financial markets, and endeavors to minimize potential unfavorable effects on the group's financial results. For more information on financial risks, see note 3 of the Consolidated accounts.

The parent company applies different accounting policies to the group in the cases stated below:

Participations in subsidiaries

Participations in subsidiaries are recognized at cost after deducting for any impairment. Cost includes acquisition-related expenses.

When there is an indication that participations in subsidiaries are impaired, Recoverable amount is measured. If this is lower than the carrying amount, impairment is taken. Impairment is recognized in the "profit/loss from participations in group companies" item.

Presentation

The Income Statement and Balance Sheet comply with the presentation stipulated by the Swedish Annual Accounts Act. The Statement of Changes in Equity is consistent with the group's presentation but should include the columns stated in the Swedish Annual Accounts Act. The terminological differences compared to the consolidated accounts also mainly relate to financial income and expenses, as well as equity.

Shareholders' contributions

In the parent company, shareholders' contributions paid are recognized as an increase in the carrying amount of the participation, and as an increase of equity in the recipient.

Financial instruments

The parent company does not apply IFRS 9. Instead, the parent company applies the item stated in RFR 2 (IFRS 9 Financial Instruments, P. 3-10). Financial instruments are measured based on cost. In subsequent periods, financial assets acquired with the intention of holding for the short

term are recognized pursuant to the lower of cost or market principle. Derivative instruments with negative value are recognized at this value.

When measuring the net selling price of assets recognized as current assets, the policies governing impairment testing and loss risk reserves in IFRS 9 are applied. For a receivable recognized at amortized cost at group level, this means a loss risk reserve recognized in the group pursuant to IFRS 9, should also be recognized in the parent company.

Leased assets

The parent company has decided not to apply IFRS 16 leases, but has instead decided to apply RFR 2 IFRS 16 Leases p. 2-12, which means that all lease payments are recognized as an expense on a straight-line basis over the lease term.

Note 38 Net sales

The parent company recognized the following amounts in the Income Statement attributable to revenue:

	2020	2019	2018
License revenue			
- Up-front milestones	0	1,806	2,428
Sale of goods	10,756	4,905	786
Total revenue	10,756	6,711	3,214

Net sales by geographical market:	2020	2019	2018
USA	2,749	0	0
Europe/Oceania	2,384	1,496	783
Asia	5,623	5,215	2,431
Total	10,756	6,711	3,214

Note 39 Reimbursement of auditors

	2020	2019	2018
PwC			
- Auditing	421	454	223
- Other	1,494	124	0
Total	1,915	578	223

Note 40 Employee benefits, etc.

	2020	2019	2018
Salary and other benefits	10,838	10,573	9,019
Social security contributions	4,581	4,201	2,977
Pension expenses – defined contribution plans	2,023	1,249	1,286
Total employee benefits	17,442	16,023	13,282

	2020		2019		2018	
Salary and other benefits samst social security expenses	Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)	Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)	Salary and other benefits (of which bonus)	Social security expenses (of which pension expenses)
Directors, Presidents and other senior managers	6,328	4,420	5,100	3,380	5,249	2,989
- of which pension expenses		1,337		1,000		1,078
Other employees	4,510	2,184	5,473	2,070	3,770	1,274
- of which pension expenses		686		249		208
Parent company total	10,838	6,604	10,573	5,450	9,019	4,263

Average number of employees	2020		2019		2018	
	Average number of employees	Of which men	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	12	4	12	3	10	2
Parent company total	12	4	12	3	10	2

Gender division, parent company, Directors and other senior managers	2020		2019		2018	
	No. on reporting date	Of which men	No. on reporting date	Of which men	No. on reporting date	Of which men
Directors	4	4	4	4	5	5
President and other senior managers	8	4	7	4	5	1
Parent company total	12	8	11	8	10	6

For information on remuneration of senior management, see note 9 of the consolidated accounts.

Note 41 Share-based payment

Stock option programs

A summary of the stock option programs that exist/existed in the group for any of the period covered by the annual accounts for 2020 follows.

Share warrants

The CEO holds 400,000 share warrants. The subscription price was SEK 0.54 per option based on a valuation according to Black & Scholes on the grant date. The share warrants were purchased at market value. Each share warrant gives entitlement to subscribe for one new share of Senzime AB against cash payment at a subscription price of SEK 12 per share. Options can be exercised until May 7, 2022 inclusive.

Staff stock options

Senzime's staff stock option program was approved by the shareholders at an EGM on September 15, 2017. This staff stock option plan covers all permanent employees. Each option gives entitlement to subscribe for one new share at a price of SEK 8.80 in the period until November 30, 2020 inclusive. The options were issued free of charge. These options require continued employment by the company and are non-transferable. All the staff stock options were exercised in November 2020, and accordingly, 600,000 new shares were issued to option holders, raising the company approx. SEK 5.3 million.

An EGM on July 2, 2020 approved two new staff stock option programs. One of the programs involves 100,000 staff stock options, and is for one senior manager, granted free of charge. The granted staff stock options will be vested over three years as follows: 20% of granted staff stock options vested on July 1, 2021; 20% of granted staff stock options vested on July 1, 2022; and 60% of granted staff stock options vested on July 1, 2023. Assuming vesting and continued employment by the company, each option can be exercised to subscribe for shares in the period July 1, 2023

to September 30, 2023. The subscription price has been set at SEK 24.70, which is 125% of the volume-weighted average price paid for the company's share on Nasdaq First North Growth Market in a period of 20 trading days from the date of the shareholders' meeting resolution.

The second staff stock option program adopted by the EGM on July 2, 2020 involves 1,100,000 options. Staff stock options can be offered and granted to employees of the company based on participants' individual performance during an assessment period that will run until December 31, 2020 (the "Assessment Period"). Granting is in the following staff categories: CEO, maximum 200,000 staff stock options; management, maximum total 500,000 staff stock options with each participant granted a maximum of 100,000 staff stock options; other employees, participants in this category may be granted a maximum of 30,000 staff stock options each. Granted staff stock options will be vested over three years as follows: 20% of granted staff stock options vested on February 1, 2022; 20% of granted staff stock options vested on February 1, 2023; and 60% of granted staff stock options vested on February 1, 2024. Participants can exercise granted and vested staff stock options in the period February 1, 2024 to April 30, 2024. The subscription price has been set at SEK 24.70, which is 125% of the volume-weighted average price paid for the company's share on Nasdaq First North Growth Market in a period of 20 trading days from the date of the shareholders' meeting resolution onwards. In total, 880,000 of these 1,100,000 options were granted in February 2021, with the following allocation: CEO: 100,000 staff stock options; members of management total: 500,000 staff stock options (highest individual granting 90,000); other employees: 280,000 (highest individual granting 30,000).

Participants employed after the end of the Assessment Period may be granted staff stock options at two predetermined dates: February 1, 2022 and February 1, 2023. Each staff stock option should entitle participants

to acquire one (1) new share of the company during the exercise period. The exercise price has been reset to a new level, of 125% of the volume-weighted average price paid for the company's share on Nasdaq First North Growth Market (or other marketplace where the company's share is

quoted) for a period of 20 trading days from the grant date onwards. However, the exercise price may be no lower than SEK 24.70.

Staff stock options outstanding at year-end have the following expiration dates and exercise prices:

	2020		2019		2018	
	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)
As of January 1	12,00	400	0,00	0	0,00	0
Granted			12,00	400	0,00	0
As of December 31	12,00	400	12,00	400	0,00	0

Outstanding staff stock options at year-end have the following expiration dates and exercise prices:

	2020		2019		2018	
	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)
As of January 1	7,00	600	7,00	1,000	7,00	1,080
Granted	24.70	100			9.00	120
Exercised				-400	-2.00	-200
Forfeited	8.80	-600				
As of December 31	24.70	100	7.00	600	7.00	1,000

Grant date	Expiration date	Exercise price	Staff stock options December 31, 2020 (000)	Staff stock options 31 December 2019 (000)	Staff stock options 31 December 2018 (000)	Staff stock options 1 January 2018 (000)
Sep. 22, 2017	Nov. 30, 2020	8.80		480	880	880
Jun. 30, 2018	Nov. 30, 2020	8.80		120	120	
Jul. 2, 2020	Sep. 30, 2023	24.70	100			
Total			100	600	1,000	880

Remaining weighted average contract term of outstanding options at end of period

2.75 0.92 1.92 2.92

Fair value of granted staff stock options

The estimated fair value on the grant date for options granted in 2020 was SEK 2.40 per option (2018: SEK 1.56). Fair value on the grant date is computed with the aid of an adapted version of the Black & Scholes valuation model.

Input data for the model for options granted in the year:

- h) the options were granted free of charge invested over a three-year period. Vested options can be exercised within two months of vesting.
- i) exercise price: SEK 24.70
- j) grant date: July 7, 2020
- k) expiration date: September 30, 2023
- l) share price at grants date: SEK 18.05
- m) expected volatility of the company's share price: 35%
- n) risk-free interest rate: 0%

The expected volatility of the share price is based on historical volatility (in turn based on the remaining term of the option), adjusted for the expected changes in future volatility resulting from publicly available information.

Note 42 Cost of goods sold

	2020	2019	2018
Cost of materials	5,622	2,203	2,245
Personnel expenses	170	469	338
External services	294	172	420
Depreciation and amortization	1,584	1,380	872
Total	7,670	4,224	3,875

Note 43 Selling, administrative, and development expenditure by cost class

	2020	2019	2018
Personnel expenses	17,711	12,864	10,939
Consulting expenses	11,230	9,954	7,313
Depreciation and amortization	74	59	59
Other expenses	12,667	4,654	2,930
Total	41,682	27,531	21,241

Note 44 Other operating income

	2020	2019	2018
Exchange gains	1,060	556	372
Total	1,060	556	372

Note 45 Other operating expenses

	2020	2019	2018
Exchange losses	2,135	667	261
Loss on sale of property, plant and equipment	2	0	0
Loss on sale of intangible assets	498	0	0
Total	2,635	667	261

Note 46 Interest expenses and similar profit (loss) items

	2020	2019	2018
Interest expenses, external	2	3	3
Total interest expenses and similar profit (loss) items	2	3	3

Note 47 Tax on profit (loss) for the year

Tax reported in the Statement of Comprehensive Income

	2020	2019	2018
Current tax			
Current tax på profit (loss) for the year	0	0	0
Adjustments for previous years			
Total current tax	0	0	0
Total reported tax			

The income tax on profit before tax differs from the theoretical amount that would have been computed by applying the tax rate for the parent company as follows:

	2020	2019	2018
Profit (loss) before tax			
Income tax computed according to tax rate in Sweden (2020 and 2019: 21.4%, 2018: 22%)	-40,173	-25,157	34,894
Tax effects of:	8,597	5,384	7,677
Tax effect of non-deductible expenses	-13	-67	-77
Impairment, participation in group companies			2,882
Loss carry-forwards whose tax effect is not reported as an asset	-8,584	-5,317	-4,872
Total reported tax	-	-	-

Note 48 Intangible assets

	Capitalized development expenditure	Patents and similar rights	Total
As of January 1, 2018			
Cost	14,095	1,575	15,670
Accumulated amortization	-5,407	-742	-6,149
Carrying amount	8,688	833	9,521
Financial year 2018			
Opening carrying amount	8,688	833	9,521
Purchases in the year	9,269	169	9,438
Amortization in the year	-717	-154	-871
Impairment in the year			
Closing carrying amount	17,240	848	18,088
As of December 31, 2018			
Cost	23,364	1,744	25,108
Accumulated amortization	-6,124	-896	-7,020
Carrying amount	17,240	848	18,088
Financial year 2019			
Opening carrying amount	17,240	848	18,088
Purchases in the year	3,766		3,766
Amortization in the year	-1,236	-143	-1,379
Closing carrying amount	19,770	705	20,475
As of December 31, 2019			
Cost	27,130	1,744	28,874
Accumulated amortization	-7,360	-1,039	-8,399
Carrying amount	19,770	705	20,475
Financial year 2020			
Opening carrying amount	19,770	705	20,475
Purchases in the year	136		136
Sales and retirements	-498		-498
Amortization in the year	-1,442	-144	-1,586
Closing carrying amount	17,966	561	18,527
As of December 31, 2020			
Cost	26,768	1,744	28,512
Accumulated amortization	-8,802	-1,183	-9,985
Carrying amount	17,966	561	18,527

Capitalized development expenditure

The significant portion of capitalized development expenditure consist of TetraGraph® (SEK 12.5 million). This balance is fully complete and amortization has commenced. Even if there is no indication of impairment, the group tests for impairment of capitalized development expenditure each year. The impairment test is conducted at product level and the most material assumptions in the impairment test are sales growth and the discount rate.

Note 49 Property, plant and equipment

	Machinery and equipment
As of January 1, 2018	
Cost	295
Accumulated depreciation	-57
Carrying amount	238
Financial year 2018	
Opening carrying amount	238
Depreciation in the year	-59
Closing carrying amount	179
As of December 31, 2018	
Cost	295
Accumulated depreciation	-116
Carrying amount	179
Financial year 2019	
Opening carrying amount	179
Depreciation in the year	-59
Closing carrying amount	120
As of December 31, 2019	
Cost	295
Accumulated depreciation	-175
Carrying amount	120
Financial year 2020	
Opening carrying amount	120
Purchases in the year	194
Depreciation in the year	-76
Closing carrying amount	238
As of December 31, 2020	
Cost	375
Accumulated depreciation	-137
Carrying amount	238

Note 50 Participations in subsidiaries

The parent company holds participations in the following subsidiaries:

Name	Corp. ID no.	Reg. office, country of registration and operation	No. of shares	Book value Dec. 31, 2020	Book value Dec. 31, 2019	Book value Dec. 31, 2018	Book value Jan. 1, 2018
First-tier subsidiaries							
Acacia Designs B.V.	59697059	Maastricht, Netherlands	6,333	4,812	4,812	4,812	17,912
MD Biomedical AB	556837-0273	Umeå, Sweden	50,000	1,954	1,754	1,754	1,754
Senzime Inc.	003433-4748	Florida, USA	1,000	9	0	0	0

	2020	2019	2018
Opening cost	6,566	6,566	19,666
Purchased in the year	9	0	0
Shareholders' contribution paid	200	0	0
Impairment in the year	0	0	-13,100
Closing cumulative cost	19,875	19,666	19,666
Closing accumulated impairment	-13,100	-13,100	-13,100
Closing carrying amount	6,775	6,566	6,566

Acacia Designs was acquired by the parent company in 2016, and included in the consolidated accounts at amounts after the acquisition date of 17 May 2016. Acacia Designs is a medical device company with its registered office in the Netherlands. Most of the group's operations conducted in the parent company, and the two subsidiaries only hold specific rights, which are licensed to the parent company for royalty payments. The intra-group restructuring led to the shares in Acacia Designs B.V. being impaired by SEK 13,100,000 in 2018. US subsidiary Senzime Inc. was incorporated in January 2020. The subsidiary Senzime Inc. started operations in the USA in 2020, and is 100% consolidated.

Note 51 Trade receivables

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Trade receivables	2,752	2,379	2,713	3
Less: provision for expected credit losses				
Trade receivables - net	2,752	2,379	2,713	3

The maximum exposure to credit risk on the reporting date for trade receivables is the carrying amount above.

The fair value of trade receivables corresponds to carrying amount, because the discount effect is not significant.

No trade receivables have been pledged as collateral for any liability.

Note 52 Inventories

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
<i>Current assets</i>				
- Finished goods recognized at cost	3,488	2,438	961	1,063
Total	3,488	2,438	961	1,063

In the financial year 2020, costs of materials of SEK 5,622,000 (2019: SEK 2,203,000, 2018: SEK 2,246,000) were recognized in the Income Statement. They are recognized as cost of goods sold under the item material.

Note 53 Deferred tax

Deferred tax assets are recognized for tax loss carry-forwards or other deductions to the extent it is likely that they can be used against future taxable earnings. No deferred tax asset has been recognized because the parent company does not judge that the criteria for reporting deferred tax in IAS 12 are satisfied.

Unused loss carry-forwards for which no deferred tax asset has been reported amount to SEK 127,456,000 as of December 31, 2020 (December 31, 2019: SEK 77,491,000, December 31, 2018: SEK 51,447,000; January 1, 2018: SEK 27,729,000). The loss carry-forwards do not have any expiry.

Note 54 Contingent liabilities and pledged assets

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Corporate mortgages	300	300	300	300
Guaranteed commitments	850			
Total	1,150	300	300	300

Collateral pledged is the previous trading credit facility with SEB, which is currently terminated. An overdraft facility has been arranged but is not currently in use.

Note 55 Other receivables

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
VAT receivable	757	230	219	415
Tax asset	4,354	365	543	186
Other receivables	421	22	43	62
Total	5,532	617	805	663

Note 56 Prepaid expenses and accrued income

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Prepaid rent	175	156	135	132
Prepaid insurance	174	101	83	75
Other prepaid expenses	362	299	373	518
Total	711	556	591	725

Note 57 Cash and bank balances

Cash and cash equivalents in the Cash Flow Statement include the following:

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Bank balances	159,386	30,475	32,231	8,674
Total	159,386	30,475	32,231	8,674

Note 58 Share capital

For information on the parent company's share capital, see note 27 for the group.

Note 59 Other current liabilities

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Withholding tax	4,403	346	392	192
Less social security contributions	245	261	278	27
Less special employer's contribution	794	615	503	337
Total	5,442	1,222	1,173	556

Note 60 Accrued expenses and deferred income

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, x2018
Accrued salaries	315	300	1,372	0
Accrued vacation pay	1,138	768	710	563
Accrued social security contributions	470	1,636	776	201
Other accrued expenses and deferred income	571	493	1,447	565
Total	2,494	3,197	4,305	1,329

Note 61 Leases**Obligations for leases**

The parent company leases premises through non-cancellable leases. The lease terms are usually three years, and most leases can be extended at the end of their terms, for a fee that is at market levels.

Lease expenses were SEK 857,000 in 2020 (2019: SEK 849,000, 2018: SEK 650,000) for premises leases, which are included in the Statement of Comprehensive Income. Future total minimum lease payments for non-cancellable operating leases are as follows:

	2020	2019	2018
Within 1 year	733	798	610
Between 1 and 5 years	907	1,641	399
Later than 5 years			
Total	1,640	2,439	1,009

Note 62 Transactions with related parties

Senzime AB is the global ultimate owner of the group. Related parties are subsidiaries and senior managers of the group, and their relations. Transactions are on market terms. The following transactions have been made with related parties:

	2020	2019	2018
(a) Sale of goods			
Senzime Inc.	2,343	0	0
Total	2,343	0	0
(b) Purchase of services			
Acacia Designs B.V.	813	134	17
Senzime Inc.	7,924	0	0
Total	8,755	134	17

Receivables and liabilities at year-end due to the sale and purchase of goods and services

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
<i>Receivables from related parties:</i>				
Senzime Inc.	1,529	0	0	0
<i>Liabilities to related parties:</i>				
MD Biomedical AB	-210		-30	-30
Acacia Designs B.V.	-1,280	0	0	0
	39	0	-30	-30

	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Loans from related parties				
<i>Loans from Acacia Designs B.V.</i>				
At beginning of year	4,587	4,444	3,601	3,601
Loans arranged in the year	90	143	843	0
At end of year	4,677	4,587	4,444	3,601

The liability to Acacia Designs B.V. is regular license fees.

The company has not provisioned for doubtful debt with related parties. Nor has the parent company recognized any expenses for doubtful debt with related parties in the period. No collateral has been pledged for these receivables.

Most receivables from related parties are for sales transactions and are due one month from the sale date.

Most liabilities to related parties are from purchase transactions and are due one month from the purchase date.

Remuneration to senior management is stated in note 9.

Note 63 Subsequent events

January 14. Sensime starts up in Germany, hiring a Country Manager and Regional Clinical Manager. The Katholisches Klinikum Bochum teaching hospital places its first order in the country for TetraGraph® systems.

February 15. The company applies to list the company's share on NASDAQ Stockholm's main list in 2021, a decision which is part of its continued expansion, and consistent with Sensime's commercial strategy. Sensime views quotation on NASDAQ Stockholm's main list as a logical next step in its development.

March 5. An EGM elects Eva Walde as a Director.

Note 64 Proposed appropriation of profit (loss)

The following funds are at the disposal of the Annual General Meeting:

Share premium reserve	376,793,644
Accumulated profit or loss	-175,675,192
Profit (loss) for the year	-40,172,669
SEK	160,945,783

The Board of Directors proposes that these funds are appropriated as follows:

SEK 0 of dividend per share to shareholders, totalling	0
carried forward	160,945,783
SEK	160,945,783

Note 65 Effects on the parent company's adoption of RFR 2 Accounting for Legal Entities

DT is Sensime AB's (the parent company's) first annual accounts prepared according to RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The annual accounts for 2020 are Sensime AB's third financial statements prepared in accordance with RFR 2 Accounting for Legal Entities. The accounting policies stated in note 35 have been applied when preparing Sensime's accounts as of December 31, 2020 and for the comparative information presented as of December 31, 2019, December 31, 2018 and when preparing the statement of the period's opening financial position (opening balance sheet) as of January 1, 2018 (the parent company's adoption date of RFR 2).

When preparing the opening balance sheet as of January 1, 2018, and the balance sheets as of December 31, 2018 and December 31, 2019 in accordance with RFR 2, amounts reported in accordance with BFAR 2012:1 Annual Accounts and Consolidated Accounts (K3) in previous annual accounts were restated. A review of how the transition from previous accounting policies to RFR 2 has impacted the parent company's results of operations and financial position as illustrated in the following tables and associated notes.

Decisions taken in the adoption of accounting according to RFR 2

The adoption of RFR 2 is reported in accordance with IFRS 1 First-time Adoption of IFRS. The general rule is that all applicable IFRS and IASs that have come into effect and been endorsed by the EU as of December 31 2020, with the exemptions stated in RFR 2 Accounting for Legal Entities, should be applied retroactively. However, IFRS 1 contains transition rules that offer companies some options. Sensime AB did not utilize any exemptions when adopting RFR 2.

Reconciliation between previous accounting policies (K3) and RFR 2

On first-time adoption of RFR 2, Sensime AB should present a reconciliation between equity and total comprehensive income reported pursuant to previous accounting policies, and equity and total comprehensive income pursuant to RFR 2. The parent company's transition to accounting according to RFR 2 did not have any impact on total cash flows from operating activities, investing activities or financing activities.

Nor did the parent company's transition to accounting according to RFR 2 have any impact on the Income Statement or total comprehensive income for any period, and accordingly no reconciliation between previous accounting policies and RFR 2 is stated. The following table illustrates the reconciliation between previous accounting policies in K3 and RFR 2 for each period for equity.

Reconciliation of equity between current accounting policies and RFR 2

Note	Dec. 31, 2019	Dec. 31, 2018	Jan. 1, 2018
Total restricted equity according to current accounting policies	36,737	33,606	23,827
Reversal, fund for development related to CliniSenz® a)	-7,795	-7,795	-7,795
Total restricted equity, RFR 2	28,942	25,811	16,032
Total restricted equity according to current accounting policies	59,613	58,187	51,058
Reversal, fund for development attributable to CliniSenz® a)	7,795	7,795	7,795
Reversal, capitalize development expenditure, CliniSenz® a)	-35,517	-35,517	-35,517
Reclassification of contingent consideration b)	-	-	500
Disclosures on the impact of adoption of RFR 2	31,891	30,465	23,836

Disclosures on the impact of adoption of RFR 2**a) Capitalized development expenditure CliniSenz®**

The parent company has decided to apply the accounting policy of capitalizing expenditure for development that satisfies all the criteria of IAS 38 p. 57. On adoption of RFR 2, Sensime examined when the criteria of IAS 38. p 57 for capitalization of development expenses are satisfied. This examination revealed that Sensime judges that development expenses related to CliniSenz® satisfy all the criteria of IAS 38. p 57 effective January 1, 2018. Accordingly, Sensime capitalizes development expenses related to CliniSenz® that have arisen effective this date. Development expenses capitalized prior to January 1, 2018 of SEK 35,517,000 pursuant to previous accounting policies have been reversed, which results in intangible assets decreasing and retained earnings decreasing (increased loss) on the adoption of RFR 2. The corresponding reallocation has been made in all subsequent periods.

Additionally, capitalized expenditure for development related to CliniSenz®, which according to previous accounting policies, was reallocated from non-restricted equity to the fund for development expenditure in restricted equity, has been reallocated, and amounts to SEK 7,795,000 as of January 1, 2018, with the corresponding reallocation made in all subsequent periods.

b) Contingent consideration

The contingent consideration related to the acquisition of MD Biomedical AB, which was recognized as a provision as of January 1, 2018 according to previous accounting policies, will be wholly payable in shares. Pursuant to our FR2, contingent considerations considered likely to be due should be recognized as a portion of the cost of the acquisition. However, because this additional contingent consideration will be payable in shares, this financial instrument (the contracted obligation to pay more for the acquisition of shares) should be classified as equity by applying IAS 32 within RFR 2. Accordingly, on the adoption of RFR 2, this item is adjusted, to be wholly recognized as equity.

Board of Directors' signatures

The Board of Directors and Chief Executive Officer certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting practice and give a true and fair view of the parent company's financial position and results of operations.

The Statutory Administration Reports of the group and parent company give a true and fair view of the progress of the group's and parent company's operating activities, financial positions and results of operations, and review the significant risks and uncertainty factors facing the parent company and companies in the group

Philip Siberg
Chairman of the Board

Adam Dahlberg
Director

Sorin J Brull
Director

Lennart Kalén
Director

Eva Walde
Director

Pia Renaudin
Chief Executive Officer

Uppsala, Sweden, April 16, 2021

Our Audit Report was presented on April 16, 2021

Leonard Daun
Authorized Public Accountant
Key Audit Partner
Öhrlings PricewaterhouseCoopers AB

Audit Report

To the Annual General Meeting of Sensime AB (publ.), corp. ID no. 556565-5734

Report on the annual accounts and the consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Sensime AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 26-76.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the Income Statement and Balance Sheet for the parent company, and the Consolidated Statement of Comprehensive income and the Consolidated Statement of Financial Position.

Basis for Opinions

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

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

Other Information than the Annual Accounts and Consolidated Accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-25 and 79 respectively. Information in the Remuneration Report published on Sensime's website is also other information. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can

arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

For more information about our Audit responsibility for the Annual Report and Consolidated Financial Statements, see the Supervisory Board of Public Accountants' www.revisorsinspektionen.se/revisornsansvar This description is part of the Audit Report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sensime AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's Responsibility

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act. For more information about our responsibility for the audit of the administration, see the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/en/English This description is part of the Audit Report

Leonard Daun
Authorized Public Accountant
Öhrlings PricewaterhouseCoopers AB
Uppsala, Sweden, April 16, 2021

Information for shareholders

Annual General Meeting

The AGM will be held on May 11, 2021. Against the background of the risk of spreading the coronavirus and government regulations/guidelines on social distancing, the Board of Directors has decided to conduct the AGM without physical attendance by shareholders exercising their voting rights by mail only. Accordingly, no physical Meeting will be held.

The Annual Report will be available to the public by April 20, 2021 from the company's offices at the address Ulls väg 41, Uppsala., Sweden. The annual report will also be published at www.senzime.com.

Notification

Shareholders that wish to participate in the AGM should::

- Firstly, be registered in their own names (i.e. not nominee registered) in the share register maintained by Euroclear Sweden AB on May 3, 2021 (the record date),
- Secondly, notify the company of their participation by Monday, May 10, 2021, by submitting their postal votes in accordance with the following instructions, so that the company has the notification and postal votes in its possession by no later than Monday, May 10, 2021.

Nominee-registered shares

To exercise their voting rights and participate in the meeting, shareholders with nominee-registered shareholdings must firstly notify the company of their intention to participate at the Meeting, and secondly, temporarily re-register their shares in their own names with Euroclear Sweden (voting registration), so the relevant shareholder is recorded in the share register maintained by Euroclear Sweden by the record date, i.e. Monday, May 3, 2021. This means that shareholders need to notify their intention to their nominees in good time prior to this date. Voting registration that is requested by shareholders for registration to be effected by the relevant nominee by no later than Wednesday, May 5, 2021 will be considered when preparing the voting list of the meeting. If re-registration is not completed in time, the shareholder is not entitled to postal voting.

Postal voting—special information

Shareholders may only exercise their voting rights at the Meeting by voting in advance, known as postal voting, pursuant to § 22 of the Swedish act on temporary exemptions to facilitate holding the general meetings of companies or associations (2020:198). A dedicated form should be used for postal voting. This form is available at the company's website www.senzime.com, and from the company. Accordingly, no separate notification is necessary,

but rather, the completed and signed form applies as notification of participation in the Meeting. Additional instructions on postal voting are in the notice convening the Meeting.

Proxy

Shareholders participating by proxy should issue written and dated powers of attorney for the proxy. This power of attorney may not have been issued earlier than five years prior to the date of the Meeting. The original power of attorney, registration certificate and other authorization documentation issued to the relevant representative of the legal entity should be submitted to the company at the above address. The company will provide power of attorney forms on request, which are also available on the company's website www.senzime.com.

Digital meeting

Against the background of the AGM being held without physical attendance, a digital meeting will be held on April 27 at 5-6 pm, where a customary presentation will be held by the company's CEO Pia Renaudin. Representatives of the Board of Directors and Nomination Committee will be available at this meeting. Participating shareholders will also be able to submit questions to the company at this meeting. Shareholders wishing to participate in this meeting are requested to send an email to the company's CFO Erik Bergman at email: erik.bergman@senzime.com. A link to the meeting will be e-mailed to those shareholders who have declared their interest.

Dividend

The Board of Directors is proposing to the AGM that no dividend is paid for the financial year.

Financial calendar

Interim Report January-March 2021: May 6, 2021

Interim Report January-June 2021: August 27, 2021

Interim Report January-September 2021: November 12, 2021

Our Vision

A world without anesthesia-related complications.

Our Mission

To develop high-technology digital solutions to save lives, optimize patient health, reduce complications and cut health care costs for surgical procedures.



www.senzime.com

Senzime AB, Ulls väg 41, 756 51 Uppsala, Sweden