2019

ANNUAL REPORT

MONITORING FOR LIFE

SENZIME

Senzime

Senzime develops and markets unique CE- and FDA-approved medical device solutions, driven by unique algorithms and sensors for bedside monitoring of anesthesia. TetraGraph® is a system that measures the level of neuromuscular blockade digitally and continuously to prevent complications, improve clinical precision and simplify management of care. TetraGraph® helps prevent complications and enables health care staff to comply with guidelines and drug recommendations, thus helping shorten hospitalizations and cut health care costs. Senzime's vision is a world without anesthesia-related complications, and safe emergence from anesthesia for all patients. Senzime operates on expansive markets worth in excess of SEK 10 billion in Europe and the US alone.

“The global rollout of TetraGraph® has begun”

Contents

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Annual General Meeting
Senzime’s AGM will be held at 4 p.m. on 14 May in Uppsala, Sweden. More information on p 45.

The year in brief

Pia Renaudin becomes Senzime's new CEO

Pia Renaudin became our new CEO in February 2019. She has broad experience of the life science industry, focused on marketing & sales. Pia's career started at AstraZeneca, and she has headed up strategic product launches for companies including Bristol Myers Squibb, Gilead Sciences and Stryker.

Senzime training the staff of Unimedics, the company's South Korean distributor.

Regulatory approval and launch in South Korea

South Korea has over 3,000 hospitals, where over 1.3 million surgical procedures involving anesthesia are performed each year, with muscle relaxants used in over half. TetraGraph® secured regulatory approval in South Korea in July 2019. 130 instruments were shipped to our distributor Unimedics in 2019, followed by another 100 in January 2020.

300

TetraGraph® shipped in 2019

Senzime focuses on the anesthesia monitoring market

The Board of Directors and Management conducted a strategic review of the company's product and development portfolio in spring 2019. Based on market conditions and global demand, the company decided to focus operations on the anesthesia monitoring market, with the company's TetraGraph® system as its base. In July, Senzime announced a target of shipping 300 TetraGraph® in 2019, which it achieved during the year.

Senzime's Japanese licensing partner Fukuda during a visit to Uppsala.

Regulatory approval in Japan

Senzime's collaborative partner Fukuda Denshi Co. Ltd (Fukuda) is a world leader on the patient monitoring market. Fukuda licenses Senzime's TetraGraph® technology for exclusive commercialization on the Japanese market. When the Japanese regulator granted approval, Fukuda ordered 100 TetraGraph®, and Senzime collected a final milestone payment of approximately SEK 1.8 m. The licensing agreement stipulates that Senzime will receive variable remuneration based on actual sales in Japan.

FDA approval and start in the US

Regulatory approval in the US in the fall means Senzime can start sales on the world's largest market for neuromuscular monitoring. Senzime will be a driving force in reducing anesthesia-related complications for millions of patients. A wholly owned subsidiary has been incorporated in Florida, with an experienced General Manager hired to head up the US operation. Sales of TetraGraph® will be through distributors and direct.

A strong year of targets achieved has paved the way for a successful 2020

In the year, product registration of TetraGraph® was approved in South Korea, Japan and the US. FDA approval in the US was the highlight of the year, and a momentous step forward for Senzime. This approval means we can start sales on the world's largest market. We incorporated a wholly owned subsidiary, Senzime, Inc. in Florida in the fall. We also hired a General Manager for the US, who is now leading our work on securing our position on this market, with sales via distributors and direct to customers.

Sales increased in the second half-year, when we secured several major orders from South Korea, Sweden, Switzerland and Australia. Sales support work for our distributors is starting to pay off, while in 2020, we are continuing to establish a presence on more markets, including Benelux and the UK, where we've signed deals with established distributors.

We strengthened our marketing & sales resources in the year, and also made successful product development advances that enhance our commercial rollout, such as TetraGraph® Viewer display software and TetraGraph® Philips interface, which enables TetraGraph® to connect to Philips' digital monitoring systems.

We also improved our cash position in the late-summer with a SEK 30 m private placement to Länsförsäkringar, Handelsbanken, Segulah and the Crafoord family. This capital injection will enable the continued global rollout of TetraGraph®.

We achieved the target we announced of shipping 300 TetraGraph® systems in 2019, and started 2020 with a major order for 100 systems from South Korea. All the systems we've shipped to date prepare the ground for sales of disposable electrodes, and we're looking confidently towards continuing order intake in 2020!

Pia Renaudin, CEO

Uppsala, Sweden, April 2020

About our business

Senzime develops and markets systems driven by unique algorithms and sensors to monitor patient muscle 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.

Our Vision

A world without anesthesia-related complications.

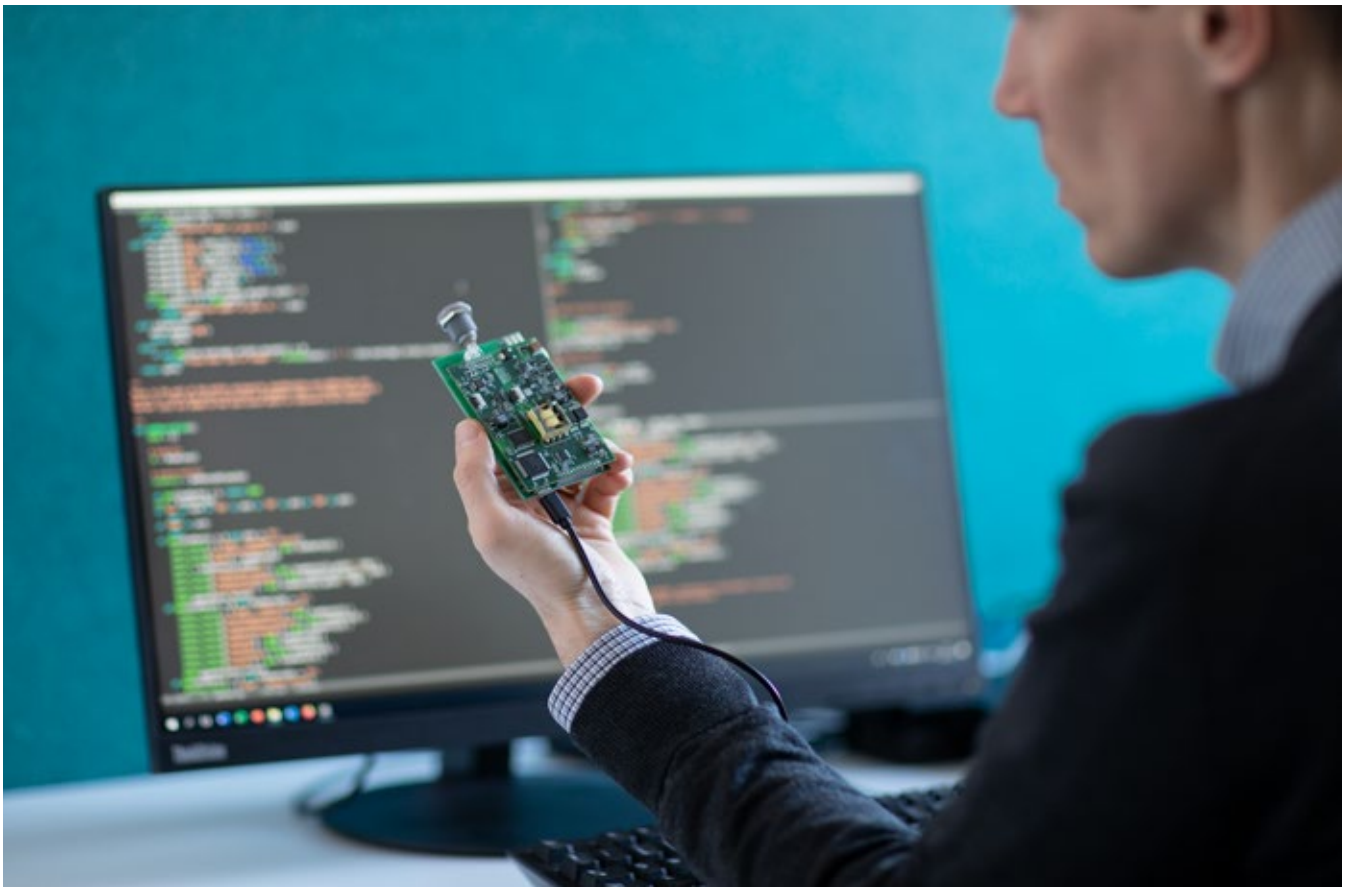
Our Mission

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

Our goal is improved clinical precision and simplified management in health care. By preventing complications and enabling care staff to follow care guidelines and drug recommendations, TetraGraph® helps shorten hospitalizations and reduce the costs of health care.

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's vision is a world completely free of anesthesia-related complications. Senzime operates in growth markets that are currently worth in excess of SEK 10 billion in Europe and the US alone. The company's shares are traded on Nasdaq First North Growth Market (ticker SEZI).



Enhanced clinical accuracy and simplified management of healthcare.

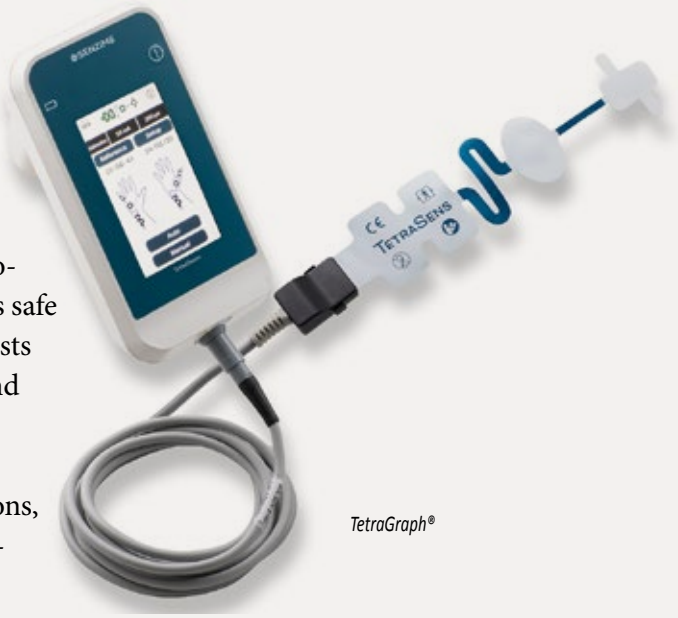
Senzime's products

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.

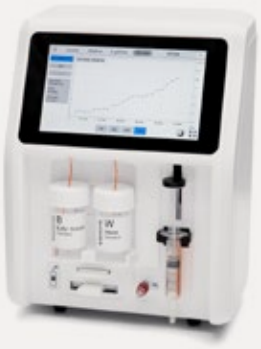
Senzime estimates the potential global market for TetraGraph® at 166,000 operating theaters, which perform 79 million procedures each year.



TetraGraph®

CliniSenz® Analyzer

CliniSenz® Analyzer is the future of postoperative 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. CliniSenz Analyzer is currently in development, and is part of Senzime Labs' product incubator for future launch.



CliniSenz® Analyzer

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. OnZurf® Probe is part of Senzime Labs' product incubator for future launch.

OnZurf® Probe

The global challenge

Every year, about 22 million patients are affected by critical complications during emergence from general anesthetic. Of this total, some 1 million patients suffer life-threatening critical respiratory events (CREs).

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, about 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 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 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.

The risk of CRE increases threefold in patients with residual neuromuscular blockade

Postoperative care time is 80 minutes longer for patients with residual neuromuscular blockade

In the US alone, the yearly cost of postoperative complications is over USD 3 billion

The need for objective and digital monitoring

"Neuromuscular monitoring using Electromyography (EMG) is considered by many experts to be the current clinical gold standard"

Glenn Murphy, Clinical Professor in the Department of Anesthesiology, University of Chicago Pritzker School of Medicine, and Director of Clinical Research at NorthShore University Health System in Chicago, Illinois.

The experts agree that residual block is common postoperatively, and also associated with a very high risk of complications. A lack of effective measurement methodologies has compelled physicians to use subjective methods for assessing patient ability to breathe independently, which is a fundamental reason for the high incidence of CREs.

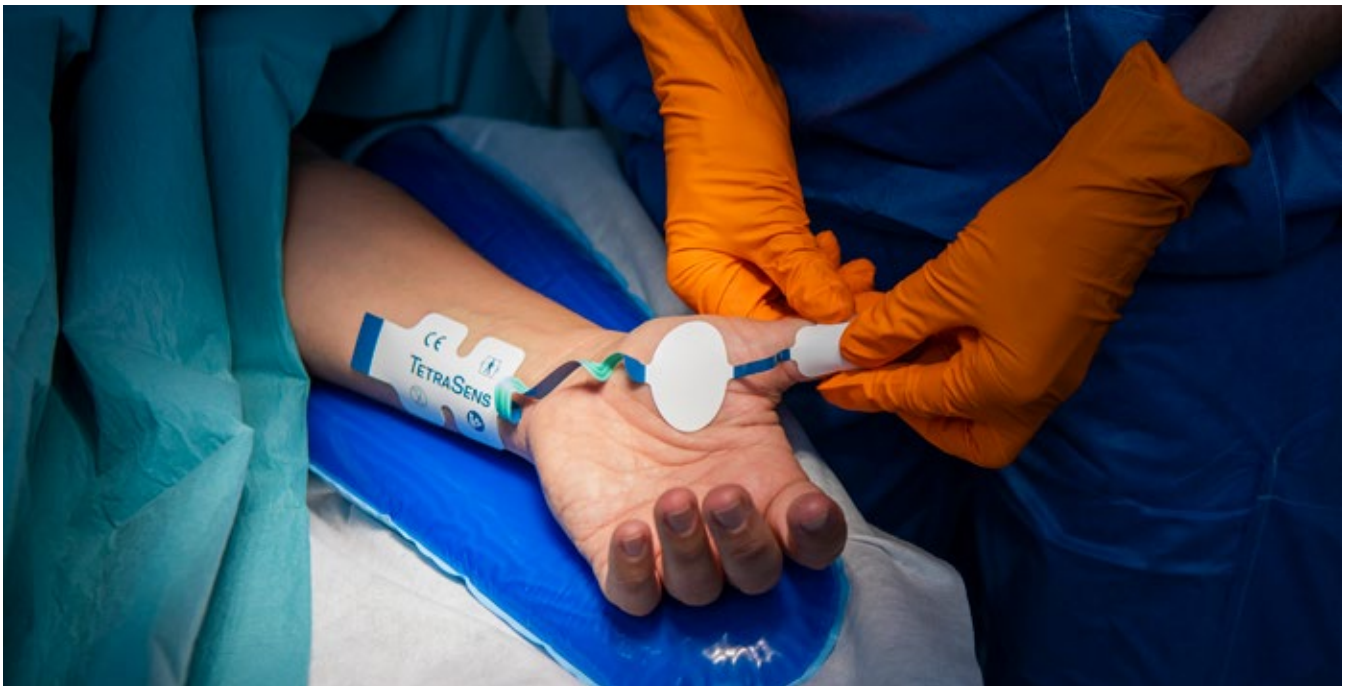
There has been a long-term absence of medical devices offering objective indications and ease of use.

Determining when it is safe for patients to breathe spontaneously requires 90% recovery of muscular activity, measured using what is termed the TOF ratio. It is safe to remove intubation without risk of complications when this is 90% or above.

Objective monitors have been available on the market for about 15 years, but they employ movement-based technology that requires freedom of movement in the patient's arm. This equipment is also based on older technology that has not been able to fully satisfy all objective measurement standards.

A growing number of contemporary surgical procedures are conducted using new technologies such as robotic surgery and laparoscopy. In these contexts, it is not possible to have a free arm, but rather, the patient arm needs to be tucked under the surgical drape to enable the robot to work properly, or the patient to be turned.

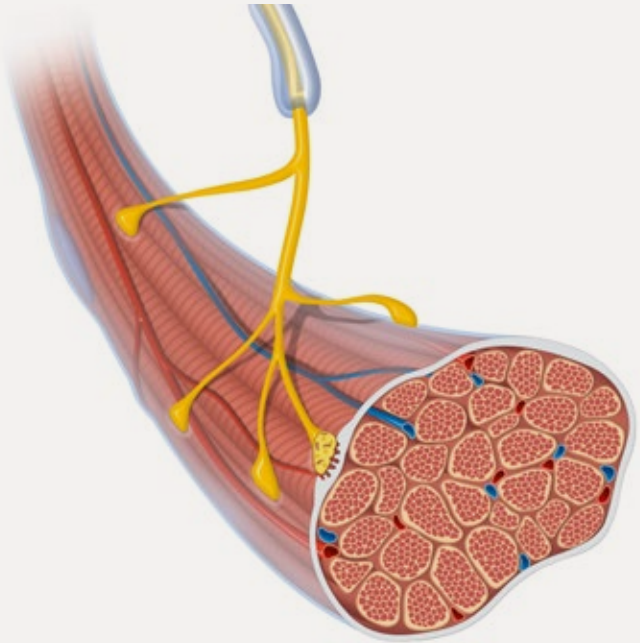
Senzime's TetraGraph® is an objective monitor developed by anesthesiologists that satisfies the market's standards, and can be used in today's high-technology operating theaters. TetraGraph® is a



digital system based on pioneering new technology and a unique algorithm. The result is high-precision measurement, and a user-friendly product that works independently 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.

Expert guidelines

Nordic guidelines stipulate that an objective monitor should be used whenever NMBAs are administered in patients. The trend in the rest of Europe is for subjective monitoring, transitioning to objective monitoring. This process will accelerate as new technologies are introduced. In the US, objective monitoring is a hot topic, with the first step towards an absolute requirement taken when a number of the world's most eminent anesthesiologists published their "Consensus Statement on Perioperative Use of Neuromuscular Monitoring" (2018). The key message of this publication was that when NMBAs are administered, muscular function must be monitored continuously and objectively to ensure satisfactory recovery of muscular function and breathing.



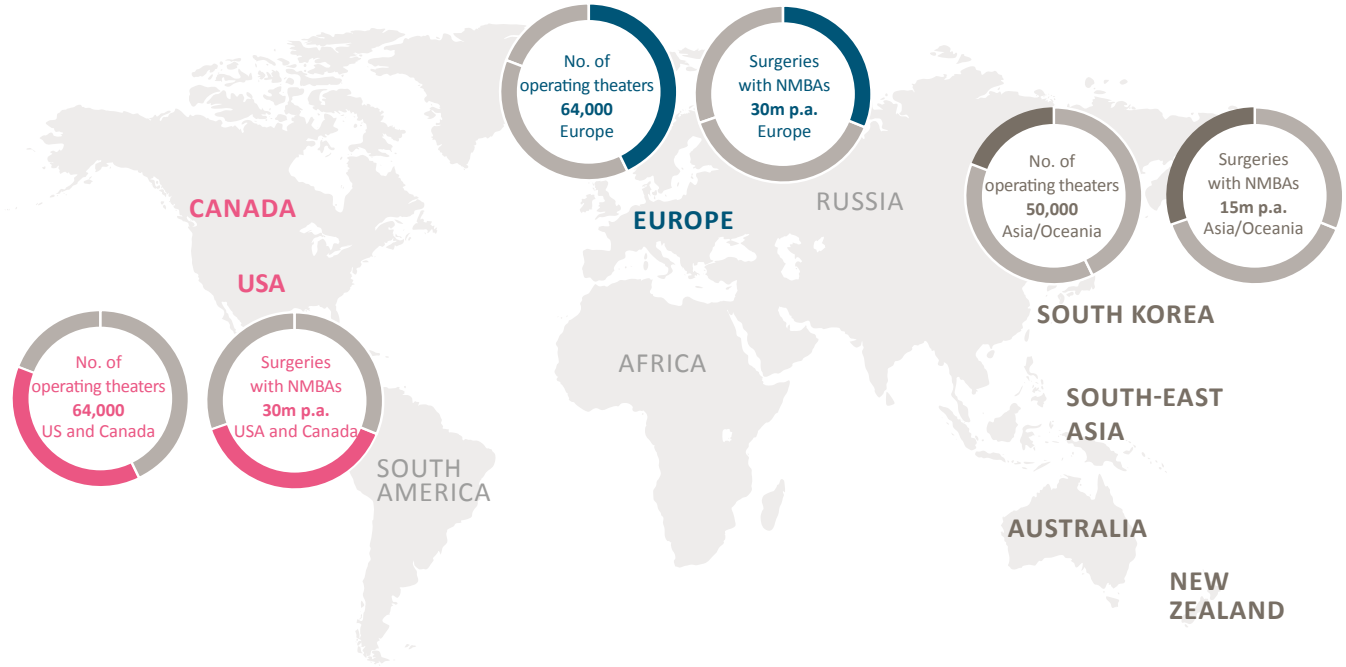
EMG technology

EMG technology measures overall muscular electrical activity arising in tandem with 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 little or no muscle response. An objective monitor stimulates the nerve, triggering muscle contraction.

Market potential



Sources: Meta-analysis 2007, Global operating theater distribution and pulse oximetry supply: an estimation from reported data. Funk et al. 2010, Centers for Disease Control and Prevention 2017, Steiner et al. 2017, Rose et al. 2014, An estimation of the global volume of surgery, Weiser et al. 2008, OECD, national databases. M. Naguib 2007, Ishizawa 2011, Number of surgical procedures (per 100,000 population), World Bank, Measuring surgical systems worldwide: an update, Kamali et al.,2018,National Hospital Discharge Survey, Centers for Disease Control and Prevention, 2010 together with Senzime company assumptions.

A market with high potential undergoing a paradigm shift

Senzime is active on a market in transition from subjective analogue techniques to objective digital systems either based on AMG (movement) or EMG (muscular response) technologies. EMG offers greater precision, and can be used for all types of surgery, including high-technology procedures such as robotic surgery where the patient arm needs to be tucked under the surgical drape. TetraGraph® is the first free-standing monitor employing EMG technology in Europe.

Business model

Senzime operates on a global market with a focus on western Europe and the US. Japan and South Korea are also important markets.
On the European market, Senzime has a committed collaboration with distributors, providing a range of sales support activities, including participation in start-ups of new TetraGraph® systems in major hospital clinics. In the US, Senzime is establishing a mix of direct sales and sales via distributors.

Senzime conducts preclinical and clinical trials independently.
Much of the manufacture of the company's products is by subcontractors, and in close partnership with Senzime's production and logistics function.

Senzime continuously screens product and technology acquisitions that fit its business model.

The year's success in Asia is based on different business models: a licensing agreement in Japan and distribution with sales support in South Korea.

"The year's success in Asia is based on different business models: a licensing agreement in Japan and distribution with sales support in South Korea."

Japan

Senzime started its partnership with Fukuda Denshi Co., Ltd (Fukuda), a world leader in patient monitoring, back in 2017. This company was founded in 1939, and in 2017, had sales of over SEK 10 billion.

The model in Japan is licensing, which means Fukuda gets access to Senzime's TetraGraph® technology to exclusively commercialize the product on the Japanese market. Fukuda also has rights to integrate Senzime's TetraGraph® technology with Fukuda's major monitoring systems, at its own cost. The licensing agreement with Fukuda involves lump-sum and variable remuneration based on milestones and actual sales.

About 2.7 million major surgical procedures are performed in Japan every year, in some 13,500 operating theaters. Japan is an important part of Senzime's initiative on the major Asian markets for medical devices. The region is in high growth, and has a focus on new technology.

Japan granted TetraGraph® regulatory approval in 2019, and Senzime's

Unimedics is Senzime's distributor in South Korea. The country has over 3,000 hospitals performing over 1.3 million surgeries each year on patients under general anesthetic.

close partnership with Fukuda is now entering a more commercial phase. On launch, Fukuda ordered 100 TetraGraph® systems, shipped directly from Senzime's production partner in the UK.

South Korea

In March 2018, Senzime signed a distribution agreement with Unimedics of South Korea, when the company was already able to announce launch in 2019. With its unique portfolio of monitors of anesthesia and depth of sedation, Unimedics is a perfect match for TetraGraph®. Unimedics has a strong sales organization, comprising internal and external representatives, which was critical to its selection.

South Korea has over 3,000 hospitals performing over 1.3 million surgical procedures each year involving general anesthetic, with NMBAs used in over half. South Korea is a high-technology country with a great interest in innovation, which extends to the health segment. After regulatory approval in summer 2019, Senzime trained over 70 Unimedics salespeople on site in Seoul, followed by a flying start in South Korea, attracting several major orders through the fall and early-2020.

The year's success in Asia is based on different business models: a licensing agreement in Japan and distribution with sales support in South Korea.

Clinical trials and R&D

Innovative and digital medical device products with high user-friendliness standards are the outcome of rigorous R&D work. The development of TetraGraph® started in 2010, from a clinical need for monitoring patients more safely perioperatively. The technology is based on innovations and development work led by Dr. David Hampton and Professor Sorin Brull at the Mayo Clinic in Florida, US. Clinical trials are being conducted in close collaboration with physicians and other care staff worldwide.

Ongoing studies

TITLE	CLINICAL SITE
Comparison of the TetraGraph® and TOFScan During Recovery of Neuromuscular Function in the Post Anesthesia Care Unit	Multicenter study with Mayo Clinic, University of Debrecen and NorthShore

Planned studies

TITLE	CLINICAL SITE
Electromyographic Monitoring and Postoperative Recovery	NorthShore University HealthSystem, US
Pediatric study	University of Debrecen, Hungary
Electromyographic and acceleromyographic monitoring in restricted arm movement surgical setting. A prospective, randomized trial	Mayo Clinic, US Hôpital Brabois Adultes, France

Concluded studies

TITLE	CLINICAL SITE
Comparison of the TOF-Watch SX and the TetraGraph® Under Clinical Conditions	University of Debrecen, Hungary
Awake volunteer pain scores during NMB	University of Debrecen, Hungary
Ease of Application of Various Neuromuscular Devices for Routine Monitoring	Mayo Clinic, US
Comparative Investigation of AMG and EMG Based Neuromuscular Devices	Mayo Clinic, US
Comparative Investigation of AMG and EMG Based Neuromuscular Devices	University of Debrecen, Hungary
Comparative Investigation of AMG-based IntelliVue NMT and EMG-based TetraGraph® QNMM a pilot study	University of Debrecen, Hungary
Comparison of EMG derived TOFr of AP and ADM to AMG-derived TOFr	University of Debrecen, Hungary
Examining Awake Volunteer Pain Scores and Operator Ease of Use of a Novel Neuromuscular Blockade Monitor	Mayo Clinic, US
EMG and AMG assessment of onset and recovery of NMB	NorthShore University HealthSystem, US
Clinical Use of Electromyography to Monitor	University of Debrecen, Hungary

Patents

Intellectual property is an important part of Senzime's operations, and the company protects its business with patent and trademark registrations.

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

Application **Pending** **Granted**

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

Application **Pending** **Granted**

Senzime has a patent granted on its improved microdialysis probe (OnZurf® Probe) in Sweden. It has filings under consideration in other countries.

SVERIGE
Application **Pending** **Granted**

OTHER
Application **Pending** **Granted**

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

USA
Application **Pending** **Granted**

EUROPA
Application **Pending** **Granted**

Senzime also has patent filings under consideration for TetraGraph®.

Application **Pending** **Granted**

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

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

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

Previous experience: for the past five years, Philip has served as CEO of Acacia Designs BV (acquired by Senzime 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 Senzime 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 Senzime AB (publ).

Holdings in the company: Adam Dahlberg holds 3,601,344 Senzime shares. Additionally, Ebba Fischer holds 2,198,409 shares, the Crafoordska Foundation 1,606,943 shares, Margareta Nilsson 1,687,544 shares, Anna Manhusen 1,458,230 shares, AB Pethle 444,663 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 Senzime 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. Bull acquired shares of the company as part of the merger between Senzime and Acacia Designs. He is also party to an agreement with Senzime AB on consulting services.

CEO

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 5,908,146 shares, of which 835,400 shares held through his own company, 2,580,000 shares via Segulah Venture AB and 1,793,785 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.

Pia Renaudin

Chief Executive Officer
Chief Executive Officer since 2019

Domicile: Bromma, Sweden

Born in: 1967

Education: MBA, the University of Gothenburg (1992), Graduate of INSEAD

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 12,000 Senzime shares. She also holds share warrants with the right to subscribe to 400,000 shares.

In Memoriam Ulf Lindskog
One of our Directors, Ulf Lindskog, who was a major investor and supporter of Senzime for many years, died in 2019.

The Board of Directors would like to express its gratitude to Ulf for his outstanding commitment to Senzime. We will continue to work in his spirit.

Senior management

Erik Bergman

Chief Financial Officer
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

General Manager 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 of 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 of 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 in Senzime.

Anders Selin

Vice President of Global Sales
since 2019

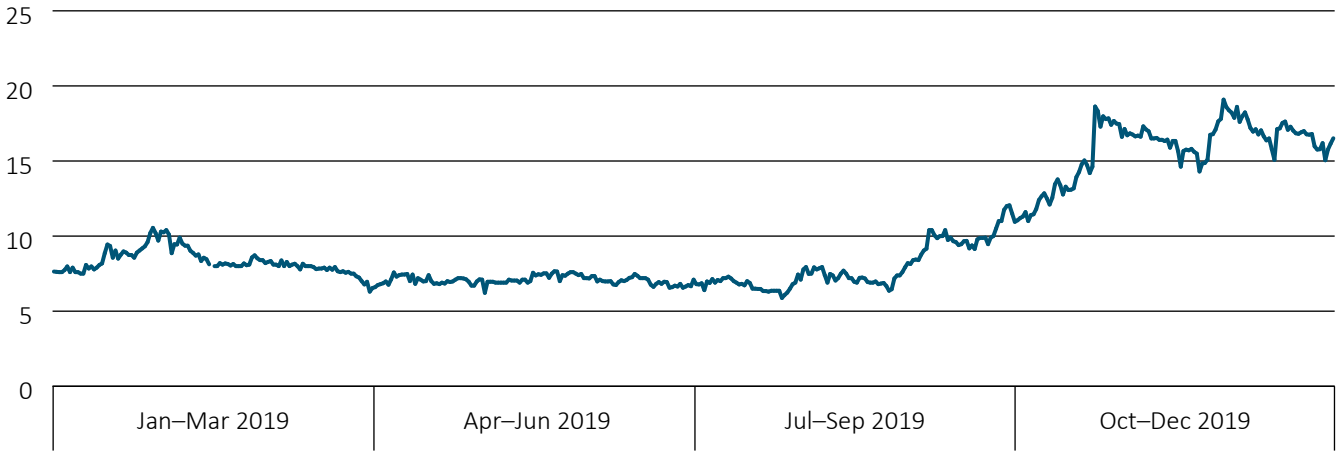
Domicile: Stockholm, Sweden

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. In his most recent position, he led strategic programs and projects at the Karolinska Hospital, and was head of development and management of medical care technology.

The share, share capital and ownership

Share price performance



Share capital history

År	Action	No. of shares	Share capital (SEK)	Quotient value (SEK)
1 Jan 2019	Opening balance	49,077,503	6,134,688	0.125
10 Sep 2019	New share issue	3,370,787	421,348	0.125
Total, 31 Dec 2019		**52,448,290**	**6,556,036**	**0.125**

Ownership structure as of 31 December 2019

Namn	No. of shares	votes and capital (%)
Crafoord family	9,669,251	18.4%
Pershing Llc.	4,122,452	7.9%
Segulah Venture AB and AB Segulah	3,871,297	7,.4%
Ulf Lindskog's estate	3,517,342	6.7%
Sorin J. Brull	3,223,528	6.1%
Handelsbanken Fonder AB	2,700,000	5.1%
Länsförsäkringar Fondförvaltning AB	2,534,576	4.8%
Stone Bridge Biomedical	2,362,260	4.5%
Crafoordska Foundation	1,606,943	3.1%
Other	18,840,641	35.9%
Total	**52,448,290**	**100.0%**

Statutory Administration Report

The Board of Directors and Chief Executive Officer of Senzime AB, with corporate identity number 556565–5734, hereby present the annual accounts and consolidated accounts for the financial year 2019. 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 2018, unless otherwise stated.

Operations

Senzime is a medical device company active in patient monitoring. Senzime 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 partners in the company. In 2004, Senzime 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. Senzime'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 Senzime's other products. Senzime'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, Senzime has developed a system to monitor the level of myoparalysis in patients under general anesthetic with the aim of reducing complications. Senzime'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. TetraGraph® 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 Senzime to market and sell TetraGraph® in the US. The US subsidiary, Senzime 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

- **February.** Pia Renaudin becomes new CEO.
- **March.** The Neuroanesthesia Department of Uppsala University Hospital signs an agreement to purchase TetraGraph® systems.
- **March.** The University Hospital of Umeå commences an exploratory pilot study on OnZurf® Probe.
- **March.** Senzime launches TetraGraph® Viewer, new software enabling data transfer from TetraGraph® to a connected computer.
- **March.** Senzime strengthens its management team with a VP of Sales and VP of Marketing & Business Development.
- **May.** Senzime signs an exclusive distribution agreement with Vingmed Holding A/S to commercialize TetraGraph® in the Nordics.
- **May.** Senzime's South Korean distributor places its first order, which includes 50 TetraGraph® systems.
- **June.** Death of one of our Directors, Ulf Lindskog.
- **June.** Senzime contracts Erik Bergman as CFO.
- **July.** Senzime Secures regulatory approval and follow-up order for 30 TetraGraph® systems from South Korea.
- **July.** Senzime focuses on the anesthesia monitoring market, and announces a delivery target of 300 TetraGraph® for 2019.
- **August.** Senzime conducts a private placement of SEK 30 m before issue expenses (SEK 0.9 m).
- **August.** 100 TetraGraph® can be delivered to Japan after regulatory approval.
- **October.** TetraGraph® secures 510(k) clearance from US regulator the FDA, granting permission to market and sell TetraGraph® in the USA.
- **December.** Senzime, Inc. founded, and Chris Estes hired as General Manager of the company's US operations.

Business highlights after the end of the financial year

- **January.** Senzime secures major new order from South Korea, surpassing 400 TetraGraph® delivered.
- **March.** Senzime reports that at present, there are no indications of supply chain problems or delays to customer shipments, and it is working actively to support customers and partners through digital channels in the current situation relating to COVID-19.

- **March.** Senzime reports that the company has received orders for TetraGraph® systems and disposable sensors from the Medway Maritime and Sherwood Forest NHS hospitals. The initial order value is some SEK 0.5 m.
- **April.** With authorization from the AGM on 8 May 2019, the Board of Directors decides on a private placement to the Fourth National Swedish Pension Fund, Swedbank Robur Microcap, TIN Fonder, Danske Invest Småbolagsfond, Handelsbanken Fonder, Länsförsäkringar Fonder and ÖstVäst Capital Management. This private placement involves 4,900,000 shares at a subscription price of SEK 15 per share. The new issue will raise the company SEK 73.5 m before issue expenses.

The company's expected future progress and significant risk factors

A number of risk factors may have a negative impact on Senzime's operations. Accordingly, it is very important to consider relevant risks in addition to Senzime'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 Senzime, 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, Senzime's commercialization potential would be negatively impacted. Senzime 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 can-not 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, Senzime'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 Senzime's part or against competing companies' patents or for any infringement from external parties against Senzime's patents. With access to greater financial resources, competitors may be in a better position than Senzime to meet such expenses. If Senzime is unsuccessful in obtaining or defending patent protection of its inventions, competitors may be able to use Senzime'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 Senzime, there is a risk that a party with access to confidential business information reveals or otherwise uses it in a manner that damages Senzime, which may negatively impact its operations, financial position and results of operations.

Financial risks such as liquidity, credit, currency and interest rate risk

Senzime's accounts receivable are associated with credit risk, where there is a risk of payment being delayed or of payment default. Senzime 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 Senzime, 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 companies, Senzime faces a challenge in the spread of the COVID-19 disease (caused by the SARS-CoV-2 virus), and accordingly is complying stringently with health guidelines published by the Public-Health Agency of Sweden and World Health Organization (WHO). The company is monitoring the implementation of measures around the world designed to mitigate the impact on the community and businesses. Access to components and production capacity of suppliers has not yet affected Senzime.

Senzime's CTO Anders Jacobson addressing staff

The fundamental need for neuromuscular monitoring remains, even if scheduled surgery is being postponed to provide emergency care places, or relieve health care staff. Potentially, this could have a short-term impact on demand, but at present, it is not possible to make any statements on this. Senzime is working actively to support its customers and partners remotely through digital channels. At present, it is not possible to estimate the definitive impact on the company.

Need for finance and working capital, and financing risk

The company is in a start-up phase, where expected revenues do not cover planned expenses. There is a risk that in future, Senzime 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, Senzime'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, Senzime 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 Senzime raises further finance through issuing shares or share-based instruments, Senzime's shareholders will be affected by dilution to the extent such new issues are conducted waiving shareholders' preferential rights.

Finance

The Board of Directors' opinion is that its current finances, even assuming some increase in sales, is sufficient to conduct operations in 2020. However, further financing in the form of loans or other external finance could be expected to be necessary to address the need for working capital and potential further investments in 2021.

Financial information

Revenues and earnings

Sales revenues amounted to SEK 6,711,000 (3,214,000) in 2019. Most of these revenues are sourced from the sale of the TetraGraph® system in South Korea, but also on the European market. The full-year number also includes a SEK 1.8 m milestone payment from Fukuda of Japan related to the exclusive licensing agreement entered in 2016. 2018 includes a corresponding milestone payment from Fukuda of SEK 2.4 m.

EBIT in the January-December period was SEK -36,431,000 (-26,761,000). Amortization of capitalized development expenses for TetraGraph® began in the second half-year 2018. For the full year 2019, this amortization affected gross profit(loss) and EBIT by SEK 12,406,000 (5,438,000).

Most of the company's overhead is personnel and consulting expenses. Overhead increased in the year due to the continued build-up of organizational resources, focusing on the sale and marketing of TetraGraph®.

Financial position

At year-end, consolidated equity was SEK 163.7 m (167.4). The equity/assets ratio was 87.2% (84.9). At the end of the period, the company's cash and cash

equivalents were SEK 30.9 m (32.7). On 8 April 2020, Senzime AB conducted a private placement, raising SEK 73.5 m before issue expenses. With this transaction, the company judges that its cash and cash equivalents are sufficient to cover operational needs for 2020.

Cash flow and investments

Cash flow from operating activities including changes in working capital was SEK -27,135,000 (-17,773,000) for the full year 2019. Negative cash flow from operating activities is mainly dependent on the company's loss.

Cash flow from investing activities for 2019 was SEK -3,766,000 (-9,439,000). Development work on the company's TetraGraph® system concluded in the previous year. These expenses have been recognized as intangible assets in the Balance Sheet.

Cash flow from financing activities was SEK 29.2 m (51.1) in 2019. A private placement of SEK 30 m before issue expenses (of SEK 0.9 m, or 3%) was conducted in August 2019 to a small group of strategic investors. This transaction increased share capital by SEK 421,348, to SEK 6,556,036. This new issue resulted in dilution of approx. 6.4%. The Director Adam Dahlberg did not participate in the Board of Directors' decision to propose the private placement to a shareholders' meeting. Mr. Dahlberg subscribed to shares in the private placement on the same terms as other participants. The company's major shareholders Segulah Venture AB and AB Segulah also participated in the private placement.

Stock options

Staff stock options

The company has a staff stock option program for all permanent employees. In the period to 30 November 2020 inclusive, each stock option confers entitlement to subscribe for one new share at a price of SEK 8.80. The stock options were granted free of charge. The stock options require continued employment with the company and are non-transferable. A total of 400,000 staff stock options expired in 2019.

Share warrants

Pia Renaudin holds 400,000 share warrants. Each share warrant entitles the holder to subscribe for one new share of the company at a price of SEK 12.00, with a final exercise date of 7 May 2022.

Based on the current number of shares and all outstanding staff stock options and share warrants, the maximum dilution resulting from these programs, assuming all options are exercised to subscribe for new shares, would be 1.9%.

Parent company

Most of the group's operations are conducted through the parent company. The US subsidiary Senzime Inc. was registered in January 2020. Senzime will be conducting sales in the US itself and through local distributors. The group's other two subsidiaries only hold certain rights, which are licensed to the parent company for payment of royalties.

Performance monitoring in 2019

In a press release on 9 July, Senzime announced the objective of delivering 300 TetraGraph® systems in 2019. This target was achieved.

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 intra-group transactions. The company has provided the Dutch tax agency with the information requested, and these inquiries have not resulted any further claims from the agency to date, or alteration of tax returns filed in the Netherlands.

For definitions of key indicators, see supplementary disclosures.

Proposed appropriation of profits

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

Share premium reserve	199,710,858
Accumulated profit (loss)	-114,940,645
Profit(loss) for the year	-25,157,046
Total	**59,613,167**

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	59,613,167
Total	**59,613,167**

Five-year summary, group[1]

SEK 000	2019	2018	2017	2016	2015
Sales revenue	6,711	3,214	189	1,628	153
Profit(loss) after financial items	-36,433	-26,763	-13,027	-9,412	-7,583
Total assets	187,761	197,157	166,032	156,312	47,803
Equity	163,693	167,408	140,459	131,871	45,810
Equity/assets ratio (%)	87	85	85	84	96

1 The group was formed in 2015, and accordingly, comparative years are for the parent company.

Financial information

Consolidated Income Statement

SEK 000	Note	2019	2018
Net sales	1	6,711	3,214
Cost of goods sold	8,9,17	-15,251	-8,441
of which materials		-2,203	-2,245
of which personnel expenses		-469	-338
of which external services		-172	-420
of which depreciation and amortization		-12,406	-5,438
Gross profit(loss)		**-8,539**	**-5,227**
Selling and administrative expenses	2,3,4,5	-27,781	-21,646
Other operating income		556	372
Other operating expenses		-667	-260
Earnings before interest and taxes		**-36,431**	**-26,761**
Financial expenses		-3	-2
Total financial items		**-3**	**-2**
Profit(loss) after financial items		**-36,433**	**-26,763**
Income tax	6	2,758	1,142
Profit(loss) for the year		**-33,676**	**-25,621**
Average number of shares before dilution	7	49,314,707	44,154,382
Average number of shares after dilution		49,672,224	44,154,382
Basic earnings per share, SEK		-0.68	-0.58
Diluted earnings per share, SEK		-0.68	-0.58

Consolidated Balance Sheet

SEK 000	Note	31 Dec. 2019	31 Dec. 2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Capitalized development expenditure	8	149,760	157,909
Patents and similar rights	9	704	848
Goodwill	10	110	441
		150,574	**159,198**
Property, plant and equipment			
Machinery and equipment	11	120	179
		120	**179**
Total non-current assets		**150,694**	**159,377**
CURRENT ASSETS			
Inventories etc.			
Inventories and work in progress		2,437	961
		2,437	**961**
Current receivables			
Trade receivables		2,528	2,731
Other receivables		647	831
Prepaid expenses and accrued income		557	591
		3,732	**4,153**
Cash and bank balances		30,898	32,666
Total current assets		**37,067**	**37,780**
TOTAL ASSETS		**187,761**	**197,157**

Consolidated Balance Sheet, cont.

SEK 000	Note	31 Dec. 2019	31 Dec. 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	13	6,556	6,135
Other paid-up capital		232,575	201,179
Other equity incl. profit(loss) for the year		-75,438	-39,906
Total equity		**163,693**	**167,408**
Provisions			
Deferred tax liabilities	15	16,724	19,481
Total provisions		**16,724**	**19,481**
Current liabilities			
Trade payables		2,949	4,795
Other liabilities		1,167	1,148
Accrued expenses and deferred income		3,228	4,325
Total current liabilities		**7,344**	**10,268**
TOTAL EQUITY AND LIABILITIES		**187,761**	**197,157**

Consolidated Statement of Changes in Equity

SEK 000	Share capital	Other paid-up capital	Acc. exchange differences.	Accumulated profit(loss)	Total equity
Opening balance , 1 Jan. 2018	5,086	151,129	1,087	-16,843	140,459
Profit(loss) for the year				-25,621	-25,621
Exchange differences on translation of foreign subsidiaries			769		769
Staff stock option program				701	701
New share issue	1,049	52 ,051			53,100
Issue expenses		-2,000			-2,000
Closing balance, 31 Dec. 2018	**6,135**	**201,180**	**1,856**	**-41,763**	**167,408**
Opening balance , 1 Jan. 2019	6,135	201,180	1,856	-41,763	167,408
Profit(loss) for the year				-33,676	-33,676
Exchange differences on translation of foreign subsidiaries			464		464
Staff stock option program				364	364
New share issue	421	29,579			30 ,000
Issue expenses		-867			-867
Closing balance, 31 Dec. 2019	**6,556**	**229,892**	**2,320**	**-75,075**	**163,693**

Consolidated Cash Flow Statement

SEK 000	Note	2019	2018
Operating activities			
Profit(loss) after financial items		-36,433	-26,763
Adjustments for depreciation and amortization		12,465	5,497
Other non-cash items		813	372
Cash flow from operating activities before change in working capital		**-23,155**	**-20,894**
Cash flow from change in working capital			
Change in inventories and work in progress		-1,476	102
Change in current receivables		421	-2,759
Change in current liabilities		-2,925	5,818
Cash flow from operating activities		**-27,135**	**-17,733**
Investing activities			
Investments in intangible assets		-3,766	-9,439
Investments in property, plant and equipment		-	-
Cash flow from investing activities		**-3,766**	**-9,439**
Financing activities			
New share issue		30,000	53,100
Issue expenses		-867	-2,000
Cash flow from financing activities		**29,133**	**51,100**
Change in cash and cash equivalents for the year		**-1,768**	**23,928**
Cash and cash equivalents at beginning of period		32,666	8,738
Cash and cash equivalents at end of period		30,898	32,666

Parent Company Income Statement

SEK 000	Note	2019	2018
Net sales	1	6,711	3,214
Cost of goods sold	8,9,17	-4,224	-3,875
of which materials		-2,203	-2,246
of which personnel expenses		-469	-338
of which external services		-172	-420
of which depreciation and amortization		-1,380	-871
Gross profit(loss)		**2,487**	**-661**
Selling and administrative expenses	2,3,4,5	-27,531	-21,241
Other operating income		556	372
Other operating expenses		-667	-261
Earnings before interest and taxes		**-25,154**	**-21,791**
Impairment of participation in group companies	12	-	-13,100
Financial expenses		-3	-3
Total financial items		**-3**	**-13,103**
Profit(loss) after financial items		**-25,157**	**-34,894**
Profit(loss) for the year		**-25,157**	**-34,894**

Parent Company Balance Sheet

SEK 000	Note	31 Dec. 2019	31 Dec. 2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Capitalized development expenditure	8	55,287	52,757
Patents and similar rights	9	704	848
		55,991	**53,605**
Property, plant and equipment			
Machinery and equipment	11	120	179
		120	**179**
Financial assets			
Participations in subsidiaries	12	6,566	6,566
Receivables from group companies	12	4,587	4,444
		11,153	**11,010**
Total non-current assets		**67,264**	**64,794**
CURRENT ASSETS			
Inventories etc.			
Inventories and work in progress		2,438	961
		2,438	**961**
Current receivables			
Trade receivables		2,379	2,713
Other receivables		617	805
Prepaid expenses and accrued income		556	591
		3,552	**4,109**
Cash and bank balances		30,475	32,231
Total current assets		**36,465**	**37,301**
TOTAL ASSETS		**103,729**	**102,095**

Parent Company Balance Sheet, cont.

SEK 000	Note	31 Dec. 2019	31 Dec. 2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	13	6,556	6,135
Statutory reserve		3,839	3,839
Development fund	14	26,342	23,632
		36,737	**33,606**
Non-restricted equity			
Share premium reserve		199,711	173,709
Loss brought/carried forward		-114,941	-80,628
Profit(loss) for the year		-25,157	-34,894
		59,613	**58,187**
Total equity		96,350	91,793
Current liabilities			
Trade payables		2,961	4,794
Other liabilities		1,222	1,203
Accrued expenses and deferred income		3,196	4,305
Total current liabilities	16	**7,379**	**10,302**
TOTAL EQUITY AND LIABILITIES		**103,729**	**102,095**

Parent Company Statement of Changes in Equity

SEK 000	Share capital	Statutory reserve	Development fund	Share premium reserve	Other Non-restricted equity	Total equity
Opening balance , 1 Jan. 2018	5,086	3,839	14,902	132,388	-81,330	74,885
Profit(loss) for the year					-34,894	-34,894
Capitalization of development expenditure			8,731	-8,731		-
Staff stock option program					701	701
New share issue	1,049			52,051		53,100
Issue expenses				-2,000		-1,999
Closing balance, 31 Dec. 2018	**6,135**	**3,839**	**23,633**	**173,708**	**-115,523**	**91,793**
Opening balance , 1 Jan. 2019	6,135	3,839	23,633	173,708	-115,523	91,793
Profit(loss) for the year					-25,157	-25,157
Capitalization of development expenditure			2,709	-2,709		-
Option premium				217		217
Staff stock option program					364	364
New share issue	421			29,579		30,000
Issue expenses				-867		-867
Closing balance, 31 Dec. 2019	**6,556**	**3,839**	**26,342**	**199,928**	**-140,316**	**96,350**

Parent Company Cash Flow Statement

SEK 000	Note	2019	2018
Operating activities			
Earnings before interest and taxes		-25,157	-21,791
Adjustments for depreciation and amortization		1,439	931
Other non-cash items		581	199
Cash flow from operating activities before change in working capital		**-23,137**	**-20,661**
Cash flow from change in working capital			
Change in inventories and work in progress		-1,477	102
Change in current receivables		557	-2,718
Change in current liabilities		-2,923	6,016
Cash flow from operating activities		**-26,980**	**-17,261**
Investing activities			
Investments in intangible assets		-3,766	-9,439
Investments in financial assets		-143	-843
Cash flow from investing activities		**-3,909**	**-10,282**
Financing activities			
New share issue		30,000	53,100
Issue expenses		-867	-2,000
Cash flow from financing activities		**29,133**	**51,100**
Change in cash and cash equivalents for the year		**-1,756**	**23,557**
Cash and cash equivalents at beginning of period		32,231	8,674
Cash and cash equivalents at end of period		30,475	32,231

Accounting and valuation policies

Senzime AB's annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 on annual accounts and consolidated accounts (K3). The accounting policies are unchanged compared to the previous year.

Senzime is the parent company of a group that also includes the wholly owned subsidiaries MD Biomedical AB and Acacia Designs B.V. The group relationship occurred with MD Biomedical on 1 May 2015 and with Acacia Designs B.V. on 17 May 2016. Wholly owned subsidiary Senzime, Inc. was also incorporated in January 2020.

Consolidated accounts

Senzime AB Prepares consolidated accounts. Companies where Senzime AB holds the majority of votes at shareholders' meetings, and companies where Senzime AB has control through by contract are classified as subsidiaries and consolidated into the accounts. Information on group companies is in the note on financial assets. Subsidiaries are included in the consolidated accounts from the date when control transfers to the group. They are excluded from the consolidated accounts when control is lost.

The consolidated financial statements have been prepared according to the acquisition method of accounting. The acquisition date is the date when control is obtained. Identifiable assets and liabilities are initially measured at fair value on acquisition. The minority share of acquired net assets are measured at fair value. Goodwill is the difference between the acquired identifiable net assets at acquisition and cost including the value of the minority interest, measured initially at cost.

Balances between group companies are fully eliminated.

Subsidiaries in foreign countries prepare their annual accounts in foreign currency. On consolidation, items in these companies' balance sheets and income statements are translated at closing day rates and spot rates retrospectively on the date of the relevant business transaction. The exchange differences occurring are recognized in accumulated exchange differences in consolidated equity.

Receivables

Receivables with due dates more than 12 months after the reporting date are recognized as non-current assets, otherwise as current assets. Receivables are recognized at the amount expected to be paid after individual assessment.

Other assets, provisions and liabilities

Other assets, provisions and liabilities Have been measured at cost unless otherwise stated below.

Revenues

On the sale of goods

Sales of goods are recognized when the material risks and rewards transfer from the seller to the buyer in accordance with the sales terms. Sales are accounted after deducting for VAT and discounts.

Out-licensing and collaborative agreements

Revenues from contracts with Senzime's partners on research projects are recognized on the basis of their economic significance. On these contracts, compensation will be payable in the form of lump-sum payments on contract start, milestone payments, compensation through the term of the contract for a number of research services and/or royalties. According to these contracts, Senzime may also be entitled to receive compensation for expenses incurred. Revenue from this compensation is recognized in the same period as the expense, as revenue for re-invoiced expenses.

Initially, revenue recognition is based on an assessment of whether a contract with the counterparty on one of Senzime's intangible assets means that:

i) collaboration will be in a research project with the partner,
ii) or if the license that the counterparty receives in the contract means that the intangible asset has been sold from an accounting perspective (i.e. as a sold license when the counterparty disposes over the asset).

The assessment is conducted on the basis of the criteria for the sale of a good in K3. If these criteria are satisfied, an assessment of whether the economic significance of the contract means a sale of the underlying asset has occurred is conducted. If the criteria for sale are not satisfied, no sale of the asset has occurred, and instead, the license payments received in tandem with the collaborative agreement are included as a revenue during the term of the agreement, providing Senzime has satisfied all its contracted obligations. The revenue from any milestone payments is recognized when the contract parties satisfy agree criteria and agreement with the counterparty is obtained.

Leases

All leases are expensed on a straight-line basis over the lease term.

Non-current assets

Tangible and intangible assets are recognized at cost after deducting for accumulated depreciation and amortization, and any impairment. Senzime tests for impairment of all its non-current assets at each reporting date. Impairment is taken if the decrease in value is judged as permanent. The capitalization model is applied for internally developed intangible assets. These assets

are amortized on a straight-line basis over their estimated useful lives. Useful lives are reviewed at each reporting date. The company 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 current original patent for the CliniSenz® product expires on 31 October 2026, for TetraSens on 14 February 2034, and for OnZurf Probe® on 4 September 2035.

The following useful lives are applied:

	Months
Machinery and equipment	60
Capitalized development expenditure	120–240
Patents and similar rights	120–240
Goodwill	60

Inventories, etc.
Inventories are measured at the lower of cost according to the first in first out principle, and net realizable value. Net realizable value is calculated as sales price after deducting for estimated selling expenses, which considers obsolescence.

Foreign currencies
Assets and liabilities in foreign currency are measured at closing day rates.

Income tax
Accounted income tax includes tax to be paid or received for the current year, adjustments relating to previous years' current tax and changes in deferred tax.

The measurement of all tax liabilities/receivables is at nominal amount, and according to those tax rules and tax rates that are enacted or substantively enacted.

For items recognized in profit or loss, the associated tax effects are also recognized in profit or loss. Tax effects of items recognized directly against equity, are recognized against equity.

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 surpluses in future taxation. The company's current assessment is that the criteria for accounting loss carry-forwards as assets are not satisfied, and that the value of loss carry-forwards has not been recognized as a tax asset.

Research and development
Expenditure for development work is capitalized when it is technically feasible to complete the development work, there are sufficient financial resources to complete development and there are economic rewards for the company to complete the development work.

Capitalized expenditure consists of direct costs of materials, consulting expenses, and the company's payroll expenses and ancillary wage costs.

Amortization of development expenditure begins when work is completed, and is based on each useful life.

Share-based payment
The cost of options issued to employees is measured at fair value at the grant date. The Black & Scholes method has been used for measurement. A cost is recognized with the corresponding increase of equity in the period the options are vested, according to agreement. The cost or revenue in the Income Statement for the period corresponds to the change in the accumulated cost for the period. The cost of social security contributions for share-based payments is recognized correspondingly as the underlying options, but based on the value of the options at each reporting date.

Definition of key indicators
Equity/assets ratio
Adjusted equity as a percentage of total assets.

Average number of shares
Weighted average number of outstanding shares in the period.

Earnings per share
Profit(loss) for the year in relation to the weighted average number of outstanding shares.

Estimates and judgments
Deferred tax assets on loss carry-forwards
Senzime AB has cumulative loss carry-forwards of approx. SEK 113,895,000 (87,687,000). The estimated deferred tax assets based on unused loss carry-forwards amount to SEK 24,373,000 (19,291,000). Because the company regards the uncertainty of whether unused loss carry-forwards can be used within a reasonable time as too great, no deferred tax asset has been recognized in profit or loss or the Balance Sheet.

Accounting of capitalized development expenditure
The company has a policy of capitalizing development expenditure. Assessments of whether expenditure in the period satisfies the capitalization criteria of the accounting provisions of K3, and whether there has been any impairment of previously capitalized expenditure, are conducted when preparing each financial statement.

Each year, the company tests capitalized development expenditure for impairment. Impairment tests have been conducted on the CliniSenz® and TetraGraph® product levels. Recoverable amount has been determined by measuring value in use. The impairment test indicates no impairment as of 31 December 2019. However, one risk in estimation is that there is limited difference between the estimated value in use and the carrying amount of the asset for CliniSenz®.

The group has conducted an impairment test based on a 10-year forecast period. The group's business plan, which is based on the Board of Directors' opinions and estimates of the future, is the basis of this impairment test. Determining capitalizability and any impairment of previously capitalized projects is a difficult matter of judgment. Risks and judgment difficulties relate primarily to assessments of the commercializability of an individual project, and the uncertainties in these forecasts relate mainly to sales start and continued development.

Notes

Note 1 Net sales by business line

	Group		Parent company	
	2019	2018	2019	2018
Sale of goods	4,905	786	4,905	786
License revenue	1,806	2 ,428	1,806	2,428
	6,711	**3,214**	**6,711**	**3,214**

Note 2 Leases—operating leases, lessee

	Group		Parent company	
	2019	2018	2019	2018
Lease payments in the year	717	609	717	611
Future minimum payments become due as follows:				
Within 1 year	633	690	633	692
Between 2 and 5 years	570	593	570	593
	1,203	**1,283**	**1,203**	**1,285**

Note 3 Selling and administrative expenses

	Group		Parent company	
	2019	2018	2019	2018
Personnel expenses	12,864	10,939	12,864	10,939
Cost of premises	645	577	645	577
Consulting expenses	10,005	7,388	9,954	7,313
Travel expenses	1,074	798	1,074	798
Marketing expenses	1,294	812	1,294	812
Depreciation and amortization	389	389	59	59
Other expenses	1,509	743	1,641	743
	27,781	**21,646**	**27,531**	**21,241**

Note 4 Personnel

	Group		Parent company	
	2019	2018	2019	2018
Average number of employees				
Average number of employees based on hours of attendance paid by the company related to normal working hours				
The average number of employees was	12	10	12	10
of which women	9	8	9	8
Salaries, benefits, etc.				
The following salaries, benefits, social security contributions and pension expenses were payable:				
Board of Directors, CEO and other senior managers				
Salaries and benefits	5,400	3,977	5,400	3,977
(of which variable remuneration)	(300)	(-)	(300)	(-)
Pension expenses	1,000	1,078	1,000	1,078
	6,400	**6,327**	**6,400**	**6,327**
Other employees				
Salaries and benefits	5,173	3,769	5,173	3,769
Pension expenses	249	208	249	208
	5,422	**3,977**	**5,422**	**3,977**
Social security contributions	4,201	2,977	4,201	2,977
Total Board of Directors, CEO and other	**16,023**	**13,281**	**16,023**	**13,281**

Directors and senior managers 2019	Basic salary/ fee	Variable remuneration	Other benefits	Pension expense	Share-based payment	Consulting fees/ other benefits	Total
Philip Siberg, Chairman of the Board	100						100
Sorin Brull, Director						879	879
Adam Dahlberg, Director	50						50
Ulf Lindskog, Director							-
Lennart Kalén, Director	50						50
Pia Renaudin, Chief Executive Officer (11 mth.)	1,536	300	103	373			2,312
Catrin Molund, Interim Chief Executive Officer (1 mth)	163						163
Other senior managers (4)	3,564			627		210	4,401
Total	**5,463**	**300**	**103**	**1,000**	**-**	**1,089**	**7,955**

Directors and senior managers 2018	Basic salary/ fee	Variable remuneration	Other benefits	Pension expense	Share-based payment	Consulting fees/ other benefits	Total
Philip Siberg, Chairman of the Board	100						100
Sorin Brull, Director						725	725
Adam Dahlberg, Director	50						50
Ulf Lindskog, Director							-
Lennart Kalén, Director	50						50
Lena Söderström, Chief Executive Officer	2,917		54	717			3,688
Catrin Molund, Interim Chief Executive Officer	87						87
Other senior managers (4)	2,332			361			2,693
Total	**5,536**	**-**	**54**	**1,078**	**-**	**725**	**7,393**

The new CEO started service in February 2019, and her contract includes a notice period of six months, and for termination by the company, severance pay of six times basic monthly salary. After three years' service, the notice period extension increases to 12 months for termination by the employee, and for termination by the company, severance pay of 12 times basic monthly salary is payable. No other agreements on severance pay have been reached for other senior managers.

Note 5 Share-based payment

All permanent employees received staff stock options free of charge in 2017.In the period until 31 December 2020 inclusive, each option has the right to subscribe for one new share at a price of SEK 8.80. The options require continued employment with the company and are not transferable.

Granting is in the following categories:
– CEO: 160,000 options
– Management: 120,000 options per person
– Other employees: 80,000 options per person

400,000 staff stock options expired in 2019.

The total cost recognized in the Income Statement for staff stock options and the associated social security contributions is SEK 1,552,000 (790,000). The total carrying amount in the Balance Sheet for liabilities resulting from share-based payments is SEK 1,301,000 (113,000).
The company's CEO also holds 400,000 share warrants. Each share warrant has the right to subscribe for one new share of the company at a price of SEK 12.00, with the latest exercise date 7 May 2022.

Changes in the number of outstanding share warrants and staff stock options and their weighted average exercise prices are as follows:

	Group						Parent company					
	2019			2018			2019			2018		
	Average exercise price ,SEK per option	Options (000)	Right to subscribe for no. shares	Average exercise price, SEK per option	Options (000)	Right to subscribe for no. shares	Average exercise price in SEK per option	Options (000)	Right to subscribe for no. shares	Average exercise price in SEK per option	Options (000)	Right to subscribe for no. shares
Outstanding, 1 Jan.	7	1,000	1,000	7	1,080	1,098	7	1,000	1,000	7	1,080	1,098
Granted	12	400	400	9	120	120	12	400	400	9	120	120
Forfeited												
Exercised												
Expired	-9	-400	-218	-2	-200	-218	-9	-400	–400	-2	-200	-218
Outstanding per 31 December	**10**	**1,000**	**1,000**	**7**	**1,000**	**1,000**	**10**	**1,000**	**1,000**	**7**	**1,000**	**1,000**

Note 6 Tax on profit(loss) for the year

	Group		Parent company	
	2019	2018	2019	2018
Current tax				
Deferred tax	2,758	1,142		
Total reported tax	2,758	1,142	-	-
Reported profit(loss) before tax	-36,433	-26,763	-25,157	-34,894
Tax on reported profit(loss) at applicable tax rate	7,797	5,888	5,384	7,677
Tax effect of:				
Non-deductible expenses	-67	-77	-67	-77
Impairment of participation in group companies			-	2,882
Issue expenses	867	440	867	440
Non-taxable revenues				
Loss carry-forward whose tax value is not recognized as an asset	-8,597	-6,251	-6,184	-10,922
Change in deferred tax	2,758	1,142		
	2,758	**1,142**	**-**	**-**

The applicable tax rate for the parent company and Swedish subsidiary is 21.4%, and the tax rate for the subsidiary in the Netherlands is 20%.

Note 7 Earnings per share

	Group	
	2019	2018
Profit(loss) for computing basic earnings per share, SEK 000	-33,676	-25,621
Average number of shares before dilution	49,314,707	44,154,382
Basic earnings per share (SEK per share)	-0.68	-0.58
Average number shares after dilution	49,672,224	44,154,382
Diluted earnings per share (SEK per share)	-0.68	-0.58
Outstanding options (000)	**1,000**	**1,000**

Basic earnings per share is computed as the profit (loss) attributable to equity holders of the parent divided by a weighted average number of outstanding shares in the period.

Note 8 Capitalized development expenditure

	Group		Parent company	
	2019	2018	2019	2018
BioSenz				
Opening cost	5,988	5,988	5,988	5,988
Closing cost, BioSenz	**5,988**	**5,988**	**5,988**	**5,988**
Opening amortization	-4,586	-4,407	-4,586	-4,407
Amortization for the year	-179	-179	-179	-179
Closing amortization, BioSenz	**-4,765**	**-4,586**	**-4,765**	**-4,586**
Closing carrying amount, BioSenz	**1,223**	**1,402**	**1,223**	**1,402**
CliniSenz System				
Opening cost	43,031	38,687	43,031	38,687
Investments for the year	1,235	4,344	1,235	4,344
Closing cost, CliniSenz System	**44,266**	**43,031**	**44,266**	**43,031**
Opening amortization	-1,196	-1,000	-1,196	-1,000
Amortization for the year	-235	-196	-235	-196
Closing amortization, CliniSenz System	**-1,431**	**-1,196**	**-1,431**	**-1,196**
Closing carrying amount, CliniSenz System	**42 ,835**	**41 ,835**	**42,835**	**41,835**
TetraGraph				
Opening cost	119,581	113,727	9,862	4,937
Exchange difference	-474	929		
Investments for the year	2,531	4,925	2,531	4,925
Closing cost TetraGraph	**121,638**	**119,581**	**12,393**	**9,862**
Opening amortization	-4,909	-	-342	-
Amortization for the year	-11,027	-4,909	-822	-342
Closing amortization, Tetra-Graph	**-15,936**	**-4,909**	**-1,164**	**-342**
Closing carrying amount, Tetra-Graph	**105,702**	**114,672**	**11,229**	**9,520**
Total closing carrying amount	**149,760**	**157,909**	**55,287**	**52,757**

Note 9 Patents and similar rights

	Group		Parent company	
	2019	2018	2019	2018
Opening cost	1,744	1,575	1,744	1,575
Investments for the year	-	169	-	169
Closing cost	**1,744**	**1,744**	**1,744**	**1,744**
Opening amortization	-786	-632	-786	-632
Amortization for the year	-143	-154	-143	-154
Closing amortization	**-929**	**-786**	**-929**	**-786**
Opening impairment	-110	-110	-110	-110
Impairment for the year	-	-	-	-
Closing impairment	**-110**	**-110**	**-110**	**-110**
Carrying amount	**705**	**848**	**705**	**848**

Note 10 Goodwill

	Group	
	2019	2018
Opening cost	1,652	1,652
Investments for the year	-	-
Closing cost	**1,652**	**1,652**
Opening amortization	-1,211	-881
Amortization for the year	-330	-330
Closing amortization	**-1,541**	**-1,211**
Carrying amount	**111**	**441**

Note 11 Machinery and equipment

	Group		Parent company	
	2019	2018	2019	2018
Opening cost	295	295	295	295
Investments for the year	60	-	60	-
Sales and retirements	-	-	-	-
Closing cost	**355**	**295**	**355**	**295**
Opening amortization	-116	-57	-116	-57
Sales and retirements	-	-	-	-
Amortization for the year	-119	-59	-119	-59
Closing amortization	**-235**	**-116**	**-235**	**-116**
Carrying amount	**120**	**179**	**120**	**179**

Note 12 Financial assets

	Parent company	
	2019	2018
Opening cost	11,010	23,267
Receivables from group companies	143	843
Impairment for the year	-	-13,100
Closing carrying amount	**11,153**	**11,010**
Carrying amount	**11,153**	**11,010**

Holdings of participations in subsidiaries are as follows:

Group	Corporate identity number	Registered office	Share of equity
Acacia Designs B.V.	59697059	Maastricht	100%
MD Biomedical AB	556837-0273	Umeå	100%

Parent company	Share of equity	Share of votes	Number participations/shares	2019	2018
Acacia Designs B.V.	100%	100%	6,333	4,812	4,812
MD Biomedical AB	100%	100%	50,000	1,754	1,754
Total					

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 0 (13,100,000).

US subsidiary Senzime Inc. was incorporated in January 2020.

Note 13 Share capital

	Number of shares	Quotient value per share
Number/value at beginning of year	49,077,503	0.125
Private placement	3,370,787	0.125
Number/value at end of year	**52,448,290**	**0.125**

Note 14 Development fund

	Group		Parent company	
	2019	2018	2019	2018
Amount at beginning of year	23,632	14,902	23,632	14,902
Provision to fund in financial year	2,710	8,730	2,710	8,730
Amount at end of year	**26,342**	**23,632**	**26,342**	**23,632**

Note 15 Deferred tax

	Group	
	2019	2018
Deferred tax liabilities		
Capitalized expenditure for development work	16,724	19,481
Deferred tax liabilities recognized in the Balance Sheet	**16,724**	**19,481**

Note 16 Pledged assets

	Group		Parent company	
	2019	2018	2019	2018
Pledged assets				
Corporate mortgages	300	300	300	300
Total pledged assets	**300**	**300**	**300**	**300**

Note 17 Transactions with related parties

Purchases and sales of royalties occurred between group companies.
For compensation and consulting fees to Directors and senior management, see note 4.

Note 18 Post-balance sheet events

January 2020. Senzime secures a major new order from South Korea, passing 400 TetraGraph® delivered. The order value is approx. SEK 1.5 million, and shipments will be in the current month.

March. Senzime reports that at present, there are no indications of supply chain problems or delays to customer shipments, and it is working actively to support customers and partners through digital channels in the current situation relating to COVID-19.

March. Senzime reports that the company has received orders for TetraGraph® systems and disposable sensors from the Medway Maritime and Sherwood Forest NHS hospitals. The initial order value is some SEK 0.5 m.

April. With authorization from the AGM on 8 May 2019, the Board of Directors decides on a private placement to the Fourth National Swedish Pension Fund, Swedbank Robur Microcap, TIN Fonder, Danske Invest Småbolagsfond, Handelsbanken Fonder, Länsförsäkringar Fonder and ÖstVäst Capital Management. This private placement involves 4,900,000 shares at a subscription price of SEK 15 per share. The new issue will raise the company SEK 73.5 m before issue expenses.

Note 19 Proposed appropriation of profit

The following funds are at the disposal of the Annual General Meeting:	
Share premium reserve	199,710,858
Accumulated loss	-114,940,645
Profit(loss) for the year	-25,157,046
	59,613,167

The Board of Directors proposes that these funds are appropriated as follows:	
dividend of SEK 0 per-share, total	0
carried forward	59,613,167
	59,613,167

Board of Directors' signatures

Philip Siberg
Chairman

Adam Dahlberg

Pia Renaudin
Chief Executive Officer

Uppsala, Sweden, 16 April 2020

Sorin J Brull

Lennart Kalén

Our Audit Report was presented on 16 April 2020

Leonard Daun
Authorized Public Accountant
Öhrlings PricewaterhouseCoopers AB

Audit Report

To the general meeting of shareholders of Senzime AB (publ.), corp. ID no. 556565-5734

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Senzime AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 21-42.

In our opinion, the annual accounts and consolidated 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 and the group as of December 31, 2019 and of their financial performance and cash flows for the year then ended in accordance with 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 group.

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 1-20. 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. 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

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.

Basis for opinions

We conducted our 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 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, 16 April 2020

Information for shareholders

Annual General Meeting

The Annual General Meeting (AGM) will be held at 4 p.m. on 14 May 2020 in Uppsala, Sweden. The Annual Report will be available to the public at the company's offices at Ulls väg 29B, Uppsala, Sweden, from 23 April 2020. The Annual Report will also be published at www.senzime.com.

Notification of attendance

Shareholders intending to participate at the AGM should:

- firstly, be recorded in the share register maintained by Euroclear Sweden AB by Friday 8 May 2020, and
- secondly, ensure the company has received notification of their participation by Monday 11 May at the latest by mail to the address Ulls väg 29B, 756 51 Uppsala, Sweden, marking the envelope "AGM" or by email to erik.bergman@senzime.com.

Notifications should state the shareholder's name, personal or corporate identity number, address, telephone number, shareholding, information on any assistants (maximum two), and where applicable, information on any representative or proxy.

Nominee-registered shares

For entitlement to participate at the AGM, shareholders with nominee-registered shares must temporarily re-register their shares in their own name in the share register maintained by Euroclear Sweden AB. Such re-registration must be complete by no later than Friday 8 May 2020. This means that shareholders must inform their nominee of the re-registration in good time prior to this date.

Proxy

Shareholders intending to attend by proxy must issue dated powers of attorney for such proxy. If the power of attorney is issued by legal entity, a certified copy of the certificate of incorporation or equivalent documentation for the legal entity must be attached. The validity of the power of attorney must be a maximum of five years from issuance. The company should have received the original power of attorney and any certificates of incorporation in good time prior to the AGM at the above address, or alternatively, they should be brought to, and presented at, the Meeting. The company can provide power of attorney forms on request. Power of attorney forms are also available at the company's website, www.senzime.com.

Dividend

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

Forthcoming reporting dates in 2020

Interim Report January – March 2020: **8 May 2020**
Interim Report January – June 2020: **21 August 2020**
Interim Report January – September 2020: **6 November 2020**

www.senzime.com

Senzime AB, Ulls väg 29B, 756 51 Uppsala, Sweden