

January - June 2021 in brief

Senzime AB (publ), 556565–5734

»A strong quarter with sales almost quadrupling«

- Good sales growth and improved gross margin.
- New guidelines in the UK require neuromuscular quantitative monitoring
- Listing on NASDAQ Stockholm's main list.

Calendar 2021

Interim Report Q3: November 12

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April - June 2021

- Net sales amounted to SEK 4,390 thousand (1,158).
- Gross margin before depreciation was 62.1 percent (34.9).
- Income after financial items was SEK -22,576 thousand (-12,500).
- Earnings per share amounted to SEK -0.35 (-0.22).
- Cash and cash equivalents amounted to SEK 118.2 million (84.0) on June 30.
- The number of shares as of June 30 was 62,493,290 (57,348,290).

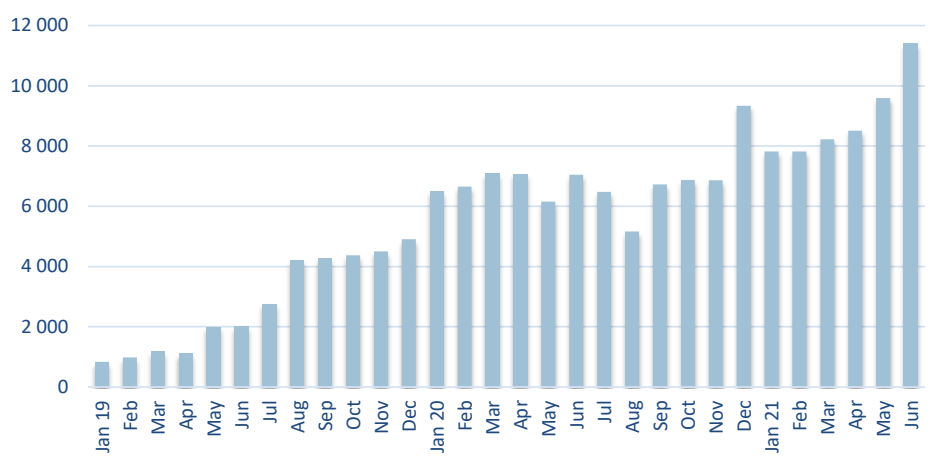
January - June 2021

- Net sales amounted to SEK 5,827 thousand (3,747).
- Gross margin before depreciation was 56.7 percent (43.2).
- Income after financial items was SEK -40,218 thousand (-21,122).
- Earnings per share amounted to SEK -0.63 (-0.37).

KSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
Net sales	4,390	1,158	5,827	3,747	9,337
Income after financial items	-22,576	-12,500	-40,218	-21,122	-48,991
Earnings per share (SEK)	-0.35	-0.22	-0.63	-0.37	-0.84
Gross margin before depreciation (%)	62.1	34.9	56.7	43.2	40.9
Operating profit before depreciation	-19,856	-9,832	-34,776	-15,903	-37,148
Equity/assets ratio (%)	89.5	88.5	89.5	88.5	89.4

Net sales

Rolling 12 month kSEK



Excluding license payments from Fukuda Denshi, Japan.

The first report in which the Group reported in accordance with IFRS was for the third quarter of 2020. Comparative figures for historical periods have been recalculated. Effects that the transition from previously used principles to IFRS have had on the reports are described in Note 9. Figures in parentheses above describe the corresponding period last year. Unless otherwise stated, all information relates to the Group.

Significant events during the period



January 14: SENZIME ESTABLISHES IN GERMANY

Recruitment of Country Manager and Regional Clinical Manager is carried out. Katholisches Klinikum Bochum University Hospital places the first order for TetraGraph® systems in Germany.

March 4: SENZIME TETRASENSE DISPOSABLE SENSOR RECEIVES RIGHT TO REIMBURSEMENT IN SOUTH KOREA

As of March 1, 2021, South Korea's state healthcare system will reimburse the use of Senszime's TetraSens disposable sensors in anesthesia using muscle relaxants in patients with ASA-PS 3 or higher

March 10: INTERNATIONAL MULTICENTER STUDY STRENGTHENS VALUE OF SENZIME'S TETRAGRAPH

A clinical study of 120 patients conducted by the Mayo Clinic Jacksonville, USA, the University of Debrecen, Hungary, and the NorthShore University Health System, Chicago, USA, is published in the Journal of Clinical Anesthesia. The study proves the value of EMG technology vs. AMG technology.

April 20: EXPANDS US COMMERCIAL CAPACITY

Senzime continues its expansion in line with its commercial strategy - by recruiting additional vendors and signing a distribution agreement with Mercury Medical Enterprises, Inc.

May 11: ANNUAL GENERAL MEETING

At Senszime's Annual General Meeting, the current Board of Directors was re-elected and resolved on the Nomination Committee for the next Annual General Meeting, adopted rules for remuneration to senior executives, new articles of association and resolved on issue authorization and a new incentive program.

May 22: NEW GUIDELINES REQUIRE NEUROMUSCULAR QUANTITATIVE MONITORING

Senzime announces that the Association of Anaesthetists has issued new guidelines for quantitative monitoring neuromuscular blockade in the UK and Ireland. Among other things, the guidelines state that quantitative monitoring must be available in all operating theatres and used in all patients receiving muscle-blocking drugs.

JUNE 30: SENZIME LISTED ON NASDAQ STOCKHOLM'S MAIN MARKET

On June 23, Nasdaq Stockholm's Company Committee approved Senszime's application to admit the company's shares to trading on Nasdaq Stockholm's main market. The first trading day was 30 June.

Significant events after the end of the second quarter

No significant events are noted after the end of the second quarter.

A strong quarter with sales nearly quadrupled

Sales almost quadrupled compared to the second quarter of last year, and this was our best quarter ever, even though Covid-19 continues to affect our ability to start trials in hospitals. From January to June, we had a sales increase of 64 percent compared to the first half of 2020. We see continued strong growth on the sensor side, which is very positive. The increase in sales is also reflected in an improved gross margin.

More and more countries are introducing new guidelines on how patients should be monitored during anesthesia. In May, the UK introduced new requirements that quantitative monitoring must be available in all operating theatres and used on all patients receiving muscle-blocking drugs. The new guidelines have meant that we now have around 20 ongoing trials of TetraGraph® in UK hospitals.

One of the highlights of the past quarter was, of course, the listing for trading on Nasdaq Stockholm's main list. It is an important step within our vision to eliminate anesthetic-related complications while building a world-leading company that creates long-term values for customers, shareholders and society at large. We also hope that it will broaden our investor base and contribute to increased visibility and exposure to the company.

Our strategy to focus on the key markets US and Germany continues. During the quarter, we trained the new salespeople from our distribution partner Mercury, which complements our own sales force in the US. In Germany, we have recruited the first sellers and have several ongoing trials, some of which have already been transferred to negotiations.

During the third quarter, we expect continued key recruitments and major progress in the establishment of our production in Uppsala. We look forward to a continued success in 2021 marked by an increasing number of hospital trials around the world and high business activity as a result.

Uppsala in August 2021

Pia Renaudin, CEO



About Senszime

Senzime develops and markets CE-marked and FDA-approved medical technology systems, powered by unique algorithms and disposable sensors that assess the patient's muscle function before, during and after anesthesia and surgery. The company's goal is to contribute to improved clinical precision and simplified management in healthcare. Senszime's system is called TetraGraph® and digitally and continuously measures the degree of neuromuscular blockade in order to pre-

vent complications. Fewer complications lead to less suffering for patients but also contribute to shorter hospital stays and reduced care costs. Senszime's vision is that TetraGraph® should be used in every operation where muscle relaxants are used, for a safe awakening for all patients.

Senzime's development portfolio also includes innovative, patient-oriented solutions that enable automated and continuous measurement of biological substances such as glucose and lactate in blood

and tissue fluids - ClineSenz® Analyzer and OnZurf® Probe.

Senzime operates in a globally growing market which today in Europe and the USA alone is valued at over SEK 15 billion annually. Today, Senszime has sales in 18 countries, of which the most important are the United States, Germany, France, Italy, the United Kingdom, Spain, Switzerland, South Korea and Japan. The company's shares are traded on the Nasdaq Stockholm Main list (ticker SEZI).

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



USA and Canada
52 million surgical
procedures/year

Europe
64 million surgical
procedures/year

Asia and Oceania
50 million surgical
procedures/year

TETRASENS'S TOTAL MARKET

SEK **11.9** BILLION

TETRAGRAPH'S TOTAL MARKET

SEK **3.6** BILLION

Sources: Meta-analysis 2007, Global operating theatre 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 Senszime company assumptions.

The share

Share capital development (SEK)

Date	Event	No. of shares	Share capital (SEK)	Quotient value (SEK)
January 1, 2021	Opening	62,493,290	7,811,661	0.125
Total June 30, 2021	Closing	62,493,290	7,811,661	0.125

Share price development (SEK)



Ten largest shareholders on June 30

Owner	Number of shares	Share of capital %
Crafoord family	9 119 251	14,6
Segulah Venture AB and AB Segulah	4 408 085	7,1
Handelsbanken Fonder AB	4 387 903	7,0
Pershing Llc.	3 810 365	6,1
Sorin J. Brull	3 233 528	5,2
Fjärde AP-fonden	2 700 000	4,3
Swedbank Robur Microcap	2 600 000	4,2
Lindskog Family	2 454 717	3,9
Länsförsäkringar Fondförvaltning AB	2 244 187	3,6
Stone Bridge Biomedical	2 172 030	3,5
Others	25 363 224	40,6
Total	62,493,290	100.0

Comments to the report

Revenue and profit second quarter of 2021

Consolidated net sales in the second quarter of 2021 amounted to KSEK 4,390 thousand (1,158), representing an increase of 279 percent compared to the previous year's second quarter. The US, Europe and South Korea all contributed to the positive development.

Gross margin before depreciation and amortization was 62.1 percent (34.9) for the quarter. The positive development of the gross margin is a consequence of the increase in sales.

The Group's SG&A expenses amounted to KSEK 22,385 thousand (9,750). The establishment of the subsidiary Senzime, Inc. in the US with its own sales force has led to increased sales costs. The start-up of Senzime GmbH in Germany and the change of listing as well as work on adaptations of the business to new regulatory requirements (MDR) have also contributed to the increase in costs.

Operating profit in the second quarter amounted to KSEK -22,551 (-12,472).

Revenue and profit January - June 2021

Net sales for the period January - June amounted to KSEK 5,827 thousand (3,747), which was an increase of 55 percent compared to the first half of 2020. The US, Europe and South Korea all contributed to the good development. Gross margin before depreciation and amortization was 56.7 percent (43.2) for the first six months of the year.

SG&A expenses amounted to KSEK 38,196 (17,467). The building of sales organizations in the US and Germany and the change of listing of the company's share to Nasdaq Stockholm's main market have led to cost increases between periods.

Financial costs consist essentially of interest expenses on lease liability.

Operating profit for the period amounted to KSEK -40,173 (-21,067).

Financial position

At the end of the second quarter, the Group's equity amounted to SEK 193.5 million (158.5). The equity/assets ratio was 89.5 percent (88.5). At the end of the period, the company's cash and cash equivalents amounted to SEK 118.2 million (84.0).

The company's cash and cash equivalents are expected to cover the needs of the business for at least the next 12 months.

Cash-flow and investments

Cash flow from operating activities including changes in working capital for the second quarter amounted to KSEK -23,181 (-8,688). The negative cash flow is largely due to the negative result, but some inventory build-up and hedging of raw materials for own production of TetraGraph® monitor has contributed.

Cash flow from investment activities for the second quarter amounted to KSEK -802 thousand (-143).

Cash flow from financing activities for the second quarter amounted to KSEK -66 thousand (68,807). In April last year, a directed share issue was carried out, which contributed SEK 69.1 million after issue costs.

Cash flow from operating activities including changes in working capital for the period January-June amounted to KSEK -41,000 (-15,178). The negative cash flow is largely due to the negative result.

Cash flow from investment activities for the period January-June amounted to KSEK -1,122 (-278).

Cash flow from financing activities for the period January - June amounted to KSEK -319 thousand (68,529). In April last year, a directed share issue was carried out, which contributed SEK 69.1 million after issue costs.

Stock options

Subscription options

The Group has three employee stock option programs of a total of 1,656,050 options, see Note 8 in this report for detailed descriptions.

Warrants

Since May 2019, CEO Pia Renaudin has held 400,000 warrants. Each warrant entitles to subscription of one new share in the company at a price of SEK 12.00 with redemption date no later than 7 May 2022.

Dilution

Based on the existing number of shares and outstanding personnel and warrants, the dilution resulting from the programs is calculated assuming that all options (including not yet allotted) are exercised for subscription of shares amounting to a maximum of 3.2 percent.

Parent company and subsidiaries

Most of the Group's operations are conducted in the Parent Company. For comments on the parent company's results, please refer to the comments made for the Group.

The U.S. subsidiary Senzime, Inc. started operating activities in the second quarter of 2020. Sales in the US are made directly by own sales force and through local distributors.

In the first quarter of 2021, the German company Senzime GmbH started its operations.

The Group's two other subsidiaries hold only certain rights licensed to the Parent Company in the form of royalties.

Risks and uncertainties

A number of risk factors can have a negative impact on the business in Sensime. It is therefore of great importance to consider relevant risks in addition to the company's growth opportunities. An account of the Group's significant financial and business risks can be found in the Annual Report and in the Annual Report for 2020. No additional material risks are considered to have been incurred.

Like most companies, Sensime has faced major challenges from the Covid-19 pandemic. The basic need for neuromuscular monitoring has not diminished, although operations have been postponed to accommodate and enable the availability of medical staff.

Access to hospitals has been very limited and affected the number of trials in 2020 and early 2021.

Auditors report

This Interim Report has not been reviewed by the company's auditor.

Change of stock trading list

Nasdaq Stockholm's Company Committee approved Sensime's application to admit the company's shares to trading on Nasdaq Stockholm's main market at a meeting on June 23. The first trading day was 30 June.

The Board's assurance

The Board of Directors and the CEO assure that the interim report provides a true and fair view of the parent company's and the Group's operations, financial position and results and describes the material risks and uncertainties facing the Parent Company and the companies that are part of the Group.

Uppsala, August 27, 2021

Philip Siberg

Chairman of the Board

Sorin J Brull

Director

Adam Dahlberg

Director

Lennart Kalén

Director

Eva Walde

Director

Pia Renaudin

Chief Executive Officer

Condensed Consolidated Statement of Comprehensive Income

SEK 000	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
Net sales	2	4,390	1,158	5,827	3,747	9,337
Cost of goods sold	3	-4,359	-3,289	-7,920	-7,294	-17,236
Gross profit (loss)		31	-2,131	-2,093	-3,547	-7,899
Development expenses	4	-3,243	-1,807	-5,437	-3,712	-8,217
Selling and marketing expenses	4	-10,525	-3,037	-16,080	-5,082	-16,051
Administrative expenses	4,5,8	-8,617	-4,906	-16,679	-8,673	-15,063
Other operating income		354	90	878	763	1,122
Other operating expenses		-551	-682	-762	-817	-2,758
Earnings before interest and taxes		-22,551	-12,472	-40,173	-21,067	-48,866
Financial expenses		-25	-28	-45	-55	-125
Financial items—net		-25	-28	-45	-55	-125
Profit(loss) after financial items		-22,576	-12,500	-40,218	-21,122	-48,991
Income tax		516	386	1,034	781	1,547
Net profit (loss)		-22,060	-12,114	-39,184	-20,341	-47,444
Other comprehensive income:						
<i>Items reclassifiable to profit or loss</i>						
Translation differences		-169	-1,133	416	-398	-36
Other comprehensive income for the period, net of tax		-169	-1,133	416	-398	-36
Total comprehensive income for the period		-22,229	-13,247	-38,768	-20,739	-47,480

Net profit (loss) and total comprehensive income is wholly attributable to equity holders of the parent.

Earnings per share, based on net profit (loss) attributable to equity holders of the parent

SEK 000	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
Weighted average no. of shares before dilution	6	62,493,290	56,259,401	62,493,290	54,353,846	56,199,776
Weighted average no. of shares after dilution	6	62,680,642	56,648,168	62,683,468	54,742,613	56,353,496
Earnings per share, basic and diluted	6	-0.35	-0.22	-0.63	-0.37	-0.84

Condensed Consolidated Balance Sheet

SEK 000	Note	30 June 2021	30 June 2020	31 Dec 2020
ASSETS				
Non-current assets				
Intangible assets		77,824	88,962	82,168
Property, plant and equipment		739	231	238
Rights of use		1,531	1,609	2,632
Other financial assets		1,024	0	0
Total non-current assets		81,118	90,802	85,038
Current assets				
Inventories and work in progress		6,005	1,773	3,950
Accounts receivable		3,455	1,432	3,285
Other receivables		6,913	989	5,868
Prepaid expenses and accrued income		548	124	442
Cash and cash equivalents		118,170	83,971	160,310
Total current assets		135,091	88,289	173,855
TOTAL ASSETS		216,209	179,091	258,893
EQUITY AND LIABILITIES				
EQUITY		193,515	158,501	231,346
LIABILITIES				
<i>Non-current liabilities</i>				
Appropriations		1,012	0	0
Lease liability		680	717	1,248
Deferred tax liability		10,824	12,623	11,858
Total non-current liabilities		12 516	13,340	13,106
<i>Current liabilities</i>				
Lease liability		690	587	1,148
Trade payables		3,484	1,600	4,718
Other current liabilities		1,791	1,595	5,450
Accrued expenses		4,213	3,468	3,125
Total current liabilities		10,178	7,250	14,441
TOTAL EQUITY AND LIABILITIES		216,209	179,091	258,893

Condensed Consolidated Statement of Changes in Equity

SEK 000	Attributable to equity holders of the parent company				Total equity
	Share capital	Other paid-up capital	Reserves	Retained earnings incl. net profit (loss)	
Opening balance, 1 January 2020	6,556	229,891	1,949	-128,428	109,968
Net profit (loss)				-20,341	-20,341
Other comprehensive income			-398		-398
Total comprehensive income	0	0	-398	-20,341	-20 739
Transactions with shareholders in their capacity as owners					
Employee stock options				182	182
New share issue	612	72,888			73,500
Expenses attributable to share issues		-4,410			-4,410
Total transactions with shareholders	612	68,478	0	182	69,272
Closing balance, 31 December 2019	7,168	298,369	1,551	-148,587	158,501
Opening balance, 1 January 2021	7,812	397,553	1,913	-175,932	231,346
Net profit (loss)				-39,184	-39,184
Other comprehensive income			416		416
Total comprehensive income	0	0	416	-39,184	-38,768
Transactions with shareholders in their capacity as owners					
Employee stock options				937	937
Total transactions with shareholders	0	0	0	937	937
Closing balance, 31 March 2021	7,812	397,553	2,329	-214,179	193,515

Condensed Consolidated Statement of Cash Flows

SEK 000	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
Cash flow from operating activities						
Earnings before interest and taxes		-22,551	-12,471	-40,173	-21,066	-48,866
<i>Adjustment for non-cash items:</i>						
– Depreciation and amortization		2,922	2,553	5,461	5,196	11,901
– Other non-cash items		560	-43	937	-119	498
Interest paid		-25	-28	-45	-55	-124
Cash flow from operating activities before change in working capital		-19,094	-9,989	-33,820	-16,044	-36,591
Cash flow from change in working capital						
Increase/decrease in inventories		438	19	-2,055	662	-1,513
Increase/decrease in trade receivables		-962	282	-170	1,098	-755
Increase/decrease in other receivables		-4,286	-120	-1,151	-213	-5,422
Increase/decrease in trade payables		-656	1,866	-1,234	667	1,770
Increase/decrease in other payables		1,379	-746	-2,570	-1,348	4,176
Total change in working capital		-4,087	1,301	-7,180	866	-1,744
Cash flow from operating activities		-23,181	-8,688	-41,000	-15,178	-38,335
Cash flow from investing activities						
Investments in tangible assets		-338	-135	-565	-135	-192
Investments in intangible assets		-464	-8	-557	-143	-135
Cash flow from investing activities		-802	-143	-1,122	-278	-327
Cash flow from financing activities						
Payments for amortization of lease liabilities		-66	-283	-319	-561	-1,218
New share issue, net of transaction expenses		-	69,090	-	69,090	168,907
Cash flow from financing activities		-66	68 807	-319	68,529	167,689
Decrease/increase in cash and cash equivalents		-24,049	59,976	-42,441	53,073	129,027
Cash and cash equivalents beginning of period		142,496	23,995	160,310	30,898	30,898
Exchange rate differences in cash and cash equivalents		-277	0	301	0	385
Cash and cash equivalents at end of period		118,170	83,971	118,170	83,971	160,310

Parent Company Income Statement

SEK 000	Note	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
Net sales	2	5,189	2,105	7,778	4,694	10,756
Cost of goods sold	3	-3,042	-1,704	-4,960	-3,406	-7,670
Gross profit (loss)		2,147	401	2,818	1,288	3,086
Development expenses	4	-3,422	-1,807	-5,438	-3,712	-8,217
Selling and marketing expenses	4	-3,763	-923	-6,690	-2,968	-14,578
Administrative expenses	4,5,8	-9,320	-5,136	-17,736	-8,972	-18,887
Other operating income		354	80	876	753	1,060
Other operating expenses		-551	-681	-760	-817	-2,635
Earnings before interest and taxes		-14,555	-8,066	-26,930	-14,428	-40,171
Financial expenses		-2	-1	-2	-2	-2
Financial items—net		-2	-1	-2	-2	-2
Profit(loss) after financial items		-14,557	-8,067	-26,932	-14,430	-40,173
Net profit (loss)		-14,557	-8,067	-26,932	-14,430	-40,173

There are no items in the parent company recognized as other comprehensive income, so total comprehensive income is equal to net profit (loss).

Parent Company Balance Sheet

SEK 000	Note	30 June 2021	30 June 2020	31 Dec 2020
ASSETS				
Non-current assets				
Intangible non-current assets		18,205	19,920	18,527
Property, plant and equipment		729	231	238
Financial non-current assets		20,182	13,230	11,452
Total non-current assets		39,116	33,381	30,217
Omsättningstillgångar				
Inventories and work in progress		4,606	1,744	3,488
Trade receivables and other receivables		9,469	2,926	8,284
Receivables from group companies		5,485	45	1,529
Prepaid expenses and accrued income		663	426	711
Cash and bank balances		116,556	83,502	159,386
Total current assets		136,779	88,643	173,398
TOTAL ASSETS		175,895	122,024	203,615
EQUITY AND LIABILITIES				
Equity				
Restricted equity		28,411	29,160	28,572
Non-restricted equity		135,127	86,510	160,946
Total equity		163,538	115,670	189,518
Liabilities				
Long-term liabilities				
Appropriations		1,012	0	0
Total long-term liabilities		1,012	0	0
Current liabilities				
Trade payables		3,214	1,638	4,671
Trade payables to group companies		2 234	0	1,490
Other current liabilities		1,743	1,276	5,442
Accrued expenses		4,154	3,440	2,494
Total current liabilities		11,345	6,354	14,097
TOTAL EQUITY AND LIABILITIES		175,895	122,024	203,615

Notes on the Consolidated Accounts

Note 1 Accounting principles

This interim report in summary for the second quarter ended 30 June 2021 has been prepared in accordance with the international accounting standard IAS 34 "Interim Financial Reporting". The term "IFRS" in this document includes the application of IAS and IFRS, as well as interpretations of these recommendations published by the IASB's Standards Interpretation Committee (SIC) and IFRS Interpretation Committee (IFRIC). The application of the accounting principles is in accordance with those contained in the Annual Report for the financial year ended 31 December 2020 and shall be read in conjunction with this Interim report. There are no changes to IFRS in 2021 that are estimated to have a significant impact on the Group's earnings and financial position.

Unless otherwise stated, all amounts are reported in thousands of kronor (KSEK). Information in parentheses refers to the comparison year.

Note 2 Division of net sales

SEK 000	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
License revenues	70	0	70	0	0
Sales of good	4,320	1,158	5,757	3,747	9,337
Total	4,390	1,158	5,827	3,747	9,337

Note 3 Cost of goods sold

SEK 000	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
Cost of materials	1,510	533	2,215	1,896	5,054
Personnell expenses	45	60	101	166	170
External services	109	56	207	68	294
Depreciation and amortization	2,695	2,640	5,397	5,164	11,718
Total	4,359	3,289	7,920	7,294	17,236

Note 4 Development, selling and administrative expenses

SEK 000	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
Personnell expenses	12,536	6,276	21,244	10,258	23,706
Consulting expenses	6,912	928	12,057	3,388	11,510
Depreciation	37	182	64	197	184
Other expenses	2,900	2,364	4,831	3,624	3,931
Summa	22,385	9,750	38,196	17,467	39,331

Note 5 Transactions with related parties

During the period, one Director invoiced 509 KSEK (675) on market terms for consulting services rendered associated with the company's operating activities. These services were mainly rendered by Sorin Brull.

Note 6 Earnings per share

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Full yr. 2020
<i>SEK</i>					
Basic earnings per share	-0.35	-0.22	-0.63	-0.37	-0.84
Diluted earnings per share	-0.35	-0.22	-0.63	-0.37	-0.84
Earnings measures used for calculating earnings per share					
Profit (loss) attributable to equity holders of the parent used	Net profit (loss)	Net profit (loss)	Net profit (loss)	Net profit (loss)	Net profit (loss)
Profit (loss) attributable to equity holders of the parent, SEK 000	-22,060	-12,114	-39,184	-20,341	-47,444
No.					
Weighted average no. of ordinary shares for calculating basic earnings per share	62,493 290	56,259,401	62,493 290	54,353,846	56,199,776
Adjustment for calculating diluted earnings per share	187,352	412,267	190,178	388,767	153,719
Stock options					
Weighted average no. of ordinary shares and potential ordinary shares used as denominator for calculating diluted earnings per share	62,680,642	56,671,677	62,683,468	54,742,613	56,353,496

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

Note 7 Alternative performance measures

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

Performance measure	Definition	Motive for use
Gross margin excl. amortization	Gross profit (loss) excl. amortization of intangible assets divided by net sales	The group uses the alternative performance measure gross margin excluding amortization because it illustrates the impact of amortization of capitalized development expenditure on gross margin.
Operating profit excluding depreciation	Earnings before interest and taxes excluding depreciation of intangible assets	The group uses the alternative key ratio Operating profit excluding depreciation as it shows how much impact depreciation of capitalized development costs has on operating profit.
Equity/assets ratio	Closing equity in the period divided by closing total assets in the period	The group uses the alternative performance measure equity/assets ratio because it illustrates the portion of the total assets that consist of equity, and has been included so investors will be able to assess the group's capital structure.

Not 8 Stock Options

Employee stock option program 2020/2023

The Extraordinary General Meeting on July 2, 2020 resolved on a program comprising 100,000 employee stock options. The program is aimed at a senior executive and was awarded free of charge in July 2020. Allotted employee stock options are earned over three years as follows: 20% of allotted employee stock options are vested on 1 July 2021; 20% of allotted employee stock options are vested on 1 July 2022; and 60% of allotted employee stock options will be vested on July 1, 2023. Provided that earnings and continued employment in the company are maintained, each option may be exercised for subscription of shares during the period 1 July 2023 to 30 September 2023. The subscription price is set at SEK 24.70, which corresponds to 125% of the volume-weighted average price paid for the Company's share on NASDAQ Stockholm's main market for a period of 20 trading days from the date of the general meeting's resolution.

Employee Stock Option Program 2020/2024

The Extraordinary General Meeting on 2 July 2020 also resolved on a program comprising 1,100,000 options. Employee stock options shall be offered and allotted to employees of the Company based on the participants' individual performance during an evaluation period that shall last until 31 December 2020 (the "Evaluation Period").

Allotted employee stock options are earned over three years as follows: 20% of allotted employee stock options are vested on February 1, 2022; 20% of allotted employee stock options are vested on February 1, 2023; and 60% of allotted employee stock options will be vested on February 1, 2024. Participants may exercise allotted and earned employee stock options during the period 1 February 2024 to 30 April 2024.

The subscription price is set at SEK 24.70, which corresponds to 125% of the volume-weighted average price of the Company's share on NASDAQ Stockholm's main market for a period of 20 trading days from the date of the general meeting's resolution.

A total of 880,000 of these 1,100,000 options were allotted in February 2021 and the allocation is as follows: CEO: 100,000 employee stock options; members of the Management Team in total: 500,000 employee stock options (maximum individual allotment 90,000); other employees: 280,000 (maximum individual allocation 30,000). The market value at the time of allotment was SEK 4.70 per option.

Employee Stock Option Program 2021/2025

The Annual General Meeting on May 11, 2021 resolved on an additional employee stock option program comprising 456,050 options. These employee stock options shall be offered and allotted to employees - except the CEO or those who are part of the Company's management team - based on the participants' individual performance during an evaluation period that shall last until 31 December 2021 (the "Evaluation Period"). The evaluation and subsequent allotment of employee stock options will be decided by the Company's CEO no later than February 2022. However, allocation may take place earlier or later following a special decision to that effect by the Board of Directors. The maximum number of employee stock options to be allotted to participants is 50,000 employee stock options per person.

Allotted employee stock options are earned for three years as follows: 20% of allotted employee stock options are vested on February 1, 2023; 20% of allotted employee stock options will be vested on February 1, 2024; and 60% of allotted employee stock options will be vested on February 1, 2025. Participants may exercise allotted and earned employee stock options during the period 1 February 2025 to 30 April 2025.

The subscription price shall be calculated at the equivalent of 125 % of the volume-weighted average price of the Company's share on NASDAQ Stockholm's main market for a period of 20 trading days from the date of allotment.

Dilution from the Stock option programs

In total, the Group's three employee stock option programs comprise 1,656,050 options, which at full exercise means a dilution of 2.6%. If the 400,000 warrants allotted to the CEO are included in the calculation, this means a total dilution from all warrant programs of 3.2%. This is provided that all options are exercised, including the employee stock options that have not yet been allotted.

Not 9 Förklaring till IFRS-justeringar av jämförelsesiffror i denna rapport

As stated in the Annual Report 2020, the Group has switched to accounting in accordance with IFRS. The date for transition to IFRS is 1 January 2018 and the first report presented in accordance with IFRS was the interim report for the third quarter of 2020. For detailed information on the transition to IFRS, see Note 36 in the annual report for the financial year 2020.

The comparative information for the second quarter of 2020 prepared in accordance with IFRS presented in this interim report has not been published previously, which explains IFRS adjustments in this section.

The tables below contain a reconciliation between the income statement and balance sheet published in accordance with previously applied accounting principles BRNAR 2012: 1 Annual Report and Consolidated Financial Statements (K3) and IFRS for the period April-June 2020, January-June 2020 and as of June 30, 2020.

SEK 000	Notes	Apr-Jun 2020		
		Income Statement (pursuant to previous accounting policies)	Total effect of transition to IFRS	Pursuant to IFRS
Net sales		1,158	-	1,158
Cost of goods sold	a,b,c,d)	-3,852	563	-3,289
Gross profit (loss)		-2,694	563	-2,131
Selling and administrative expenses	c)	-10,056	306	-9,750
Other operating income		90	-	90
Other operating expenses		-681	-	-681
Earnings before interest and taxes		-13,341	869	-12,472
Financial items – net	c)	-2	-26	-28
Profit (loss) before tax		-13,343	843	-12,500
Income tax	e)	688	-302	386
Net profit (loss)		-12,655	541	-12,114
Other comprehensive income for the period, net of tax		-1,128	-5	-1,133
Total comprehensive income for the year		-13,783	535	-13,247

Jan-Jun 2020

SEK 000	Notes	Income Statement (pursuant to previous accounting policies)	Total effect of transition to IFRS	Pursuant to IFRS
Net sales		3,747	-	3,747
Cost of goods sold	a,b,c,d)	-8,365	1,071	-7,294
Gross profit (loss)		-4,618	1 071	-3,547
Selling and administrative expenses	c)	-18,078	612	-17,466
Other operating income		763	-	763
Other operating expenses		-817	-	-817
Earnings before interest and taxes		-22,750	1,683	21,067
Financial items – net	c)	-3	-52	-55
Profit (loss) before tax		-22,753	1,631	-21,122
Income tax	e)	1,386	-605	781
Net profit (loss)		-21,367	1,026	-20,341
Other comprehensive income for the period, net of tax		-364	-34	-398
Total comprehensive income for the year		-21,731	992	-20,739

June 30, 2020

SEK 000	Notes	Pursuant to previous accounting policies	Total effect of transition to IFRS	Pursuant to IFRS
ASSETS				
Non-current assets				
<i>Intangible assets</i>				
Capitalized development expenditure	b)	143,778	-56,218	87,560
Patents and similar rights		632	-	632
Goodwill	a)	0	770	770
Total intangible assets		144,410	-55,448	88,962
<i>Property, plant and equipment</i>				
Equipment, tools, fixtures and fittings		231	-	231
Total tangible non-current assets		231	-	231
Right-of-use assets	c)	-	1,609	1,609
Total non-current assets		144,641	-53,839	90,802
<i>Current assets</i>				
Inventories		1,773	-	1,773
Accounts receivable, other receivables and prepaid expenses and accrued income	c)	2,847	-302	2,545
Cash and cash equivalents		83,971	-	83,971
Total current assets		88,591	-302	88,289
TOTAL ASSETS		233,232	-54,141	179,091

SEK 000	June 30, 2020			
	Notes	Pursuant to previous accounting policies	Total effect of transition to IFRS	Pursuant to IFRS
EQUITY AND LIABILITIES				
<i>Equity</i>				
Share capital		7,168	-	7,168
Other paid-up capital		300,867	-	300,867
Reserves		-	681	681
Accumulated profit or loss (incl. net profit (loss))	b, e)	-96,803	-53,412	-150,215
Equity attributable to equity holders of the parent		211,232	-52,731	158,501
<i>Non-current liabilities</i>				
Lease liability	c)	-	717	717
Deferred tax liability	e)	15,337	-2,714	12,623
Total non-current liabilities		15,337	-1,997	13,340
<i>Current liabilities</i>				
Lease liability	c)	-	587	587
Trade payables, other current liabilities and accrued expenses and deferred income		6,663	-	6,663
Total current liabilities		6,663	587	7,250
TOTAL EQUITY AND LIABILITIES		233,232	-54,141	179,091

The notes below provide a brief description of the differences between K3 and IFRS presented in the tables above. For detailed information and background to the adjustments, see the annual report 2020 note 36.

a) Repayment of amortization of goodwill

The adjustment refers in its entirety to the reversal of amortization of goodwill for the period April-June 2020, January-June 2020 and the accumulated adjustment as of June 30, 2020.

b) Balanced development expenses

The adjustment regarding capitalized development expenses consists partly of an adjustment attributable to CliniSenz® and partly of an adjustment attributable to TetraGraph®. The adjustment that was added during the period consists in its entirety of reversal of previous depreciation on the sold balance sheet regarding TetraGraph®. The table below shows the adjustments divided into the various components:

SEK 000	1 Jan. '18	31 Jun. '20
Capitalized development expenditure	152,995	143,778
Expensed capitalized development expenditure, CliniSenz®	-35,517	-35,517
Divested portion of intangible assets (TetraGraph®)	-26,582	-26,582
Reversed depreciation of sold balance, TetraGraph®	-	5,201
Restatement of translation difference, TetraGraph®	-	680
Capitalized development expenditure IFRS	90,896	87,560

c) Leasing agreements

The adjustment refers to the accounting of leasing agreements such as usufruct assets and leasing liabilities (long-term and short-term). In addition, there is amortization of usufruct assets which are reported as part of cost of goods sold as well as interest costs attributable to the lease liability. Leasing fees linked to these leasing agreements, which according to K3 have been reported within the function of sales and administration costs, are reimbursed.

d) Effects in the income statement on the item cost of goods sold

The table below contains a specification of the adjustments described in note a-c) above regarding adjustments in the income statement attributable to the item cost of goods sold.

Restatement on the "cost of goods sold" line of the Consolidated Statement of Comprehensive Income, SEK 000	Apr-Jun 2020	Jan-Jun 2020
Reversed goodwill amortization	83	166
Reversed depreciation of sold balance, TetraGraph®	759	1,463
Additional amortization on right of use	-279	-558
Total restatement on the "cost of goods sold" line of the Consolidated Statement of Comprehensive Income	563	1,071

e) Deferred tax

The adjustment refers to the reversal of the resolution of the deferred tax liability that was reported in connection with the acquisition of TetraGraph®. The adjustment during the period refers to the reversal of the resolution of deferred tax linked to the reversal of depreciation on the divested balance attributable to TetraGraph®.

Note 10 Differences in comparative figures for the parent company

As stated in the 2020 annual report, the parent company has switched to accounting in accordance with RFR 2 Accounting for legal entities. The time for transition to RFR 2 is 1 January 2018 and the first report in which the parent company was presented in accordance with RFR 2 was the interim report for the third quarter of 2020. For detailed information on the transition to RFR 2, see Note 65 in the annual report for the 2020 financial year.

The comparative information prepared in accordance with RFR 2 for the second quarter of 2020 and for the first six months 2020 presented in this interim report has not been published in the previous section, which explains the adjustments in this section.

The table below contains a reconciliation of unrestricted and restricted equity in accordance with previously applied accounting principles BRNAR 2012: 1 Annual Report and Consolidated Financial Statements (Q3) and RFR 2 for the period January-June 2020 and 30 June 2020. Adjustments attributable to the Parent Company refer in their entirety to previous periods, which is why the adjustment below corresponds to the adjustment described in the 2020 annual report.

Reconciliation of equity between current accounting policies and RFR 2	Note	June 30, 2020
Total restricted equity pursuant to current accounting policies		36,955
Reversal of development fund, CliniSenz®		-7,795
Total restricted equity, RFR 2		29,160
Total non-restricted equity pursuant to current accounting policies		114,232
Reversal of development fund, CliniSenz®		7,795
Reversal of capitalized development expenditure, CliniSenz®		-35,517
Total non-restricted equity pursuant to RFR 2		86,510