



ANNUAL AND SUSTAINABILITY REPORT 2022

**Our vision is a world
without anesthesia-
and respiratory-related
complications.**

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This is Senzime



Our vision is a world without anesthesia- and respiratory-related complications, and our mission is to develop high-technology, innovative solutions that save lives, optimize patient health, reduce complications and healthcare costs.

Senzime is a global medical device company driving a technological paradigm shift with innovative patient monitoring systems targeting a market opportunity valued at more than SEK 100 billion in the US and Europe.

Our business model is based on sales of monitors and associated disposable sensors to hospitals and clinics, which generate recurring revenue. Senzime currently has direct sales organizations in the US and Germany and collaborates with distributors on its other main markets. Senzime has also entered several strategic licensing agreements in product development and sales.

Senzime develops and markets an innovative portfolio of solutions for patient monitoring of neuromuscular function and respiratory volume, typically during and after surgery.

TetraGraph is a system for monitoring patients during anesthesia. By monitoring neuromuscular activity in real time based on EMG technology, the correct dosage of anesthetics, and correct timing to wake the patient are assured. The system is sold with disposable sensors.

ExSpiron 2Xi is the market's only non-invasive monitoring system that

measures respiratory volume and minute ventilation for in- and out-patient care. ExSpiron is used for the early detection of changes in the respiratory status of a patient, often after surgery. This system is sold with disposable sensors.

Senzime is headquartered in Uppsala, Sweden, and its shares are listed on Nasdaq Stockholm.

SEK 000	2022	2021	2020	2019	2018
Net sales	14,034	10,980	9,337	6,711	3,214
Profit (loss) after financial items	-134,358	-84,289	-48,991	-34,266	-24,591
Earnings per share (SEK)	-1.99	-1.31	-0.84	-0.65	-0.55
Gross margin excl. amortization (%)	62.0	54.3	40.9	57.6	6.6
Equity/asset ratio (%)	81.4	86.3	89.4	83.9	81.2

For definitions see note 16 and 17.

Total revenue
SEK m

14

Gross margin
percent

62 %

No. of employees

50

The year in brief

High underlying growth driven by new business customers and supportive clinical guidelines

2022 was a really exciting year for Sensime, when we expanded our product portfolio through acquisitions, which expanded our market potential, thus improving our prospects of helping patients and reducing healthcare costs during surgery and emergency treatments. Apart from acquisitions, Sensime also entered a key strategic collaboration with Masimo, a global medical device company, with the first product scheduled to come to market in early-2024. The product portfolio consists of FDA and CE-cleared products for patient monitoring that cover the patient journeys of adults and children beginning to end.

Business highlights in the year

Q1

Senzime wins several major tenders for US hospitals for the TetraGraph system and associated TetraSens disposable sensor.

The new TetraSens Pediatric disposable sensor is approved for use on children in Europe through a CE-MDR certification.

Q2

Senzime enters a strategic agreement with Masimo, a global medical device leader in patient monitoring systems. Through this partnership, the TetraGraph smart cable module will be developed for Masimo's Root system, enabling hospitals with Masimo Root to provide neuromuscular monitoring.

The TetraGraph system sensor TetraSens Pediatric gains 510k clearance from the US FDA for use on children.

Q3

The acquisition of Respiratory Motion is completed in July, giving Sensime access to ExSpirom 2Xi and associated disposable sensors, a system for monitoring respiratory volume, which significantly expands its market potential by enabling patients to be monitored end to end in the healthcare chain.

Launch of TetraGraph Xcom, a solution enabling communication between TetraGraph and the Philips Capsule Medical Device Information Platform (MDIP). This integration enables the transmission of neuromuscular data from TetraGraph direct to patients' medical records.

Q4

Clinical guidelines adopted by the American Society of Anesthesiologists (ASA), which recommends Sensime's type of patient monitoring technology to avoid post-operative complications.

The European Society of Anaesthesiology and Intensive Care (ESAIC) publishes a strong recommendation to use quantitative neuromuscular monitoring to prevent complications associated with NMBA, which supports the use of TetraGraph.

The first dedicated contract for TetraSens Pediatric from a leading university hospital, ranked among the best in the US. Initially, the contract extends over three years, with an extension option.

Highlights after the end of the year

On January 23, 2023, the Board of Directors decided on a new share issue with preferential rights for existing shareholders. This rights issue will raise Sensime approximately SEK 92 million before transaction costs.



A stronger platform for continued growth



We advanced our positions further in 2022. We expanded our product portfolio and consolidated our presence on our main markets, while clinical guidelines were adopted that support our technology and our vision of eliminating anesthesia- and respiratory-related complications.

High growth

Overall, sales for 2022 were SEK 14 million, a 22 percent increase. Our initiative on our biggest core market, the US, is starting to pay off. Sales in the US were almost SEK 7 million, now representing 50 percent of total sales.

We've decided to focus on Europe's five largest markets outside the Nordics for the present, with a direct presence in

"We significantly strengthened our positioning on the market in 2022, and I anticipate 2023 being a year when we will continue to experience high growth driven by our commercial strategy, supported by the clinical guidelines."

Germany, and through leading, established distributors on other markets.

Despite the aftermath of the Covid pandemic, we succeeded in bringing in a number of new customers in 2022. We're currently participating in several tendering processes and expect to see their results in 2023. In total, sales in Europe were SEK 6.5 million.

Consolidated market position

In July 2022, we acquired US company RMI, which adds the ExSpiron system and associated sensors to our product portfolio. ExSpiron is a unique product developed in close partnership with clinics and is the only non-invasive system available to monitor respiratory volume and minute ventilation. Integration of this product into our commercial organization was rapid in the US and Germany, and the whole organization is now selling both products with the associated disposable sensors.

The current installed base of Tetra-Graph started to generate increased sales



of disposable sensors quarter on quarter in 2022, simultaneous with our successful signing of agreements with new hospital customers. Our disposable TetraSens Pediatric sensor, specifically adapted for children, also started to achieve success, and we secured the first US contract in the fourth quarter, only four months after the sensor's FDA approval. Overall, sales in the US increased by 18 percent, driven by sensors, which increased by 71 percent, both adjusted for currency and RMI. In Europe, sales were up by 53 percent, and sensors by 44 percent, adjusted for currency and RMI: progress that truly underscores the pressing need for new innovative products to achieve improved healthcare, patient safety and lower healthcare costs.

Clinical guidelines

The adoption of new clinical guidelines in the US and Europe in late-2022 was

a very positive development for us. The American Society of Anesthesiologists (ASA) published clinical guidelines for neuromuscular monitoring that include recommendations against clinical assessment alone and recommendations for objective monitoring, which supports use of the TetraGraph system. In Europe, the European Society of Anaesthesiology and Intensive Care (ESAIC), the leading society for anesthesia, intensive care and peri-operative medicine, adopted guidelines that offer strong recommendations to use objective neuromuscular monitoring, which TetraGraph provides.

Partnerships and innovation

Our partnerships, with distributors on main markets, and with partners on product development and commercialization, are central to us. We were already in collaboration with Fukuda Denshi and Philips Healthcare, and in 2022, entered an agreement with Masimo of the US on product development in objective patient monitoring, to enable Masimo's technology to integrate with ours. The first product is scheduled for completion at the end of 2023, with launch in early-2024.

Simultaneous with advancing our positioning commercially, we also continued to optimize our organization. We insourced production of TetraGraph to our facility at Uppsala, improving efficiency and profitability. We're also considering relocating the production of ExSpiron.

Innovation is central to enabling us to achieve our targets, and we continued to invest in product development during the year, focusing on patient health.

Sustainability

Focusing on patient safety and health and reducing the cost of healthcare makes

sustainability a natural component of our strategy and is consistent with our core values. In 2022, we managed several projects to reduce our climate footprint, and increased our engagement in the sustainability segment. Our actions include work on implementing an environmental management system that will have ISO 14001 certification, and we will be setting environmental targets in the coming years. In late-2022, we started the process of joining the UN Global Compact, which involves us committing to managing our business according to its ten principles on labor, human rights, anti-corruption and the environment.

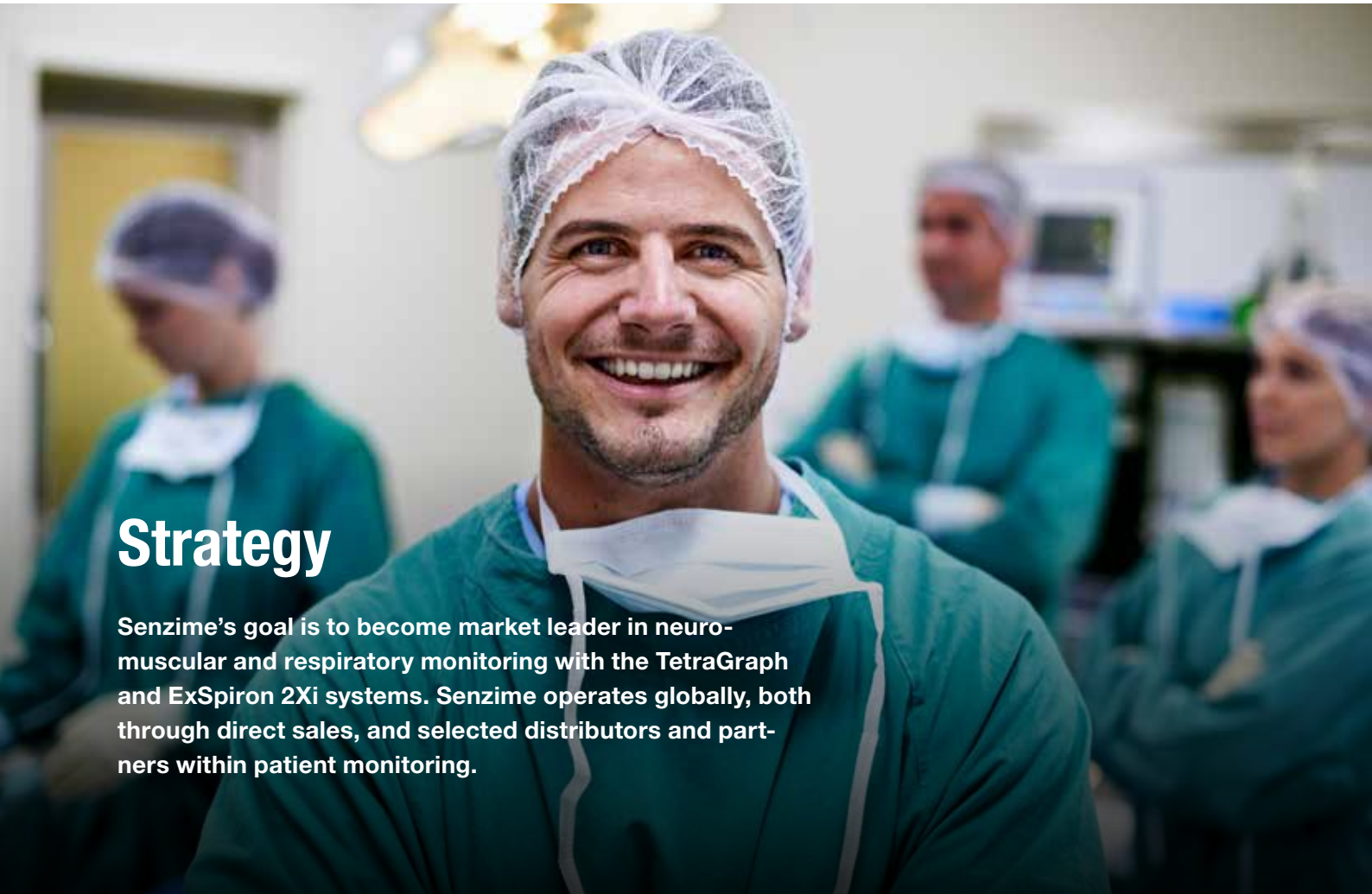
Future

We significantly strengthened our positioning on the market in 2022, and I anticipate 2023 being a year when we will continue to experience high growth driven by our commercial strategy supported by the clinical guidelines. Our technology is validated, and there is a very substantial need for our systems in healthcare, while we will continue to invest in innovation to create value for all our stakeholders. By 2025, we expect to be able to achieve sales of SEK 275-325 million, and in the long term, achieve an EBITDA margin over 40 percent.

We are now well prepared, and I'm looking forward to continuing to participate in the ongoing technological transformation of our segment in 2023 and beyond. I'm really proud of the work all the employees at Sensime are doing, and our endeavor to make a positive contribution to patient safety and health.

Pia Renaudin, CEO

Uppsala, Sweden, April 2023



Strategy

Senzime's goal is to become market leader in neuro-muscular and respiratory monitoring with the TetraGraph and ExSpiron 2Xi systems. Senzime operates globally, both through direct sales, and selected distributors and partners within patient monitoring.

Clinically driven innovation has always been a fundamental driver for Senzime. We develop patient monitoring systems based on leading-edge technology that helps improve clinical precision and simplified management of healthcare, prevent complications, while also enabling shorter hospitalizations, and thus reduced healthcare costs.

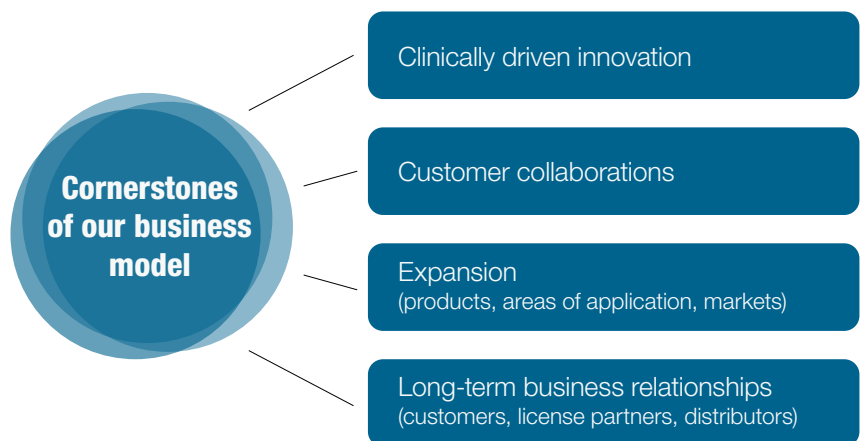
After the acquisition of RMI, Senzime's product portfolio consists of two patient monitoring systems, one for neuromuscular monitoring intra-operatively, and one for monitoring respiratory volume. These systems are non-invasive and consist of a monitor and disposable sensors.

Senzime's customer base mainly comprises university hospitals, as well as smaller-scale hospitals and clinics.

Collaborations with partners and shared product development are central to our success, mean we reach more patients, and thus reduce complications.

Senzime creates value by ensuring repeat sales of monitors and proprietary disposable sensors targeting a market opportunity valued at more than SEK 100 billion globally. The market consists of over 100 million patients that are treated in operat-

ing theatres, as well as post-operative and intensive care wards. Senzime's long-term goal is to be a market leader in each of its niches, with a market share exceeding 10 percent.



Senzime's strategic focus areas

We have identified four strategic areas to create growth and value for our stakeholders.

Strong presence on our main markets

Senzime continued to evolve its commercial strategy in 2022. We have now added clinical support to our sales organization to give our customers the right backing.

- Direct sales organizations in the US and Germany
- Close collaborations with distributors on our largest and most important European markets

Continued investment in clinically driven innovation and product development

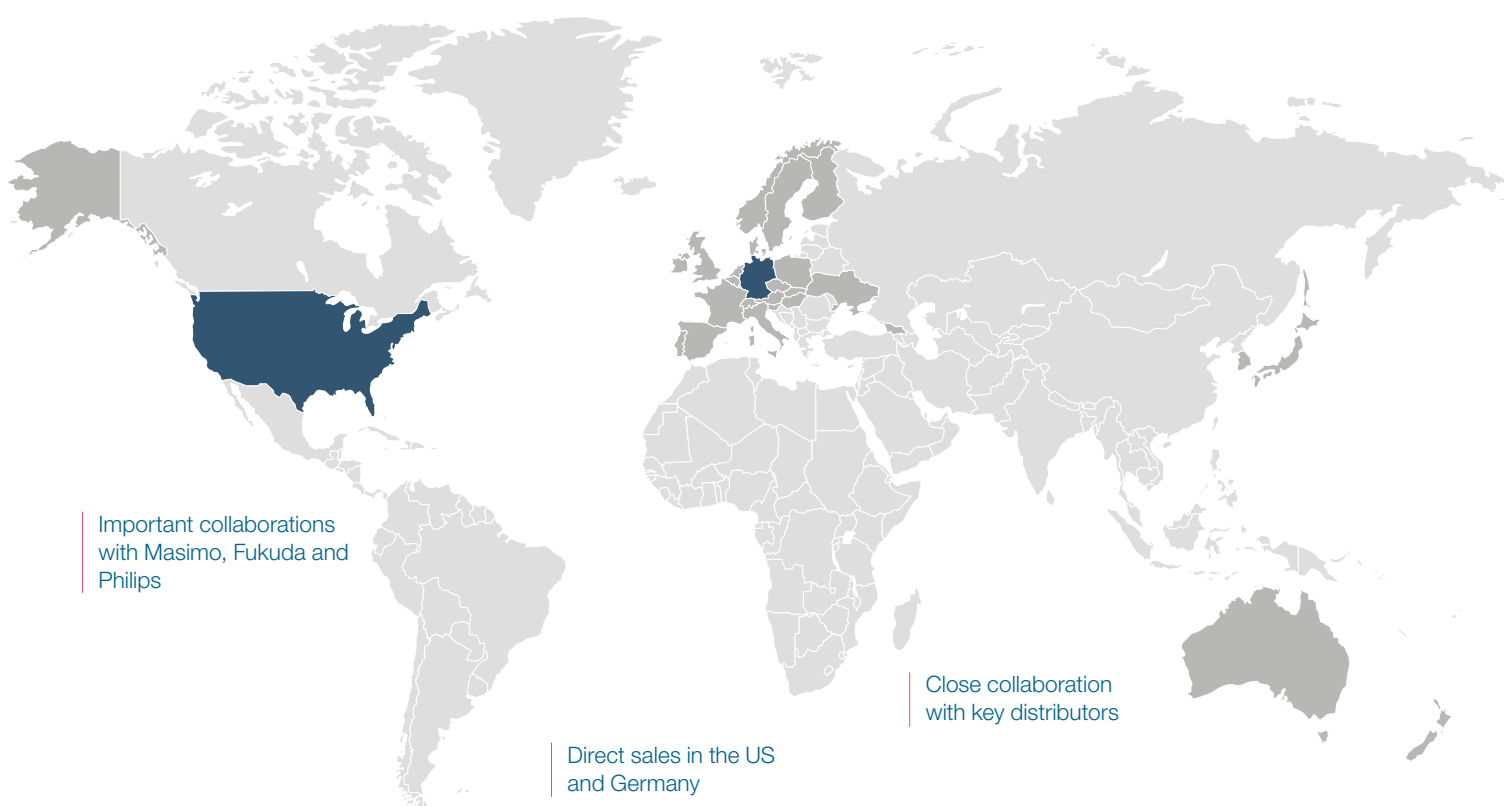
- Product development with Masimo will significantly expand the potential for the fast roll-out of the TetraGraph system and reduced complications in healthcare.
- The launch of TetraSens Pediatric in 2022 brings us access to a new and important market segment

Develop partnerships and collaborations

- Collaboration with our Japanese licensing partner Fukuda Denshi
- Collaboration and product development with our partner Masimo
- TetraGraph can connect to Philips patient monitoring systems during surgery
- TetraGraph can export data to hospital systems via the Philips Capsule communication module

Selective strategic initiatives

- Continuous evaluation of innovative development projects within patient monitoring that can help reduce complications.



Senzime's technology gaining ground



After a few challenging years because of the pandemic, most of the countries where Senzime does business have opened up, and customer activity has started to return to normal. Some effects of the pandemic remain, such as reprioritizations due to staff shortages and some budgetary restraint by hospitals. Despite this, the patient base receiving treatment increased in 2022, and further improvements are expected in 2023.

Senzime's product portfolio expanded in 2022, and the acquisition of RMI also gave Senzime's market potential a significant boost. Our acquisition of RMI, which added ExSpiron to our offering, means we can now offer monitoring solutions covering the patient journey end to end. There are also market and sales synergies between the two systems. The estimated total value of Senzime's product portfolio on the markets where they are available now is over SEK 100 billion, with monitors representing an estimated 25 percent, and disposables some 75 percent.

The estimated value of the market for TetraGraph that Senzime currently targets is SEK 15.5 billion, with sensors representing some 80 percent of this total. The estimated value of the market opportunity for ExSpiron, which has far broader application end to end in the value chain, is estimated at SEK 90 billion, with its sensor (padset) representing some 65 percent.

TetraGraph and ExSpiron improve the potential for patient safety, appropriate treatment, reduced complications, and accordingly, lower healthcare costs. They also reduce the consumption of various

pharmaceuticals, which cuts costs and improves patient safety.

A technological paradigm shift A new gold standard for monitoring muscular function

Every year, over 80 million patients undergo surgery with general anesthesia and neuromuscular blocking agents (NMBAs). Research indicates that some 30 percent of patients treated are at risk of post-operative complications if the correct patient monitoring is absent. The usage of NMBAs in general anesthesia has also increased in recent years, resulting in a growing patient population being at risk of post-operative complications, which is setting increasing demands on patient monitoring.

A technological paradigm shift is underway in neuromuscular and respiratory related patient monitoring during surgery and emergency treatment. Patient monitoring is vital during surgical procedures

and anesthesia to avoid complications and high healthcare costs.

In recent years, anesthesia societies around the world have published guidelines on objective monitoring when NMBAs are administered. In late-2022, new guidelines for managing neuromuscular blockade were adopted in the US and Europe, which stipulate the use of new technology that measures neuromuscular function objectively. In objective monitoring, electromyography (EMG) is the technology regarded as the gold standard and is the technology TetraGraph is based on.

Three main legacy patient monitoring technologies are used globally during anesthesia: clinical assessment, peripheral nerve stimulation and acceleromyography (AMG). AMG measures the level of muscular blockade by assessing thumb movements. None of these technologies have been demonstrated as providing suf-

Technology development, neuromuscular patient monitoring

Clinical assessment	Peripheral nerve stimulation
The patient's muscle strength is assessed subjectively for example the ability to lift the head.	A nerve is stimulated whereby the doctor assesses muscle movements.
Acceleromyography (AMG)	TetraGraph
Monitor measures the level of muscular blockade by assessing thumb movements.	User-friendly monitor based on EMG technology that measures muscle potential and delivers accurate measurements.

ficient and reliable information, leading to complications and high healthcare costs. Europe is primarily dominated by AMG, while use of peripheral nerve stimulation, or PNS, is currently most common in the US. Generally, these older technologies are unreliable and inflexible, and not always appropriate for new surgical techniques, such as endosurgery and robotic surgery.

New EMG-based monitoring systems like TetraGraph have been available on the market for several years, and are regarded as a new gold standard, for reasons including the technology being reliable, giving precise measurements, and applicable to all types of procedure, on children and adults.

At present, there is a small cluster of companies offering EMG-based neuromuscular monitoring, including Nihon Kohden in Japan and Blink Device Company in the US. At present, Senzime's TetraGraph is one of the more flexible systems, and unique in having a sensor that is both FDA and CE cleared for pediatric use.

TetraGraph driving a technological paradigm shift

We anticipate healthcare sectors on our main markets intensifying their efforts to implement the use of objective monitoring based on EMG, which is where TetraGraph plays a crucial role. NMBAs are currently used in some 50 percent of surgical procedures, helping surgeons to operate safely. When it is time for the patient to reawaken, reverse-acting medication is administered, enabling return of the patient's normal muscular function.

By measuring the depth of neuromuscular blockade in the patient, TetraGraph can help improve patient safety, offering anesthetists guidance on medication dosage in the different phases of surgery. Without rigorous measurement, there is a risk of over and/or underdosing patients with NMBAs and reverse-acting drugs, keeping patients intubated and remaining in surgery for too long, or extubating prematurely, with the risk of CREs relating to residual neuromuscular blockade.

TetraGraph is a monitor that indicates when it is safe to wake the patient, digitally and objectively.

Risks associated with residual neuromuscular blockade

Reintubation and prolonged post anesthesia stays



Pulmonary complications, including collapsed lung and pneumonia



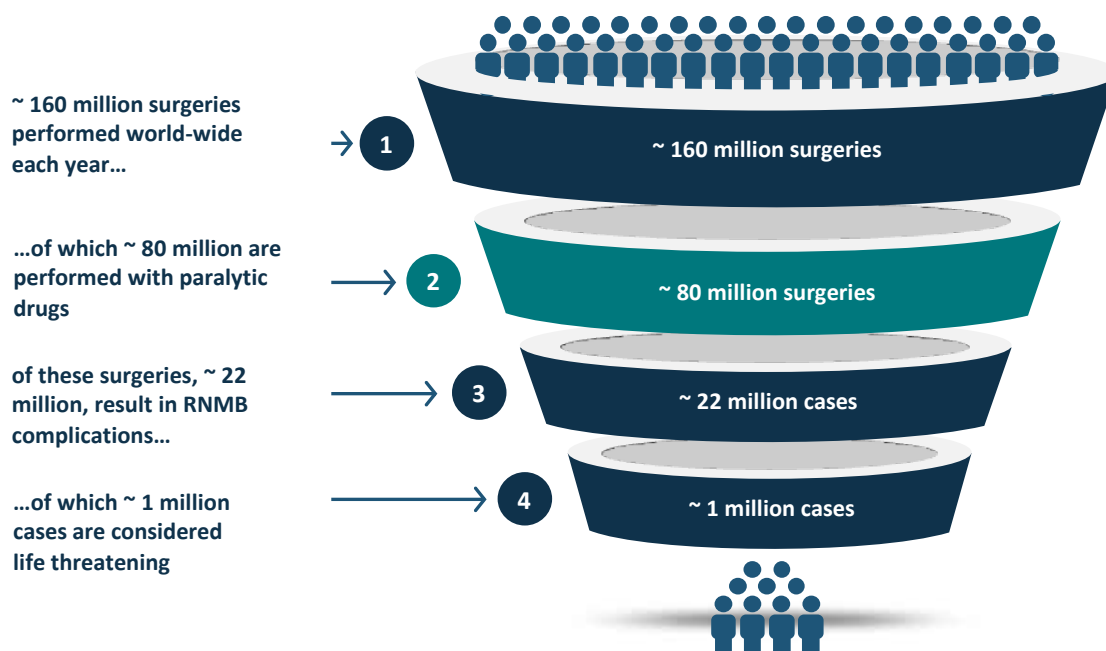
Airway obstruction and Pharyngeal dysfunction



Critical respiratory events, including respiratory failure and hypoxemia



Extensive need for neuromuscular monitoring



Respiratory monitoring

ExSpiron's unique position

Respiratory failure can have many different causes including the administration of various drugs, a stroke or other cardiovascular disease, as well as overdoses. Respiratory complications resulting from unsatisfactory monitoring are a substantial and costly problem within healthcare. In the EU, an estimated 6 million patients were treated for respiratory disease in 2019, of which some 370,000 died. A total of approximately 50 million operations are performed in the EU each year, of which 1.5-3.9 million experienced respiratory related complications. In other words, the need for reliable and user-friendly respiratory monitoring is widespread.

Senzime enjoys unique positioning in non-invasive respiratory related patient monitoring through ExSpiron, which was launched in 2017. At present, there are no direct competitors to the ExSpiron system. The patient monitoring systems currently in use are activated when the patient is intubated, with mechanical ventilation. ExSpiron is a unique system, because it

continuously monitors both respiratory volume and minute ventilation of non-intubated patients. Because it can be used on non-intubated patients, it has broad application across several hospital departments, such as post-operative wards, intensive care, and emergency rooms.

Studies have demonstrated that ExSpiron can detect changes in breathing significantly earlier than pulse oximetry technology, for example. ExSpiron detects and issues alerts on respiratory changes earlier than other equipment currently available on the market, enabling hospital staff to act and take the necessary measures in time.

Hospital customers

Senzime's main markets are the US and Germany, where we have our own direct sales organizations. The major European countries are other important key markets, where we are represented by distributors.

Most European hospitals are government funded, and equipment procurement is often through tendering procedures.

Senzime is currently participating in several tenders on its core markets, most

of which are expected to conclude in 2023. In the US, hospitals are often large, with more operating theaters than in Europe. There are some 5,000 hospitals, of which 1,500 are large university hospitals that are in Senzime's primary target group, along with larger, individual hospitals.

In the US and Europe, hospitals first need to evaluate new products, through an initial trial at the hospital before it takes its decision. Then, hospitals commence budgeting and procurement processes, which involve fairly long lead-times from decision-making until a monitor is installed and fully operational.

At present, our customers have anything from a few TetraGraph systems up to 200, dependent on how many operating theatres the hospital has. The number of sensors consumed is highly dependent on how many procedures are conducted per day at each hospital, which varies. A large hospital with some 40 operating theaters and an average of 150 surgeries per year and theater, equates to a yearly total of 6,000 procedures.



Senzime's product offering

Senzime offers a product portfolio consisting of innovative patient monitoring solutions. All products share the objective of helping eliminate healthcare-related complications, and cut costs related to surgical procedures and emergency treatment significantly, ultimately improving patient safety.

The acquisition of RMI in 2022 added ExSpiron to Senzime's product portfolio, which means its product offering now covers the complete patient journey. Senzime's products can be used on multiple care areas to ensure that patients receive appropriate care, focusing on safety and health.

Reliable monitoring under anesthesia

Senzime's TetraGraph system is based on over 30 years of research in neuromuscular monitoring and on unique algorithms from actual clinical use of the product. The system is used for monitoring patients under anesthesia with NMBAs during surgery. CE and FDA cleared, TetraGraph is founded on electromyography (EMG) technology, the latest in the field, which enables precise monitoring of neuromuscular blockade. TetraGraph is easy to use, and measures the effect of NMBAs, which then helps physicians make decisions on the level of neuromuscular function in real time, and accordingly, when it is safe to wake the patient after surgery. The system comprises a portable, handheld patient monitoring unit and disposable sensors. The disposable TetraSens sensor stim-

ulates the patient's peripheral nerves, enabling TetraGraph to measure, analyze and display muscular function in real time. TetraSens is flexible to use because it can be attached to different muscles. With its compact size and extensive functionality, TetraGraph can be used in all types of surgery and in any hospital environment and can also connect to external monitors and electronic patient journals.

By enabling healthcare staff to monitor patients throughout surgery, TetraGraph helps prevent complications that can arise during an operation, so ultimately, it can

also shorten hospitalization, and reduce healthcare costs.

Specific pediatric products

Studies indicate that children run an equally high risk of complications in the use of NMBAs as adults.¹ Simultaneously, studies on infants indicate that children can have wide variations and longer duration of action after administering this type of drug.^{2,3} To also minimize anesthesia-related complications in children, Senzime offers TetraSens in two sizes, one of which is specific to children. TetraSens Pediatric



- 1 J Klucka et al, Residual neuromuscular block in paediatric anaesthesia, BJA 2019
- 2 Debra J. Faulk, MD, A Survey of the Society for Pediatric Anesthesia on the Use, Monitoring, and Antagonism of Neuromuscular Blockade, Anesthesia and Analgesia 2021
- 3 Luc E. Vanlinthout et al, Neurophysiological Assessment of Prolonged Recovery From Neuromuscular Blockade in the Neonatal Intensive Care Unit

is CE and FDA cleared, has flexible sizing and has been produced in an extra pliable material for delicate skin. This product enables TetraGraph to be used for monitoring children peri-operatively undergoing surgery with NMBAs. TetraSens Pediatric has been specifically produced for smaller infants from the age of one month.

Connectivity with other systems

Senzime has developed a range of functionality for transmitting data from TetraGraph to selected patient monitoring systems, so its data can be integrated into existing infrastructure.

TetraGraph Philips Interface

TetraGraph Philips Interface enables the transfer of neuromuscular parameters to Philips patient monitors, with transmission in real time and parameters displayed on the Philips IntelliVue monitor. The data from TetraGraph is processed in the same way as other Phillips data, as well as being transmitted and saved automatically in hospital patient data/journal systems.

TetraGraph Xcom

TetraGraph Xcom is a solution enabling communication between TetraGraph and Phillips Capsule Medical Device Information Platform (MDI-P). This integration enables electronic data transmission from TetraGraph direct to patient data systems.

TetraConnect

The TetraConnect cloud service makes it easy for physicians and healthcare staff to view and export data from TetraGraph® in pdf or Excel format. This cloud service offers the user access to extensive data for clinical use, or for research.

A unique system for monitoring respiratory volume

ExSpiron is the only non-invasive system on the market that monitors patients' respiratory volume and minute ventilation continuously. ExSpiron is the result of many years' research by US physicians. The system is CE and FDA cleared and validated on over 6,000 patients and in more than 30 scientific publications.

Monitoring patients' respiration is a critical function that is closely monitored intra-operatively according to a standard protocol. However, a significant share of patients still need continuous monitoring of respiratory volume and minute ventilation even post-operatively when they come to the ward. Here, satisfactory equipment offering early indication of changes to breathing, preventing complications in patients that are not intubated, is often absent.

Like TetraGraph, the ExSpiron system also consists of a monitoring unit and

disposable sensors. ExSpiron's disposable sensors come in two different sizes to match different types of need. These sensors are attached to the chest, which means monitoring is completely non-invasive, unlike many other systems that measure respiratory function.



Other products

CliniSenz and OnZurf Probe

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.



Product partnerships and licensing agreements

Masimo

Senzime has had a licensing agreement with US company Masimo since June 2022. This agreement grants Senzime the rights to use some of Masimo's intellectual property with the purpose of developing, manufacturing, marketing and distributing products that can connect to the Masimo Root® patient monitoring system and associated digital hub for data transmission to hospital electronic patient journals. This hub embeds Masimo's Hospital Automation™ and iSirona™ products. Other expansion modules from Masimo that are available for Root® include SedLine® EEG monitoring, NomoLine® capnography and O3® regional oximetry.

Senzime intends to utilize these rights under license to develop a new cable module that connects the TetraGraph system to Masimo's Root system, called TetraGraph Smart Cable Module, which will eliminate the need for the monitor in the TetraGraph system, and enable TetraSens to be used jointly with the Root system. Root is sold worldwide with an expansive installed base and is now the standard system at many hospitals.

Senzime's collaboration with Masimo is a strategic partnership whose parties collaborate to spread awareness of TetraGraph Smart Cable Module, as well as connectivity solutions for the TetraGraph system to Masimo's systems.

Fukuda Denshi

Senzime has an exclusive license agreement with Japanese company Fukuda Denshi Co. Ltd., active in-patient monitoring. This agreement involves Fukuda licensing Senzime's TetraGraph technology to exclusively commercialize products under its branding on the Japanese market. In the next phase, Fukuda also has exclusive rights in Japan to fund the integration of TetraGraph technology into Fukuda's major monitoring systems.

Monitors	Disposables	Software	Other	Partners
TetraGraph	TetraSens	TetraConnect	TetraGraph Philips Interface	Philips
ExSpiron	TetraSens Pediatric		TetraGraph Xcom	Masimo
	ExSpiron Padset		OnZurf Probe	Fukuda Denshi
	ExSpiron Pediatric Padset		CliniSenz Analyzer	



Innovation and product development



Innovation and product development are central for enabling Senzime to keep strengthening its position on the market and enable investments in its current product portfolio and development projects.

Senzime has launched a total of nine products available on several markets and integrated into its customer offering. Another four products and solutions are in development.

The importance of collaborations and partnerships

One of our strategic focuses is developing partnerships and collaborations with larger and smaller enterprises in the medical device sector. We signed two new agreements with Masimo, a US-headquartered global leader in patient

monitoring solutions, in the year. These agreements involve the development of a new TetraGraph module that connects to Masimo's Root patient monitoring hub, and a connection to Masimo's Hospital Automation™ connectivity platform and iSirona™ hub.

Product development in close customer collaborations

Continuous development is vital for further improvements in patient safety and health, and all product development is in close partnership with customers. This is how Senzime ensures that our products satisfy market needs. An agile approach also enables us to adapt quickly to the market's changing needs. In the year, we launched two software versions of the TetraGraph

system, both based on feedback from our customers and partners.

Clinical activities and research as a starting point

TetraGraph and ExSpirom are both based on clinical activities and well-founded research evidence. This is also the way we work to identify new innovations, close to clinical activities and research, and monitor trends in the clinical and technology spheres.

Insourcing some of our product manufacture to Uppsala, Sweden, has enabled us to strengthen our partnerships between different corporate functions—a necessity for innovation, simultaneous with improving our capability for fast launches, and making products available on the market.

Clinical evidence and guidelines

Clinical evaluation is an important component of Senzime's strategy work to demonstrate the competitive advantages of TetraGraph and ExSpiron, with scientific and clinical evidence serving as the foundation for validating the multiple benefits of these systems. New regulatory directives such as Europe's new Medical Device Regulation (MDR) are also setting stringent standards on clinical evidence.

Researchers worldwide showed significant interest in TetraGraph and ExSpiron last year. Several trials were published in the most recognized journals and presented as abstracts at the major international congresses.

Studies presented in 2022

TetraGraph EMG technology is now widely recognized as a new standard technology with its precision and user-friendliness. TetraGraph being a superior indicator of adequate recovery than acceleromyography (AMG) was confirmed in previously published clinical trials, and again corroborated by a 2022 study by Iwasaki et al.¹ in Japan. Its conclusion was that TetraGraph EMG is a better indicator for assessing adequate reversal dose of sugammadex and the recovery of neuromuscular function than conventional monitoring with the AMG-based TOF-Watch SX. Monitoring neuromuscular function enables anesthesiologists to ensure that patients do not receive unnecessarily high medication dosages, which are associated with multiple risks, while the cost of these fairly expensive pharmaceuticals reduces.

To date, objective monitoring of neuromuscular blockade has been unusual in children, for reasons including a shortage of effective equipment. A US study from the Nationwide Children's Hospital, of Columbus, Ohio² published in 2022, evaluated TetraGraph in 100 children undergoing endoscopy.

Clinical data:

- 8 published clinical trials on TetraGraph. Abstracts from clinical studies also published at the major international congresses
- Over 30 expert reviewed publications on the use of ExSpiron in postoperative recovery, intensive care wards, emergency rooms and general wards
- ExSpiron backed by clinical data from over 6,000 patients and over 1 million datapoints
- No serious adverse events reported with TetraGraph or ExSpiron

Studies supporting our technology:

- TetraGraph's electromyography (EMG) Technology has higher precision and repeatability than acceleromyography, and offers a superior indication of adequate recovery from neuromuscular blockade and preparation for safe extubation¹
- TetraGraph EMG is a better indicator for assessing adequate reversal dose of sugammadex than conventional monitoring with acceleromyography²
- ExSpiron is currently the only bioimpedance monitor of respiratory volume that can be used on non-intubated patients. ExSpiron has high accuracy compared to ventilators and spirometers in adults and pediatric patients, enabling continuity in assessments of patient respiratory status without ventilator.
- ExSpiron's capability of reporting MV, TV and RR provides healthcare staff with precise, quantitative, clinically relevant and non-invasive measures of respiratory status. By monitoring minute ventilation, ExSpiron also offers an early clinical indication of hypoventilation.

1. Iwasaki et al- A comparison between the Adductor Pollicis Muscle Using TOF-Watch SX and the Abductor Digit Minimi Muscle Using TetraGraph in Rocuronium-Induced Neuromuscular Block: A prospective Observational Study, *Anesth Analg*, 2022 Aug 1;135(2):370-375. Doi: 10.1213/ANE.0000000000005897. Epub 2022 Jan 21

2. Nemes et al- Ipsilateral and Simultaneous comparison of responses from Acceleromyography- and Electromyography- based Neuromuscular Monitors, *Anesthesiology* 2021 Oct 1;135(4):597-611

The results indicate that neuromuscular monitoring is possible intraoperatively on children weighing between 20 and 60 kg. The study also concluded that because EMG-based technology does not require visual observation, or free movement of the stimulated muscle group, the technology can be applied in surgical procedures with limited access to the arm, such as endoscopy and robot surgery. This study was performed using TetraGraph's adult sensors, because the pediatric sensor, specifically produced for infants aged

from one month, was launched in 2022, after the conclusion of the study.

Advisory boards

Senzime has a number of Advisory Boards that focus on clinical evidence and scientific research. The members of the first Scientific Advisory Board are European specialists and professors, and the second has commensurate representatives from the US. Senzime also has a Clinical Advisory Board.

1. Iwasaki et al- A comparison between the Adductor Pollicis Muscle Using TOF-Watch SX and the Abductor Digiti Minimi Muscle Using TetraGraph in Rocuronium-Induced Neuromuscular Block: A prospective Observational Study, *Anesth Analg*, 2022 Aug 1;135(2):370-375. Doi: 10.1213/ANE.0000000000005897. Epub 2022 Jan 21

2. Owusu-Bediako et al – Feasibility of intraoperative quantitative neuromuscular blockade monitoring in children using electromyography, *J Saudi J Anesth*.2022 Oct–Dec; 16(4):412-418. doi: 10.4103/sja.sja_326_22.Epub 2022 Sep 3.

In 2022, Senzime arranged Scientific Advisory Board Meetings for Europe and the US. The significance and implementation of new guidelines for managing neuromuscular blockade produced in parallel by the European and American anesthesia associations, and that both strongly recommend objective monitoring of neuromuscular blockade, i.e. TetraGraph's technology, was a major focus at these events.

Health economics

A raft of studies have been published in recent years highlighting the relationship between residual neuromuscular blockade and an increased risk of complications.

The aim of one study conducted by Temple University Hospital of the USA was to determine the cost-efficiency of universal quantitative monitoring for the procurement and usage of this type of monitor in comparison with the costs of managing complications resulting from residual neuromuscular blockade, such as reintu-

bation and lung inflammation. The cost of hospitalization, and for treating complications, can vary significantly between hospitals and countries. This US analysis illustrates the robust cost benefit for the academic medical centers studied, and that introducing objective neuromuscular monitoring may be justified for economic reasons alone.

Reference: Edwards et al; Universal quantitative neuromuscular blockade monitoring at an academic medical center. A multimodal analysis of the potential impact on clinical outcomes and total cost of care, *Perioperative Care and Operating Room Management*, Volume 24, 2021 Sept, 100184

International guidelines and consensus

Post-operative residual weakness remains a problem for patient safety, and there is a growing need to determine guidelines for monitoring neuromuscular function.

In recent years, many countries have formulated and published national guide-

lines with more stringent requirements for objective monitoring. These countries include Japan, Italy, France, Spain and the UK.

There was a major breakthrough for patient safety at the end of 2022, when the European Society of Anaesthesiology and Intensive Care (ESAIC), and the American Society of Anesthesiologists (ASA) both published guidelines on the management of neuromuscular blockade independently and within one month.

The European guidelines from the ESAIC now strongly recommend the use of objective neuromuscular monitoring to prevent complications linked to NMBAs.

The US guidelines from the ASA are intended to reduce the level of residual neuromuscular blockade post-operatively through its recommendations.

Guidelines for neuromuscular monitoring

2017 ▶ Australian and New Zealand College of Anaesthetists (ANZCA)

2018 ▶ Consensus Statement published in *Anesthesia & Analgesia* (US)

2019 ▶ Japanese Society of Anesthesiologists (JSA)

2019 ▶ Italian Society of Anesthesia, Analgesia, Reanimation and Intensive Care

2019 ▶ El Grupo Espanol de Rehabilitacion Multimodal

2020 ▶ Société Française d'Anesthésie et de Réanimation

2020 ▶ Canadian Anesthesiology Society

2021 ▶ Association of Anaesthetists of Great Britain and Ireland

2022 ▶ European Society of Anaesthesiology and Intensive Care (ESAIC)

2022 ▶ American Society of Anesthesiologists (ASA)

Main conclusions from the European guidelines:

- Usage of ulnar nerve stimulation and objective neuromuscular monitoring of the adductor pollicis muscle recommended to prevent residual paralysis.
- Objective neuromuscular monitoring required regardless of the type of NMBA pharmaceutical administered.
- Objective neuromuscular monitoring required regardless of the type of reversal administered (neostigmine, sugammadex or spontaneous recovery).
- A TOF ratio of 0.9 is the minimum neuromuscular recovery required before extubation
- A neuromuscular monitor in every operating theatre.

Fuchs-Buder et al- Peri-operative management of neuromuscular blockade: A guideline from the European Society of Anaesthesiology and Intensive Care, Eur J Anaesthesiology. 2022 Nov 16. Doi: 10.1097/EJA0000000000001769. Online ahead of print

Main conclusions from the US guidelines:

- Strong recommendation against exclusively clinical assessment to avoid residual neuromuscular blockade.
- Strong recommendation for quantitative monitoring ahead of qualitative assessment to avoid residual neuromuscular blockade.
- Strong recommendation to confirm that the TOF ratio is ≥ 0.9 before extubation when using quantitative monitoring.
- Strong recommendation to use the adductor pollicis muscle for neuromuscular monitoring.
- Strong recommendation against using facial muscles for neuromuscular monitoring.

Thilen et al-F2023 American Society of Anesthesiologists Practice Guidelines for Monitoring and Antagonism of Neuromuscular Blockade: A Report by the American Society of Anesthesiologists Task Force on Neuromuscular Blockade, Anesthesiology. 2023 Jan 1;138(1):13-41.doi:10.1097/ALN.0000000000004379.



Sustainability

Senzime is committed to contributing to better health and well-being for patients, and a more sustainable society. Its mission is to eliminate anesthesia and respiratory-related complications and reduce health care costs related to surgical and high acuity procedures by providing and developing state-of-the-art patient monitoring solutions.

This mission sets the course of our strategy and relationships with all our stakeholders. In 2022, we defined prioritized focus areas to set our agenda and plan for sustainability, which involve continued investments in product development and intensifying relationships with employees, partners, and suppliers on a sustainable and responsible footing, and consistent with our core values.

Last year, Senzime continued to deliver on its strategy, and thus kept contributing to improved healthcare in our key markets. Investments in product development, combined with a broader product portfolio, increased our reach, with more hospitals using Senzime's solutions, helping more patients, and thus enabling a positive contribution to our commitments.

Overview

Senzime's objective for 2022 was to formulate an overall sustainability agenda and longer-term aspirations. We determined priorities to map our environmental impact, set a baseline and targets for coming years, and extend collaborations with partners, including our commitment to human rights. We reviewed our Code of Conduct on the basis of standards including the UN Global Compact, and produced a dedicated Partner Code of Conduct for distributors, suppliers and other business partners.

These two Codes set a framework for how Senzime conducts business on a responsible and sustainable footing. Senzime also focused on education and training in 2022, conducting training programs and workshops, including materiality assessments for the Board, Senior Management and key corporate functions.

Reduce complications, improve healthcare, save lives

Product
development

People &
Partners

Environment

Business ethics

Senzime has also created a sustainability core team, tasked with driving sustainability work onwards and ensuring continuous improvement. This team has representatives from all key functions and consists of management team members.

UN Global Compact

Advancing sustainable development and striving towards the UN Sustainable Development Goals is a component of Senzime's strategy. Senzime's vision of improving health care and people's well-being also makes sustainability a natural part of our strategy. This is why Senzime has joined the UN Global Compact and committed to its Ten Principles on Human Rights, Labour, Anti-corruption and Environment.

Materiality assessment and stakeholder analysis

We conducted a materiality assessment in the Environment, Social and Governance (ESG) in the year to identify sustainability risk and opportunities end to end in our value chain. It enabled Senzime to set key priorities for its sustainability agenda, identifying the fundamental improvements and opportunities for our stakeholders, our commitment to the UN Global Compact, and our environmental impact.

Our key stakeholders include investors, customers, patients, and partners.

Continuous improvement and progression based on our stakeholder dialogues, commitments and mission is a top priority. Senzime's key ESG priorities include product development, the environment, as well as people & partners, which are all equally important in enabling us to execute our strategy, be successful and make progress on our commitments.

Product development

Senzime's product offering is key to enabling us to deliver on our mission to reduce patient complications, improve healthcare and save lives. This makes product development a major priority, and Senzime develops systems in close collaboration with customers, based on patient needs. In 2022, we launched a new disposable sensor for children, bringing this patient group access to accurate monitoring for anesthesia. Senzime launched a total of five new products and features in 2022.

Senzime collaborates closely with scientific and clinical advisory boards whose members are key opinion leaders from preeminent university and research hospitals, who ensure that product development incorporates all aspects of user and patient needs in the R&D process.

Our collaborations with key partners such as Fukuda Denshi and Masimo Inc. further improve access to our monitoring

solutions. These agreements will enable us to develop solutions for embedding our technology in our partners' monitors.

So, we can be agile, leveraging in-house knowledge in the development process, production and sourcing are important steps to satisfy the standards set fully. In the past year, we insourced production of our TetraGraph system to our facility in Uppsala, Sweden. The production of the ExSpiron 2Xi system is also being validated currently.

Securing full control over manufacturing, packaging and transportation also enables us to reduce our climate footprint—steps our materiality analysis identified as areas for improvement.

Quality and safety

Senzime aims to maintain the highest quality and safety standards for all our product users. Our systems are the gold standard, and based on the latest technology, so the highest quality is crucial for reliability and patient safety.

Complaints statistics*

TetraGraph

Year	Total complaints	Days to close (average)	Complaint rate TetraGraph**
2019	35	112	
2020	41	69	
2021	59	26	8%
2022	29	18	6%

* Statistics include TetraGraph, TetraCord, TetraSens

** Complaint rate: complaints in relation to number of TetraGraph sold

Product complaints are a key indicator of product quality. In 2022, the total number of complaints relating to the TetraGraph system decreased by 51 percent on the previous year, and the average number of days to close was also down, by 31 percent.


Senzime added the ExSpiron monitoring system to its product portfolio in the

third quarter. Based on available data, the average complaint rate for ExSpiron 1Xi is 13.4 percent for the last five years, and 9.4 percent for ExSpiron 2Xi for the last two years.

Environment

Senzime is committed to reducing its environmental impact, and in 2022, initiated





Senzime
strives to
purchase from
local
suppliers

extensive work on identifying environmental impact end to end in our value chain. This stage identified key issues, risks and opportunities. For 2023, our aim is to reduce energy consumption, emissions and waste and to start to measure and set targets for our climate footprint. One important step in this work is the implementation of an environmental management system (EMS), which will help us work systematically on these issues. Our goal is to be ISO 14001 certified by mid-2023. Measurable environmental goals within the scope of certification and based on the materiality assessment conducted in the fall of 2022 will be set in the first half of 2023.

Environmental aspects and a life-cycle management approach are important to the development process. We are endeavoring to reduce packaging, optimize transportation, and use sustainable materials. We have already optimized the packaging

of TetraGraph and TetraSens, which have reduced transportation volumes by 50 percent for TetraGraph and approximately 30 percent for TetraSens.

To reduce the environmental impact of shipping processes, we reviewed the waste management of goods packaging. This cut our use of cardboard by 40 percent and eliminated plastic from the packaging we use for shipping.

We will take more initiatives in 2023, setting targets for waste management, shipping, transportation, and packaging.

Supply chain

Senzime is a health care equipment provider, but relies on external suppliers for the manufacture of monitors and disposables. Senzime needs to ensure that all components and constituent materials satisfy the RoHS (Restriction of Hazardous Substances) Directive, which is designed to reduce risks to people's health

and the environment by replacing and limiting hazardous chemical compounds in electrical and electronic equipment. Senzime avoids animal testing unless required by law or regulatory processes. Other important directives and regulations impacting our manufacturing processes are the Global Packaging, WEEE and Battery Directives.

Senzime aims to purchase from suppliers that are local or located close to manufacture, which helps reduce transportation and delivery lead-times. We select suppliers and collaborative partners carefully, evaluating them yearly. Our evaluation focuses on metrics capturing finance, delivery precision, performance, quality, and sustainability. Insourcing TetraGraph's manufacturing has had a positive impact on our environmental footprint.

Transportation and shipping

As a global company with direct sales in Germany and the US, plus close partnerships with distributors in other key markets, Sensime is dependent on transportation, and its partners' commitment to reducing environmental impact. The initial analysis of Sensime's EMS implementation identified several areas of opportunity to reduce greenhouse gas emissions and environmental impact. Further mapping will be conducted in 2023, including an analysis of transportation and shipping routines, to set a target for reducing CO₂ emissions.

People and partners

People are Sensime's most valuable resource, and the company endeavors to attract the right skills by being an attractive workplace. Its starting point is that all employees must be treated equally and have the same opportunities for personal development, regardless of their background or individual differences. Sensime has zero tolerance of human rights violations, and expects its employees and business partners to uphold the same high standards by complying with our Code of Conduct, Partner Code of Conduct and local legislation.

Gender equality and diversity

At Sensime, we value gender equality and diversity (DEI) highly. We don't tolerate any form of discrimination, and DEI has been a Management agenda priority for several years. Sensime has executed a range of programs, as corroborated by its performance in the Allbright Report of 2022. Allbright is a non-profit foun-

Percentage of women in senior management positions			
2022	Total employees	Most senior executives/Top management	Board of Directors
Total	50	8	7
Women	24	4	3
Men	26	4	4
Percentage, women to men	48%	50%	43%

dation working for gender equality and equal opportunities in top management positions. Allbright's yearly report ranks Sweden's listed companies according to the division between men and women in senior managements and boards. This year, Sensime ranked 14th out of 361 companies evaluated.

In 2023, Sensime will be taking more action to broaden inclusion and remain an attractive employer.

Occupational health and safety

Each year Sensime conducts an employee satisfaction survey to monitor and evaluate the company's working environment and identify areas of improvement. The response rate this year was 98 percent (100), and employee commitment was 8.9 (8.85). Although the results are strong and validate Sensime's efforts, it is important that our people play an active role in our corporate development. Accordingly, working groups will set actions to address the issues raised in the survey.

Governance/ethical business

Sensime is committed to conducting business responsibly and ethically. Its Code

of Conduct and Partner Code of Conduct set a framework for how Sensime does business that its partners are expected to comply with. Sensime has in-house sales organizations in Germany and the US, but partners with distributors on other key markets. Sensime expects its employees and partners, including suppliers, distributors, and other business partners, to uphold the same high standards, and as an absolute minimum, comply with local legislation on human rights, anti-corruption, labor law and the environment. To ensure Sensime's business partners share the values stated in the Partner Code of Conduct, Sensime will be implementing a process to screen and evaluate partners from a sustainability perspective.

To ensure compliance, and that partners share the same values as Sensime, all business partners are expected to sign its Partner Code of Conduct. For 2023, our goal is for 50 percent of our suppliers of direct material and services to have signed our Partner Code of Conduct. We also expect all new suppliers to sign up when appointed. We're targeting full compliance of distributors by mid-2023.

We're also encouraging stakeholders, including partners, to report suspected breaches and areas of improvement through our whistleblower function.

Work-related injuries per hour /incident rate		
Year	2021	2022
Number of incidents	1	0
Sick leave		
Year	2021	2022
Sick leave	2.1%	2.5%

The share

Senzime's share has been listed on Nasdaq Stockholm's Main Market since June 30, 2021, and trades with the ticker "SEZI". Senzime endeavors to provide shareholders, financial analysts, and other stakeholders with relevant, clear and updated financial information.

Share price development

The closing price of Senzime's share on December 30, 2022, was SEK 10.74, equating to market capitalization of approx. SEK 751 m. Total turnover in the year was 9,474,394 (14,379,926) shares, with a value of approximately SEK 137.4 m (319.2). The share price decreased by 55 percent in the year. The share price high in 2022 was SEK 24 (January 4), and the low was SEK 7.50 (October 17). OMX decreased by 23 percent in the year.

Share capital

According to Senzime AB's Articles of Association, share capital will be a minimum of SEK 4.5 m and a maximum of SEK 18.0m. The share capital as of December 31, 2022, was SEK 8.7 m. The quotient value is SEK 0.125 per share. There is a total of 69,883,985 shares end of December. There is only one share class. All shares are entitled to an equal share of the company's assets. Each share carries one vote at Annual General Meetings (AGMs) and any Extraordinary General Meetings (EGMs), and there are no limitations in the matter of how many votes each shareholder may cast at AGMs/EGMs. Nor do the Articles of Association have any provisions limiting rights to transfer shares.

Shareholders

The number of shareholders of Senzime as of December 30, 2022, was 2,567 (2,343) according to Euroclear data. Accordingly, Senzime's ten largest shareholders had holdings corresponding to 60.4% (60.7) of the votes and equity of the company. The largest shareholder is the Crafoord family with 16.4% (14.6) of the number of shares and votes.

All shares to be issued as payment for RMI have not yet been issued.

Dividend

Because Senzime will be in continued development in the coming years, any capital surplus will be invested in operations. Consequently, and because the company has not previously paid any dividend to shareholders, the Board of Directors does not intend to propose any dividend for the current year, or commit to a pre-determined dividend pay-out ratio. If Senzime's cash flow from operating activities subsequently increases above the company's need for capital, the Board of Directors intends to propose that the AGM resolves to pay dividends. All share information is as of 31 December 2022.

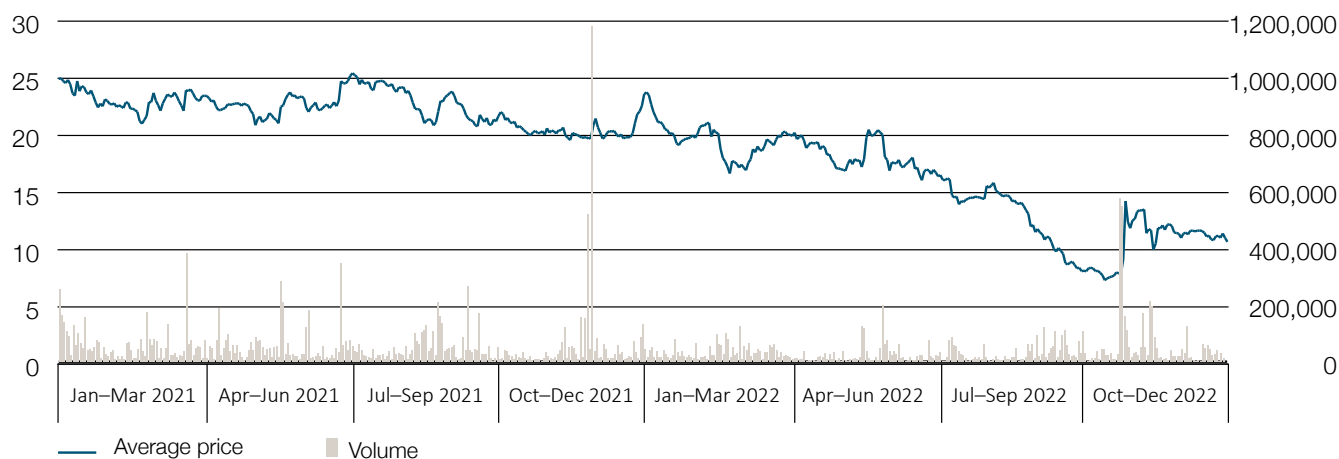
Share capital history

Year	Event	Change number of shares	Change share capital, SEK	Number of shares	Share capital, SEK	Quotient value, SEK
2022	Offset issue	2,127,537	265,942.125	69,883,985	8,735,498.125	0.125
2022	New share issue	5,263,158	657,894.750	67,756,448	8,469,556.000	0.125
2020	New share issue	4,545,000	568,125.000	62,493,290	7,811,661.250	0.125
2020	Share warrants	600,000	75,000.000	57,948,290	7,243,536.250	0.125
2020	New share issue	4,900,000	612,500.000	57,348,290	7,168,536.250	0.125
2019	New share issue	3,370,787	421,348.375	52,448,290	6,556,036.250	0.125
2018	New share issue	4,000,000	500,000.000	49,077,503	6,134,687.875	0.125
2018	Share warrants	16,610	2,076.250	45,077,503	5,634,687.875	0.125
2018	Share warrants	200,000	25,000.000	45,060,893	5,632,611.625	0.125
2018	New share issue	4,166,670	520,833.750	44,860,893	5,607,611.625	0.125

Ten largest shareholders as of December 30, 2022

Shareholder	Number of shares	Share of capital, %
Crafoord, family	11,487,100	16.4
Handelsbanken Fonder AB	4,826,242	6.9
Segulah Venture AB och AB Segulah	4,427,726	6.5
TIN Ny teknik	4,052,631	5.8
Pershing LLC.	3,717,328	5.3
Fourth AP (Swedish National Pension Insurance) Fund	3,226,315	4.6
Sorin J Brull	3,223,528	4.6
Swedbank Robur Microcap	2,818,947	4.0
Lindskog, family	2,248,977	3.2
Stone Bridge Biomedical	2,172,030	3.1
Other	27,683,161	39.6
Total	69,883,985	100.0

Senzime's share price (SEK)



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 2022. 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 2021, unless otherwise stated.

Operations

Senzime is a global medical device company driving a technological paradigm shift with innovative patient monitoring systems targeting a market opportunity valued at more than SEK 100 billion in the USA and Europe.

Our vision is a world without anesthesia- and respiratory-related complications, and our mission is to develop high-technology, innovative solutions that save lives, optimize patient health, reduce complications and healthcare costs.

Our business model is based on sales of monitors and associated disposable sensors to hospitals and clinics, which generate recurring revenue. Senzime has direct sales resources in the USA and Germany, and collaborates with distributors on its other main markets.

In 2022, Europe and the USA adopted clinical guidelines that support Senzime's technology, which will drive change further towards our vision.

We have also entered strategic collaborative agreements with leaders in product development and sales, so we can deliver on our strategy faster and create value for our shareholders.

Senzime delivers innovative products for patient monitoring of neuromuscular function and breathing, typically under and after surgery, and for the intensive care sector.

TetraGraph is a system based on EMG technology for neuromuscular monitoring during surgical procedures. This system is sold with disposable sensors.

ExSpirom 2Xi is the only non-invasive monitoring system of respiratory volume and minute ventilation for in and out patient care. This system is also sold with disposable sensors.

Business highlights in the financial year

Q1

Senzime wins several major tenders for US hospitals for the TetraGraph system and associated TetraSens disposable sensor.

The new TetraSens Pediatric disposable sensor is approved for use on children in Europe through a CE-MDR certification approval.

Q2

Senzime enters a strategic agreement with Masimo, a global medical device leader in patient monitoring systems. Through this partnership, the TetraGraph smart cable module will be developed for Masimo's Root system, enabling hospitals with Masimo Root to provide neuromuscular monitoring via their systems.

TetraGraph system sensor TetraSens Pediatric gains 510k clearance from the US FDA for use on children.

Q3

The acquisition of Respiratory Motion (RMI) is completed in July, giving Senzime access to ExSpirom 2Xi and associated disposable sensors, a system for monitoring respiratory function, which significantly expands its market potential by enabling patients to be monitored end to end in the healthcare chain. For more information on the acquisition, see note 36.

Launch of TetraGraph Xcom, a solution enabling communication between TetraGraph and the Philips Capsule Medical Device Information Platform (MDIP). This integration enables the transmission of neuromuscular data from TetraGraph direct to patients' medical records.

Q4

Clinical guidelines adopted by the American Society of Anesthesiologists (ASA), which recommends Senzime's type of patient monitoring technology to avoid post-operative complications. The European Society of Anaesthesiology and Intensive Care (ESAIC) publishes a strong recommendation to use quantitative neuromuscular monitoring to prevent complications associated with NMBAs, which supports the use of TetraGraph.

The first dedicated contract for TetraSens Pediatric from a leading university hospital, ranked among the best in the US. Initially, the contract extends over three years, with an extension option.

Business highlights after the end of the financial year

On January 23, 2023, the Board decided on a new share issue of approximately SEK 100 m with preferential rights for existing shareholders. The purpose of this rights issue is to implement a number of initiatives as part of scaling up operating activities. The transaction was completed on March 10, 2023, and was 90.7 percent subscribed. This rights issue raised the company approximately SEK 91.9 million before deducting issue expenses. The issue expenses amounted to SEK 8.9 million.

The company's expected future progress and significant risk factors

A number of risk factors may have a negative impact on Sensime's operations. Accordingly, it is very important to consider relevant risks in addition to Sensime'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

Sensime 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 Sensime, this may have negative consequences for operations, and results of operations.

Distributors, suppliers and other collaborative partners

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

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

Patents and intellectual property matters

To some extent, Sensime'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 Sensime's part or against competing companies' patents or for any infringement from external parties against Sensime's patents. With access to greater financial resources, competitors may be in a better

position than Sensime to meet such expenses. If Sensime is unsuccessful in obtaining or defending patent protection of its inventions, competitors may be able to use Sensime's technology freely, which would negatively impact its capability to commercialize operations.

Confidentiality and commercial secrets

Sensime 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 Sensime, there is a risk that a party with access to confidential business information reveals or otherwise uses it in a manner that damages Sensime, which may negatively impact its operations, financial position and results of operations.

Financial risks

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

The acquisition of Acacia Designs B.V. means the group has substantial intangible assets denominated in EUR, and through the acquisition of Respiratory Motion Inc, the group also has significant intangible assets denominated in USD. Changes in the relationship between the SEK, USD and EUR may impact the group's consolidated net equity negatively.

Sensime currently has no interest-bearing assets or liabilities.

COVID-19

Just like many other companies, Sensime has faced major challenges from the Covid-19 pandemic. The fundamental need for neuromuscular monitoring has not reduced, even if surgery has been deferred to satisfy and enable the supply of medical staff.

The pandemic impacted the number of trials conducted in 2020 and 2021. In 2022, access to hospitals returned, and activity levels significantly improved. Staff shortages and budget cuts due to the pandemic may still exert an influence, but not to any great extent.

War in Ukraine

Sensime has no operations in Ukraine, but operations are impacted by the effects of the war on the surrounding world in the form of higher energy prices and interest rates, for example.

Need for finance and working capital

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

Access to further finance is affected by a number of factors such as market conditions, the general supply of credit, Sensime's credit rating and credit capacity. Disruptions and uncer-

tainty 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.

At year-end 2022, the group's cash and cash equivalents were SEK 26.0 million. On January 23, 2023, the Board decided on a new share issue of approximately SEK 100 m with preferential rights for existing shareholders. The purpose of this rights issue is to implement a number of initiatives as part of scaling up operating activities, such as ensuring scale and delivery in hardware and software development as well as commercialization of the strategic collaborative agreement with Masimo. The transaction was closed March 10, 2023 and 90.7 % of the issue was prescribed. The rights issue raised the company approximately SEK 91.9 million before deducting issue expenses. Issue expenses amounted to SEK 8.9 million. The company also intends to finance the general working capital requirement against the background of expected growth. Assuming planned increase in sales and that individual investments are postponed; the board assesses that existing funds are sufficient to run the operations at least until the beginning of 2024. The board assesses that an increased expansion beyond this plan requires additional funding in 2023.

Comments on financial information

All amounts in the following section are rounded to the nearest thousand Swedish kronor (SEK 000), unless otherwise stated.

Revenues and earnings for the full year 2022

Net sales in the period January - December 2022 were TSEK 14,034 (10,980), an increase of 28 percent on 2021. Adjusted for non-recurring items, sales of RMI products and currency fluctuations, sales were up by 80 percent.

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

The gross margin excluding amortization in the year was 62.0 percent, compared to 54.3 percent for the corresponding period of the previous year. This increase relates primarily to the product and customer mix, where a higher share of total sales is sourced from the high-margin product TetraSens. The group's total operating expenses were TSEK 129,509 (79,268). The acquisition of RMI and continued build-up of sales resources in the USA and Germany have caused cost increases between periods. Expenses related to the acquisition of RMI for the year amounted to TSEK 16,767, and accordingly, adjusted for them, the group's total operating expenses were TSEK 112,742 (79,268). The integration of RMI has been completed, which also contributed to the cost increase. Earnings before interest and taxes for the period were TSEK 133,905 (84,191). Financial expenses for the period were TSEK - 453 (-98). The loss after financial items for the period was TSEK -134,358 (-84,289).



Financial position

The group's equity was TSEK 261,903 (150,580) at the end of 2022. The equity/assets ratio was 81.4 percent (86.2). The company's cash and cash equivalents were TSEK 26,035 (74,872). On January 23, 2023, the Board decided on a new share issue of approximately SEK 100 m with preferential rights for existing shareholders. The purpose of this rights issue is to implement a number of initiatives as part of scaling up operating activities, such as ensuring scale and delivery in hardware and software development as well as commercialization of the strategic collaborative agreement with Masimo. The company also intends to finance the general working capital requirement against the background of expected growth. Assuming planned increase in sales and that individual investments are postponed; the board assesses that existing funds are sufficient to run the operations at least until the beginning of 2024. The board assesses that an increased expansion beyond this plan requires additional funding in 2023.

Cash flow and investments

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

Stock options

Staff stock options

The AGM on May 18, 2022 approved a staff stock option program involving 900,000 options that may be granted to the company's employees. All of these 900,000 options were granted in February 2023.

The group now has a total of four staff stock option programs totaling 2,556,050 options.

These stock options will be issued free of charge, and are conditional on continued employment with the company. See also note 9, Share-based payment.

Dilution

Based on the current number of shares, as well as outstanding staff stock options and share warrants, dilution from the programs, assuming all options (including those not yet granted) are exercised for subscription of shares, has been computed at a maximum of 3.7 percent.

Parent company and subsidiaries

Most of the group's operating activities are conducted in the parent company. For comments on the parent company's results of operations, please refer to the comments for the group. US subsidiary Senzime Inc. started its operating activities in 2020. Sales in the USA are direct and through local distributors. German company Senzime GmbH, focused on direct sales on the German market, started operations in 2021.

Respiratory Motion Inc. was acquired in 2022, and accordingly, the product ExSpiron 2XI was added to operations. The group's two other subsidiaries exclusively hold certain rights that have been licensed to the parent company against royalty payments.

Share capital and ownership

Senzime's share capital was SEK 8,735,498 as of 31 December 2022, divided between 69,883,985 shares, with a quotient value per share of SEK 0.125. The total number of outstanding shares as of 31 December 2022 was 69,883,985, each with one vote. All shares to be issued as payment for RMI have not yet been issued. These have been reported as equity. On 31 December 2022, the Crafoord family was Senzime's single largest shareholder, with a total of 11,487,100 shares, equivalent to 16.4 percent of the votes and capital.

Sustainability

Senzime's operations help improve global health and patient safety by reducing anesthesia- and respiratory-related complications, as well as cutting healthcare costs of surgical procedures and emergency treatment. Senzime's sustainability work supports its commitment to patients, and endeavors to achieve sustainable development based on responsible action that is consistent with core values. The objective for 2022 was to formulate an overall sustainability agenda and longer-term aspirations. Senzime set priorities to map our environmental impact, set a baseline and targets for coming years, and extend collaborations with partners, including our commitment to human rights. Senzime reviewed its Code of Conduct on the basis of standards including the UN Global Compact, and formulated a dedicated Partner Code of Conduct for distributors, suppliers and other business partners.

These two Codes set a framework for how Senzime conducts business on a responsible and sustainable footing. Senzime also focused on education and training in 2022, conducting training programs and workshops, including materiality analyses for the Board, Senior Management and key individuals of the company. Senzime has also created a sustainability core team, tasked with driving sustainability work onwards and ensuring continuous improvement. This team has representatives from key functions and consists of management team members.

Future prospects

Senzime's positioning on the market consolidated significantly in 2022. High growth is expected in 2023, driven by the commercial strategy, and supported by clinical guidelines. Senzime's technology is validated, and there is a very substantial need for these systems in healthcare. Senzime expects this substantial market need, and continued investments in innovation to create value, to generate sales of SEK 275-325 million, and in the long term, an EBITDA margin of over 40 percent.

Dividend

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

Proposed appropriation of profits

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

Share premium reserve	612,906,217
Accumulated profit or loss	-284,163,817
Profit (loss) for the year	-93,581,258
Total	235,161,142

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

Dividends to shareholders of SEK 0 per share	
Carried forward	235,161,142
Total	235,161,142

Corporate Governance Report

Senzime AB is a Swedish public limited company with its registered office in Uppsala. The company's share is listed on Nasdaq Stockholm's Main Market (Small Cap) with the ticker SEZI.

Corporate governance in Senzime is based on applicable laws, regulations and recommendations. This Corporate Governance Report is being presented in accordance with the Swedish annual accounts act, and the Code, and reviews the company's corporate governance in the financial year 2022.

Organization and governance

The purpose of Senzime's corporate governance is to create clear segregation of duties and responsibilities between owners, the Board of Directors and management. Internal governance, controls and risk management over financial reporting are fundamental to Senzime's operational governance. Senzime's decision-making bodies are its shareholders' meetings, Board of Directors, President and auditors, and based on Swedish law, internal regulations and provisions, the Articles of Association, and are compliant with Nasdaq OMX's (Small Cap) Rulebook for Issuers.

Shareholders

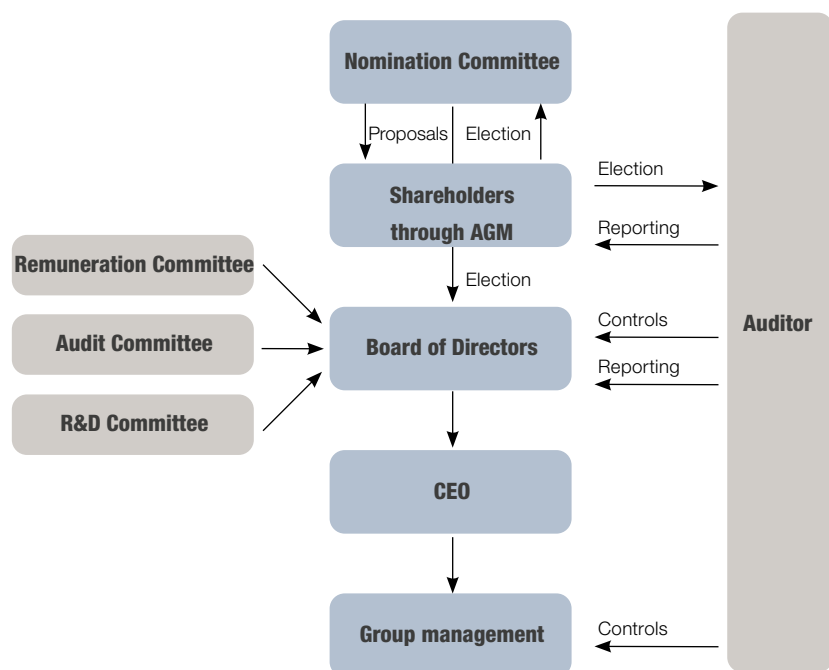
On June 30, 2021, Senzime AB was listed on Nasdaq Main Market. The company was previously listed on Nasdaq First North Growth Market.

At year-end, the total number of shares was 69,883,985 (62,493,290) divided between 2,567 (2,343) shareholders. Sen-

zime's ten largest shareholders had holdings corresponding to 60.4 percent (60.7) of the votes and equity of the company. The largest shareholder is the Crafoord family with 16.4 percent (14.6) of the number of shares and votes. Each share carries one vote at the AGM and any EGMs, and there are no limitations in terms of how many votes each shareholder can cast at AGMs/EGMs. There are no provisions in the Articles of Association limiting the transferability of shares.

Annual General Meeting

Senzime's chief decision-making body is the AGM, where shareholders are also entitled to participate and have a matter considered. The company's Board of Directors is elected, and Directors' fees approved, at AGMs. The AGM's other permanent business includes adopting the company's Balance Sheet and Income Statement, approving the appropriation of earnings from operations, adopting guidelines for remunerating senior managers, and deciding on discharging the Directors and President



Examples of external regulation affecting Senzime's corporate governance:

- Swedish Companies Act
- Accounting legislation including Book-keeping Act and Annual Accounts Act
- Nasdaq's Rules for Issuers
- Swedish Code of Corporate Governance

Examples of internal regulation significant to corporate governance:

- Senzime's Articles of Association
- Board of Directors' rules of procedure
- Instructions for the CEO
- Guidelines for remunerating senior management
- Finance Policy
- Corporate Communication Policy
- IT Policy
- Accounting Handbook

from liability. The AGM also elects the company's auditors, and approves audit fees.

The Annual General Meeting (AGM) is held yearly within six months of the end of the financial year. The invitation to the AGM and Extraordinary General Meetings (EGMs) where amendments of the Articles of Association are to be considered must be issued at the earliest six, and the latest four, weeks prior to such Meeting. Invitations to other EGMs must be issued at the earliest six, and the latest two, weeks prior to such Meeting.

Invitations to shareholders' meetings are through announcements in the Swedish Official Gazette, and by making the invitation available on the company's website. Simultaneous with the invitation, the company must report that an invitation has been issued through an announcement in Swedish daily newspaper Svenska Dagbladet.

Annual General Meeting 2022

The AGM 2022 considered the company's Income Statement and Balance Sheet, election of its Board of Directors, Directors' fees, other statutory matters and a resolution on a Nomination Committee. The AGM also approved a general authorization on new share issues for the Board of Directors, and a decision resolution to introduce a staff stock option plans for the company's employees.

The authorization on share issues approved by the AGM entitles the Board of Directors to take decisions to increase the share capital by a maximum of 10 percent (10) of the company's registered share capital at any time through the new issue of shares, share warrants and/or raising convertible loans with or without waiving shareholders' preferential rights and/or with provisions on payment in kind or set-off, on one or more occasions until the AGM 2023.

Complete information on the AGM 2022 and its resolutions is at the company's website, www.senzime.com

Remuneration of the Board of Directors

The AGM 2022 approved Directors' fees of SEK 450,000 to the Chairman and SEK 210,000 for each of the other members of the Board. The AGM also resolved that no Directors' fees would be payable to Directors that had received compensation for consulting from the company during the financial year 2021 exceeding an aggregate total of twice the Directors' fee. The Meeting also resolved that there would be no special compensation for participation on special committees.

Board of Directors' attendance and independence in 2022

Member	Position	Elected	Attendance, Board meetings	Attendance, Audit Committee	Attendance, Remuneration Committee	Attendance, R&D Committee	Independent of company	Independent of major shareholders
Philip Siberg	Chairman	2016	23/23	4/4	2/2	2/2	Yes	Yes
Adam Dahlberg	Director	2000	23/23	4/4	2/2		Yes	No
Sorin J. Brull	Director	2016	23/23			2/2	No	Yes
Lennart Kalén	Director	2018	23/23	4/4	2/2		Yes	Yes
Eva Walde	Director	2021	23/23			2/2	Yes	Yes
Jenny E. Freeman	Director	August 31, 2022	4/23			2/2	No	Yes
Laura Piccinini	Director	August 31, 2022	4/23				Yes	Yes

Extraordinary General Meetings 2022

An EGM on June 27, 2022 authorized the Board, on one or more occasions in the period until the AGM 2023, to decide to increase the company's share capital by a maximum amount of SEK 1,087,500, corresponding to the issue of a maximum of 8,700,000 shares. This authorization is also permitted waiving shareholders' preferential rights and/or with provisions on payment in kind or set-off.

An EGM on August 31, 2022 resolved to elect Laura Piccinini and Jenny E Freeman as Directors.

Annual General Meeting 2023

The shareholders of Senzime AB are invited to the AGM on Tuesday, May 16, 2023 in Uppsala, Sweden. To have a matter considered at the Meeting, the company must have received such request from the shareholder by no later than March 28, 2023.

Nomination Committee

The Nomination Committee represents the company's shareholders. Its duty is to create the best possible information to support AGM resolutions on election of the Board of Directors, Directors' fees, and to submit proposals for resolution on matters including the election of auditors and their reimbursement. The Nomination Committee for the AGM 2023 has consisted of the three largest shareholders in terms of the vote, which as of September 1, 2022 is Adam Dahlberg and family, AB Segulah and Handelsbanken Fonder. Each of these parties appointed a member, to constitute Senzime's Nomination Committee with the Chairman of the Board. The members are: Adam Dahlberg, Gabriel Urwitz, AB Segulah, Malin Björkmo, Handelsbanken Fonder and Philip Siberg, Chairman of the Board of Senzime AB (publ). The members of the nomination committee appointed Adam Dahlberg as chairman of the nomination committee. The appointment of Adam Dahlberg as chairman of the nomination committee is not in line with decided principles for the appointment of members of the nomination committee and Swedish code for corporate governance (a board member must not be chairman of the nomination committee), but the nomination committee still considered the choice justified given Adam Dahlberg's long-term involvement in and knowledge of Senzime and that he, through himself and his family, is the company's largest owner. The Nomination Committee will be presenting its proposals in

the notice convening the AGM on May 16. No fees were paid to members of the Nomination Committee.

Articles of Association

The Articles of Association are approved by the AGM and include obligatory information of a fundamental nature to the company.

The Articles of Association were approved by the AGM on May 11, 2022, and are available at the company's website, www.senzime.com.

Board of Directors and work of the Board of Directors

Each year, the Board of Directors should hold a Board meeting following election after the AGM. The Board of Directors should also meet at least five times per year. The Board meeting following election should consider matters including appointing a Chairman of the Board where the AGM has not appointed the Chairman, appointing the company's signatories, and reviewing and approving the rules of procedure for the Board of Directors.

Normally, scheduled Board meetings consider the company's financial situation and advances in negotiations with collaborative partners, distributors, customers and suppliers. The company's development activities are discussed as required. The company's auditor reports as required, although at least once yearly, directly to the Board of Directors, at one Board meeting.

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

The rules of procedure also stipulate the permanent matters that must be decided by the Board of Directors of the company, for example, publication of the company's annual accounts and quarterly reports, yearly budget of the company, entering agreements of material significance to the company such as long-term leases or collaborative agreements, decision on appointing a Chief Executive Officer. At present, Senzime's Board of Directors has seven members, presented in more detail in the "Board of Directors" section on pages 26–27. Remuneration of the Board of Directors is stated under supplementary disclosures in note 9.

In 2022, the Board of Directors held a total of 23 (17) meetings, of which 11 (9) were scheduled and 12 (8) per capsulam or telephone conferences. The CEO and CFO attended all Board meetings.

BOARD COMMITTEES

Audit Committee

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

Members are appointed by the Board of Directors for each financial year, and for 2022, the members were Adam Dahlberg

(Chairman), Lennart Kalén and Philip Siberg. The company's CFO participated and reported at all Audit Committee meetings. The company's auditor attends two to three Audit Committee meetings each year. The Audit Committee met on 4 (7) occasions in 2022. The Auditor attended 3 (3) Committee meetings.

Remuneration Committee

The Remuneration Committee reviews and consults on issues affecting the salary, other employment terms, pension benefits and bonus of the CEO and members of Management that report directly to the CEO, and other central compensation issues. The Remuneration Committee should also continuously monitor and evaluate programs for variable compensation to management decided in the year, as well as monitor and evaluate application of the guidelines for remunerating senior management as resolved by the AGM. The Remuneration Committee met on 2 (1) occasion in 2022.

Members are appointed by the Board of Directors for each financial year, and for 2022, the members were Lennart Kalén (Chairman), Adam Dahlberg and Eva Walde.

R&D Committee

The duty of the R&D Committee is to supervise the company's research and development plans at an overarching level. This Committee should also ensure that the company's research activities are consistent with its long-term strategic corporate goals. Members are appointed by the Board of Directors for each financial year, and for 2022, the members were Sorin J. Brull (Chairman), Philip Siberg and Eva Walde.

Evaluation of the work of the Board of Directors

The company's evaluation of the Board of Directors was held in November 2022, and presented to the Board of Directors in December 2022. The evaluation was conducted as a survey covering three main segments that all Directors and the CEO responded to. The Chairman of the Board did not respond to any questions concerning himself. The evaluation reviewed Directors' perceptions of how the work of the Board is conducted, and if measures need to be taken to improve this process. The outcomes of this evaluation are also important support for the work of the Nomination Committee for the forthcoming AGM. The outcome was reported to the Board of Directors and Nomination Committee.

Chief Executive Officer

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

For a detailed presentation of the CEO, see senior managers on page 38 of this Annual Report.

Group management

The group's management team has eight (8) members including the CEO. See pages 38–39 for more information on each member of management. Management meets regularly, mainly to deal with the group's financial performance, current projects and other strategic issues.

Remuneration guidelines for the CEO and other senior managers

Remuneration issues are considered by the Board of Directors' Remuneration Committee, and approved by the Board of Directors. The Board of Directors presents proposed guidelines for remunerating senior managers, which the AGM then resolves on. The AGM 2022 adopted the following guidelines for remunerating the CEO and other senior managers.

The Board of Directors intends to propose the same guidelines to the AGM 2023.

Scope and applicability of the guidelines

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

The guidelines should be applied to compensation that is agreed, and to amendments to previously agreed compensation, subsequent to adoption of the guidelines at the AGM 2023. Compensation includes the transfer of securities, and of rights to acquire securities from the company in future.

The guidelines do not cover compensation resolved by shareholders' meetings, such as share-based incentive programs.

Executives that serve as a Director or Deputy Director on the Boards of group companies should not receive special compensation for this service.

How the guidelines promote the company's business strategy, long-term interests and sustainability

Sensime is a global medical device company driving a technology paradigm shift, with innovative patient monitoring systems targeting a market opportunity valued at over SEK 100 billion in the US and Europe.

Sensime's vision is a world without anesthesia related and respiratory complications, and our mission is to develop high-technology, innovative solutions that save lives, optimize patient health, reduce complications and healthcare costs.

Sensime delivers innovative products for patient monitoring of neuromuscular function and breathing, typically under and after surgery, and for intensive care. TetraGraph is a system based on EMG technology used in neuromuscular monitoring during surgical procedures.

ExSpiron 2Xi is the only non-invasive monitoring system for respiratory volume and minute ventilation for in and out patient care.

Successful implementation of the company's strategy and protecting the company's long-term interests require the company to hire and retain Management with good skills and capability of achieving designated targets. This requires the company to offer competitive compensation. These guidelines contribute to

the company's business strategy, long-term interests and sustainability by providing the company with the opportunity to offer senior executives competitive compensation.

Forms of compensation

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

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

Variable compensation should relate to the outcome of the company's targets and strategies, and should be based on predetermined and measurable criteria designed to promote long-term value creation. It should be possible to alter the share of total compensation that is variable depending on position. For the CEO and the rest of senior management, variable compensation may be a maximum of 50 percent of yearly basic salary. Variable compensation should not be pensionable, to the extent this does not otherwise ensue from mandatory collective bargaining provisions. The Board of Directors should be able to wholly or partly reclaim variable compensation paid erroneously pursuant to law or contract, subject to the ensuing limitations.

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

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

Consulting fees should be on market terms. Where consulting services are rendered by Directors of the company, the relevant Director is not entitled to participate in the Board of Directors' (or Remuneration Committee's) consultation on matters relating to compensation for the relevant consulting services.

Criteria for payment of variable compensation

The criteria that serve as the basis for paying variable compensation should be determined by the Board of Directors each year with the aim of ensuring that these criteria are consistent with Sensime's current business strategy and earnings targets. The criteria may be individualized or collective, financial or non-financial, and should be designed so that they promote the company's business strategy, sustainability strategy and long-term interests. For example, such criteria may be linked to the company achieving specific business-related goals, relating to sales and permits, for example. The criteria may also be associated to the individual employee, such as the individual serving the company for a specified period.

The period that is the basis for assessing whether the criteria have been satisfied should be at least one year. The assessment as to the extent the criteria have been satisfied should be made when the measurement period has concluded. Assessments of

whether the financial criteria have been satisfied should be based on the company's most recently published financial information. The Board of Directors decides on the payment of any variable compensation after consultation by the Remuneration Committee.

Salary and employment terms of employees

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

Notice period and severance pay

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

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

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

Compensation may be due for non-competition undertakings. Such remuneration should compensate for potential loss of income, and should only be payable to the extent the former senior manager is not entitled to severance pay. Such compensation may be a maximum of 60 percent of the senior manager's basic salary at the date of notice, unless otherwise ensuing from mandatory collective bargaining provisions. Such compensation may be due for a period that the non-competition undertaking applies, which may be a maximum of 12 months after terminating employment, with the option of deduction against other income from employment or consulting agreements.

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

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

Departure from the guidelines

The Board of Directors may decide to temporarily depart from the guidelines, if there are special reasons for this in an individual

case, and a departure is necessary to protect Sensime's long-term interests and sustainability, or to ensure the company's economic viability.

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

Auditors

The company's auditors review Sensime's annual accounts and accounting records, and administration by the Board of Directors and CEO. After each financial year, the auditor should present an audit report and consolidated audit report at the AGM. Since the AGM 2016, Sensime's auditor has been registered public audit firm Öhrlings PricewaterhouseCoopers AB, with Leonard Daun, who is an Authorized Public Accountant and member of FAR, the Institute for the Accounting Profession in Sweden, being key audit partner, whose address is Vaksalagatan 6, 753 20 Uppsala, Sweden.

Internal controls over financial reporting

Sensime's Board of Directors is responsible for the company's internal controls. Internal controls should ensure:

- Reliable financial reporting and information on operations
- Compliance with applicable law, directives, guidelines, etc.
- Expedient and cost-efficient operations.

Control environment

To ensure that Sensime complies with applicable law, and the company's values and working methods apply organization wide, Sensime has conducted a mapping process, and developed a number of policies and procedures from this.

Pursuant to the Swedish Companies Act, the Board of Directors is accountable for internal controls and governance of the company. The CEO is responsible for presenting a yearly report on policy compliance to the Board of Directors each year. The CFO reports any non-compliance with the group's policy portfolio immediately. The company's CFO attends and reports to Audit Committee meetings.

Insider policy

Sensime has adopted an Insider Policy to supplement current insider legislation (MAR). This Insider Policy stipulates matters including the individuals covered by the policy and the periods when trading in the company's financial instruments is prohibited. This Policy also stipulates guidelines for decisions on processes associated with delayed publication of news, and the definition of persons discharging managerial responsibilities (PDMRs).

Risk assessment

Risks associated with the company's targets are evaluated and documented by the company's management. The risk assessment is conducted when the targets have been communicated (yearly), but are reviewed if they change or if new information that may impact the assessment becomes available.

The risk assessment is conducted by management in September each year, and is reviewed by the Audit Committee at its November meeting.

Control activities

On the basis of the risk assessment and judgements conducted, internal controls should be designed and executed to cover risks, where appropriate. Internal control should be formulated as standards to define the minimum level of action necessary to create an effective internal control environment for each business process.

These processes play a key role in operations, and by identifying potential threats, and specifying mitigating action in an internal control environment, help prevent, or give advance warning of, disruptions. Risk assessments link risks to those activities that conduct business operations, and accumulate resistance through the organization.

Information and communication

The Chief Executive Officer is accountable for managing the company's daily business and its operational decision-making. The Chief Executive Officer should keep the Board of Directors updated on all relevant issues at all Board meetings, and between these meetings as required.

The composition of management is decided by the CEO, and in consultation with the Board of Directors.

The finance team consists of the CFO and other skills for the relevant accounting, consolidation and financial reporting. It is mandatory for all members of the financial team to have taken training in dealing with the stock market.

Follow-up

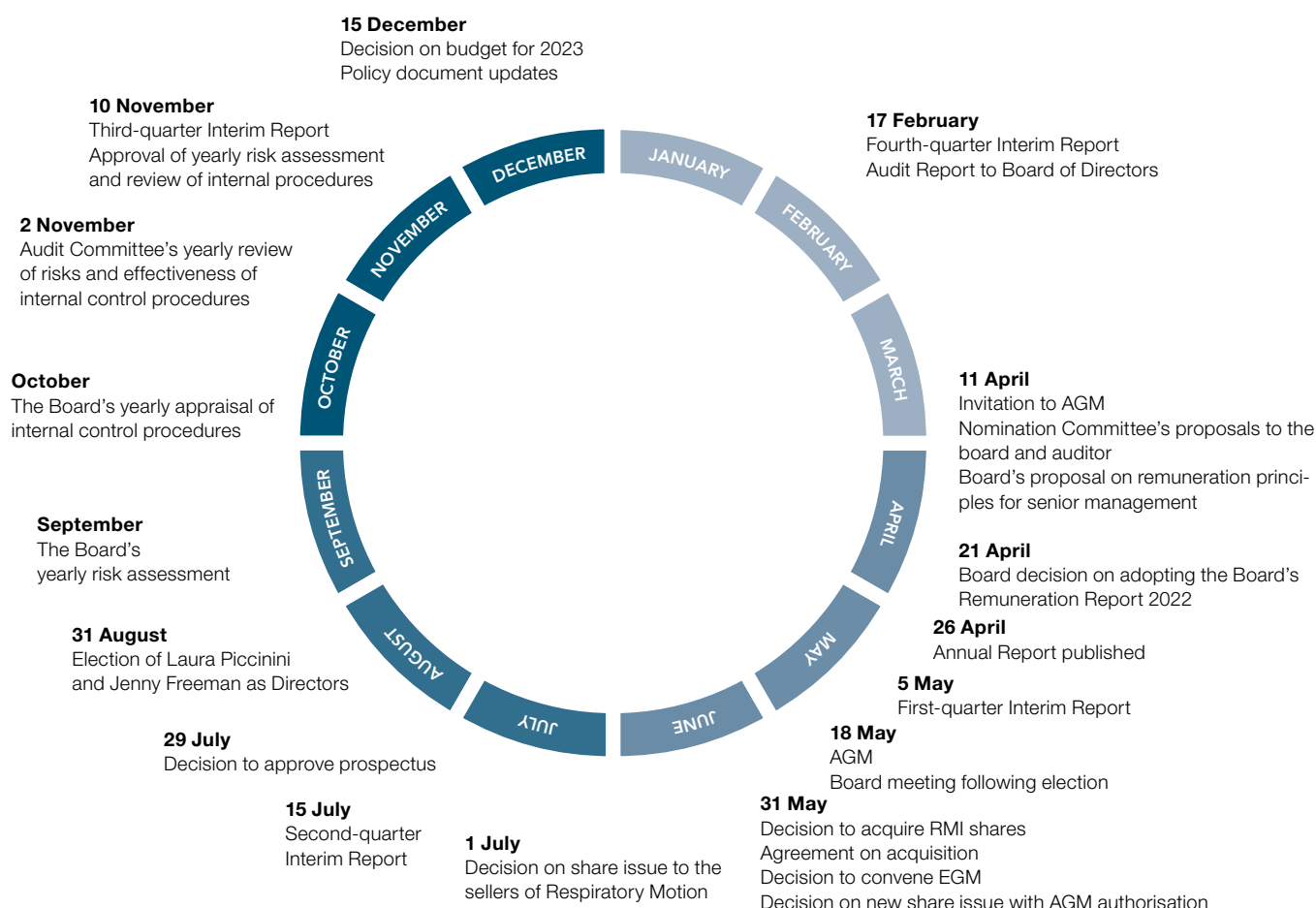
To ensure suitable action has been taken to reduce operational risks, each October, management should conduct a follow-up including a review of critical processes and systems, especially for finance and IT.

In this context, the framework of internal control should also be reviewed and updated. The outcome of conducted and documented tests, with conclusions on the effectiveness of risk management and internal controls, should be presented to the Audit Committee at its November meeting.

Internal audit

The company does not have an internal audit function, which is a departure from the Code. In 2022, the Board of Directors evaluated the group's need for an internal audit function, which resulted in the Board of Directors expressing the opinion that over and above existing internal control processes and functions for internal controls, it did not need to create an internal audit function in 2023. The Board of Directors' opinion is that the monitoring and review conducted internally, combined with the external audit, is sufficient to maintain effective internal controls over financial reporting.

The Board's work in 2022



Board of Directors



Philip Siberg

Chairman of the Board
Chairman since 2016

Born: 1973

Nationality: Swedish

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

Main occupation: Partner of Southbloom Corporate Finance and independent director.

Other appointments: Chairman of Acarix AB (publ.) and EEP Capital LLC. President and Board deputy of Longmeadow Farm AB, and an adviser to entrepreneurs and start-ups in life science and medtech.

Previous appointments: CEO and co-founder of Coala Life AB (publ.), President of Coala Life Inc. President and Chairman of Acacia Designs BV acquired by Senzime 2016, Chairman of Sagax Mellan AB and Annexin Pharmaceuticals AB (publ.), CEO Stille AB (publ.).

Philip Siberg is independent of the company and its management, and of other major shareholders.

Senzime shareholdings: Philip Siberg holds a total of 507,989 Senzime shares personally and through Longmeadow Farm AB.



Adam Dahlberg

Director
Director since 2000

Born: 1973

Nationality: Swedish

Education: MBA, Stockholm School of Economics.

Main occupation: Investor in Life science, materials technology and software.

Other appointments: Chairman of Acuvi and Corline Biomedical AB (publ.)

Previous appointments: Chairman of Senzime AB (publ.).

Adam Dahlberg is independent of the company and its management, but not independent of other major shareholders.

Senzime shareholdings: Adam Dahlberg holds 3,501,344 shares. Additionally, Ebba holds 2,048,409 shares, the Crafoordska Foundation 1,731,766 shares, Margareta Nilsson 2,231,142 shares, Anna Manhusen 1,358,230 shares, AB Pethle 244,663 shares and Carl Rosenblad 271,546 shares, all of whom are related parties of Adam Dahlberg.



Sorin J. Brull

Director
Director since 2016

Born: 1956

Nationality: US

Education: Medical School, WVU, Residency (Anesthesia), Yale University, Fellowship, Yale University.

Main occupation: Consultant in anesthesiology and professor emeritus of the Mayo Clinic College of Medicine.

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

Previous appointments: Founder of Acacia Designs, which was acquired by Senzime AB in 2016. Head of Department at the University of Arkansas for Medical Sciences (UAMS), Section Chief of the Department of Anesthesiology at Yale School of Medicine and member of the Anesthesia Patient Safety Foundation.

Sorin J. Brull is not independent of the company and its management, but independent of other major shareholders.

Senzime shareholdings: holds 3,223,528 shares of the company personally and through Pershing Trustee.



Lennart Kalén

Director
Director since 2018

Born: 1947

Nationality: Swedish

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

Main occupation: Deputy Chairman of AB Segulah and Chairman of Segulah Venture AB.

Other appointments: Chairman of Optolexia AB.

Previous appointments: Executive positions for SKF, ABB Fläkt, Alfa Laval, Dahl Sweden/Saint Gobain, Chairman of Balco Group AB (Nasdaq), DoCu Nordic AB, NEA AB, Previa AB and Sankt Eriks AB. Industrial partner at Segulah Adviser AB, Director of Sanbäckens Holding AB.

Lennart Kalén is independent of the company and its management, and of other major shareholders.

Senzime shareholdings: Lennart Kalén represents the Segulah Group with 5,612,966 shares, of which 1,185,240 shares are held through his own company, 2,480,000 shares via Segulah Venture AB and 1,947,726 shares via AB Segulah.

Shareholdings as of December 31, 2022.



Jenny E Freeman, MD

Director

Director since 2021

Born: 1954

Nationality: US

Education: MD from NYU Medical School, undergraduate degree from Yale in molecular biology and biophysics.

Main occupation: Medical device development (JEF-Core, Inc.), pediatric cardiac and thoracic surgery.

Other appointments: Co-founder of Respiratory Motion Inc. 40 years' experience of medicine, medical research, technology development and entrepreneurship, including pediatric cardiovascular surgery, biomedical research and product innovation. Strategic consulting and research into healthcare companies for financial institutions. Over 70 medical publications and 40 patents granted or pending.

Previous appointments: Senior positions including advocate of surgical methods, developing new programs and founding Respiratory Motion, JF-Core and Cheirologic Partners.

Jenny E Freeman is not independent of the company and its management, but independent of other major shareholders.

Senzime shareholdings: Jenny Freeman holds 318,707 shares through JEF Core, Inc.



Laura Piccinini

Director

Director since 2022

Born: 1969

Nationality: Italian

Education: nursing graduate in intensive care, anesthesia and helivac coordinator from Parma University of Medicine.

Main occupation: Senior Vice President and General Manager International of AngioDynamics Inc.

Previous appointments: President and Board member of Respiratory Motion, Inc., Global Commercial Manager for the Implants business area of Nobel Biocare Systems (Danaher/Envista IPO), VP of EMEA at Covidien and Stryker, and international business manager at Acelity.

Laura Piccinini is independent of the company and its management, and of other major shareholders.

Senzime shareholdings: 190,427.



Eva Walde

Director

Director since 2021

Born: 1963

Nationality: Swedish

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

Main occupation: VP of Marketing for Olink Proteomics AB, an independent consultant and director.

Other appointments: Director of Sedana Medical AB (publ.)

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

Eva Walde is independent of the company and its management, and of other major shareholders.

Senzime shareholdings: 0.

Shareholdings as of December 31, 2022.

Senior management



Pia Renaudin

Chief Executive Officer

Employee since: 2019

Born: 1967

Education: MBA, Gothenburg University, graduate of INSEAD

Background: Broad experience of the life science industry, focusing on marketing & sales, as well as executive positions globally and regionally in Sweden and France. Led several strategic product launches for global companies including AstraZeneca, Bristol Myers, Squibb, Gilead Sciences and Stryker.

Other appointments: Director of Segulah Medical Acceleration AB and Suturion AB.

Senzime shareholdings, personal and related parties: 320,846 shares and 100,000 staff stock options of series 2020/2024.



Slavoljub Grujicic

Chief Financial Officer

Employee since: 2022

Born: 1970

Education: Bachelor of Business Administration (BBA)

Background: Over 13 years' experience of mid-sized and large listed US life science companies. Experience of financial reporting, internal accounting controls and business development, change management and financial process solutions, as well as business control and analysis. Previous positions include roles as Nordic Finance Manager, Finance Business Partner and Senior Business Analyst.

Other appointments: –

Senzime shareholdings, personal and related parties: 3,000 shares.



Johanna Faris

Director of Quality Assurance & Regulatory Affairs

Employee since: 2018

Born: 1975

Education: Bachelor of Science in Mechanical Engineering

Background: 20 years' experience of medical devices, in product and production development. Broad experience as a QA Manager and Regulatory Manager, and has served as a QA/RA and validation consultant.

Other appointments: –

Senzime shareholdings, personal and related parties: 1,183 shares and 70,000 staff stock options of series 2020/2024.



Anders Jacobson

Chief Innovation Officer

Employee since: 2016

Born: 1967

Education: Civilingenjör

Background: Broad experience of research & development. Senior positions in life science companies, and in technical consulting. Previous positions include research and development, manufacture, servicing and technical sales in an international environment.

Other appointments: Director of Klaria Pharma Holding AB and Deputy Director of MD Biomedical AB.

Senzime shareholdings, personal and related parties: 11,000 shares and 80,000 staff stock options of series 2020/2024.

Shareholdings as of December 31, 2022.



Fredrik Norrby

Chief Technology Officer

Employee since: 2020

Born: 1976

Education: M.Sc. (Eng.) in information technology

Background: 20 years' experience of development work, mostly in medical devices. Previously served as a consultant at Prevas, with assignments including St. Jude Medical and Maquet Critical Care.

Other appointments: –

Senzime shareholdings, personal and related parties: 30,000 staff stock options of series 2020/2024 and 50,000 of series 2021/2025



Anders Selin

Executive Vice President of Sales

Employee since: 2019

Born: 1962

Education: Brian Tracy Business School and Lean Six Sigma Green Belt

Background: 30 years' experience of service for global listed medical device companies in sales, marketing, technical services and product development in senior positions such as Vice President and General Manager for the US, EMEA, Asia and Latin America. Most recently as head of strategic programs and projects at the Karolinska Hospital, and head of development and management of medical care technology.

Other appointments: –

Senzime shareholdings, personal and related parties: 100,000 staff stock options of series 2020/2023 and 80,000 staff stock options of series 2020/2024.



Paula Treutiger

Head of Communication & Investor Relations

Employee since: 2022

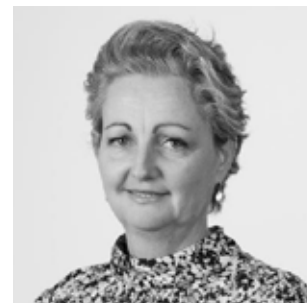
Born: 1967

Education: MBA

Background: Global Head of Communications at Sobi, SVP Head of Communications & IR at Sobi, Director of Corporate Communication & Investor Relations at Medcover, Corporate Communications, IR and Sustainability Meda, Portfolio Manager Swedbank Robur, VP of Corporate Communications at Gambro, Financial Analyst at Carnegie and Alfred Berg.

Other appointments: –

Senzime shareholdings, personal and related parties: –



Johanna Tulkki

Chief Operating Officer

Employee since: 2020

Born: 1970

Education: B.Sc. in Mechanical Engineering

Background: 30 years' professional experience of medical device products in production setups, supply chain and development. Most recent previous position as COO of Coala Life, and prior to that, various management positions with companies including Cavid, St Jude Medical and Radi Medical Systems AB.

Other appointments: –

Senzime shareholdings, personal and related parties: 65,000 staff stock options of series 2020/2024.

Shareholdings as of December 31, 2022.

Five-year summary

Financial performance summary – group

INCOME STATEMENT	2022	2021	2020	2019	2018
SEK 000					
Net sales	14,034	10,980	9,337	6,711	3,214
Cost of goods sold	-18,429	-15,903	-17,236	-13,650	-6,748
Gross profit (loss)	-4,395	-4,923	-7,899	-6,939	-3,534
Total overheads	-133,848	-80,235	-39,331	-27,179	-21,119
Other operating income and other operating expenses	4,338	967	-1,636	-111	112
Earnings before interest and taxes	-133,905	-84,191	-48,866	-34,229	-24,541
Net financial income/expense	-453	-98	-125	-37	-50
Profit (loss) after financial items	-134,358	-84,289	-48,991	-34,266	-24,591
Income tax	1,658	2,146	1,547	1,548	516
Profit (loss) for the year	-132,700	-82,143	-47,444	-32,718	-24,075
BALANCE SHEET	2022	2021	2020	2019	2018
SEK 000					
Intangible assets	243,328	74,159	82,168	93,533	99,261
Property, plant and equipment	2,285	1,286	238	120	179
Right-of-use assets	13,781	1,884	2,632	542	909
Other financial assets	4,084	1,735	-	-	-
Inventories	21,652	8,834	3,950	2,437	961
Trade receivables	4,210	4,936	3,285	2,528	2,731
Other current assets	7,305	6,916	6,310	1,049	1,288
Cash and cash equivalents	26,035	74,872	160,310	30,898	32,666
Total assets	322,680	174,622	258,893	131,107	137,995
Equity	261,903	150,580	231,346	109,970	111,984
Non-current liabilities and provisions	38,753	12,064	13,106	13,457	15,225
Current liabilities	22,024	11,978	14,441	7,680	10,786
Total equity and liabilities	322,680	174,622	258,893	131,107	137,995
CASH FLOW	2022	2021	2020	2019	2018
Cash flow from operating activities before change in working capital	-116,787	-71,655	-36,591	-22,608	-20,585
Cash flow from change in working capital	-19,991	-9,673	-1,744	-3,961	3,161
Cash flow from operating activities	-136,778	-81,328	-38,335	-26,569	-17,424
Cash flow from investing activities	-4,977	-2,974	-327	-3,766	-9,269
Cash flow from financing activities	92,364	-945	167,689	28,565	50,621
Cash flow for the year	-49,391	-85,247	129,027	-1,770	23,928
Cash and cash equivalents at end of year	26,035	74,872	160,310	30,898	32,666
KEY PERFORMANCE INDICATORS	2022	2021	2020	2019	2018
Gross margin excl. amortization (%)	62.0	54.3	40.9	57.6	6.6
EBITDA	-118,353	-73,303	-37,148	-21,823	-19,103
Equity/assets ratio (%)	81.2	86.3	89.4	83.9	81.2
Weighted average number of shares, before dilution	66,627,234	62,493,290	56,199,776	50,098,102	44,154,382
Weighted average number of shares, after dilution	66,627,234	62,679,957	56,353,496	50,160,009	44,154,382
Earnings per share, basic, SEK	-1.99	-1.31	-0.84	-0.65	-0.55
Earnings per share, diluted, SEK	-1.99	-1.31	-0.84	-0.65	-0.55
Average number of employees	45	29	15	12	10

Financial information

Consolidated Statement of Comprehensive Income

SEK 000	Note	2022	2021
Net sales	5	14,034	10,980
Cost of goods sold	6,19,20	-18,429	-15,903
Gross profit (loss)		-4,395	-4,923
Development expenditure	7.9	-19,463	-12,527
Selling expenses	7.9	-70,045	-39,533
Administrative expenses	7,8,9,10	-44,340	-28,175
Other operating income	12,15	16,461	2,884
Other operating expenses	11,15	-12,123	-1,917
Earnings before interest and taxes		-133,905	-84,191
Financial expenses	13	-453	-98
Financial items		-453	-98
Profit (loss) after financial items		-134,358	-84,289
Income tax	14	1,658	2,146
Profit (loss) for the year		-132,700	-82,143
Other comprehensive income:			
Items reclassifiable to profit or loss			
Exchange differences on translation of foreign operations		2,348	-580
Other comprehensive income for the year		2,348	-580
Total comprehensive income for the year		-130,352	-82,723

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

Earnings per share, based on net profit (loss) attributable to equity holders of the parent	Note	2022	2021
Weighted average number of shares, before dilution		66,627,234	62,493,290
Weighted average number of shares, after dilution		66,627,234	62,679,957
Earnings per share, basic and diluted, SEK	16	-1.99	-1.31

The notes on pages 51 to 76 are integral to the consolidated accounts.

Consolidated Balance Sheet

SEK 000	Note	Dec. 31, 2022	Dec. 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	19	243,328	74,159
Property, plant and equipment	20	2,285	1,286
Right-of-use assets	21	13,781	1,884
Other financial assets	22, 23	4,084	1,735
Total non-current assets		263,478	79,064
CURRENT ASSETS			
Inventories	25	21,652	8,834
Trade receivables	24,26	4,210	4,936
Prepaid tax		838	222
Other receivables	27	4,746	5,422
Prepaid expenses and accrued income	28	1,721	1,272
Cash and cash equivalents	24,29	26,035	74,872
Total current assets		59,202	95,558
TOTAL ASSETS		322,680	174,622

The notes on pages 51 to 76 are integral to the consolidated accounts.

Consolidated Balance Sheet, cont.

SEK 000	Note	Dec. 31, 2022	Dec. 31, 2021
EQUITY AND LIABILITIES			
Equity	30		
Share capital		8,735	7,812
Other paid-up capital		636,729	397,553
Reserves		4,302	1,333
Accumulated profit or loss inc. profit (loss) for the year		-387,863	-256,118
Total equity		261,903	150,580
LIABILITIES			
Non-current liabilities and provisions			
Provisions	22	2,886	1,735
Lease liability	21,37	10,506	617
Deferred tax liabilities	31	25,361	9,712
Total non-current liabilities and provisions		38,753	12,064
Current liabilities			
Lease liability	21,37	2,537	1,017
Trade payables	24	7,318	3,941
Other current liabilities	32	3,346	2,062
Accrued expenses	33	8,823	4,958
Total current liabilities		22,024	11,978
Total liabilities		60,777	24,042
TOTAL EQUITY AND LIABILITIES		322,680	174,622

The notes on pages 51 to 76 are integral to the consolidated accounts.

Consolidated Statement of Changes in Equity

SEK 000	Note	Share capital	Attributable to equity holders of the parent			Total equity
			Other paid-up capital	Reserves	Retained earnings inc. profit (loss) for the year	
Opening balance, January 1, 2021		7,812	397,553	1,913	-175,932	231,346
Net profit (loss)					-82,143	-82,143
Other comprehensive income				-580		-580
Total comprehensive income for the year		0	0	-580	-82,143	-82,723
Transactions with shareholders in their capacity as owners						
Share-based payment	10				1,957	1,957
Closing balance, December 31, 2021		7,812	397,553	1,333	-256,118	150,580
Opening balance, January 1, 2022		7,812	397,553	1,333	-256,118	150,580
Adjustment of translation difference				621	-621	
Adjusted opening balance January 1, 2022		7,812	397,553	1,954	-256,739	150,580
Net profit (loss)					-132,700	-132,700
Other comprehensive income				2,348		2,348
Total comprehensive income for the year		-	-	2,348	-132,700	-130,352
Transactions with shareholders in their capacity as owners						
Set-off issue in acquisition		168	130,804			130,972
Expenses related to share issues			-244			-244
Set-off of liabilities		97	14,286			14,383
Directed cash issue		658	99,342			100,000
Expenses related to share issues			-5,012			-5,012
Share-based payment	10				1,576	1,576
Closing balance, December 31, 2022		8,735	636,729	4,302	-387,863	261,903

The notes on pages 51 to 76 are integral to the consolidated accounts.

Consolidated Statement of Cash Flows

SEK 000	Note	2022	2021
Cash flow from operating activities			
Earnings before interest and taxes		-133,905	-84,191
Adjustment for non-cash items:			
- Depreciation and amortization		15,550	10,987
- Other non-cash items		1,831	1,920
Interest paid		-23	-98
Income tax paid		-240	-273
Cash flow from operating activities before change in working capital		-116,787	-71,655
Cash flow from change in working capital			
Increase/decrease in inventories		-5,496	-5,086
Increase/decrease in trade receivables		1,862	-1,651
Increase/decrease in other operating receivables		6,583	-413
Increase/decrease in trade payables		1,388	-777
Increase/decrease in other trade payables		-24,328	-1,746
Total change in working capital		-19,991	-9,673
Cash flow from operating activities		-136,778	-81,328
Cash flow from investing activities			
Investments in tangible assets	20	-979	-1,171
Investments in intangible assets	19	-4,129	-1,803
Investments in participations in group companies	36	131	-
Cash flow from investing activities		-4,977	-2,974
Cash flow from financing activities			
Payments made for repayment of lease liabilities	21	-2,380	-945
Directed cash issue		100,000	-
Expenses related to share issues		-5,256	-
Cash flow from financing activities		92,364	-945
Decrease/increase in cash and cash equivalents		-49,391	-85,247
Cash and cash equivalents at beginning of year		74,872	160,310
Kursdifferenser i cash and cash equivalents		554	-191
Cash and cash equivalents at end of year		26,035	74,872

The acquisition of Respiratory Motion Inc. was executed through a set-off issue, and accordingly, no payment was involved, see note 36 Business combinations.

The notes on pages 51 to 76 are integral to the consolidated accounts.

Parent Company Income Statement

SEK 000	Note	2022	2021
Net sales	5	13,643	15,450
Cost of goods sold	6	-8,564	-9,316
Gross profit (loss)		5,079	6,134
Development expenditure	7,9	-14,728	-12,527
Selling expenses	7,9	-64,491	-28,173
Administrative expenses	7,8,9,10	-25,007	-37,994
Other operating income	12, 15	16,043	2,788
Other operating expenses	11, 15	-12,073	-2,085
Earnings before interest and taxes		-95,177	-71,857
Profit (loss) from financial items			
Interest income and similar profit/loss items	13	1,598	-
Interest expenses and similar profit/loss items	13	-2	-14
Total profit (loss) from financial items		1,596	-14
Profit (loss) after financial items		-93,581	-71,871
Income tax	14	-	-
Profit (loss) for the year		-93,581	-71,871

In the parent company there are no items reported as comprehensive income, so total comprehensive income is the same as profit (loss) for the year.

The notes on pages 51 to 76 are integral to the parent company accounts.

Parent Company Balance Sheet

SEK 000	Note	Dec. 31, 2022	Dec. 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	19	20,914	18,579
Property, plant and equipment	20	1,457	984
Financial assets	18,23,35	246,194	34,786
Total non-current assets		268,565	54,349
CURRENT ASSETS			
Inventories	25	13,663	7,153
Trade receivables	26	1,458	3,436
Receivables hos group companies	35	2,560	3,180
Current tax asset	27	838	1,166
Other receivables	27	4,398	3,835
Prepaid expenses and accrued income	28	1,987	1,329
Cash and bank balances	29	20,434	74,173
Total current assets		45,338	94,272
TOTAL ASSETS		313,903	148,621

The notes on pages 51 to 76 are integral to the parent company accounts.

Parent Company Balance Sheet, cont.

SEK 000	Note	Dec. 31, 2022	Dec. 31, 2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	30	8,735	7,812
Statutory reserve		3,839	3,839
Development fund		19,983	17,289
		32,557	28,940
Non-restricted equity			
Share premium reserve		612,906	376,426
Accumulated profit or loss		-284,164	-213,891
Profit (loss) for the year		-93,581	-71,871
		235,161	90,664
Total equity		267,718	119,604
Non-current liabilities			
Provisions	22	2,886	1,735
Total non-current liabilities		2,886	1,735
Current liabilities			
Trade payables		5,820	3,852
Liabilities to group companies	35	29,617	16,837
Other current liabilities	32	3,077	1,889
Accrued expenses and deferred income	33	4,785	4,704
Total current liabilities		43,299	27,282
TOTAL EQUITY AND LIABILITIES		313,903	148,621

The notes on pages 51 to 76 are integral to the parent company accounts.

Parent Company Statement of Changes in Equity

SEK 000	Note	Share capital	Statutory reserve	Development fund	Share premium reserve	Retained earnings inc. profit (loss) for the year	Total equity
Opening balance, January 1, 2021		7,812	3,839	16,920	376,795	-215,849	189,518
Profit (loss) for the year and other comprehensive income						-71,871	-71,871
Total comprehensive income		0	0	0	0	-71,871	-71,871
Transactions with shareholders in their capacity as owners							
Provision to development fund				369	-369		0
Share-based payment	10					1,957	1,957
Total transactions with shareholders in their capacity as owners		0	0	369	-369	1,957	1,957
Closing balance, December 31, 2021		7,812	3,839	17,289	376,426	-285,762	119,604
Opening balance, January 1, 2022		7,812	3,839	17,289	376,426	-285,762	119,604
Profit (loss) for the year and other comprehensive income						-93,581	-93,581
Total comprehensive income		0	0	0	0	-93,581	-93,581
Transactions with shareholders in their capacity as owners							
Provision to development fund				2,694	-2,694		0
Set-off issue in acquisition		168			130,804		130,972
Set-off of liabilities		97			14,286		14,383
Expenses related to share issue					-244		-244
Directed cash issue		658			99,342		100,000
Expenses related to share issue					-5,014		-5,014
Share-based payment	10					1,598	1,598
Total transactions with shareholders in their capacity as owners		923	0	2,694	236,480	1,598	241,695
Closing balance, December 31, 2022		8,735	3,839	19,983	612,906	-377,745	267,718

The notes on pages 51 to 76 are integral to the parent company accounts.

Parent Company Cash Flow Statement

SEK 000	Note	2022	2021
Cash flow from operating activities			
Earnings before interest and taxes		-95,177	-71,857
Adjustments for non-cash items			
- Depreciation and amortization		2,046	1,867
- Other non-cash items		1,598	1,957
Interest paid		-2	-14
Interest received		1,598	-
Income tax paid		-240	-273
Cash flow from operating activities before change in working capital		-90,177	-68,320
Cash flow from changes in working capital			
Change in inventories		-6,510	-3,665
Change in trade receivables		2,601	-684
Change in other current operating receivables		-255	-1,465
Change in trade payables		14,977	-819
Change in other current trade payables		14,989	14,004
Total change in working capital		25,832	7,371
Cash flow from operating activities		-64,345	-60,949
Cash flow from investing activities			
Investments in intangible assets	20	-4,126	-1,803
Investments in tangible assets	19	-727	-862
Increase in long-term financial investments		-62,518	-21,345
Acquisition of participations in subsidiaries	18	-16,767	-254
Cash flow from investing activities		-84,138	-24,264
Cash flow from financing activities			
New share issue		100,000	-
Issue expenses		-5,256	-
Cash flow from financing activities		94,744	-
Change in cash and bank balances		-53,759	-85,213
Cash and bank balances at beginning of year		74,173	159,386
Cash and bank balances at end of year		20,434	74,173

The notes on pages 51 to 76 are integral to the parent company accounts.

Note 1 Notes on the consolidated accounts

General information

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

Unless otherwise stated, all amounts are reported in thousands of Swedish kronor (SEK 000). Information in brackets is for the comparative year. The Board of Directors approved these consolidated accounts for publication on April 24, 2023.

Note 2 Summary of significant accounting policies

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

i) Basis of preparation of the financial statements

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

These annual accounts have been prepared in accordance with IFRS and the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the cost method. Preparing reports consistent with IFRS requires the application of a number of critical estimates for accounting purposes. This also requires Management to make certain judgements on the application of the group's accounting policies. Those segments involving a high degree of judgement, that are complex or such segments where assumptions and estimates are of material significance to the consolidated accounts, are stated in note 4.

ii) New standards to be applied from January 1, 2022

No new standards, interpretations or amendments that came into effect on January 1, 2022 have had any impact on the consolidated financial statements.

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

A number of new standards and interpretations come into effect for financial years beginning January 1, 2023 and later, and have not been applied when preparing these financial statements. No published standards and interpretations that have not yet come into effect have impacted the group.

2.1 Consolidated account

(a) Subsidiaries

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

Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between group companies are eliminated. The accounting policies of subsidiaries have been amended where applicable to guarantee consistent application of the group's policies.

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

2.2 Segment reporting

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

2.3 Translation of foreign currency

(i) Functional currency and presentation currency

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

(ii) Transactions and balance sheet items

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

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

(iii) Translation of foreign group companies

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

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

2.4 Revenue recognition

License rights to Sensime's intangible assets

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

Distinct license or integrated undertaking

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

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

For distinct licenses, Sensime judges whether a license the counterparty receives during an agreement term involves a right to use the intellectual property as it is when the license is issued, or right to access the intangible

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

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

Timing of recognition of fixed transaction prices for distinct licenses

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

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

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

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

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

Sale of goods

The group develops, manufactures and sells medical device solutions. The group's customer base consists both of various distributors and end-customers. The revenue from sales is recognized when control of the goods transfers to the customer, which is normally on delivery of the product. Delivery normally occurs when goods are transported to the specific site, the risks of obsolete or lost goods has transferred to the customer, and the customer has either accepted the goods in accordance with the agreement, the deadline for objections to the agreement has expired, or the group has objective evidence that all criteria for acceptance have been satisfied.

Senzime judges that no financing component applies at the time the group's goods are sold.

Senzime Inc. is party to "placement agreements," which means monitors are lent to hospitals against the hospital undertaking to purchase a specific minimum number of sensors. The revenue stream from these agreements consist of payment for the use of monitors and for the purchase of sensors. Revenues for sensors are recognized continuously. The monitors are leased on short-term contracts, i.e. operating leases. The monitors are booked from inventory and recognized as non-current assets with a depreciation period of seven years. Depreciation is accounted as cost of goods sold.

2.5 Current and deferred income tax

The tax expense for the period consists of current and deferred tax. Tax is recognized in the Consolidated Statement of Comprehensive Income, apart from when tax relates to items recognized in other comprehensive income, or directly in equity. In such cases, tax is also recognized in other comprehensive income and equity respectively.

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

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

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

2.6 Leases

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

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

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

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

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

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

Lease payments are discounted by an incremental borrowing rate.

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

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

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

Extension and cancellation options

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

2.7 Property, plant and equipment

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

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

- Equipment – 60–120 months

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

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

2.8 Intangible assets

Goodwill

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

Impairment tests are conducted by estimating the value in use of the cash-generating unit, which in this case is the group overall, because it consist of a single operating segment.

Patents and similar rights

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

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

- Patents and similar rights – 120-240 months

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

Capitalized expenditure for development work

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

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

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

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

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

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

Technology

Acquired technology consists of surplus values occurring in business combinations. Ongoing business combinations are reported at fair value on the acquisition date. They have a definite useful life and are recognized at cost less accumulated amortization and impairment.

Trademarks & brands

Trademarks & brands acquired in a business combination are reported at fair value on the acquisition date. Trademarks & brands are not amortized, but subject to impairment tests yearly, or more often if events or changes indicate impairment.

2.9. Impairment of non-financial assets

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

2.10 Financial instruments

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

a) First-time recognition

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

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

b) Financial assets classification and measurement

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

Financial assets measured at amortized cost

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

c) Financial liabilities – classification and measurement

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

d) Derecognition of financial assets and financial liabilities

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

e) Offsetting financial instruments

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

f) Impairment of financial assets

Assets recognized at amortized cost

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

g) Measuring and disclosing fair value

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

2.11 Trade receivables

Trade receivables are amounts attributable to customers for goods sold in operating activities. Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. The group holds trade receivables to collect contracted cash flows. Accordingly,

at subsequent reporting dates, trade receivables are measured at amortized cost using the effective interest method.

2.12 Cash and cash equivalents

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

2.13 Share capital

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

2.14 Trade payables

Trade payables are financial instruments and reflect the obligation to pay for goods and services purchased from suppliers in operating activities. Trade payables are classified as current liabilities if they become due within one year. If not, they are reported as non-current liabilities.

Trade payables are initially recognized at fair value, and subsequently at amortized cost using the effective interest method.

2.15 Public subsidies

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

2.16 Inventories

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

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

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

b) Pension obligations

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

In addition to this, Senzime has issued a pension promise to the CEO and two other senior managers, and subscribed to endowment insurance policies in tandem with this, which are pledged as security for these employees' pensions. The pension obligation means that the individuals receive the value of the endowment insurance less special employer's contributions, and accordingly, the obligations are recognized at the carrying amount of the endowment insurance. These endowment insurance policies are treated as plan assets and recognized as an asset, and the obligation as a provision, in the Balance Sheet, which means that their accounted net will always be zero, but where the company has decided not to account them net.

2.18 Share-based payment

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

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

The total expense is recognized over the vesting period: the period over which all the specified vesting terms should be satisfied. The group tests whether its judgement of how many shares are expected to be vested based on the non-market related vesting terms and service terms at the end of each reporting period. Potential variations from the original judgements that the test gives rise to are recognized in the Income Statement, and the corresponding restatements are made in equity.

The social security contributions arising on the granting of stock options are treated as an integrated part of granting, and this expense is treated as a cash-settled share-based payment.

2.19 Earnings per share

(i) Basic earnings per share

Basic earnings per share are computed by dividing:

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

(ii) Diluted earnings per share

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

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

2.20 Cash Flow Statement

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

2.21 Contingent consideration

Contingent consideration is classified as a financial liability. Amounts classified as financial liabilities are remeasured in each period at fair value. Any revaluation gains and losses are recognized in profit or loss. In stage acquisitions, the previous equity participations in the acquired company are remeasured at fair value at the acquisition date. Any gain or loss occurring due to the revaluation is recognized in profit or loss.

2.22 Parent company accounting policies

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

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

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

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

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

Participations in subsidiaries

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

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

Presentation

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

Shareholders' contributions

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

Financial instruments

The parent company does not apply IFRS 9. Instead, the parent company applies the item stated in RFR 2 (IFRS 9 Financial Instruments, P. 3-10).

Financial instruments are measured based on cost. In subsequent periods, financial assets acquired with the intention of holding for the short term are recognized pursuant to the lower of cost or market principle. Derivative instruments with negative value are recognized at this value.

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

Leased assets

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

Note 3 Financial risk management

3.1 Financial risk factors

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

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

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

(a) Market risk

Currency risk

The group is exposed to currency risks arising from different currency exposures, mainly in EUR, USD and GBP, because the company has most of its sales in these currencies. Within Sensime AB, currency risk primarily arises in cross-border trading, where pricing and invoicing is usually in EUR and USD. Although the majority of Sensime AB's expenses are denominated in SEK, procurement, primarily of raw materials, is in GBP and EUR. The exposure to currency risk in transactions should mainly be limited by matching the company's incoming and outgoing payments. The finance policy states that residual net exposure, net flow, can be currency hedged.

However, a maximum of 50 percent of the net flow may be hedged. Permitted hedging instruments are currency forwards and currency options (call and put options). However, such instruments may only be utilized with the Board of Directors' approval. As of December 31, 2022, and for all comparative periods, there were no outstanding derivative instruments.

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

	GBP	EUR	USD
Dec. 31, 2022			
Trade receivables	63	1,327	2,485
Trade payables	-109	-489	-2,088
Net	-46	838	397
Dec. 31, 2021			
Trade receivables	52	3,225	1,351
Trade payables	-756	-320	-85
Net	-704	2,905	1,266

Sensitivity analysis – transaction exposure

The material portion of the group's operating activities are conducted through the Swedish parent company. In 2021, there was a small Dutch subsidiary, a US subsidiary and a German subsidiary in the group. A US subsidiary was acquired in 2022. These subsidiaries expose the group to currency risk related to EUR and USD on the translation of their Balance Sheets and Income Statements.

If the Swedish krona had depreciated/appreciated by 10 percent in relation to the USD with all other variables constant, equity as of December 31, 2022 would have been TSEK 20,140 higher/lower (2021: TSEK 2,389), mainly because of translation of the US subsidiary's Income Statement and Balance Sheet.

If the Swedish krona had depreciated/appreciated by 10 percent in relation to the EUR with all other variables constant, equity as of December 31, 2022 would have been TSEK 2,144 (2021: TSEK 2,824) higher/lower, mainly because of translation of the German and Dutch subsidiaries' Income Statements and Balance Sheets.

If the Swedish krona had depreciated/appreciated by 10 percent in relation to the GBP, the translated profit after tax in 2022 would have been TSEK 5 (2021: 70) higher/lower, because of gains/losses on the translation of trade receivables and trade payables.

(b) Credit risk

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

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

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

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

(c) Liquidity risk

Through prudent liquidity management, the group ensures it has sufficient cash reserves to satisfy the needs of operating activities. The finance policy stipulates that sufficient cash and cash equivalents should always be available to cover a period of at least three months ahead.

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

(d) Refinancing risk

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

The following table analyzes the group's financial liabilities allocated to the period remaining as of the reporting date until contracted due date. The amounts stated in the table are the contracted undiscounted cash flows.

Future cash flows in foreign currency have been computed based on closing day rates.

	Less than 3 mths.	Between 3 mths. and 1 yr.	Between 1 and 2 yrs.r	Between 2 and 5 yrs.	More than 5 yrs.	Total contracted cash flows	Carrying amount
As of December 31, 2021							
Financial liabilities							
Lease liability	250	788	537	59	-	1,634	1,634
Trade payables	3,941	-	-	-	-	3,941	3,941
Total	4,191	788	537	59	-	5,575	5,575
As of December 31, 2022							
Financial liabilities							
Lease liability	908	2,300	2,738	6,868	2,503	15,317	13,042
Trade payables	7,318	-	-	-	-	7,318	7,318
Total	8,226	2,300	2,738	6,868	2,503	22,635	20,360

3.2 Measuring and disclosing fair value

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

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

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

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

The acquisition of RMI includes an agreement on contingent consideration payable if RMI achieves certain milestones during the calendar year 2023. Senzime's opinion is that no contingent consideration will be payable, and accordingly, it has been reported at zero.

3.3 Management of capital

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

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

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

The equity/assets ratios as of December 31, 2022 and 2021 are stated in the following table:

	2022	2021
Equity	261.9	150.6
Total assets	322.7	174.6
Equity/assets ratio	81.2%	86.3%

Note 4

Critical estimates and judgements for accounting purposes

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

a) Estimates and judgements associated with deductible deficits

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

b) estimates and judgements associated with capitalized development expenditure and acquires technology

Development of expenses are capitalized pursuant to the accounting policies of section 2.8 intangible assets in the capitalized expenditure for development work and technology section. Each year, the group tests capitalized development expenditure and technology for impairment. Impairment tests have been conducted at product level for CliniSenz®, OnZur® Probe, TetraGraph® and ExSpiron®. Recoverable amount has been determined by measuring value in use. The impairment tests demonstrated that there was no impairment as of December 31, 2022. At the end of the financial year, the value of the group's capitalized development expenses was SEK 67.8 m (73.0) for the products CliniSenz®, OnZur® Probe and TetraGraph®. At the end of the financial year, the value of the group's technology was SEK 53.7 m (0) for the product ExSpiron®.

c) License agreements

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

Impairment tests for goodwill, trademarks & brands

Goodwill is tested for impairment each year when preparing the annual financial statements, or as soon as changes indicate that it may be impaired. The test is conducted by estimating the value in use of the cash-generating unit to which the goodwill value relates, which in Senzime's case is the group overall, because this consists of a single operating segment. Forecasts of the group's expected future cash flows that are the basis of computation (discounted cash flow measurement) are determined by Senzime's management, whose judgements are based on the company's own expectations of the future, and previous experience. In the impairment test, management also makes a number of assumptions in its discount model, which can have a substantial impact to the outcome of measurement. For more information, see note 19 for a review of critical

assumptions and a sensitivity analysis. Impairment is concluded when the recoverable amount is less than the carrying amount, and impairment is reported in profit or loss. In the year, the group acquired the company Respiratory Motion Inc., which means goodwill increased by SEK 108.1 m. At the end of the financial year, consolidated goodwill was SEK 108.9 m (0.8). Acquired brand assets are also tested for impairment each year, or more often if changes indicate that they might be impaired. The recoverable amount of the group's capitalized trademarks & brands is measured for the group overall, because the whole group is a single operating statement and a single cash-generating unit. At the end of the financial year, the value of the group's trademarks & brands was SEK 12.7 m (0), and this brand relates to the acquisition of Respiratory Motion Inc.

Note 5 Net sales**Revenue**

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

	Group		Parent company	
	2022	2021	2022	2021
Revenue from external customers				
Instruments/other	6,686	5,570	7,902	10,201
of which royalty income	272	270	272	270
Disposable sensors	7,348	5,410	5,741	5,249
Total	14,034	10,980	13,643	15,450

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

	Group		Parent company	
	2022	2021	2022	2021
Sweden	802	462	802	462
USA	7,666	4,092	7,569	8,632
Europa/Oceania	5,007	3,153	4,713	3,083
Asia	559	3,273	559	3,273
Total	14,034	10,980	13,643	15,450

Revenue of approx. TSEK 1,419 (2021: TSEK 2,983) is for a single external customer.

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

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Netherlands	54,879	63,771	-	-
USA	67,206	302	-	-
Germany	22	-	-	-
Sweden	14,373	10,177	14,373	10,177
Total	136,480	74,251	14,373	10,177

Note 6 Cost of goods sold

	Group		Parent company	
	2022	2021	2022	2021
Cost of materials	3,862	4,507	5,619	7,051
Personnel expenses	672	144	672	147
External services	537	365	342	361
Depreciation and amortization	13,358	10,887	1,931	1,757
Total	18,429	15,903	8,564	9,316

Note 7 Selling, administration and development expenditure by cost class

	Group		Parent company	
	2022	2021	2022	2021
Personnel expenses	72,905	46,894	33,203	29,487
Consulting expenses	22,285	22,063	17,241	20,927
Depreciation and amortization	501	99	335	100
Other expenses	38,157	11,179	53,447	28,179
Total	133,848	80,235	104,226	78,694

Note 8 Reimbursement of auditors

	Group		Parent company	
	2022	2021	2022	2021
PwC				
– Audit	1,345	1,339*	1,345	1,339*
– Other auditing services outside audit	786	60	786	60
– Tax consultancy	199	973	199	973
– Other services	2,838	532	2,838	532
Total	5,168	2,904	5,168	2,904

Note 9 Employee benefits, etc.

	Group		Parent company	
	2022	2021	2022	2021
Salary and other benefits	55,140	31,899	20,564	16,771
Social security contributions	9,181	7,309	6,329	5,929
Pension expenses – defined contribution plans	5,629	5,247	4,831	4,772
Total employee benefits	69,950	44,455	31,724	27,472

Salary, other benefits and social security expenses

	2022		2021	
	Salary and other benefits	Social security expenses (of which pension expenses)	Salary and other benefits	Social security expenses (of which pension expenses)
Directors, CEOs and other senior managers	13,989	7,658	11,851	8,293
– of which pension expense		3,628		3,677
Other employees	41,151	7,152	20,048	4,263
– of which pension expense		2,001		1,570
Group total	55,140	14,810	31,899	12,556

Note 9 Employee benefits, etc. (cont.)

	2022		2021	
	Salary and other benefits	Social security expenses (of which pension expenses)	Salary and other benefits	Social security expenses (of which pension expenses)
Directors, CEOs and other senior managers	10,118	7,145	8,922	7,095
– of which pension expense		3,494		3,454
Other employees	10,446	4,015	7,849	3,605
– of which pension expense		1,337		1,318
Parent company total	20,564	11,160	16,771	10,700

Average number of employees with geographical location by country

	2022		2021	
	Average no. of employees	Of which men	Average no. of employees	Of which men
Sweden	25	11	19	8
USA	16	11	8	7
Germany	4	1	2	1
Group total	45	23	29	16

	2022		2021	
	Average no. of employees	Of which men	Average no. of employees	Of which men
Sweden	25	11	19	8
Parent company total	25	11	19	8

Gender division in the group (inc. subsidiaries) of Directors and other senior managers

	2022		2021	
	No. on reporting date	Of which men	No. on reporting date	Of which men
Directors	7	4	5	4
CEO and other senior managers	8	4	8	4
Group total	14	8	13	8

Salary and other benefits 2022

	Basic salary/ Directors' fee	Variable remuneration	Other benefits	Share-based payment	Pension expense	Consulting fee	Total
Chairman of the Board – Philip Siberg	450	-	-	-	-	-	450
Director – Adam Dahlberg	210	-	-	-	-	-	210
Director – Sorin J Brull	-	-	-	-	-	1,224	1,224
Director – Lennart Kalén	210	-	-	-	-	-	210
Director – Eva Walde	210	-	-	-	-	-	210
Director – Laura Piccinini	96	-	-	-	-	-	96
Director – Jenny E Freeman	-	-	-	-	-	643	643
CEO – Pia Renaudin	1,596	1,082	79	154	978	-	3,889
Other senior managers (7 people)	9,249	1,339	101	675	2,650	-	14,014
Total	12,021	2,421	180	829	3,628	1,867	20,946

Consulting fees are for medical expertise.

The CEO's paid bonus for 2022 amounted to SEK 1,082,000, the difference to the reserved bonus of SEK 450,000 is due to the fact that final bonus exceeded the reserve. For further information, refer to the remuneration report.

Salary and other benefits 2021

	Basic salary/ Directors' fee	Variable remuneration	Other benefits	Share-based payment	Pension expense	Consulting fee	Total
Chairman of the Board – Philip Siberg	400	-	-	-	-	-	400
Director – Adam Dahlberg	200	-	-	-	-	-	200
Director – Sorin J Brull	-	-	-	-	-	1,072	1,072
Director – Lennart Kalén	200	-	-	-	-	-	200
Director – Eva Walde	200	-	-	-	-	-	200
CEO – Pia Renaudin	1,528	200	91	223	933	-	3,035
Other senior managers (7 people)	7,858	1,015	18	1,212	2,684	-	12,787
Total	10,386	1,215	109	1,435	3,677	1,072	17,894

Consulting fees are for financial services and medical expertise.

Other benefits are company cars and healthcare.

Guidelines for remunerating the CEO and other senior managers

Remuneration to the Chief Executive Officer and other senior managers consists of fixed salary, variable compensation, other benefits, pension etc. Other senior managers are the eight individuals that make up group management with the CEO.

Variable compensation should relate to the outcome of the company's targets and strategies and should be based on predetermined and measurable criteria designed to promote long-term value creation.

Variable compensation of the CEO and other senior managers may be a maximum of 25 percent of yearly fixed salary.

The group has defined contribution pension plans only. Pension benefits should be defined contribution, to the extent the manager is not covered by defined benefit pensions under the compulsory terms of collective bargaining agreements.

The pension premiums of defined contribution pensions may be a maximum of 40 percent of the senior manager's yearly fixed salary. No pension commitments have been satisfied for directors that are not permanent employees of a group company.

Senzime has arranged endowment insurance policies for the CEO and two other senior managers, pledged as security for the pension promise made to these individuals. The pension expenses associated with these policies is included in pension expenses in the disclosure on remuneration of the CEO and other senior managers above. For more disclosures, see section 2.17 b).

Other benefits may include company cars, corporate healthcare, life and health insurance, and other similar benefits. Other benefits should be a minor portion of total compensation, and may correspond to a maximum of 10 percent of the senior manager's yearly fixed salary.

For the CEO, the notice period for termination by the company should be a maximum of 12 months, while the notice period for termination by the CEO should be a maximum of six months. For senior managers other than the CEO, the notice period on termination by the company should be a minimum of three months, and a maximum of 12 months, while the notice period for termination by the senior manager should be a minimum of three months, and a maximum of six months, unless otherwise required by law. Severance pay may be due to the senior manager on termination by the company. Fixed salary beyond notice periods and severance pay may not exceed a total amount corresponding to one year's fixed salary.

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

Dec. 31, 2022	-
Dec. 31, 2021	400,000

The CEO held the following number of staff stock options as of each reporting date:

Dec. 31, 2022	100,000
Dec. 31, 2021	100,000

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

Dec. 31, 2022	485,000
Dec. 31, 2021	700,000

For more information on programs, see note 10.

Note 10 Share-based payment

Stock option programs

A summary of the group's current/previous stock option plans for any of the periods covered by the annual accounts 2022 follows.

Staff stock option program 2020/2023

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

Staff stock option program 2020/2024

The EGM of July 2, 2020 also approved a program involving 1,100,000 options. Staff stock options can be offered and granted to employees of the company based on participants' individual performance during an assessment period that will run until December 31, 2020 (the "Assessment Period").

Granted staff stock options will be vested over three years as follows: 20 percent of granted staff stock options vested on February 1, 2022; 20 percent of granted staff stock options vested on February 1, 2023; and 60 percent of granted staff stock options vested on February 1, 2024. Participants can exercise granted and vested staff stock options in the period February 1, 2024 to April 30, 2024. The subscription price has been set at SEK 24.70, which is 125 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm's Main Market in a period of 20 trading days from the date of the shareholders' meeting resolution onwards. In total, 737,000 of these 1,100,000 options were granted in February 2021, with the following allocation: CEO: 100,000 staff stock options; members of management total: 500,000 staff stock options (highest individual granting 90,000); other employees: 225,000 (highest individual granting 30,000). The market value at granting was SEK 4.70 per option.

Staff stock option program 2021/2025

The AGM of May 11, 2021 resolved on another staff stock option program involving 456,050 options. These staff stock options will be offered and granted to employees, although not the CEO or other members of the company's management, and based on participants' individual performance during an assessment period that will continue until December 31, 2021 inclusive (the "Assessment Period"). However, granting may be earlier or later subject to special decision by the Board of Directors. The maximum number of staff stock options that can be granted to participants is 50,000 per person.

Granted staff stock options are vested over three years as follows: 20 percent of granted staff stock options vested on February 1, 2023; 20 percent of granted staff stock options vested on February 1, 2024; and 60 percent of granted staff stock options vested on February 1, 2025. Participants can exercise granted and vested staff stock options in the period February 1, 2025 to April 30, 2025. The subscription price has been set at SEK 28.10, which is 125 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm's Main Market in a period of 20 trading days from the grant date.

In total, 435,000 of these 456,050 options were granted in February 2022. All options were granted to other employees. The market value at granting was SEK 2.68 per option.

Staff stock option program 2022/2026

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

Granted staff stock options are vested over three years as follows: 20 percent of granted staff stock options vested on February 1, 2024; 20 percent of granted staff stock options vested on February 1, 2025; and 60 percent of granted staff stock options vested on February 1, 2026. Participants can exercise granted and vested staff stock options in the period February 1, 2026 to February 28, 2027. The subscription price has been set at SEK 30.00. All these 900,000 options were granted in February 2023.

A summary of outstanding share warrants follows:

	2022		2021	
	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)
As of January 1	12.00	400	12.00	400
Granted	-	-	-	-
Expired	-12.00	-400	-	-
As of December 31	-	-	12.00	400

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

	2022		2021	
	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)
As of January 1	24.70	925	24.70	100
Granted	28.10	435	24.70	880
Forfeited	24.70	-88	24.70	-55
As of December 31	25.90	1,272	24.70	925

Grant date	Expiration date	Exercise price	Staff stock options December 31, 2022 (000)	Staff stock options December 31, 2021 (000)
Jul. 2, 2020	Sep. 30, 2023	24.70	100	100
Feb. 1, 2021	Apr. 30, 2024	24.70	737	825
Feb. 1, 2022	Apr. 30, 2025	28.10	435	-
Total			1,272	925

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

1.6

Fair value of granted staff stock options

The estimated fair value on the grant date for options granted in 2022 was SEK 2.68 per option (2021: SEK 4.87). Fair value on the grant date is computed with the aid of an adapted version of the Black & Scholes valuation model.

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

- a) the options were granted free of charge invested over a three-year period. Vested options can be exercised within two months of vesting
- b) exercise price: SEK 28.10
- c) grant date: February 1, 2022
- d) expiration date: April 30, 2025
- e) share price at grant date: SEK 20.40
- f) expected volatility of the company's share price: 35 percent
- g) risk-free interest rate: 0 percent

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

The total expense recognized in the Income Statement for staff stock options is TSEK 1,189 (2021: TSEK 2,362). The total carrying amount of liabilities related to share-based payments on the reporting date is TSEK 10 (2021: TSEK 419).

Note 11 Other operating expenses

	Group		Parent company	
	2022	2021	2022	2021
Loss on sale of property, plant and equipment	44	-	-	-
Loss on sale of intangible assets	-	-	-	-
Exchange losses	12,079	1,917	12,073	2,085
Total	12,123	1,917	12,073	2,085

Note 12 Other operating income

	Group		Parent company	
	2022	2021	2022	2021
Gain on sale of intangible assets	-	22	-	-
Exchange gains	16,134	2,784	15,938	2,778
Other operating income	327	78	105	10
Total	16,461	2,884	16,043	2,788

Note 13 Financial expenses and income

	Group		Parent company	
	2022	2021	2022	2021
Interest expenses, lease liability	-430	-79	-	-
Other financial expenses	-23	-19	-2	-14
Interest income, group companies	-	-	1,598	-
Total financial expenses and income	-453	-98	1,596	-14

Note 14 Income tax

	Group		Parent company	
	2022	2021	2022	2021
Current tax:				
Current tax on profit (loss) for the year	-	-	-	-
Adjustments for previous years	-	-	-	-
Total current tax	-	-	-	-
Deferred tax (note 31)				
Occurrence and reversal of temporary differences	1,658	2,146	-	-
Effect of changed tax rate	-	-	-	-
Total deferred tax	1,658	2,146	-	-
Total income tax	1,658	2,146	-	-

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

	Group		Parent company	
	2022	2021	2022	2021
Profit (loss) before tax	-134,358	-84,289	-93,581	-71,871
Income tax computed at tax rate in Sweden 2022 (2021: 20.6%)	27,678	17,364	19,278	14,805
Tax effects of:				
Non-deductible expenses	-381	-554	-381	-554
Non-taxable revenue	1,082	-	1,082	-
Tax effect of foreign tax rates	-619	-391	-	-
Unreported temporary differences, loss carry-forwards	-26,102	-14,272	-19,979	-14,251
Change in deferred tax	-	-	-	-
Income tax	1,658	2,146	0	0

The weighted average tax rate for the group was 21.1% (2021 21.1%).

Note 15 Exchange differences - net

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

	Group		Parent company	
	2022	2021	2022	2021
Other operating expenses (note 11)	-12,079	-1,917	-12,073	-2,085
Other operating income (note 12)	16,134	2,784	15,938	2,778
Total	4,055	867	3,865	693

Note 16 Earnings per share

Earnings per share are computed by dividing profit for the year by a weighted average number of outstanding ordinary shares in the period. Senzime has had potential ordinary shares in the form of staff stock options. However, these did not cause any dilution effect for 2021 and 2022, because conversion to ordinary shares would result in a lower loss per share. In 2021, Senzime had potential ordinary shares in the form of share warrants, which caused a dilution effect for 2021.

	Group	
	2022	2021
SEK		
Basic earnings per share	-1.99	-1.31
Diluted earnings per share	-1.99	-1.31
Earnings measures for computing earnings per share		
Earnings attributable to equity holders of the parent for computing basic and diluted earnings per share		
Earnings attributable to equity holders of the parent, SEK 000	-132,701	-82,143
Number		
Weighted average number of ordinary shares for computing basic earnings per share	66,627,234	62,493,290
Adjustment for computing diluted earnings per share:		
- Options	-	186,667
Weighted average number of ordinary shares and potential ordinary shares used as the denominator for computing diluted earnings per share	66,627,234	62,679,957

Note 17 Alternative performance measures

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

Key performance indicators	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 excl. amortization because it illustrates the impact of amortization of capitalized development expenditure on gross margin.
Earnings before interest, taxes and amortization	Earnings before interest and taxes excl. amortization of intangible assets	The group uses the alternative performance measure EBITA because it illustrates the impact of amortization of capitalized development expenditure on EBIT.
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 total assets that consist of equity, and has been included so investors will be able to assess the group's capital structure.
Items affecting comparability	Items of significant value that have no clear connection to ordinary operations and are of such nature that they cannot be expected to occur often. They might be acquisitions, major one-off orders, other unusual non-recurring revenue and expenses, capital gains/losses from divestment, restructuring expenses and impairment.	Offers a better understanding of the group's underlying operations.
Currency fluctuations	Adjusted for currency fluctuation on the net sales of operations excludes the effect of exchange rates by re-calculating the net sales of operations for the relevant period by applying the exchange rate used for the comparative period.	This metric is important to understand the underlying progress of operations and increase comparability between the periods.

Note 18 Investments in subsidiaries

The group had the following subsidiaries as of December 31, 2022:

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

Parent company innehar andelar i följande subsidiaries:

Name	Org-nr	Reg. office, country of registration and operation	No. of shares	Book value Dec. 31, 2022	Book value Dec. 31, 2021
First-tier subsidiaries					
Acacia Designs B.V.	59697059	Maastricht, Netherlands	6,333	4,782,596	4,782,596
MD Biomedical AB	556837-0273	Umeå, Sweden	50,000	1,983,500	1,983,500
Senzime Inc	003433-4748	Watertown, USA	1,000	9,334	9,334
Senzime GmbH	DE342219347	Geisenhausen, Germany	100	253,680	253,680
Respiratory Motion Inc	301025-8143	Watertown, USA	10,586,000	147,739,201	0
				2022	2021
Opening cost				20,129	19,875
Purchased in the year				147,739	254
Shareholders' contribution paid				-	-
Impairment in the year				-	-
Closing cumulative cost				167,868	20,129
Closing accumulated impairment				-13,100	-13,100
Closing carrying amount				154,768	7,029

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 its five subsidiaries only hold specific rights, which are licensed to the parent company against royalty payments. The intra-group restructuring led to the shares in Acacia Designs B.V. being impaired by TSEK 13,100 in 2018. The subsidiary Senzime Inc. started operations in the USA in 2020, and is 100 percent consolidated. The subsidiary Senzime GmbH was incorporated in Germany in March 2021, and is 100 percent consolidated. The US subsidiary Respiratory Motion Inc. was acquired in July 2022, and is 100 percent consolidated.

Note 19 Intangible assets

Group	Goodwill	Capitalized development expenditure	Patents and similar rights	Technology	Trademarks & brands	Total
Financial year 2021						
Opening carrying amount	770	80,836	561	-	-	82,167
Purchases in the year	-	1,803	-	-	-	1,803
Sales and retirements	-	-	-	-	-	-
Amortization in the year	-	-9,889	-137	-	-	-10,391
Translation differences	-	215	-	-	-	580
Closing carrying amount	770	72,965	424	-	-	74,159
As of December 31, 2021						
Cost	770	114,725	1,744	-	-	117,239
Accumulated amortization	-	-41,760	-1,320	-	-	-43,080
Carrying amount	770	72,965	424	-	-	74,159

Financial year 2022

Opening carrying amount	770	72,965	424	-	-	74,159
Purchases in the year	106,557	4,129	-	55,774	12,416	178,876
Sales and retirements	-	-	-376	-	-	-376
Amortization in the year	-	-10,085	238	-2,882	-	-12,729
Translation differences	1,518	788	-	848	244	3,398
Closing carrying amount	108,845	67,797	286	53,740	12,660	243,328

As of December 31, 2022

Cost	108,845	121,520	1,368	56,569	12,660	297,257
Accumulated amortization	-	-53,723	-1,082	-2,829	-	-53,929
Carrying amount	108,845	67,797	286	53,740	12,660	243,328

Parent company	Capitalized development expenditure	Patents and similar rights	Total
Financial year 2021			
Opening carrying amount	17,966	561	18,527
Purchases in the year	1,803	-	1,803
Sales and retirements	-	-	-
Amortization in the year	-1,614	-137	-1,751
Closing carrying amount	18,155	424	18,579
As of December 31, 2021			
Cost	28,571	1,744	30,315
Accumulated amortization	-10,416	-1,320	-11,736
Carrying amount	18,155	424	18,579
Financial year 2022			
Opening carrying amount	18,155	424	18,579
Purchases in the year	4,129	-	4,129
Sales and retirements	-	-376	-376
Amortization in the year	-1,656	238	-1,418
Closing carrying amount	20,628	286	20,914
As of December 31, 2022			
Cost	32,700	1,368	34,068
Accumulated amortization	-12,072	-1,082	-13,154
Carrying amount	20,628	286	20,914

Capitalized development expenditure

The significant portion of capitalized development expenditure consist of TetraGraph (SEK 54.9 million), and ExSpiron (SEK 53.7 million). These assets are complete and amortization has commenced. Even if there is no indication of impairment, the group tests for impairment of capitalized development expenditure each year. The impairment test is conducted at product level and the most material assumptions in the impairment test are sales growth and the discount rate.

Goodwill impairment testing

An impairment test was conducted when preparing the consolidated accounts for 2022. Management monitors goodwill for the group overall, and the group consists of a single operating segment. The recoverable amount of the cash-generating unit has been judged on the basis of estimated value in use. This test involves an estimation of expected cash flows from the group's operations. Cash flows are based on the group's business plan, which runs until 2027 inclusive, with growth forecast to reduce from 15.0 percent to 2.5 percent for the period 2028-2032. The business plan is based on management's previous experience, and as far as possible, external sources of information. The parameters with the most impact on measurements of recoverable amount firstly consist of estimated sales growth and EBIT. Apart from sales growth, assumptions on the gross margin and the progress of other operating expenses have the greatest impact on estimates of operating profit or loss. An estimate assumption of average yearly growth of net sales of 31.4 percent has been applied to the impairment test until the end of the forecast period, 2032 inclusive.

Working capital tied up is forecast at 20.0 percent of net sales in 2023, to reduce progressively to 15 percent, in 2028, and then remain at this level.

Investments are assumed at 15.1 percent of net sales in 2023, to then reduce progressively to 2.3 percent from 2028 onwards. The discount rate after tax applied to the impairment test is 16.8 percent.

A sensitivity analysis indicates that adjusting the discount rate by 10 percent is possible without causing any impairment.

The total expenditure for development expensed in the year amounts to TSEK 19,463 (2021: TSEK 12,527).

Note 20 Property, plant and equipment

Group	Machinery and equipment
Financial year 2021	
Opening carrying amount	238
Purchases in the year	1,171
Depreciation for the year	-123
Closing carrying amount	1,286
As of December 31, 2021	
Cost	1,610
Accumulated depreciation	-324
Carrying amount	1,286
Financial year 2022	
Opening carrying amount	1,286
Purchases in the year	2,831
Sales and retirements	-7
Depreciation for the year	-1,826
Closing carrying amount	2,284
As of December 31, 2022	
Cost	4,434
Accumulated depreciation	-2,150
Carrying amount	2,284
Parent company	Machinery and equipment
Financial year 2021	
Opening carrying amount	238
Purchases in the year	862
Depreciation for the year	-116
Closing carrying amount	984
As of December 31, 2021	
Cost	1,297
Accumulated depreciation	-313
Carrying amount	984
Financial year 2022	
Opening carrying amount	984
Purchases in the year	725
Sales and retirements	-7
Depreciation for the year	-239
Closing carrying amount	1,463
As of December 31, 2022	
Cost	2,015
Accumulated depreciation	-559
Carrying amount	1,456

Note 21 Leases

Essentially, the group's leases consist of leases for premises. Leases have terms of 3–10 years.

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

	Group	
	2022	2021
Depreciation of rights of use:		
Real estate	1,732	701
Vehicles	295	126
Total	2,027	827
Interest expenses (included in financial expenses)	430	79

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

Total cash flow for leases 2022 was TSEK 2,380 (2021: TSEK 945). For information on lease liability maturities, see note 3. Additional rights of use in 2022 amounted to TSEK 13,608 (2021: TSEK 939).

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

	Group	
	Dec. 31, 2022	Dec. 31, 2021
Assets with right of use:		
Vehicles	1,219	560
Real estate	12,562	1,324
Total	13,781	1,884
Lease liabilities:		
Non-current	10,506	617
Current	2,537	1,017
Total	13,043	1,634

Lease obligation

The parent company rents premises through non-cancellable leases. Usually, lease terms are three years, and most leases have an extension option available at the end of their periods, for a fee at market levels. The US subsidiaries lease premises, and in 2022, Senzime Inc.'s operations were relocated to Respiratory Motion Inc.'s premises, so this lease contract terminated, while RMI's premises have a lease term of ten years.

Lease expenses in 2022 were TSEK 1,272 (2021: TSEK 970), for premises leases, included in the Statement of Comprehensive Income. Future total minimum lease charges for non-cancellable operating leases are as follows:

	Parent company	
	2022	2021
Within 1 year	605	680
Between 1 and 5 years	279	227
Later than 5 years	0	0
Total	884	907

Note 22 Provisions

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Non-current provisions personal				
As of January 1	1,735	-	1,735	-
– Provision pension	1,151	1,735	1,151	1,735
As of December 31	2,886	1,735	2,886	1,735

Non-current provisions are expenses for staff insurance.

Note 23 Other financial assets

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Various long-term deposits	1,198	-	491	-
Company owned capital insurance	2,886	-	2,886	-
Total	4,084	-	3,377	-

Note 24 Financial instruments by category

	Group	
	Dec. 31, 2022	Dec. 31, 2021
Financial assets measured at amortized cost		
Trade receivables	4,210	4,936
Cash and cash equivalents	26,035	74,872
Total	30,245	79,808

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

	Group	
	Dec. 31, 2022	Dec. 31, 2021
Financial liabilities measured at amortized cost		
Trade payables	7,318	3,941
Total	7,318	3,941

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

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

Note 25 Inventories

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Current assets				
– Raw materials recognized at cost	17,594	1,035	9,605	1,035
– Finished goods recognized at cost	4,058	7,799	4,058	6,118
Total	21,652	8,834	13,663	7,153

The amounts for goods in inventory recognized as an expense in the period, are for the group TSEK 3,862 (2021: 4,914), and for the parent company TSEK 5,619 (2021: 7,051).

Note 26 Trade receivables

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Trade receivables	4,210	4,936	1,458	3,436
Less: provision for expected credit losses				
Trade receivables - net	4,210	4,936	1,458	3,436

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

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

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

As of December 31, 2022, trade receivables of TSEK 881 (2,386) were due without any impairment considered necessary. The age analysis of these trade receivables is stated below.

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Less than 30 days	346	566	27	534
31 days and older	719	1,820	217	1,735
Total	1,065	2,386	244	2,269

Note 27 Other receivables

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
VAT receivable	911	999	911	999
Tax asset	838	222	838	167
Other current receivables	3,835	4,423	3,487	3,835
Total	5,584	5,644	5,236	5,001

Note 28 Prepaid expenses and accrued income

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Prepaid rent	315	-	315	276
Prepaid insurance	614	401	595	340
Other prepaid expenses	792	871	1,077	713
Total	1,721	1,272	1,987	1,329

Note 29 Cash and cash equivalents

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Bank balances	26,035	74,872	20,434	74,173
Total	26,035	74,872	20,434	74,173

Note 30 Share capital and other paid-up capital

	Number of shares	Share capital	Other paid-up capital
As of January 1 2021	62,493,290	7,811,661	397,553,000
As of December 31, 2021	62,493,290	7,811,661	397,553,000
Directed cash issue	5,263,158	657,895	94,342,107
Set-off issue in acquisition	1,353,850	169,231	130,547,125
Set-off of liabilities	773,687	96,711	14,286,130
As of December 31, 2022	69,883,985	8,735,498	636,728,362

As of December 31, 2022, the share capital consists of 69,883,985 ordinary shares with a quotient value of SEK 0.125. All shares issued by the parent company are fully paid up.

All shares to issue as payment for the acquisition of RMI have not yet been issued; 6,350,400 shares remain to be issued.

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

Note 31 Deferred tax

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

Deferred tax liabilities**Intangible assets**

As of January 1 2021	11,858
In Income Statement	-2,146
As of December 31, 2021	9,712
In Income Statement	-1,658
Increase through business combinations	17,307
Per 31 December 2022	25,361

Unused loss carry-forwards for which no deferred tax asset has been reported amount to TSEK 428,637 as of December 31, 2022 (December 31, 2021: TSEK 314,275). TSEK 389,680 of loss carry-forwards do not expire at any time, other loss carry-forwards expire between the years 2024 and 2030.

Note 32 Other current liabilities

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Withholding tax	941	655	814	655
Deduction, social security contributions	386	473	386	473
Deduction, special employer's contribution	1,647	761	1,647	761
Other current liabilities	372	173	230	0
Total	3,346	2,062	3,077	1,889

Note 33 Accrued expenses and deferred income

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Accrued salaries	451	676	450	486
Accrued vacation pay	2,652	1,694	2,068	1,694
Accrued social security contributions	801	1,100	801	1,100
Other accrued expenses and deferred income	4,919	1,488	1,466	1,424
Total	8,823	4,958	4,785	4,704

Note 34 Contingent liabilities and pledged assets

	Group		Parent company	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Corporate mortgages	300,000	300,000	300,000	300,000
Guarantee commitments	650,000	850,000	650,000	850,000
Total	950,000	1,150,000	950,000	1,150,000

Collateral pledged is a previous working capital credit facility with SEB, which is currently terminated. An overdraft facility has been arranged but is not currently in use. Guarantee commitments are for Senzime Inc. and is a limit allocation with SEB New York and payment limit for ACH.

The parent company has entered an agreement with its subsidiary Acacia Designs B.V. on the payment of royalties on the sale of specific products.

A strategic connectivity and licensing deal was signed with Masimo in 2022, which involves future sales carrying royalty payouts based on a market royalty model.

The acquisition of RMI includes an agreement on contingent consideration payable if RMI achieves certain milestones during the calendar year 2023, which accordingly, will be paid in 2024. The maximum contingent consideration could be USD 25 m.

Note 35 Transactions with related parties

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

Senzime AB is the ultimate parent company of the group. Related parties are subsidiaries and senior managers of the group, and their relations. Transactions are on market terms. The following related party transactions were executed:

	2022	2021
(a) Sale of goods		
Senzime GmbH	7,511	194
Senzime Inc	751	8,631
Total	8,262	8,825
(b) Purchase of services		
Acacia Designs B.V.	987	946
Senzime GmbH	6,971	-
Senzime Inc	39,717	21,584
Total	47,675	22,530

Receivables and liabilities at end of year

	Dec. 31, 2022	Dec. 31, 2021
<i>Receivables from related parties:</i>		
Senzime GmbH	10,660	3,425
Senzime Inc	18,318	20,818
Respiratory Motion Inc	56,256	-
<i>Liabilities to related parties:</i>		
Senzime GmbH	-6,937	-
Senzime Inc	-12,958	-14,372
Respiratory Motion Inc	-6,272	-
MD Biomedical AB	-230	-230
Acacia Designs B.V.	-3,451	-2,235
	55,386	7,406

Loans from related parties	Dec. 31, 2022	Dec. 31, 2021
<i>Loan from Acacia Designs B.V.</i>		
At beginning of year	4,708	4,677
Loans arranged in the year	415	31
At end of year	5,123	4,708

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

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

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

Remuneration to senior management is stated in note 9.

Note 36 Business combinations

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

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

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

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

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

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

Information on the purchase consideration, acquired net assets and goodwill are as follows:

Purchase consideration (SEK 000)

Cash and cash equivalents	0
Ordinary shares	130,972
Total purchase consideration	130,972

Ordinary shares

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

No portion of the purchase consideration was in cash. RMI's cash and cash equivalents amounted to TSEK 131.

On acquisition, the acquisition agreement stipulated the takeover of certain liabilities that were offset, and liabilities of TSEK 2,418, which were paid by Senszime.

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

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

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

Contingent consideration

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

Senzime's opinion is that none of the contingent consideration will be payable, and accordingly, no portion of it has been entered as a liability, and instead, is accounted as contingent consideration.

The fair value of acquired net assets is measured at TSEK 130,972, and is allocated as follows.

Net asset analysis as of July 1, 2022 SEK 000

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

Goodwill mainly relates to the company's workforce.

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

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

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

Note 37 Changes in liabilities relating to financing activities

	Jan. 1, 2021	Cash inflow	Cash outflow	Non-cash items	Dec. 31, 2021
Lease liability	2 395	-	-	-761	1,634
Total	2 395			-761	1,634

	Jan. 1, 2022	Cash inflow	Cash outflow	Non-cash items	Dec. 31, 2022
Lease liability	1,634	-	-	11,409	13,043
Total	1,634			11,409	13,043

Note 38 Subsequent events

On January 23, 2023, the Board decided on a new share issue of approximately SEK 100 m with preferential rights for existing shareholders. The purpose of this rights issue is to implement a number of initiatives as part of scaling up operating activities. The transaction was completed on March 10, 2023, and was 90.7 percent subscribed. This rights issue raised the company approximately SEK 91.9 million before deducting issue expenses.

Note 39 Proposed appropriation of profit (loss)

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

Share premium reserve	612,906,217
Accumulated profit or loss	-284,163,817
Profit (loss) for the year	-93,581,258
SEK	235,161,142

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

carried forward	235,161,142
SEK	235,161,142

Board of Directors' signatures

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

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

Philip Siberg
Chairman of the Board

Adam Dahlberg
Director

Sorin J Brull
Director

Lennart Kalén
Director

Eva Walde
Director

Pia Renaudin
Chief Executive Officer

Jenny E Freeman
Director

Laura Piccinini
Director

Uppsala, Sweden, April 24, 2023

Our Audit Report was presented on April 24, 2023

Leonard Daun
Authorized Public Accountant
Key Audit Partner
Öhrlings PricewaterhouseCoopers AB

Audit Report

To the general meeting of the shareholders of Senzime AB (publ), corporate identity number 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 2022 except for the corporate governance statement on pages 30–39. The annual accounts and consolidated accounts of the company are included on pages 26–77 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 30–39. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated statement of comprehensive income and the consolidated balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinion

We 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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Emphasis of Matter

We draw attention to the Management Administration report on page 28, where the group's financial position and financing and working capital needs are described. There it appears that the board's assessment is that existing funding is sufficient to ensure the operation of the business at least until the beginning of 2024 assuming the planned increase in sales and that individual investments are postponed. Furthermore, it appears that the board assesses that increased expansion beyond this plan requires additional funding in 2023.

Audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Business combination

During 2022, Senzime AB has completed an acquisition of Respiratory Motion Inc. According to IFRS, transferred compensation, i.e. the purchase price, must be distributed among identifiable assets and assumed liabilities. The identification and distribution of the purchase price are areas that required management's assessment. Further information can be found in note 36 (business combinations). Incorrect assumptions and calculations in connection with acquisitions could have significant effects on the valuation of acquired assets and liabilities, which is why we have deemed this to be a particularly significant area in the audit.

How our audit considered the Key audit matter

Our review has, among other things, included, but is not limited to, the following:

- We have reviewed the purchase price analysis and relevant documents such as purchase agreements and documents as a basis for decision.
- We have made random samples to verify the calculated and transferred purchase price.
- We have evaluated the reasonableness of the company's distribution of the purchase price between identified net assets and goodwill with the help of PwC's internal specialists.
- We have also read and evaluated the information provided in note 36 in the annual report

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–25 and 82–83. The information in "Senzime AB's remuneration report 2022", which is published on the company's website at the same time as this report, also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sensime AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2022 .

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sensime AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers

those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 30-39 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB, Vaksalagatan 6, 753 20 Uppsala, was appointed auditor of Senzime AB (publ) by the general meeting of the shareholders on the 18 may 2022 and has been the company's auditor since the 27 April 2016.

Uppsala 24 April 2023
Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant

Information for shareholders

Annual General Meeting

The AGM will be held on May 16, 2023. The Annual Report will be available to the public by April 24, 2023 from the company's offices at the address Ulls väg 41, Uppsala, Sweden. The annual report will also be published at www.senzime.com.

Notification

Shareholders that wish to participate in the AGM shall:

- firstly, be registered in their own names (i.e. not nominee registered) in the share register maintained by Euroclear Sweden AB on Tuesday May 8, 2023 (the record date),
- secondly, notify the company of their participation by Monday, May 12, 2023.

Nominee-registered shares

To exercise their voting rights and participate in the meeting, shareholders with nominee-registered shareholdings must firstly notify the company of their intention to participate at the Meeting, and secondly, temporarily re-register their shares in their own names with Euroclear Sweden (voting registration), so the relevant shareholder is recorded in the share register maintained by Euroclear Sweden by the record date, i.e. Tuesday, May xx, 2023. This means that shareholders need to notify their nominee of their intention in good time prior to this date.

Proxy

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

Dividend

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

Financial calendar

Interim Report January–March 2023: April 28, 2023

Interim Report January–June 2023: July 18, 2023

Interim Report January–September 2022: October 26, 2023

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