

January-June 2022 in brief

Senzime AB (publ), 556565–5734

»Accelerating sales in the US and Europe, partnership with global leaders and strategic acquisitions «

- Strong increase in direct sales in the US and through partners in Europe
- Collaboration with Masimo – globally leading Medtech-company
- Acquisition of Respiratory Motion in the United States
- Margins temporarily lower in the quarter due to a higher share of distributor sales
- Cash and cash equivalents as of June 30 amounted to SEK 126.5 million

Calendar 2022

Interim Report Q3: November 10

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April - June 2022

- Net sales amounted to SEK 3,403 thousand (4,390).
- Gross margin before depreciation was 50.0 percent (62.1).
- Operating costs SEK -40,035 thousand (-22,582), of which acquisition costs SEK -16,400 thousand
- Income after financial items was SEK -40,886 thousand (-22,576).
- Earnings per share amounted to SEK -0.63 SEK (-0.35).
- Cash and cash equivalents amounted to SEK 126.5 million (118.2) on June 30.
- The number of shares as of June 30 was 67,756,448 (62,493,290).

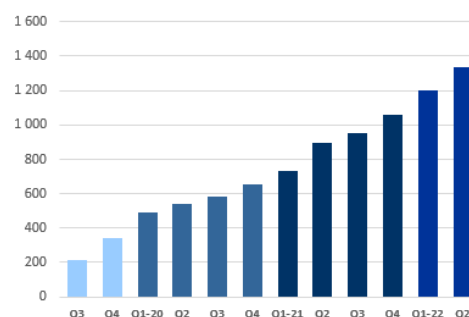
January - June 2022

- Net sales amounted to SEK 5,764 thousand (5,827).
- Gross margin before depreciation was 54.6 percent (56.7).
- Operating costs SEK -59,927 thousand (-38,080), of which acquisition costs SEK -16,400 thousand
- Income after financial items was SEK -61,866 thousand (-40,218).
- Earnings per share amounted to SEK -0.96 SEK (-0.63).

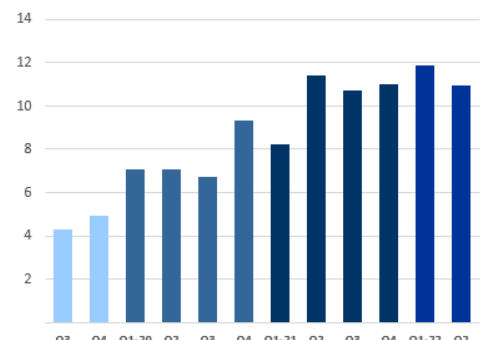
SEK of thousands	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full yr. 2021
Net sales	3,403	4,390	5,764	5,827	10,980
Income after financial items	-40,886	-22,576	-61,866	-40,218	-84,289
Earnings per share (SEK)	-0.63	-0.35	-0.96	-0.63	-1.31
Gross margin before depreciation(%)	50.0	62.1	54.6	56.7	54.3
Operating profit before depreciation	-39,170	-19,856	-56,781	-34,776	-73,303
Equity/assets ratio (%)	82.4	89.5	82.4	89.5	86.3

Figures in parentheses above describe the corresponding period last year. Unless otherwise stated, all information relates to the Group.

Accumulated number of delivered TetraGraph ¹⁾



Sales development-rolling 12 month MSEK ²⁾



Note: 1) Includes monitors sold through direct and distributor sales, Fukuda and monitors placed at customer sites; 2) Excludes Fukuda milestone payments.

Significant events during the period

January 3: SENZIME WON PROCUREMENT FOR 16 HOSPITALS IN Q4 2021

Senzime announces in a business update that 16 hospitals have gone ahead with purchases in the fourth quarter – one hospital chose a competing product.

January 27: JAPANESE STUDY CONFIRMS BENEFITS OF TETRAGRAPH®

Senzime announces that a Japanese study published in the journal *Anesthesia & Analgesia* concludes that TetraGraph's EMG-based technology is a better indicator for assessing adequate reversal dose of the drug Sugammadex and recovery of neuromuscular function than conventional monitoring with acceleromyography-based (AMG) product TOF-Watch SX.

February 1: EMPLOYEE STOCK OPTIONS ALLOTTED

The Annual General Meeting on May 11, 2021 resolved on an employee stock option program comprising 456,050 warrants, which may be allotted to employees – but not the CEO or those who are part of the company's management team. A total of 435,000 of these 456,050 options have been allotted in February 2022. See also under note 8. Employee Stock Option Program.

February 4: PATIENT ORGANIZATION RECOMMENDS QUANTITATIVE MONITORING

Senzime announces that APSF, the Anesthesia Patient Safety Foundation, is revising its recommendations for patient monitoring and recommends quantitative monitoring when muscle relaxant drugs are given to patients.

February 10: CLINICAL EXPERTS TALK ABOUT THE IMPORTANCE OF MONITORING NEUROMUSCULAR BLOCKADE

Senzime announces that the patient safety organization APSF has released a podcast that emphasizes the importance of monitoring neuromuscular blockade as this is just as important as monitoring blood pressure, oxygenation and ventilation during anesthesia care.

February 17: SENZIME WINS US PROCUREMENT FOR 50 TETRAGRAPH® SYSTEMS

Senzime announces that the company has won an order from a major US university hospital for the placement of 50 TetraGraph® systems and the sale of associated disposable sensors with an estimated value of SEK 1.5 million annually. This order is a broad deployment of TetraGraph® systems across all of the hospital's operating theatres, comprising 50 systems with associated disposable sensors.

February 23: APPLIES FOR FDA APPROVAL FOR DISPOSABLE SENSORS IN CHILDREN

Senzime's neuromuscular blockade monitoring system – TetraGraph® – with its disposable TetraSens® sensor has been

approved for sale in the US market since 2019. Senzime's first EMG-based disposable sensor designed for use in young children, TetraSens® Pediatric, is now being launched, for which the company has now requested approval.

March 3: SENZIME WINS US PROCUREMENT FOR 23 TETRAGRAPH® SYSTEMS

Senzime announced that it has won another procurement from a major university hospital, this time in the southeastern United States for 23 TetraGraph® systems and sales of associated disposable sensors.

March 24: SENZIME WINS US ORDER WITH AN INITIAL VALUE EXCEEDING SEK 1 MILLION

Senzime announces that the company has won a procurement in Midwest from an American hospital chain consisting of three hospitals, affiliated with a medical education. The procurement concerns instruments and the sale of associated disposable sensors with an initial order value exceeding SEK 1 million.

March 25: SENZIME RECEIVES CE-MDR APPROVAL FOR NEW DISPOSABLE SENSOR INTENDED FOR USE ON YOUNG CHILDREN

Senzime announced that the company's TetraGraph® system has now also been approved for use in children through CE-MDR approval of the new single-use sensor TetraSens® Pediatric.

April 4: SENZIME'S NEW DISPOSABLE SENSOR DEVELOPED FOR CHILDREN IS PRESENTED AT THE AMERICAN CONGRESS OF ANESTHESIOLOGISTS

Senzime announces that the recently launched disposable sensor for children, TetraSens® Pediatric, received great interest when it was shown at the AMERICAN Anaesthetist Congress SPA Pediatric Anesthesiology 2022. At the same time, a number of studies were also presented where TetraGraph is used on children.

May 18: ANNUAL GENERAL MEETING

At Senzime's Annual General Meeting, the current Board was re-elected and a decision was made on the Nomination Committee prior to the next Annual General Meeting, rules were adopted for remuneration to senior executives, new Articles of Association and a decision was made on issue authorization.

June 1: SENZIME ENTERS INTO AGREEMENT TO ACQUIRE THE AMERICAN COMPANY RESPIRATORY MOTION

Senzime announces that the company has signed an agreement to acquire 100 percent of the shares in the American company Respiratory Motion, Inc., for an initial consideration of USD 19 million on a cash and debt-free basis, with a potentially additional purchase price of up to USD 25 million paid out no earlier than 2024.

The initial consideration is paid through a new issue of 8,655,238 shares in Senzime, corresponding to a dilution of approximately 12.2 percent. No cash and cash equivalents shall be paid within the framework of the initial consideration. The potential additional purchase consideration presupposes strong sales growth in Respiratory Motion and shall consist of either or both cash and shares in Senzime. Senzime may, in its sole discretion, decide on the distribution of cash and issued shares.

June 1: SENZIME COMPLETES A DIRECTED NEW ISSUE

Senzime is carrying out a directed new issue of 5,263,158 shares at a subscription price of SEK 19 per share, whereby the company will receive approximately SEK 100 million before transaction costs. Investors in the private placement include both existing and new shareholders, including Fredrik Rapp, the Crafoord Family and related entities, the Fourth AP Fund, TIN Fonder, Handelsbanken Fonder, ÖstVäst Capital Management, FE Fonder and Swedbank Robur Fonder. Senzime intends to use the net funds from directed new issue for accelerated growth and to finance working capital needs in Respiratory Motion.

June 21: SENZIME SIGNS STRATEGIC CONNECTIVITY AND LICENSE AGREEMENT WITH MASIMO

Senzime announces that the company has signed strategic connectivity and licensing agreements with Masimo, a US and globally leading company in patient monitoring solutions. With the agreement, a new cable module for TetraGraph® will be developed and marketed by being connected to the Masimo Root® patient monitoring system and enabling connection to Masimos Hospital Automation™ and iSirona™. Masimo's expandable Root® monitoring system is sold worldwide, with a rapidly growing installed base. Root® is today the standard system in many hospitals. The collaboration will broaden awareness of the TetraGraph® system and increase the addressable market.

June 27: EXTRAORDINARY GENERAL MEETING

The AGM resolves that the Board is authorized, on one or more occasions during the period until the next Annual General Meeting, to decide to increase the Company's share capital by an amount corresponding to a maximum of SEK 1,087,500, which corresponds to the issue of a maximum of 8,700,000 shares. Authorization may be used only to issue shares in accordance with agreements entered into related to the acquisition of the company Respiratory Motion, Inc.

Significant events after the end of the quarter

July 1: SENZIME ACQUIRES 100 PERCENT OF THE SHARE CAPITAL OF THE AMERICAN COMPANY RESPIRATORY MOTION

Through the acquisition, Senzime broadens its product portfolio in the market for monitoring vital functions and increases the company's ability to take a larger part of the patient journey even outside the operating room. Senzime today has a rapidly growing business and well-functioning infrastructure for direct sales in the USA and Germany, which together with Respiratory Motions' existing agreements can further accelerate sales of disposable sensors, while Senzime's total addressable market is expected to triple.

See Note 9 for the acquisition in brief.

Accelerating sales growth in the US and Europe, strategic partnership with global leader and acquisition in the US

The installed base of TetraGraph® is growing and the consumption of disposable sensors is following as a result. During the second quarter, sales growth in Europe amounted to over 70 percent and in our direct sales organization in the US to over 100 percent. For the month of June, the corresponding figures were 125 percent and over 200 percent, respectively. In the United States, revenues from sales of TetraSens® grew by 154 percent compared with the same period last year. The fact that sales growth does not appear in comparison with the second quarter of 2021 is due to a major inventory build-up order for South Korea of SEK 2.0 million that took place in the comparison quarter last year.

During the year, we won several large hospitals in the US and the installation of TetraGraph® systems is now in full swing. Several of the larger deals are based on a consignment model where Senzime's revenue is generated through the consumption of TetraSens® over time, which is why the sales figures do not yet reflect the full scope of the deals. During the quarter, evaluations in the USA led to us winning 15 contracts and only two hospitals were lost to competitors.

In Europe, we are seeing accelerating growth and June was our best month to date with 50 TetraGraph® monitors installed. During the quarter, evaluations in Europe led to us winning 25 contracts and only three hospitals were lost to competitors. For the coming weeks alone, 39 trials are already planned. We are in a very exciting market situation that is now shifting up with the support of clinical guidelines around the world and I see that we maintain our market-leading position

We are very proud that in June we were able to announce our strategic partnership with the American company Masimo - a global leader in products and systems for patient monitoring. Masimo has a large global installed base of monitors and we are now connecting to their fast-growing patient monitoring solution Root®. The partnership with Masimo means that we will develop a common module that integrates the TetraGraph® instrument in Root®. The sales revenue from this module and the TetraSens disposable electrodes consumed connected to it are distributed between Masimo and Senzime based on a market royalty model. The collaboration is a fantastic milestone for Senzime and one of the most important agreements we have entered into so far. Our vision is to standardize monitoring with TetraGraph® when using muscle paralyzing drugs and this agreement enables us to quickly access many hospitals while making our new cutting-edge technology even more accessible to customers worldwide. The conditions are good for a sharp increase in the consumption of TetraSens® when we connect to Masimos Root®.

During the quarter, we also completed the acquisition of Boston-based Respiratory Motion (RMI). The acquisition of RMI is fully in line with our vision of a world free of anesthesia



and respiratory complications. RMI is a leader in monitoring respiratory function to avoid respiratory depression, an acute condition that affects up to 30 percent of patients who is undergoing various types of pain treatment in postoperative care.

The deal is the result of a dialogue that began as early as 2021 and is an acquisition with perfect logic. RMI gives us the conditions to further accelerate the roll-out of TetraGraph® at the same time as it expands our business of monitoring patient's respiratory function even outside the operating room. With RMI's unique monitoring system in the portfolio, we achieve sales synergies through our own sales force and distributor channels, and increase the addressable patient volume by a factor of three. We are thus laying the next steps for our journey to become a global market leader in patient monitoring of vital functions with a vision to eliminate complications related to anesthesia and analgesia - anesthesia and pain relief.

RMI's ExSpirom system monitors respiratory function in patients in real time with a unique technology based on many years of research in the USA with the protection of 14 patent families and proprietary algorithms. ExSpirom is CE and FDA approved and validated on over 6,000 patients in more than 30 scientific publications. Like TetraGraph®, the ExSpirom system is based on a "razor and razorblade" sales model with a monitor and associated disposable sensors. The annual estimated total addressable market for ExSpirom in the United States alone is more than \$ 4 billion. After the end of the quarter, the value of ExSpirom has been confirmed by doctors at a large German university hospital. The feedback was very positive with, among other things, the following comment by Professor Weber "I can better ascertain and predict postoperative complications with the extra clinical information that ExSpirom provides. ExSpirom data will also help me determine the right clinical route postoperatively depending on patient's breathing".

With strong organic growth, a strategic partnership with a global leader and a recent acquisition, we expect continued high business activity in the future. The development in Senzime also means that during the third quarter we will communicate updated financial targets.

Uppsala in July 2022
Pia Renaudin, CEO

Acquisition of American Respiratory Motion

During the second quarter of 2022 Senszyme acquired RMI, a Boston-based medical technology company that develops and markets systems for monitoring patients' respiratory function and other vital functions.

RMI was founded by thoracic surgeon Jenny Freeman and the company has raised more than \$ 35 million in capital for development and initial commercialization.

Monitoring of vital parameters

The company's solution - ExSpiron - is the only non-invasive system on the market that monitors patients' breathing volume, respiratory rate and other vital parameters in real time. ExSpiron is based on many years of research by physicians in the United States and is protected by 14 patent families and proprietary algorithms. The system is CE and FDA approved and validated on over 6,000 patients in more than 30 scientific publications.



Monitoring of patients' respiratory function is a critical function that is closely monitored during surgery according to standardized protocols. However, a significant proportion of patients need continued monitoring of respiratory rate and volume in real time even after surgery when they come to a ward. There is often a lack of adequate equipment that can give an early warning of respiratory depression and thus prevent complications in patients whose airways are not secured by intubation.

Respiratory depression affects up to 30 percent of all patients undergoing various types of pain treatment (analgesia) in post-operative care. This leads to complications, extra care time and increased costs for caregivers. Senszyme's acquisition of RMI is based on the analysis that this reality must change.

The ExSpiron system is based on a "razor and razorblade" sales model powered by an installed base of monitors with 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 the so-called Group Purchasing Organizations (GPOs)

Motives for the acquisition

The acquisition of RMI expands Senszyme's product portfolio with unique, complementary technology to monitor patients' respiratory function even outside the operating room. The acquisition triples Senszyme's total addressable market.

The acquisition is also intended to further accelerate the market penetration of the TetraGraph® system through clear sales and margin synergies - both through its own sales force and distributor channels.

RMI currently lacks a direct sales organization in the USA and Senszyme sees great opportunities to utilize its infrastructure for direct sales in the USA and Germany and thus accelerate the commercialization of RMI's products and solutions. The companies also have clear operational synergies in manufacturing, product development, regulatory affairs and administration.

The transaction also creates the conditions for accelerating Senszyme's overall goal of becoming a global market leader in patient monitoring of vital functions and thereby contributing to reduced complications related to anesthesia and analgesia.

Early commercialization initiated

RMI has sales in Europe, China and the USA, where sales in 2021 amounted to approximately USD 1.1 million with a gross margin of approximately 48 percent. RMI is not profitable at the EBITDA level and was negatively affected by the Coronavirus as access to hospitals during the pandemic was limited and thus complicated the sales process.

The transaction in brief

Senszyme has acquired 100 percent of the shares in RMI for an initial consideration of USD 19 million on a cash and debt-free basis. Payment is made with a new issue of 8,477,937 shares in Senszyme, corresponding to a dilution of approximately 12.2 percent.

Upon entry on July 1, 2022, 2,127,537 shares in Senszyme were issued through set-off. The remaining shares will be issued within the next 12-month period. No cash and cash equivalents have been paid within the framework of the initial consideration. See more in note 9.

The deal also includes a potential additional purchase consideration of up to USD 25 million to be paid out in 2024. The potential additional purchase consideration is calculated with an EV / Sales multiple of 2023 of 2.6x and assumes strong sales growth in RMI. The consideration shall then consist of either or both cash and shares in Senszyme. Senszyme may, in its sole discretion, decide on the distribution of cash and issued shares in the event that an additional purchase price is to be paid out.

License and royalty agreement with Masimo

In June 2022, Senzime signed strategic connectivity and licensing agreements with Masimo, a US and globally leading company in patient monitoring solutions. With the agreement, a new cable module for TetraGraph® will be developed and marketed that is connected to Masimo's patient monitoring system. The partnership represents a very large sales potential for Senzime.

Masimo (NASDAQ: MASI) is a global medical technology company that develops and manufactures a wide range of industry-leading monitoring technologies, including innovative measurements, sensors, patient monitors and automation and connection solutions. Masimo's Root® monitoring system is sold worldwide and is today the standard system in many hospitals. In 2021, Masimo's sales revenue amounted to approximately USD 1.2 billion.

Senzime's collaboration with Masimo involves a strategic partnership where Senzime will develop and market a new product - TetraGraph® Smart Cabel Module - which connects directly to Masimo's Root® system and to their digital hub for data transfer to hospital's electronic medical records. In these cases, the TetraGraph® Smart Cable Module replaces the need for a separate TetraGraph® monitor by instead integrating the technology directly into the new connection module.

The collaboration also means that the companies will jointly market the TetraGraph® Masimo Open Connect module and the connection solutions associated with Masimos Hospital Automation and iSirona.

The new interface will broaden awareness of the TetraGraph® system, increase the addressable market and reduce the costs and complexity of hospitals that want to integrate a stand-alone monitor for anesthesia / neuromuscular block monitoring, when they have Masimo Root® systems. The TetraGraph® smart cable module will be a strategic addition to other external monitoring methods that Masimo Root® already supports.

"The collaboration with Masimo is a fantastic milestone for Senzime and one of the most important agreements we have entered into so far," commented CEO Pia Renaudin in connection with the announcement of the partnership.

Sales revenues from the new TetraGraph® Smart Cable Module as well as the disposable TetraSens® sensors are distributed between Masimo and Senzime based on a market-based royalty model. Detailed financial terms in the respective agreements are not communicated externally.



About Senzime

Senzime is a Swedish medical technology company that develops and markets CE- and FDA-approved patient monitoring systems. Senzime's employees around the world are committed to the vision of a world without anesthesia and respiratory complications. The company markets an innovative portfolio of solutions, including TetraGraph® and ExSpiron® 2Xi for real-time monitoring of neuromuscular function and respiration during and after surgery. The goal

is to help eliminate hospital-related complications and radically reduce healthcare costs associated with surgery and emergency treatments. Senzime aims for a market valued at over SEK 40 billion per year and works with sales teams in the world's leading markets. The company's shares are listed on NASDAQ Stockholm's main market (ticker SEZI). www.senzime.com

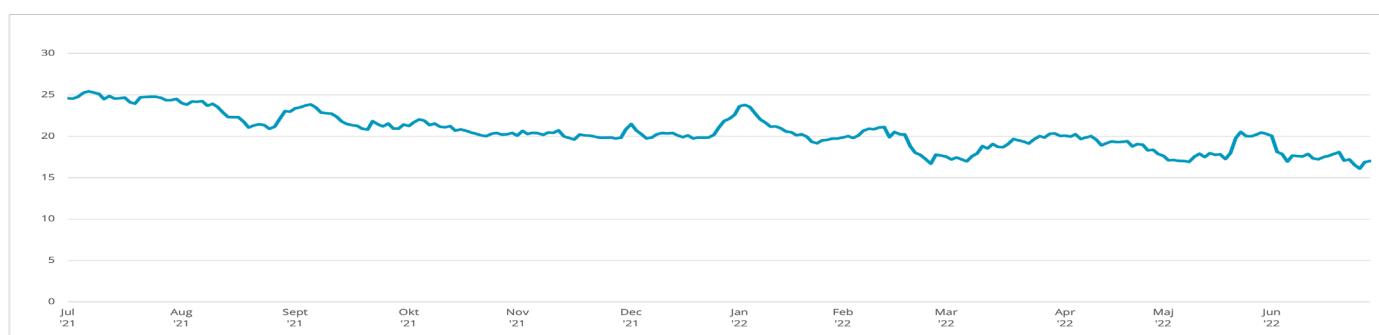
The share

Share capital development (SEK)

Date	Event	No. of shares	Share capital (SEK)	Quotient value (SEK)
January 1, 2022	Opening	62,493,290	7,811,661	0.125
June 1, 2022	New share issue	5,263,158	657,895	0.125
Total June 30, 2022		67,756,488	8,469,556	0.125

The issue carried out upon the acquisition of RMI took place on July 1, 2022

Senzime-share price development (SEK)



Largest shareholders on June 30

Owner	Number of shares	Share of capital %
Crafoord family	9,755,334	14,4
Handelsbanken Fonder AB	4,994 135	7,4
Segulah Venture AB and AB Segulah	4,427,726	6,5
TIN Ny teknik	4,052,631	6,0
Pershing Llc	3 717 328	5,5
Fjärde AP-fonden	3 226 315	4,8
Sorin J. Brull	3 223 528	4,8
Swedbank Robur Microcap	2,818,947	4,2
Familjen Lindskog	2 248 977	3,3
Stone Bridge Biomedical	2 172 030	3,2
Others	27 119 497	40,0
Total	67,756,488	100,0

Comments to the report

Revenue and profit second quarter of 2022

The Group's net sales during the second quarter of 2022 amounted to SEK 3.4 million (4.4), which corresponds to a decrease of 22 percent compared with the second quarter of the previous year. Revenues from sales to distributors in South Korea and the United States amounted to approximately SEK 2.7 million more in the second quarter of 2021 compared with the second quarter of 2022. During the second quarter of 2022, sales revenues excluding sales to distributors in South Korea and the United States grew by 99 percent. Sales in Europe showed very high growth (96 percent) mostly due to increased direct sales in Germany and distributor's sales channels in several countries in Europe, including the United Kingdom, Switzerland, Italy and Spain.

The gross margin before depreciation in the second quarter amounted to 50.0 percent, compared with 62.1 percent for the corresponding quarter last year. The decrease is mainly due to the fact that the majority of sales in the second quarter of 2022 took place in Europe and distributor sales with associated lower margins and that a smaller share of total sales comes from the high-margin product TetraSens® compared with the second quarter of 2021.

The Group's total overheads in the quarter amounted to approximately SEK 40.0 million (22.6). However, the costs related to the acquisition of RMI amounted to approximately SEK 16.4 million and adjusted for these, the Group's total expenses thus amounted to approximately SEK 23.6 million. Continued development of the market organizations in the USA and Germany has led to cost increases in comparison with the corresponding period last year. All cost increases are within plan. Operating profit during the second quarter amounted to SEK -40.9 million (-22.6).

Revenue and profit January - June 2022

Net sales January - June 2022 amounted to approximately SEK 5.8 million (5.8). A decrease in sales to distributors in South Korea and the United States was positively balanced with a very high level (71 percent) sales growth in Europe and increased direct sales in the United States. The gross margin before depreciation for the first six months of the year amounted to 54.6 percent (56.7).

The Group's sales, administration and development costs during the first half of the year amounted to approximately SEK 62.2 million (38.2). The acquisition of RMI and the continued building up of the sales organization in the USA and Germany have led to cost increases between the periods. Financial expenses essentially consist of interest expenses on lease liabilities.

Period's operating profit amounted to approximately SEK -61.8 million (-40.2).

Financial position

At the end of the second quarter, the Group's equity amounted to SEK 185.3 M (193.5). The equity / assets ratio was 82.4 percent (89.5). At the end of the period, the company's cash and cash equivalents amounted to SEK 126.5 M (118.2).

Cash-flow and investments

Cash flow from operating activities, including changes in working capital, amounted to SEK -23.2 million (-23.2) for the second quarter. The negative cash flow is largely due to the negative result which was extra affected with costs of approximately SEK 16.4 million related to the acquisition of RMI. The negative cash flow from earnings was offset by a positive change in working capital consisting of increased accounts payable and other provisions, mostly related to acquisition costs that fall due for payment during July 2022.

Cash flow from investing activities for the second quarter amounted to approximately SEK -2.0 million (-0.8). Investments during the period are largely due to the activation of development projects. Cash flow from financing activities for the second quarter amounted to approximately SEK 94.7 million (-0.1). In June 2022, Senzime carried out a directed new share issue, which provided the Group with approximately SEK 100 million before issue costs and approximately SEK 95 million after issue costs.

Cash flow from operating activities, including changes in working capital for the period January - June 2022, amounted to approximately SEK -39.9 million (-41). The negative cash flow is largely due to the negative result. Cash flow from investing activities for the period January - June 2022 amounted to approximately SEK -3.7 million (-1.1). Cash flow from financing activities for the period January - June 2022 amounted to approximately SEK 94.4 million (-0.3). During June 2022, Senzime carried out a directed new share issue, which provided the company with approximately SEK 100 million before issue costs and approximately SEK 95 million after issue costs.

Stock options

Subscription options

The Group has four employee stock option programs totaling 2,281,050 warrants. See Note 8 of this Interim Report for detailed descriptions.

Warrants

Since May 2019, Pia Renaudin, CEO, has held 400,000 warrants. Each warrant entitles to subscription of one new share in the company at a price of SEK 12.00 with a redemption date no later than 30 September 2022.

Dilution

Based on the existing number of shares and outstanding personnel and warrants, the dilution as a result of the programs is calculated on the assumption that all options (including not yet allotted) are exercised for subscription of shares amount to a maximum of 3,8 percent.

Parent company and subsidiaries

Most of the Group's operations are conducted in the Parent Company. For comments on the parent company's results, please refer to the comments made for the Group. The U.S. subsidiary Sensime, Inc. started its operational activities in the second quarter of 2020. Sales in the US are made both in-house and through local distributors. In the first quarter of 2021, the German company Sensime GmbH started operations. The Group's two other subsidiaries hold only certain rights licensed to the Parent Company in the form of royalties.

Risks and uncertainties

A number of risk factors can have a negative impact on the operations of Sensime. It is therefore of great importance to take into account relevant risks in addition to the company's growth opportunities. An account of the Group's significant financial and business risks can be found in the Annual Report for 2021. No additional significant risks are expected to have been added.

Prospects

Like many other businesses, Sensime has faced major challenges from the Covid-19 pandemic. The basic need for neuromuscular monitoring has not diminished, although surgeries have been postponed to accommodate and enable the availability of medical personnel. The pandemic has affected the number of trials in 2020 and 2021. Access to hospitals has varied from country to country. However, Sensime has seen an increase in access to hospitals in the first quarter. Sensime has no operations in either Russia or Ukraine. At the same time, it is too early to assess the consequences of a protracted conflict between these countries.

Auditors report

This interim report has not been reviewed by the company's auditor.

The Board's assurance

The Board of Directors and the CEO declare that the year-end report provides a true and fair view of the parent company's and the Group's operations, financial position and results and describes the significant risks and uncertainties faced by the Parent Company and the companies that are part of the Group.

Uppsala, July 15, 2022

Philip Siberg

Chairman of the Board

Sorin J. Brull

Director

Adam Dahlberg

Director

Lennart Kalén

Director

Eva Walde

Director

Pia Renaudin

Chief Executive Officer

Condensed Consolidated Statement of Comprehensive Income

SEK 000	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full yr. 2021
Net sales	2	3,403	4,390	5,764	5,827	10,980
Cost of goods sold	3	-4,239	-4,359	-7,668	-7,920	-15,903
Gross profit (loss)		-836	31	-1,904	-2,093	-4,923
Development expenses	4	-4,383	-3,243	-7,717	-5,437	-12,527
Selling and marketing expenses	4	-14,356	-10,525	-26,559	-16,080	-39,533
Administrative expenses	4,5,8	-23,256	-8,617	-27,957	-16,679	-28,175
Other operating income		2,432	354	5,425	878	2,884
Other operating expenses		-472	-551	-3,119	-762	-1,917
Earnings before interest and taxes		-40,871	-22,551	-61,831	-40,173	-84,191
Financial expenses		-15	-25	-35	-45	-98
Financial items—net		-15	-25	-35	-45	-98
Profit(loss) after financial items		-40,886	-22,576	-61,866	-40,218	-84,289
Income tax		526	516	969	1,034	2,146
Net profit (loss)		-40,360	-22,060	-60,897	-39,184	-82,143
Other comprehensive income:						
<i>Items reclassifiable to profit or loss</i>						
Translation differences		-565	-169	-162	416	-580
Other comprehensive income for the period, net of tax		-565	-169	-162	416	-580
Total comprehensive income for the period		-40,925	-22,229	-61,059	-38,768	-82,723

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

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

SEK	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full yr. 2021
Weighted average no. of shares before dilution	6	64,247,676	62,493,290	63,370,483	62,493,290	62,493,290
Weighted average no. of shares after dilution	6	64,387,513	62,680,642	63,517,984	62,683,468	62,679,957
Earnings per share, basic and diluted	6	-0.63	-0.35	-0.96	-0.63	-1.31

Condensed Consolidated Balance Sheet

SEK 000	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		71,413	77,824	74,159
Property, plant and equipment		1,972	739	1,286
Rights of use		2,366	1,531	1,884
Other financial assets		3,080	1,024	1,735
Total non-current assets		78,831	81,118	79,064
Current assets				
Inventories and work in progress		9,382	6,005	8,834
Accounts receivable		2,812	3,455	4,936
Other receivables		5,934	6,913	5,644
Prepaid expenses and accrued income		1,314	548	1,272
Cash and cash equivalents		126,495	118,170	74,872
Total current assets		145,937	135,091	95,558
TOTAL ASSETS		224,768	216,209	174,622
EQUITY AND LIABILITIES				
EQUITY		185,288	193,515	150,580
LIABILITIES				
<i>Non-current liabilities</i>				
Appropriations		2,589	1,012	1,735
Lease liability		667	680	617
Deferred tax liability		8,743	10,824	9,712
Total non-current liabilities		11,999	12,516	12,064
<i>Current liabilities</i>				
Lease liability		1,307	690	1,017
Trade payables		7,663	3,484	3,941
Other current liabilities		2,257	1,791	2,062
Accrued expenses		16,254	4,213	4,958
Total current liabilities		27,481	10,178	11,978
TOTAL EQUITY AND LIABILITIES		224,768	216,209	174,622

Condensed Consolidated Statement of Changes in Equity

SEK 000	Attributable to equity holders of the parent company				Total equity
	Share capital	Other paid-up capital	Reserves	Retained earnings incl. net profit (loss)	
Opening balance, 1 January 2021	7,812	397,553	1,913	-175,932	231,346
Net profit (loss)				-39,184	-39,184
Other comprehensive income			416		416
Total comprehensive income	-	-	416	-39,184	-38,768
Transactions with shareholders in their capacity as owners					
Employee stock options				937	937
Total transactions with shareholders	-	-	-	937	937
Closing balance, 30 June 2021	7,812	397,553	2,329	-214,179	193,515
Opening balance, 1 January 2022	7,812	397,553	1,333	-256,118	150,580
Adjustment			621	-621	0
Adjusted opening balance, 1 January 2022	7,812	397,553	1,954	-256,739	150,580
Net profit (loss)				-60,901	-60,901
Other comprehensive income			-162		-162
Total comprehensive income	-	-	-162	-60,901	-61,063
Transactions with shareholders in their capacity as owners					
New share issue	658	99,342			100,000
Issue expenses		-5,012			-5,012
Employee stock options				783	783
Total transactions with shareholders	658	94,330	-	783	95,771
Closing balance, 30 June 2022	8,470	491,883	1,792	-316,857	185,288

Condensed Consolidated Statement of Cash Flows

SEK 000	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full yr. 2021
Cash flow from operating activities						
Earnings before interest and taxes		-40,872	-22,551	-61,831	-40,173	-84,191
<i>Adjustment for non-cash items:</i>						
– Depreciation and amortization		2,854	2,922	5,664	5,461	10,987
– Other non-cash items		299	560	783	937	1,920
Tax paid		-510	-	-568	-	-273
Interest paid		-15	-25	-35	-45	-98
Cash flow from operating activities before change in working capital		-38,244	-19,094	-55,987	-33,820	-71,655
Cash flow from change in working capital						
Increase/decrease in inventories		227	438	-354	-2,055	-5,086
Increase/decrease in trade receivables		-439	-962	2,124	-170	-1,651
Increase/decrease in other receivables		-491	-4,286	-524	-1,151	-413
Increase/decrease in trade payables		4,266	-656	3,811	-1,234	-777
Increase/decrease in other payables		11,461	1,379	11,057	-2,570	-1,746
Total change in working capital		15,024	-4,087	16,114	-7,180	-9,673
Cash flow from operating activities		-23,220	-23,181	-39,873	-41,000	-81,328
Cash flow from investing activities						
Investments in tangible assets		-279	-338	-836	-565	-1 171
Investments in intangible assets		-1,761	-464	-2,888	-557	-1 803
Cash flow from investing activities		-2,040	-802	-3,724	-1,122	-2,974
Kassaflöde från finansieringsverksamheten						
New share issue		94,988	-	94,988	-	-
Cash flow from financing activities		-276	-66	-547	-319	-945
Cash flow from financing activities		94,712	-66	94,441	-319	-945
Decrease/increase in cash and cash equivalents		69,452	-24,049	50,844	-42,441	-85,247
Cash and cash equivalents beginning of period		56,356	142,496	74,872	160,310	160,310
Exchange rate differences in cash and cash equivalents		687	-277	779	301	-191
Cash and cash equivalents at end of period		126,495	118,170	126,495	118,170	74,872

Parent Company Income Statement

SEK 000	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full yr. 2021
Net sales	2	4,224	5,189	5,411	7,778	15,450
Cost of goods sold	3	-2,312	-3,042	-3,486	-4,690	-9,316
Gross profit (loss)		1,912	2,147	1,925	2,818	6,134
Development expenses	4	-4,383	-3,422	-7,717	-5,438	-12,527
Selling and marketing expenses	4	-19,388	-3,763	-23,798	-6,690	-28,173
Administrative expenses	4,5,8	-7,117	-9,320	-11,957	-17,736	-37,994
Other operating income		2,426	354	5,417	876	2,788
Other operating expenses		-471	-551	-3,119	-760	-2,085
Earnings before interest and taxes		-27,021	-14,555	-39,249	-26,930	-71,857
Financial expenses		-2	-2	-2	-2	-14
Financial items—net		-2	-2	-2	-2	-14
Profit(loss) after financial items		-27,023	-14,557	-39,251	-26,932	-71,871
Net profit (loss)		-27,023	-14,557	-39,251	-26,932	-71,871

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

Parent Company Balance Sheet

SEK 000	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible non-current assets		19,585	18,205	18,579
Property, plant and equipment		1,350	729	984
Financial non-current assets		86,917	20,182	34,786
Total non-current assets		107,852	39,116	54,349
Current assets				
Inventories and work in progress		8,040	4,606	7,153
Trade receivables and other receivables		7,508	9,469	8,437
Receivables from group companies		2,741	5,485	3,180
Prepaid expenses and accrued income		1,533	663	1,329
Cash and bank balances		95,491	116,556	74,173
Total current assets		115,313	136,779	94,272
TOTAL ASSETS		223,165	175,895	148,621
EQUITY AND LIABILITIES				
Equity				
Restricted equity		30,758	28,411	28,940
Non-restricted equity		145,366	135,127	90,664
Total equity		176,124	165,538	119,604
Liabilities				
Long-term liabilities				
Appropriations		2,589	1,012	1,735
Total long-term liabilities		2,589	1,012	1,735
Current liabilities				
Trade payables		7,630	3,214	3,852
Trade payables to group companies		18,342	2,234	16,837
Other current liabilities		2,474	1,743	1,889
Accrued expenses		16,006	4,154	4,704
Total current liabilities		44,452	11,345	27,282
TOTAL EQUITY AND LIABILITIES		223,165	175,895	148,621

Notes on the Consolidated Accounts

Note 1 Accounting principles

This interim report in summary for the first quarter ended 30 June 2022 has been prepared in accordance with the international accounting standard IAS 34 "Interim Financial Reporting". The term "IFRS" in this document includes the application of IAS and IFRS, as well as interpretations of these recommendations published by the IASB's Standards Interpretation Committee (SIC) and IFRS Interpretation Committee (IFRIC). The application of the accounting principles is in accordance with those contained in the Annual Report for the financial year ended 31 December 2021 and shall be read in conjunction with this Interim report. There are no changes to IFRS in 2022 that are estimated to have a significant impact on the Group's earnings and financial position. Unless otherwise stated, all amounts are reported in thousands of kronor (KSEK). Information in parentheses refers to the comparison year.

Note 2 Division of net sales

KSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
License revenues	37	70	110	70	270
Sales of good	3,366	4,320	5,654	5,747	10,710
Total	3,403	4,390	5,764	5,827	10,980

Note 3 Cost of goods sold

KSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Cost of materials	1,402	1,510	2,234	2,215	4,507
Personnell expenses	84	45	95	101	144
External services	160	109	200	207	365
Depreciation and amortization	2,593	2,695	5,139	5,397	10,887
Total	4,239	4,359	7,668	7,920	15,903

Note 4 Development, selling and administrative expenses

KSEK	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Personnell expenses	16,488	12,536	29,256	21,244	46,894
Consulting expenses	5,572	6,912	10,314	12,057	22,063
Depreciation	86	37	150	64	99
Other expenses	19,849	2,900	22,513	4,831	11,179
Total	41,995	22,385	62,233	38,196	80,235

Note 5 Transactions with related parties

During the period, one Director invoiced 580 KSEK (509) on market terms for consulting services rendered associated with the company's operating activities. These services were mainly rendered by Sorin Brull.

Note 6 Earnings per share

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
<i>SEK</i>					
Basic earnings per share	-0.63	-0.35	-0.96	-0.63	-1.31
Diluted earnings per share	-0.63	-0.35	-0.96	-0.63	-1.31
Earnings measures used for calculating earnings per share					
Profit (loss) attributable to equity holders of the parent used	Net profit (loss)	Net profit (loss)	Net profit (loss)	Net profit (loss)	Net profit (loss)
Profit (loss) attributable to equity holders of the parent, KSEK	-40,360	-22,060	-60,897	-39,184	-82,143
No.					
Weighted average no. of ordinary shares for calculating basic earnings per share	62,247,676	62,493,290	63,370,483	62,493,290	62,493,290
Adjustment for calculating diluted earnings per share	139,837	187,352	147,501	190,178	186,667
Stock options					
Weighted average no. of ordinary shares and potential ordinary shares used as denominator for calculating diluted earnings per share	64,387,513	62,680,642	63,517,984	62,683,468	62,679,957

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

Note 7 Alternative performance measures

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

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

Not 8 Stock Options

Employee stock option program 2020/2023

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

Employee Stock Option Program 2020/2024

The Extraordinary General Meeting on 2 July 2020 also resolved on a program comprising 1,100,000 options. Employee stock options shall be offered and allotted to employees of the Company based on the participants' individual performance during an evaluation period that shall last until 31 December 2020 (the "Evaluation Period"). Allotted employee stock options are earned over three years as follows: 20% of allotted employee stock options are vested on February 1, 2022; 20% of allotted employee stock options are vested on February 1, 2023; and 60% of allotted employee stock options will be vested on February 1, 2024. Participants may exercise allotted and earned employee stock options during the period 1 February 2024 to 30 April 2024. The subscription price is set at SEK 24.70, which corresponds to 125% of the volume-weighted average price of the Company's share on NASDAQ Stockholm's main market for a period of 20 trading days from the date of the general meeting's resolution. A total of 761,000 of these 1,100,000 options were allotted in February 2021 and the allocation is as follows: CEO: 100,000 employee stock options; members of the Management Team in total: 500,000 employee stock options (maximum individual allotment 90,000); other employees: 240,000 (maximum individual allocation 30,000). The market value at the time of allotment was SEK 4.70 per option.

Employee Stock Option Program 2021/2025

The Annual General Meeting on May 11, 2021 resolved on an additional employee stock option program comprising 456,050 options. These employee stock options shall be offered and allotted to employees - except the CEO or those who are part of the Company's management team - based on the participants' individual performance during an evaluation period that shall last until 31 December 2021 (the "Evaluation Period"). The evaluation and subsequent allotment of employee stock options will be decided by the Company's CEO no later than February 2022. However, allocation may take place earlier or later following a special decision to that effect by the Board of Directors. The maximum number of employee stock options to be allotted to participants is 50,000 employee stock options per person. Allotted employee stock options are earned for three years as follows: 20% of allotted employee stock options are vested on February 1, 2023; 20% of allotted employee stock options will be vested on February 1, 2024; and 60% of allotted employee stock options will be vested on February 1, 2025. Participants may exercise allotted and earned employee stock options during the period 1 February 2025 to 30 April 2025. The subscription price is set at SEK 28.10, which corresponds to 125% of the volume-weighted average price of the Company's share on NASDAQ Stockholm's main market for a period of 20 trading days from the date of the general meeting's resolution. A total of 435,000 of these 456,050 options were allotted in February 2022. All options have been allotted to other employees. The market value at the allotment was SEK 2.68 per option.

Employee Stock Option Program 2022/2026

The Annual General Meeting on May 18, 2022, resolved on an additional employee stock option program comprising 900,000 options. These employee stock options shall be offered and granted to employees based on the participants' individual performance during an evaluation period ending on 31 December 2022 (the "Evaluation Period"). Allocation can, however, take place earlier or later after a special decision by the board. The maximum number of employee stock options that can be granted to participants is 200,000 employee stock options per person. Allotted employee stock options are vested for three years as follows: 20% of allotted employee stock options are vested on February 1, 2024; 20% of allotted employee stock options are exercised on February 1, 2025; and 60% of allotted employee stock options are exercised on February 1, 2026. Participants may exercise allotted and earned employee stock options during the period February 1, 2026 to February 28, 2027.

No allotment has yet taken place and the subscription price is set at SEK 30.00

Dilution from the option programs

In total, the Group's four employee stock option programs comprise 2,281,050 options, which in the event of full exercise entails a dilution of 3.3%. If the 400,000 warrants granted to the CEO are included in the calculation, this means a total dilution from all option programs of 3.8%. This is provided that all options are exercised, including the employee options that have not yet been granted.

Not 9 Business acquisition

On July 1, 2022, SENZIME AB acquired 100 percent of the share capital in the 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 - ExSpirom - is the only non-invasive system on the market that monitors patients' breathing volume and respiratory rate in real time. ExSpirom is based on many years of research by physicians in the United States, and is protected by 14 patent families and proprietary algorithms. The system is CE and FDA approved and validated on over 6,000 patients in more than 30 scientific publications.

Monitoring of patients' respiratory function is a critical function that is closely monitored during surgery according to standardized protocols. However, a significant proportion of patients need continued monitoring of respiratory rate and volume in real time even after surgery when they come to a ward. There is often a lack of adequate equipment that can provide an early warning of respiratory depression and prevent complications in patients who are not intubated.

Respiratory depression affects up to 30 percent of patients who are 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®, ExSpirom is based on a "razor and razorblade" sales model powered by an installed base of monitors with 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 take a larger part of the patient journey even outside the operating room and enables cross-selling synergies - both 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 ExSpirom. The transaction also creates the conditions for accelerating Senszime's overall goal of becoming a global market leader in patient monitoring of vital functions and thereby contributing to reduced complications related to anesthesia and analgesia.

Information on preliminary purchase price, acquired net assets and goodwill is shown below

Purchase price (KSEK)

Cash and cash equivalents	0
Ordinary shares	157 605
Conditional purchase price	129 025
Total Purchase Price	286 630

Ordinary shares

The purchase price has been calculated based on the volume-weighted price (VWAP) per share during the last twenty trading days up to and including 31 May 2022. A small part of the agreed maximum number of 8,477,937 ordinary shares has been issued to the sellers by RMI in connection with the acquisition. The highest number of ordinary shares has been added to a value of SEK 157,605 thousand.

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

- 1) Upon acquisition on July 1, 2022, 2,127,537 shares in Senszime were issued through set-off.
- 2) A total of 5,502,606 shares of the consideration have not yet been issued in connection with the completion of the transaction due to the fact that all sellers in RMI have not submitted complete information. The sellers have 12 months (up to and including 1 July 2023) to submit / complete their information in order to receive their proportionate share of the consideration shares in return.
- 3) A total of 847,794 shares corresponding to 10 percent of the purchase price have been withheld during a 12-month period for the settlement of any warranty claims against the sellers. This will then be regulated through a set-off issue based on the then current share price.

Conditional purchase price

The purchase of RMI includes an agreement on additional purchase consideration which is paid in the event that certain milestones for RMI are met during the calendar year 2023 and will thus be paid in 2024, after the annual report has been approved, and can amount to a maximum of 25 MUSD. The additional purchase price can be paid as new shares in Sensime, cash or a mix of new shares in Sensime and cash. Sensime is free to choose which alternative is used and how a possible distribution between new shares and cash. Sensime initially estimates that 80% of the additional purchase price may be due, which would mean an amount equivalent to \$ 20 million. These \$ 20 million have been calculated at present value and a discount rate of 18.4% has been used in the calculation.

The fair value of acquired net assets is provisionally SEK 285,009 thousand and is tentatively distributed as follows:

Preliminary net asset analysis as of July 1, 2022**KSEK**

Intangible assets	209,569
<i>Trademark</i>	29,626
<i>Technology</i>	176,458
<i>Customer relations</i>	3,485
Machinery and equipment	934
Rights of use	11,064
Inventories	12,386
Other working capital assets	8,380
Cash and cash equivalents	930
Debt	-28,277
Working capital liabilities	-19,356
Deferred tax liabilities related to identified intangible assets	-52,395
Identified net assets	143,245
Goodwill	141,764
Carried value of 100% of the shares	285,009

Goodwill is mainly assignable to the company's workforce

Transaction costs related to the acquisition have been expensed in the Group on an ongoing basis, and have been charged to the quarter's profit of SEK 16.4 million and are included in administrative expenses in the consolidated income statement.