



2021

ANNUAL REPORT

PREVENT THE PREVENTABLE

Senzime in brief



Senzime is a Swedish medical device company that develops and markets CE- and FDA-cleared monitoring systems for patients undergoing anesthesia. Senzime's employees worldwide are committed to the vision of a world without anesthesia related complications. Six out of ten patients that wake up after surgery are not fully muscle recovered and therefor at risk having critical respiratory complications.

The TetraGraph® system helps anesthesia providers improve patient care and reduce healthcare costs by digitally and continuously measure the degree of neuromuscular blockade under and after surgery.

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

Senzime operates in the worlds leading markets targeting a market opportunity valued in excess of SEK 15 billion per year. The company's shares are listed on Nasdaq Stockholms main market (ticker SEZI).

SEK 000	2021 ¹	2020 ¹	2019 ¹	2018 ¹	2017 ²
Net sales	10,980	9,337	6,711	3,214	189
Profit (loss) after financial items	-84,289	-48,991	-34,266	-24,591	-13,027
Earnings per share (SEK)	-1.31	-0.84	-0.65	-0.55	-0.33
Equity/assets ratio (%)	86.3	89.4	83.9	81.2	84.6
Gross margin excl. amortization (%)	54.3	40.9	57.6	6.6	-

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

¹ According to new accounting policies (IFRS)

² According to previous accounting policies (K3)

Net sales
SEK m

11

Gross margin

54%

No. of employees

34

»Strong growth in
the USA and Europe«

NASDAQ STOCKHOLM

WELCOMES

 **SENZIME**

 **Nasdaq**

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ANNUAL GENERAL MEETING

Senzime's AGM will be held at 4 pm on
Wednesday, May 18 in Uppsala, Sweden.
More information on page 74.

The year in brief

Start-up in Germany

Senzime GmbH incorporated in Germany at the beginning of the year, with the hiring of a Country Manager and Regional Clinical Manager. The Katholisches Klinikum Bochum teaching hospital places its first order for TetraGraph® systems.

New guidelines require quantitative neuromuscular monitoring

In May, the Association of Anaesthetists of Great Britain and Ireland announces new guidelines on quantitative monitoring of neuromuscular blockade in the UK and Ireland. These guidelines include stipulations on the availability of quantitative monitoring being mandatory in all operating theaters, and for all patients receiving NMBAs (neuromuscular blocking agents).

Senzime listed on Nasdaq Stockholm Main Market

Nasdaq Stockholm's Companies Committee approves Senzime's application for trading the company's shares on its Main Market on 23 June 2021. The first trading day is 30 June.

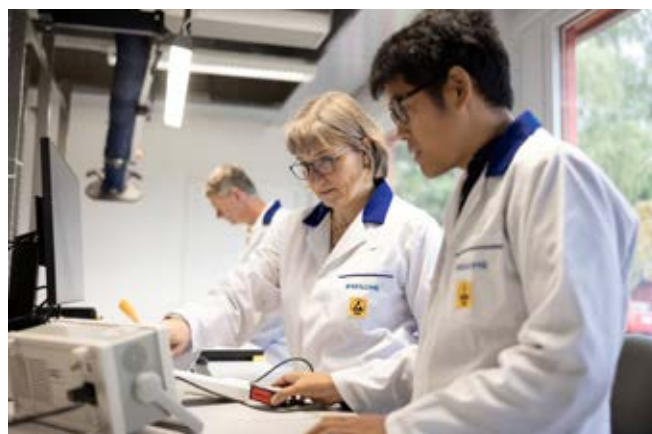


Multiple trials and strategic agreements in the US

In the third quarter, Senzime reports ongoing or contracted trials at over 60 hospitals, Representing total potential for some 750 TetraGraph® systems. Strategic agreements signed with some of the world's most prestigious hospitals, with the company installing monitors in all operating theaters in the fourth quarter.

Insourced production starts

Production of TetraGraph® at Senzime's premises begins in the third quarter. To increase margins and streamline efficiency, production of TetraGraph® is insourced to Uppsala, Sweden, as planned.



MDR certification

In December, Senzime announces that Senzime's quality system and manufacturing facility have secured Medical Device Regulation (MDR) certification.

Aggregate total of over 1,000 TetraGraph® shipped

By year-end 2021, Senzime had shipped a total of over 1,000 monitors to customers and distributors. This is driving sensor sales, and global unit sales of TetraSens® sensors for the full year 2021 were some 45,000, an increase of 25% on the previous year.

High sales growth in the US and Europe

Our total sales increase was 18% in 2021. Sales were up by over 200% in the US, and this market represented over one-third of total sales. Sales in Europe also achieved healthy growth, with a full-year increase of 52%.

“Once again, I’m enthused to see the importance of our product, and the customer feedback is fantastic.”

We increased our total sales with 18% in 2021. Sales were up by over 200% in the US, and this market represented over one-third of total sales. Sales in Europe also achieved healthy growth, with a full-year increase of 52%

The installed base of TetraGraph®—which in turn, drives sensor sales—is continuing to expand. We signed strategic deals in the US with some of the world’s most prestigious hospitals, and installed monitors in all operating theaters in the fourth quarter of 2021.

In total, Sensime has now shipped over 1,000 monitors to customers and distributors. Global unit sales of TetraSens® sensors for the full year 2021 was some 45,000, a 25% increase on the previous year.

New quantitative monitoring guidelines were introduced in the UK in May, with stipulations including the mandatory availability of equipment in all operating theaters, and use on all patients receiving NMBAs before, during and after surgery. Our sales of TetraGraph® are independent of guidelines, but they do accelerate its roll-out.

In the first quarter 2021, we incorporated a subsidiary in Germany, and appointed a Country Manager. Sensime’s German sales organization is achieving great successes, and we secured 13 trials, with another 10 currently ongoing.

Obviously, our listing on Nasdaq Stockholm’s Main Market at the end of June was one of the highlights of last year. This is a momentous step towards our vision of eliminating anesthesia-related complications, while simultaneously building a world-leading company that creates long-term value for customers, shareholders and wider society. We also hope that it will expand our investor community, and help improve the company’s visibility and exposure.



To expand our margins and improve efficiency, we insourced production in the fourth quarter, simultaneous with our manufacturing premises, products and quality systems gaining certification according to MDR, the new European regulatory standard. This is amazing work by our team!

Driving development and the production of medical devices involves substantial responsibility for sustainability. At Sensime, we work from our sustainability policy, which is approved by our Board of Directors and is the foundation of our sustainability work. Our sustainability work has identified and analyzed those areas and sustainability aspects that have the biggest impact on our business, which are mainly our product development and manufacturing processes.

By year-end 2021, we had ongoing or contracted trials at over 74 hospitals worldwide. The total potential for these trials is some 1,150 TetraGraph® systems. We are also continuing to win the majority of trials—In the fourth quarter, we won tenders at 16 out of 17 hospitals.

In early-2022, five US teaching hospitals decided to purchase TetraGraph® systems. We generally expect hospitals will now return to more normal post-pandemic status, and start to address their long surgery waiting-lists.

Sensime is now also launching TetraSens® Pediatric—a new disposable sensor intended for children. Studies indicate that children run an equally high risk as adults of complications associated with the use of neuromuscular blocking agents. The product is CE-marked, and we filed an application for approval with the US FDA at the end of February 2022.

Based on the number of ongoing trials and the outcomes of the latest tenders, we are reiterating our financial targets of sales of SEK 200 million in 2023, with profitability achieved. We also think that a long-term objective of a 10% market share on a market with estimated yearly sales of SEK 15 billion remains highly relevant.

In March 2022, I toured the USA and met our customers. Once again, I was enthused by the substantial medical need our product satisfies, and customer feedback is fantastic.

With our fantastic product offering, strong team and huge market need, I’m looking forward confidently to 2022!

Pia Renaudin, CEO

Uppsala, Sweden, April 2022

The need has never been greater

Lockdowns and restrictions worldwide in the wake of the pandemic limited access to hospitals and physicians. Society is now reopening up to a growing global care debt. In Sweden alone, 170,000 fewer surgeries have been performed since the beginning of the pandemic compared to the yearly average of 560,000, of which 40% of patients on waiting lists have been waiting for longer than pledged by national care guarantees.

We anticipate that going forward, health care will intensify efforts to optimize surgery flows to minimize waiting-times for patients that need surgery, and here, TetraGraph® can serve an important role.

MBNAs are currently used in 60-70% of surgical procedures, and facilitate surgical procedures without the patient having muscular tension, coughing, or involuntary movement. 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, anesthetists

gain guidance on medication dosage in the different phases of surgery. So TetraGraph® can help improve patient safety, and the flow of patients during and after surgery. Without rigorous measurement, there is a risk of either keeping patients intubated and remaining in surgery for too long, or extubating prematurely, with the risk of CREs relating to residual neuromuscular blockade.

In recent years, anesthetists associations worldwide have published guidelines on objective monitoring when a NMBA is administered, which have been recommended across the Nordics for a long time.

As more precise and user-friendly technology has become available, based as in TetraGraph's® case, on electromyography (EMG), we are now witnessing the emergence of more detailed national guidelines indicating the type of technology that works on all types of surgery. Alongside other clinical evidence illustrating the benefits of EMG over previous competing technologies, including determining correct medication doses, there is plenty of

“Getting ready for my first case this morning. I know when the patient leaves the OR today, he’ll be adequately reversed to at TOFr of > 0.90. No residual paralysis.

You can guarantee this too. Adopt quantitative monitoring into your practice and elevate your patient’s safety.”

*Jen Sanders RN, BSN
Clinical Product Specialist
Senzime, Inc.*

evidence to suggest that this user-friendly technology will soon become the world leader.



More clinical trials than ever conclude in 2021

By year-end 2021, we had ongoing or contracted trials at over 74 hospitals worldwide. The total potential for these trials equates to some 1,150 TetraGraph® systems. We are also continuing to win the majority of trials—we won tenders at 16 out of 17 hospitals in the fourth quarter of 2021.

Focus markets

Currently, Senzime's largest markets are: in Europe, the US, Germany, UK, France, Spain and Italy, and in Asia, South Korea and Japan. We are present in a total of 29 countries through direct sales or distributors.

US hospitals are often large with more operating theaters than their European counterparts. Legacy subjective techniques such as the physician asking the patient to lift his/her head, squeeze a hand etc., or using peripheral nerve stimulation (PNS) remain common, despite a wealth of studies indicating that they do not function satisfactorily, or are safe for patients.

At present, there is a major focus from anesthetists' associations and patient safety bodies on implementing objective monitoring. The most widespread application for objective monitors is during surgery, but as the use of NMBAs has proliferated into other segments such as intensive care departments and pediatric surgery, for example, new markets are emerging.

In most countries, NMBAs are used as widely in pediatric surgery as in adults. TetraGraph's® technology platform works well for children. Children have shorter thumbs than adults, so movement-based metrics are not as accurate. TetraGraph's® technology enables muscular response to be measured independent of movement, which makes it more precise.

TetraGraph® is a mobile monitor, which means it can be used to monitor patients through the complete surgery flow, and also monitor muscular function post-surgery. Studies indicate that patients often

have residual neuromuscular blockade after waking unless objective monitoring is used.

In the US, procurement processes have fairly long lead-times from start to transaction; from approved budget, initial trial to consideration by hospital value committees, who take collective decisions on the equipment to be purchased. Local advocates of objective monitoring facilitate these processes, ensuring the dissemination of accurate information on risks and needs, as well as implementation in all operating theaters.

Senzime expanded its US sales resources in the year, which now have 13 staff, 10 salespeople and another 3 individuals who combine sales with clinical support and management functions. The combination of direct sales and a reputable distributor, Mercury Medical, means Senzime has good coverage in those US regions with the highest hospital density.



Our vision

A world without anesthesia-related complications.

Our mission

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

Business update Germany

In January 2021, Senzime incorporated a direct sales organization in Germany through its subsidiary Senzime GmbH, headed up by Country Manager André Ludwig. Germany is Europe's largest market for medical devices, with a population of 82 million, and over 2,000 hospitals.

Country Manager André Ludwig has over 30 years' experience of anesthesiology and intensive care, and possesses an extensive network from previous executive positions for German and international companies. This is especially valuable in Germany where major group purchasing organizations (GPOs) are gaining increasing influence.

André's know-how on medical devices and disposable products is extensive, and he has substantial experience of product launches of pioneering technologies in anesthesia and patient data systems. Germany has some 9,000 operating theaters, which conducts some 17 million procedures each year, with NMBAs used in about 11.9 million of them.

"At present, quantitative monitoring is applied to patients in some 60% of cases, most using older movement-based

technology, acceleromyography (AMG).

Subjective methods to determine the depth of sedation are used in 40% of procedures. With its superior EMG technology, which works in all types of surgery and helps improve patient safety, TetraGraph® enjoys great potential to become the market leader," comments André.

Germany spends EUR 411 billion each year on its health care system, or 11.9% of GDP. Its states meet the cost of investment, but people have to pay for health insurance, which can be public or private, and finances hospital operating expenses.

"The sales process from the initial contact to order normally takes 8-17 weeks, sometimes somewhat longer due to the impact of the pandemic. The German team currently has 3 people to conduct sales and offer on-site clinical support, and another 2 salespeople will be added in the second and third quarters respectively. Apart from straight sales work, we're currently working on creating reference hospitals, and spreading knowledge about TetraGraph® and the need for neuromuscular monitoring in webinars, local workshops and conferences," adds André.



In January 2021, Senzime incorporated a direct sales organization in Germany through subsidiary Senzime GmbH, headed up by Country Manager André Ludwig.

Health economics

A raft of studies were published in 2021 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 TOF monitoring for the procurement and usage of quantitative TOF monitors in comparison with the costs of managing complications resulting from residual neuromuscular blockade, such as reintubation and lung inflammation. The cost of

hospitalization, and for treating complications, can vary significantly between hospitals and countries. However, given the substantial nature of the cost savings identified by the study, it is unlikely that even moderate variations in these costs would alter the favorable economic outcomes the study revealed for introducing quantitative NMB monitoring universally. This analysis illustrates the major saving for academic medical centers after implementing quantitative TOF monitoring. Its conclusion was that introducing standard-

ized quantitative TOF monitoring may be justified for economic reasons alone.

Ref: 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

Paradigm shift

Awareness of the risks involved in using NMBAs and the need for objective monitoring has increased dramatically recently. Several studies indicate the risk of serious consequences of using peripheral nerve stimulation (PNS) only, which remains the most common method in the USA.¹

TetraGraph's® base technology electromyography (EMG) is now a new gold standard for monitoring neuromuscular blockade, and Senszime is anticipating new recommendations in the coming year from the US from the American Society of Anesthesiology, and in Europe, from the European Society of Anesthesiology. About a year ago, these societies also appointed committees in the field to formulate recommendations.



In 2021, TetraGraph® was on the cover of the American Society of Anesthesiology's journal (October) and rated Editor's Choice, which is indicative of the major focus in the segment. Apart from repeatable values, user-friendliness is another important parameter for the practical use of equipment.

Senzime's strategic focus areas

Senzime has identified four strategic areas important for generating growth

- Strong market presence on major markets
- Continued investments in production and development
- Developing partnerships/collaborations
- Selective strategic initiatives



¹ J. Ross Renew et al, Ease of Application of Various Neuromuscular Devices for Routine Monitoring, *Anesthesia & Analgesia*, 2020.



Innovation in focus

Hi Anders, and congratulations on your new job as Chief Innovation Officer (CINO)!

Tell us more about your new position in innovation

Innovation is a priority at Sensime that should permeate everything we do, and the purpose of this new position is to make sure this focus isn't just theoretical, but practical too.

I'm getting far more freedom in this new role, with the time to focus on new, innovative ideas and products for future needs. So I can find these ideas, I'll be working in-house and externally, focusing on the unresolved problems of end-users.

What does innovation mean to you?

Innovation is finding creative solutions to a given problem that add value for the customer, and also of course, for us. This doesn't necessarily mean a new product, but could be an approach that solves the problem in a different, and better, way. Continuous innovation doesn't just happen, but requires us to create processes that offer the right potential to nurture creative ideas, and in my new role, I'll be creating them.

Why do you think you've been given this opportunity?

I've got a broad-based, in-depth background as a specialist, consultant and manager in different R&D activities.

I'm also naturally curious, and like questioning traditional, smart solutions.

I'm really looking forward to sifting nuggets of gold for continued value creation in Sensime.



Senzimes product portfolio

Products/devices

TetraGraph®

TetraGraph® is a CE-marked, FDA-approved, innovative and user-friendly digital system for monitoring patients under anesthesia in combination with NMBAs. TetraGraph® is designed to measure the effect of NMBAs simply and precisely, which helps physicians to 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.

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



CliniSenz® Analyzer

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

Disposables

TetraSens®

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

TetraSens® Pediatric

The TetraSens® Pediatric electrode has been specifically produced for smaller children aged from four weeks, and is used in combination with TetraGraph®. The product is CE-marked, and an application for approval has been filed with the US FDA. It has two stimulating electrodes, one recording electrode and one distal reference electrode. TetraSens® Pediatric is made of a transparent and pliable material, which makes it easier to place the electrode correctly over the nerve and muscle of an infant. The electrodes can be applied to either hand, with the stimulation electrodes over the ulna nerve at the wrist and the recording electrode from either



the hypothenar muscles at the base of the little finger (abductor digiti minimi muscle) or from the thenar muscles at the base of the thumb (adductor pollicis muscle).

OnZurf® Probe

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

Connectivity & data management systems

Data from TetraGraph® monitor can be transferred to selected patient monitoring systems, for integration in existing infrastructure, enabling patient data to be uploaded to a local electronic patient journal.

TetraConnect

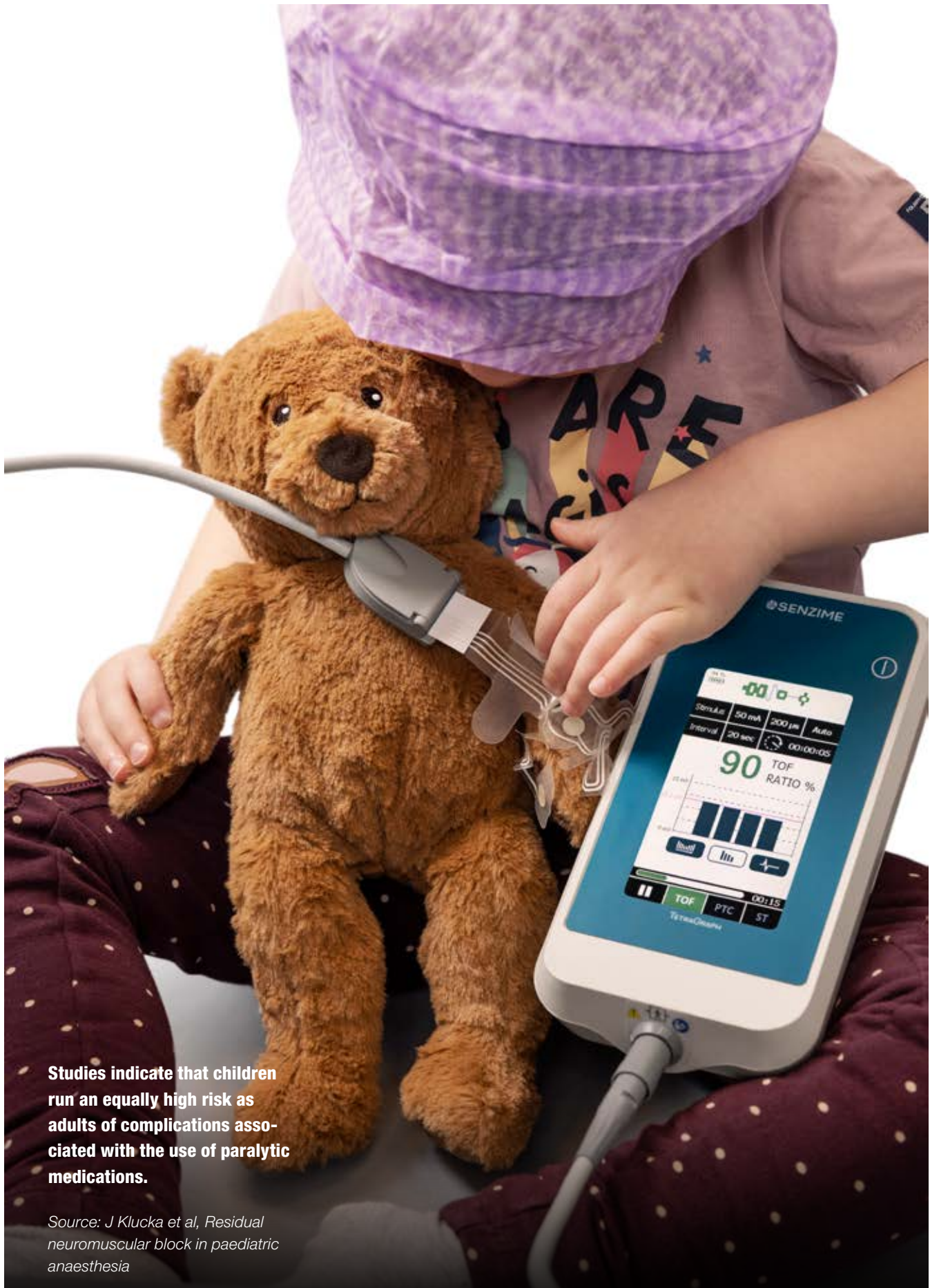
The TetraConnect cloud service makes it easy for physicians and health care staff to view and export data from TetraGraph® in pdf or Excel format. The web portal brings the user access to extensive data for clinical use, or for research. Users can also report events, make annotations, and view neuromuscular response measured during surgery in detailed charts.



TetraGraph Philips Interface

TetraGraph Philips Interface enables the transmission of neuromuscular parameters to Philips patient monitors, where they are displayed on Philips IntelliVue. Data from TetraGraph® is managed in the same way as other Phillips data, transferred and saved automatically to hospital patient data systems where they have been installed.





Studies indicate that children run an equally high risk as adults of complications associated with the use of paralytic medications.

Source: J Klucka et al, Residual neuromuscular block in paediatric anaesthesia

Clinical evidence

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

Researchers worldwide have shown significant interest in TetraGraph® over the past year. Several trials were published in the most recognized anesthesia journals and presented as abstracts at the major international congresses.

With its precision and user-friendliness, TetraGraph's® EMG technology is now widely recognized as the gold standard. One study by Nemes et al proved that TetraGraph's® EMG technology improves patient safety because it offers more precision and repeatability than the acceleromyography monitor TOF-Watch SX. TetraGraph® provided superior responses of adequate recovery from neuromuscular blockade, and preparation for safe extubation because of certainty over when the patient's respiratory muscular function has returned.

TetraGraph® being a better indicator of adequate recovery than AMG was also



corroborated by a study by Iwasaki et al in Japan, whose conclusion was that 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 enables anesthetists 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.

An Italian study compared TetraGraph® with the TOF-Watch, and its older, acceleration-based AMG technology. The results of the study are consistent with earlier research in the segment, which indicates that AMG overestimates the level of recovery, which can result in premature

extubation, and that TetraGraph® provides more repeatable results during recovery from neuromuscular blockade.

In addition to the above publications, a number of abstracts studying TetraGraph® were presented at the year's major international congresses. We expect that several of these studies will also be published in one of the major anesthesia journals over the next 12 months.

Research into the usage of TetraGraph's® EMG technology on children, a new and exceptionally exciting market for Senzime, was published at the largest US anesthesia congress, held by the ASA in October 2021. Another research group also presented the potential to use TetraGraph® for monitoring on the foot in those cases where the arm and hand are not viable alternatives.

Senzime presented the results of the latest enhancements of TetraGraph® software at the European ESAIC Congress, where sensitivity has been fine-tuned. With this new algorithm, TetraGraph's® current software can generate superior measurement data in more types of situation, including those that historically, have been problematic to monitor.

International guidelines and consensus

There is a growing need to formulate guidelines for monitoring neuromuscular function, because post-operative residual weakness remains a problem for patient safety.

In recent years, several countries have issued guidelines including more stringent requirements for objective monitoring. Guidelines from Spain and the UK were published in 2021. The Association of Anaesthetists of Great Britain and Ireland's (AAGBI) guidelines stated that quantitative neuromuscular monitoring should be used with NMBAs administered before, during

and after surgery, and that monitors should be available in every operating theater.

The ESAIC (European Society for Anesthesiology & Intensive Care) appointed a working committee to produce European recommendations for managing neuromuscular blockade. The next update from this committee is scheduled for the first European Anesthesia Congress in June 2022.

The ASA is also expected to present its guidelines on monitoring neuromuscular blockade in 2022.

- **2021** El Grupo Espanol de Rehabilitacion Multimodal
- **2021** Association of Anaesthetists of Great Britain and Ireland
- **2020** Canadian Anesthesiology Society
- **2020** Société Française d'Anesthésie et de Réanimation
- **2019** Italian Society of Anesthesia, Analgesia, Reanimation and Intensive Care
- **2019** Japanese Society of Anesthesiologists (JSA)

Patents and trademarks

Senzime's protects its business through an active IP strategy. Intellectual property is an important part of Senzime's operations, and the company works continuously on patent and trademark registration. Senzime seeks patent protection for strategic results including processes, products and applications. In addition to patent filings, the company also registers intellectual property in the form of design registration and trademarks. The company's IP Committee monitors the business environment actively, and surveys third-party intellectual property to ensure that the company does not infringe on other parties' rights, and that other parties do not infringe on the company's intellectual property. Two new patents were granted in the year, and one new patent application was filed. Senzime also registered patent protection for its product TetraSens® Pediatric.



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



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



Senzime har beviljade patent avseende Improved microdialysis probe (OnZurf® Probe) i Sweden, USA and Europe. Handläggning av validering i specifika länder i Europe pågår.



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



Senzime also has patent filings under consideration for TetraGraph® in Europe and the USA.



Patent protection is important to the future progress of operations. Senzime will utilize its intellectual property as a commercial instrument, and protect its investments in research and development.

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

Board of Directors



Philip Siberg

Chairman of the Board

Chairman of the Board since 2016

Domicile: Stockholm, Sweden

Born in: 1973

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

Main occupation: Philip's main occupation is as a partner of Southbloom AB and Co-founder, Chief Strategist & IR Officer of Coala Life.

Other appointments: Phillip is Chairman of Acarix AB (publ.), President and Board deputy of Longmeadow Farm AB, and an adviser to entrepreneurs and start-ups in healthtech and medtech.

Previous appointments: for the past five years, Philip has founded and served as CEO of Coala Life AB (publ.), been domiciled in the USA, and founded Coala Life Inc. as President, President and Co-founder of Acacia Designs BV (acquired by Senzyme in 2016), President of Stille AB (publ.), and President and Chairman of Dipylon Medical AB (formerly CMA Microdialysis AB).

Holdings in the company: Philip Siberg holds a total of 607,989 Senzyme shares personally and through Longmeadow Farm AB.



Adam Dahlberg

Director

Director since 2000

Domicile: Oskarshamn, Sweden

Born in: 1973

Education: MBA, Stockholm School of Economics (1998)

Main occupation: Adam is an investor in high technology and real estate ownership.

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

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

Holdings in the company: Adam Dahlberg holds 3,601,344 Senzyme shares. Additionally, Ebba Fischer holds 2,048,409 shares, the Crafoordska Foundation 1,606,943 shares, Margareta Nilsson 1,587,544 shares, Anna Manhusen 1,358,230 shares, AB Pethle 244,663 shares and Carl Rosenblad 271,546 shares of the company, all of whom are related parties of Adam Dahlberg.



Sorin J. Brull

Director

Director since 2016

Domicile: Florida, USA

Born in: 1956

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

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

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

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

Holdings in the company: Sorin J. Brull holds 3,233,528 shares of the company personally and through Pershing Trustee.

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



Lennart Kalén

Director

Director since 2018

Domicile: Stockholm, Sweden

Born in: 1947

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

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

Other assignments: Lennart Kalén is Chairman of Optolexia AB and Fruholmen Invest AB.

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

Holdings in the company: Lennart Kalén represents the Segulah Group with 5,588,966 shares, of which 1,161,240 shares are owned through his own company (Fruholmen Invest AB), 2,480,000 shares via Segulah Venture AB and 1,947,726 shares via AB Segulah.

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



Eva Walde

Director

Director since 2021

Domicile: Stockholm, Sweden

Born in: 1963

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

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

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

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

Senior management



Pia Renaudin

Chief Executive Officer

since 2019

Domicile: Bromma, Sweden

Born in: 1967

Background: MBA, Gothenburg University (1992), graduate of INSEAD. Pia Renaudin possesses broad-based experience of the life science industry, focusing on marketing and sales. She previously held executive positions globally and regionally in Sweden and France. Pia has managed many strategic product launches for global companies including AstraZeneca, Bristol Myers, Squibb, Gilead Sciences and Stryker.

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



Slavoljub Grujicic

Chief Financial Officer

since 2022

Domicile: Danderyd, Sweden

Born in: 1970

Background: Bachelor of Business Administration (BBA) and financial management. Slavoljub has over 20 years' experience of major listed medical device companies. Experience includes financial control and business development, as well as experience of integrating acquisitions.

Holdings in the company: 3,000 shares



Christopher J. Estes

President & General Manager Senzime, Inc.

since 2020

Domicile: Naples, Florida, USA

Born in: 1969

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



Johanna Faris

Director Quality Assurance and Regulatory Affairs

since 2018

Domicile: Uppsala, Sweden

Born in: 1975

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



Anders Jacobson

Chief Innovation Officer

since 2022 (CTO 2018-22)

Domicile: Uppsala, Sweden

Born in: 1967

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

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



Catrin Molund

Executive Vice President Business Development

since 2016

Domicile: Uppsala, Sweden

Born in: 1970

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

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



Anders Selin

Vice President Global Sales

since 2019

Domicile: Stockholm, Sweden

Born in: 1962

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



Johanna Tulkki

Chief Operating Officer/Chief Technology Officer

since 2020

Domicile: Uppsala, Sweden

Born in: 1970

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

The share

Senzime's share has been listed on Nasdaq Stockholm's Main Market since June 30, 2021, and trades with the ticker "SEZI." The share was previously listed on Nasdaq First North Growth Market.

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, 2021 was SEK 7.8 m. The quotient value is SEK 0.125 per share. There is a total of 62,493,290 shares. There is only one share class. All shares are entitled to an equal share of the company's assets. Each share carries one vote at Annual General Meetings (AGMs) and any Extraordinary General Meetings (EGMs), and there are no limitations in the matter of how many votes each shareholder may cast at AGMs/EGMs. Nor do the Articles of Association have any provisions limiting rights to transfer shares.

Trading

The closing price of Senzime's share on December 31, 2021 was SEK 22.80, equating to market capitalization of approx. SEK 1,425 m. Total turnover in the year was 14,379,926 (14,306,761) shares, with a value of approximately SEK 319.2 m (286.9). The share price decreased by 5% in the year. The share price high in 2021 was SEK 25.80 (January 4), and the low was SEK 19.70 (December 6).

Dividend policy

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

Dividend proposal

The Board of Directors is proposing to the AGM that no dividend is paid for the financial year 2021.

Stock market information

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

Shareholders

The number of shareholders of Senzime as of December 31, 2021 was 2,343 (2,325) according to Euroclear data. Accordingly, Senzime's ten largest shareholders had holdings corresponding to 60.7% (60.1) of the votes and equity of the company. The largest shareholder is the Crafoord family with 14.6% (14.6) of the number of shares and votes.

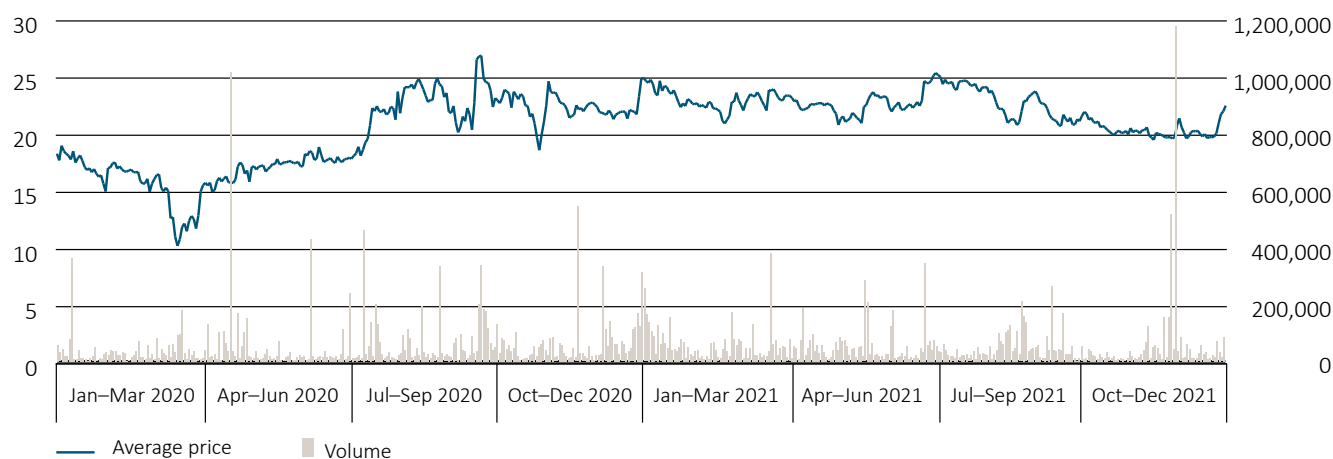
Share capital history

Datum	Event	Number of shares	Share capital (SEK)	Quotient value (SEK)
January 1, 2020	Opening	52,448,290	6,556,036	0.125
April 21, 2020	New share issue	4,900,000	612,500	0.125
November 25, 2020	Share warrants	600,000	75,000	0.125
December 7, 2020	New share issue	4,545,000	568,125	0.125
Total, December 31, 2020		62,493,290	7,811,661	0.125
January 1, 2021	Opening	62,493,290	7,811,661	0.125
Total, December 31, 2021		62,493,290	7,811,661	0.125

Ten largest shareholders as of December 31, 2021

Shareholder	Number of shares	Equity holding (%)
Crafoord family	9,111,736	14.6
Handelsbanken Fonder AB	4,661,314	7.5
Segulah Venture AB and AB Segulah	4,418,085	7.1
Pershing LLC.	3,765,535	6.0
Sorin J. Brull	3,233,528	5.2
TIN Ny teknik	3,000,000	4.8
Fourth National Swedish Pension Fund	2,700,000	4.3
Swedbank Robur Microcap	2,600,000	4.2
Lindskog family	2,243,188	3.6
Stone Bridge Biomedical	2,172,030	3.5
Other	24,587,874	39.3
Total	62,493,290	100.0

Senzime's share price (SEK)



Sustainability & CSR

Senzime's operations contribute to improved global health. We will make an active contribution to sustainable development by conducting the company's business responsibly, and consistent with our core values.

The year in brief

Over the past year, we insourced production of our TetraGraph® monitor to Uppsala, Sweden, with one important reason being able to manufacture this product more sustainably. This has enabled us to reduce our transportation, downsize packaging and thus reduce our climate footprint, for example. During the pandemic, we held our meetings and training programs remotely, which reduced travel significantly. Going forward, we will also be considering the need for every business trip.

Senzime AB transferred to using electric company cars only in 2022.

In 2022, we will be conducting a feasibility study of ISO 14001 to prepare for sustainability certification.

Senzime's sustainability work

Conducting development and manufacture of medical devices entails substantial responsibility for sustainability. At Senzime, we work on the basis of our sustainability policy, which is approved by our Board of Directors and is the foundation of our sustainability work. Our sustainability work as identified and analyzed those areas and sustainability aspects that have the biggest impact on our business. This applies primarily to our product development and manufacturing processes.

Developing and manufacturing medical devices entails substantial responsibility. Physicians and patients rely on our equipment, and this means our development and manufacture must satisfy their expectations of quality and safety.

In our business, we contribute to improved global health, respect for the environment and people. Senzime's guiding principle is to make an active contribution to sustainable development by managing our business responsibly, and consistent with our core values. Our policies on ethics, sustainability, our Code of Conduct, and our approved certified quality systems monitor our sustainability work. We endeavor to offer good employment terms and respect human rights, jointly with our suppliers.

Code of Conduct

Senzime's Code of Conduct sets guidelines that are consistent with legislation, such as respect for human rights and labor law, fair hiring procedures and anti-corruption. Suppliers and collaborative partners are important and integrated parts of Senzime's overall value chain for our products and services. We require all our partners to conduct their business by the same high standards as Senzime's business ethics. Senzime supports fundamental labor laws, freedom of association and effective recognition of the right to collective bargaining. We do not accept any form of forced labor or child labor.

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

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

Policy and guidelines on social sustainability

Passion

"We work inspired"

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

Integrity

"We do what's right"

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

Accountability

"We deliver on promises"

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

Performance

"We focus on what matters"

We prioritize what means most! While balancing short and long-term goals, we never lose sight of our overall business objective. We know what's expected of us and deliver and exceed our financial targets. We want to attract specialist skills, because we know that the right people working together achieve the best results. Senzime should be exciting and easy to do business with. We're leaders, not followers.

Social sustainability and leadership

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

Senzime conducts an employee satisfaction survey each year to evaluate the company's working environment, and identify areas of improvement. In the year, we then followed up continuously, and based on its outcomes, we continue to work on areas of improvement. We got a 100% response frequency on our yearly employee satisfaction survey, and also secured a high rating on employee commitment of 8.85 (8.58), a 3% increase from an already high result in 2020. Diversity is a very important issue to us. See below for our gender division in 2020/2021, and result index from our employee satisfaction survey.

Employment	2021		2020	
	Parent company	Group	Parent company	Group
Number of employees	20	34	12	18
- total female employees	55%	44%	67%	50%
- share of women in management	57%	50%	57%	50%
- share of women on Board	20%	20%	0%	0%
Employee satisfaction index		8.85		8.58

GDPR/cybersecurity

First and foremost, cybersecurity is about preventing information from leaking, being corrupted and destroyed. It is also about making the right information available to the right person at the right time. Information should not be able to fall into the wrong hands or be misused.

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

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

Whistleblower directive

Senzime complies with the new whistleblower directive, Directive (EU) 2019/1936 of the European Parliament and of the Council of 23 October 2019, which not only protects employees but also trainees, suppliers and former employees. The company encourages all employees, customers and other business partners to report non-compliance, impropriety or serious incidents related to the company without fear of reprisal. Senzime has a

Supporting all our people's development, and promoting a transparent culture, where every opinion counts, is an important aspect of our leadership. We conduct appraisal interviews to give our employees and managers the opportunity of constructive dialogue and follow-up on individual and corporate goals. We follow up on these goals semiannually, and update them as required.

Senzime has a matrix organization of lines/projects, and accordingly, we also conduct employee calibration with managers and project managers so all components of staff contributions are recognized. Its purpose is to capture cross-functional aspects that are an important component of interaction.

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

representative that deals with these incidents, and no breaches were reported in 2021.

Production in Sweden

Insourcing production to Sweden had a very positive impact on the environment and transportation in Senzime's sustainability work. Senzime very largely uses local suppliers, which helps reduce transportation and delivery lead-times.

We select suppliers and collaborative partners carefully, and evaluate them each year. Our evaluation focuses on factors including finance, delivery precision, performance, quality and sustainability. We implemented new packaging in the year to reduce our impact on the environment and transportation. The transportation volumes of our products reduced by >50%.

All components and constituent materials satisfy the RoHS directive, which is designed to reduce the risks to people's health and the environment by replacing and limiting hazardous chemical compounds in electrical and electronic equipment. RoHS stands for Restriction of the use of certain Hazardous Substances in electrical and electronic equipment. Senzime avoids animal testing unless required by law or regulatory processes.

Senzime complies with packaging, WEEE and battery directives and reports all waste that is located on our markets.

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 2021. 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 2020, unless otherwise stated.

Operations

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

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

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

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

In the first quarter of 2021, German subsidiary Senzime GmbH started operations focused on direct sales on the German market.

Business highlights in the financial year

January 14: BUSINESS START-UP IN GERMANY

Country Manager and Regional Clinical Manager hired. Katholisches Klinikum Bochum teaching hospital places its first order for the TetraGraph® system.

March 4: TETRASENS® DISPOSABLE SENSOR SECURES REIMBURSEMENT IN SOUTH KOREA

The South Korean government health care system will be providing reimbursement for the use of Senzime's TetraSens® disposable sensors in anesthesia with NMBAs on patients with ASA-PS 3 or above from March 1, 2021.

March 10: INTERNATIONAL MULTICENTER STUDY VALIDATES SENZIME'S TETRAGRAPH®

A clinical trial on 120 patients conducted by the Mayo Clinic of Jacksonville, USA, the University of Debrecen, Hungary, and Northshore University Health System, Chicago, USA was published in the Journal of Clinical Anesthesia. This study validates EMG technology vs. AMG technology.

April 20: US COMMERCIAL CAPACITY EXPANDED

Senzime is continuing to expand consistent with its commercial strategy by hiring more salespeople and signing a distribution agreement with Mercury Medical Enterprises Inc.

March 11: ANNUAL GENERAL MEETING

Senzime's AGM re-elected the incumbent Board of Directors, and resolved on the formation of a nomination committee for the following AGM, adopted rules for remunerating senior managers, new articles of association, and resolved on authorizing share issues and a new incentive program

May 22: NEW GUIDELINES REQUIRE QUANTITATIVE NEUROMUSCULAR MONITORING

Senzime announces that the UK Association of Anaesthetists has issued new guidelines for quantitative monitoring of neuromuscular blockade in the UK and Ireland. Stipulations of these guidelines include the mandatory availability of quantitative monitoring in all operating theaters and on all patients receiving NMBAs.

June 30: SENZIME LISTED ON NASDAQ STOCKHOLM MAIN MARKET

On June 23, 2021, Nasdaq Stockholm's Companies Committee approved Senzime's application to list the company's shares on Nasdaq Stockholm's Main Market. The first trading day was June 30.

September 13: STUDIES INDICATE FINANCIAL SAVINGS AND PATIENT BENEFITS OF EMG TECHNOLOGY

Recently published studies indicate that EMG monitoring can help reduce serious complications from the use of NMBAs, simultaneous with the introduction of quantitative neuromuscular monitoring providing a net cost saving by reducing the above respiratory complications.

October 15: SENZIME PARTICIPATES IN ASA ANNUAL CONFERENCE

Senzime's TetraGraph® systems attracted a lot of focus at the annual US Anesthesia conference. A study conducted on TetraGraph® was named Editor's Choice by the Anesthesiology Journal, and four studies on TetraGraph® were presented, two focusing on pediatric use, one on different muscle groups, and a prospective study for surgery where the patient's arm is immobilized.

December 6: MEDICAL DEVICE REGULATION CERTIFICATION

Senzime announces that the company's products, quality system and manufacturing facility have been certified according to the new European MDR.

December 22: SENZIME HIRES NEW CFO

Senzime announces that the company's CFO Erik Bergman would retire in the spring, handing over to Slavoljub Grujicic, who becomes the company's CFO in the first quarter of 2022.

Business highlights after the end of the financial year

January 3: SENZIME WINS 16 HOSPITAL TENDERS IN Q4

In a business update, Senzime reports that 16 hospitals proceeded to purchase in the fourth quarter, with one hospital selecting a competing product.

January 27: JAPANESE STUDY CORROBORATES, BENEFITS OF TETRAGRAPH®

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

February 1: STAFF STOCK OPTIONS GRANTED

The AGM of May 11, 2021 approved a staff stock option program involving 456,050 options, which can be granted to employees, although not the CEO or members of the company's management. A total of 435,000 of these 456,050 options were granted in February 2022.

February 4: PATIENT ORGANISATION RECOMMENDS QUANTITATIVE MONITORING

Senzime announces that the Anesthesia Patient Safety Foundation (APSF) is revising its recommendations on patient monitoring, now recommending quantitative monitoring when NMBAs are administered to patients.

February 10: CLINICAL EXPERTS EMPHASIZE THE IMPORTANCE OF MONITORING NEUROMUSCULAR BLOCKADE

Senzime announces that patient safety organization the APSF released a podcast emphasizing the importance of monitoring neuromuscular blockade, describing it as equally important as monitoring blood pressure, oxygenation and ventilation during anesthesia care.

February 23: APPLICATION FOR FDA APPROVAL FOR DISPOSABLE SENSORS FOR CHILDREN

Senzime's system for monitoring neuromuscular blockade—TetraGraph®—and its disposable sensor TetraSens® have been approved for sale on the US market since 2019. Senzime is now launching its first EMG-based disposable sensors for use on small children, TetraSens® Pediatric, for which the company has now filed for approval.

The company's expected future progress and significant risk factors

A number of risk factors may have a negative impact on Senzime's operations. Accordingly, it is very important to consider relevant risks in addition to Senzime's growth potential. A number of risk factors, which are not arranged in order of importance, and make no claims as to completeness, follow

Key individuals

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

Distributors, suppliers and other collaborative partners

Senzime bases its strategy on activities including development and sale jointly with distributors, licensees and other collaborative partners, or in-house. If it is not possible to create existing or future partnerships, they are not achievable or do not function as intended, Senzime's commercialization potential would be negatively impacted. Senzime also has partnerships with suppliers. If one or several of these parties decided to discontinue a partnership, this might negatively impact operations.

Technology and product development

Senzime's products are in a commercialization phase. Even if substantial efforts are made to assure the technology is utilized, the possibility that complementary or alternative technological solutions will be necessary 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, Senzime's value is dependent on its capability to secure and defend patents and other intellectual property. Patent protection may be uncertain and involve complex legal and technical issues. There is a risk that patents are not granted on patent-pending inventions, that granted patents do not offer sufficient protection, or granted patents are circumvented or invalidated. Usually, previously granted patents are associated with substantial costs to conduct processes to protect validity, and



where boundaries to potential infringement on 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. also means the group has substantial intangible assets denominated in euros. Changes in the relationship between the SEK 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. Access to hospitals has varied between countries. However, Sensime has enjoyed increased access to hospitals in early-2022.

Ukraine conflict

Sensime has no operations in Ukraine. At the same time, trying to evaluate the potential consequences of a long-term conflict would be premature.

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 uncertainty on the capital and credit markets may also limit access to the capital necessary to conduct operations. If, in future, Sensime is unsuccessful in raising the necessary capital for the company on reasonable terms, its operations, financial position and results of operations could be negatively impacted.

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

At year-end 2021, the group's cash and cash equivalents were SEK 74.9 million. The Board of Directors' opinion is that this finance is sufficient to ensure management of operations for at least a 12-month period, assuming that investments and initiatives are balanced against the financial reserves that could be available at any time. The Board of Directors' opinion is that further expansion will require additional finance. Such finance could be raised through loans or share issues, for example.

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 2021

The group's net sales for the full year 2021 were SEK 10,980 thousand (9,337), corresponding to growth of 18% on 2020. Growth in the USA was over 200%, and this market represented 37% of the group's total sales. Sales in Europe also enjoyed good growth, and the increase for the full year was 52%.

The gross margin before depreciation and amortization was 54.3% (40.9).

The group's total overheads amounted to SEK 80,235 thousand (39,331). Building up sales resources in the USA and Germany, and changing the company's stock market listing, caused increased expenses in the period. Work on adapting operations to the new MDR regulatory standard was another contributor to the cost increase. All cost increases are within plan.

Financial expenses essentially consist of interest expenses on a lease liability.

The operating loss for the period was SEK -84,191 thousand (-48,866).

Financial position

At year-end 2021, the group's equity was SEK 150.6 million (231.3). The equity/assets ratio was 86.3% (89.4). At the end of the period, the company's cash and cash equivalents were SEK 74.9 million (160.3).

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

Cash flow and investments

Cash flow from operating activities including change in working capital for the full year 2021 was SEK -81,328 thousand (-38,335). The negative cash flow is mostly because of the loss reported.

Cash flow from investing activities for the full year 2021 was SEK -2,974 thousand (-327). Investments in the period are largely due to the construction of proprietary production premises.

Cash flow from financing activities for the full year 2021 was SEK -945 thousand (167,689). Senszime conducted two private placements in the previous financial year (2020), which raised a combined total of approx. SEK 164 million after issue expenses.

Options

Staff stock options

The AGM on May 11, 2021 approved a staff stock option program involving 456,050 options that may be granted to the company's employees, although not the CEO or other members of the company's management. A total of 435,000 of these 456,050 options were granted in February 2022.

The group now has a total of three staff stock option programs totaling 1,381,050 options. These stock options will be issued free of charge, and are conditional on continued employment with the company. See also note 10. Share-based payment.

Share warrants

Chief Executive Officer Pia Renaudin has held 400,000 share warrants since May 2019. Each share warrant entitles the holder

to subscribe for one new share of the company at a price of SEK 12.00 with latest exercise date May 7, 2022.

Dilution

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

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 Senszime Inc. started its operating activities in the second quarter of 2020. Sales in the USA are direct and through local distributors.

German subsidiary Senszime GmbH started its operations in the first quarter of 2021.

The group's other two subsidiaries only hold certain rights, which are licensed to the parent company against payment of royalties

Future prospects

Just like many other companies, Senszime has faced major challenges with 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. Access to hospitals has varied between countries. However, Senszime has enjoyed increased access to hospitals in recent weeks.

Based on the number of ongoing trials and the outcome of the latest tenders, the company is reiterating its previously communicated financial targets of achieving sales of SEK 200 million in 2023, with profitability achieved. The company also thinks that its long-term objective of a 10% market share on a market with estimated yearly sales of SEK 15 billion remains highly relevant.

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	376,425,631
Accumulated profit or loss	-213,890,483
Profit (loss) for the year	-71,870,610
Total	90,664,538

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

Dividends to shareholders of SEK 0 per share, totaling SEK 0	
Carried forward	90,664,538
Total	90,664,538

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 reviews the company's application of the Swedish Code of Corporate Governance (the Code).

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.

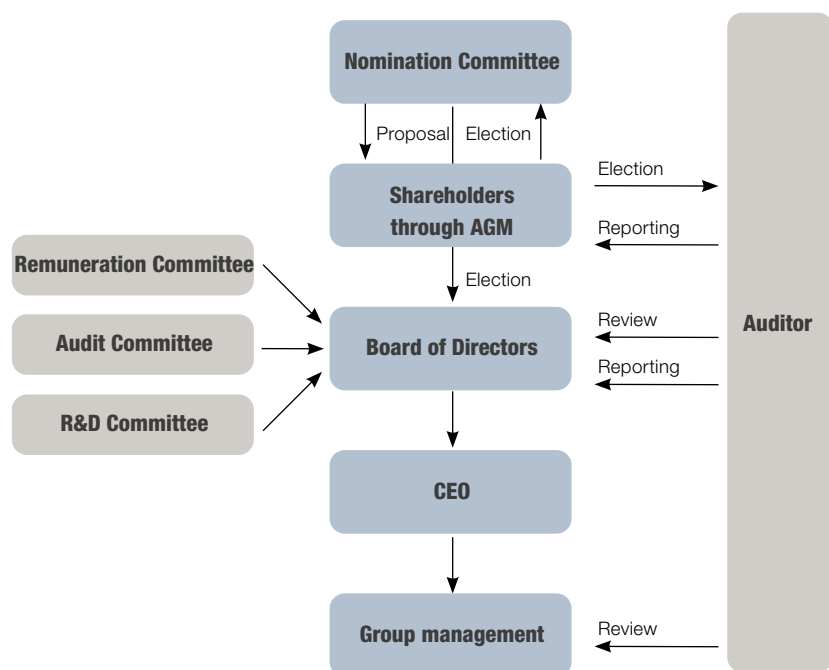
Shareholders

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 62,493,290 (62,493,290) divided between 2,343 (2,325) shareholders. Senzime's ten largest shareholders had holdings corresponding to 60.7% (60.1) of the votes and equity of the company. The largest shareholder is the Crafoord family with 14.6% (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 also have the right 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



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

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 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 announce that an invitation has been issued through an announcement in Swedish daily newspaper Svenska Dagbladet.

Annual General Meeting 2021

The AGM 2021 considered the company's Income Statement and Balance Sheet, election of its Board of Directors, Directors' fees, other statutory matters, Constitution of a Nomination Committee and amendment of the Articles of Association. The AGM also approved a general authorization on new share issues for the Board of Directors, 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% (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 2022.

Complete information on the AGM 2021 and its resolutions is at the company's website, www.senzime.com

Remuneration of the Board of Directors

The AGM 2021 approved Directors' fees of SEK 400,000 to the Chairman and SEK 200,000 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.

Extraordinary General Meeting 2021

An EGM on March 5, 2021 elected Eva Walde as a Director.

Annual General Meeting 2022

The shareholders of Senzime AB have been convened to the AGM at 4 p.m. on Wednesday, May 18, 2022 in Uppsala, Sweden. To have a matter considered at the Meeting, the company must have received the request from the shareholder by no later than April 4, 2022.

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 2022 has consisted of the three largest shareholders in terms of the vote, which as of September 1, 2021 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 (Chairman), Lennart Kalén, AB Segulah, Malin Björkmo, Handelsbanken Fonder and Philip Siberg, Chairman of the Board of Senzime AB (publ). The Nomination Committee will be presenting its proposals in the notice convening the AGM on May 18. No fees were paid to members of the Nomination Committee.

The majority of members of the Nomination Committee are Directors, which is a departure from the Code. Adam Dahlberg and Lennart Kalén represent major shareholders on Senzime's Board of Directors. The Chairman of the Board is also a member of the Nomination Committee, for reasons of practicality.

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

Board of Directors' attendance and independence in 2021

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	17/17	7/7	1/1	1/1	Yes	Yes
Sorin J. Brull	Director	2016	17/17			1/1	No	Yes
Adam Dahlberg	Director	2000	17/17	7/7	1/1		Yes	No
Lennart Kalén	Director	2018	17/17	7/7	1/1		Yes	Yes
Eva Walde	Director	March 5, 2021	15/17			1/1	Yes	Yes

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 five members, presented in more detail in the "Board of Directors" section on page 16. Remuneration of the Board of Directors is stated under supplementary disclosures in note 9.

In 2021, the Board of Directors held a total of 17 (18) meetings, of which 9 (5) were scheduled and 8 (13) 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 2021, 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 7 occasions in the first quarter of 2021. The Auditor attended three 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 1 occasion in 2021.

Members are appointed by the Board of Directors for each financial year, and for 2021, the members were Lennart Kalén (Chairman), Adam Dahlberg and Ewa 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 2021, the members were Sorin J. Brull (Chairman), Philip Siberg and Ewa Walde.

Evaluation of the work of the Board of Directors

The company's evaluation of the Board of Directors was held in November 2021, and presented to the Board of Directors in December 2021. 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 18 of this Annual Report.

Group management

The group's management team has eight members including the CEO. See page 18 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 2021 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 2022, albeit with the exception that the variable compensation portion is increased from 25 to 50% of basic yearly salary. The motivation for this is to facilitate the company's appointment of key staff, primarily in the US.

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 2022. Compensation includes the transfer of securities, and of rights to acquire securities from the company in future.

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

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

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

Sensime is a Swedish medical device company that develops and markets CE and FDA-approved monitoring systems for patients undergoing anesthesia. Sensime's professionals worldwide are committed to the vision of a world without anesthesia-related complications. Six out of ten patients that waken after surgery do not regain full muscular function, so are at risk of being affected by CREs (critical respiratory events).

The TetraGraph® system helps health care staff to improve patient care and reduce the cost of care by digitally and continuously monitoring the level of neuromuscular blockade during and after surgery. Sensime operates on the world's major markets, and addresses yearly market potential of over SEK 15 billion.

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

Forms of compensation

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

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

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

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

Other benefits may include company cars, corporate 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% 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 is serving as a basis for assessing whether the criteria have been satisfied should be at least one year. The assessment as to the extent the criteria have been satisfied should be made when the measurement period has concluded. Assess-

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

Salary and employment terms of employees

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

Notice period and severance pay

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

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

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

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

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

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

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

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, who can be reached at: Box 179, 751 04 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 assess-

ment 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 financial 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.

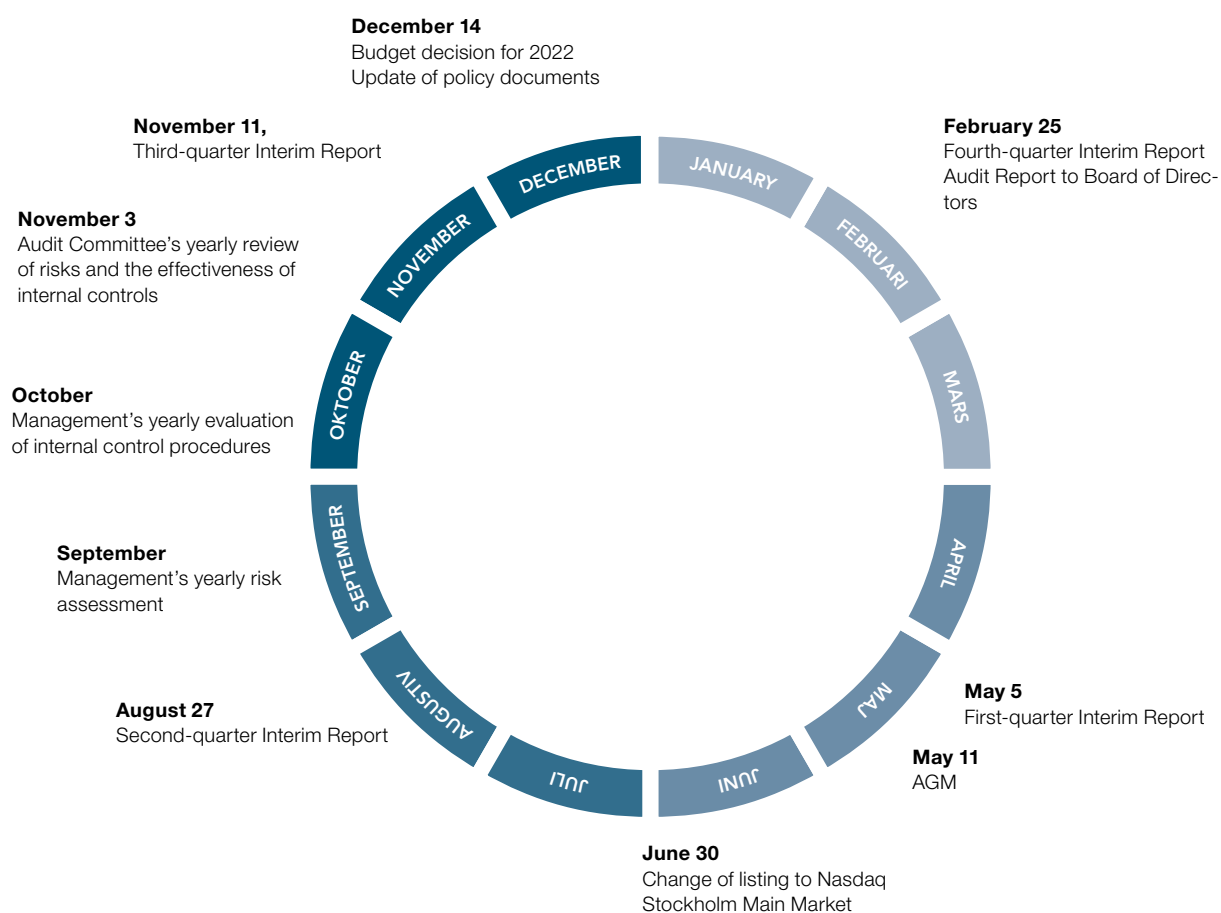
Follow-up

To ensure suitable action has been taken to reduce operational risks, each October, management should conduct a self-assessment 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 2021, 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, it did not need to create an internal audit function in 2022. 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 2021



Five-year summary

Financial performance summary - group

INCOME STATEMENT	2021	2020	2019	2018	2017 ¹⁾
SEK 000					
Net sales	10,980	9,337	6,711	3,214	189
Cost of goods sold	-15,903	-17,236	-13,650	-6,748	-745
Gross profit (loss)	-4,923	-7,899	-6,939	-3,534	-556
Total overheads	-80,235	-39,331	-27,179	-21,119	-12,456
Other operating income and other operating expenses	967	-1,636	-111	112	-13
Earnings before interest and taxes	-84,191	-48,866	-34,229	-24,541	-13,025
Net financial income/expense	-98	-125	-37	-50	-2
Profit (loss) after financial items	-84,289	-48,991	-34,266	-24,591	-13,027
Income tax	2,146	1,547	1,548	516	
Profit (loss) for the year	-82,143	-47,444	-32,718	-24,075	-13,027
BALANCE SHEET	2021	2020	2019	2018	2017¹⁾
SEK 000					
Intangible assets	74,159	82,168	93,533	99,261	154,599
Property, plant and equipment	1,286	238	120	179	238
Right-of-use assets	1,884	2,632	542	909	-
Other financial assets	1,735	-	-	-	-
Inventories	8,834	3,950	2,437	961	1,063
Trade receivables	4,936	3,285	2,528	2,731	3
Other current assets	6,916	6,310	1,049	1,288	1,391
Cash and cash equivalents	74,872	160,310	30,898	32,666	8,738
Total assets	174,622	258,893	131,107	137,995	166,032
Equity	150,580	231,346	109,970	111,984	140,459
Non-current liabilities and provisions	12,064	13,106	13,457	15,225	21,123
Current liabilities	11,978	14,441	7,680	10,786	4,450
Total equity and liabilities	174,622	258,893	131,107	137,995	166,032
CASH FLOW	2021	2020	2019	2018	2017¹⁾
Cash flow from operating activities before change in working capital	-71,655	-36,591	-22,608	-20,585	-12,406
Cash flow from change in working capital	-9,673	-1,744	-3,961	3,161	114
Cash flow from operating activities	-81,328	-38,335	-26,569	-17,424	-12,292
Cash flow from investing activities	-2,974	-327	-3,766	-9,269	-10,028
Cash flow from financing activities	-945	167,689	28,565	50,621	21,031
Cash flow for the year	-85,247	129,027	-1,770	23,928	-1,289
Cash and cash equivalents at end of year	74,872	160,310	30,898	32,666	8,738
KEY PERFORMANCE INDICATORS	2021	2020	2019	2018	2017¹⁾
Gross margin excl. amortization (%)	54.3	40.9	57.6	6.6	-115.9
EBITDA	-73,303	-37,148	-21,823	-19,103	-12,688
Equity/assets ratio (%)	86.3	89.4	83.9	81.2	85.0
Weighted average number of shares, before dilution	62,493,290	56,199,776	50,098,102	44,154,382	39,372,828
Weighted average number of shares, after dilution	62,679,957	56,353,496	50,160,009	44,154,382	39,500,048
Earnings per share, basic, SEK	-1.31	-0.84	-0.65	-0.55	-0.33
Earnings per share, diluted, SEK	-1.31	-0.84	-0.65	-0.55	-0.33
Medelantal antal employees	29	15	12	10	8

1) Enligt K3s regelverk.

Financial information

Consolidated Statement of Comprehensive Income

SEK 000	Note	2021	2020
Net sales	5	10,980	9,337
Cost of goods sold	6,19,20	-15,903	-17,236
Gross profit (loss)		-4,923	-7,899
Development expenditure	7,9,10	-12,527	-8,187
Selling expenses	7,9,10	-39,533	-16,051
Administrative expenses	7,8,9,10	-28,175	-15,093
Other operating income	12,15	2,884	1,122
Other operating expenses	11,15	-1,917	-2,758
Earnings before interest and taxes		-84,191	-48,866
Financial expenses	13	-98	-125
Financial items		-98	-125
Profit (loss) after financial items		-84,289	-48,991
Income tax	14	2,146	1,547
Profit (loss) for the year		-82,143	-47,444
Other comprehensive income:			
Items reclassifiable to profit or loss			
Exchange differences on translation of foreign operations		-580	-36
Other comprehensive income for the year		-580	-36
Total comprehensive income for the year		-82,723	-47,480

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	2021	2020
Weighted average number of shares, before dilution		62,493,290	56,199,776
Weighted average number of shares, after dilution		62,679,957	56,353,496
Earnings per share, basic and diluted, SEK	16	-1.31	-0.84

The notes on pages 45 to 68 are an integrated part of the consolidated accounts.

Consolidated Balance Sheet

SEK 000	Note	Dec. 31, 2021	Dec. 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	19	74,159	82,168
Property, plant and equipment	20	1,286	238
Right-of-use assets	21	1,884	2,632
Other financial assets	22	1,735	-
Total non-current assets		79,064	85,038
CURRENT ASSETS			
Inventories	24	8,834	3,950
Trade receivables	23,25	4,936	3,285
Other receivables	26	5,644	5,868
Prepaid expenses and accrued income	27	1,272	442
Cash and cash equivalents	23,28	74,872	160,310
Total current assets		95,558	173,855
TOTAL ASSETS		174,622	258,893

The notes on pages 45 to 68 are an integrated part of the consolidated accounts.

Consolidated Balance Sheet, cont.

SEK 000	Note	Dec. 31, 2021	Dec. 31, 2020
EQUITY AND LIABILITIES			
Equity	29		
Share capital		7,812	7,812
Other paid-up capital		397,553	397,553
Reserves		1,333	1,913
Accumulated profit or loss inc. profit (loss) for the year		-256,118	-175,932
Total equity		150,580	231,346
LIABILITIES			
Non-current liabilities and provisions			
Provisions	22	1,735	-
Lease liability	21,35	617	1,248
Deferred tax liabilities	30	9,712	11,858
Total non-current liabilities and provisions		12,064	13,106
Current liabilities			
Lease liability	21,35	1,017	1,148
Trade payables	23	3,941	4,718
Other current liabilities	31	2,062	5,450
Accrued expenses	32	4,958	3,125
Total current liabilities		11,978	14,441
Total liabilities		24,042	27,547
TOTAL EQUITY AND LIABILITIES		174,622	258,893

The notes on pages 45 to 68 are an integrated part of the consolidated accounts.

Consolidated Statement of Changes in Equity

SEK 000	Note	Attributable to equity holders of the parent				Total equity
		Share capital	Other paid-up capital	Reserves	Retained earnings inc. profit (loss) for the year	
Opening balance, January 1, 2020		6,556	229,891	1,949	-128,426	109,970
Profit (loss) for the period					-47,444	-47,444
Other comprehensive income				-36		-36
Total comprehensive income for the year		0	0	-36	-47,444	-47,480
Transactions with shareholders in their capacity as owners						
Share-based payment	10				-61	-61
New share issue	29	1,256	177,515			178,771
Issue expenses	29		-9,853			-9,853
Closing balance, December 31, 2020		7,812	397,553	1,913	-175,932	231,346
Opening balance, January 1, 2021		7,812	397,553	1,913	-175,932	231,346
Profit (loss) for the period					-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

The notes on pages 45 to 68 are an integrated part of the consolidated accounts.

Consolidated Statement of Cash Flows

SEK 000	Note	2021	2020
Cash flow from operating activities			
Earnings before interest and taxes		-84,191	-48,866
Adjustment for non-cash items:			
- Depreciation and amortization		10,987	11,901
- Other non-cash items		1,920	498
Interest paid		-98	-124
Income tax paid		-273	0
Cash flow from operating activities before change in working capital		-71,655	-36,591
Cash flow from change in working capital			
Increase/decrease in inventories		-5,086	-1,513
Increase/decrease in trade receivables		-1,651	-755
Increase/decrease in other operating receivables		-413	-5,422
Increase/decrease in trade payables		-777	1,770
Increase/decrease in other trade payables		-1,746	4,176
Total change in working capital		-9,673	-1,744
Cash flow from operating activities		-81,328	-38,335
Cash flow from investing activities			
Investments in tangible assets	20	-1,171	-192
Investments in intangible assets	19	-1,803	-135
Cash flow from investing activities		-2,974	-327
Cash flow from financing activities			
Payments made for repayment of lease liabilities	21	-945	-1,218
New share issue, net of transaction expenses		-	168,907
Cash flow from financing activities		-945	167,689
Decrease/increase in cash and cash equivalents		-85,247	129,027
Cash and cash equivalents at beginning of year		160,310	30,898
Exchange differences in cash and cash equivalents		-191	385
Cash and cash equivalents at end of year		74,872	160,310

The notes on pages 45 to 68 are an integrated part of the consolidated accounts.

Parent Company Income Statement

SEK 000	Note	2021	2020
Net sales	5	15 450	10 756
Cost of goods sold	6	-9 316	-7 670
Gross profit (loss)		6 134	3 086
Development expenditure	7,9,10	-12 527	-8 187
Selling expenses	7,9,10	-28 173	-14 578
Administrative expenses	7,8,9,10	-37 994	-18 917
Other operating income	12, 15	2 788	1 060
Other operating expenses	11, 15	-2 085	-2 635
Earnings before interest and taxes		-71 857	-40 171
Profit (loss) from financial items			
Interest expenses and similar profit (loss) items	13	-14	-2
Total profit (loss) from financial items		-14	-2
Profit (loss) after financial items		-71 871	-40 173
Income tax	14	-	-
Profit (loss) for the year		-71 871	-40 173

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 45 to 68 are an integrated part of the parent company accounts

Parent Company Balance Sheet

SEK 000	Note	Dec. 31, 2021	Dec. 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	19	18,579	18,527
Property, plant and equipment	20	984	238
Financial assets	18,34	34,786	11,452
Total non-current assets		54,349	30,217
CURRENT ASSETS			
Inventories	24	7,153	3,488
Trade receivables	25	3,436	2,752
Receivables from group companies	34	3,180	1,529
Current tax asset	26	1,166	5,111
Other receivables	26	3,835	421
Prepaid expenses and accrued income	27	1,329	711
Cash and bank balances	28	74,173	159,386
Total current assets		94,272	173,398
TOTAL ASSETS		148,621	203,615

The notes on pages 45 to 68 are an integrated part of the parent company accounts.

Parent Company Balance Sheet, cont.

SEK 000	Note	Dec. 31, 2021	Dec. 31, 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	29	7,812	7,812
Statutory reserve		3,839	3,839
Development fund		17,289	16,921
		28,940	28,572
Non-restricted equity			
Share premium reserve		376,426	376,794
Accumulated profit or loss		-213,891	-175,675
Profit (loss) for the year		-71,871	-40,173
		90,664	160,946
Total equity		119,604	189,518
Non-current liabilities			
Provisions	22	1,735	-
Total non-current liabilities		1,735	-
Current liabilities			
Trade payables		3,852	4,671
Liabilities to group companies	34	16,837	1,490
Other current liabilities	31	1,889	5,442
Accrued expenses and deferred income	32	4,704	2,494
Total current liabilities		27,282	14,097
TOTAL EQUITY AND LIABILITIES		148,621	203,615

The notes on pages 45 to 68 are an integrated part of the parent company accounts

Parent Company Statement of Changes in Equity

SEK 000	Note	Share capital	Statutory reserve	Development fund	Share premium reserve	Retained earnings inc. profit (loss) for the year	Total equity
Opening balance, January 1, 2020		6,556	3,839	18,546	207,507	-175,615	60,833
Profit (loss) for the year and other comprehensive income						-40,173	-40,173
Total comprehensive income		0	0	0	0	-40,173	-40,173
Transactions med shareholders in their capacity as owners							
Provision to development fund				-1,626	1,626		0
Share-based payment	10					-60	-60
New share issue	29	1,256			177,515		178,771
Issue expenses	29				-9,853		-9,853
Total transactions with shareholders in their capacity as owners		1,256	0	-1,626	169,288	-60	168,858
Closing balance, December 31, 2020		7,812	3,839	16,920	376,795	-215,848	189,518
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 med 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

The notes on pages 45 to 68 are an integrated part of the parent company accounts.

Parent Company Cash Flow Statement

SEK 000	Note	2021	2020
Cash flow from operating activities			
Earnings before interest and taxes		-71,857	-40,171
Adjustments for non-cash items			
- Depreciation and amortization		1,867	1,663
- Other non-cash items		1,957	498
Interest paid		-14	-2
Income tax paid		-273	0
Cash flow from operating activities before change in working capital		-68,320	-38,012
Cash flow from changes in working capital			
Change in inventories		-3,665	-1,050
Change in trade receivables		-684	-373
Change in other current operating receivables		-1,465	-6,739
Change in trade payables		-819	1,711
Change other current trade payables		14,004	5,007
Total change in working capital		7,371	-1,444
Cash flow from operating activities		-60,949	-39,456
Cash flow from investing activities			
Investments in intangible assets	20	-1,803	-137
Investments in tangible assets	19	-862	-194
Increase in long-term financial investments		-21,345	0
Acquisition of participations in subsidiaries	18	-254	-209
Cash flow from investing activities		-24,264	-540
Cash flow from financing activities			
New share issue		-	178,760
Issue expenses		-	-9,853
Cash flow from financing activities		-	168,907
Change cash and bank balances		-85,213	128,911
Cash and bank balances at beginning of year		159,386	30,475
Cash and bank balances at end of year		74,173	159,386

The notes on pages 45 to 68 are an integrated part of the parent company accounts.

Note 1 Notes on the consolidated accounts

General information

These annual accounts are for the parent company Senszime AB (publ), corporate identity number 556565-5734, and its subsidiaries. Senszime 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 25, 2022.

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 Senszime 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, 2021

No new standards, interpretations or amendments that came into effect on January 1, 2021 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, 2022 and later, and have not been applied when preparing these financial statements. No published standards and interpretations that have not yet come into effect have impacted the group.

2.1 Consolidated accounts

(a) Subsidiaries

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

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

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

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

2.4 Revenue recognition

License rights to Senszime's intangible assets

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

Distinct license or integrated undertaking

A judgement is made as to whether a license right in a customer contract is distinct, and should be disclosed separately, or the license is integrated with services in the contract, and should just be recognized collectively, as an undertaking. For a license to be treated as a distinct undertaking and reported individually, the customer should be able to benefit from the license without Senszime 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, Senszime 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 fulfill, is considered a right-to-use license and is reported at a given point in time. If, instead, the agreement means the counterparty has the right to access through the whole license period (depending on Senzime performing activities that affect the value and use of the license) the compensation is allocated on a straight-line basis over the agreement term.

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

Timing of recognition of fixed transaction prices for distinct licenses

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

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

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

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

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

Sale of goods

The group develops, manufactures and sells medical device solutions. Essentially, the group's customer base consists of various distributors, although a minority of sales are also direct to end-customers. The revenue from sales is recognized when control of the goods transfers to the customer, which is normally on delivery of the product. Delivery normally occurs when goods are transported to the specific site, the risks of 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 – 60-84 months

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

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

2.8 Intangible assets

Goodwill

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

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

Patents and similar rights

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

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

- Patents and similar rights – 120-140 months

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

Capitalized expenditure for development work

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

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

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

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

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

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

2.9. Impairment of non-financial assets

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

2.10 Financial instruments

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

a) First-time recognition

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

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

b) Financial assets classification and measurement

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

Financial assets measured at amortized cost

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

c) Financial liabilities – classification and measurement

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

d) Derecognition of financial assets and financial liabilities

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

e) Offsetting financial instruments

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

f) Impairment of financial assets

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

g) Measuring and disclosing fair value

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

2.11 Trade receivables

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

2.12 Cash and cash equivalents

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

2.13 Share capital

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

2.14 Trade payables

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

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

2.15 Public subsidies

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

2.16 Inventories

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

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

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

b) Pension obligations

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

In addition to this, Senzime has issued a pension promise to the CEO and 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 Parent company accounting policies

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

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

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

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

assumptions and estimates are of material significance to the annual accounts are stated in note 4 of the consolidated accounts.

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

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

Participations in subsidiaries

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

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

Presentation

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

Shareholders' contributions

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

Financial instruments

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

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

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

Leased assets

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

Note 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 group's incoming and outgoing payments. The finance policy states that residual net exposure, net flow, can be currency hedged.

However, a maximum of 50% of the net flow may be hedged. Permitted hedging instruments are currency forwards and currency options (call and put options). However, such instruments may only be utilized with the Board of Directors' approval. As of December 31, 2021, 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, 2021			
Trade receivables	52	3,225	1,351
Trade payables	-756	-320	-85
Net	-704	2,905	1,266
Dec. 31, 2020			
Trade receivables	18	2,729	533
Trade payables	-1,606	-1,018	-82
Net	-1,588	1,711	451

Sensitivity analysis – transaction exposure

The material portion of the group's operating activities are conducted through the Swedish parent company. In 2020, there was only one small Dutch subsidiary and one US subsidiary in the group, and a German subsidiary was incorporated in 2021. These subsidiaries expose the group to currency risk related to EUR and USD on the translation of their Balance Sheets and Income Statements.

If the Swedish krona had depreciated/appreciated by 10% in relation to the USD with all other variables constant, equity as of December 31, 2021 would have been SEK 2,389 thousand higher/lower (2020: 78), mainly because of translation of the US subsidiary's Income Statement and Balance Sheet.

If the Swedish krona had depreciated/appreciated by 10% in relation to the EUR with all other variables constant, equity as of December 31, 2021 would have been SEK 2,824 thousand (2020: SEK 2,258) 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% in relation to the GBP, the translated profit after tax in 2021 would have been SEK 70 thousand (2020: 159) 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.	Between 2 and 5 yrs.	More than 5 yrs.	Total contracted cash flows	Carrying amount
As of December 31, 2020							
Financial liabilities							
Lease liability	285	863	1,025	223	-	2,396	2,396
Trade payables	4,718	-	-	-	-	4,718	4,718
Total	5,003	863	1,025	223	-	7,114	7,114
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

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.

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, 2021 and 2020 are stated in the following table

	2021	2020
Equity	150.6	231.3
Total assets	174.6	258.9
Equity/assets ratio	86.3%	89.4%

Note 4

Critical estimates and judgements for accounting purposes

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

a) Estimates and judgements associated with deductible deficits

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

b) Estimates and judgements associated with capitalized development expenditure

Each year, the group tests capitalized development expenditure for impairment. Impairment tests have been conducted at product level for CliniSenz®, OnZurf® Probe and TetraGraph®. Recoverable amount has been determined by measuring value in use. The impairment tests demonstrated that there was no impairment as of December 31, 2021.

c) License agreements

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

Note 5 Net sales**Revenue**

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

Revenue from external customers	Group		Parent company	
	2021	2020	2021	2020
Royalty income	270	-	270	-
Sale of goods	10,710	9,337	15,180	10,756
Total	10,980	9,337	15,450	10,756

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

	Group		Parent company	
	2021	2020	2021	2020
Sweden	462	158	462	-
USA	4,092	1,330	8,632	2,749
Europe/Oceania	3,153	2,226	3,083	2,384
Asia	3,273	5,623	3,273	5,623
Total	10,980	9,337	15,450	10,756

Revenue of approx. SEK 2,983 thousand (2020: 5,375) is for a single external customer.

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

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Netherlands	63,771	73,213	-	-
USA	302	-	-	-
Sweden	10,177	7,993	10,177	7,993
Total	74,251	81,206	10,177	7,993

Note 6 Cost of goods sold

	Group		Parent company	
	2021	2020	2021	2020
Cost of materials	4,507	5,054	7,051	5,622
Personnel expenses	144	170	147	170
External services	365	294	361	294
Depreciation and amortization	10,887	11,718	1,757	1,584
Total	15,903	17,236	9,316	7,670

Note 7 Selling, administration and development expenditure by cost class

	Group		Parent company	
	2021	2020	2021	2020
Personnel expenses	46,894	23,706	29,487	17,711
Consulting expenses	22,063	11,510	20,927	11,230
Depreciation and amortization	99	184	100	74
Other expenses	11,179	3,932	28,179	12,667
Total	80,235	39,332	78,694	41,682

Note 8 Reimbursement of auditors

	Group		Parent company	
	2021	2020	2021	2020
PwC				
– Audit	1,339*	421	1,339*	421
– Other auditing services outside audit	60	-	60	-
– Tax consultancy	973	870	973	870
– Other	532	624	532	624
Total	2,904	1,915	2,904	1,915

* The fee for the year includes an allowance of SEK 450,000.

Note 9 Employee benefits, etc.

	Group		Parent company	
	2021	2020	2021	2020
Salary and other benefits	31,899	16,221	16,771	10,838
Social security contributions	7,309	5,080	5,929	4,581
Pension expenses – defined contribution plans	5,247	2,117	4,772	2,023
Total employee benefits	44,455	23,418	27,472	17,442

Salary, other benefits and social security expenses

	2021		2020	
	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	11,851	8,293	8,828	4,422
– of which pension expense		3,677		1,337
Other employees	20,048	4,263	7,393	2,775
– of which pension expense		1,570		780
Group total	31,899	12,556	16,221	7,197

	2021		2020	
	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	8,922	7,095	6,328	4,420
– of which pension expense		3,454		1,337
Other employees	7,849	3,605	4,510	2,184
– of which pension expense		1,318		686
Parent company total	16,771	10,700	10,838	6,604

Note 9 Employee benefits, etc. (cont.)**Average number of employees with geographical location by country**

	2021		2020	
	Average no. of employees	Of which men	Average no. of employees	Of which men
Sweden	19	8	12	4
USA	8	7	3	3
Germany	2	1	-	-
Group total	29	16	15	7

	2021		2020	
	Average no. of employees	Of which men	Average no. of employees	Of which men
Sweden	19	8	12	4
Parent company total	19	8	12	4

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

	2021		2020	
	No. on reporting date	Of which men	No. on reporting date	Of which men
Directors	5	4	4	4
CEO and other senior managers	8	4	8	4
Group total	13	8	12	8

Ersättningar and other benefits 2021

	Basic salary/ Directors' fee	Variable remuneration	Other benefits	Share-based payment	Pension expense	Consulting fee	Total
Chairman – 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	993	-	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 medical expertise.

Compensation and other benefits 2020

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

Consulting fees are for financial services and medical expertise.

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 seven 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% 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% 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% 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, 2021	400,000
Dec. 31, 2020	400,000

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

Dec 31, 2021	100,000
Dec. 31, 2020	-

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

Dec 31, 2021	700,000
Dec. 31, 2020	100,000

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 2021 follows.

Share warrants

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

Staff stock options

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

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% of granted staff stock options vested on July 1, 2021; 20% of granted staff stock options vested on July 1, 2022; and 60% of granted staff stock options vested on July 1, 2023. Assuming vesting and continued employment by the company, each option can be exercised to subscribe for shares in the period July 1, 2023 to September 30, 2023. The subscription price has been set at SEK 24.70, which is 125% of the volume-weighted average price paid for the company's share on Nasdaq 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% of granted staff stock options vested on February 1, 2022; 20% of granted staff stock options vested on February 1, 2023; and 60% of granted staff stock options vested on February 1, 2024. Participants can exercise granted and vested staff stock options in the period February 1, 2024 to April 30, 2024. The subscription price has been set at SEK 24.70, which is 125% of the volume-weighted average price paid for the company's share on Nasdaq Stockholm's Main Market in a period of 20 trading days from the date of the shareholders' meeting resolution onwards. In total, 825,000 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, 2020 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 for 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% of granted staff stock options vested on February 1, 2023; 20% of granted staff stock options vested on February 1, 2024; and 60% 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% 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.

A summary of outstanding share warrants follows:

	2021		2020	
	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	-	-	-	-
Forfeited	-	-	-	-
As of December 31	12.00	400	12.00	400

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

	2021		2020	
	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	100	7.00	600
Granted	24.70	880	24.70	100
Forfeited	24.70	-55	-	-
Exercised	-	-	8.80	-600
As of December 31	24.70	925	24.70	100

Grant date	Expiration date	Exercise price	Staff stock options December 31, 2021(000)	Staff stock options December 31, 2020 (000)
Jul. 2, 2020	Sep. 30, 2023	24.70	100	100
Feb. 1, 2021	Apr. 30, 2024	24.70	825	-
Total			925	100
Remaining weighted average contract period for outstanding options at the end of the period				2.10

Fair value of granted staff stock options

The estimated fair value on the grant date for options granted in 2021 was SEK 4.87 per option (2020: SEK 2.40). Fair value on the grant date is computed with the aid of an adapted version of the Black & Scholes valuation model.

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

- a) the options were granted free of charge invested over a three-year period. Vested options can be exercised within two months of vesting
- b) exercise price: SEK 24.70
- c) grant date: February 1, 2021
- d) expiration date: April 30, 2024
- e) share price at grant date: SEK 23
- f) expected volatility of the company's share price: 35%
- g) risk-free interest rate: 0%

The expected volatility of the share price is based on historical volatility (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 SEK 2,362 thousand (2020: 1,480). The total carrying amount of liabilities related to share-based payments on the reporting date is SEK 419 thousand (2020: 14):

Note 11 Other operating expenses

	Group		Parent company	
	2021	2020	2021	2020
Loss on sale of property, plant and equipment	-	2	-	2
Loss on sale of intangible assets	-	498	-	498
Exchange losses	1,917	2,258	2,085	2,135
Total	1,917	2,758	2,085	2,635

Note 12 Other operating income

	Group		Parent company	
	2021	2020	2021	2020
Gain on sale of intangible assets	22	-	-	-
Exchange gains	2,784	1,122	2,778	1,060
Other operating income	78	0	10	0
Total	2,884	1,122	2,788	1,060

Note 13 Financial expenses

	Group		Parent company	
	2021	2020	2021	2020
Interest expenses, lease liability	79	122	-	-
Other financial expenses	19	3	14	2
Total financial expenses	98	125	14	2

Note 14 Income tax

	Group		Parent company	
	2021	2020	2021	2020
Current tax:				
Current tax on profit (loss) for the year	-	-	-	-
Adjustments for previous years	-	-	-	-
Total current tax	-	-	-	-
Deferred tax (note 30)				
Occurrence and reversal of temporary differences	2,146	1,547	-	-
Effect of changed tax rate	-	-	-	-
Total deferred tax	2,146	1,547	-	-
Total income tax	2,146	1,547	-	-

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

	Group		Parent company	
	2021	2020	2021	2020
Profit (loss) before tax	-84,289	- 48,991	-71,871	-40,173
Income tax computed at tax rate in Sweden (2021: 20.6%)	17,364	10,484	14,805	8,597
Tax effects of:				
Non-deductible expenses	-554	-13	-554	-13
Tax effect of foreign tax rates	-391	88	-	-
Unreported temporary differences, loss carry-forwards	-14,272	-9,013	-14,251	-8,584
Change in deferred tax	-	-	-	-
Income tax	2,146	1,547	0	0

The weighted average tax rate for the group was 21.1% (2020: 21.6%).

Note 15 Exchange differences - net

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

	Group		Parent company	
	2021	2020	2021	2020
Other operating expenses (note 11)	-1,917	-2,258	-2,085	-2,135
Other operating income (note 12)	2,784	1,122	2,778	1,060
Total	867	-1,136	693	-1,075

Note 16 Earnings per share

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

Senzime has had potential ordinary shares in the form of share warrants and staff stock options. However, these did not cause any dilution effect for 2020 and 2021, because conversion to ordinary shares would result in a lower loss per share.

	Group	
	2021	2020
SEK		
Basic earnings per share	-1.31	-0.84
Diluted earnings per share	-1.31	-0.84
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	-82,143	-47,444
Number		
Weighted average number of ordinary shares for computing basic earnings per share	62,493,290	56,199,776
Adjustment for computing diluted earnings per share:		
- Options	186,667	153,719
Weighted average number of ordinary shares and potential ordinary shares used as the denominator for computing diluted earnings per share	62,679,957	56,353,495

Note 17 Alternative performance measures

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

Performance measure	Definition	Motive for use
Gross margin excl. amortization	Gross profit (loss) excl. amortization of intangible assets divided by net sales	The group uses the alternative performance measure gross margin excl. amortization because it illustrates the impact of amortization of capitalized development expenditure on gross margin.
EBITA	Earnings before interest and taxes xcl. 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 the total assets that consist of equity, and has been included so investors will be able to assess the group's capital structure.

Note 18 Investments in subsidiaries

The group had the following subsidiaries as of December 31, 2021:

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

The parent company holds participations in the following subsidiaries:

Name	Corp. ID no.	Country registration and operation	No. of shares	Book value Dec. 31, 2021	Book value Dec. 31, 2020
First-tier subsidiaries					
Acacia Designs B.V.	59697059	Maastricht, Netherlands	6,333	4,783	4,812
MD Biomedical AB	556837-0273	Umeå, Sweden	50,000	1,983	1,954
Senzime Inc	003433-4748	Florida, USA	1,000	9	9
Senzime GmbH	DE342219347	Geisenhausen, Germany	100	254	0
Senzime AB Ltd.	13631085	Braintree, UK	1	0	0
				2021	2020
Opening cost				19,875	6,566
Purchased in the year				254	9
Shareholders' contribution paid				-	200
Impairment in the year				-	-
Closing cumulative cost				20,129	19,875
Closing accumulated impairment				-13,100	-13,100
Closing carrying amount				7,029	6,775

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 four 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 SEK 13,100,000 in 2018. The subsidiary Senzime Inc. started operations in the USA in 2020, and is 100% consolidated. The subsidiary Senzime GmbH was incorporated in Germany in March 2021, and is 100% consolidated. Senzime Ltd. was incorporated in fall 2021, and currently has no operating activities.

Note 19 Intangible assets

Group	Goodwill	Capitalized development expenditure	Patents and similar rights	Total
Financial year 2020				
Opening carrying amount	770	92,059	705	93,534
Purchases in the year	-	136	-	136
Sales and retirements	-	-497	-	-497
Amortization in the year	-	-10,255	-144	-10,399
Exchange differences	-	-607	-	-607
Closing carrying amount	770	80,836	561	82,167
As of December 31, 2020				
Cost	770	112,342	1,744	114,856
Accumulated amortization	-	-31,506	-1,183	-32,689
Carrying amount	770	80,836	561	82,167

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
Exchange differences	-	215	-	580

Closing carrying amount	770	72 965	424	74 159
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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
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Parent company	Capitalized development expenditure	Patents and similar rights	Total
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Financial year 2020

Opening carrying amount	19,770	705	20,475
Purchases in the year	136	-	136
Sales and retirements	-498	-	-498
Amortization in the year	-1,442	-144	-1,586

Closing carrying amount	17,966	561	18,527
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As of December 31, 2020

Cost	26,768	1,744	28,874
Accumulated amortization	-8,802	-1,183	-10,347

Carrying amount	17,966	561	18,527
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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
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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
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Capitalized development expenditure

The significant portion of capitalized development expenditure consist of TetraGraph® (SEK 63.7 million). This balance is fully complete and amortization has commenced. Even if there is no indication of impairment, the group tests for impairment of capitalized development expenditure each year. The impairment test is conducted at product level and the most material assumptions in the impairment test are sales growth and the discount rate.

Impairment test of goodwill

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

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

A ten-year forecast period without residual value has been applied for the impairment test. Growth in the forecast periods averages 29%. The discount rate before tax applied in the impairment test is 18%. The impairment test has demonstrated that there is no impairment. The total amount of expenditure for development expenses in the year is SEK 12,527 thousand (2020: 8,187).

Note 20 Property, plant and equipment

Group	Machinery and equipment
Financial year 2020	
Opening carrying amount	120
Purchases in the year	194
Sales and retirements	-114
Depreciation in the year	-38
Closing carrying amount	238
As of December 31, 2020	
Cost	435
Accumulated amortization	-197
Carrying amount	238
Financial year 2021	
Opening carrying amount	238
Purchases in the year	1,171
Depreciation in the year	-123
Closing carrying amount	1,286
As of December 31, 2021	
Cost	1,610
Accumulated amortization	-324
Carrying amount	1,286

Parent company	Machinery and equipment
Financial year 2020	
Opening carrying amount	120
Purchases in the year	194
Depreciation in the year	-76
Closing carrying amount	238
As of December 31, 2020	
Cost	435
Accumulated amortization	-197
Carrying amount	238
Financial year 2021	
Opening carrying amount	238
Purchases in the year	862
Depreciation in the year	-116
Closing carrying amount	984
As of December 31, 2021	
Cost	1,297
Accumulated amortization	-313
Carrying amount	984

Note 21 Leases

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

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

	Group	
	2021	2020
Amortization of rights of use:		
Real estate	701	1,238
Vehicles	126	61
Total	827	1,299
Interest expenses(included in financial expenses)	79	122

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

Total cash flow for leases was SEK 945 thousand (2020: 1,218). For information on lease liability maturities, see note 3.

Additional rights of use in 2021 amounted to SEK 939 (2020: 3,218).

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

	Group	
	Dec. 31, 2021	Dec. 31, 2020
Assets with right of use:		
Vehicles	560	67
Real estate	1,324	2,565
Total	1,884	2,632
Lease liabilities:		
Non-current	617	1,248
Current	1,017	1,148
Total	1,634	2,396

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.

Lease expenses in 2021 were SEK 970 thousand (2020: 857), 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	
	2021	2020
Within 1 year	680	733
Between 1 and 5 years	227	907
Later than 5 years	0	0
Total	907	1,640

Note 22 Provisions

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Non-current provisions for personnel				
As of January 1	-	-	-	-
– Provision pension	1,735	-	1,735	-
As of December 31	1,735	-	1,735	-

Non-current provisions are expenses for occupational pensions.

Note 23 Financial instruments by category

	Group	
	Dec. 31, 2021	Dec. 31, 2020
Financial assets measured at amortized cost		
Trade receivables	4,936	3,285
Cash and cash equivalents	74,872	160,310
Total	79,808	163,595

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

	Group	
	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities measured at amortized cost		
Trade payables	3,941	4,718
Total	3,941	4,718

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 24 Inventories

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Current assets				
– Raw materials recognized at cost	1,035	-	1,035	-
– Finished goods recognized at cost	7,799	3,950	6,118	3,488
Total	8,834	3,950	7,153	3,488

The amounts for goods in inventory recognised as an expense in the period, are for the group SEK 4,914 thousand (2020: 5,045), and for the parent company SEK 7,051 thousand (2020: 5,622).

Note 25 Trade receivables

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Trade receivables	4,936	3,285	3,436	2,752
Less: provision for expected credit losses				
Trade receivables - net	4,936	3,285	3,436	2,752

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

Note 26 Other receivables

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
VAT receivable	999	757	999	757
Tax asset	222	4,409	167	4,354
Other current receivables	4,423	702	3,835	421
Total	5,644	5,868	5,001	5,532

Note 27 Prepaid expenses and accrued income

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Prepaid rent	-	-	276	175
Prepaid insurance	401	208	340	174
Other prepaid expenses	871	234	713	362
Total	1,272	442	1,329	711

Note 28 Cash and cash equivalents

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Bank balances	74,872	160,310	74,173	159,386
Total	74,872	160,310	74,173	159,386

Note 29 Share capital and other paid-up capital

	Number of shares	Share capital	Other paid-up capital
As of January 1, 2020	52,448,290	6,556,036	229,891,000
New share issue	4,900,000	612,500	68,279,625
Share subscription with share warrants	600,000	75,000	4,960,000
New share issue	4,545,000	568,125	94,422,375
As of December 31, 2020	62,493,290	7,811,661	397,553,000
As of December 31, 2021	62,493,290	7,811,661	397,553,000

As of December 31, 2021, the share capital consists of 62,493,290 ordinary shares with a quotient value of SEK 0.125.

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

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

Note 30 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, 2020	13,405
Recognized in the Statement of Comprehensive Income	-1,547
As of December 31, 2020	11,858
Recognized in the Statement of Comprehensive Income	-2,146
As of December 31 2021	9,712

Unused loss carry-forwards for which no deferred tax asset has been reported amount to SEK 314,275 thousand as of December 31, 2021 (December 31, 2020: 239,041). SEK 278,474 thousand of loss carry-forwards do not expire at any time, other loss carry-forwards expire between the years 2023 and 2029.

Note 31 Other current liabilities

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Withholding tax	655	4,403	655	4,403
Less social security contributions	473	245	473	245
Less special employer's contribution	761	794	761	794
Other current liabilities	173	8	0	0
Total	2,062	5,450	1,889	5,442

Note 32 Accrued expenses and deferred income

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Accrued salaries	676	884	486	315
Accrued vacation pay	1,694	1,138	1,694	1,138
Accrued social security contributions	1,100	487	1,100	470
Other accrued expenses and deferred income	1,488	616	1,424	571
Total	4,958	3,125	4,704	2,494

Note 33 Contingent liabilities and pledged assets

	Group		Parent company	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Corporate mortgages	300,000	300,000	300,000	300,000
Guarantee commitments	850,000	850,000	850,000	850,000
Total	1,150,000	1,150,000	1,150,000	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 Sensime 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.

Note 34 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.

Sensime 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:

	2021	2020
(a) Sale of goods		
Sensime GmbH	194	-
Sensime Inc	8,631	2,343
Total	8,825	2,343
(b) Purchase of services		
Acacia Designs B.V.	946	813
Sensime Inc	21,584	7,924
Total	22,530	8,755

Receivables and liabilities at end of year

	Dec. 31, 2021	Dec. 31, 2020
<i>Receivables from related parties:</i>		
Sensime GmbH	3,425	-
Sensime Inc	20,818	1,529
<i>Liabilities to related parties:</i>		
Sensime GmbH		
Sensime Inc	-14,372	-
MD Biomedical AB	-230	-210
Acacia Designs B.V.	-2,235	-1,280
	7,406	39
Loans from related parties	Dec. 31, 2021	Dec. 31, 2020
<i>Loans from Acacia Designs B.V.</i>		
At beginning of year	4,677	4,587
Loans arranged in the year	31	90
At end of year	4,708	4,677

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 35 Changes in liabilities related to financing activities

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

	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

Note 36 Subsequent events

The AGM of May 11, 2021 approved a staff stock option program involving 456,050 options, which can be granted to employees, although not the CEO or members of the company's management. A total of 435,000 of these 456,050 options were granted in February 2022.

Note 37 Proposed appropriation of profit (loss)

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

Share premium reserve	376,425,631
Accumulated profit or loss	-213,890,483
Profit (loss) for the year	-71,870,610
SEK	90,664,538

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

carried forward	90,664,538
SEK	90,664,538

Board of Directors' signatures

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

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

Philip Siberg
Chairman of the Board

Adam Dahlberg
Director

Sorin J Brull
Director

Lennart Kalén
Director

Eva Walde
Director

Pia Renaudin
Chief Executive Officer

Uppsala, Sweden, April 25, 2022

Our Audit Report was presented on April 25, 2022

Leonard Daun
Authorized Public Accountant
Key Audit Partner
Öhrlings PricewaterhouseCoopers AB

Audit Report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Senzime AB (publ) for the year 2021 except for the corporate governance statement on pages 28-33. The annual accounts and consolidated accounts of the company are included on pages 24-69 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 2021 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 2021 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 28-33. 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 of the parent company and the statement of comprehensive income and balance sheet of 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.

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

Capitalized development expenditure

The group's carrying amount for capitalized expenditure for development is SEK 73 million. This item is material from a financial reporting perspective.

The group conducts development work continuously. Projects are designed to develop new products and enhance existing products.

Important estimates and judgements include the criteria for capitalization being satisfied. When assessing impairment, the group needed to judge a number of factors such as future cash flows, for example. On the basis of the level of assessment, we judged that capitalized expenditure for development work is a key audit matter.

The consolidated accounts in note 2.8 and 19 state how the group has accounted and measured the balance sheet item, and the assessments the group has made are stated in note 4 Estimates and judgements.

How the key audit matter was addressed in our audit

Our audit included:

- We attained an understanding of the group's processes for accounting development expenses as an asset and subsequent valuation.
- We reviewed expenditure capitalized in the year to verify capitalizability.
- We reviewed the company's analysis of potential impairment.
- We reviewed disclosures made in the financial statements.

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 1-23 and 74. The information in Senzime AB's remuneration report for 2021, which is published on the company's website simultaneous with this report, is also other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and 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.

More information about our audit responsibility for the annual accounts and consolidated accounts, is at the Supervisory Board of Public Accountants' website: www.revisorsinspektionen.se/revisornsansvar.

This description is part of the Audit Report.

Report on other legal and regulatory requirements

Auditor's review of administration and proposal on appropriation 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 Senzime AB (publ) for the year 2021 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 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.

More information about our audit responsibility for administration is at the Supervisory Board of Public Accountants' website: www.revisorsinspektionen.se/revisornsansvar. Denna besSEKivning är en del av revisionsberättelsen.

This description is part of the Audit 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 Senzime AB (publ) for year 2021.

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 opinion

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 Senzime 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 the preparation of the Esef report 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 obtain 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 examination 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 and consolidated accounts. The auditor selects procedures dependent 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 examination also includes an evaluation of the appropriateness and reasonableness of the 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, financial position, changes in equity and 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 28-33 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, utsågs till Senzime AB (publ)s revisor av bolagsstämman den 11 maj 2021 and har varit bolagets revisor since 27 April 2016.

Leonard Daun
Authorized Public Accountant
 Öhrlings PricewaterhouseCoopers AB

Uppsala , Sweden, April 25, 2022

Information for shareholders

Annual General Meeting

The AGM will be held on May 18, 2022. The Annual Report will be available to the public by April 27, 2022 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 May 10, 2022 (the record date),
- secondly, notify the company of their participation by Friday, May 13, 2022.

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 10, 2022. 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 2022: **May 5, 2022**

Interim Report January-June 2022: **July 15, 2022**

Interim Report January-September 2022: **November 10, 2022**



www.senzime.com

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