

Breakeven in Q1 2024



SenzaGen has made history with a positive EBITDA for the first quarter 2024. I am incredibly proud and pleased with our growth and high gross margin, which have brought us to breakeven for the first time, a key step towards becoming a profitable growth company. The performance of our core platform GARD® was especially positive in the quarter, breaking sales records and growing by as much as 66% year-on-year. Our growing global customer base with high loyalty and several strong projects in development clearly show very exciting sales potential. Delivering strong sales combined with a high gross margin and effective cost controls will continue to be our highest priority.”



Peter Nählstedt, President and CEO

1 January–31 March 2024

- Net sales totaled SEK 14.3 (12.3) million.
- EBITDA amounted to SEK 0 (-1.8) million.
- Earnings per share were SEK -0.13 (-0.20).
- Cash and cash equivalents at 31 March amounted to SEK 12.5 (31.7) million.

Significant events during the first quarter

- SenzaGen's orders received from the chemicals industry continued to increase with two follow-on orders from the same customer for GARD®skin tests worth SEK 1.5 million and SEK 0.8 million, respectively.
- SenzaGen presented the results of its partnership with L'Oréal at the largest toxicology conference in the world, the SOT Annual Meeting and ToxExpo in the USA. This partnership serves as an important point of reference for the toxicology industry.

Message from the CEO

SenzaGen has made history with a positive EBITDA for the first quarter 2024. I am incredibly proud and pleased with our growth and high gross margin, which have brought us to breakeven for the first time. The performance of our core platform GARD® was especially positive, breaking sales records and growing by as much as 66% year-on-year.

Record-breaking quarter for GARD® with 66% growth

The year got off to a very positive start for SenzaGen. Consolidated net sales increased by 17% year-on-year, driven by very strong sales performance for our GARD® tests, which reached a new record with sales of over SEK 9 million, corresponding to 66% growth.

Interest in GARD® is continuing to increase and our customer base grew during the quarter at the same time as returning major global customers placed new orders. For instance, SenzaGen received two follow-on orders from a top 100 customer in the chemicals industry that evaluated GARD® in 2022–2023. The cumulative order value of SEK 2.3 million confirms that the volumes are larger for second orders. This interest also demonstrates that the chemicals industry sees unique advantages in how the test can solve their problems with identifying allergens in a group of chemicals that are very difficult to assess.

Our marketing and sales activities were pursued vigorously during the quarter. At the SOT Annual Meeting & ToxExpo in the US, the largest toxicology conference in the world, SenzaGen held a well-attended session on trends in skin sensitization and non-animal testing. The session was held jointly with industry thought leaders, including L'Oréal. The event generated significant interest and resulted in many new significant business opportunities. We were also able to talk about our successful partnership with L'Oréal on GARD®skin Dose-Response for the first time.

We are very pleased to see the results of VitroScreen's investments in new geographic markets and customer segments. Sales outside of Italy increased by as much as 44%. The majority of sales came from efficacy testing for the cosmetics

and pharmaceuticals industries, while the medical devices segment continued to be negatively impacted by the delayed implementation of the new EU Medical Device Regulation (MDR). For the Group's advisory services, our investments in expanding this business are proceeding according to plan.

Improved gross margin up to 75%

In parallel with increased sales volumes, our work on pricing and increased efficiency in our testing operations resulted in an improved gross margin for both GARD® and VitroScreen tests. Combined with the sales mix during the quarter, this resulted in an improvement to the gross margin of 5 percentage points, up from 70% for full year 2023 to 75% in the first quarter of this year, a result I am very pleased with.

Development projects in progress

The goal of our development activities is to be on the cutting edge in our domains of technology. For instance, we are, as planned, adapting GARD®skin for the measurement of photosensitization, a joint project with the prestigious US Research Institute for Fragrance Materials (RIFM). We plan to complete the next phase of the project by year end.

The aim of our efforts on GARD®skin Medical Device is to achieve the status of a standard skin sensitization method under ISO 10993-10, which will enable a breakthrough in sales to this segment.

Looking ahead

We will continue to deliver on our aggressive growth plan in 2024. Our growing global customer base with high loyalty and several strong projects in development clearly show very exciting sales potential.

Delivering strong sales combined with a high gross margin and effective cost controls will continue to be our highest priority.

Peter Nählstedt, President and CEO

SenzaGen at a glance

Business concept and vision

SenzaGen is a corporate group that aims to be an *in vitro* testing leader, driving the transition from animal testing to methods better suited to reflect human biology.

We provide high-performance, non-animal test methods and innovation and advisory services based on state-of-the-art technology. With non-animal methods that are more effective, more accurate and less expensive than traditional animal-based methods, we help to reduce the number of laboratory animals.

SenzaGen's vision is to replace animal testing with best-in-class in vitro technology, establish new industry standards and contribute to safer and more effective products in society.

A market with great potential

The *in vitro* toxicology testing market is global and growing strongly. The market is experiencing a paradigm shift as companies around the world transition from animal to non-animal testing. SenzaGen estimates its addressable market at approximately SEK 30 billion. Our market segments are cosmetics, chemicals, medical devices, pharmaceuticals and nutrition/food additives.

Business model

The majority of the Company's sales are direct sales supplemented by a global network of licensed CROs. Direct sales build strong, long-term customer relationships while the global network of licensed CROs provides flexibility and scalability. SenzaGen's customer base comprises leading multinationals primarily based in Europe and North America.

Growth strategy

We have a growth strategy centered around continued commercialization of our proprietary test platforms GARD® and VitroScreen ORA®, expansion of our test portfolio and acquisitions of profitable and growing companies with complementary offerings.

Our contribution to a more sustainable world

Our solutions help companies provide products that do not cause allergic or other toxic reactions and also create better production environments for their employees while decreasing the number of animal tests.

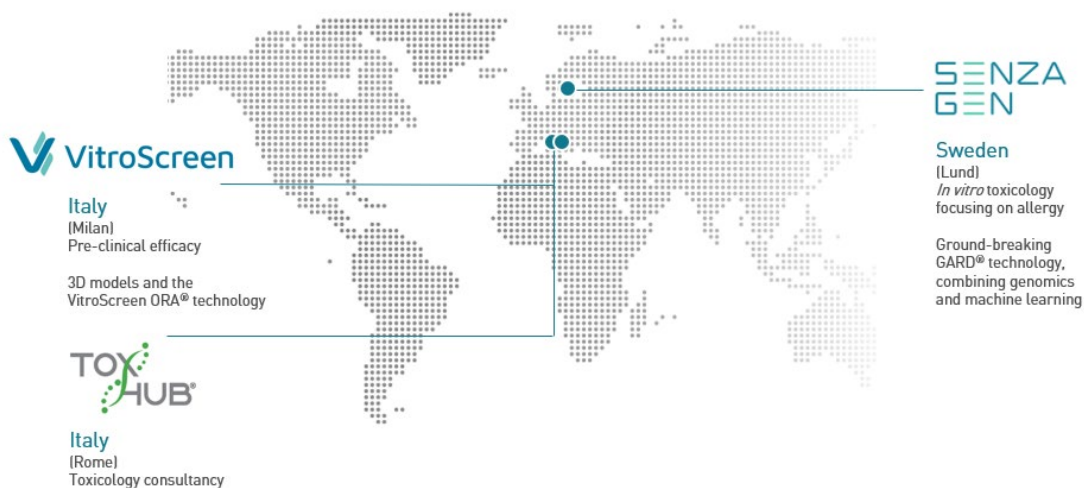
Innovative *in vitro* offering.

The SenzaGen Group offers innovative solutions for safety assessment and efficacy testing of chemicals in several industries.

SenzaGen's patent-protected GARD® test platform, based on genomics and machine learning, has been developed to determine whether substances can cause allergic reactions, and other complementary tests and services have been added. GARD®skin is approved as a standard test by the OECD.

VitroScreen has vast expertise in human 3D tissue models. The patent-protected organoid platform VitroScreen ORA® makes it possible to test the efficacy and safety of substances. The platform can be customized based on customer needs and constitutes a growing share of VitroScreen's sales.

ToxHub specializes in toxicological risk assessment and regulatory strategy consulting, with particular expertise in medical devices and pharmacology.



Sales, earnings and investments

Q1 2024

Consolidated net sales for the January–March 2024 period totaled SEK 14.3 (12.3) million, a 17% year-on-year increase. GARD® sales accounted for SEK 9.2 (5.5) million, representing a 66% increase. Other operating income in the form of exchange gains amounted to SEK 0.3 million.

The majority of sales are in EUR and USD to companies outside Sweden, which means that the Company's sales and earnings are impacted by fluctuations in these currencies.

Consolidated gross profit was SEK 10.7 (8.7) million, corresponding to a gross margin of 75% (70%). This improvement is attributable to both acquired and existing operations.

Operating expenses for the quarter totaled SEK 14.0 (13.5) million.

Operating expenses include depreciation and amortization amounting to SEK 3.0 (2.8) million, and SEK 2.1 (1.8) million of this amount is for depreciation and amortization on acquired assets.

Consolidated EBITDA amounted to SEK 0 (-1.8) million. The improvement in earnings is due to increased sales, our focus on costs and a stronger gross margin, which demonstrate the scalability of SenzaGen's business model.

SenzaGen capitalizes new development expenditure and recognizes patents in the balance sheet on an ongoing basis. Total investments in intangible assets for the quarter were SEK 0.4 (0.4) million, with patents and trademarks accounting for SEK 0.4 (0.4) million of this amount.

Capitalized expenditure for in-house development projects totaled SEK 18 (0) thousand.

Funding

The Group's cash and cash equivalents at the end of the quarter totaled SEK 12.5 (31.7) million.

Net cash from operating activities amounted to SEK -5.9 (-7.7) million. During the quarter, SenzaGen made a one-off investment of SEK 2.5 million in consumables for its testing operations in order to accumulate safety stock for 24 months.

Total net cash flow for the quarter amounted to SEK -5.2 (-8.3) million.

At the end of 2023, SenzaGen secured an overdraft facility in the amount of SEK 7.5 million from SEB. The facility is backed by a guarantee commitment under the European Investment Fund (EIF). As of yet, there has been no need to draw on the facility.

Parent Company

The Parent Company's net sales for the January–March 2024 period totaled SEK 9.2 (5.5) million. The loss before tax was SEK -1.3 (-4.0) million.

The Parent Company's net investments in both property, plant and equipment and intangible assets for the quarter amounted to SEK -0.4 (0.4) million, and its total cash flow was SEK -6.9 (-9.7) million.

For further information, see the disclosures for the Group.

Other information

Group

SenzaGen AB (publ) (reg. no. 556821-9207), based in Lund, is the parent company of subsidiary SenzaGen North America Inc, based in North Carolina, USA (reg. no. C3870650), subsidiary VitroScreen s.r.l. (reg. no. MI-1653696) based in Milan, Italy, and subsidiary ToxHub s.r.l. (reg. no. MI-2690194) based in Rome, Italy.

Segment reporting

SenzaGen's business currently includes only one operating segment, toxicology *in vitro* testing. Therefore, see the income statement and balance sheet for operating segment reporting.

Accounting policies

The accounting policies applied are in compliance with the Swedish Annual Accounts Act (1995:1554) and the general advice of the Swedish Accounting Standards Board in BFNAR 2012:1 Annual Reports and Consolidated Financial Statements ("K3"). The same accounting policies and calculation bases were applied as those in the 2023 Annual Report.

Operating activities are conducted in the parent company and two subsidiaries, VitroScreen and ToxHub.

Information about risks and uncertainties

SenzaGen's business is exposed to several risks, including both operational and financial risks. The operational risks mainly comprise uncertainty concerning product development, supplier agreements, product liability and distribution. For a more detailed description of the risks and uncertainties to which SenzaGen is exposed, see the risk and sensitivity analysis in the 2023 Annual Report.

Research and development

SenzaGen invests in research and development to advance new high-tech and human-relevant *in vitro* methods for effective safety assessment. The foundation of the Group's product development is the GARD® technology platform, which is broadly applicable in all of the Company's relevant industries and for difficult-to-test substances. The GARD® technology platform also has potential for use in several other testing and application

domains. With the help of VitroScreen's proprietary organoid model VitroScreen ORA®, the Group can also provide customers with tailored solutions for a specific test method, cell or organ type.

Employees

At the end of the period, the Group had 32 (34) employees, 20 (22) of which were women and 12 (12) were men. At the end of the period, the Parent Company had 18 (20) employees, 10 (11) of which were women and 8 (9) were men.

Significant events after the end of the period

There are no important events after the quarter to report.

Audit

This report was not reviewed by the Company's auditors.

2024 AGM

SenzaGen's 2024 Annual General Meeting (AGM) will be held on 15 May at 3 PM in Medicon Village's conference rooms at Scheeleorget 1, Lund, Sweden.

Certified Adviser

FNCA Sweden AB is the Company's Certified Adviser on Nasdaq First North.

Financial calendar

Jan-Jun 2024 Interim Report	15 Aug 2024
Jan-Sep 2024 Interim Report	8 Nov 2024

Interim reports and annual reports are available on SenzaGen's website.

Glossary

In vitro: Latin for "in glass". *In vitro* tests are done in test tubes.

Toxicology: A science that deals with poisons and poisoning symptoms, including how drugs and other chemicals can cause various adverse health effects in humans.

MDR: The EU Medical Device Regulation.

The board of directors and CEO assure that the interim report provides a true and fair view of the Parent Company and Group's business, financial position and financial performance and discloses significant risks and uncertainties to which the Parent Company and Group companies are exposed.

Lund, 15 May 2024

Carl Borrebaeck
Chairman

Ian Kimber
Director

Anki Malmberg Hager
Director

Paul Yianni
Director

Paula Zeilon
Director

Peter Nählstedt
President and CEO

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Publication

This information constitutes the type of information SenzaGen AB is required to publish under the EU Market Abuse Regulation. This information was released for publication by the contact person set out above on 15 May 2024 at 08:30 AM CEST.

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SenzaGen is listed on Nasdaq First North. The Company is traded under the ticker symbol SENZA and ISIN code SE0010219626.

Condensed consolidated statement of comprehensive income (SEK thousand)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Operating income			
Net sales	14,339	12,291	49,870
Cost of goods sold	-3,648	-3,640	-14,938
Gross profit/loss	10,691	8,651	34,932
Selling expenses	-6,468	-6,173	-26,787
Administrative expenses	-4,224	-4,504	-19,138
Research and development expenditure	-1,075	-876	-3,747
Acquisition-related costs	-2,054	-1,815	-7,518
Other operating income	326	231	689
Other operating expenses	-204	-162	-917
Operating profit/loss*	-3,008	-4,648	-22,486
Profit/loss from financial items			
Interest income and similar items	296	11	764
Interest expenses and similar items	-402	-24	-254
Profit/loss after financial items	-3,114	-4,661	-21,976
Tax expenses	53	-247	-121
Profit/loss for the period	-3,061	-4,908	-22,097
Share of profit/loss to Parent Company shareholders	-3,061	-4,908	-22,097
<i>*Operating profit/loss includes depreciation</i>	<i>-3,045</i>	<i>-2,822</i>	<i>-11,586</i>

Per share data	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Earnings per share (SEK)	-0,13	-0,20	0,91
Fully diluted earnings per share (SEK)	-0,13	-0,20	0,91
Equity per share (SEK)	2,71	3,51	2,80
Equity ratio (%)	72%	78%	70%
Number of outstanding shares at end of period (thousands)	24,188	24,188	24,188
Average number of outstanding shares (thousands)	24,188	24,188	24,188
Share price at end of period (SEK)	6,68	10,40	7,28

Definitions of financial ratios

Earnings per share

Profit/loss for the period as a percentage of weighted average number of shares.

Equity per share

Equity as a percentage of the number of shares at the end of the period.

Equity ratio

Equity as a percentage of total assets.

Condensed consolidated statement of financial position (SEK thousand)	31 Mar 2024	31 Mar 2023	31 Dec 2023
Assets			
Goodwill	20,287	20,675	20,993
Intangible assets	33,839	37,509	34,016
Property, plant and equipment	1,738	2,456	1,811
Inventories	6,676	4,453	6,228
Trade receivables	8,677	9,716	10,589
Other receivables	2,370	971	1,769
Prepaid expenses and accrued income	5,860	2,714	4,146
Cash and cash equivalents	12,506	31,677	17,624
Total assets	91,953	110,171	97,176
Equity and liabilities			
Equity	65,636	84,839	67,608
Liabilities to credit institutions	2,506	1,131	1,673
Trade payables	3,801	2,434	5,691
Other provisions	7,287	7,839	6,571
Current tax liabilities	519	520	421
Other liabilities	1,364	1,351	2,916
Accrued expenses and deferred income	10,840	12,057	12,296
Total equity and liabilities	91,953	110,171	97,176
Statement of changes in equity (SEK thousand)	31 Mar 2024	31 Mar 2023	31 Dec 2023
Opening balance	67,608	89,701	89,701
Profit/loss for the period	-3,061	-4,908	-22,097
Foreign currency effect	1,089	46	4
Equity at end of period	65,636	84,839	67,608

Condensed consolidated statement of cash flows (SEK thousand)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Operating profit/loss after tax	-3,061	-4,908	-22,097
Adjustments for non-cash items	2,928	2,714	10,828
Paid tax	-	-	-
Net cash from operating activities	-133	-2,194	-11,269
Change in inventory	-332	-803	-2,623
Change in current receivables	-216	1,296	-2,860
Change in current liabilities	-5,766	-6,483	296
Change in other provisions	569	527	3
Net cash from operating activities	-5,878	-7,657	-16,453
Acquisitions/disposals of intangible assets	-359	-427	-3,679
Acquisitions/disposals of property, plant and equipment	-62	-85	-129
Acquisitions/disposals of subsidiaries	-	-	-2,295
Acquisitions/disposals of financial assets	-	-	21
Net cash from investing activities	-421	-512	-6,082
Transaction expenses attributable to new share issue	-	-42	-
Change in long term debt to credit institutions	1,067	-130	147
Net cash from financing activities	1,067	-172	147
Total cash flow for the period	-5,232	-8,341	-22,388
Cash and cash equivalents at start of period	17,624	39,976	39,976
Translation difference on cash and cash equivalents	114	42	36
Cash and cash equivalents at end of period	12,506	31,677	17,624

Parent Company income statement (SEK thousand)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Operating income			
Net sales	9,157	5,516	25,350
Cost of goods sold	-2,220	-2,001	-7,612
Gross profit/loss	6,937	3,515	17,738
Selling expenses	-4,597	4,047	-18,300
Administrative expenses	-2,765	2,964	-13,081
Research and development expenditure	-818	-605	-3,034
Other operating income	324	230	670
Other operating expenses	-203	-162	-921
Operating profit/loss	-1,122	-4,033	-16,928
Profit/loss from financial items			
Interest income and similar items	247	12	776
Interest expenses and similar items	-380	-17	-196
Profit/loss after financial items	-1,255	-4,038	-16,348
Tax expenses	-	-	-
Profit/loss for the period	-1,255	-4,038	-16,348

Parent Company balance sheet (SEK thousand)	31 Mar 2024	31 Mar 2023	31 Dec 2023
Assets			
Intangible assets	11,491	13,355	11,936
Property, plant and equipment	481	793	548
Financial assets	48,378	46,103	48,378
Inventories	3,294	1,633	3,559
Trade receivables	4,354	6,710	3,790
Receivables from Group companies	2,534	1,254	2,334
Other liabilities	1,674	1,692	1,139
Prepaid expenses and accrued income	5,394	2,492	3,992
Cash and bank balances	9,196	26,533	16,096
Total assets	86,796	100,565	91,772
Equity and liabilities			
Equity	73,142	86,706	74,396
Trade payables	1,910	707	3,979
Current tax liabilities	519	520	421
Liabilities to Group companies	46	145	142
Other liabilities	697	739	829
Accrued expenses and deferred income	10,482	11,748	12,005
Total equity and liabilities	86,796	100,565	91,772