

**PRESS RELEASE**

01 June 2022 17:30:00 CEST

## **Senzime has entered into an agreement to acquire the US company Respiratory Motion**

Senzime AB (publ) ("Senzime" or the "Company") has today signed an agreement to acquire 100 percent of the shares in the US company Respiratory Motion, Inc. ("Respiratory Motion") for an initial consideration of USD 19 million on a cash- and debt-free basis (the "Initial Consideration") with an additional potential earn-out payment of up to USD 25 million, paid out earliest in 2024 (the "Transaction"). The sellers consist of a larger group of individuals and companies, some of whom are employees of the company and others are professional investors (the "Sellers"). Through the acquisition, Senzime expands its product portfolio within the market for monitoring of vital signs and extends the Company's capability to capture a larger share of the patient journey outside of the operating room as well. To finance the Initial Consideration, Senzime's Board of Directors has resolved to summon an Extraordinary General Meeting to authorize the Board of Directors to resolve on an issue through set-off of preliminary 8,655,238 shares (the "Consideration Shares"). In addition, Senzime will conduct a new share issue of approximately SEK 100 million to finance working capital needs in Respiratory Motion and accelerate the growth journey, directed to Swedish and international institutional investors through an accelerated book-building procedure, which is expected to commence today (the "Directed Share Issue").

Press release: Uppsala, 1 June 2022

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO AUSTRALIA, CANADA, HONG KONG, JAPAN, NEW ZEALAND, SINGAPORE, SOUTH AFRICA, SWITZERLAND, UNITED STATES OF AMERICA OR ANY OTHER JURISDICTION IN WHICH THE PUBLICATION, DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL OR REQUIRE REGISTRATION OR ANY OTHER MEASURE. ADDITIONAL RESTRICTIONS ARE APPLICABLE, PLEASE SEE "IMPORTANT INFORMATION" IN THE END OF THIS PRESS RELEASE.

### **The Transaction in brief**

- The rationale of the acquisition of Respiratory Motion is to expand Senzime's product portfolio with a unique, complementary technology to monitor patients' respiratory function outside of the operating room. The acquisition also aims to accelerate the market penetration of the TetraGraph system with evident sales and margin synergies. The Transaction contributes to Senzime's overall mission of becoming a global market leader in patient monitoring of vital signs with a vision to eliminate complications related to anesthesia and analgesia.
- The Initial Consideration for 100 percent of the shares in Respiratory Motion on a cash and debt free basis amounts to USD 19 million.
- A preliminary amount of 8,655,238 shares will be issued in Senzime in order to finance the Initial Consideration, following customary adjustments for net debt and normalized working capital, based on a Volume Weighted Average Price ("VWAP") on Nasdaq Stockholm for the twenty (20) consecutive trading days.

- The Sellers will, following the issuance of the Consideration Shares and completion of the Directed Share Issue, become the second largest shareholder block in Sensime with a joint holding of approximately 11 percent of the capital and votes, excluding a potential earn-out.
- The additional potential earn-out payment amounts to up to USD 25 million (the “Earn-Out”). The Earn-Out is based on Respiratory Motion’s sales budget for 2023 and shall consist of either or both cash and shares in Sensime. Sensime will, in its sole discretion, decide on the split of cash and shares to be issued.
- The total consideration, assuming full earn-out payment of USD 25 million, is equivalent of approximately 4.7x Respiratory Motion’s revenue budget for 2023.
- The Consideration Shares and potential issue of shares to finance the Earn-Out are subject to a one-year lock-up from the date of receipt of the shares.
- Sensime will in connection with the closing of the Transaction provide a working capital contribution of at most USD 5.5 million to Respiratory Motion.
- To close the Transaction, the Board of Directors of the Company has today resolved to summon an extraordinary general meeting of the shareholders to authorize the Board of Directors to issue the Consideration shares. The Company will shortly publish a separate notice to the extraordinary general meeting.
- Closing of the Transaction is expected to take place during end of June 2022.

### **Background and the transaction**

Respiratory Motion is a Boston-based medtech company that develops and commercializes systems for the monitoring of respiratory function and other vital signs. The company's solution - ExSpiiron - is the only non-invasive system on the market that monitors patients' breathing volume and real-time breathing frequency. ExSpiiron is based on many years of research by physicians in the United States, and is protected by 14 patent families and proprietary algorithms. The system is CE and FDA approved and validated on over 6,000 patients in more than 30 scientific publications.

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

Respiratory depression affects up to 30 percent of patients who are undergoing various types of pain treatment (analgesia) in postoperative care. This leads to complications, extended care time and increased cost for healthcare providers.

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

The acquisition of Respiratory Motion is in line with Sensime's vision of a world free of anesthesia-related complications. Respiratory Motion's product portfolio is complementary to Sensime, which increases Sensime's ability to take a larger share of the patient journey outside of the operating room as well and enables cross-selling synergies - both through its own sales force and distributor channels. The companies also have clear operational synergies in manufacturing, product development, regulatory affairs and administration. The acquisition broadens Sensime's product portfolio and is

expected to accelerate the market penetration of both TetraGraph and ExSpiron. The Transaction also enables Senszime to accelerate its overall mission of becoming a global market leader in patient monitoring of vital functions and thereby contribute to reduced complications related to anesthesia and analgesics.

Senzime today has a rapidly growing business and well-functioning infrastructure for direct sales in the US and Germany, which together with Respiratory Motions' existing agreements can further accelerate sales of disposable sensors, while considered tripling Senszime's total addressable market.

*"This is an acquisition with perfect logic. Respiratory Motion gives us the conditions to further accelerate the rollout of TetraGraph while expanding our business of monitoring patients' respiratory function outside the operating room. With Respiratory Motion's unique system, we reach three times as large patient volume and lay the next building block in our journey to be the market leader in precision-based monitoring of vital signs with the overarching mission of eliminating anesthesia and sedation-related complications." – Pia Renaudin, CEO, Senszime*

*"As a cardiothoracic surgeon, I was always acutely aware of the failure of previous monitors to adequately monitor and assess patient breathing. Compelled by the incidence of preventable respiratory failure, Respiratory Motion was founded to develop ExSpiron, the first and only non-invasive system of patients' breathing volume and real-time breathing frequency. COVID-19 has furthermore brought a new general awareness to the importance of respiratory function, thus creating an increased focus in the hospital on early identification of respiratory failure and its causes.*

*In Senszime we have found the perfect partner. Our ExSpiron system is the market's only solution for real-time monitoring of the respiratory function of patients who breathe on their own, typically after surgery and in wards. Our complementary solutions provide healthcare providers with unique high-precision medical tools for early identification and prevention of respiratory complications. By adding ExSpiron to its product portfolio, which already includes the commercially successful neuromuscular monitor TetraGraph, Senszime is now able to provide health care professionals and hospitals with an overarching solution for ensuring adequate monitoring of respiratory status and other vital signs and thus optimize care of critically ill patients. Becoming a part of Senszime enables an acceleration of our growth journey and we look forward to becoming the leading player in monitoring of vital signs together" – Jenny Freeman, cardiothoracic surgeon and co-founder of Respiratory Motion.*

The Initial Consideration for 100 percent of the shares in Respiratory Motion on a cash and debt free basis amounts to USD 19 million. A preliminary amount of 8,655,238 shares will be issued in Senszime, in order to finance the Initial Consideration following customary adjustments for net debt and normalized working capital.

The potential earn-out payment amounts to up to USD 25 million. The Earn-Out is based on Respiratory Montion's sales budgeted for 2023 and shall consist of either or both cash and shares in Senszime. At most 10 million shares in Senszime will be issued to finance the Earn-Out, with a subscription price equal to the VWAP on Nasdaq Stockholm during twenty (20) consecutive trading days preceding payment of the Earn-Out. Senszime will, in its sole discretion decide on the split of cash and shares to be issued.

- The total consideration, assuming full earn-out payment of USD 25 million, is equivalent of approximately 4.7x Respiratory Motion's revenue budget for 2023.

### **Financials and synergies**

Respiratory Motion has sales in Europe, China and US, where the turnover amounted to approximately USD 1.1 million[1] with a gross margin of approximately 48 percent in 2021. Respiratory Motion is not profitable on an EBITDA-level. Respiratory Motion has been negatively affected by the Coronavirus as it has limited access to hospitals and hence complicated the sales process. Today, Respiratory Motion has 9 FTEs and its headquarter is based in Watertown, Massachusetts, US.

Senzime and Respiratory Motion have no overlapping businesses, only complementary, which implies that Senzime foresees both top-line synergies and cost synergies. As Respiratory Motion has no direct sales force in the US today, Senzime sees great opportunities to utilize its infrastructure for direct sales in the US and thus accelerate the commercialization of Respiratory Motion's "razor- and razor-blade" business model.

Senzime's current financial targets of reaching at least SEK 200 million in revenue and achieve profitability in 2023 will be revised and presented once the review is complete and the integration of Respiratory Motion has begun.

### **Financing and conditions**

Completion of the acquisition is expected to take place during end of June 2022 and is conditional upon that an extraordinary general meeting authorize the Board of Directors to issue the Consideration Shares.

Senzime has engaged Carnegie Investment Bank AB ("**Carnegie**") to explore the conditions to carry out a directed share issue of approximately SEK 100 million based on the authorization granted by the annual general meeting on 18 May 2022. The price of any new shares issued in the directed share issue will be determined through an accelerated book building procedure administered by Carnegie. Further information about the directed share issue and the accelerated book building procedure, which is expected to commence today, will be disclosed through a separate press release.

### **Extraordinary general meeting and voting commitments**

An extraordinary general meeting in Senzime is planned to be held on or around 27 June 2022 to authorize the Board of Directors to issue the Consideration Shares. The Company will shortly publish a separate notice to the extraordinary general meeting.

### **Conference call**

In connection to this announcement Senzime invites investors, analysts, and media to a webcast (in Swedish) with a Q&A-session. The presentation will be held by Senzime's CEO Pia Renaudin, Philip Siberg, Chairman of the Board, Jonathan Ekman, Head of M&A and Professor Lars I Eriksson from the section for Anesthesiology and Intensive Care at the Department of Physiology and Pharmacology at Karolinska University Hospital. The webcast will conclude with a Q&A session. No preregistration is required.

#### *Date and time*

June 2, 2022, at 11:00 a.m. CEST

#### *Webcast link*

<https://tv.streamfabriken.com/pressconference-06-2022>

The webcast will also be available on demand on Senzime's corporate website after the event.

## **Advisers**

Carnegie is acting as financial advisor in relation to the Transaction and Sole Global Coordinator and Sole Bookrunner with respect to the Directed Share Issue. Eversheds Sutherland (Stockholm and Chicago) is acting as legal advisor to Sensime in connection with the Transaction. Advokatbyrån Lindahl is acting as legal advisor to Sensime in connection with the Directed Share Issue.

## **Important information**

The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such restrictions. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in Sensime in any jurisdiction, neither from Sensime nor from anyone else.

Any investment decision in connection with the Issue must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by Carnegie as Sole Bookrunner. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied or distributed, directly or indirectly, in whole or in part, to Australia, Canada, Japan or the United States of America or in any other jurisdiction where the announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction. Sensime has not authorized any offer to the public of shares or rights in any member state of the EEA and no prospectus has been or will be prepared in connection with the Directed Issue. In any EEA Member State and in the United Kingdom, this communication is only addressed to and is only directed at qualified investors in that Member State or in the United Kingdom within the meaning of the Prospectus Regulation.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this document and should not act or rely on it.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in Sensime have been subject to a product approval process, which has determined that the shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares may decline and investors could lose all or part of their investment; the shares offer no guaranteed income and no capital protection; and an investment in the shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Sole Bookrunner will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in Sensime.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in Sensime and determining appropriate distribution channels.

### **Forward-looking statements**

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release or any obligation to update or revise the statements in this press release to reflect subsequent events. Undue reliance should not be placed on the forward-looking statements in this press release. The information, opinions and forward-looking statements

contained in this press release speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release.

**For further information, please contact:**

---

Pia Renaudin, CEO of Sensime AB  
Phone: +46 (0) 70-813 34 17, email: [pia.renaudin@sensime.com](mailto:pia.renaudin@sensime.com)

**About Sensime**

---

Sensime is a Swedish medical device company that develops and markets CE- and FDA-cleared monitoring systems for patients undergoing anesthesia. Sensime'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. Sensime 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). [www.sensime.com](http://www.sensime.com)

*This information is information that Sensime is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-06-01 17:30 CEST.*

**Attachments**

---

**Sensime has entered into an agreement to acquire the US company Respiratory Motion**