



Year-End Report 2019
Senzime AB (publ)



January – December 2019 in brief

Senzime AB (publ), 556565-5734

Fourth quarter 2019

- **Net sales** amounted to KSEK 2,688 (2,671)
- **Income after financial items** amounted to KSEK -9,493 (-11,288).
- **Earnings per share** before dilution amounted to SEK -0.18 SEK (-0.23) and after dilution to -0.18 SEK (0.23)
- **Cash and cash equivalents** per December 31, 2019 equals SEK 30.9 million (32.7).
- **Number of shares** per December 31, 2019 amounted to 52,448,290 (49,077,503)

January - December 2019

- **Net sales** amounted to KSEK 6,711 (3,214).
- **Income after financial items** amounted to KSEK -36,433 (-26,763).
- **Earnings per share** before dilution amounted to SEK -0.68 (-0.58) and after dilution to SEK -0.68 (-0.58).

Definitions.

- *Earnings per share: Net income for the period divided by the average numbers of shares during the period.*
- *In parentheses describes comparative period last year.*
- *Unless otherwise stated, all information refers to the Group*

Financial overview

KSEK	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Sales revenue	2,688	2,671	6,711	3,214
Income after financial items	-9,493	-11,288	-36,433	-26,763
Earnings per share before dilution (SEK)	-0.18	-0.23	-0.68	-0.58
Equity/assets ratio (%)	-	-	87.2	84.9

Significant events during the period

- **February.** Pia Renaudin joins as new CEO at Senzime AB.
- **March.** The Department of Neuroanesthesia at the University Hospital in Uppsala signs an agreement to buy TetraGraph systems.
- **March.** Norrlands University Hospital initiates a new exploratory pilot study with OnZurf probe.
- **March.** Senzime launches the TetraGraph Viewer, a new software, enabling data extraction and analytics from the TetraGraph patient monitor to a connected computer.
- **March.** Senzime announces the filing of the new 510(k) application to the FDA for the TetraGraph system to decrease the overall time to reach FDA clearance and introduction on the US market.
- **March.** The Senzime management team is strengthened with VP Sales and VP Marketing and Business development.
- **May.** Senzime signed an exclusive distribution agreement with Vingmed Holding A/S for the commercialization of TetraGraph in Sweden, Denmark, Norway and Finland.
- **May.** Senzime receives the first million order from South Korea.
- **June.** Senzime's board member Ulf Lindskog passed away.
- **June.** Senzime contracts Erik Bergman as new CFO.
- **July.** TetraGraph receives regulatory approval and additional order from South Korea.
- **July.** Senzime increases focus on the market for anesthesia monitoring and communicates sales targets.
- **August.** Senzime exercise a directed new share issue of SEK 30 million.
- **August.** 100 TetraGraph systems to Japan after regulatory approval.
- **October.** Senzime receives 510 (k) clearance by the US drug authority FDA. The clearance gives permission to market and sell TetraGraph in the US market.
- **December.** Senzime recruits Chris Estes as head of the company's US operations. The registration of Senzime Inc. was completed in January 2020.

Significant events after the end of the period

- **January.** Senzime receives new major order from South Korea and passes 400 delivered TetraGraph. The order value amounts to approximately SEK 1.5 mill.



About Senzime

Senzime develops and markets systems, driven by unique algorithms and sensors, to follow patients' nervous systems and electrical impulses – before, during and after surgery. The company's solution is called TetraGraph, a medical technology system that digitally and continuously measures the degree of neuromuscular blockade in the patient.

The goal is improved clinical precision and simplified management in healthcare. By preventing complications and enabling healthcare professionals to follow health care guidelines and drug recommendations, TetraGraph contributes to shorter hospitalizations and lower health care costs – in a world where everyone wakes up safely after surgery.

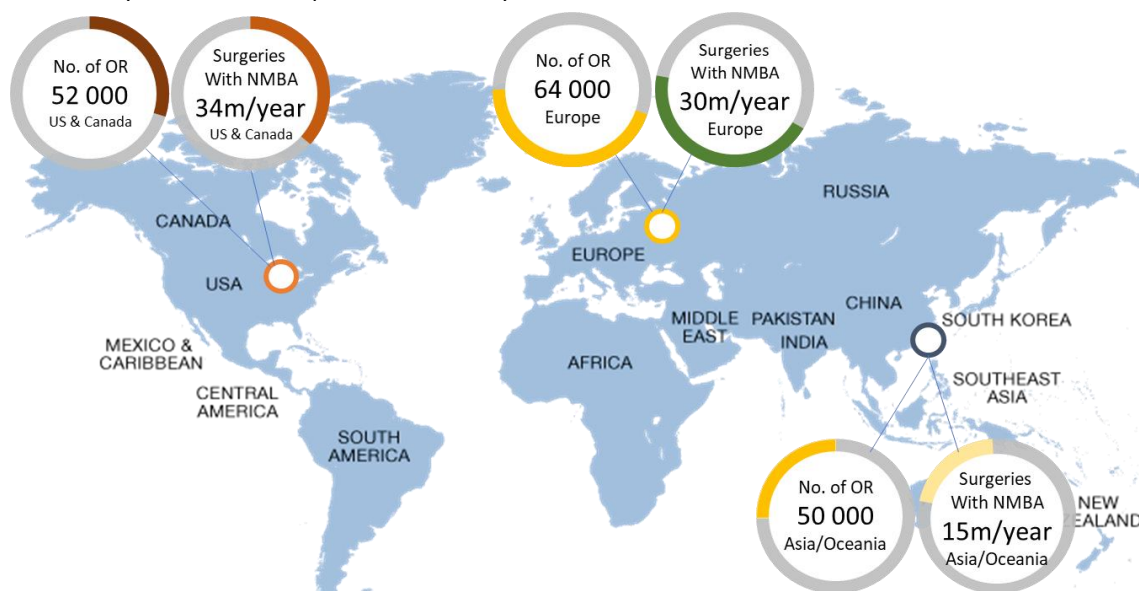
Senzime's development portfolio also includes innovative, patient oriented solutions that enable automated and continuous measurement of biological substances such as glucose and lactate in blood and tissue fluid; CliniSenz Analyzer and OnZurf Probe.

The mission is to develop solutions, designed to ensure maximum patient benefit, reduce complications associated with surgery and anesthesia, and decrease health care costs. Senzime operates in growing markets that in Europe and the United States are valued in excess of SEK 10 billion. The company's shares are listed on Nasdaq First North Growth Market (ticker: SEZI)

TetraGraph

TetraGraph is an innovative and user-friendly digital system for monitoring patients undergoing anesthesia with neuromuscular blocking agents (NMBAs). TetraGraph is designed to easily and accurately measure the effects of NMBAs, guiding the clinician's decision-making about the depth of neuromuscular blockade, and appropriate timing for patient extubation to spontaneous breathing. Ultimately this will enhance patient safety for the post-surgical patient. The system consists of a portable, hand-held patient monitoring unit and disposable sensors.

By preventing complications and enabling healthcare professionals to follow care guidelines and drug recommendations, TetraGraph contributes to shorter hospital stays and lower healthcare costs - in a world where everyone wakes up safely after surgery. TetraGraph's potential market is estimated at 166,000 operating rooms, which carry out 79 million operations annually.



Sources: Meta-analyses 2007, Global operating theatre distribution and pulse oximetry supply: an estimation from reported data. Funk et al. 2010, Centers for Disease Control and Prevention 2017, Steiner et al. 2017, Rose et al. 2014, An estimation of the global volume of surgery, Weiser et al. 2008, OECD, nationella databaser, M. Naguib 2007, Ishizawa 2011, Number of surgical procedures (per 100,000 population), World Bank, Measuring surgical systems worldwide: an update, Kamali et al., 2018, National Hospital Discharge Survey, Centers for Disease Control and Prevention, 2010

We met the target of 300 delivered TetraGraph systems and launched in the U.S.

Approved product registration of the TetraGraph in the US was the highlight of the quarter and a breakthrough for Senzime. The approval means that we can start selling the system in the world's largest market. Shortly thereafter, we were able to communicate that we have recruited a US General Manager who will establish Senzime in the US market, with sales both through distributors and directly to customers.

In January, we also finalized the registration of a wholly owned subsidiary, Senzime Inc., in Florida. The need for objective neuromuscular monitoring is very high in the United States and we are now looking forward to be a driving force in reducing anesthesia-related complications for millions of patients. We are ready with a very interesting product that meets great interest in the market, which is now rapidly adapting to the types of digital solutions we offer.

Major orders from Australia, Switzerland and South Korea, among others, have achieved our communicated target for 2019 of 300 delivered instruments and by the end of January 2020 we had delivered over 400 TetraGraph systems. Other orders during the year came from Japan, Sweden, Norway, Denmark, Finland, Spain and Italy. We have also recently signed distribution agreements with new partners in the UK and Poland.

I look forward to a very exciting 2020 with a continued focus on international expansion and to leverage the installed base of TetraGraph through recurring sales of TetraSens, our patented disposable electrodes.

Uppsala in February 2020,

Pia Renaudin, CEO



The share, share capital and ownership

Share capital development (SEK)

Date	Event	No. of shares	Share capital (SEK)	Quotient value (SEK)
January 1, 2019	Opening	49,077,503	6,134,688	0.125
September 10, 2019	New share issue	3,370,787	421,348	0.125
Total, December 31, 2019		52,448,29	6,556,036	0.125

Share price (SEK)



Ownership structure as of December 31, 2019

Shareholder	Number of shares	Capital (%)
Crafoord family	9,669,251	18,4%
Pershing Llc.	4,122,452	7,9%
Segulah Venture AB and AB Segulah	3,871,297	7,4%
Ulf Lindskog estate	3,517,342	6,7%
Sorin J. Brull	3,223,528	6,1%
Handelsbanken Fonder AB	2,700,000	5,1%
Länsförsäkringar Fondförvaltning AB	2,534,576	4,8%
Stone Bridge Biomedical	2,362,260	4,5%
Crafoordska Stiftelsen	1,606,943	3,1%
Others	18,840,641	35,9%
Total	52,448,290	100,0%

Comments to the report

Revenue and earnings

Sales revenue during the fourth quarter of 2019 amounted to KSEK 2,688 (2,671). During the period January - December, sales revenue amounted to KSEK 6,711 (3,214). A license payment from Japanese Fukuda Denshi of SEK 1.8 million regarding sales start in Japan was invoiced in October 2019. The fourth quarter 2018 includes a license payment from Fukuda Denshi of SEK 2.4 million. Otherwise, most of the revenue comes from the sale of the TetraGraph system in South Korea and also in the European market.

Gross profit for the fourth quarter amounted to KSEK -889 (-1,635). Depreciation for the TetraGraph system and OnZurf Probe charged KSEK 3,095 (3,084) to the cost of goods sold in the consolidated income statement during the fourth quarter. During the period January - December 2019, the gross profit was KSEK -8,539 (-5,227). For the period January - December, amortization of intangible assets amounted to KSEK 12,406 (5,438). The above-mentioned license revenue from Japanese Fukuda has had a positive impact on the gross margin for both years.

Operating profit for the fourth quarter of 2019 amounted to KSEK -9,492 (-11,288). Operating profit during the period January - December amounted to KSEK -36,431 (-26,761). The company's expenses consist to the largest part of personnel and consultancy costs.

Financial position

At the end of the quarter, the Group's equity amounted to MSEK 163.7 (167.4). The equity/assets ratio was 87.2 percent (84.9). At the end of the period, the company's cash and cash equivalents amounted to SEK 30.9 M (32.7). The Board of Directors and management believe that the company's cash and cash equivalents cover the company's needs for 2020.

Cash flow and investments

Cash flow from operating activities, including changes in working capital for the fourth quarter of 2019, amounted to KSEK -7,149 (-4,875). For the full year 2019, cash flow from operating activities, including changes in working capital, amounted to KSEK -27,206 (-17,773). The negative cash flow from operating activities is largely due to the negative result.

Cash flow from investing activities for the fourth quarter of 2019 amounted to KSEK -880 (-1,269). For the full year 2019, cash flow from investing activities amounted to KSEK -3,766 (-9,439). Last year, development work for the company's system TetraGraph was completed. These costs have been recognized as intangible assets in the balance sheet.

Cash flow from financing activities for the fourth quarter amounted to KSEK 0 (25,763). Last year's fourth quarter includes cash from a directed share issue. For the full year 2019, cash flow from financing operations amounted to MSEK 29.2 (51.1).

Stock options

Subscription options

The company has a stock option program that includes all permanent employees. Each option shall, during the period up to and including 31 December 2020, be entitled to subscribe for a new share at a price of SEK 8.80. The options are issued free of charge. The options require continued employment in the company and are not transferable. During the fourth quarter, 160,000 employee stock options expired.

Warrants

Pia Renaudin holds 400,000 warrants. Each warrant entitles to subscribe for a new share in the company at a price of SEK 12.00 with redemption date no later than May 7, 2022.

Based on the existing number of shares and if all options are exercised, the dilution will be a maximum of 1.9 percent.

Parent

Most the Group's operations are conducted in the Parent Company. In January 2020, the US subsidiary Senzime Inc. was registered. Sales in the United States will take place both in-house and through local distributors. The Group's two other subsidiaries hold only certain rights that are licensed to the Parent Company for payment in the form of royalty.

Risks

Several risk factors can have a negative impact on Senzime's operations. It is therefore of great importance to consider relevant risks in addition to the company's growth opportunities. For information on the company's greatest risks, please refer to the company's annual report for 2018.

Accounting

This Year-End report has been prepared using the same accounting principles and assessments as in the most recent annual report.

Senzime is the parent company of a group which also includes the wholly owned subsidiaries, MD Biomedical AB and Acacia Designs B.V and the US subsidiary Senzime Inc. registered in January 2020.

Follow-up of targets for 2019

Senzime announced in a press release on July 9, a goal to deliver 300 TetraGraph systems in 2019. This goal has been achieved.

Other

In May 2016, Senzime acquired the Dutch company Acacia Designs B.V. and Acacia is subsequently included in the Group's accounts. The Dutch tax authorities have made inquiries regarding certain aspects of intra-group transactions. The company has provided the tax authorities in the Netherlands with the requested information and the inquiries have not yet led to any further claims from the tax authority or changes in the income tax returns submitted in the Netherlands.

Annual General Meeting

The Annual General Meeting will be held on May 14, 2018 at 16.00 in Uppsala, Sweden. The annual report will be available to the public no later than on April 23, 2019 at the company's office with address Ulls väg 29B, Uppsala. The annual report will also be published on www.senzime.com.

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year.

Calendar

Annual General Meeting: May 14

Interim report January - March 2020: May 8, 2020

Interim Report January - June 2020: August 21, 2020

Interim Report January - September 2020: November 6, 2020

Auditors report

This year-end report has not been reviewed by the company's auditor.

Certified Adviser

FNCA Sweden AB, +46 (0)8-528 00 399, info@fnca.se is Certified Adviser for Senzime.

Uppsala, February 14, 2020

Philip Siberg
Chairman of the Board

Sorin J. Brull
Director

Adam Dahlberg
Director

Lennart Kalén
Director

Pia Renaudin
CEO

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Consolidated Income Statement

KSEK	Not	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Sales revenue		2,688	2,671	6,711	3,214
Cost of goods sold		-3,577	-4,306	-15,251	-8,441
<i>of which goods</i>		-316	-965	-2 203	-2 245
<i>of which salaries</i>		-124	-213	-469	-338
<i>of which external services</i>		-43	-44	-172	-420
<i>of which depreciation</i>		-3,095	-3,084	-12,406	-5,438
Gross income		-889	-1,635	-8,539	-5,227
Selling and administrative expenses	1	-8,320	-9,645	-27,781	-21,646
Other operating income		-13	47	556	372
Other operating expenses		-316	-55	-667	-260
Operating income		-9,538	-11,288	-36,431	-26,761
Financial income					
Financial expenses		-1	-	-3	-2
Total financial items		-1	0	-3	-2
Income after financial items		-9,539	-11,288	-36,433	-26,763
Deffered tax		687	685	2,758	1,142
Net income		-8,852	-10,603	-33,676	-25,621
Average number of shares before dilution		49,789,114	45,521,947	49,314,707	44,154,382
Average number of shares after dilution		50,146,631	45,521,947	49,672,224	44,154,382
Earnings per share before dilution, SEK		-0.18	-0.23	-0.68	-0.58
Earnings per share after dilution, SEK		-0.18	-0.23	-0.68	-0.58

Consolidated Balance sheet

KSEK	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
Non-current assets			
Intangible assets		150,574	159,198
Machinery and equipment		120	179
Total non-current assets		150,694	159,377
Current assets			
Inventories		2,437	961
Accounts receivables		2,529	2,731
Other current assets		647	831
Prepaid expenses and accrued income		557	591
Cash and cash equivalents		30,898	32,666
Total current assets		37,068	37,780
TOTAL ASSETS		187,761	197,157
EQUITY AND LIABILITIES			
Equity		163,693	167,408
Provisions		16,724	19,481
Current liabilities			
Accounts payable		2,949	4,795
Other liabilities		1,167	1,148
Accrued expenses and prepaid income		3,228	4,325
Total current liabilities		7,344	10,268
TOTAL EQUITY AND LIABILITIES		187,761	197,157

Consolidated Statement of Changes in Equity

KSEK	Equity	Other contributed capital	Acc exchange rate diff	Retained earnings	Total equity
Opening balance at January 1, 2018	5,086	151,129	1,087	-16,843	140,459
Net income				-25,621	-25,621
Exchange rate differences on translation of foreign subsidiaries			769		769
Employee stock options				701	701
Rights issue	1,049	52,051			53,100
Issue expenses		-2,000			-2,000
Total equity at Dec 31, 2018	6,135	201,180	1,856	-41,763	167,408
Opening balance at January 1, 2019	6,135	201,180	1,856	-41,763	167,408
Net income				-33,676	-33,676
Exchange rate differences on translation of foreign subsidiaries			464		464
Employee stock options				364	364
Rights issue	421	29,204			29,625
Issue expenses		-492			-492
Total equity at Dec 31, 2019	6,556	229,892	2,320	-75,075	163,693

Consolidated Statement of Cash Flows

KSEK	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Operating cash flow				
Income after financial items	-9,539	-11,289	-36,433	-26,763
Adjustment for depreciations	3,109	3,099	12,465	5,497
Other adjustments for items not included in cash flow	118	312	742	372
Cash flow after operating activities before changes in working capital	-6,312	-7,878	-23,226	-20,894
Cash flow from changes in working capital				
Changes in inventories and work in progress	-1,299	-113	-1,476	102
Changes in current receivables	-1,026	-2,686	421	-2,759
Changes in current liabilities	1,488	5,802	-2,925	5,818
Cash flow from operating activities	-7,149	-4,875	-27,206	-17,733
Investing activities				
Acquisition of intangible fixed assets	-880	-1,269	-3,766	-9,439
Cash flow from investing activities	-880	-1,269	-3,766	-9,439
Financing activities				
New issue	0	25,763	29,204	51,100
Cash flow from financing activities	0	25,763	29,204	51,100
Changes in cash and cash equivalents	-8,029	19,619	-1,768	23,928
Cash and cash equivalents at the start of the period	38,927	13,047	32,666	8,738
Cash and cash equivalents at the end of the period	30,898	32,666	30,898	32,666

Parent Company Income Statement

KSEK	Note	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Sales revenue		2,688	2,671	6,711	3,214
Cost of goods sold		-828	-1,568	-4,224	-3,875
<i>of which goods</i>		-316	-965	-2,203	-2,246
<i>of which salaries</i>		-124	-213	-469	-338
<i>of which external services</i>		-43	-44	-172	-420
<i>of which depreciation</i>		-345	-345	-1 380	-871
Gross income		1,861	1,103	2,487	-661
Selling and administrative expenses	1	-8,217	-9,543	-27,531	-21,241
Other operating income		-13	47	556	372
Other operating expenses		-316	-60	-667	-261
Operating income		-6,686	-8,453	-25,154	-21,791
Write-down of shares in group companies		-	-13,100	-	-13,100
Financial income		-	-	-	-
Financial expenses		-1	-1	-3	-3
Total financial items		-1	-13,101	-3	-13,103
Income after financial items		-6,686	-21,554	-25,157	-34,894
Net income		-6,686	-21,554	-25,157	-34,894

Parent Company Balance sheet

KSEK	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
Non-current assets			
Intangible assets		55,991	53,605
Machinery and equipment		120	179
Financial assets		11,153	11,010
Total non-current assets		67,264	64,794
Current assets			
Inventories		2,438	961
Accounts receivables		2,379	2,713
Other current assets		617	805
Prepaid expenses and accrued income		557	591
Cash and cash equivalents		30,475	32,231
Total current assets		36,466	37,301
TOTAL ASSETS		103,729	102,095
EQUITY AND LIABILITIES			
Equity		96,350	91,793
Provisions		-	-
Current liabilities			
Accounts payable		2,961	4,794
Other liabilities		1,222	1,203
Accrued expenses and prepaid income		3,197	4,305
Total current liabilities		7,380	10,302
TOTAL EQUITY AND LIABILITIES		103,729	102,095

NOTE 1 - Selling and administrative expenses

	Oct-Dec	Oct-Dec	Full year	Full year
KSEK	2019	2018	2019	2018
Salaries	3,880	5,542	12,864	10,939
Office expenses	169	156	645	577
Consultants	3,109	2,961	10,005	7,388
Travelling expenses	375	296	1,074	798
Marketing expenses	369	408	1,294	812
Depreciation	97	97	389	389
Other expenses	321	185	1,509	743
Total selling and administrative expenses	8,320	9,645	27,781	21,646