

January - June 2020 in brief

Senzime AB (publ), 556565–5734

»Senzime strengthens
its position in important
markets«

Second quarter 2020

- Net sales during the period amounted to KSEK 1,158 (1,218).
- Income after financial items was KSEK -13,342 (-9,153).
- Earnings per share before dilution amounted to SEK -0.22 (-0.17) and after dilution to SEK -0.22 (-0.17).
- Cash and cash equivalents amounted to MSEK 84.0 (14.8) at June 30.
- The number of shares as of 30 June 2020 amounted to 57,348,290 (49,077,503).

January - June 2020

- Net sales during the period amounted to KSEK 3,747 (1,603).
- Income after financial items was KSEK -22,751 (-18,663).
- Earnings per share before dilution amounted to SEK -0.39 (-0.35) and after dilution to SEK -0.39 (-0.35).

KSEK	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Ful year 2019
Sales revenue	1,158	1,218	3,747	1,603	6,711
Income after financial items	-13,342	-9,153	-22,751	-18,663	-36,433
Earnings per share before dilution (SEK)	-0.22	-0.17	-0.39	-0.35	-0.68
Equity/assets ratio (%)			90.6	86.2	87.2
Gross margin before depreciation (%)	34.9	36.6	43.2	35.9	57.6

Calendar

Interim Report Q3: November 8

Year-End Summary: February 26, 2021

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Definitions

- Earnings per share: Profit for the period divided by average number of shares during the period.
- Equity/assets ratio: Equity divided by total assets.
- Gross margin before depreciation: Gross profit excluding depreciation of intangible assets divided by sales revenue.
- The parentheses above describe the corresponding period last year.
- Unless otherwise stated, all information pertains to the Group.

Significant events during the period



January. Senzime received a new major order from South Korea and passes 400 delivered TetraGraph®. The order value amounts to approximately SEK 1.5 million.

March. Senzime announced that there are currently no indications of problems with supply of goods or delays in customer deliveries and that they are actively working to support customers and partners with digital tools during the current situation regarding COVID-19.

March. Senzime announced that the company has received orders for TetraGraph® systems and associated disposable sensors from NHS hospitals Medway Maritime Hospital and Sherwood Forest Hospital in the U.K. The initial order value amounts to about MSEK 0.5.

April. Senzime exercised a directed new share issue to the Fourth AP Fund, Swedbank Robur Microcap, TIN Fonder, Danske Invest Small Company Fund, Handelsbanken Fonder, Länsförsäkringar Fonder and ÖstVäst Capital Management. The share issue includes 4,900,000 shares at a subscription price of SEK 15 per share. Through the new share issue, the Company will receive MSEK 73.5 before issue costs

June. Senzime establishes a direct sales force for key territories in the United States and signs distribution agreements for certain states in the northwestern and central parts of the country.

Significant events after the end of the period

July. The Extraordinary General Meeting on July 7 resolved on two additional employee stock option programs which entitle the holder to subscribe for a total of 1,200,000 shares.

July. CEO Pia Renaudin acquired 300,000 shares in Senzime at a price of SEK 18.50, corresponding to a value of approximately SEK 5.5 million. The shares were acquired from a consortium of main owners consisting of Segulah Venture AB, Adam Dahlberg and Philip Siberg (through companies).



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.

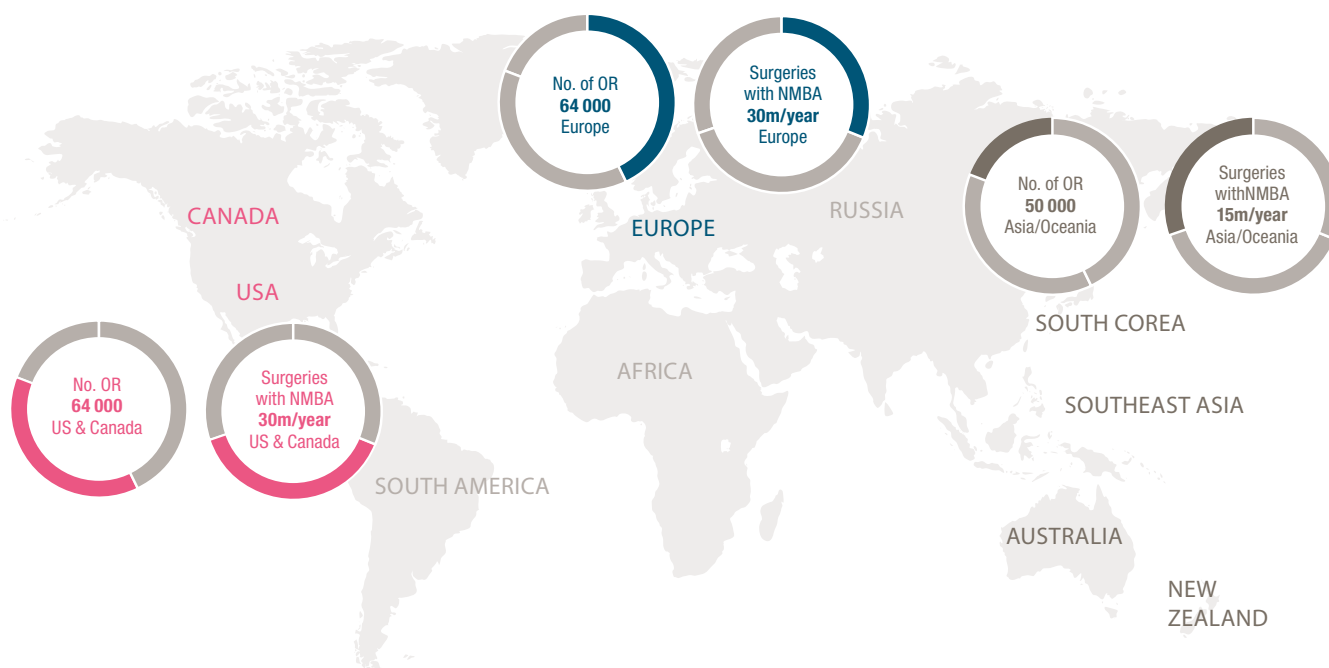
The mission is to develop solutions, designed to ensure maximum patient benefit, reduce complications associated

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. The potential market for TetraGraph® market is estimated at 166,000 operating rooms, which carry out 79 million surgeries annually.



Källor: Meta-analysen 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 together with Senzime company assumptions.

Senzime strengthens its position in important markets

Covid-19 has so far led to the delay of approximately 30 million surgeries worldwide. Many patients in need of surgery are affected by the temporary adjustment of care. Healthcare is now facing major challenges to quickly catch up with the large backlog of surgeries. The demand for solutions that help to increase patient flows, and at the same time reduce the risk of complications with extra care time as a result has accelerated.

Senzime is leading the digital transformation of neuromuscular monitoring in the operating room. The TetraGraph® system ensures the correct drug dosage and the time when the patient can breathe on their own and can safely leave the operating room without the risk of breathing-related complications. Senzime's products can thus help increase patient flows and reduce drug costs.

During the quarter, we accelerated our investments in the US market. Additional recruitments were made in a market with access to strong expertise and a great interest in Senzime. The recruitments are in line with our strategy of direct sales in hospital-dense states. At the same time, we have signed distribution agreements with two well-established players specialized in the field of anesthesia. However, the strategy with a large share of own direct sales remains unchanged.

In Europe, we moved our positions forward during the quarter, primarily in the United Kingdom, Switzerland and Italy. In Australia, sales of TetraGraph® are increasing despite being hit hard by Covid-19.

We have noted a continued positive global trend around the transition to digital monitoring of patients undergoing anesthesia. Our sales temporarily slowed during the second quarter in line with the market, but we also noted a clear increase in demand during May and June. We believe that the positive trend remains.

The medical technology industry is now facing a technological change where sales processes are increasingly becoming virtual. As a natural step, Senzime, in collaboration with the highly regarded Anesthesia Patient Safety Foundation (APSF), held a series of webinars with world-leading anaesthesiologists with the message to move to digital and objective monitoring.



In order to give us the conditions to further and long-term accelerate our investments in the US, Europe and Asia, we carried out a directed new share issue at the beginning of the quarter, adding SEK 73.5 million before issue costs. The issue was directed without discount to the Fourth AP Fund, Swedbank Robur Microcap, TIN Fonder, Danske Invest Småbolagsfond, Handelsbanken Fonder, Länsförsäkringar Fonder and ÖstVäst Capital Management.

I am very proud of my team that is pushing for the digital transition for increased patient safety as the world now gradually returns to a new normal level.

Uppsala, August, 2020

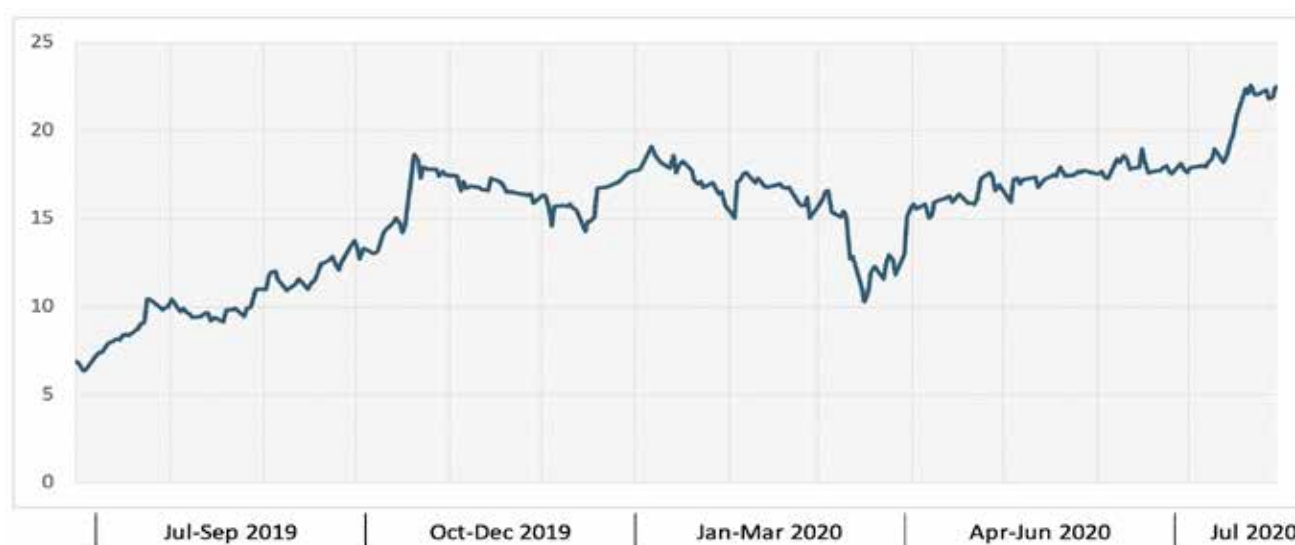
Pia Renaudin, CEO

The share, share capital and ownership

Share capital development (SEK)

Date	Event	No. of shares	Share capital (SEK)	Quotient value (SEK)
January 1, 2020	Opening	52,448,290	6,556,036	0.125
April 21, 2020	New share issue	4,900,000	612,500	0.125
Total, June 30, 2020		57,348,290	7,168,536	0.125

Share price development SEK



Largest shareholders at March 31

Shareholder	Number of shares	Capital (%)
Crafoord family	9,119,251	15.9%
Segulah Venture AB and AB Segulah	4,508,085	7.9%
Pershing Llc.	4,019,802	7.0%
Lindskog family	3,942,382	6.9%
Sorin J. Brull	3,233,528	5.6%
Handelsbanken Microcap Sverige	3,100,000	5.4%
Länsförsäkringar Fondförvaltning AB	2,816,358	4.9%
Stone Bridge Biomedical	2,268,871	4.0%
Swedbank Robur Microcap	1,650,000	2.9%
Crafoordska Stiftelsen	1,606,943	2.8%
Fjärde AP-fonden	1,350,000	2.4%
TIN Ny Teknik	1 025 000	1.8%
Others	18 708 070	32.6%
Total	57 348 290	100.0%

Comments to the report

Revenue and earnings

Sales revenues during the second quarter of 2020 amounted to SEK 1,158 thousand (1,218). During the quarter, the United States operations made a strong contribution to sales development, but overall, growth was hampered by the situation around COVID-19. During the period January - June, sales revenues were SEK 3,746 thousand (1,603).

Operating profit during the second quarter amounted to SEK -13,340 thousand (-9,153). A build-up of sales organizations in the USA and Sweden has led to an increase in costs compared with the same period in 2019. Operating profit during the period January - June was SEK -22,749 million (-18,662).

Depreciation for the TetraGraph® system and OnZurf® Probe charged cost of goods sold in the consolidated income statement in the amount of SEK 3,098 thousand (3,138) for the second quarter and in the period January - June in the amount of SEK 6,235 thousand (6,197).

Financial position

At the end of the quarter, the Group's equity amounted to MSEK 211.2 (150.5). The equity / assets ratio was 90.6 percent (86.2). At the end of the period, the company's cash and cash equivalents amounted to MSEK 84.0 (14.8).

The company's cash and cash equivalents are expected to cover the business's needs for the coming 12-month period.

Cash-flow and investments

Cash flow from operating activities, including changes in working capital for the second quarter of 2020, amounted to KSEK -8,972 (-4,251). The negative cash flow is largely due to the negative result.

Cash flow from investing activities for the second quarter amounted to KSEK 0 (-1,221). Investments in the previous year largely consist of costs related to development work for TetraGraph®, which are reported as intangible assets in the balance sheet.

Cash flow from financing activities for the second quarter amounted to SEK 69,090 thousand (-0.5). Senszime carried out a directed new share issue in April, which raised SEK 73.5 million before issue costs and SEK 69.1 million after issue costs.

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. No change in the number of outstanding options took place during the quarter.

An Extraordinary General Meeting on July 7 resolved on two new employee stock option programs which in total entitle to subscribe for a maximum of 1,200,000 shares. The options are issued free of charge and presuppose continued employment in the company. None of these options have yet been granted.

Warrants

The CEO 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.

Dilution

Based on the existing number of shares and outstanding employee and warrants, the dilution as a result of the programs is estimated, assuming that all options exercised for new subscriptions of shares amount to a maximum of 3.9 percent.

Parent and subsidiaries

Most of the Group's operations are conducted in the Parent Company Senszime AB.

The US subsidiary Senszime, Inc. started operations in the second quarter of 2020. Sales in the US will take place both in-house and through local distributors.

The Group's two other subsidiaries hold only certain rights which have been licensed to the Parent Company against payment in the form of royalties.

Risks

Several risk factors can have a negative impact on Senszime'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 2019.

Accounting principles

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

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

Follow-up of targets

No targets have been communicated for 2020.

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.

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.

Uppsala, August 21, 2020

Philip Siberg

Chairman of the Board

Sorin J Brull

Director

Adam Dahlberg

Director

Lennart Kalén

Director

Pia Renaudin

CEO

Consolidated income statement

KSEK	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Sales revenue		1,158	1,218	3,747	1,603	6,711
Cost of goods sold		-3,852	-3,902	-8,365	-7,224	-15,251
of which goods		-638	-654	-1,896	-794	-2,203
of which salaries		-60	-110	-166	-188	-469
of which external services		-56	-8	-68	-45	-172
of which depreciation		-3,098	-3,130	-6,235	-6,197	-12,406
Gross income		-2,693	-2,684	-4,618	-5,621	-8,539
Selling and administrative expenses	1	-10,056	-6,554	-18,078	-13,148	-27,781
Other operating income		90	233	763	386	556
Other operating expenses		-681	-148	-817	-279	-667
Operating income		-13,340	-9,153	-22,749	-18,662	-36,431
Financial income			-		-	-
Financial expenses		-2	-1	-3	-1	-3
Total financial items		-2	-1	-3	-1	-3
Income after financial items		-13,342	-9,154	-22,751	-18,663	-36,433
Deffered tax		688	689	1,386	1,377	2,758
Net income		-12,654	-8,465	-21,365	-17,286	-33,676
Average number of shares before dilution		56,259,401	49,077,503	54,353,846	49,077,503	49,314,707
Average number of shares after dilution		56,648,168	49,077,503	54,742,613	49,077,503	49,672,224
Earnings per share before dilution, SEK		-0.22	-0.17	-0.39	-0.35	-0.68
Earnings per share after dilution, SEK		-0.22	-0.17	-0.39	-0.35	-0.68

Consolidated balance sheet

KSEK	Note	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS				
Non-current assets				
Intangible assets		144,410	155,731	150,574
Machinery and equipment		231	149	120
Total non-current assets		144,641	155,880	150,694
Current assets				
Inventories		1,773	1,896	2,437
Accounts receivables		1,432	497	2,529
Other current assets		989	956	647
Prepaid expenses and accrued income		426	686	557
Cash and cash equivalents		83,971	14,830	30,898
Total current assets		88,590	18,865	37,068
TOTAL ASSETS		233,231	174,745	187,761
EQUITY AND LIABILITIES				
Equity		211,232	150,548	163,693
Provisions		15,337	18,104	16,724
Current liabilities				
Accounts payable		1,600	2,203	2,949
Other liabilities		1,595	949	1,167
Accrued expenses and prepaid income		3,467	2,941	3,228
Total current liabilities		6,662	6,093	7,344
TOTAL EQUITY AND LIABILITIES		233,231	174,745	187,761

Consolidated statement of changes in equity

KSEK	Equity	Other contribu- ted capital	Acc exchange rate diff	Retained ear- nings	Total equity
Opening balance at January 1, 2019	6,135	201,180	1,856	-41,763	167,408
Net income				-17,286	-17,286
Exchange rate differences on translation of foreign subsidiaries			638		638
Employee stock options				241	241
New share issue					0
Issue expenses		-453			-453
Total equity at June 30, 2019	6,135	200,727	2,494	-58,808	150,548
Opening balance at January 1, 2020	6,556	229,892	2,320	-75,075	163,693
Net income				-21,365	-21,365
Exchange rate differences on translation of foreign subsidiaries			-364		-364
Employee stock options				178	178
New share issue	612	72,888			73,500
Issue expenses		-4,410			-4,410
Total equity at June 30, 2020	7,168	298,370	1,956	-96,262	211,232

Consolidated statement of cash flows

KSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Operating cash flow					
Income after financial items	-13,342	-9,155	-22,751	-22,235	-36,433
Adjustment for depreciations	3,115	3,118	6,267	6,227	12,465
Other adjustments for items not included in cash flow	-46	558	-122	537	742
Cash flow after operating activities before changes in working capital	-10,273	-5,479	-16,606	-15,471	-23,226
Cash flow from changes in working capital					
Changes in inventories and work in progress	19	185	662	-935	-1,476
Changes in current receivables	162	2,180	885	2,014	421
Changes in current liabilities	1,120	-1,137	-681	-4,215	-2,925
Cash flow from operating activities	-8,972	-4,251	-15,740	-18,607	-27,206
Investing activities					
Investments in intangible fixed assets	-	-1,221	-135	-2,348	-3,766
Investments in property, plant and equipment	-	-	-143	-	-
Cash flow from investing activities	0	-1,221	-278	-2,348	-3,766
Financing activities					
New share issue	69,090	-453	69,090	-453	29,204
Cash flow from financing activities	69,090	-453	69,090	-453	29,204
Changes in cash and cash equivalents	60,118	-5,925	53,072	-21,408	-1,768
Cash and cash equivalents at the start of the period	23,995	20,755	30,898	32,666	32,666
Cash and cash equivalents at the end of the period	83,970	14,830	83,970	11,258	30,898

Parent company income statement

KSEK	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Sales revenue		2,105	1,218	4,694	1,603	6,711
Cost of goods sold		-1,704	-1,117	-3,406	-1,717	-4,224
of which goods		-1,243	-654	-2,482	-794	-2,203
of which salaries		-60	-110	-166	-188	-469
of which external services		-56	-8	-68	-45	-172
of which depreciation		-345	-345	-690	-690	-1,380
Gross income		401	101	1,288	-114	2,487
Selling and administrative expenses	1	-7,866	-6,526	-15,652	-13,019	-27,531
Other operating income		80	233	753	386	556
Other operating expenses		-681	-148	-817	-279	-667
Operating income		-8,066	-6,340	-14,428	-13,026	-25,154
Financial income		-	-	-	-	-
Financial expenses		-1	-1	-2	-1	-3
Total financial items		-1	-1	-2	-1	-3
Income after financial items		-8,067	-6,341	-14,430	-13,027	-25,157
Net income		-8,067	-6,341	-14,430	-13,027	-25,157

Parent company balance sheet

KSEK	Note	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS				
Non-current assets				
Intangible assets		55,437	55,263	55,991
Machinery and equipment		231	149	120
Financial assets		13,230	11,142	11,153
Total non-current assets		68,898	66,554	67,264
Current assets				
Inventories		1,744	1,895	2,438
Accounts receivables		2,142	434	2,379
Other current assets		830	940	617
Prepaid expenses and accrued income		426	686	557
Cash and cash equivalents		83,502	14,402	30,475
Total current assets		88,644	18,357	36,466
TOTAL ASSETS		157,541	84,911	103,729
EQUITY AND LIABILITIES				
Equity		151,188	78,769	96,350
Current liabilities				
Accounts payable		1,638	2,205	2,961
Other liabilities		1,276	1,017	1,222
Accrued expenses and prepaid income		3,440	2,920	3,197
Total current liabilities		6,354	6,142	7,380
TOTAL EQUITY AND LIABILITIES		157,541	84,911	103,729

NOTE 1 - Selling and administrative expenses

KSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full year 2019
Salaries	6,411	3,062	10,258	5,721	12,864
Office expenses	209	141	417	312	645
Consultants	2,426	2,304	4,886	4,936	10,005
Travelling expenses	193	342	440	511	1,074
Marketing expenses	375	343	537	600	1,294
Depreciation	182	97	197	195	389
Other expenses	260	265	1 343	873	1,509
Total selling and administrative expenses	10,056	6,554	18,078	13,148	27,781