



Year-end Bulletin
2016

556565-5734

“We continue to build a new global leader in the field of patient monitoring”

Significant events during the first quarter

- March 2016. Senzime has been appointed one of ten leading medical technology companies by the CEBR - Council for European bioregions.

Significant events during the second quarter

- April 2016. Senzime receives research grant from Vinnova through BIO-X to conduct a study designed for clinical evaluation of OnZurf Probe and CliniSenz Analyzer for postoperative monitoring of patients with esophageal cancer. The grant amounts to SEK 2 million, and the study will be conducted in Lund.
- May 2016. Senzime acquired Acacia Designs BV (“Acacia”), an international development company within anesthesia monitoring. The acquisition was financed by 16,076,730 newly issued shares in Senzime through a non-cash issue. After the acquisition, Acacia’s shareholders owned 50 percent of the shares in Senzime. In connection with the acquisition, a rights offering to existing shareholders was made, amounting to 15.2 million SEK before transaction expenses.
- June 2016. New shares issue with preferential rights for existing shareholders was performed and was subscribed to 92.6 percent of the original offer. The remaining 7.5 percent of the shares is allocated to the underwriters.
- June 2016. Senzime has hired Jessica Roxhed as new CFO and Catrin Molund as new Director of Business development. Both will join Senzime starting on September 1.

Significant events during the third quarter

- July 2016. New share issue with preferential rights for existing shareholders that was performed during May – June is now registered with the Company’s Registration Office.
- August 2016. Örebro University has been awarded SEK 11 million and will together with Senzime, Sandvik, Techtum and Nanoxis explore why the immune system reacts differently in different people after an operation, during an infection or because of polluted air.

Significant events the fourth quarter

- October 2016. New Swedish registry study – a national collaboration between Senzime, Swedish Medtech, Skåne University Hospital in Lund and University of Gothenburg and the national quality registry for esophageal and gastric cancer. A clinical trial investigating the OnZurf Probe for continuous, organ specific monitoring of lactate trends in postoperative esophageal cancer patients is ongoing in Lund. The clinical trial is being expanded in order to examine how the new OnZurf Probe solution may mitigate the healthcare costs associated with this disease.
- November 2016. Senzime is initiating a series of clinical studies to be performed at Mayo Clinic, USA. The studies are intended to evaluate Senzime’s patient neuromonitoring system called TetraGraph, used during anesthesia. The clinical validation studies at Mayo Clinic are intended to compare its usability to that of the now-discontinued former market leading monitoring system.

- November 2016. Senzime launches a clinical study at NorthShore University HealthSystem, Chicago, USA, a Teaching Affiliate of the University of Chicago Pritzker School of Medicine. Professor Glenn Murphy will head this clinical investigation of the leading neuromuscular monitoring system, the TetraGraph. This study is designed to investigate the clinical utility of the TetraGraph System in a total of 150 patients.
- November 2016. Senzime launches a clinical study at the University of Debrecen, Hungary. This study will evaluate Senzime's patient neuromonitoring system TetraGraph. This study is designed to investigate the clinical utility of the system in a total of 40 patients, and will compare its ease of use, reliability and precision to the former leading product, the TOF-Watch, that has been discontinued from the market.
- December 2016. Senzime has signed an exclusive licensing agreement with Japanese Fukuda Denshi Co Ltd ("Fukuda"). The agreement gives Fukuda the exclusive right to license and commercialize Senzime's TetraGraph system in Japan with market launch expected by the end of 2017. Senzime's management and board expects this 10-year agreement to generate more than SEK 100 million in license revenue related to future milestone payments and royalties.
- December 2016. Senzime launches OnZurf Probe for use in preclinical research. Onzurf Probe has a unique mode of attachment to the target organ, allowing easy placement of the microdialysis catheter on the surface of the organ. This non-invasive technique obviates the need for penetrating surgical instruments that can cause tissue trauma and stress during placement of the probe.

Significant events after the end of the period

- January 2017. Senzime, in collaboration with the principal investigator Dr. J. Ross Renew, a recognized researcher in the area of neuromuscular pharmacology and physiology at Mayo Clinic's Florida USA location in Jacksonville carried out a validation study in volunteers to evaluate TetraGraph.
- January 2017. The previously announced date of the report, February 22, is brought forward to February 16 2017.
- January 2017. Senzime announces the nomination committee for the AGM 2017. The Nomination Committee is appointed in accordance with the principles adopted at the AGM 2016.
- January 2017. Senzime reports initial evaluation from the clinical trial at NorthShore in Chicago, USA. Senzime in collaboration with Professor Glenn Murphy is performing a study, investigating the TetraGraph monitor's accuracy and consistency, while collecting clinician usability data.
- February 2017. Senzime signs distribution agreements for the TetraGraph. Senzime has entered exclusive distribution agreements for the commercialization of TetraGraph with Wardray Premise Ltd., who will be the exclusive distributor in the UK and Ireland and LSR Healthcare who will be the exclusive distributor in Australia and New Zealand. Compensation to distributors will be paid on a "per-unit sold" basis, and is in line with current industry compensation, in which there are no guaranteed sales.
- February 2017. The Board of Senzime proposes that an extra general meeting resolves on a rights issue of approximately SEK 24.4 million before issue costs. The rights issue is fully underwritten by the company's principal owner. The proceeds will be used to enable the commercialization of Senzime's products and strengthen its financial position. Concurrently Senzime is planning a listing at Nasdaq First North.

Financial information fourth quarter 2016

- Net sales amounts to KSEK 185 (42)
- Income after financial items amounts to KSEK -3,572 (-1,813).
- Earnings per share before dilution amounts to SEK -0.10 kr (-0.11).
- Cash and cash equivalents per December 31, 2016 equal SEK 10.0 million (14.5).
- Number of shares per December 31, 2016 amounts to 36,172,643 (16,076,730).

Financial information January – December, 2016

- Net sales amounts to KSEK 1,628 (153).
- Income after financial items amounts to KSEK -9,412 (-7,582).
- Earnings per share before dilution amounts to SEK -0.34 (-0.51).

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.*



Statement of the CEO

The global launch has begun

Today, Senzime has taken another big step toward reaching the market. We have begun the commercialization of our product portfolio and we aim to build a world-leading company in the perioperative patient monitoring arena. We will help decrease complications associated with surgery, increase patient safety, and lower health care costs. As a major step in this effort, we are conducting a rights issue that will provide growth capital and accelerate the global commercialization of our product portfolio.

Senzime has developed products to meet medical demand for solutions that can reduce complications associated with surgery, increase patient safety, and lower health care costs. The next exciting chapter begins for Senzime. Our competitive set of patient monitoring products is ready for global market launch. The strategic acquisitions we made in 2015 and 2016 have strengthened our portfolio, and now we can offer a number of medical devices that make it possible to monitor patients' biochemical and physiological processes before, during and after surgery.

The acquisition of Acacia Designs in 2016 opened the door to new markets, international collaborations with leading hospitals, and to a portfolio of solutions that solve critical clinical problems. Acacia has developed the TetraGraph, a completely new system to monitor the progress of neuromuscular block during anesthesia that will reduce complications in surgical patients. The system was unveiled at a trade show in late 2016, and received a very positive market response.

The introduction was followed by signing of an exclusive licensing agreement with the Japanese firm Fukuda Denshi, one of the global leaders in patient monitoring. The agreement means that Fukuda will license and commercialize Senzime's TetraGraph system in the Japanese market, with launch expected by the end of 2017. The agreement is in force for 10 years; Senzime's management anticipates that the agreement will generate more than 100 million SEK in license revenues in Japan alone, which accounts for about 2 percent of the total world market. This agreement represents a commercial breakthrough for Senzime - and since then, we have continued our market penetration by signing another distribution agreement in early 2017.

To further strengthen our market offering, we also have initiated study partnerships with two of the world's top hospitals - the Mayo Clinic and the NorthShore University Hospital, USA. The studies are intended to evaluate the clinical use of the TetraGraph system, and the first positive results from these studies were obtained in January 2017. The results will be presented in more detail during the first half of 2017.



We have also started a Swedish registry study in collaboration with Skåne University Hospital in Lund, University of Gothenburg, Swedish Medtech, and the National Registry of esophageal and gastric cancer. In Lund, a clinical study is being conducted with OnZurf Probe, our product for continuous, organ-specific measurement of lactate after surgery in patients with cancer of the esophagus, a disorder that affects approximately 500,000 patients worldwide, every year. This study has now been expanded in cooperation with other stakeholders to also evaluate healthcare economic issues. Results from this study are expected to be available in the second quarter of 2017.

We remain confident that we have highly attractive products and that we are in the right market at the right time. In recent months, we have signed a breakthrough agreement for the Japanese market, strengthened our organization, we are in discussions with potential license partners in additional markets; we expect several CE mark approvals, followed by a broad market introduction in 2017. Growth capital will create conditions to accelerate the global commercialization of our product portfolio and generate value in line with our vision - Monitoring for Life.

We look forward to a continued eventful development in 2017!

Uppsala in February 2017

Lena Söderström, CEO of Senzime AB (publ)

Consolidated Income Statement		Q 4	Q 4	Full year	Full year
KSEK	Note	2016	2015	2016	2015
Sales revenue		185	42	1,628	153
Cost of goods sold		-145	-113	-526	-1,730
Gross income		40	-71	1,102	-1,577
Selling and administrative expenses	1	-3,519	-2,040	-10,391	-6,532
Other operating income		10	298	54	523
Other operating expenses		-103	-2	-176	-11
Operating income		-3,572	-1,815	-9,411	-7,597
Financial income			2		17
Financial expenses				-1	-2
Total financial items		0	2	-1	15
Income after financial items		-3,572	-1,813	-9,412	-7,582
Income tax			2		2
Net income		-3,572	-1,811	-9,412	-7,580
Average number of shares before dilution		36,172,643	16,076,730	27,799,346	14,823,302
Average number of shares after dilution		36,285,077	16,155,371	27,900,336	14,921,053
Earnings per share before dilution, SEK		-0.10	-0.11	-0.34	-0.51
Earnings per share after dilution, SEK		-0.10	-0.11	-0.34	-0.51

Consolidated Balance sheet

KSEK	Note	31 dec 2016	31 dec 2015
ASSETS			
Non-current assets			
Intangible assets	2	144,809	32,242
Machinery and equipment		47	30
Total non-current assets		144,856	32,272
Current assets			
Inventories		373	492
Accounts receivables		206	7
Other current assets		482	253
Prepaid expenses and accrued income		368	300
Cash and cash equivalents		10,027	14,479
Total current assets		11,456	15,531
TOTAL ASSETS		156,312	47,803
EQUITY AND LIABILITIES			
Equity		131,871	45,810
Provisions		21,133	510
Current liabilities			
Borrowings			37
Accounts payable		1,685	573
Other liabilities		228	238
Accrued expenses and prepaid income		1,395	635
Total current liabilities		3,308	1,483
TOTAL EQUITY AND LIABILITIES	3	156,312	47,803

**Consolidated Statement of
Changes in Equity**

KSEK	Unregistered share		Statutory reserve	Development fund	Share premium		Retained earnings	Total equity
	Equity	issue			reserve	reserve		
Opening balance at January 1, 2015	27,556	12,866	3,839		24,866		-25,046	44,081
New share issue	12,636	-12,866			11,393			11,163
Issue expenses					-1,853			-1,853
Net income							-7,581	-7,581
Total equity at December 31, 2015	40,192	-	3,839	-	34,406	-	32,627	45,810
Opening balance at January 1, 2016	40,192		3,839		34,406		-32,627	45,810
Change of Development fund				5,084	-5,084			-
Reduction equity	-38,182						38,182	-
Issue for non-cash consideration (Acquisition Acacia)	2,009				79,982			81,991
New share issue	502				14,771			15,273
Issue expenses					-2,335			-2,335
Net income							-9,412	-9,412
Omräkningsdifferens							544	544
Total equity at December 31, 2016	4,521	-	3,839	5,084	121,740	-	-3,313	131,871

Consolidated Statement of Cash Flows

KSEK	Note	Q 4	Q 4	Full year	Full year
		2016	2015	2016	2015
Operating cash flow					
Income after financial items		-3,572	-1,813	-9,412	-7,582
Adjustment for depreciations		170	128	678	1,252
Other adjustments for items not included in cash flow		-173		-213	
Cash flow after operating activities before changes in working capital		-3,575	-1,685	-8,947	-6,330
Cash flow from changes in working capital					
Changes in inventories and work in progress		55	-17	119	-131
Changes in current receivables	3	-278	-94	678	718
Changes in current liabilities		107	-209	-1,854	-671
Cash flow from operating activities		-3,691	-2,005	-10,004	-6,414
Investing activities					
Acquisition of intangible fixed assets		-2,049	-835	-6,528	-4,316
Acquisition of tangible fixed assets			-25	-28	-26
Acquisition of subsidiaries net of cash and cash equivalents	2			-793	
Cash flow from investing activities		-2,049	-860	-7,349	-4,342
Financing activities					
New issue	3			12,938	22,177
New loan and loan amortisation				-37	-84
Cash flow from financing activities		0	0	12,901	22,093
Changes in cash and cash equivalents					
		-5,740	-2,865	-4,452	11,337
Cash and cash equivalents at the start of the period					
		15,767	17,345	14,479	3,142
Cash and cash equivalents at the end of the period					
		10,027	14,479	10,027	14,479

Parent Company Income Statement

KSEK	Note	Q 4 2016	Q 4 2015	Full year 2016	Full year 2015
Sales revenue		182	27	368	138
Cost of goods sold		-145	-113	-509	-1,713
Gross income		37	-86	-141	-1,575
Selling and administrative expenses		-3,265	-1,594	-9,643	-5,839
Other operating income		10		54	4
Other operating expenses		-87	-2	-115	-11
Operating income		-3,305	-1,682	-9,845	-7,421
Financial income			2		17
Financial expenses				-1	-2
Total financial items		0	2	-1	15
Income after financial items		-3,305	-1,680	-9,846	-7,406
Income tax					
Net income		-3,305	-1,680	-9,846	-7,406

Parent Company Balance sheet

KSEK	Note	31 dec 2016	31 dec 2015
ASSETS			
Non-current assets			
Intangible assets		35,558	30,810
Machinery and equipment		47	30
Financial assets	2	87,839	1,754
Total non-current assets		123,444	32,594
Current assets			
Inventories		373	492
Accounts receivables		202	7
Other current assets		457	211
Prepaid expenses and accrued income		368	300
Cash and cash equivalents		9,949	14,345
Total current assets		11,349	15,355
TOTAL ASSETS		134,793	47,949
EQUITY AND LIABILITIES			
Equity		131,068	45,985
Provisions		500	500
Current liabilities			
Borrowings			37
Accounts payable		1,821	568
Other liabilities		226	225
Accrued expenses and prepaid income		1,178	634
Total current liabilities		3,225	1,464
TOTAL EQUITY AND LIABILITIES	3	134,793	47,949

Parent Company Statement of Changes in Equity

KSEK	Unregistered share			Development fund	Share premium		Retained earnings	Total equity
	Equity	issue	Statutory reserve		reserve			
Opening balance at January 1, 2015	27,556	12,866	3,839		24,866	-25,046	44,081	
New share issue	12,636	-12,866			11,393		11,163	
Issue expenses					-1,853	-	1,853	
Net income						-7,406	-7,406	
Total equity at December 31, 2015	40,192	-	3,839	-	34,406	-32,452	45,985	
Opening balance at January 1, 2016	40,192		3,839		34,406	-32,452	45,985	
Change of Development fund				5,084	-5,084		-	
Reduction equity	-38,182					38,182	-	
Issue for non-cash consideration (Acquisition Acacia)	2,009				79,982		81,991	
New share issue	502				14,771		15,273	
Issue expenses					-2,335		-2,335	
Net income						-9,846	-9,846	
Total equity at December 31, 2016	4,521	-	3,839	5,084	121,740	-4,116	131,068	

Parent Company Statement of Cash Flows

KSEK	Note	Q 4	Q 4	Full year	Full year
		2016	2015	2016	2015
Operating cash flow					
Total financial items		-3,305	-1,680	-9,846	-7,406
Adjustment for depreciations		87	45	348	1,033
Cash flow after operating activities before changes in working capital		-3,218	-1,635	-9,498	-6,373
Cash flow from changes in working capital					
Changes in inventories and work in progress		55	-17	119	-131
Changes in current receivables	3	-308	-59	-509	760
Changes in current liabilities		890	-212	1,798	-689
Cash flow from operating activities		-2,581	-1,923	-8,090	-6,433
Investing activities					
Acquisition of intangible fixed assets		-2,145	-835	-5,084	-3,177
Acquisition of tangible fixed assets			-26	-28	-26
Acquisition of financial assets		-917		-3,229	
Acquisition of subsidiaries	2			-866	-1,254
Cash flow from investing activities		-3,062	-861	-9,207	-4,457
Financing activities					
New issue	3			12,938	22,177
New loan and loan amortisation				-37	-84
Cash flow from financing activities		0	0	12,901	22,093
Changes in cash and cash equivalents					
Changes in cash and cash equivalents		-5,643	-2,784	-4,396	11,203
Cash and cash equivalents at the start of the period		15,592	17,128	14,345	3,142
Cash and cash equivalents at the end of the period		9,949	14,345	9,949	14,345

NOTE 1

Selling and administrative expenses	Q 4	Q 4	Full year	Full year
KSEK	2016	2015	2016	2015
Salaries	1,091	916	3,542	2,762
Office expenses	98	92	396	286
Consultants	1,917	782	4,808	2,371
Travelling expenses	193	30	524	199
Marketing expenses	28	69	423	454
Depreciation	86	84	342	224
Other expenses	106	67	356	236
Total selling and administrative expenses	3,519	2,040	10,391	6,532

NOTE 2

Acquisition of subsidiaries

KSEK

On May 17, 2016 Senzime acquired 100% of the stocks in Acacia Designs B.V. The acquisition have been financed by newly issued shares in Senzime through a non-cash issue. The purchase price amounts to 16,076,730 new shares in Senzime at a price of SEK 5.10 per share, thereby SEK 81,991,323. In addition transaction expenses of SEK 866,039.

The table below summarizes the purchase price for Acacia Designs B.V. and the fair value of assets acquired and liabilities taken over.

Purchase price per May 17, 2016

Equity instruments (16,076,730 ordinary shares)	81,991
Paid acquisition expenses	866
Total purchase price paid	82,857

Amounts of identifiable assets acquired and liabilities taken over

Cash and cash equivalents	73
Intangible assets	105,950
Accounts receivables and other current assets	1,173
Accounts payable and other current liabilities	-3,716
Deferred tax	-20,623
Total identifiable net assets	82,857

As the acquisition is financed through an non-cash issue, theres no cash flow effect, other than for paid acquisition costs and cash equivalents in the acquired company.

NOTE 3

Pledged assets and contingent liabilities	Full year	Full year
KSEK	2016	2015

Pledged assets

For own liabilities and provisions		
Financial guarantees	300	3,038
Total pledged assets	300	3,038

Contingent liabilities	None	None
------------------------	------	------