

Q1

January - March 2020 in brief

Senzime AB (publ), 556565–5734

»A strong quarter
with sales in line with
expectations«

First quarter 2020

- Net sales during the period amounted to KSEK 2,589 (385).
- Income after financial items was KSEK -9,409 (-9,508).
- Earnings per share before dilution amounted to SEK -0.17 (-0.18) and after dilution to SEK -0.17 (-0.18).
- Cash and cash equivalents amounted to MSEK 24.0 (20.8) at March 31.
- The number of shares as of 31 March 2020 amounted to 52,448,290 (49,077,503).

KSEK	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Sales revenue	2,589	385	6,711
Income after financial items	-9,409	-9,508	-36,433
Earnings per share before dilution (SEK)	-0.17	-0.18	-0.68
Equity/assets ratio (%)	87.8	85.9	87.2
Gross margin before depreciation (%)	46.8	33.8	57.6

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.

Calendar

Interim Report Q2: August 21
Interim Report Q3: November 6

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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. The initial order value amounts to about MSEK 0.5.

Significant events after the end of the period

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



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.

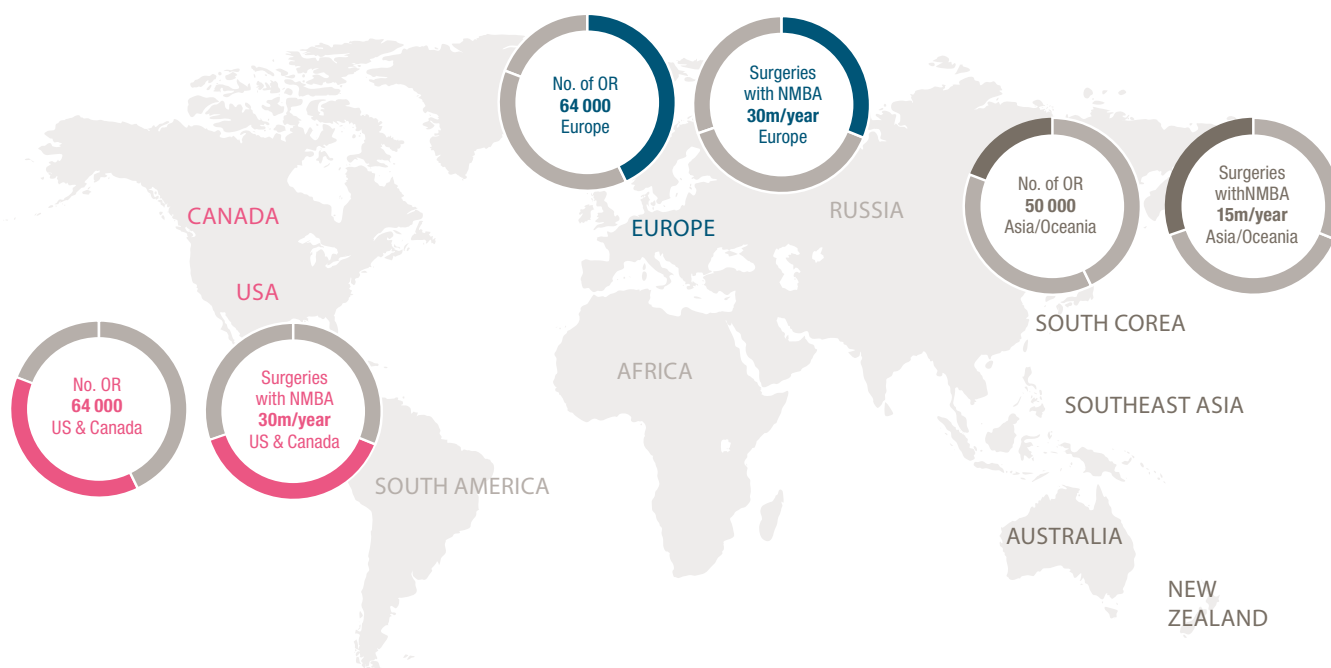
The mission is to develop solutions, designed to ensure maximum patient benefit, reduce complications associated

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.

A strong quarter with sales in line with expectations

We started the year strongly with an important order from South Korea which means that our distributor Unimedics, has placed its third major order since August 2019. This is a confirmation of physicians' interest in TetraGraph® and that Unimedics sales to hospitals are increasing in South Korea.

We have built a solid foundation for the commercialization of TetraGraph® in the USA. All our processes were up and running in the first quarter and we have now received the first orders from customers in the US. Chris Estes started as General Manager at the beginning of January 2020 and since then, the US organization has been strengthened with a Vice President Sales leading the work on direct sales to hospitals.

In February, we signed a distribution agreement with Healthcare 21 in the UK which gives us access to a market of over 1,250 hospitals and with clear requirements and recommendations for switching to objective patient monitoring. A few weeks later, breakthrough deals came to NHS hospitals Medway Maritime Hospital and Sherwood Forest Hospital, which together provide hospital services to nearly 1 million patients annually. Both hospitals are now switching to using TetraGraph® to monitor patients undergoing anesthesia with neuromuscular drugs.

Senzime, like the rest of the world, is affected by COVID-19, but this has so far not affected our access to components and production capacity and our assessment is that we will be able to deliver products and services without interruption through the Corona crisis. We work actively to support customers and partners remotely with the help of digital tools. The basic need for neuromuscular monitoring remains even if planned surgeries are postponed making room for emergency care or free medical personnel. This can affect the timing of demand in the short term, but it is too early to comment on this.



In early April, we completed a directed new issue of shares of SEK 73.5 million before issue costs. The strengthened cash provides the conditions for accelerating our roll-out of TetraGraph® and continuing our expansion in the US as well as in Europe and Asia.

Uppsala, May, 2020

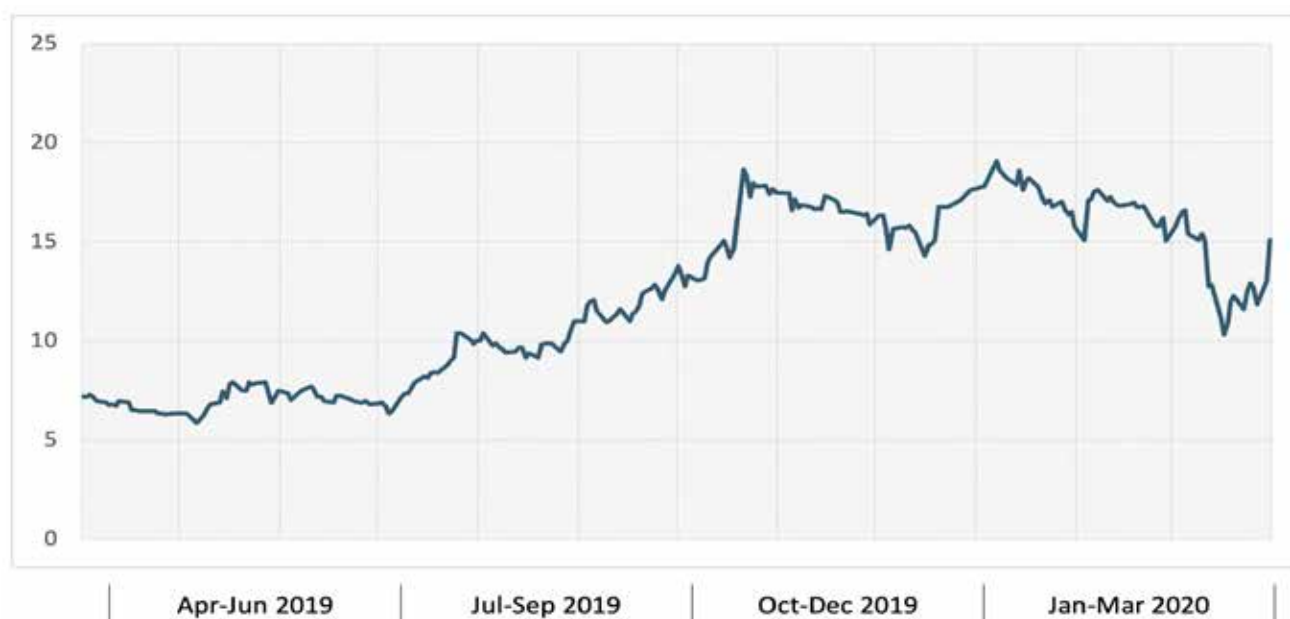
Pia Renaudin, CEO

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
Total, March 31, 2020		52,448,290	6,556,036	0.125

Share price development SEK



Largest shareholders at March 31

Shareholder	Number of shares	Capital (%)
Crafoord family	9,319,251	17,8%
Segulah Venture AB and AB Segulah	4,508,085	8,6%
Lindskog family	4,103,888	7,8%
Pershing Llc.	4,066,180	7,8%
Sorin J. Brull	3,233,528	6,2%
Handelsbanken Fonder AB	2,900,000	5,5%
Länsförsäkringar Fondförvaltning AB	2,534,576	4,8%
Stone Bridge Biomedical	2,311,919	4,4%
Crafoordska Stiftelsen	1,606,943	3,1%
Others	17,863,92	34,1%
Total	52,448,290	100,0%

Comments to the report

Revenue and earnings

Sales revenue during the first quarter of 2020 amounted to KSEK 2,589 (385). Most of the revenue comes from sales of the company's TetraGraph® system in South Korea and in Europe.

Operating profit for the first quarter of 2020 amounted to KSEK -9,409 (-9,508). The company's costs consist largely of personnel and consultancy costs.

Depreciation for the TetraGraph® system and OnZurf® Probe charges the cost of goods sold in the consolidated income statement with SEK 3,137 (3,094)

Financial position

At the end of the quarter, the Group's equity amounted to MSEK 163.7 (167.4). The equity / assets ratio was 87.8 percent (85.9). At the end of the period, the company's cash and cash equivalents amounted to MSEK 24.0 (20.8).

On April 8, 2020, Senszime completed a directed share issue which provided MSEK 73.5 before issue costs. The company's cash and cash equivalents, including this issue, are expected to meet the business needs for the next 12-month period.

Cash-flow and investments

Cash flow from operating activities, including changes in working capital for the first quarter of 2020, amounted to KSEK -6,768 (-10,784). The improvement in cash flow is due to reduced inventories and accounts receivable.

Cash flow from investing activities amounted to KSEK -135 (-1,127). 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 first quarter amounted to SEK 0 (0) million.

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.

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.

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 of the Group's operations are conducted in the Parent Company. In January 2020, the US subsidiary Senszime, 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 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 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 Senszime Inc. registered in January 2020.

Follow-up of targets

No targets have been communicated for 2020.

Other

In May 2016, Sensime 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, 2020 at 16.00 in Uppsala. The annual report and notice of the AGM have been published on the company's website www.senzime.com. The documents for the AGM are also available at the company's office with address Ulls väg 29B, Uppsala, Sweden.

Auditors report

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

Certified Adviser

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Uppsala, May 8, 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	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Sales revenue		2,589	385	6,711
Cost of goods sold		-4,514	-3,349	-15,251
of which goods		-1,258	-141	-2,203
of which salaries		-106	-78	-469
of which external services		-12	-36	-172
of which depreciation		-3,137	-3,094	-12,406
Gross income		-1,925	-2,964	-8,539
Selling and administrative expenses	1	-8,022	-6,567	-27,781
Other operating income		673	154	556
Other operating expenses		-135	-131	-667
Operating income		-9,409	-9,508	-36,431
Financial income		-	-	-
Financial expenses		0	-	-3
Total financial items		0	0	-3
Income after financial items		-9,409	-9,508	-36,433
Deffered tax		698	687	2,758
Net income		-8,711	-8,821	-33,676
Average number of shares before dilution		52,448,290	49,077,503	49,314,707
Average number of shares after dilution		52,812,729	49,077,503	49,672,224
Earnings per share before dilution, SEK		-0.17	-0.18	-0.68
Earnings per share after dilution, SEK		-0.17	-0.18	-0.68

Consolidated balance sheet

KSEK	Note	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS				
Non-current assets				
Intangible assets		148,500	157,527	150,574
Machinery and equipment		105	164	120
Total non-current assets		148,605	157,691	150,694
Current assets				
Inventories		1,794	2,081	2,437
Accounts receivables		1,713	2,832	2,529
Other current assets		604	692	647
Prepaid expenses and accrued income		692	795	557
Cash and cash equivalents		23,995	20,755	30,898
Total current assets		28,798	27,155	37,068
TOTAL ASSETS		177,403	184,846	187,761
EQUITY AND LIABILITIES				
Equity		155,835	158,862	163,693
Provisions		16,026	18,794	16,724
Current liabilities				
Accounts payable		1,750	2,942	2,949
Other liabilities		244	899	1,167
Accrued expenses and prepaid income		3,548	3,349	3,228
Total current liabilities		5,542	7,190	7,344
TOTAL EQUITY AND LIABILITIES		177,403	184,846	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				-8,821	-8,821
Exchange rate differences on translation of foreign subsidiaries			152		152
Employee stock options				123	123
Total equity at Mar 31, 2019	6,135	201,180	2,008	-50,461	158,862
Opening balance at January 1, 2020	6,556	229,892	2,320	-75,075	163,693
Net income				-8,711	-8,711
Exchange rate differences on translation of foreign subsidiaries			764		764
Employee stock options				89	89
Total equity at Mar 31, 2020	6,556	229,892	3,084	-83,697	155,835

Consolidated statement of cash flows

KSEK	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Operating cash flow			
Income after financial items	-9,409	-9,508	-36,433
Adjustment for depreciations	3,152	3,109	12,465
Other adjustments for items not included in cash flow	-76	-21	742
Cash flow after operating activities before changes in working capital	-6,333	-6,420	-23,226
Cash flow from changes in working capital			
Changes in inventories and work in progress	643	-1,120	-1,476
Changes in current receivables	723	-166	421
Changes in current liabilities	-1,801	-3,078	-2,925
Cash flow from operating activities	-6,768	-10,784	-27,206
Investing activities			
Acquisition of intangible fixed assets	-135	-1,127	-3,766
Cash flow from investing activities	-135	-1,127	-3,766
Financing activities			
New share issue	-	-	29,204
Cash flow from financing activities	0	0	29,204
Changes in cash and cash equivalents	-6,903	-11,911	-1,768
Cash and cash equivalents at the start of the period	30,898	32,666	32,666
Cash and cash equivalents at the end of the period	23,995	20,755	30,898

Parent company income statement

KSEK	Note	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Sales revenue		2,589	384	6,711
Cost of goods sold		-1,702	-600	-4,224
of which goods		-1,239	-141	-2,203
of which salaries		-106	-78	-469
of which external services		-12	-36	-172
of which depreciation		-345	-345	-1,380
Gross income		887	-216	2,487
Selling and administrative expenses	1	-7,786	-6,492	-27,531
Other operating income		673	154	556
Other operating expenses		-135	-131	-667
Operating income		-6,361	-6,685	-25,154
Financial income		-	-	-
Financial expenses		-1	-1	-3
Total financial items		-1	-1	-3
Income after financial items		-6,362	-6,686	-25,157
Net income		-6,362	-6,686	-25,157

Parent company balance sheet

KSEK	Note	Mar 31, 2020	Mar 31, 2019	Dec 31, 2019
ASSETS				
Non-current assets				
Intangible assets		55,781	54,487	55,991
Machinery and equipment		105	164	120
Financial assets		12,572	11,075	11,153
Total non-current assets		68,458	65,726	67,264
Current assets				
Inventories		1,795	2,081	2,438
Accounts receivables		1,481	2,803	2,379
Other current assets		581	670	617
Prepaid expenses and accrued income		692	795	557
Cash and cash equivalents		23,535	20,309	30,475
Total current assets		28,084	26,658	36,466
TOTAL ASSETS		96,542	92,384	103,729
EQUITY AND LIABILITIES				
Equity		90,076	85,162	96,350
Current liabilities				
Accounts payable		1,761	2,933	2,961
Other liabilities		1,190	961	1,222
Accrued expenses and prepaid income		3,515	3,328	3,197
Total current liabilities		6,466	7,222	7,380
TOTAL EQUITY AND LIABILITIES		96,542	92,384	103,729

NOTE 1 - Selling and administrative expenses

KSEK	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Salaries	3,847	2,728	12,864
Office expenses	208	172	645
Consultants	2,460	2,833	10,005
Travelling expenses	247	174	1,074
Marketing expenses	162	256	1,294
Depreciation	15	97	389
Other expenses	1,083	307	1,509
Total selling and administrative expenses	8,022	6,567	27,781