SENZIME

Q1

January - March 2020 in brief

Senzime AB (publ), 556565–5734

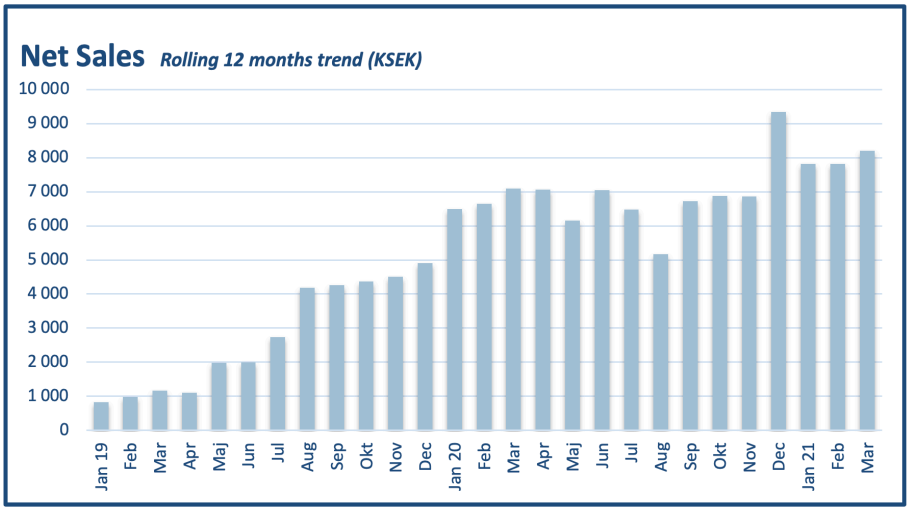
»Strong market momentum, and accelerating sales of TetraSens®«

- Continued expansion in the USA and a new subsidiary in Germany
- Key customer wins despite Covid-19 limiting access to hospitals
- Application for listing on Nasdaq Stockholm's Main List

Januari - March 2021

- Net sales amounted to SEK 1,437 thousand (2,589).
- Income after financial items was SEK -17,642 thousand (-8,622).
- Earnings per share amounted to SEK -0.27 (-0.16).
- Cash and cash eqivalents amounted to SEK 142.5 millions (24.0) on December 31.
- The number of shares as of March 31 was 62,493,290 (52,448,290).

SEK in thousands	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Net sales	1,437	2,589	9,337
Income after financial items	-17,642	-8,622	-48,991
Earnings per share (SEK)	-0.27	-0.16	-0.84
Gross margin before depreciation (%)	40.2	46.8	40.9
Operating profit before depreciation	-14,920	-5,967	-37,148
Equity/assets ratio (%)	90.6	83.5	89.4



Excluding license payments from Fukuda Denshi, Japan.

The first report in which the Group reported in accordance with IFRS was for the third quarter of 2020. Comparative figures for historical periods have been recalculated. Effects that the transition from previously used principles to IFRS has had on the reports are described in Note 9. Figures in parentheses above describe the corresponding period last year. Unless otherwise stated, all information relates to the Group.

Calendar

AGM: May 11
Inerim Report Q2: August 27
interim Report Q3: November 12

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Significant events during the period

January 14: SENZIME ESTABLISHES IN GERMANY
Recruitment of Country Manager and Regional Clinical Manager is carried out. Katholisches Klinikum Bochum University Hospital places the first order for TetraGraph® systems in Germany.

February 15: APPLIES FOR LISTING ON NASDAQ STOCKHOLM'S MAIN LIST IN 2021
The decision was made as part of the continued expansion and in line with the company's commercial strategy. A listing on Nasdaq Stockholm's main list is seen as a logical next step in the company's development.

March 4: SENZIME TETRASENSE DISPOSABLE SENSOR RECEIVES RIGHT TO REIMBURSEMENT IN SOUTH KOREA
As of March 1, 2021, South Korea's state healthcare system will reimburse the use of Senzime's TetraSens disposable sensors in anesthesia using muscle relaxants in patients with ASA-PS 3 or higher

March 5: EXTRAORDINARY GENERAL MEETING
The Extraordinary General Meeting elects Eva Walde as a new Board member.

March 10: INTERNATIONAL MULTICENTER STUDY STRENGTHENS VALUE OF SENZIME'S TETRAGRAPH
A clinical study of 120 patients conducted by the Mayo Clinic Jacksonville, USA, the University of Debrecen, Hungary, and the NorthShore University Health System, Chicago, USA, is published in the Journal of Clinical Anesthesia. The study proves the value of EMG technology vs. AMG technology.

Significant events after the end of the quarter

April 12: NOTICE OF ANNUAL GENERAL MEETING
Senzime convenes the Annual General Meeting on Tuesday 11 May. In light of the current pandemic, the Annual General Meeting is conducted by postal vote.

April 20: EXPANDS US COMMERCIAL CAPACITY
Senzime continues its expansion in line with its commercial strategy - by recruiting additional vendors and signing a distribution agreement with Mercury Medical Enterprises, Inc.

Strong market momentum, and accelerating sales of TetraSens®

Despite the fact that Covid-19 continued to limit our opportunities to initiate new trials in hospitals even during the first quarter, we report a sales increase of 40 percent in Europe and the USA. The pandemic does not facilitate our work, but it does not stop us.

In the U.S., our own sales force has gained a number of important deals and we currently have just over 200 TetraGraph® systems under evaluation at a dozen large university hospitals. Our total pipeline includes even more systems and several evaluations are also underway in small and medium-sized hospitals. Currently, Senzime is in discussions with a total of 40 hospitals in the US.

As part of our US strategy to complement our own sales force with distributors in certain states, we have entered into agreements with Mercury Medical. This is a reputable distributor with large resources, which gives us even bigger muscles in the world's largest market. We are very much looking forward to the cooperation.

The sales pattern for the disposable TetraSens® sensor is encouraging. Compared with the first quarter last year, sales have doubled. We see signs of high consumption of TetraSens® for each installed TetraGraph®.

During the past quarter, TetraSens® also received the right to a reimburse in South Korea when their government compensation system decided to compensate for the use of disposable sensors for TetraGraph®. The reimbursement for disposable sensors is a positive step in increasing the use of monitoring when muscle relaxants are used and is in line with other important initiatives in Europe and the USA where work is being done to develop guidelines for monitoring in the event of neuromuscular blockade.

During the first quarter, we established our subsidiary in Germany and appointed a country manager. The business has got off to a flying start with trials at university hospitals already during the first week. We expect to start a number of trials in Germany in the near future and other planned recruitments should be ready before the summer.

Senzime's Board of Directors has decided to apply for listing of the company's shares on Nasdaq Stockholm's main list in 2021. This is part of our continued expansion and strategy to continue to broaden our investor base and contribute to increased visibility and exposure for the company.

We look forward to a continued successful 2021 characterized by more and more trials in hospitals around the world and high business activity as a result of these.

Uppsala in May 2021
Pia Renaudin, CEO

About Senzime

Senzime develops and markets CE-marked and FDA-approved medical technology systems, powered by unique algorithms and disposable sensors that assess the patient's muscle function before, during and after anesthesia and surgery. The company's goal is to contribute to improved clinical precision and simplified management in healthcare. Senzime's system is called TetraGraph® and digitally and continuously measures the degree of neuromuscular blockade in order to prevent complications. Fewer complications lead to less suffering for patients but also contribute to shorter hospital stays and reduced care costs. Senzime's vision is that TetraGraph® should be used in every operation where muscle relaxants are used, for a safe awakening for all patients.

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 fluids - CliniSenz® Analyzer and OnZurf® Probe.

Senzime operates in a globally growing market which today in Europe and the USA alone is valued at over SEK 15 billion annually. Today, Senzime has sales in 18 countries, of which the most important are the United States, Germany, France, Italy, the United Kingdom, Spain, Switzerland, South Korea and Japan. The company's shares are traded on the Nasdaq First North Growth Market (ticker SEZI).

Senzime operates on an expansive market with potential value exceeding SEK 15 billion per year

USA and Canada
52 million surgical procedures/year

Europe
64 million surgical procedures/year

Asia and Oceania
50 million surgical procedures/year

TETRASENS'S TOTAL MARKET
SEK 11.9 BILLION

TETRAGRAPH'S TOTAL MARKET
SEK 3.6 BILLION

Sources: 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.

The share

Share capital development (SEK)

Date	Event	No. of shares	Share capital (SEK)	Quotient value (SEK)
January 1, 2021	Opening	62,493,290	7,811,661	0.125
Total March 31, 2021	**Closing**	**62,493,290**	**7,811,661**	**0.125**

Share price development (SEK)

Ten largest shareholders on March 31

Owner	Number of shares	Share of capital %
Crafoord family	9,119,251	14.6
Segulah Venture AB and AB Segulah	4,408,085	7.1
Handelsbanken Fonder AB	4,222,403	6.8
Pershing Llc.	3,879,045	6.2
Sorin J. Brull	3,233,528	5.2
Fjärde AP-fonden	2,700,000	4.3
Länsförsäkringar Fondförvaltning AB	2,592,187	4.1
Swedbank Robur Microcap	2,565,000	4.1
Lindskog family	2,454,717	3.9
Stone Bridge Biomedical	2,172,030	3.5
Övriga	25,147,044	40.2
Total	**62,493,290**	**100.0**

Comments to the report

Revenue and earnings first quarter 2021

The Group's net sales during the first quarter of 2021 amounted to SEK 1,437 thousand (2,589). Sales in Europe and the US increased by 40 percent and sales of TetraSens® sensors doubled compared with the corresponding quarter last year. The sales for the first quarter of 2020 includes a major order from South Korea corresponding to a value of SEK 1.6 million.

The gross margin before depreciation amounted to 40.2 percent (46.8) for the quarter.

Sales, administration and development costs for the quarter amounted to SEK 15,811 thousand (7,717). Above all, the establishment of the American subsidiary Senzime, Inc. with its own sales force has led to an increase in costs. Administration costs during the first quarter of 2021 include costs for the company's planned change of market list.

Operating profit during the first quarter amounted to SEK -17,622 thousand (-8,595). Operating profit before depreciation amounted to SEK -14,920 thousand (-5,967).

Financial position

At the end of the first quarter of 2021, the Group's equity amounted to SEK 215.1 million (102.6). The equity / assets ratio was 90.6 percent (83.5). At the end of the period, the Group's cash and cash equivalents amounted to SEK 142.5 M (24.0).

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

Cash-flow and investments

Cash flow from operating activities, including changes in working capital, amounted to SEK -17,819 thousand (-6,490) for the first quarter of 2021. The negative cash flow is largely due to the negative result.

Cash flow from investing activities for the first quarter amounted to SEK -320 thousand (-135). Cash flow from financing activities amounted to SEK -253 thousand (-278).

Stock options

Subscription options

An Extraordinary General Meeting on July 7, 2020 resolved on two new employee stock option programs which in total entitle to subscribe for a maximum of 1,200,000 shares, for further information, see Note 8 in this interim report.

Warrants

Since May 2019, Pia Renaudin, CEO, has held 400,000 warrants. Each warrant entitles the holder to subscribe for one new share in the company at a price of SEK 12.00 with a redemption date no later than 7 May 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 (including those not yet assigned) are exercised for new subscriptions of shares amount to a maximum of approximately 2.5 percent.

Parent company and subsidiaries

Most of the Group's operations are conducted in the parent company. For comments on the parent company's results, please refer to the comments made for the Group.

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

During the quarter, the German company Senzime GmbH started operations.

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

Risks and uncertainties

A number of 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. An account of the Group's significant financial and business risks can be found in the Board of Directors' report and in the annual report for 2020. No further significant risks are deemed to have arisen.

Like most companies, Senzime faces the great challenge posed by the COVID-19 pandemic and the company closely follows the guidelines of the Swedish Public Health Agency.

Access to components and production capacity has so far not affected Senzime and the company works actively to support customers and partners remotely with the help of digital tools.

The basic need for neuromuscular monitoring has not diminished, although elective surgeries have been postponed to accommodate and enable access to medical staff.

Access to hospitals has been very limited and has affected the number of trials during 2020 and the beginning of 2021.

Annual General Meeting

The Annual General Meeting will be held on May 11, 2021. In light of the risk of spreading coronavirus and the authorities' regulations / advice on avoiding in-person meetings, the Board has decided that the Annual General Meeting shall be held without physical presence by shareholders exercising their voting rights only by mail. Thus, no physical gathering will be held.

Auditors report

This Interim 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, May 6, 2021

Philip Siberg *Chairman of the Board*	**Sorin J Brull** *Director*	**Adam Dahlberg** *Director*
Lennart Kalén *Director*	**Eva Walde** *Director*	**Pia Renaudin** *Chief Executive Officer*

Condensed Consolidated Statement of Comprehensive Income

SEK 000	Note	Jan-Mar 2021	Jan-Mar 2020	Full yr. 2020
Net sales	2	**1,437**	**2,589**	**9,337**
Cost of goods sold	3	-3,561	-4,005	-17,236
Gross profit (loss)		**-2,124**	**-1 416**	**-7,899**
Development expenses	4	-2,194	-1,905	-8,217
Selling and marketing expenses	4	-5,555	-2,045	-16,051
Adiministative expenses	4,8	-8,062	-3,767	-15,063
Other operating income		524	673	1,122
Other operating expenses		-211	-135	-2,758
Earnings before interest and taxes		**-17,622**	**-8,595**	**-48,866**
Financial expenses		-20	-27	-125
Financial items—net		**-20**	**-27**	**-125**
Profit(loss) after financial items		**-17,642**	**-8,622**	**-48,991**
Income tax		518	395	1,547
Net profit (loss)		**-17,124**	**-8,227**	**-47,444**
Other comprehensive income:				
Items reclassifiable to profit or loss				
Translation differences		585	735	-36
Other comprehensive income for the period, net of tax		**585**	**735**	**-36**
Total comprehensive income for the period		**-16,539**	**-7,492**	**-47,480**

Net profit (loss) and total comprehensive income is wholly attributable to equity holders of the parent.

Earnings per share, based on net profit (loss) attributable to equity holders of the parent

SEK	Note	Jan-Mar 2021	Jan-Mar 2020	Full yr. 2020
Weighted average no. of shares before dilution	7	62,493,290	52,448,290	56,199,776
Weighted average no. of shares after dilution	7	62,686,176	52,812,729	56,353,496
Earnings per share, basic and diluted	7	-0.27	-0.16	-0.84

Condensed Consolidated Balance Sheet

SEK 000	Note	31 March 2021	31 March 2020	31 Dec 2020
ASSETS				
Non-current assets				
Intangible assets		80,003	92,217	82,168
Property, plant and equipment		438	105	238
Rights of use		1,727	1,998	2,632
Other financial assets		577	0	0
Total non-current assets		**82,745**	**94,320**	**85,038**
Current assets				
Inventories and work in progress		6,443	1,794	3,950
Accounts receivable		2,493	1,713	3,285
Other receivables		1,851	604	5,868
Prepaid expenses and accrued income		1,323	380	442
Cash and cash equivalents		142,496	23,995	160,310
Total current receivables		**154,606**	**2,486**	**173,855**
Total current assets				
		237,351	**122,806**	**258,893**
Total assets				
EQUITY AND LIABILITIES				
EQUITY		**215,103**	**102,567**	**231,346**
LIABILITIES				
Non-current liabilities				
Appropriations		565	-	-
Lease liability		843	931	1,248
Deferred tax liability		11,340	13,010	11,858
Total non-current liabilities		**12,748**	**13 941**	**13,106**
Current liabilities				
Lease liability		735	756	1,148
Trade payables		4,140	1,750	4,718
Other current liabilities		1,496	244	5,450
Accrued expenses		3,129	3,548	3,125
Total current liabilities		**9,500**	**6,298**	**14,441**
TOTAL EQUITY AND LIABILITIES		**237,351**	**122,806**	**258,893**

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent company				
SEK 000	Share capital	Other paid-up capital	Reserves	Retained earnings incl. net profit (loss)	Total equity
Opening balance, 1 January 2020	**6,556**	**229,891**	**1,949**	**-128,428**	**109,968**
Net profit (loss)				-8,227	-8,227
Other comprehensive income			735		735
Total comprehensive income	**-**	**-**	**735**	**-8,227**	**-7,492**
Transactions with shareholders in their capacity as owners					
Employee stock options				91	91
Total transactions with shareholders	**-**	**-**	**-**	**91**	**91**
Closing balance, 31 March 2020	**6,556**	**229,891**	**2,684**	**-136,564**	**102,567**
Opening balance, 1 January 2021	**7,812**	**397,553**	**1,913**	**-175,932**	**231,346**
Net profit (loss)				-17,124	-17,124
Other comprehensive income			585		585
Total comprehensive income	**-**	**-**	**585**	**-17,124**	**-16,539**
Transactions with shareholders in their capacity as owners					
Employee stock options				296	296
Total transactions with shareholders	**-**	**-**	**-**	**296**	**296**
Closing balance, 31 March 2021	**7,812**	**397,553**	**2,498**	**-192,760**	**215,103**

Condensed Consolidated Statement of Cash Flows

SEK 000	Note	Jan-Mar 2021	Jan-Mar2020	Full yr. 2020
Cash flow from operating activities				
Earnings before interest and taxes		-17,622	-8,595	-48,866
Adjustment for non-cash items:				
–Depreciation and amortization		2,539	2,643	11,901
–Other non-cash items		377	-76	498
Interest paid		-20	-27	-124
Cash flow from operating activities before change in working capital		**-14,726**	**-6,055**	**-36,591**
Cash flow from change in working capital				
Increase/decrease in inventories		-2,493	643	-1,513
Increase/decrease in trade receivables		792	816	-755
Increase/decrease in other receivables		3,135	-93	-5,422
Increase/decrease in trade payables		-578	-1,199	1,770
Increase/decrease in other payables		-3,949	-602	4,176
Total change in working capital		**-3,093**	**-435**	**-1,744**
Cash flow from operating activities		**-17,819**	**-6,490**	**-38,335**
Cash flow from investing activities				
Investments in tangible assets		-227	-135	-192
Investments in intangible assets		-93	-	-135
Cash flow from investing activities		**-320**	**-135**	**-327**
Cash flow from financing activities				
Payments for amortization of lease liabilities		-253	-278	-1,218
New share issue, net of transaction expenses		-	-	168,907
Cash flow from financing activities		**-253**	**-278**	**167,689**
Decrease/increase in cash and cash equivalents		**-18,392**	**-6,903**	**129,027**
Cash and cash equivalents beginning of period		160,310	30,898	30,898
Exchange rate differences in cash and cash equivalents		578		385
Cash and cash equivalents at end of period		**142,496**	**23,995**	**160,310**

Parent Company Income Statement

SEK 000	Note	Jan-Mar 2021	Jan-Mar 2020	Full yr. 2020
Net sales	2	**2,589**	**2,589**	**10,756**
Cost of goods sold	3	-1,918	-1,702	-7,670
Gross profit (loss)		**671**	**887**	**3,086**
Development expenses	4	-2,194	-1,905	-8,217
Selling and marketing expenses	4	-2,800	-2,045	-14,578
Adiministative expenses	4,8	-8,366	-3,836	-18,887
Other operating income		522	673	1,060
Other operating expenses		-209	-135	-2,635
Earnings before interest and taxes		**-12,376**	**-6,361**	**-40,171**
Financial expenses		0	-1	-2
Financial items—net		**0**	**-1**	**-2**
Profit(loss) after financial items		**-12,376**	**-6,362**	**-40,173**
Net profit (loss)		**-12,376**	**-6,362**	**-40,173**

There are no items in the parent company recognized as other comprehensive income, so total comprehensive income is equal to net profit (loss).

Parent Company Balance Sheet

SEK 000	Note	31 March 2021	31 March 2020	31 Dec 2020
ASSETS				
Non-current assets				
Intangible non-current assets		18,181	20,264	18,527
Property, plant and equipment		438	105	238
Financial non-current assets		14,812	12,572	11,452
Total non-current assets		**33,431**	**32,941**	**30,217**
Current assets				
Inventories and work in progress		5,082	1,795	3,488
Trade receivables		1,646	1,481	2,752
Receivables from group companies		3,449	-	1,529
Current tax receivables		303	559	5,111
Other current receivables		1,191	22	421
Prepaid expenses and accrued income		1,552	692	711
Cash and bank balances		141,725	23,535	159,386
Total current assets		**154,948**	**28,084**	**173,398**
TOTAL ASSETS		**188,379**	**61,025**	**203,615**
EQUITY AND LIABILITIES				
Equity				
Restricted equity		28,213	28,812	28,572
Non-restricted equity		149,305	25,747	160,946
Total equity		**177,518**	**54,559**	**189,518**
Liabilities				
Long-term liabilities				
Appropriations		565	-	-
Total long-term liabilities		**565**	-	-
Current liabilities				
Trade payables		4,135	1,077	4,671
Trade payables to group companies		1,633	914	1,490
Other current liabilities		1,461	960	5,442
Accrued expenses		3,067	3,515	2,494
Total current liabilities		**10,296**	**6,466**	**14,097**
TOTAL EQUITY AND LIABILITIES		**188,379**	**61,025**	**203,615**

Notes on the Consolidated Accounts

Note 1 Accounting principles

This interim report in summary for the first quarter ended 31 March 2021 has been prepared in accordance with the international accounting standard IAS 34 "Interim Financial Reporting". The term "IFRS" in this document includes the application of IAS and IFRS, as well as interpretations of these recommendations published by the IASB's Standards Interpretation Committee (SIC) and IFRS Interpretation Committee (IFRIC). The application of the accounting principles is in accordance with those contained in the Annual Report for the financial year ended 31 December 2020 and shall be read in conjunction with this annual report. There are no changes to IFRS in 2021 that are estimated to have a significant impact on the Group's earnings and financial position.

Unless otherwise stated, all amounts are reported in thousands of kronor (KSEK). Information in parentheses refers to the comparison year.

Note 2 Division of net sales

SEK 000	Jan-Mar 2021	Jan-Mar 2020	Full yr. 2020
Sales of goods	1,437	2,589	9,337
Total	**1 437**	**2,589**	**9,337**

Note 3 Cost of goods sold

SEK 000	Jan-Mar 2021	Jan-Mar 2020	Full yr. 2020
Cost of materials	705	1,258	5,054
Personnell expenses	55	106	170
External services	98	12	294
Depreciation and amortization	2,702	2,628	11,718
Total	**3,561**	**4,005**	**17,236**

Note 4 Development, selling and administrative expenses

SEK 000	Jan-Mar 2021	Jan-Mar 2020	Full yr. 2020
Personnell expenses	8,707	3,982	23,706
Consulting expenses	5,145	2,460	11,510
Depreciation	27	15	184
Other expenses	1,932	1,260	3,932
Summa	**15,811**	**7,717**	**39,332**

Note 5 Transactions with related parties

During the period, one Director invoiced 256 KSEK (284) on market terms for consulting services rendered associated with the company's operating activities. These services were mainly rendered by Sorin Brull.

Note 6 Earnings per share

	Jan-Mar 2021	Jan-Mar 2020	Full yr. 2020
SEK			
Basic earnings per share	-0.27	-0.16	-0.84
Diluted earnings per share	-0.27	-0.16	-0.84
Earnings measures used for calculating earnings per share			
Profit (loss) attributable to equity holders of the parent used	Net profit (loss)	Net profit (loss)	Net profit (loss)
Profit (loss) attributable to equity holders of the parent, SEK 000	-17,124	-8,277	-47,444
No.			
Weighted average no. of ordinary shares for calculating basic earnings per share	62,493,290	52,448,290	56,199,776
Adjustment for calculating diluted earnings per share	192,886	364,439	153,719
Stock options			
Weighted average no. of ordinary shares and potential ordinary shares used as denominator for calculating diluted earnings per share	62,686,176	52,812,729	56,353,496

Diluted earnings per share is not reported because it generates higher earnings per share because the company is loss making.

Note 7 Alternative performance measures

Senzime has defined the following alternative performance measures. The computations are published at www.senzime.com.

Performance measure	Definition	Motive for use
Gross margin excl. amortization	Gross profit (loss) excl. amortization of intangible assets divided by net sales	The group uses the alternative performance measure gross margin excluding amortization because it illustrates the impact of amortization of capitalized development expenditure on gross margin.
Operating profit excluding depreciation	Earnings before interest and taxes excluding depreciation of intangible assets	The group uses the alternative key ratio Operating profit excluding depreciation as it shows how much impact depreciation of capitalized development costs has on operating profit.
Equity/assets ratio	Closing equity in the period divided by closing total assets in the period	The group uses the alternative performance measure equity/assets ratio because it illustrates the portion of the total assets that consist of equity, and has been included so investors will be able to assess the group's capital structure.

Note 8 Stock options

An Extraordinary General Meeting on July 7, 2020 decided on two new employee stock option programs which in total entitle to subscribe for a maximum of 1,200,000 shares.

One of the programs comprises 100,000 employee stock options and is aimed at a senior executive and was granted free of charge in July 2020. The allotted employee stock options are vested for three years as follows: 20% of allotted employee stock options are vested on 1 July 2021; 20% of allotted employee stock options are exercised on July 1, 2022; and 60% of allotted employee stock options are exercised on 1 July 2023. Provided earnings and continued employment in the company, each option can be exercised for subscription of shares during the period 1 July 2023 to 30 September 2023. Subscription price is set at SEK 24.70, which corresponds to 125% of the volume-weighted average price paid for the Company's share on the Nasdaq First North Growth Market over a period of 20 trading days from the date of the Annual General Meeting resolution.

The second employee stock option program decided by the Extraordinary General Meeting on July 2, 2020 comprises 1,100,000 options. Employee stock options shall be offered and granted to employees of the Company based on the participants' individual performance during an evaluation period that shall last until 31 December 2020 (the "Evaluation Period"). Allocation takes place in the following personnel categories: CEO, a maximum of 200,000 employee stock options; Management group, a maximum of 500,000 employee stock options together and each participant may be allocated a maximum of 100,000 employee stock options; other

employees, participants in this category can be granted a maximum of 30,000 employee stock options per person. Allotted employee stock options are vested for three years as follows: 20% of allotted employee stock options are vested on February 1, 2022; 20% of allotted employee stock options will be exercised on February 1, 2023; and 60% of allotted employee stock options are exercised on February 1, 2024. Participants can exercise allotted and earned employee stock options during the period February 1, 2024 to April 30, 2024. The subscription price is set at SEK 24.70, which corresponds to 125% of the volume-weighted average price paid for the Company's share. Nasdaq First North Growth Market for a period of 20 trading days from the date of the Annual General Meeting decision.

A total of 880,000 of these 1,100,000 options have been granted in February 2021 and the distribution is as follows: CEO: 100,000 employee options; members of Management Group in total: 500,000 employee stock options (maximum individual allotment 90,000); other employees: 280,000 (maximum individual allocation 30,000). Market value at the allotment was SEK 4.70 per option.

Note 9 Explanation of IFRS adjustments of comparative figures in this report

As stated in the Annual Report 2020, the Group has switched to accounting in accordance with IFRS. The date for transition to IFRS is 1 January 2018 and the first report presented in accordance with IFRS was the interim report for the third quarter of 2020. For detailed information on the transition to IFRS, see Note 36 in the annual report for the financial year 2020.

The comparative information for the first quarter of 2020 prepared in accordance with IFRS presented in this interim report has not been published previously, which explains IFRS adjustments in this section.

The tables below contain a reconciliation between the income statement and balance sheet published in accordance with previously applied accounting principles BRNAR 2012: 1 Annual Report and Consolidated Financial Statements (Q3) and IFRS for the period January-March 2020 and as of March 31, 2020.

		Jan-Mar 2020		
SEK 000	Notes	Income Statement (pursuant to previous accounting policies)	Total effect of transition to IFRS	Pursuant to IFRS
Net sales		2,589	-	2,589
Cost of goods sold	a,b,c,d)	-4,514	509	-4,005
Gross profit (loss)		**-1 925**	**509**	**-1 416**
Selling and administrative expenses	c)	-8,022	305	-7,717
Other operating income		673	-	673
Other operating expenses		-135	-	-135
Earnings before interest and taxes		**-9,409**	**-814**	**-8,595**
Financial items—net	c)	**-**	**-27**	**-27**
Profit (loss) before tax		-9,409	786	-8,623
Income tax	e)	698	-303	395
Net profit (loss)		**-8,711**	**484**	**-8,227**
Other comprehensive income for the period, net of tax		**764**	**-29**	**735**
Total comprehensive income for the year		**-7,947**	**455**	**-7,492**

SEK 000	Notes	March 31, 2020 Pursuant to previous accounting policies	Total effect of transition to IFRS	Pursuant to IFRS
ASSETS				
Non-current assets				
Intangible assets				
Capitalized development expenditure	b)	147,804	-57,025	90,779
Patents and similar rights		668	-	668
Goodwill	a)	28	742	770
Total intangible assets		**148,500**	**-56,283**	**92,217**
Property, plant and equipment				
Equipment, tools, fixtures and fittings		105	-	105
Total tangible non-current assets		**105**	**-**	**105**
Right-of-use assets	c)	**-**	**1,998**	**1,998**
Total non-current assets		**148,605**	**-54,285**	**94,320**
Current assets				
Inventories		1,794	-	1,794
Accounts receivable, other receivables and prepaid expenses and accrued income	c)	3,009	-313	2,696
Cash and cash equivalents		23,995	-	23,995
Total current assets		**28,798**	**-313**	**28,486**
TOTAL ASSETS		**177,403**	**-54,597**	**122,806**

SEK 000	Notes	March 31, 2020 Pursuant to previous accounting policies	Total effect of transition to IFRS	Pursuant to IFRS
EQUITY AND LIABILITIES				
Equity				
Share capital		6,556	-	6,556
Other paid-up capital		233,429	-3,537	229,892
Reserves		-	2,684	2,684
Accumulated profit or loss (incl. net profit (loss))	b,e)	-84,150	-52,415	-136,565
Equity attributable to equity holders of the parent		**155,835**	**-53,268**	**102,567**
Non-current liabilities				
Lease liability	c)	-	931	931
Deferred tax liability	e)	16,026	- 3,016	13,010
Total non-current liabilities		**16,026**	**-2,085**	**13,941**
Current liabilities				
Lease liability	c)	-	756	756
Trade payables, other current liabilities and accrued expenses and deferred income		5,542	-	5,542
Total current liabilities		**5,542**	**756**	**6,298**
TOTAL EQUITY AND LIABILITIES		**177,403**	**-54,597**	**122,806**

The notes below provide a brief description of the differences between Q3 and IFRS presented in the tables above. For detailed information and background to the adjustments, see the annual report 2020 note 36.

a) Repayment of amortization of goodwill

The adjustment refers in its entirety to the reversal of amortization of goodwill for the period January-March 2020 and the accumulated adjustment as of March 31, 2020.

b) Balanced development expenses

The adjustment regarding capitalized development expenses consists partly of an adjustment attributable to CliniSenz and partly of an adjustment attributable to TetraGraph. The adjustment that was added during the period consists in its entirety of reversal of previous depreciation on the sold balance sheet regarding TetraGraph. The table below shows the adjustments divided into the various components:

SEK 000	1 Jan. '18	31 Mar. '20
Capitalized development expenditure	**152,995**	**147,804**
Expensed capitalized development expenditure, CliniSenz®	-35,517	-35,517
Divested portion of intangible assets (TetraGraph®)	-26,582	-26,582
Reversed depreciation of sold balance, TetraGraph®	-	4,387
Restatement of translation difference, TetraGraph®	-	687
Capitalized development expenditure IFRS	**90,896**	**90,779**

c) Leasing agreements

The adjustment refers to the accounting of leasing agreements such as usufruct assets and leasing liabilities (long-term and short-term). In addition, there is amortization of usufruct assets which are reported as part of cost of goods sold as well as interest costs attributable to the lease liability. Leasing fees linked to these leasing agreements, which according to K3 have been reported within the function of sales and administration costs, are reimbursed.

d) Effects in the income statement on the item cost of goods sold

The table below contains a specification of the adjustments described in note a-c) above regarding adjustments in the income statement attributable to the item cost of goods sold.

Restatement on the "cost of goods sold" line of the Consolidated Statement of Comprehensive Income, SEK 000	Jan-Mar 2020
Reversed goodwill amortization	83
Reversed depreciation of sold balance, TetraGraph®	705
Additional amortization on right of use	-279
Total restatement on the "cost of goods sold" line of the Consolidated Statement of Comprehensive Income	**509**

e) Deferred tax

The adjustment refers to the reversal of the resolution of the deferred tax liability that was reported in connection with the acquisition of TetraGraph. The adjustment during the period refers to the reversal of the resolution of deferred tax linked to the reversal of depreciation on the divested balance attributable to TetraGraph.

Note 10 Differences in comparative figures for the parent company

As stated in the 2020 annual report, the parent company has switched to accounting in accordance with RFR 2 Accounting for legal entities. The time for transition to RFR 2 is 1 January 2018 and the first report in which the parent company was presented in accordance with RFR 2 was the interim report for the third quarter of 2020. For detailed information on the transition to RFR 2, see Note 65 in the annual report for the 2020 financial year.

The comparative information prepared in accordance with RFR 2 for the first quarter of 2020 presented in this interim report has not been published in the previous section, which explains the adjustments in this section.

The table below contains a reconciliation of unrestricted and restricted equity in accordance with previously applied accounting principles BRNAR 2012: 1 Annual Report and Consolidated Financial Statements (Q3) and RFR 2 for the period January-March 2020 and 31 March 2020. Adjustments attributable to the Parent Company refer in their entirety to previous periods, which is why the adjustment below corresponds to the adjustment described in the 2020 annual report.

Reconciliation of equity between current accounting policies and RFR 2	Note	March 31, 2020
Total restricted equity pursuant to current accounting policies		**36,607**
Reversal of development fund, CliniSenz®		-7,795
Total restricted equity, RFR 2		**28,812**
Total non-restricted equity pursuant to current accounting policies		**53,469**
Reversal of development fund, CliniSenz®		7,795
Reversal of capitalized development expenditure, CliniSenz®		-35,517
Total non-restricted equity pursuant to RFR 2		**25,747**

10. Effects of the parent company's transition to RFR 2 Accounting for legal entities

This is Senzime AB's (the parent company) second accounts prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

The Interim Report for the fourth quarter 2020 is Senzime's second financial statement prepared in accordance with RFR 2 Accounting for Legal Entities. The accounting policies stated in note 2 have been applied when preparing the accounts of Senzime as of 31 December 2020 and for the comparative information presented as of 31 December 2019, 31 December 2018, and when preparing the statement of Senzime's opening financial position (opening balance sheet) as of 1 January 2018 (the parent company's date of transition to RFR 2).

When the opening balance sheet as of 1 January 2018, and balance sheets as of 31 December 2018, and as of 31 December 2019 were prepared pursuant to RFR 2, amounts that in previous annual accounts and interim reports were reported pursuant to BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3) were restated. A review of how the transition from previously applied accounting policies to RFR 2 have affected the parent company's results of operations and financial position is illustrated in the following tables and associated notes.

Decisions made on the transition to accounting pursuant to RFR 2

The transition to RFR 2 is reported in accordance with IFRS 1 First-time Adoption of IFRS. The general rule is that all applicable IFRS and IAS standards that have come into effect and endorsed by the EU as of 31 December 2020, with the exemptions reviewed in RFR 2 Accounting for Legal Entities, should be applied retroactively. However, IFRS 1 does include transitional provisions that offer companies some freedom of choice.

Senzime AB has not applied any exemptions in the transition to RFR 2.

Reconciliation between previously applied accounting policies (K3) and RFR 2

On first-time adoption of RFR 2, Senzime AB should present a reconciliation between equity and total comprehensive income reported pursuant to previous accounting policies, and equity and total comprehensive income pursuant to RFR 2. The parent company's transition to accounting pursuant to RFR 2 did not have any impact on total cash flows from operating activities, investing activities or financing activities. Nor did the parent company's transition to accounting pursuant to RFR 2 have any impact on the Income Statement or total comprehensive income for any period, so no reconciliation between previous accounting policies and RFR 2 is provided. The following table illustrates the reconciliation between previously applied accounting policies in K3 and RFR 2 for each period, for equity.

Reconciliation of equity between current accounting policies and RFR 2	Note	31 Dec 2019	31 Dec 2018	1 Jan 2018
Total restricted equity pursuant to current accounting policies		**36,737**	**33,606**	**23,827**
Reversal of development fund, CliniSenz®	a)	-7,795	-7,795	-7,795
Total restricted equity, RFR 2		**28,942**	**25,811**	**16,032**
Total non-restricted equity pursuant to current accounting policies		**59,613**	**58,187**	**51,058**
Reversal of development fund, CliniSenz®	a)	7,795	7,795	7,795
Reversal of capitalized development expenditure, CliniSenz®	a)	-35,517	-35,517	-35,517
Reclassification of contingent consideration	b)	–	–	500
Total non-restricted equity pursuant to RFR 2		**31,891**	**30,465**	**23,836**

Disclosures on the effects of transition to RFR 2

a) Capitalized development expenditure CliniSenz®

The parent company has decided to apply the accounting policy of capitalizing expenditure for development that satisfies all the criteria of IAS 38. p 57. On transition to RFR 2, Senzime analyzed when the criteria of IAS 38. p 57 for capitalizing development expenses had been satisfied. The analysis is that Senzime judges that the development expenses related to CliniSenz satisfy all the criteria of IAS 38. p 57 effective 1 January 2018. Accordingly, Senzime is capitalizing the development expenses related to CliniSenz that have arisen from this date onwards. Development expenses capitalized prior to 1 January 2018 of SEK 35,517,000 pursuant to previous accounting policies have been reversed, which results in intangible assets decreasing and accumulated profit or loss reducing (increased loss) on the adoption of RFR 2. The same reclassification is being conducted for all subsequent periods.

Additionally, capitalized expenditure for development attributable to CliniSenz, which pursuant to current accounting policies, is being reclassified from non-restricted equity to the development fund within restricted equity, amounting to SEK 7,795,000 as of 1 January 2018, and the same reclassification has been conducted for all subsequent periods.

b) Contingent consideration

The contingent consideration related to the acquisition of MD Biomedical AB, which was recognized as a provision as of 1 January 2018 pursuant to previous accounting policies, will wholly take the form of shares. Pursuant to RFR 2, contingent considerations judged as likely for payment are recognized as a portion of the cost of the acquisition. However, because the contingent consideration will take the form of shares, this financial instrument (the contractual undertaking to pay more for the acquisition as shares) has been classified as equity by applying IAS 32 within RFR 2. Thus, on transition to RFR 2, this item is restated to be wholly recognized as equity.