

January-March 2022 in brief

Senzime AB (publ), 556565–5734

»Key deals won in the U.S., expanded product portfolio and more clinical guidelines to support our rollout«

- Strong sales growth - largest increase from the U.S.
- TetraSens® Pediatric launched
- Improved gross margin

Calendar 2022

AGM: May 18
Interim Report Q2: July 15
Interim Report Q3: November 10

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Adress

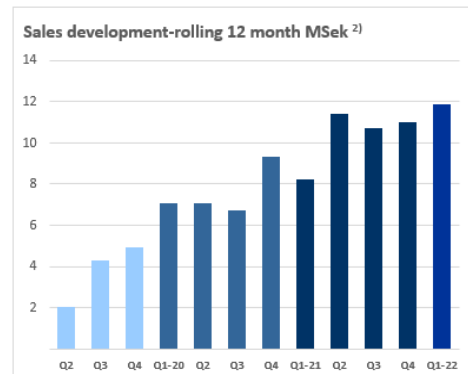
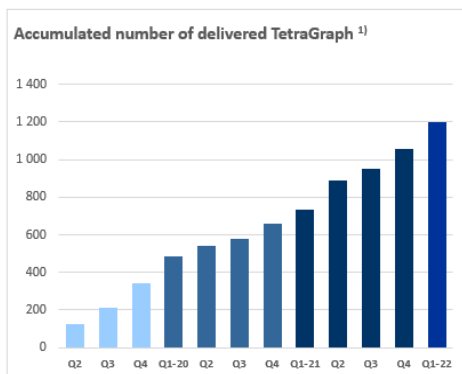
Senzime AB
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January - March 2022

- Net sales amounted to SEK 2,361 thousand (1,437), an increase with 64%.
- Gross margin before depreciation was 61.2 percent (40.2).
- Income after financial items was SEK -20,980 thousand (-17,642).
- Earnings per share amounted to SEK -0.33 SEK (-0.27).
- Cash and cash equivalents amounted to SEK 56.4 million (142.5) on March 31.
- The number of shares as of March 31 was 62,493,290 (62,493,290).

SEK of thousands	Jan-Mar 2022	Jan-Mar 2021	Full yr. 2021
Net sales	2,361	1,437	10,980
Income after financial items	-20,980	-17,642	-84,289
Earnings per share (SEK)	-0.33	-0.27	-1.31
Gross margin before depreciation(%)	61.2	40.2	54.3
Operating profit before depreciation	-18,383	-14,920	-73,303
Equity/assets ratio (%)	84.9	90.6	86.2

Figures in parentheses above describe the corresponding period last year. Unless otherwise stated, all information relates to the Group.



Note: 1) Includes monitors sold through direct and distributor sales, Fukuda and monitors placed at customer sites; 2) Excludes Fukuda milestone payments.

Significant events during the period

January 3: SENZIME WON PROCUREMENT FOR 16 HOSPITALS IN Q4

Senzime announces in a business update that 16 hospitals have gone ahead with purchases in the fourth quarter – one hospital chose a competing product.

January 27: JAPANESE STUDY CONFIRMS BENEFITS OF TETRAGRAPH®

Senzime announces that a Japanese study published in the journal *Anesthesia & Analgesia* concludes that TetraGraph's EMG-based technology is a better indicator for assessing adequate reversal dose of the drug Sugammadex and recovery of neuromuscular function than conventional monitoring with acceleromyography-based (AMG) product TOF-Watch SX.

February 1: EMPLOYEE STOCK OPTIONS ALLOTTED

The Annual General Meeting on May 11, 2021 resolved on an employee stock option program comprising 456,050 warrants, which may be allotted to employees – but not the CEO or those who are part of the company's management team. A total of 435,000 of these 456,050 options have been allotted in February 2022. See also under note 8. Employee Stock Option Program.

February 4: PATIENT ORGANIZATION RECOMMENDS QUANTITATIVE MONITORING

Senzime announces that APSF, the Anesthesia Patient Safety Foundation, is revising its recommendations for patient monitoring and recommends quantitative monitoring when muscle relaxant drugs are given to patients.

February 10: CLINICAL EXPERTS TALK ABOUT THE IMPORTANCE OF MONITORING NEUROMUSCULAR BLOCKADE

Senzime announces that the patient safety organization APSF has released a podcast that emphasizes the importance of monitoring neuromuscular blockade as this is just as important as monitoring blood pressure, oxygenation and ventilation during anesthesia care.

February 17: SENZIME WINS US PROCUREMENT FOR 50 TETRAGRAPH® SYSTEMS

Senzime announces that the company has won an order from a major US university hospital for the placement of 50 TetraGraph® systems and the sale of associated disposable sensors with an estimated value of SEK 1.5 million annually. This order is a broad deployment of TetraGraph® systems across all of the hospital's operating theatres, comprising 50 systems with associated disposable sensors.

February 23: APPLIES FOR FDA APPROVAL FOR DISPOSABLE SENSORS IN CHILDREN

Senzime's neuromuscular blockade monitoring system – TetraGraph® – with its disposable TetraSens® sensor has been

approved for sale in the US market since 2019. Senzime's first EMG-based disposable sensor designed for use in young children, TetraSens® Pediatric, is now being launched, for which the company has now requested approval.

March 3: SENZIME WINS US PROCUREMENT FOR 23 TETRAGRAPH® SYSTEMS

Senzime announced that it has won another procurement from a major university hospital, this time in the southeastern United States for 23 TetraGraph® systems and sales of associated disposable sensors.

March 24: SENZIME WINS US ORDER WITH AN INITIAL VALUE EXCEEDING SEK 1 MILLION

Senzime announces that the company has won a procurement in Midwest from an American hospital chain consisting of three hospitals, affiliated with a medical education. The procurement concerns instruments and the sale of associated disposable sensors with an initial order value exceeding SEK 1 million.

March 25: SENZIME RECEIVES CE-MDR APPROVAL FOR NEW DISPOSABLE SENSOR INTENDED FOR USE ON YOUNG CHILDREN

Senzime announced that the company's TetraGraph® system has now also been approved for use in children through CE-MDR approval of the new single-use sensor TetraSens® Pediatric.

Significant events after the end of the quarter

April 4: SENZIME'S NEW DISPOSABLE SENSOR DEVELOPED FOR CHILDREN IS PRESENTED AT THE AMERICAN CONGRESS OF ANESTHESIOLOGISTS

Senzime announces that the recently launched disposable sensor for children, TetraSens® Pediatric, received great interest when it was shown at the AMERICAN Anaesthetist Congress SPA Pediatric Anesthesiology 2022. At the same time, a number of studies were also presented where TetraGraph is used on children.

April 19: NOTICE OF ANNUAL GENERAL MEETING

The shareholders of Senzime AB are summoned to the Annual General Meeting on Wednesday 18 May 2022 at 16:00 at Senzime AB's premises at Ulls väg 41 in Uppsala.

Key deals won in the U.S., expanded product portfolio and more clinical guidelines to support our rollout

Growth in the first quarter was clear. Total sales growth was 64 percent, with the U.S. accounting for the largest increase, 109 percent year-over-year, and Europe up 36 percent. Sensor sales increased by 44 percent during the quarter compared to the same period in 2021.

The global installed base of TetraGraph® monitors continues to grow and we have now delivered approximately 1,200 systems to customers and distributors. We expect the increasingly disruptive installed base to result in a sharp increase in sales of disposable sensors going forward.

We started the year by reporting ongoing or contracted trials at 74 hospitals worldwide with a combined potential of 1,150 TetraGraph® systems. By the end of the first quarter, we had won 27 of these hospitals, started 29 new trials and not lost a single deal to any competitor.

During the first quarter of the year, we won a number of important strategic deals in the US. One successful tender comprised 50 TetraGraph® - system with associated sensors for all operating rooms of the hospital. The next successful procurement included 23 TetraGraph® systems for a large university hospital in the southeastern United States that simultaneously standardized its clinical guidelines so that all patients receiving neuromuscular blocking agents are monitored with our system. Another important deal was a procurement from a US hospital chain consisting of three hospitals where all operating theatres were equipped with TetraGraph® and which annually performs almost 11,000 operations with neuromuscular blocking agents.

Even more clinical guidelines support our technology. In February, the key U.S. Anesthesia Patient Safety Foundation (APSF) announced that it is revising its recommendations for patient monitoring and recommending quantitative monitoring when neuromuscular blocking agents are given to patients — the kind of technical solution in which Senzime is a world leader.

At the end of March, the new TetraSens® Pediatric was CE-MDR approved – the first EMG-based disposable sensor – which creates the conditions for better monitoring of children during and after surgery. The use of neuromuscular blocking agents in children is steadily increasing, making up globally close to a quarter of all surgeries in this segment. Children form an extra sensitive patient group where it is more difficult to monitor neuromuscular activity during surgery. Studies show that children are as at risk as adults of suffering complications when using neuromuscular blocking agents, said we see this as a high-priority market to expand within. The first



orders came immediately after launch and in March we submitted an application to the US Food and Drug Administration (FDA) for approval of TetraSens® Pediatric.

The improved gross margin in the first quarter of 2022 to just over 60 percent is mainly due to an increased share of direct sales in the US market through its own sales force. The relocation of production home to Uppsala has helped us to control component prices and secure supply and logistics chains without disruptions.

We continue to expand our sales teams in the U.S. and Germany, while working closely with our licensees and distributors in other markets. Our market, which comprises more than 80 million patients per year, is valued at over SEK 15 billion annually and we have an unwavering goal of being the market leader in the segments we operate in. I am proud and humbled by all the amazing stories I hear from our healthcare users and their everyday lives, especially from a number of clinics I have just visited in the United States. They really feel that TetraGraph® helps to improve patient safety, that it facilitates their work and ensures patient safety.

Healthcare is now reopening after the pandemic and I look forward with confidence to a continued exciting year with growth, many deals and commercial exchange of Senzime's fantastic teams and technologies!

Uppsala in May 2022
Pia Renaudin, CEO

About Senszime

Senzime is a Swedish medical device company that develops and markets CE- and FDA-approved monitoring systems for patients undergoing anesthesia. Senszime's employees all over the world are committed to the vision of a world without anesthesia-related complications. Six out of ten patients who wake up after surgery have not regained full muscle function and are thus at risk of suffering critical respiratory complications.

The TetraGraph® system helps healthcare professionals improve patient care and reduce healthcare costs by digitally and continuously measuring the degree of neuromuscular blockade during and after surgery. Senszime'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.

Senzime operates in a global growing market that today only in Europe and the US is valued at over SEK 15 billion annually. Senszime's main markets are the United States, Germany, France, Italy, the United Kingdom, Spain, Switzerland, South Korea and Japan. The company's shares are traded on NASDAQ Stockholm's main 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-analysis 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, national databases, 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 Senszime company assumptions.

The share

Share capital development (SEK)

Date	Event	No. of shares	Share capital (SEK)	Quotient value (SEK)
January 1, 2022	Opening	62,493,290	7,811,661	0.125
Total March 31, 2022		62,493,290	7,811,661	0.125

Senzime-share price development (SEK)



Largest shareholders on March 31

Owner	Number of shares	Share of capital %
Crafoord family	9,111,736	14,6
Handelsbanken Fonder AB	4,615,714	7,4
Segulah Venture AB and AB Segulah	4,427,726	7,1
Pershing Llc.	3,737,493	6,0
Sorin J. Brull	3,233,528	5,2
TIN Ny teknik	3,000,000	4,8
Fjärde AP-fonden	2,700,000	4,3
Swedbank Robur Microcap	2,600,000	4,2
Lindskog family	2,235,188	3,6
Stone Bridge Biomedical	2,172,030	3,5
Others	24,659,875	39,5
Total	62,493,290	100,0

Comments to the report

Revenue and profit first quarter of 2022

The Group's net sales in the first quarter of 2022 amounted to 2,361 KSEK (1,437), which corresponds to an increase of 64 percent compared to the previous year's first quarter. Sales in the U.S. more than doubled. Sales in Europe also showed very good growth, most affected by increased direct sales in Germany and new distributors' sales channels in France and Spain.

The gross margin before depreciation amounted to 61.2 percent in the first quarter compared to 40.2 percent for the corresponding quarter last year. The margin improvement is mainly due to an increased share of sales through our own sales force directly to end customers in the US and Germany.

The Group's total expenses amounted to 20,238 KSEK (15,811). Continued build-up of market organizations in the United States and Germany has led to cost increases. All cost increases are within plan.

Operating profit in the first quarter amounted to -20,960 KSEK (-17,622).

Financial position

At the end of the first quarter, the Group's equity amounted to SEK 130.9 million (215.1). The equity ratio amounted to 84.9 per cent (90.6). At the end of the period, the company's cash and cash equivalents amounted to SEK 56.4 million (142.5).

The Board's assessment is that this financing is sufficient to ensure the operation of the business for at least a twelve-month period, assuming that investments and ventures are balanced against the financial resources that can be used at any given time. The Board of Directors believes that further expansion beyond the plan requires additional financing. Such financing can be obtained through, for example, loans or the issuance of shares.

Cash-flow and investments

Cash flow from operating activities including changes in working capital for the first quarter amounted to -16,653 KSEK (-17,819). The negative cash flow is mainly due to the negative result, but also inventory build-up and hedging of raw materials for own production of TetraGraph® have contributed. These negative effects were partially offset by reduced accounts receivable attributable to larger payments from customers.

Cash flow from investing activities for the first quarter amounted to -1,684 KSEK (-320). Investments during the period largely depend on the activation of development projects.

Cash flow from financing activities for the first quarter amounted to -271 KSEK (-253).

Stock options

Subscription options

The Group has three employee stock option programs totaling 1,381,050 warrants. See Note 8 of this Interim Report for detailed descriptions.

Warrants

Since May 2019, Pia Renaudin, CEO, has held 400,000 Warrants. Each warrant entitles to subscription of 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 personnel and warrants, the dilution as a result of the programs is calculated on the assumption that all options (including not yet allotted) are exercised for subscription of shares amount to a maximum of 2.8 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 its operational activities in the second quarter of 2020. Sales in the US are made both in-house and through local distributors.

In the first quarter of 2021, the German company Senzime GmbH started operations. The Group's two other subsidiaries hold only certain rights licensed to the Parent Company in the form of royalties.

Risks and uncertainties

A number of risk factors can have a negative impact on the operations of Senzime. It is therefore of great importance to take into account 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 Annual Report for 2021. No additional significant risks are expected to have been added.

Prospects

Like many other businesses, Senzime has faced major challenges from the Covid-19 pandemic. The basic need for neuromuscular monitoring has not diminished, although surgeries have been postponed to accommodate and enable the availability of medical personnel.

The pandemic has affected the number of trials in 2020 and 2021. Access to hospitals has varied from country to country. However, Senzime has seen an increase in access to hospitals

in the first quarter. Senzime has no business in Ukraine. At the same time, it is too early to assess the consequences that a protracted conflict may entail.

Annual General Meeting

The Annual General Meeting will be held on 18 May 2022 at 16.00 in Uppsala. The annual report is available at the company's office at Ulls väg 41, Uppsala, and has also been published on the company's website www.senzime.com.

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

Auditors report

This interim report has not been reviewed by the company's auditor.

The Board's assurance

The Board of Directors and the CEO declare that the year-end report provides a true and fair view of the parent company's and the Group's operations, financial position and results and describes the significant risks and uncertainties faced by the Parent Company and the companies that are part of the Group.

Uppsala, May 5, 2022

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 2022	Jan-Mar 2021	Full yr. 2021
Net sales	2	2,361	1,437	10,980
Cost of goods sold	3	-3,429	-3,561	-15,903
Gross profit (loss)		-1,068	-2,124	-4,923
Development expenses	4	-3,334	-2 194	-12,527
Selling and marketing expenses	4	-12,203	-5,555	-39,533
Administrative expenses	4,5,8	-4,701	-8,062	-28,175
Other operating income		2,993	524	2,884
Other operating expenses		-2,647	-211	-1,917
Earnings before interest and taxes		-20,960	-17,622	-84,191
Financial expenses		-20	-20	-98
Financial items—net		-20	-20	-98
Profit(loss) after financial items		-20,980	-17,642	-84,289
Income tax		443	518	2,146
Net profit (loss)		-20,537	-17,124	-82,143
Other comprehensive income:				
<i>Items reclassifiable to profit or loss</i>				
Translation differences		403	585	-580
Other comprehensive income for the period, net of tax		403	585	-580
Total comprehensive income for the period		-20,134	-16,539	-82,723

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 2022	Jan-Mar 2021	Full yr. 2021
Weighted average no. of shares before dilution	6	62,493,290	62,493,290	62,493,290
Weighted average no. of shares after dilution	6	62,640,125	62,686,176	62,679,957
Earnings per share, basic and diluted	6	-0.33	-0.27	-1.31

Condensed Consolidated Balance Sheet

SEK 000	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		72,892	80,003	74,159
Property, plant and equipment		1,773	438	1,286
Rights of use		1,665	1,727	1,884
Other financial assets		2,666	577	1,735
Total non-current assets		78,996	82,745	79,064
Current assets				
Inventories and work in progress		9,609	6,443	8,834
Accounts receivable		2,373	2,493	4,936
Other receivables		5,272	1,851	5,644
Prepaid expenses and accrued income		1,485	1,323	1,272
Cash and cash equivalents		56,356	142,496	74,872
Total current assets		75,095	154,606	95,558
TOTAL ASSETS		154,091	237,351	174,622
EQUITY AND LIABILITIES				
EQUITY		130,899	215,103	150,580
LIABILITIES				
<i>Non-current liabilities</i>				
Appropriations		2,175	565	1,735
Lease liability		360	843	617
Deferred tax liability		9,269	11,340	9,712
Total non-current liabilities		11,804	12,748	12,064
<i>Current liabilities</i>				
Lease liability		1,035	735	1,017
Trade payables		3,426	4,140	3,941
Other current liabilities		1,465	1,496	2,062
Accrued expenses		5,462	3,129	4,958
Total current liabilities		11,388	9,500	11,978
TOTAL EQUITY AND LIABILITIES		154,091	237,351	174,622

Condensed Consolidated Statement of Changes in Equity

SEK 000	Attributable to equity holders of the parent company				Total equity
	Share capital	Other paid-up capital	Reserves	Retained earnings incl. net profit (loss)	
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
Opening balance, 1 January 2022	7,812	397,553	1,333	-256,118	150,580
Adjustment			621	-621	0
Adjusted opening balance, 1 January 2022	7,812	397,553	1,954	-256,739	150,580
Net profit (loss)				-20,537	-20,537
Other comprehensive income			403		403
Total comprehensive income	-	-	403	-20,537	-20,134
Transactions with shareholders in their capacity as owners					
Employee stock options				453	453
Total transactions with shareholders	-	-	-	453	453
Closing balance, 31 March 2022	7,812	397,553	2,357	-276,823	130,899

Condensed Consolidated Statement of Cash Flows

SEK 000	Note	Jan-Mar 2022	Jan-Mar 2021	Full yr. 2021
Cash flow from operating activities				
Earnings before interest and taxes		-20,959	-17,622	-84,191
<i>Adjustment for non-cash items:</i>				
– Depreciation and amortization		2,810	2,539	10,987
– Other non-cash items		484	377	1,920
Tax paid		-20	-	-273
Interest paid		-58	-20	-98
Cash flow from operating activities before change in working capital		-17,743	-14,726	-71,655
Cash flow from change in working capital				
Increase/decrease in inventories		-581	-2,493	-5,086
Increase/decrease in trade receivables		2,563	792	-1,651
Increase/decrease in other receivables		-33	3,135	-413
Increase/decrease in trade payables		-455	-578	-777
Increase/decrease in other payables		-404	-3,949	-1,746
Total change in working capital		1,090	-3,093	-9,673
Cash flow from operating activities		-16,653	-17,819	-81,328
Cash flow from investing activities				
Investments in tangible assets		-557	-227	-1 171
Investments in intangible assets		-1,127	-93	-1 803
Cash flow from investing activities		-1,684	-320	-2,974
Kassaflöde från finansieringsverksamheten				
Cash flow from financing activities		-271	-253	-945
Cash flow from financing activities		-271	-253	-945
Decrease/increase in cash and cash equivalents		-18,608	-18,392	-85,247
Cash and cash equivalents beginning of period		74,872	160,310	160,310
Exchange rate differences in cash and cash equivalents		92	578	-191
Cash and cash equivalents at end of period		56,356	142,496	74,872

Parent Company Income Statement

SEK 000	Note	Jan-Mar 2022	Jan-Mar 2021	Full yr. 2021
Net sales	2	1,187	2,589	15,450
Cost of goods sold	3	-1,174	-1,918	-9,316
Gross profit (loss)		13	671	6,134
Development expenses	4	-3,334	-2,194	-12,527
Selling and marketing expenses	4	-4,410	-2,800	-28,173
Administrative expenses	4,5,8	-4,840	-8,366	-37,994
Other operating income		2,991	522	2,788
Other operating expenses		-2,648	-209	-2,085
Earnings before interest and taxes		-12,228	-12,376	-71,857
Financial expenses		-	-	-14
Financial items—net		-	-	-14
Profit(loss) after financial items		-12,228	-12,376	-71,871
Net profit (loss)		-12,228	-12,376	-71,871

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 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible non-current assets		19,270	18,181	18,579
Property, plant and equipment		1,410	438	984
Financial non-current assets		29,385	14,812	34,786
Total non-current assets		50,065	33,431	54,349
Current assets				
Inventories and work in progress		8,057	5,082	7,153
Trade receivables and other receivables		5,570	3,140	8,270
Receivables from group companies		418	3,449	3,180
Prepaid expenses and accrued income		1,568	1,552	1,329
Cash and bank balances		55,804	141,725	74,173
Total current assets		71,417	154,948	94,105
TOTAL ASSETS		121,482	188,379	148,454
EQUITY AND LIABILITIES				
Equity				
Restricted equity		29,708	28,213	28,940
Non-restricted equity		78,151	149,305	90,664
Total equity		107,859	177,518	119,604
Liabilities				
Long-term liabilities				
Appropriations		2,175	565	1,735
Total long-term liabilities		2,175	565	1,735
Current liabilities				
Trade payables		3,351	4,135	3,852
Trade payables to group companies		2,672	1,633	16,837
Other current liabilities		1,414	1,461	1,722
Accrued expenses		4,011	3,067	4,704
Total current liabilities		11,448	10,296	27,115
TOTAL EQUITY AND LIABILITIES		121,482	188,379	148,454

Notes on the Consolidated Accounts

Note 1 Accounting principles

This interim report in summary for the first quarter ended 31 March 2022 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 2021 and shall be read in conjunction with this Interim report. There are no changes to IFRS in 2022 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

KSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
License revenues	73	0	270
Sales of good	2,288	1,437	10,710
Total	2,361	1,437	10,980

Note 3 Cost of goods sold

KSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Cost of materials	832	705	4,507
Personnell expenses	11	55	144
External services	40	98	365
Depreciation and amortization	2,546	2,702	10,887
Total	3,429	3,561	15,903

Note 4 Development, selling and administrative expenses

KSEK	Jan-Mar 2022	Jan-Mar 2021	Jan-Dec 2021
Personnell expenses	12,768	8,707	46,894
Consulting expenses	4,742	5,145	22,063
Depreciation	64	27	99
Other expenses	2,664	1,932	11,179
Total	20,238	15,811	80,235

Note 5 Transactions with related parties

During the period, one Director invoiced 284 KSEK (256) 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 2022	Jan-Mar 2021	Jan-Dec 2021
<i>SEK</i>			
Basic earnings per share	-0.33	-0.27	-1.31
Diluted earnings per share	-0.33	-0.27	-1.31
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, KSEK	-20,537	-17,124	-82,143
No.			
Weighted average no. of ordinary shares for calculating basic earnings per share	62,493,290	62,493,290	62,493,290
Adjustment for calculating diluted earnings per share	146,835	192,886	186,667
Stock options			
Weighted average no. of ordinary shares and potential ordinary shares used as denominator for calculating diluted earnings per share	62,640,125	62,686,176	62,679,957

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.

Not 8 Stock Options

Employee stock option program 2020/2023

The Extraordinary General Meeting on July 2, 2020 resolved on a program comprising 100,000 employee stock options. The program is aimed at a senior executive and was awarded free of charge in July 2020. Allotted employee stock options are earned over three years as follows: 20% of allotted employee stock options are vested on 1 July 2021; 20% of allotted employee stock options are vested on 1 July 2022; and 60% of allotted employee stock options will be vested on July 1, 2023. Provided that earnings and continued employment in the company are maintained, each option may be exercised for subscription of shares during the period 1 July 2023 to 30 September 2023. 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 on NASDAQ Stockholm's main market for a period of 20 trading days from the date of the general meeting's resolution

Employee Stock Option Program 2020/2024

The Extraordinary General Meeting on 2 July 2020 also resolved on a program comprising 1,100,000 options. Employee stock options shall be offered and allotted 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").

Allotted employee stock options are earned over three years as follows: 20% of allotted employee stock options are vested on February 1, 2022; 20% of allotted employee stock options are vested on February 1, 2023; and 60% of allotted employee stock options will be vested on February 1, 2024. Participants may exercise allotted and earned employee stock options during the period 1 February 2024 to 30 April 2024.

The subscription price is set at SEK 24.70, which corresponds to 125% of the volume-weighted average price of the Company's share on NASDAQ Stockholm's main market for a period of 20 trading days from the date of the general meeting's resolution. A total of 825,000 of these 1,100,000 options were allotted in February 2021 and the allocation is as follows: CEO: 100,000 employee stock options; members of the Management Team in total: 500,000 employee stock options (maximum individual allotment 90,000); other employees: 240,000 (maximum individual allocation 30,000). The market value at the time of allotment was SEK 4.70 per option.

Employee Stock Option Program 2021/2025

The Annual General Meeting on May 11, 2021 resolved on an additional employee stock option program comprising 456,050 options. These employee stock options shall be offered and allotted to employees - except the CEO or those who are part of the Company's management team - based on the participants' individual performance during an evaluation period that shall last until 31 December 2021 (the "Evaluation Period"). The evaluation and subsequent allotment of employee stock options will be decided by the Company's CEO no later than February 2022. However, allocation may take place earlier or later following a special decision to that effect by the Board of Directors. The maximum number of employee stock options to be allotted to participants is 50,000 employee stock options per person

Allotted employee stock options are earned for three years as follows: 20% of allotted employee stock options are vested on February 1, 2023; 20% of allotted employee stock options will be vested on February 1, 2024; and 60% of allotted employee stock options will be vested on February 1, 2025. Participants may exercise allotted and earned employee stock options during the period 1 February 2025 to 30 April 2025. The subscription price is set at SEK 28.10, which corresponds to 125% of the volume-weighted average price of the Company's share on NASDAQ Stockholm's main market for a period of 20 trading days from the date of the general meeting's resolution. A total of 435,000 of these 456,050 options were allotted in February 2022. All options have been allotted to other employees. The market value at the allotment was SEK 2.68 per option.

Dilution from the Stock option programs

In total, the Group's three employee stock option programs comprise 1,381,050 options, which at full exercise means a dilution of 2.1%. If the 400,000 warrants allotted to the CEO are included in the calculation, this means a total dilution from all warrant programs of 2.8%. This is provided that all options are exercised, including the employee stock options that have not yet been allotted.