

ANNUAL AND SUSTAINABILITY REPORT 2023



**Our vision is a world
free of postoperative
complications.**

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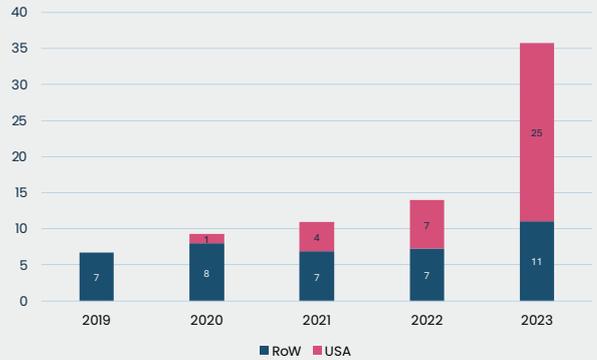
This is Senzime

Senzime is a global medical device leader developing innovative algorithm-powered products to improve peri- and postoperative safety. Our innovative technology is driving a clinical and technological paradigm shift.

We're on a global mission to eliminate potential complications for over 100 million patients worldwide. We're achieving this with our committed team and close partnerships.

Our head office is in Upsala, Sweden, and we have direct sales offices in the USA and Germany. We're also represented on over 30 markets via distributors and licensing partners. Senzime is listed on Nasdaq Main Market (SEZI), and its shares also trade in the USA on the OTCQX exchange (SNZZF).

FULL-YEAR NET SALES (SEK M)



↑ 155%
growth

65 new hospital customers in 2023

70%
of sales in the USA

265
SEK m capital raised in 2023

69.8%
gross margin

52 employees in Sweden, Germany and the USA



Over **100,000** TetraSens-sensors delivered in 2023

SEK 000	2023	2022	2021	2020	2019
Net sales	35,754	14,034	10,980	9,337	6,711
Profit (loss) after financial items	-137,360	-134,358	-84,289	-48,991	-34,266
Earnings per share (SEK)	-1.45	-1.99	-1.31	-0.84	-0.65
Gross margin excl. amortization (%)	69.8	62.0	54.3	40.9	57.6
Equity/assets ratio (%)	86.6	81.4	86.3	89.4	83.9

For definitions of key performance indicators, see supplementary disclosures, notes 16 and 17.

The year in brief

2023 was a commercial breakthrough year for Senszime.

Sales grew by 155 percent to SEK 35.8 million. Growth was driven by milestone new business deals and recurring sales of disposable sensors, as well as new clinical guidelines supporting Senszime's products. Our product portfolio consists of FDA and CE-approved products covering the patient journey of children and adults end to end. We raised SEK 265 million of capital in the year to support our continued growth initiatives.

Business highlights in the year

Q1

- New clinical guidelines adopted in fall 2022 by the American Society of Anesthesiologists (ASA), which recommend Senszime's type of technology for patient monitoring, were published in the respected journal *Anaesthesiology* in January.
- The new clinical guidelines adopted in fall 2022 by the European Society of Anaesthesiology and Intensive Care (ESAIC), with the strong recommendation to use quantitative neuromuscular monitoring to prevent complications was published in February in the respected *European Journal of Anaesthesiology*.
- Senszime wins a major order for the TetraGraph system from a US children's hospital. The TetraGraph system gains approval for use on children on the Japanese market.
- The ExSpiron system, acquired in 2022, is approved for production in our in-house facility in Uppsala, Sweden, contributing to positive cost synergies.
- Rights issue executed raising the company SEK 92 million before transaction expenses.

Q2

- Launch of the integration between TetraGraph and Masimo's Hospital Automation under the partnership commenced in 2022.
- Senszime implements an environmental management system (EMS) and obtains ISO 14001 certification.
- Philip Siberg appointed new CEO. Adam Dahlberg is elected as Chairman, and Göran Brorsson as a new Director.
- Expanded partnership with Japanese licensee Fukuda Denshi and initial system shipments.
- ExSpiron system out-licensed to CoreSpiron on the Chinese market.

Q3

- Production capacity increased at Uppsala because of higher demand and calls from European and US anesthesia associations.
- Senszime secures its largest order to date for 110 TetraGraph systems from a top ten-ranked US hospital system. Senszime also signs a contract and starts shipping TetraGraph systems to one of the leading care providers in the US and non-profit Integrated Delivery Network (IDN) in the US, and starts shipments to a leading university hospital in southern California.
- Two private placements executed in the quarter, one of approx. SEK 56 million at prevailing market price and one of SEK 117 million at a premium over weighted historical pricing. Senszime issues the planned second tranche of consideration shares to the seller of Respiratory Motion.
- Launch of the integration between TetraGraph and Masimo's Hospital Automation under the partnership commenced in 2022.

Q4

- Senszime signs a contract with a top ten-ranked US university hospital in the east of the country. Senszime also secures orders from several university hospitals in Germany, and one major TetraGraph contract from a major hospital system in the New York region.
- Launch of TetraSensitive, the market's first sensor for neuromuscular monitoring of patients with sensitive skin.
- The Senszime share starts trading on the US-based OTCQX list in response to interest from North American investors.
- An Extraordinary General Meeting (EGM), elects Per Wold Olsen as our new Chairman, Lars Axelson as a new Director and Adam Dahlberg is appointed Deputy Chairman.

Our commercial breakthrough year



2023 was a genuine breakthrough year for Senzime. Our sales increased by over 150 percent for the full year, from SEK 14 million to nearly SEK 36 million. The sales gains are driven by new major deals and increased repeat sensor sales. By year-end, our annualized sales were approaching SEK 60 million.

Sales growth in 2023 was accelerated by new American and European clinical guidelines, published in early-2023. They benefit over 100 million patients each year, are the result of over 40 years' research and the consensus that patients that receive muscle relaxant drugs under anesthesia should be monitored using

the type of technology where Senzime is the world leader; quantitative and algorithm-powered monitoring of neuromuscular function in the operating theater.

Growth is also the outcome of a series of milestone deals and recurring sales of disposable sensors for our installed base of TetraGraph systems. Sales of disposable sensors grew by 150 percent in the year, demonstrating the leverage in our business as utilization of our patient monitors progressively increases. In 2023, we sold over 100,000 TetraSens sensors, and have now shipped more than 2,000 TetraGraph systems. Our objective is that in time, every TetraGraph will generate SEK 50,000 of repeat sensor sales yearly. The route towards this is a systematic process, and in the year, the utilization reported on our key accounts was up by 50 percent. This offers good corroboration of our long-term objectives.

Our core US business continued its brisk growth. Our US commercial organization expanded in the year, gaining a new management, resulting in fourth-quarter sales increasing over fourfold on 2022. In 2023, we won a number of major hospital contracts for the TetraGraph system based on extensive clinical and competitive evaluations. We're winning by offering the most clinically relevant, user-friendly and long-term sustainable solutions. Our complete product offering, our team and commitment to increase patient safety are also acknowledged. Senzime is recognized as a reliable, long-term provider capable of executing large-scale implementations effectively. The deals we secured in 2023 include a top ten-ranked hospital system in Northern California, one of the country's pre-eminent children's hospitals, a leading university hospital system in southern

California, and one of the largest care providers and IDNs in the USA, delivering healthcare to several million members.

Other markets also reported healthy growth. Our German sales organization grew in the year and won a series of major local hospital contracts. In Europe, business often starts with a small number of monitors, to then grow progressively over time. We also expanded the partnership with our licensee in Japan, Fukuda Denshi, in the year, signing more sales agreements with local regional leaders on a number of markets.

The ExSpiron system, which we acquired in 2022, has been integrated into our product portfolio and sales channels. We also now manufacture the monitor in-house in Uppsala, Sweden. In the year, we signed an exclusive licensing agreement with Chinese company CoreSpiron, granting them up to ten years of sales rights on the Chinese market. The system is attracting major interest in this market, but typically, has longer sales cycles than TetraGraph. We took a non-cash impairment loss on the stock value of our subsidiary Respiratory Motion in our financial statement, mainly to adapt it to current market valuations. Our long-term assessments of ExSpiron remain unchanged, but the new clinical guidelines supporting TetraGraph are our priority, and our business focus in 2024 is to maximize our capitalization of this opportunity. Our gross margin excluding amortization expanded to 69.8 percent in the year from 62.0 percent in 2022. This improvement is the result of a product mix with a higher share of disposable sensors, license revenue and efficient production resources. To address increased demand, we scaled up production in Uppsala in the year, and will relocate to even more suitable premises in 2024.

We're managing an active innovation process in the technology paradigm shift ongoing on our market. Our patent portfolio expanded further in the year, and we now hold over 90 patents protecting our products. In fall 2023, we

launched TetraSens, the market's first EMG disposable sensor for neuromuscular monitoring of patients with sensitive skin. Our partnership with Masimo reached its first milestone in spring 2023 through the integration of TetraGraph with Masimo's iSirona system. Further launches are planned under this partnership, albeit with some delays announced from Masimo's side.

Several significant studies were published in the year sharpening our competitiveness. Researchers at the Mayo Clinic confirmed the quality of TetraGraph's fifth-generation EMG algorithm. This study demonstrated that the algorithm enables better planning of drug dosage during surgery and promotes patient safety. Researchers at the University of Colorado demonstrated that the TetraGraph system enables significant cost savings by alleviating the need for costly reverse-acting drugs, and validation studies at the Medical College of Wisconsin underscored the market-leading rigor of the TetraGraph system at all levels of neuromuscular blockade.

Currently, we're the only manufacturer in our market niche that is ISO 14001 environmentally certified and a member of the UN Global Compact. This means we've undertaken to manage our business in compliance with the UN's ten principles in areas including labor, human rights, anti-corruption and the environment. Demands for sustainable and ethical solutions are becoming clearer in health and medical care, and Sensime is well advanced in this transition.

In 2023, we secured our finance, raising a total of SEK 265 million of capital through a combination of a rights issue and two private placements at market price. These issues attracted long-term investors such as the Crafoord Family and Crafoordska Foundation, SHB Fonder, Carnegie Fonder, Swedbank Robur, AP4 and Segulah Medical Acceleration. This capital secures our capability to grow towards profitability.

In response to interest from the American market, we listed our share on OTCQX in New York in 2023. Currently, over 10 percent of our shareholders are domiciled in the USA, and our OTCQX listing enables easier trading of our shares on their local market.

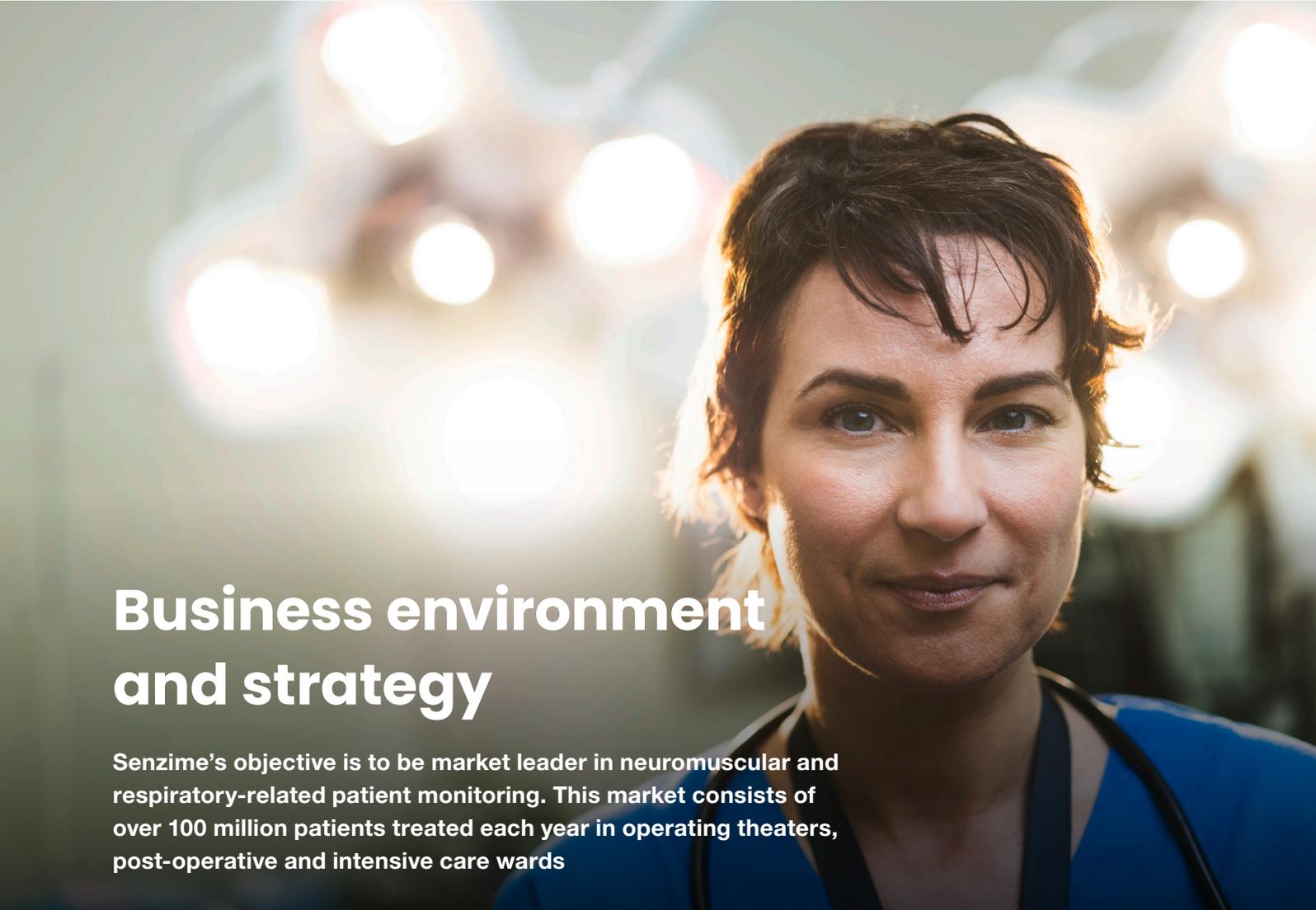
We're keeping our focus on becoming market leader and attaining profitable growth. We'll achieve this by ensuring high utilization of our systems, delivering the most user-friendly and innovative solutions and scaling up supported by smart industry partnerships, all achieved with our brilliant team, and in January, we announced further expansion of our commercial team on the US market.

We made new appointments to our Board in the year to support our global initiatives. In the fourth quarter, we elected industry veteran Per Wold-Olsen as our new Chairman, Adam Dahlberg was elected as our new Deputy Chairman, and AB Segulah's CEO Lars Axelson became a Director. Sensime's really momentous commercial breakthrough has now begun. It's been a long journey, and Sensime is now the only provider offering a complete portfolio of neuromuscular monitoring solutions that satisfy new clinical guidelines for adults, children and patients with delicate and fragile skin.

Supported by a strong pipeline and high demand from the market, a wealth of ongoing trials and a continued increase in the utilization of our installed base, we take a confident view of achieving our long-term financial targets.

I'd like to convey my warm thanks to all my colleagues, customers, collaborative partners, and shareholders, and am looking forward to a really exciting 2024!

Philip Siberg, CEO
Uppsala, Sweden, March 2024



Business environment and strategy

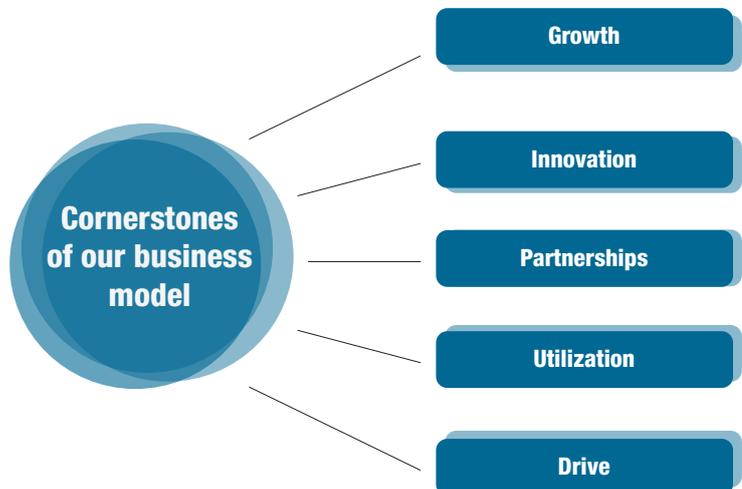
Senzime’s objective is to be market leader in neuromuscular and respiratory-related patient monitoring. This market consists of over 100 million patients treated each year in operating theaters, post-operative and intensive care wards

Clinically driven innovation has always been a fundamental driver for Senzime and the patient monitoring systems we develop are based on leading-edge technology that helps improve clinical precision and streamlines the management of health-care, while preventing complications and enabling shorter hospitalizations, and thus reduced healthcare costs.

Senzime markets two different patient monitoring systems; TetraGraph for monitoring neuromuscular function peri-operatively, and ExSpirom 2Xi for monitoring respiratory volume, typically post-operatively. The systems are both non-invasive, consisting of a monitor and disposable sensors. Value is created by securing recurring sales of disposable sensors on a global market.

Senzime operates globally through direct sales as well as through selected distributors and collaborative partners, in patient monitoring. Its primary customer base is university hospitals, plus smaller hospitals and clinics. Collaborations with partners

and joint product development resulting in more patients being monitored, thus reducing the proportion of complications, are central to our success.



Senzime's five strategic focus areas

Senzime's five strategic foundations are designed to create long-term value for our stakeholders.

Growth

We're striving to achieve a strong presence on key markets with the objective of driving short and long-term growth, leaderships in the markets segments where we operate, and generating healthy returns for our shareholders.

- Direct sales organizations in the USA and Germany, operating scalable business models that enable a high growth rate.
- Licensing partnerships on selected markets with local leaders with in-depth expertise and high market shares.
- Distribution partnerships with strong local players on other markets offering clear potential.
- A digital and effective market strategy to drive demand, awareness, education, customer satisfaction and customer lifecycles towards market leadership.

Innovation

We're striving towards leadership in innovation by making long-term sustainable investments in research, development and clinical studies, with the consistent goal of improving patient safety.

- Developing and launching products with leading-edge performance used in tandem with patient-friendly disposable sensors that help eliminate post-operative complications.
- Pursuing an active IP strategy, driving development towards precision and algorithm-powered patient monitoring with the objective of providing better decision-support data for healthcare providers and the potential to reduce the usage and costs of pharmaceuticals.
- Launching products and services that complement our core offering, with synergies to leverage the returns on our sales initiatives.

Partnerships

We're striving to manage smart commercial and industry partnerships to accelerate our market breakthrough and enable connectivity to critical patient monitoring systems.

- Partnerships with leading industry players, enabling integration of Senzime's technology in centralized patient monitoring systems and electronic patient journals.
- Development and licensing partnerships with the objective of generating still more clinical decision-support data to care providers to optimize treatment processes peri- and post-operatively, with the ultimate aim of increasing patient safety.
- Clinical research partnerships designed to generate new insights, validate approaches and generate data enabling the launch of more products.

Utilization

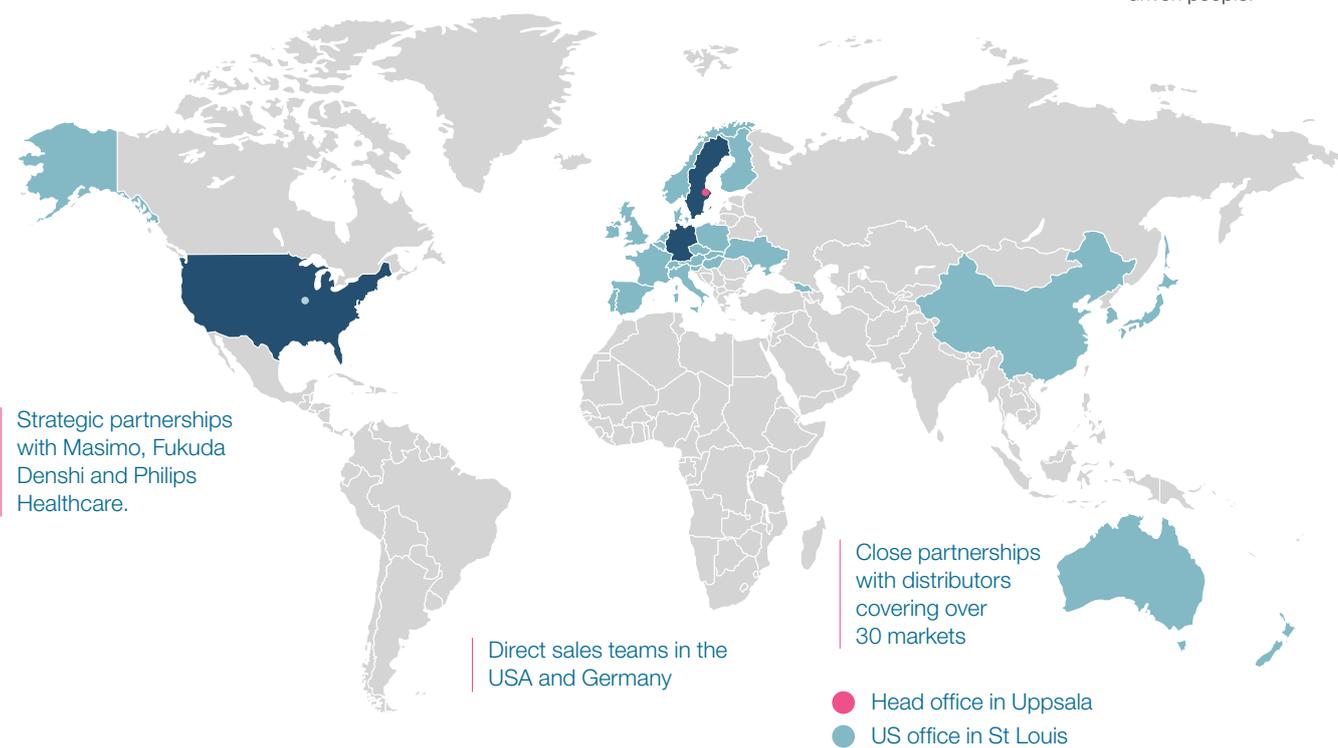
We're striving to support hospitals with in-depth expertise in the standardization of monitoring, thereby helping eliminate complications and reduce hospital costs.

- Support care providers with clinical expertise, procedures and user-friendly solutions that ensure broad-based implementation and high utilization of Senzime's patient monitoring systems.
- Deliver smart training modules that support care providers in effectively, increasing utilization, and thus eliminate post-operative complications.
- Partner with key opinion leaders to drive awareness of complications and the benefit of objective monitoring, standardization and the production of clinical protocols.

Drive

We're striving to develop the market's most effective and sustainable business, with the consistent support of a passionate and driven team making this all possible.

- Managing efficient in-house production facilities, resources that support high delivery accuracy, margins, customer-focused service, product management, continuous improvement and optimal working capital tie-up.
- Be a leader in sustainable processes and be at the forefront of the market's migration to environmental solutions developed, manufactured and sold with good compliance to medical device regulations and administrative support.
- Maintain very good health and safety, inspirational professionals and competitiveness to attract the market's most skilled and driven people.



On a global mission for 100 million patients

Our long-term goal

Senzime's long-term goal is to be the market leader in each of the niches and markets it addresses.

Neuromuscular monitoring under anesthesia

Increased patient safety with TetraGraph

Research indicates that up to 40 percent of patients under anesthesia that receive neuromuscular blocking agents (NMBAs) are at risk of postoperative complications if the correct patient monitoring is absent.

Senzime is on a mission to eliminate postoperative complications. To achieve this, we're developing innovative algorithm-powered systems that address the ongoing clinical and digital paradigm shift in healthcare. This transition is ongoing in neuromuscular and respiratory-related patient monitoring during surgery and emergency treatment. Accurate patient monitoring is critical in surgical procedures and anesthesia to avoid complications and high healthcare costs.

Our target market consists of over 100 million patients undergoing anesthesia and postoperative care each year. We operate globally with direct sales forces in the USA in Germany, and through licensing and distribution partnerships in over 30 countries.

Globally, four main technologies are used to monitor neuromuscular function during anesthesia:

- Clinical assessment by a physician
- Manual nerve stimulation using PNS, common in the USA
- Acceleromyography (AMG), which measures the level of muscular blockade by assessing thumb movements during muscle contraction, common in Europe
- Electromyography (EMG), the latest technology, which TetraGraph is based on



Generally, the first three legacy technologies are unreliable and not always appropriate for new surgical techniques, such as endosurgery and robotic surgery. Certain legacy technologies can also imply increased risks for patients being over and/or underdosed with drugs, kept intubated and remaining in surgery too long, or extubated prematurely with the risk of

serious complications caused by residual muscular blockade. This is where electromyography (EMG) enters the picture: EMG is the very latest technology, and the most reliable, because it is accurate, giving precise measurements, and applicable to all types of procedure, on children and adults. Senzime's TetraGraph system is based on EMG.

Why neuromuscular blocking agents?

NMBAs, muscle relaxant drugs, cause neuromuscular blockade in the musculature and are used to facilitate safe surgery. This is critical in procedures where patients need to remain completely still, such as robotic surgery

New clinical guidelines driving demand

In recent years, anesthesia associations worldwide have published guidelines on quantitative monitoring during the use of NMBAs. In late-2022, guidelines for managing neuromuscular blockade were presented in the USA and Europe recommending the use of new technology that measures neuromuscular function objectively. In 2023, these guidelines were published and drove the demand for products delivering quantitative monitoring.

Apart from Senszime, there is a small cluster of companies offering EMG-based neuromuscular monitoring. At present, Senszime's TetraGraph is the only system providing a comprehensive product portfolio for all types of patient from small children to adults, and for patients with delicate, sensitive skin.

Non-invasive respiratory monitoring—ExSpiron's unique position

Respiratory complications resulting from unsatisfactory monitoring are a substantial and costly problem within healthcare. Senszime enjoys unique positioning in non-invasive respiratory-related patient monitoring



through ExSpiron, which was launched in 2017. At present, there are no direct competitors to the ExSpiron system. The patient monitoring systems currently on the market are activated when the patient is intubated, with mechanical ventilation. ExSpiron is a unique system, because it continuously monitors both respiratory volume and minute ventilation of non-intubated patients. Because it can be used on non-intubated patients, it has broad application across several hospital departments, such as post-operative wards, intensive care, and emergency rooms.

Senzime acquired ExSpiron technology in its takeover of Respiratory Motion in 2022.

An expanding customer base on core markets

Senzime's main markets are the USA and Germany, where we have our own direct sales organizations. The major European countries are other key markets, where we are represented by distributors. Most hospitals in Europe are government financed, with equipment usually procured through tendering processes. In the USA, hospitals are often large with more operating theaters than in Europe.

In 2023, we won a number of major large-scale hospital contracts in the USA, and in Germany. Customers choose us because we are recognized as a reliable, long-term provider capable of executing large-scale implementations effectively.

Innovative patient monitoring products

For every patient's right to breathe safely again

Senzime delivers a portfolio of innovative patient monitoring systems used during and after surgery. Our goal is to eliminate postoperative complications and improve patient safety at hospitals worldwide. Our products are driven by clinical innovation and powered by unique algorithms from actual clinical use and many years of research at leading hospitals.

TetraGraph

Reliable monitoring under anesthesia

Each year, millions of patients are impacted by postoperative complications that can be prevented with accurate monitoring. By monitoring the effect of NMBAs, physicians can ensure that drugs are used correctly.

Doctors also gain guidance on when it is safe to wake the patient again. Accordingly, complications such as muscular

weakness and respiratory complications can be minimized.

The TetraGraph system is based on electromyography (EMG), the latest and most sophisticated technology in this segment. The technology is the result of over 40 years of scientific research and clinical practice at the Mayo Clinic and Yale in the USA, and through partnerships with prominent international research groups.

TetraGraph enables reliable and precise monitoring of neuromuscular blockade peri-operatively. The system is user friendly, helps physicians make decisions on the level of neuromuscular function, and indicates when it is safe to wake the patient.

The system comprises a portable monitor and disposable sensors. The sensors have flexible use because they can be located on different muscles. Sensors are offered in different versions to adapt to varying patient needs.



- TetraSens—for adult patients
- TetraSens Pediatric—soft and pliable, for children
- TetraSensitive—for patients with delicate and sensitive skin

With its compact size, extensive functionality and flexible sensors, TetraGraph can be used in all types of surgery and patient, enabling increased patient safety.





New product for 2023!

TetraSensitive

The market's first sensor for neuromuscular monitoring of patients with sensitive skin

- Patented design with leading-edge technology
- Soft, pliable material with no unfinished edges
- Flexible size to fit individual patients

Integration with other patient systems

Senzime has developed a range of functionality for transmitting data easily from TetraGraph to patient systems from other vendors to facilitate flows in hospitals.

Patient monitors from Philips

The TetraGraph Philips Interface enables the transfer of TetraGraph data to Philips patient monitors, which are in widespread use in operating theaters worldwide. Transmission in real time and parameters displayed on the Philips IntelliVue monitor. The data from TetraGraph is processed in the same way as other Phillips data, as well as being transmitted and saved automatically in hospital patient journal systems.

Connectivity with patient journals

The TetraGraph Xcom solution enables TetraGraph to communicate with an array of patient journal systems, such as the Phillips Capsule Medical Device Information Platform (MDIP) and the Masimo Hospital Automation platform.

Exporting patient data

The TetraConnect cloud service makes it easy for physicians and healthcare staff to view and export data from TetraGraph® in pdf or Excel format. This cloud service offers the user access to extensive data for clinical use, or for research.

“Senzime is continuing to launch innovations that are driving patient safety forward with the objective of eliminating post-operative complications. We're currently the only company offering a complete portfolio of EMG sensors that meet patient needs in children, adults and vulnerable patients in the USA and Europe,”

comments Philip Siberg,
CEO of Senzime.



ExSpiron

A unique system for monitoring respiratory function

Monitoring patients' respiration is a critical function that is closely monitored intra-operatively according to a standard protocol. However, a significant share of patients still need continuous monitoring of respiratory volume even post-operatively when they come to the ward. Here, satisfactory equipment offering early indication of changes to breathing, preventing complications in patients that are not intubated, is often absent.

ExSpiron was added to Senszime's product portfolio from the acquisition of respiratory motion in 2022. ExSpiron is the first and only non-invasive system for continuous monitoring of minute ventilation (the volume a person breathes in a minute) to detect any changes in breathing patterns at an early stage post-operatively and in intensive care.

The ExSpiron system is the outcome of

extensive scientific and clinical scientific research. Studies have demonstrated that ExSpiron can detect changes in breathing significantly earlier than pulse oximetry technology for example.

The ExSpiron system consists of a monitor and disposable sensors. ExSpiron's disposable sensors come in two different sizes to match different types of need. These sensors are attached to the chest, which means monitoring is completely non-invasive, unlike many other systems that measure respiratory function.

Other products

CliniSenz and OnZurf Probe Senszime's development portfolio also includes innovative, patient-oriented solutions that enable automated and continuous measurement of biological compounds like glucose and lactate in the blood and tissues—CliniSenz Analyzer and OnZurf Probe.

Product partnerships and licensing agreements for future growth

Masimo

Senzime has had a strategic connectivity and licensing agreement with US company Masimo since June 2022. This agreement grants Senzime the rights to use some of Masimo's intellectual property with the purpose of developing, manufacturing, marketing and distributing products that can connect to the Masimo Root® patient monitoring system and associated digital hub for data transmission to hospital electronic patient journals. This hub embeds Masimo's Hospital Automation™ and iSirona™ products.

In 2023, we launched the first phase of this partnership by through connectivity via TetraGraph Xcom to Masimo's patient monitoring and connectivity hub iSirona.

Fukuda Denshi

For several years, Senzime has an exclusive license agreement with Japanese company Fukuda Denshi Co. Ltd., active in-patient monitoring. This agreement involves Fukuda licensing Senzime's TetraGraph technology to exclusively commercialize products under its branding on the Japanese market. In the next phase, Fukuda also has exclusive rights in Japan to fund the integration of TetraGraph technology into Fukuda's major monitoring systems.

CoreSpiron

In 2023, Senzime entered an exclusive license agreement with Chinese company

CoreSpiron (Henan) Co Ltd., giving CoreSpiron up to ten years' manufacturing and sales rights for the ExSpiron system on the Chinese market.

“Our deal with CoreSpiron in China demonstrates that Senzime can capitalize in various ways on the technology we acquired from Respiratory Motion in 2022. The licensing agreement compliments our own roll-out of ExSpiron, while also offering us insights into the huge Chinese market.”

Philip Siberg, CEO of Senzime.



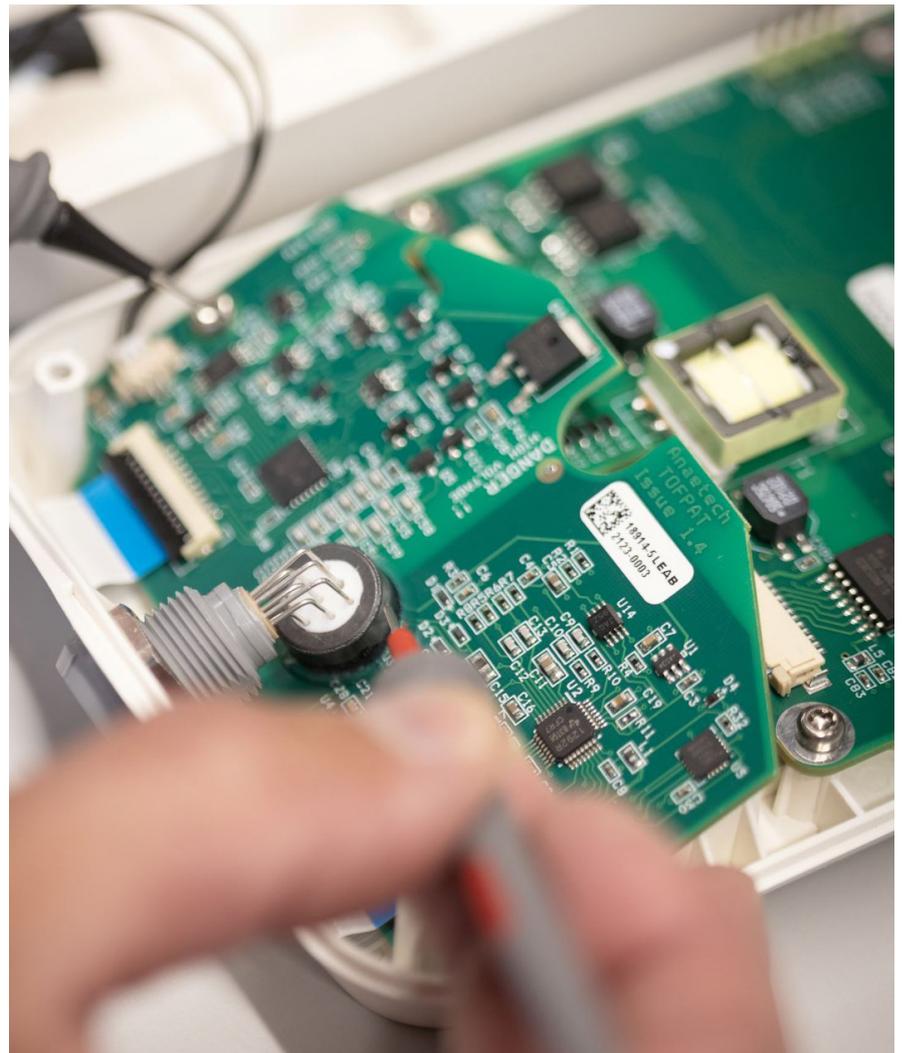
Innovation that safeguards competitiveness

Continuous innovation helps safeguard, competitiveness, high growth, and enables investments in the current product portfolio and development projects. Here, have a strategic and systematic working method that focuses on customer needs.

Senzime has developed and markets a comprehensive portfolio of products available on several markets and integrated into its customer offering. More products and solutions are in development.

Developing collaborations and partnerships with larger and smaller enterprises in the medical device sector is one of our strategic focus areas. We launched functionality to connect the TetraGraph system to Masimo's patient monitoring and connectivity hub iSirona™ in the year. Connectivity with Masimo Hospital Automation™, and the development of a new TetraGraph module that connects to Masimo's Root patient monitoring hub is ongoing.

New development and enhancements are vital to keep improving patient safety and health, and all product development is in close partnership with our customers. This is how Senzime ensures that our products satisfy market needs. An agile approach also enables us to adapt quickly to the market's changing needs. In the year, we launched a new sensor for patients with sensitive skin for the Tetra-





Graph system, a product in-demand from customers and partners.

TetraGraph and ExSpiron are both based on clinical activities and well-founded research evidence. This is also how we operate when identifying new innovations, close to clinical activities and research, and monitor trends in the clinical and technology spheres.

By conducting some product manufacture in Uppsala, Sweden, we have enabled close partnership between different corporate functions—a necessity for innovation, simultaneous with impro-

ving our capability for fast launches, and making products available on the market.

Patents and brands

Senzime protects its business with an active IP strategy. Intellectual property is an important part of Senzime's operations, and the company works continuously on patent and brand registration.

Patent applications are filed for strategic results including processes, products, and applications. Apart from patent filings, the company registers intellectual property in the form of pattern protection and brands.

We monitor third-party IP to ensure firstly that the company does not infringe on other parties' rights, and secondly others do not infringe on the company's IP. Ten new patents were granted and two new patent filings were made in the year.

International guidelines—a breakthrough for patient safety

2023 marked a global breakthrough in patient safety when the world's two largest anesthesia societies (ASA, The American Society of Anesthesiologists and ESAIC, The European Society of Anaesthesiology and Intensive Care), published guidelines^{1,2} stating recommendations for using quantitative neuromuscular monitoring (the technology TetraGraph provides) when patients undergo anesthesia and receive NMBAs. The new guidelines corroborate that the evidence is solid, the need for objective neuromuscular monitoring is substantial, and that the demands for rigorous patient monitoring have now increased.

Both societies (the ASA and ESAIC) also published a joint letter stating that by collaborating they can accelerate the dissemination and application of rigorously formulated guidelines in clinical environments, improving patient safety and healthcare quality globally.

TetraGraph's positioning consolidated by clinical results

TetraGraph EMG technology is now widely recognized as the new gold standard due to its accuracy and user-friendliness. EMG offers several benefits over conventional acceleromyography (AMG); it does not require free mobility of the thumb, calibration is quick and easy, and normalization of results is not necessary for reliable measurement.

TetraGraph being a superior indicator of adequate recovery than acceleromyo-

The two major anesthesia associations, the ASA and ESAIC, jointly recommend the following:

- Usage of quantitative neuromuscular monitors in all operating theatres where anesthesia is used
- Training initiatives targeting anesthesia departments and individual physicians
- Stimulate the ulnar nerve—one of the nerves of the hand—with quantitative neuromuscular monitoring on the thumb
- Appoint a local champion supported by management

Senzime's solution is driven by clinical innovation. TetraGraph is the first portable EMG-based monitoring system on the market that is clinically validated and satisfies the standards of the new guidelines issued by the ASA and ESAIC

graphy (AMG) was confirmed in previous clinical publications including one by Iwasaki et al³ in Japan. Its conclusion was that TetraGraph EMG is a better indicator for assessing adequate reversal dose of Sugammadex and the recovery of neuromuscular function than conventional monitoring with the AMG-based TOF-Watch SX. Monitoring neuromuscular function enables anesthetists to ensure that patients do not receive unnecessarily high medication dosages, which are associated with multiple risks, while the cost of these fairly expensive pharmaceuticals reduces. EMG technology offers many benefits and few downsides.

Clinical data on the new pediatric sensor

To date, objective monitoring of neuromuscular blockade has been unusual in

children, for reasons including a shortage of effective equipment. A US study from the Nationwide Children's Hospital, of Columbus, Ohio⁴ evaluated TetraGraph's new TetraSens Pediatric sensor on 51 children aged less than eight. The study concluded that this new sensor enables use of neuromuscular monitoring in infants and children when conventional acceleromyography (AMG) or subjective (visual) observation is not feasible.

Children's Hospital Colorado presented data⁵ at the annual US pediatric anesthesia Conference from a quality enhancement project where TetraGraph and TetraSens Pediatric were implemented procedurally. The data indicated significant savings through reduced drug dosages when patients are monitored with TetraGraph.

1. Thilen, et al. 2023 American Society of Anesthesiologists Practice Guidelines for Monitoring and Antagonism of Neuromuscular Blockade: A Report by the American Society of Anesthesiologists Task Force on Neuromuscular Blockade, *Anesthesiology*. 2023 Jan 1;138(1): 13-41. doi:10.1097/ALN.00000000000043791.
2. Fuchs-Buder, et al. Peri-operative management of neuromuscular blockade: A guideline from the European Society of Anaesthesiology and Intensive Care, *Eur J Anaesthesiology*. 2023 Feb 1;40(2):82-94. doi: 10.1097/EJA.0000000000001769.
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4. Kalsotra, et al. Intraoperative electromyographic monitoring in children using a novel pediatric sensor. *Saudi J Anaesth*. 2023 Jul-Sep;17(3):378-382. doi. 10.4103/sjs.sja_160_23.
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Clinical data:

- 13 published clinical trials on TetraGraph. Abstracts from clinical studies also published at the major international congresses
- Over 30 expert reviewed publications on the use of ExSpirom in postoperative recovery, intensive care wards, emergency rooms and general wards
- ExSpirom backed by clinical data from over 6,000 patients and over 1 million datapoints
- No serious adverse events reported with TetraGraph or ExSpirom

Studies indicate that Sensime's technology:

- TetraGraph's EMG technology has higher precision and repeatability than acceleromyography, and offers a superior indication of adequate recovery from neuromuscular blockade and preparation for safe extubation³
- TetraGraph EMG is a better indicator for assessing adequate reversal dose of Sugammadex than conventional monitoring with acceleromyography⁶
- ExSpirom is currently the only bioimpedance monitor of respiratory volume that can be used on non-intubated patients. ExSpirom has high accuracy compared to ventilators and spirometers in adults⁷ and pediatric patients,⁸ enabling continuity in assessments of patient respiratory status without ventilator.
- ExSpirom's capability of reporting MV, TV and RR provides healthcare staff with precise, quantitative, clinically relevant and non-invasive measures of respiratory status.⁷ By monitoring minute ventilation, ExSpirom also offers an early clinical indication of hypoventilation.

6. Nemes, et al-. Ipsilateral and Simultaneous comparison of responses from Acceleromyography- and Electromyography- based Neuromuscular Monitors, *Anesthesiology* 2021 Oct 1;135(4):597-611

7. Voscopoulos, et al. Evaluation of a novel noninvasive respiration monitor providing continuous measurement of minute ventilation in ambulatory subjects in a variety of clinical scenarios, *Anesth Analg.* 2013 Jul;117(1):91-100. doi: 10.1213/ANE.0b013e3182818098

8. Atkinson DB, Sens BA, Bernier RS, Gomez-Morad AD, Imsirovic J, Nasr VG. The Evaluation of a Noninvasive Respiratory Volume Monitor in Mechanically Ventilated Neonates and Infants. *Anesth Analg.* 2022 Jan 1;134(1):141-148. doi: 10.1213/ANE.0000000000005562. PMID: 33929346.



Committed to patient safety with minimal environmental impact

For over 20 years, Senszime has developed patient monitoring solutions to help improve clinical care and patient safety. With headquarters in Sweden, products installed across the globe and solid funding, Senszime is a truly global company with a strong commitment to a safe, sustainable world for everyone.

Senzime is today a leading global medical device company, providing innovative algorithm-powered monitoring solutions to increase patient safety during and after surgery. Through these solutions, we are driving a technology paradigm shift in the industry.

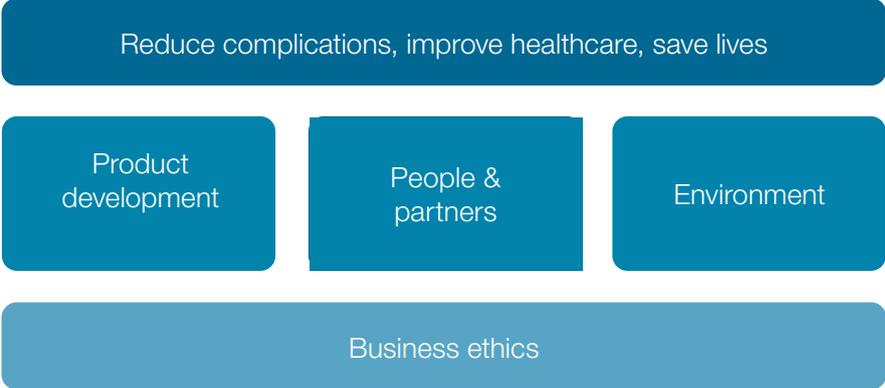
Our mission is to eliminate postoperative complications. By succeeding with this, we can help reduce health care costs and help contribute to better well-being for patients, ultimately leading to a more sustainable society.

In 2022, we defined our Sustainability Agenda including prioritized focus areas which involve continued investments in product development and intensifying relationships with employees, partners, and suppliers on a sustainable and responsible footing, and consistent with our core values.

In 2023, we continued to deliver on the defined strategy, and thus continue to contribute to improved healthcare in our key markets. Investments in product development, combined with a broader product portfolio, increased our reach, with more hospitals using Senszime's solutions, helping more patients, and thus enabling a positive contribution to our commitments.

Senzime is presently the only company in the niche industry with a dedicated sustainability strategy, including ISO 14001 certification and a signatory to the United Nations Global Compact initiative.

Environmental sustainability is part of our strategy and day-to-day operations. Through our code of conduct, we ensure we have partners who share our high standards regarding environment, social and governance.



Responsibility

The Head of QA/RA/S is responsible for the method for sustainability handling at Senszime. The CEO is responsible for working with the Board of Directors. The Board of Directors are responsible for the information in the sustainability report.

Sustainability work in 2023

Senzime's objective for 2023 was to execute the sustainability agenda and longer-term aspirations defined in 2022. We determined priorities to map our environmental impact, set a baseline and targets for coming years, and extend collaborations with partners, including our commitment to human rights. We implemented our new Code of Conduct on the basis of standards including the UN Global Compact.

These two Codes set a framework for how Senszime conducts business on a responsible and sustainable footing. Senszime also focused on education and training in 2023, conducting training programs and workshops, including materiality assessments for the Board, Senior Management and key corporate functions. Senszime has also created a sustainability core team, tasked with driving sustainability work onwards and ensuring continuous improvement. This team has representatives from all key functions and consists of management team members.

Advancing sustainable development and striving towards the UN Sustainable Development Goals is a component of Senszime's strategy. Senszime's vision of improving health care and people's well-being also makes sustainability a natural part of our strategy. This is why Senszime has joined the UN Global Compact and committed to its Ten Principles on Human Rights, Labour, Anti-corruption and Environment.

Governance and ethics

Senzime is committed to conducting business responsibly and ethically. Its Code of Conduct and Partner Code of Conduct set a framework for how Senszime does business that its partners are expected to comply with. Senszime has in-house sales



organizations in Germany and the US, but partners with distributors on other key markets. Senzime expects its employees and partners, including suppliers, distributors, and other business partners, to uphold the same high standards, and as an absolute minimum, comply with local legislation on human rights, anti-corruption, labor law and the environment.

To ensure Senzime's business partners share the values stated in the Partner Code of Conduct, Senzime has implemented a process to screen and evaluate partners from a sustainability perspective. To ensure compliance, and that partners share the same values as Senzime, all business partners are expected to sign its Partner Code of Conduct.

For 2023, we set a goal that at least 50 percent of our suppliers of direct material and services should sign the Partner Code of Conduct. We reached the goal during 2023. We're also encouraging stakeholders, including partners, to

report suspected breaches and areas of improvement through our whistleblower function.

Product development

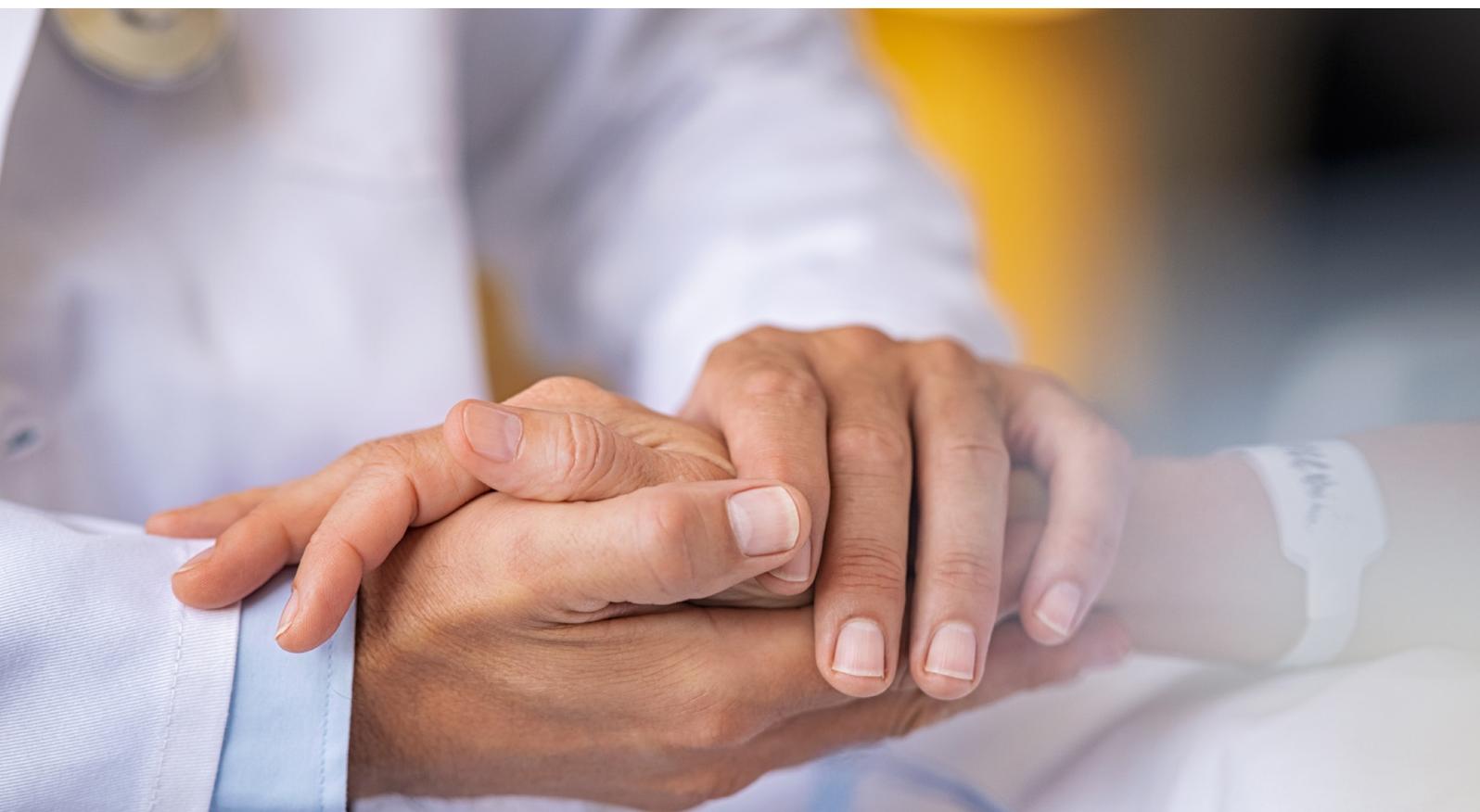
Senzime's product offering is key to enabling us to deliver on our mission to reduce patient complications, improve healthcare and save lives. This makes product development a major priority, and Senzime develops systems in close collaboration with customers, based on patient needs. During 2023 Senzime has worked with improvements of components in the products with the intent to strengthen the robustness of products and reduce service needs.

Senzime collaborates closely with scientific and clinical advisory boards whose members are key opinion leaders from preeminent university and research hospitals, who ensure that product development incorporates all aspects of user and patient needs in the R&D process.

Our collaborations with key partners such as Fukuda Denshi and Masimo Inc. further improve access to our monitoring solutions. These agreements will enable us to develop solutions for embedding our technology in our partners' monitors. So, we can be agile, leveraging in-house knowledge in the development process, production and sourcing are important steps to satisfy the standards set fully. In the past year, we insourced production of our TetraGraph system to our facility in Uppsala, Sweden. The production of the ExSpiron 2Xi system has been transferred to Uppsala enabling full control over manufacturing, packaging and transportation also enables us to reduce our climate footprint— steps our materiality analysis identified as areas for improvement.

Quality and safety

Senzime aims to maintain the highest quality and safety standards for all our product users. Our systems are the gold





Senzime endeavors to source from local suppliers

standard, and based on the latest technology, so the highest quality is crucial for reliability and Product complaints are a key indicator of product quality. Complaints relating to the TetraGraph system is substantially lower for products manufactured in Uppsala.

Environment

Senzime is committed to reducing its environmental impact. A major driver towards this goal was to be ISO 14001 certified, which was achieved in April 2023.

Work is continuously done to identify environmental impact end to end in our value chain. In 2023, we focused on reducing energy consumption, emissions and waste and started to measure and set targets for our climate footprint.

Environmental aspects and a life-cycle management approach are important to the development process. We are endeavoring to reduce packaging, optimize trans-

portation, and use sustainable materials. We have already optimized the packaging of TetraGraph and TetraSens, which have reduced transportation volumes by 50 percent for TetraGraph and approximately 30 percent for TetraSens.

To reduce the environmental impact of shipping processes, we reviewed the waste management of goods packaging. This cut our use of cardboard by 40 percent and eliminated plastic from the packaging we use for shipping.

Supply chain

Senzime is a health care equipment provider but relies on external suppliers for the manufacture of monitors and disposables. Senzime needs to ensure that all components and constituent materials satisfy the RoHS (Restriction of Hazardous Substances) Directive, which is designed to reduce risks to people's health and the environment by replacing and

limiting hazardous chemical compounds in electrical and electronic equipment.

Senzime avoids animal testing unless required by law or regulatory processes. Other important directives and regulations impacting our manufacturing processes are the Global Packaging, WEEE and Battery Directives. Senzime aims to purchase from suppliers that are local or located close to manufacture, which helps reduce transportation and delivery lead-times. We select suppliers and collaborative partners carefully, evaluating them yearly. Our evaluation focuses on metrics capturing finance, delivery precision, performance, quality, and sustainability. Insourcing TetraGraph's manufacturing has had a positive impact on our environmental footprint.

Transportation and shipping

As a global company with direct sales in Germany and the US, plus close part-

nerships with distributors in other key markets, Senszime is dependent on transportation, and its partners' commitment to reducing environmental impact.

The initial analysis of Senszime's EMS implementation identified several areas of opportunity to reduce greenhouse gas emissions and environmental impact. Further mapping will be conducted in 2024, including an analysis of transportation and shipping routines.

Materiality assessment and stakeholder analysis

We conducted a materiality assessment in the Environment, Social and Governance (ESG) during the year to identify sustainability risk and opportunities end to end in our value chain. It enabled Senszime to set key priorities for its sustainability agenda, identifying the fundamental improvements and opportunities for our stakeholders, our commitment to the UN Global Compact, and our environmental impact. Our key stakeholders include investors, customers, patients, and partners.

People and partners

People are Senszime's most valuable resource, and the company endeavors to attract the right skills by being an attractive workplace. Its starting point is that all employees must be treated equally and have the same opportunities for personal development, regardless of their background or individual differences.

Senzzime has zero tolerance of human rights violations and expects its employees and business partners to uphold the same high standards by complying with our Code of Conduct, Partner Code of Conduct and local legislation.

Gender equality and diversity

At Senszime, we value gender equality and diversity (DEI) highly. We don't tolerate any form of discrimination, and DEI has been a management agenda priority for several years. Senszime has executed a range of programs, as corroborated by its performance in the Allbright Report of 2023.

Allbright is a non-profit foundation working for gender equality and equal opportunities in top management positions. Allbright's yearly report ranks Sweden's listed companies according to the division between men and women in senior managements and boards. This year, Senszime ranked 26th. In 2024, Senszime will continue to take action to broaden inclusion and remain an attractive employer.

Occupational health and safety

Each year Senszime conducts an employee satisfaction survey to monitor and evaluate the company's working environment and identify areas of improvement. The response rate this year was 98 percent (98), and employee commitment was 8.6 (8.9). Although the results are strong and validate Senszime's efforts, it is important that our people play an active role in our corporate development. Accordingly, working groups will set actions to address the issues raised in the survey.

Compensation-related issues

Currently there are no incentive plans or bonus plans for board members or the CEO that are connected with long term sustainability targets.



The share

Senzime's share has been listed on Nasdaq Stockholm's Main Market since June 30, 2021, and trades with the ticker "SEZI". Since October 2023, Senzime's share can be traded on the OTCQX market in the USA during American trading-hours, with price quotation in USD and the ticker SNZZF. Senzime endeavors to provide the capital markets were open, reliable and accurate information on the company's operations and financial performance.

Share price

The closing price of Senzime's share on December 31, 2023, was SEK 7.43, equating to market capitalization of approx. SEK 889 m. Total turnover in the year was 40,319,617 (9,474,394) shares, with a value of approximately SEK 232.0 m (137.4). The share price decreased by 31.8 percent in the year. The share price high in 2023 was SEK 11.38 (January 18), and the low was SEK 2.96 (June 20). The OMX rose by 15.4 percent in the year.

Share capital

According to Senzime AB's Articles of Association, share capital will be a minimum of SEK 4.5 m and a maximum of SEK 18.0 m. The share capital as of December 31, 2023 was SEK 15.0 m. The quotient value is SEK 0.125 per share. There is a total of 119,705,523 shares end of December. There is only one share class. All shares are entitled to an equal share of the company's assets. Each share carries one vote at Annual General Meetings (AGMs) and any Extraordinary General Meetings (EGMs), and there are no limitations in the matter of how many votes each shareholder may cast at AGMs/EGMs. Nor do the Articles of Association have any provisions limiting rights to transfer shares.

Shareholders

The number of shareholders of Senzime as of December 31, 2023, was 3,056 (2,567) according to Euroclear data. Accordingly, Senzime's ten largest shareholders had holdings corresponding to 63.5 percent (60.4) of the votes and equity of the company. The largest shareholders are the Crafoord family and Crafoord Foundation with 16.4 percent (16.4) of the number of shares and votes. All shares to be issued as payment for RMI have not yet been issued; 40,523 shares remain to be issued.

Dividend policy

Because Senzime will be in continued development in the coming years, any capital surplus will be invested in operations. Consequently, and because the company has not previously paid any dividend to shareholders, the Board of Directors does not intend to propose any dividend for the current year, or commit to a pre-determined dividend pay-out ratio. If Senzime's cash flow from operating activities subsequently increases above the company's need for capital, the Board of Directors intends to propose that the AGM resolves to pay dividends. All share information is as of December 31, 2023.

Share capital history

Year	Event	Change in no. of shares	Change in share capital, SEK	Total no. of shares	Total share capital, SEK	Quotient value per share SEK
2023	Offset issue RMI tranche 3	1,582,909	197,863.625	119,705,523	14,963,190.375	0.125
2023	Private placement	18,000,000	2,250,000.000	118,122,614	14,765,326.750	0.125
2023	Private placement	12,500,000	1,562,500.000	100,122,614	12,515,326.750	0.125
2023	Offset issue tranche 2	5,055,954	631,994.250	87,622,614	10,952,826.750	0.125
2023	Rights issue	12,682,675	1,585,334.375	82,566,660	10,320,832.500	0.125
2022	Offset issue	2,127,537	265,942.125	69,883,985	8,735,498.125	0.125
2022	New share issue	5,263,158	657,894.750	67,756,448	8,469,556.000	0.125
2020	New share issue	4,545,000	568,125.000	62,493,290	7,811,661.250	0.125
2020	Exercise of stock options	600,000	75,000.000	57,948,290	7,243,536.250	0.125
2020	New share issue	4,900,000	612,500.000	57,348,290	7,168,536.250	0.125
2019	New share issue	3,370,787	421,348.375	52,448,290	6,556,036.250	0.125

Ten largest shareholders as of December 31, 2023

Shareholder	No. of shares	Share of capital (%)
Crafoord family and Crafoordska Foundation	20,222,151	16.9
Segulah Venture AB, Segulah AB, Segulah Medical Acceleration AB	12,803,271	10.7
Handelsbanken Fonder	8,452,808	7.1
Fourth AP (Swedish National Pension Insurance) Fund	7,571,578	6.3
Fredrik Rapp	6,803,946	5.7
IBKR Financial Services	5,028,378	4.2
TIN Ny teknik	4,863,157	4.1
Pershing LLC.	4,856,682	4.1
Swedbank Robur Microcap	4,345,236	3.6
Bank of New York	4,019,787	3.4
Other	40,738,529	36.4
Total	119,705,523	100.0

Senzime's share price (SEK)



Statutory Administration Report

The Board of Directors and Chief Executive Officer of Senszime AB, with corporate identity number 556565–5734, hereby present the annual accounts and consolidated accounts for the financial year 2023. Unless otherwise stated, all amounts are in thousands of Swedish kronor (SEK 000), and are for the group. Figures in brackets are for the financial year 2022, unless otherwise stated.

Operations

Senzime is a global medical device company driving a technological paradigm shift with innovative patient monitoring systems targeting a market of over 100 million patients each year in the USA and Europe.

Our vision is a world without post-operative complications, and our mission is to develop high-technology, innovative solutions that save lives, optimize patient health, reduce complications and healthcare costs.

Our business model is based on sales of monitors and associated disposable sensors to hospitals and clinics, which generate recurring revenue. Senszime has direct sales resources in the USA and Germany, and collaborates with distributors and licensees on its other main markets.

In 2023, Europe and the USA adopted clinical guidelines that support Senszime's technology, which will drive change further towards our vision.

We have also entered strategic collaborative agreements with leaders in product development and sales, so we can deliver on our strategy faster and create value for our stakeholders.

Our portfolio consists of innovative systems for patient monitoring of neuromuscular function and breathing, typically during and after surgery, and for the intensive care sector.

TetraGraph is a system based on EMG technology for neuromuscular monitoring during surgical procedures. This system is sold with disposable sensors.

ExSpirom 2Xi is a non-invasive monitoring system of respiratory volume and minute ventilation used for in and out patient care. This system is also sold with disposable sensors.

Business highlights in the financial year

Q1

In March, Senszime executes a rights issue, raising the company SEK 91.7 million gross and SEK 83 million net. The rights issue is 90.2 percent subscribed.

Senzime wins a major order from a leading US children's hospital in the quarter, expected to generate minimum yearly sales of SEK 2 million on full implementation.

Q2

Philip Siberg becomes our new CEO. Adam Dahlberg is elected as our new Chairman and Göran Brorsson as a Director.

Senzime expands its partnership with Japanese licensee Fukuda Denshi and initiates system shipments.

Out-licensing of ExSpirom on the Chinese market.

Senzime announces increased production capacity based on higher demand and calls from European and American anesthesia societies.

Q3

Senzime upscales production capacity due to increased demand and calls from anesthesia societies.

Senzime secures its largest order to date for 110 TetraGraph systems from a top ten-ranked US hospital system in the west of the country.

Senzime signs a contract and start shipments of TetraGraph systems to one of the leading IDNs in the USA.

In August, Senszime executes a private placement of approx. SEK 56 million at prevailing market price and a private placement in September of SEK 117 million at a premium to weighted historical pricing. The company receives the proceeds in October.

Senzime files an application to trade the company's share on the OTCQX market in the USA.

Senzime issues the second planned tranche of consideration shares to the sellers of Respiratory Motion.

Q4

Senzime signs a contract with a top ten-ranked American university hospital in the east of the country, secures orders from several university hospitals in Germany, and signs a TetraGraph contract with a major hospitals system in the New York metropolitan area.

Launch of TetraSensitive, the market's first sensor for neuromuscular monitoring of patients with sensitive skin.

The Senszime share starts trading on the US OTCQX list in response to interest from North American investors.

An EGM elects Per Wold-Olsen as our new Chairman, Lars Axelson as a new Director, while Adam Dahlberg is appointed Deputy Chairman.

Senzime issues the third planned tranche of consideration shares to the sellers of Respiratory Motion.

Business highlights after the end of the year

Senzime expands its commercial organization in the USA
Senzime's licensee Fukuda Denshi launches an integrated Tetra-Graph module on the Japanese market.

The company's expected future progress and significant risk factors

A number of risk factors may have a negative impact on Senzime's operations. Accordingly, it is very important to consider relevant risks in addition to Senzime's growth potential. A number of risk factors, which are not arranged in order of importance, and make no claims as to completeness, follow.

Key individuals

Senzime is a small and knowledge-intensive business enterprise and is dependent on a number of key individuals to achieve success. If one or several key individuals leaves Senzime, this may have negative consequences for operations, and results of operations.

Distributors, suppliers and other collaborative partners
Senzime bases its strategy on activities including development and sale direct or jointly with distributors, licensees and other collaborative partners. If it is not possible to create existing or future partnerships, they are not achievable or do not function as intended, Senzime's commercialization potential would be negatively impacted. Senzime also has partnerships with suppliers. If one or several of these parties decided to discontinue a partnership, this might negatively impact operations.

Technology and product development

Senzime's products are in a commercialization phase. Even if substantial efforts are made to assure the technology is utilized, the possibility that complementary or alternative technological solutions will be necessary cannot be ruled out. This means that development work in addition to that already planned would be necessary.

Patents and intellectual property matters

To some extent, Senzime's value is dependent on its capability to secure and defend patents and other intellectual property. Patent protection may be uncertain and involve complex legal and technical issues. There is a risk that patents are not granted on patent-pending inventions, that granted patents do not offer sufficient protection, or granted patents are circumvented or invalidated.

Usually, previously granted patents are associated with substantial costs to conduct processes to protect validity, and where boundaries to potential infringement on Senzime's part or against competing companies' patents or for any infringement from external parties against Senzime's patents. With access to greater financial resources, competitors may be in a better position than Senzime to meet such expenses. If Senzime is unsuccessful in obtaining or defending patent protection of its inventions, competitors may be able to use Senzime's technology freely, which would negatively impact its capability to commercialize operations.

Confidentiality and commercial secrets

Senzime is dependent on commercial secrets not covered by patents, patent filings or other intellectual property. Such commercial secrets include information on discoveries where patents have not yet been filed. Even if employees and collaborative partners are normally covered by non-disclosure agreements with Senzime, there is a risk that a party with access to confidential business information reveals or otherwise uses it in a manner that damages Senzime, which may negatively impact its operations, financial position and results of operations.

Financial risks

Senzime's accounts receivable are associated with credit risk, where there is a risk of payment being delayed or of payment default. Senzime operates internationally, and a high share of sales are in currencies other than Swedish kronor, primarily EUR and USD. If a customer does not pay or exchange rates are unfavorable for Senzime, this may negatively impact its financial position and results of operations.

The acquisition of Acacia Designs B.V. means the group has substantial intangible assets denominated in EUR, and through the acquisition of Respiratory Motion Inc, the group also has significant intangible assets denominated in USD. Changes in the relationship between the SEK, USD and EUR may impact the group's consolidated net equity negatively.

Senzime currently has no interest-bearing assets or liabilities.

COVID-19 and geopolitics

Just like many other companies, Senzime has faced major challenges as a consequence of the Covid-19 pandemic. The fundamental need for neuromuscular monitoring has not reduced, even if surgery has been deferred to satisfy and enable access to medical staff. The pandemic impacted a number of new trials in 2020 and 2021. Access to hospitals varied between countries. However, Senzime has noted increased access to hospitals in 2022, with full access returning during 2023. Senzime has no operations in Russia, the Ukraine, Israel, or Palestine.

Need for finance and working capital

Senzime is in a start-up phase, where expected revenues do not cover planned expenses. There is a risk that in future, the company may also need to raise further capital.

Access to further finance is affected by a number of factors such as market conditions, the general supply of credit, Senzime's credit rating and credit capacity. Disruptions and uncertainty on the capital and credit markets may also limit access to the capital necessary to conduct operations. If, in future, Senzime is unsuccessful in raising the necessary capital for the company on reasonable terms, its operations, financial position and results of operations could be negatively impacted.

To the extent Senzime raises further finance through issuing shares or share-based instruments, Senzime's shareholders will be affected by dilution to the extent such new issues are conducted waiving shareholders' preferential rights.

At year-end 2023, the group's cash and cash equivalents were SEK 151.0 million. The opinion of the Board of Directors and Management is that operations are financed beyond a period of 12 months.

Comments on financial information

All amounts in the following section are rounded to the nearest thousand Swedish kronor (SEK 000), unless otherwise stated.

Revenues and earnings for the full year 2023

Net sales were TSEK 35,754 (14,034), an increase of 155 percent on 2022. Adjusted for sales of RMI products and currency fluctuations, sales were up by 128 percent.

Growth is mainly attributable to direct sales on the US market to new business customers and repeat sales of TetraSens disposable electrodes to current business customers. We also note increased activity and sales on the Japanese market. In the USA, underlying sales adjusted for currency and RMI increased by 233.3 percent, and in Asia by 232.7 percent, sourced from increased sales to Japan.

The gross margin excluding amortization was 69.8 percent compared to 62.0 percent in 2022. This increased mainly relates to the product and customer mix with an increased share of total sales sourced from the disposable sensors TetraSens and TetraSens Pediatric, primarily on the US market.

Licensing deals in China and Japan also contributed to increased margins in the period.

The group's total operating expenses were TSEK 145,699 (129,510). Adjusted for non-recurring expenses this year related to the change of CEO, as well as corporate finance, and including legal support and work on issuing the second and third tranches of the RMI issue, total operating expenses were TSEK 138,853 (112,710, adjusted for RMI acquisition expenses). The continued planned expansion of our sales and marketing organization in the USA, the integration of RMI's organization after the 2022 acquisition, which involves 12 months of expenses in 2023 compared to 6 in the same period of the previous year, as well as negative currency effects contributed to cost increases year on year.

Earnings before interest and taxes (EBIT) were TSEK -137,360, adjusted TSEK -130,514 (-133,905, adjusted -117,104). EBITDA was TSEK -116,793, adjusted TSEK -109,947 (-118,354, adjusted -101,554).

Financial position

The group's equity was TSEK 375,477 (261,903) at the end of 2023. The equity/assets ratio was 86.6 percent (81.4). At the end of the period, the company's cash and cash equivalents were TSEK 151,009 (26,035). The company executed a private placement in the fourth quarter of SEK 117 million before issue expenses, at prevailing market price.



Cash flow and investments

Cash flow from operating activities including changes in working capital for 2023 were TSEK -113,908 (-136,778). The negative cash flow is largely due to the loss reported, offset by a positive change in working capital. Increased sales and improved planning were contributors to some reduction of inventory in the period. Cash flow from investing activities for 2023 was TSEK -7,821 (-4,977), largely related to capitalization of development projects. Cash flow from financing activities for 2023 was TSEK 246,511 (92,364). In March 2023, Senszyme conducted a rights issue, and in August and October 2023, two private placements raising the company a combined total of approx. SEK 265 million before issue and guarantee expenses, or approx. SEK 250 million after issue and guarantee expenses.

Stock options

Employee stock options

The group has four employee stock option programs totaling 3,210,000 options, of which 420,000 options have expired. For more information, see note 10, Share-based payment.

Dilution

Based on the current number of shares, as well as outstanding stock options, dilution from the programs, assuming all options (including those not yet granted) are exercised for subscription of shares, has been computed at a maximum of 2.6 percent. Adjusted for expired options, the corresponding number is 2.3 percent.

Parent company and subsidiaries

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

US company Respiratory Motion Inc. was acquired in the third quarter of 2022 and is a 100 percent wholly owned subsidiary of Senszime AB (publ.) US subsidiary Senszime Inc. started its operating activities in 2020. Sales in the USA are direct. The subsidiary Senszime GmbH started operations in the first quarter of 2021. The group's two other subsidiaries exclusively hold certain rights that have been licensed to the parent company against royalty payments.

Share capital and ownership

Senzime's share capital was SEK 14,963,190 as of 31 December 2023, divided between 119,705,523 shares, with a quotient value per share of SEK 0.125. The total number of outstanding shares as of 31 December 2023 was 119,705,523, each with one vote.

On 31 December 2023, the Crafoord Family was Senszime's single largest shareholder, with a total of 20,222,151 shares, equivalent to 16.9 percent of the votes and capital.

Sustainability

Senzime's operations help improve global health and patient safety by reducing anesthesia- and respiratory-related complications, as well as cutting healthcare costs of surgical procedures and emergency treatment. Senszime's sustainability work supports its commitment to patients, and endeavors to achieve sustainable development based on responsible action that is consistent with core values.

Senzime signed an agreement with the UN Global Compact in 2023, implying the company undertaking to manage its operations pursuant to the ten principles on labor, human rights, anti-corruption and the environment. The company secured ISO 14001 environmental management system certification in 2023.

Senzime has created a sustainability core team, tasked with driving sustainability work onwards and ensuring continuous improvement. This team has representatives from key functions and consists of management team members.

Future prospects

Senzime's positioning on the market consolidated significantly in 2023. High growth is expected in 2024, driven by the commercial strategy, and supported by clinical guidelines. Senszime's technology is validated, and there is a very substantial need for these systems in healthcare. Senszime expects this substantial market need, and continued investments in innovation to create value, to generate sales of SEK 275-325 million by year-end 2025, and in the long term, an EBITDA margin of over 40 percent.

Dividend

The Board of Directors is proposing to the AGM that no dividend is paid for the financial year.

Proposed appropriation of profits

The following funds are at the disposal of the Annual General Meeting (SEK):

Share premium reserve	851,667,357
Accumulated profit or loss	-377,008,143
Profit or loss for the year	-220,801,654
Total	253,857,560

The Board of Directors proposes that these funds are appropriated as follows (SEK):

Dividends to shareholders of SEK 0 per share	
Carried forward	253,857,560
Total	253,857,560

Corporate Governance Report

Senzime AB is a Swedish public limited company with its registered office in Uppsala. The company's share is listed on Nasdaq Stockholm's Main Market (Small Cap) with the ticker SEZI.

Corporate governance in Senzime is based on applicable laws, regulations and recommendations. This Corporate Governance Report is being presented in accordance with the Swedish annual accounts act, and the Code, and reviews the company's corporate governance in the financial year 2023.

Organization and governance

The purpose of Senzime's corporate governance is to create clear segregation of duties and responsibilities between owners, the Board of Directors and management. Internal governance, controls and risk management over financial reporting are fundamental to Senzime's operational governance.

Senzime's decision-making bodies are its shareholders' meetings, Board of Directors, President and auditors, and based on Swedish law, internal regulations and provisions, the Articles of Association, and are compliant with Nasdaq OMX's (Small Cap) Rulebook for Issuers.

Shareholders

On June 30, 2021, Senzime AB was listed on Nasdaq Main Market. The company was previously listed on Nasdaq First North Growth Market.

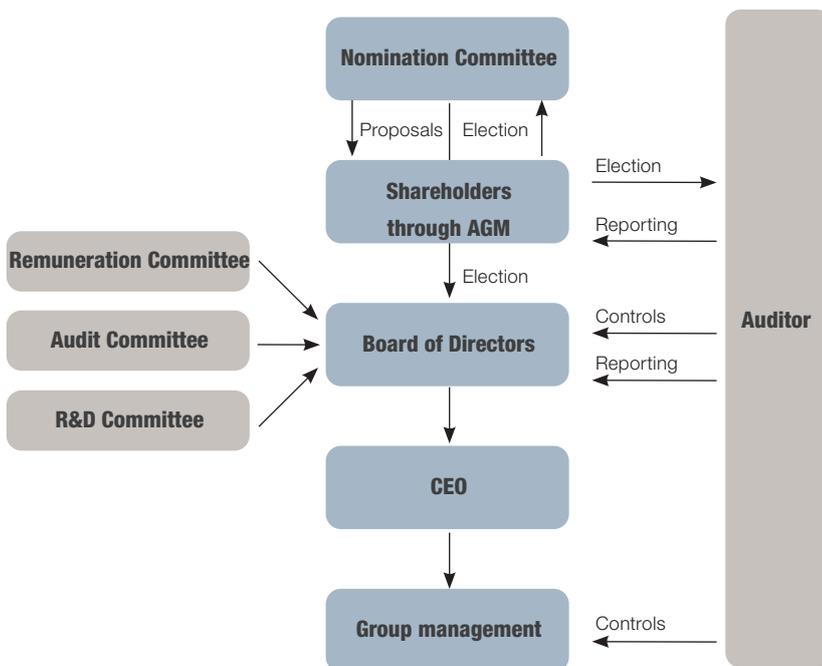
At year-end, the total number of shares was 119,705,523 (69,883,985) divided between 3,065 (2,567) shareholders. Senzime's ten largest shareholders had holdings corresponding to 65.8 percent (60.4) of the votes and equity of the company. The largest shareholder is the Crafoord family with 16.9 percent (16.4)

of the number of shares and votes. Each share carries one vote at the AGM and any EGMs, and there are no limitations in terms of how many votes each shareholder can cast at AGMs/EGMs. There are no provisions in the Articles of Association limiting the transferability of shares.

Annual General Meeting

Senzime's chief decision-making body is the AGM, where shareholders are also entitled to participate and have a matter considered. The company's Board of Directors is elected, and Directors' fees approved, at AGMs. The AGM's other permanent business includes adopting the company's Balance Sheet and Income Statement, approving the appropriation of earnings from operations, adopting guidelines for remunerating senior managers, and deciding on discharging the Directors and President from liability. The AGM also elects the company's auditors and approves audit fees.

The Annual General Meeting (AGM) is held yearly within six months of the end of the financial year. The invitation to the AGM and Extraordinary General Meetings (EGMs) where amendments of the Articles of Association are to be considered must be issued at the earliest six, and the latest four, weeks prior to such Meeting.



Examples of external regulation affecting Senzime's corporate governance:

- Swedish Companies Act
- Accounting legislation including Book-keeping Act and Annual Accounts Act
- Nasdaq's Rules for Issuers
- Swedish Code of Corporate Governance

Examples of internal regulation significant to corporate governance:

- Senzime's Articles of Association
- Board of Directors' rules of procedure
- Instructions for the CEO
- Guidelines for remunerating senior management
- Finance Policy
- Corporate Communication Policy
- IT Policy
- Accounting Handbook

Invitations to other EGMs must be issued at the earliest six, and the latest two, weeks prior to such Meeting.

Invitations to shareholders' meetings are through announcements in the Swedish Official Gazette, and by making the invitation available on the company's website. Simultaneous with the invitation, the company must report that an invitation has been issued through an announcement in Swedish daily newspaper Swedisha Dagbladet.

Annual General Meeting 2023

The AGM 2023 considered the company's Income Statement and Balance Sheet, election of its Board of Directors, election of the auditor, Directors' fees, other statutory matters and a resolution on a Nomination Committee. The AGM also approved a general authorization on new share issues for the Board of Directors, and a resolution to authorize the remaining issues to the sellers of Respiratory Motion Inc.

The general authorization on share issues approved by the AGM entitles the Board of Directors to take decisions to increase the share capital by a maximum of 20 percent (10) of the company's registered share capital at any time through the new issue of shares, share warrants and/or raising convertible loans with or without waiving shareholders' preferential rights and/or with provisions on payment in kind or set-off, on one or more occasions until the AGM 2023.

Complete information on the AGM 2023 and its resolutions is at the company's website, www.senzime.com

Remuneration of the Board of Directors

The AGM 2023 approved Directors' fees of SEK 450,000 to the Chairman and SEK 210,000 for each of the other members of the Board. The AGM also resolved that no Directors' fees would be payable to Directors that had received compensation for consulting from the company during the financial year 2023 exceeding an aggregate total of twice the Directors' fee. The Meeting also resolved that there would be no special compensation for participation on special committees.

Extraordinary General Meetings 2023

An EGM on February 16, 2023, resolved on a new share issue with preferential rights for existing shareholders.

An EGM on September 20, 2023, approved the Board of Directors' proposal on a private placement, and to approve the Board's decision to implement a staff stock option program in 2023/2027.

An EGM on October 19, 2023, resolved to approve the Board's decision on a private placement.

An EGM on November 28, 2023 resolved that the Board shall consist of the following members: Adam Dahlberg, Sorin Brull, Eva Walde, Göran Brorsson, Lars Axelsson and Per Wold Olsen for the period until the close of the following AGM.

Annual General Meeting 2024

The shareholders of Senzime AB are invited to the AGM on Thursday, May 16, 2024 in Uppsala, Sweden. To have a matter considered at the Meeting, the company must have received such request from the shareholder by no later than March 28, 2024.

Nomination Committee

The Nomination Committee represents the company's shareholders. Its duty is to create the best possible information to support AGM resolutions on election of the Board of Directors, Directors' fees, and to submit proposals for resolution on matters including the election of auditors and their reimbursement. The Nomination Committee for the AGM 2024 has consisted of the three largest shareholders in terms of the vote, which as of September 1, 2023 is Adam Dahlberg and family, AB Segulah and Handelsbanken Fonder. Each of these parties appointed a member, to constitute Senzime's Nomination Committee with the Chairman of the Board. The members are Adam Dahlberg, Gabriel Urwitz, AB Segulah, Malin Björkmo, Handelsbanken Fonder and Per Wold-Olsen, Chairman of the Board of Senzime AB (publ). The members of the Nomination Committee appointed Adam Dahlberg Chairman of the Nomination Committee. The appointment of Adam Dahlberg as Chairman departed from the adopted principles for appointment of members of the Nomination Committee or the Swedish Corporate Governance Code (a Director of the company may not chair the Nomination Committee), but the Nomination Committee still considered the choice justified given Adam Dahlberg's long-term involvement in, and knowledge of, Senzime, and that through himself and his family, he is the company's largest shareholder. The Nomination Com-

Board of Directors' attendance and independence in 2023

Board member	Position	Elected	Left	Attendance, Board meetings	Attendance, Audit Committee	Attendance, Remuneration Committee	Attendance, R&D Committee	Independent of company	Independent of major shareholders
Philip Siberg	Chairman	2016	May 2023	8/18	2/4	2/3	1/2	Yes	Yes
Adam Dahlberg	Chairman	May 2023	Nov 2023	9/18				Yes	No
Per Wold-Olsen	Chairman	Nov 2023	-	1/18				Yes	Yes
Adam Dahlberg	Deputy Chairman	Nov 2023	-	1/18				Yes	No
Adam Dahlberg	Board member	2000	May 2023	8/18	4/4	3/3		Yes	No
Sorin J. Brull	Board member	2016	-	17/18			2/2	No	Yes
Lennart Kalén	Board member	2018	May 2023	8/18	2/4			Yes	Yes
Eva Walde	Board member	2021	-	18/18		3/3	2/2	Yes	Yes
Jenny E. Freeman	Board member	Aug 2022	Nov 2023	17/18			2/2	No	Yes
Laura Piccinini	Board member	Aug 2022	Nov 2023	17/18				Yes	Yes
Lars Axelsson	Board member	Nov 2023	-	1/18				Yes	No
Göran Brorsson	Board member	May 2023	-	10/18	2/4	1/3		Yes	Yes

mittee will be presenting its proposals in the notice convening the AGM on May 16. No fees were paid to members of the Nomination Committee.

Articles of Association

The Articles of Association are approved by the AGM and include obligatory information of a fundamental nature to the company. The Articles of Association were approved by the AGM on May 11, 2022, and are available at the company's website, www.senzime.com

Board of Directors and work of the Board of Directors

Each year, the Board of Directors should hold a Board meeting following election after the AGM. The Board of Directors should also meet at least five times per year. The Board meeting following election should consider matters including appointing a Chairman of the Board where the AGM has not appointed the Chairman, appointing the company's signatories, and reviewing and approving the rules of procedure for the Board of Directors.

Normally, scheduled Board meetings consider the company's financial situation and advances in negotiations with collaborative partners, distributors, customers and suppliers. The company's development activities are discussed as required. The company's auditor reports as required, although at least once yearly, directly to the Board of Directors, at one Board meeting.

The Board of Directors is quorate when at least half of the Directors are in attendance. At present, the company does not have any deputies appointed by shareholders' meetings. The CEO should attend board meetings and consult and report on those matters stated in the meeting agenda.

The rules of procedure also stipulate the permanent matters that must be decided by the Board of Directors of the company, for example, publication of the company's annual accounts and quarterly reports, yearly budget of the company, entering agreements of material significance to the company such as long-term leases or collaborative agreements, decision on appointing a Chief Executive Officer. At present, Senzime's Board of Directors has six members, presented in more detail in the "Board of Directors" section on pages 36–37. Remuneration of the Board of Directors is stated under supplementary disclosures in note 9.

In 2023, the Board of Directors held a total of 18 (23) meetings, of which 9 (11) were scheduled and 9 (12) per capsulam or telephone conferences. The CEO and CFO attended all Board meetings.

BOARD COMMITTEES

Audit Committee

The Audit Committee consults on matters for decision by the Board of Directors. This Committee must consider matters including monitoring the company's financial position, supervising the effectiveness of the company's internal controls and risk management, stay informed on the audit of the annual accounts and consolidated accounts, and review and monitor auditor impartiality and independence. The Audit Committee should also support the Nomination Committee on proposals for election and remuneration of the company's auditors, and meet with the company's auditors regularly.

Members are appointed by the Board of Directors for each financial year, and for 2023, the members were Lars Axelson

(Chairman), Adam Dahlberg and Göran Brorsson. The company's CFO participated and reported at all Audit Committee meetings. The company's auditor attends two to three Audit Committee meetings each year. The Audit Committee met on 4 (4) occasions in 2023. The Auditor attended 3 (3) Committee meetings.

Remuneration Committee

The Remuneration Committee reviews and consults on issues affecting the salary, other employment terms, pension benefits and bonus of the CEO and members of Management that report directly to the CEO, and other central compensation issues. The Remuneration Committee should also continuously monitor and evaluate programs for variable compensation to management decided in the year, as well as monitor and evaluate application of the guidelines for remunerating executive management as resolved by the AGM. The Remuneration Committee met on 2 (2) occasions in 2023.

Members are appointed by the Board of Directors for each financial year, and for 2023, the members were Göran Brorsson (Chairman), Adam Dahlberg and Eva Walde.

R&D Committee

The duty of the R&D Committee is to supervise the company's research and development plans at an overarching level. This Committee should also ensure that the company's research activities are consistent with its long-term strategic corporate goals.

Members are appointed by the Board of Directors for each financial year, and for 2023, the members were Sorin J. Brull (Chairman), Jenny Freeman and Eva Walde. Philip Siberg was also a member of the Committee until May 2023, before his election as CEO.

Evaluation of the work of the Board of Directors

The company's evaluation of the Board of Directors was held in November 2023, and presented to the Board of Directors in December 2023. The evaluation was conducted as a survey covering three main segments that all Directors and the CEO responded to. The Chairman of the Board did not respond to any questions concerning himself. The evaluation reviewed Directors' perceptions of how the work of the Board is conducted, and if measures need to be taken to improve this process. The outcomes of this evaluation are also important support for the work of the Nomination Committee for the forthcoming AGM. The outcome was reported to the Board of Directors and Nomination Committee.

Chief Executive Officer

Senzime's Chief Executive Officer is responsible for the company's ongoing administration in accordance with the provisions of the Swedish Companies Act. The Board of Directors prepares instructions for the Chief Executive Officer containing a review of the segregation of duties and reporting instructions. These instructions stipulate that the Chief Executive Officer is responsible for the company's accounting records being completed in accordance with applicable legislation, and the company's funds are administered satisfactorily. The Chief Executive Officer should also prepare delegation instructions for various officers of the company, as well as hiring, dismissing and setting the terms & conditions for the company's staff.

For a detailed presentation of the CEO, see senior managers on page 38–39 of this Annual Report.

Group management

The group's management team has eight (8) members including the CEO. See pages 38-39 for more information on each member of management. Management meets regularly, mainly to deal with the group's financial performance, current projects and other strategic issues.

Remuneration guidelines for the CEO and other senior managers

Remuneration issues are considered by the Board of Directors' Remuneration Committee, and approved by the Board of Directors. The Board of Directors presents proposed guidelines for remunerating senior managers, which the AGM then resolves on. The AGM 2023 adopted the following guidelines for remunerating the CEO and other senior managers.

The Board of Directors intends to propose the same guidelines to the AGM 2024, apart from variable compensation to the CEO and other senior managers. The new proposal is for maximum variable compensation to correspond to 100 percent of yearly basic salary.

Scope and applicability of the guidelines

These guidelines cover the company's CEO and the individuals that are members of Senzime's Management from time to time. To the extent Directors of the company render service to the company in addition to their directorships, these guidelines should also apply to any compensation paid to a Director for such service.

The guidelines should be applied to compensation that is agreed, and to amendments to previously agreed compensation, subsequent to adoption of the guidelines at the AGM 2024. Compensation includes the transfer of securities, and of rights to acquire securities from the company in future.

The guidelines do not cover compensation resolved by shareholders' meetings, such as share-based incentive programs.

Executives that serve as a Director or Deputy Director on the Boards of group companies should not receive special compensation for this service.

How the guidelines promote the company's business strategy, long-term interests and sustainability

Senzime is a global medical device company driving a technology paradigm shift, with innovative patient monitoring systems targeting a market opportunity valued at over SEK 100 billion in the US and Europe.

Senzime's vision is a world without anesthesia related and respiratory complications, and our mission is to develop high-technology, innovative solutions that save lives, optimize patient health, reduce complications and healthcare costs.

Senzime delivers innovative products for patient monitoring of neuromuscular function and breathing, typically under and after surgery, and for intensive care. TetraGraph is a system based on EMG technology used in neuromuscular monitoring during surgical procedures.

ExSpirom 2Xi is the only non-invasive monitoring system for respiratory volume and minute ventilation for in and out patient care.

Successful implementation of the company's strategy and

protecting the company's long-term interests require the company to hire and retain Management with good skills and capability of achieving designated targets. This requires the company to offer competitive compensation. These guidelines contribute to the company's business strategy, long-term interests and sustainability by providing the company with the opportunity to offer senior executives competitive compensation.

Forms of compensation

The company's compensation system should be on market terms and competitive. Compensation may be paid in the form of basic salary, variable compensation, pension and other benefits.

Basic salary should be individualized for each manager and based on the position, responsibilities, skills, experience and performance of the manager. The senior manager may be offered the opportunity to rebalance between basic salary and pension, as well as other benefits, providing this is cost neutral for the company.

Variable compensation should relate to the outcome of the company's targets and strategies and should be based on predetermined and measurable criteria designed to promote long-term value creation. It should be possible to alter the share of total compensation that is variable depending on position. For the CEO and the rest of executive management, variable compensation may be a maximum of 100 percent of yearly basic salary. Variable compensation should not be pensionable, to the extent this does not otherwise ensue from mandatory collective bargaining provisions. The Board of Directors should be able to wholly or partly reclaim variable compensation paid erroneously pursuant to law or contract, subject to the ensuing limitations.

Pension benefits should be defined contribution, to the extent the manager is not covered by defined benefit pension pursuant to mandatory collective-bargaining provisions. The pension premiums for defined contribution pensions may be a maximum of 40 percent of the senior manager's yearly basic salary.

Other benefits may include company cars, corporate health care, life and health care insurance, as well as other similar benefits. Other benefits should represent a minor portion of total compensation and may be a maximum of 10 percent of the senior manager's yearly basic salary.

Consulting fees should be on market terms. Where consulting services are rendered by Directors of the company, the relevant Director is not entitled to participate in the Board of Directors' (or Remuneration Committee's) consultation on matters relating to compensation for the relevant consulting services.

Criteria for payment of variable compensation

The criteria that serve as the basis for paying variable compensation should be determined by the Board of Directors each year with the aim of ensuring that these criteria are consistent with Senzime's current business strategy and earnings targets. The criteria may be individualized or collective, financial or non-financial, and should be designed so that they promote the company's business strategy, sustainability strategy and long-term interests. For example, such criteria may be linked to the company achieving specific business-related goals, relating to sales and permits, for example. The criteria may also be associated to the individual employee, such as the individual serving the company for a specified period.

The period that is the basis for assessing whether the criteria have been satisfied should be at least one year. The assessment as to the extent the criteria have been satisfied should be made when the measurement period has concluded. Assessments of whether the financial criteria have been satisfied should be based on the company's most recently published financial information. The Board of Directors decides on the payment of any variable compensation after consultation by the Remuneration Committee.

Salary and employment terms of employees

With the aim of assessing the reasonableness of the guidelines, when consulting on the proposal for these guidelines, the Board of Directors has considered the salary and employment terms of the company's employees. This included the Board of Directors receiving information on employees' total compensation, the types of compensation, how the level of compensation has changed over time, and at what rate.

Notice period and severance pay

For the CEO, the notice period on termination by the company should be a maximum of 12 months, while the notice period on termination by the CEO should be a maximum of six months.

For other senior managers than the CEO, the notice period on termination by the company should be a minimum of three months, and a maximum of 12 months, while the notice period on termination by the senior manager should be a minimum of three months and a maximum of six months, unless otherwise ensuing from legislation.

Severance pay may be due to senior managers on termination by the company. Basic salary during the notice period and severance pay should not exceed a combined total corresponding to one year's basic salary.

Compensation may be due for non-competition undertakings. Such remuneration should compensate for potential loss of income, and should only be payable to the extent the former senior manager is not entitled to severance pay. Such compensation may be a maximum of 60 percent of the senior manager's basic salary at the date of notice, unless otherwise ensuing from mandatory collective bargaining provisions. Such compensation may be due for a period that the non-competition undertaking applies, which may be a maximum of 12 months after terminating employment, with the option of deduction against other income from employment or consulting agreements.

Decision-making process for determining, reviewing and executing the guidelines

The Board of Directors has established a Remuneration Committee whose duty is to consult on the Board of Directors decisions in the matter of remuneration principles, remuneration and other employment terms for Management, as well as monitoring and evaluating variable compensation for Management that is current, and decided during the year, as well as monitoring and evaluating application of the guidelines for remunerating executive management that the AGM may adopt, and applicable remuneration structures and remuneration levels in the company. The Remuneration Committee's duties also include consulting on Board of Directors decisions on proposed guidelines for remunerating executive management.

Departure from the guidelines

The Board of Directors may decide to temporarily depart from the guidelines, if there are special reasons for this in an individual case, and a departure is necessary to protect Senszime's long-term interests and sustainability, or to ensure the company's economic viability.

For example, such special reasons maybe that a departure is considered necessary to hire or retain key individuals, or in extraordinary circumstances where the company achieves a specific desired outcome ahead of plan, that the company succeeds in entering a specific agreement earlier, or on better terms, than expected, or the company's value increases, or it increase its sales or earnings more than forecast.

Auditors

The company's auditors review Senszime's annual accounts and accounting records, and administration by the Board of Directors and CEO. After each financial year, the auditor should present an audit report and consolidated audit report at the AGM. Since the AGM 2016, Senszime's auditor has been registered public audit firm Öhrlings PricewaterhouseCoopers AB, with Lars Kylberg, who is an Authorized Public Accountant and member of FAR, the Institute for the Accounting Profession in Sweden, being key audit partner, whose address is Vaksalagatan 6, 753 20 Uppsala, Sweden.

Internal controls over financial reporting

Senzime's Board of Directors is responsible for the company's internal controls. Internal controls should ensure:

- Reliable financial reporting and information on operations
- Compliance with applicable law, directives, guidelines, etc.
- Expedient and cost-efficient operations.

Control environment

To ensure that Senszime complies with applicable law, and the company's values and working methods apply organization wide, Senszime has conducted a mapping process, and developed a number of policies and procedures from this.

Pursuant to the Swedish Companies Act, the Board of Directors is accountable for internal controls and governance of the company. The CEO is responsible for presenting a yearly report on policy compliance to the Board of Directors each year. The CFO reports any non-compliance with the group's policy portfolio immediately. The company's CFO attends and reports to Audit Committee meetings.

Insider policy

Senzime has adopted an Insider Policy to supplement current insider legislation (MAR). This Insider Policy stipulates matters including the individuals covered by the policy and the periods when trading in the company's financial instruments is prohibited. This Policy also stipulates guidelines for decisions on processes associated with delayed publication of news, and the definition of persons discharging managerial responsibilities (PDMRs).

Risk assessment

Risks associated with the company's targets are evaluated and documented by the company's management. The risk assessment is conducted when the targets have been communicated

(yearly), but are reviewed if they change or if new information that may impact the assessment becomes available. The risk assessment is conducted by management in September each year, and is reviewed by the Audit Committee at its November meeting.

Control activities

On the basis of the risk assessment and judgements conducted, internal controls should be designed and executed to cover risks, where appropriate. Internal control should be formulated as standards to define the minimum level of action necessary to create an effective internal control environment for each business process.

These processes play a key role in operations, and by identifying potential threats, and specifying mitigating action in an internal control environment, help prevent, or give advance warning of, disruptions. Risk assessments link risks to those activities that conduct business operations, and accumulate resistance through the organization.

Information and communication

The Chief Executive Officer is accountable for managing the company’s daily business and its operational decision-making. The Chief Executive Officer should keep the Board of Directors updated on all relevant issues at all Board meetings, and between these meetings as required.

The composition of management is decided by the CEO, and in consultation with the Board of Directors.

The finance team consists of the CFO and other skills for the relevant accounting, consolidation and financial reporting. It is mandatory for all members of the financial team to have taken training in dealing with the stock market.

Follow-up

To ensure suitable action has been taken to reduce operational risks, each October, management should conduct a follow-up including a review of critical processes and systems, especially for finance and IT.

In this context, the framework of internal control should also be reviewed and updated. The outcome of conducted and documented tests, with conclusions on the effectiveness of risk management and internal controls, should be presented to the Audit Committee at its November meeting

Internal audit

The company does not have an internal audit function. The Board of Directors’ opinion is that the monitoring and review conducted internally, combined with the external audit, is sufficient to maintain effective internal controls over financial reporting.

The Board’s work in 2023



Board of Directors



Per Wold-Olsen

Chairman of the Board

Board member since 2023.

Born: 1947

Nationality: Norwegian

Education: MBA in Economics and Administration from Handelshøyskolen Oslo and an MBA in Management & Marketing from the University of Wisconsin.

Main employment: Board professional and advisor in the life science industry.

Other assignments: Chairman of the Board of Oncopeptides AB (publ.) and Board member of Forefront Capital Partners.

Previous assignments: Extensive experience from the life science industry and has held many senior positions for 30 years within Merck & Co, of which the last 15 years were based in the USA and part of Merck's executive leadership team. Since 2006, Per has been a member of several Boards within the life science sector, including Novo Holdings, Lundbeck, Gilead Sciences, Pharmaset, Royal Dutch Numico and GN Store Nord.

Per Wold-Olsen is independent of the company and its executive management and in relation to other major shareholders of the company.

Shareholding in Senszime: Per Wold-Olsen owns 410,000 shares in Senszime.



Adam Dahlberg

Vice Chairman of the Board

Board member since 2000

Born: 1973

Nationality: Swedish

Education: MSc, Stockholm School of Economics.

Main employment: Investor in life science, new materials, and software.

Other assignments: Chairman of the Board of Acuvi AB and Corline Biomedical AB (publ.)

Previous assignments: Chairman of the Board of Senszime AB (publ.)

Adam Dahlberg is independent of the company and its executive management but not in relation to other major shareholders of the company.

Shareholding in Senszime: Adam Dahlberg owns 6,287,664 shares of Senszime. In addition, Ebba Fischer owns 2,458,090 shares, the Crafoord Foundation 2,078,119 shares, Margareta Nilsson 2,677,370 shares, Anna Manhusen 1,629,876 shares, AB Pethle 293,595 shares and Carl Rosenblad 325,855 shares in the company, all of which are related to Adam Dahlberg.



Eva Walde

Board member

Board member since 2020

Born: 1963

Nationality: Swedish

Education: MSc in Economics from the Gothenburg School of Economics.

Main employment: Board professional and advisor in the Life Science industry.

Other assignments: Board member of Sedana Medical AB, FrostPharma AB, Epigenica AB, Life Science Invest Scale Up, Life Science Invest Epsilon. Chairman of the Board of Redsense Medical AB.

Previous assignments: Over 30 years of experience in leading roles in companies such as Johnson & Johnson, Pfizer and Thermo Fisher.

Eva Walde is independent of the company and its executive management and in relation to other major shareholders of the company.

Shareholding in Senszime: 0



Göran Brorsson

Board member

Board member since 2023.

Born: 1952

Nationality: Swedish

Education: MBA from Gothenburg University, International Management Program at the International Management Institute, Geneva.

Main employment: Since 2015 as an independent advisor to medical technology and life science companies.

Other assignments: Chairman Suturion AB, Chairman Stairway Medical, Board member Albin Invest and Partner Middle Branch Partner.

Previous assignments: More than 40 years of managerial experience in small and medium sized companies and big corporations in the Nordics, Europe, the US, and Asia. Göran held key leadership roles in operations, sales, manufacturing, and distribution of medical device products. Between the years 2000 and 2015, Göran Brorsson was CEO of Elos Medtech AB.

Göran Brorsson is independent of the company and its executive management and independent in relation to other major shareholders of the company.

Shareholding in Senszime: 101,500 shares.



Lars Axelson

Board member

Board member since 2023

Born: 1961

Nationality: Swedish

Education: Bachelor of Economics, Karlstad University

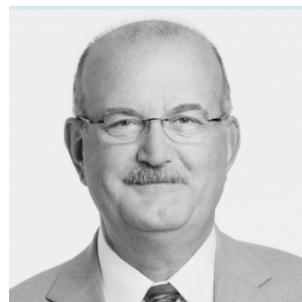
Main employment: CEO AB Segulah and at CFO Segulah Medical Acceleration AB

Other assignments: Chairman of the Board at Svenska Spol & Relining gruppen AB, Board Member Mönsterås Trädetaljer AB, Segulah V Investment AB.

Previous assignments: 25 years of experience as CFO, in both listed and unlisted companies, often private equity-backed.

Lars Axelson is independent of the company and its executive management but not in relation to other major shareholders of the company.

Shareholding in Senszime: Lars Axelson owns 91,976 shares in Senszime. Lars also has indirect control of 2,027,271 shares held by AB Segulah, 3,076,000 shares held by Segulah Venture AB and 7,700,000 shares held by Segulah Medical Acceleration AB.



Sorin J. Brull

Board member

Board member since 2016

Born: 1956

Nationality: American

Education: Medical School, WVU, Residency (Anesthesia), Yale University, Fellowship, Yale University.

Main employment: Consultant in anesthesiology and Professor Emeritus at the Mayo Clinic College of Medicine.

Other assignments: Board member of the Anesthesia Patient Safety Foundation (APSF) and consultant to the US Food and Drug Administration (FDA).

Previous assignments: Founder of Acacia Designs B.V., which was acquired by Senszime AB in 2016. Head of Department at the University of Arkansas for Medical Sciences (UAMS) and Section Chief of the Department of Anesthesiology at Yale School of Medicine, and member of the Anesthesia Patient Safety Foundation.

Sorin J. Brull is not independent of the company and its executive management but independent in relation to other major shareholders of the company.

Shareholding in Senszime: Sorin J. Brull owns a total of 3,770,309 shares in the company through the Pershing Trustee.

Aktieinnehav är per den 31 December 2023.

Executive management



Philip Siberg

CEO

Employed: 2023

Born: 1973

Education: MSc, Swedish Royal Institute of Technology

Background: 20+ years of leading roles in life science industry. Chairman of the Board of Senzime 2016-2023. CEO and co-founder of Acacia Designs BV (acquired by Senzime in 2016), CEO and co-founder of Coala Life AB (publ.), and CEO of Stille AB (publ.)

Other assignments: Chairman of Acarix AB (publ) and Board Member of Paindrainer AB. Partner at Southbloom SBCF and CEO and Deputy Board member of Longmeadow Farm AB.

Shareholding in Senzime:

Philip Siberg owns a total of 705,542 shares personally and via associated companies, as well as 75,000 stock options in program 2023/2026.



Slavoljub Grujicic

Chief Financial Officer

Employed: 2022

Born: 1970

Education: BSc in Business Administration and Economics

Background: Over 13 years of experience from medium-sized and big listed US companies within life science. Experience includes financial reporting, internal financial management and business development, change management and financial processes solutions as well as business controlling and analytics. Previous positions include roles as Nordic Finance Manager, Finance Business Partner and Senior Business Analyst.

Other assignments: -

Own and related parties' shareholding in Senzime: 24,919 shares. 100,000 stock options in program 2022/2026 and 75,000 stock options in program 2023/2027



Johanna Faris

Head of Q/RA/S

Employed: 2018

Born: 1975

Education: Bachelor of Science in Mechanical Engineering

Background: 20 years of experience working with medical technology products, such as product development and production development. Broad experience in the field of quality, regulatory and sustainability.

Other assignments: -

Own and related parties' shareholding in Senzime: 1,561 shares. 70,000 stock options in program 2020/2024, 40,000 stock options in program 2022/2026, and 75,000 stock options in program 2023/2027.



Anders Jacobson

Chief Innovation Officer

Employed: 2016

Born: 1967

Education: MSc engineering

Background: Broad experience in R&D. Senior positions in companies within life science and technical consulting. Previous positions include research and development, manufacturing, service, and technical sales in a global environment.

Other assignments: Board member of Klaria Pharma Holding AB and deputy board member of MD Biomedical AB.

Own and related parties' shareholding in Senzime: 16,000 shares. 80,000 stock options in program 2020/2024, and 75,000 stock options in program 2023/2027.



Fredrik Norrby

Chief Technology Officer

Employed: 2020

Born: 1976

Education: Master of Science in Information Technology

Background: 20 years' experience in product development, mostly of medical devices. Previous position was as consultant at Prevas, with assignments at for example St.Jude Medical and Maquet Critical Care.

Other assignments: -

Own and related parties' shareholding in Senzime: 30,000 stock options, program 2020 / 2024, 50,000 stock options, program 2021/2025, and 75,000 stock options in program 2023/2027.



G.W. Hamilton

Commercial Vice President
US

Employed: 2020

Born: 1980

Education: Bachelor of Health Sciences in Respiratory Care, University of Missouri.

Background: Registered Respiratory Care Practitioner. 15+ years of US clinical sales and leadership roles with focus on anesthesia and respiratory solutions.

Other assignments: -



Anders Selin

Executive Vice President
Sales

Employed: 2019

Born: 1962

Education: Brian Tracy Business School and Lean Six Sigma Green Belt

Background: 30 years' experience in working in global listed medical technology companies with sales, marketing, technical services, and product development with leading positions such as VP and GM in EMEA, Asia and Latin America. Recent position was Head of Strategic Programs and Projects and Head of Development and Management of Medical Care Technology at Karolinska Hospital, Stockholm.

Other assignments: -

Own and related parties' shareholding in Sensime: 80,000 stock options in program 2020/2024, 80,000 stock options in program 2022/2026, and 75,000 stock options in program 2023/2027.



Johanna Tulkki

Chief Operating Officer

Employed: 2020

Born: 1970

Education: Bachelor of Science in Mechanical Engineering

Background: 30 years' experience in working with medical device with production, supply chain and development. Previous position was as COO at Coala Life and before that senior positions at for example Cavid, St Jude Medical and Radi Medical systems AB.

Other assignments: -

Own and related parties' shareholding in Sensime: 65,000 stock options in program 2020/2024, 50,000 stock options in program 2022/2026, and 75,000 stock options in program 2023/2027.



Michael Noble

Vice President Global Marketing

Employee: 2024

Born: 1988

Education: Bachelor of Business Administration (BBA), Marketing Southern Methodist University, Dallas, TX USA and Master of Business Administration (MBA) University of Colorado, Denver, CO, USA.

Background: 15+ years of Senior Marketing roles within the patient monitoring division of Medtronic, US, and Cochlear Americas, a multi-billion dollar global market leader in innovative, Class III implantable hearing solutions.

Other assignments: Founding Board Member and President of the non-profit organization Joyful Life Cochlear Implant Fund (JLCIF)

Aktieinnehav är per den 31 December 2023.

Five-year summary

Financial performance summary – group

INCOME STATEMENT	2023	2022	2021	2020	2019
SEK 000					
Net sales	35,754	14,034	10,980	9,337	6,711
Cost of goods sold	-27,415	-18,429	-15,903	-17,236	-13,650
Gross profit (loss)	8,339	-4,395	-4,923	-7,899	-6,939
Total overheads	-142,152	-133,848	-80,235	-39,331	-27,179
Other operating income and other operating expenses	-3,547	4,338	967	-1,636	-111
Earnings before interest and taxes	-137,360	-133,905	-84,191	-48,866	-34,229
Net financial income/expense	201	-453	-98	-125	-37
Profit (loss) after financial items	-137,159	-134,358	-84,289	-48,991	-34,266
Income tax	3,010	1,658	2,146	1,547	1,548
Profit (loss) for the year	-134,149	-132,700	-82,143	-47,444	-32,718
BALANCE SHEET	2023	2022	2021	2020	2019
SEK 000					
Intangible assets	227,193	243,328	74,159	82,168	93,533
Property, plant and equipment	2,592	2,285	1,286	238	120
Right-of-use assets	11,931	13,781	1,884	2,632	542
Other financial assets	4,431	4,084	1,735	-	-
Inventories	20,340	21,652	8,834	3,950	2,437
Trade receivables	8,569	4,210	4,936	3,285	2,528
Other current assets	7,057	7,305	6,916	6,310	1,049
Cash and cash equivalents	151,009	26,035	74,872	160,310	30,898
Total assets	433,122	322,680	174,622	258,893	131,107
Equity	375,477	261,903	150,580	231,346	109,970
Non-current liabilities and provisions	34,095	38,753	12,064	13,106	13,457
Current liabilities	23,550	22,024	11,978	14,441	7,680
Total equity and liabilities	433,122	322,680	174,622	258,893	131,107
CASH FLOW	2023	2022	2021	2020	2019
Cash flow from operating activities before change in working capital	-115,168	-116,787	-71,655	-36,591	-22,608
Cash flow from change in working capital	1,260	-19,991	-9,673	-1,744	-3,961
Cash flow from operating activities	-113,908	-136,778	-81,328	-38,335	-26,569
Cash flow from investing activities	-7,821	-4,977	-2,974	-327	-3,766
Cash flow from financing activities	246,511	92,364	-945	167,689	28,565
Cash flow for the year	124,782	-49,391	-85,247	129,027	-1,770
Cash and cash equivalents at end of year	151,009	26,035	74,872	160,310	30,898
KEY PERFORMANCE INDICATORS	2023	2022	2021	2020	2019
Gross margin excl. amortization (%)	69.8	62.0	54.3	40.9	57.6
EBITDA	-116,793	-118,353	-73,303	-37,148	-21,823
Equity/assets ratio (%)	86.6	81.4	86.3	89.4	83.9
Weighted average number of shares, before dilution	92,269,497	66,627,234	62,493,290	56,199,776	50,098,102
Weighted average number of shares, after dilution	92,269,497	66,627,234	62,679,957	56,353,496	50,160,009
Earnings per share, basic, SEK	-1.45	-1.99	-1.31	-0.84	-0.65
Earnings per share, diluted, SEK	-1.45	-1.99	-1.31	-0.84	-0.65
average number of employees	42	45	29	15	12

Financial information

Consolidated Statement of Comprehensive Income

SEK 000	Note	2023	2022
Net sales	5	35,754	14,034
Cost of goods sold	6,19,20	-27,415	-18,429
Gross profit (loss)		8,339	-4,395
Development expenses	7,9	-19,363	-19,463
Selling expenses	7,9	-77,682	-70,045
Administrative expenses	7,8,9,10	-45,107	-44,340
Other operating income	12,15	15,290	16,461
Other operating expenses	11,15	-18,837	-12,123
Earnings before interest and taxes		-137,360	-133,905
Financial income		999	-
Financial expenses	13	-798	-453
Financial items		201	-453
Profit (loss) after financial items		-137,159	-134,358
Income tax	14	3,010	1,658
Profit (loss) for the year		-134,149	-132,700
Other comprehensive income:			
Items reclassifiable to profit or loss			
Exchange differences on translation of foreign operations		-3,325	2,348
Other comprehensive income for the year		-3,325	2,348
Total comprehensive income for the year		-137,474	-130,352

Profit (loss) for the year and total comprehensive income are wholly attributable to equity holders of the parent.

Earnings per share, based on net profit (loss) attributable to equity holders of the parent	Note	2023	2022
Weighted average number number of shares, before dilution		92,269,497	66,627,234
Weighted average number number of shares, after dilution		92,269,497	66,627,234
Earnings pershare, basic and diluted, SEK	16	-1.45	-1.99

The notes on pages 51 to 76 are integral to the consolidated accounts.

Consolidated Balance Sheet

SEK 000	Note	Dec. 31, 2023	Dec. 31, 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	19	227,193	243,328
Property, plant and equipment	20	2,592	2,285
Right-of-use assets	21	11,931	13,781
Other financial assets	22, 23	4,431	4,084
Total non-current assets		246,147	263,478
CURRENT ASSETS			
Inventories	25	20,340	21,652
Trade receivables	24,26	8,569	4,210
Tax asset		420	838
Other receivables	27	4,819	4,746
Prepaid expenses and accrued income	28	2,238	1,721
Cash and cash equivalents	24,29	151,009	26,035
Total current assets		187,395	59,202
Total assets		433,542	322,680

The notes on pages 51 to 76 are integral to the consolidated accounts.

Consolidated Balance Sheet, cont.

SEK 000	Note	Dec. 31, 2023	Dec. 31, 2022
EQUITY AND LIABILITIES			
Equity	30		
Share capital		14,963	8,735
Other paid-up capital		880,690	636,729
Reserves		977	4,302
Accumulated profit or loss inc. profit (loss) for the year		-521,153	-387,863
Total equity		375,477	261,903
LIABILITIES			
Non-current liabilities and provisions			
Provisions	22	3,750	2,886
Lease liability	21,37	8,578	10,506
Deferred tax liabilities	31	21,767	25,361
Total non-current liabilities and provisions		34,095	38,753
Current liabilities			
Lease liability	21,37	2,890	2,537
Trade payables	24	5,146	7,318
Other current liabilities	32	4,028	3,346
Accrued expenses	33	11,906	8,823
Total current liabilities		23,970	22,024
Total liabilities		58,065	60,777
TOTAL EQUITY AND LIABILITIES		433,542	322,680

The notes on pages 51 to 76 are integral to the consolidated accounts.

Consolidated Statement of Changes in Equity

SEK 000	Note	Share capital	Attributable to equity holders of the parent			Total equity
			Other paid-up capital	Reserves	Retained earnings inc. profit (loss) for the year	
Opening balance, January 1, 2022		7,812	397,553	1,333	-256,118	150,580
Adjustment of translation difference				621	-621	
Adjusted opening balance, January 1, 2022		7,812	397,553	1,954	-256,739	150,580
Net profit (loss)					-132,700	-132,700
Other comprehensive income				2,348		2,348
Total comprehensive income for the year		-	-	2,348	-132,700	-130,352
Transactions with shareholders in their capacity as owners						
Set-off issue in acquisition		168	130,804			130,972
Expenses related to share issues			-244			-244
Set-off of liabilities		97	14,286			14,383
Directed cash issue		658	99,342			100,000
Expenses related to share issues			-5,012			-5,012
Share-based payment	10				1,576	1,576
Closing balance, December 31, 2022		8,735	636,729	4,302	-387,863	261,903
Opening balance, January 1, 2023		8,735	636,729	4,302	-387,863	261,903
Net profit (loss)					-134,149	-134,149
Other comprehensive income				-3,325		-3,325
Total comprehensive income for the year		-	-	-3,325	-134,149	-137,474
Transactions with shareholders in their capacity as owners						
New share issues		6,228	258,971			265,199
Expenses related to share issues			-15,010			-15,010
Share-based payment	10				859	859
Closing balance, December 31, 2023		14,963	880,690	977	-521,153	375,477

The notes on pages 51 to 76 are integral to the consolidated accounts.

Consolidated Statement of Cash Flows

SEK 000	Note	2023	2022
Cash flow from operating activities			
Earnings before interest and taxes		-137,360	-133,905
Adjustment for non-cash items:			
- Depreciation and amortization		20,567	15,550
- Other non-cash items		1,049	1,831
Interest paid		-92	-23
Interest received		999	-
Income tax paid		-331	-240
Cash flow from operating activities before change in working capital		-115,168	-116,787
Cash flow from change in working capital			
Increase/decrease in inventories		1,312	-5,496
Increase/decrease in trade receivables		-4,359	1,862
Increase/decrease in other operating receivables		-590	6,583
Increase/decrease in trade payables		-2,172	1,388
Increase/decrease in other trade payables		7,069	-24,328
Total change in working capital		1,260	-19,991
Cash flow from operating activities		-113,908	-136,778
Cash flow from investing activities			
Investments in tangible assets	20	-950	-979
Investments in intangible assets	19	-6,871	-4,129
Investments in participations in group companies	36	-	131
Cash flow from investing activities		-7,821	-4,977
Cash flow from financing activities			
Payments made for repayment of lease liabilities	21	-3,678	-2,380
Directed cash issue		265,199	100,000
Expenses related to share issues		-15,010	-5,256
Cash flow from financing activities		246,511	92,364
Decrease/increase in cash and cash equivalents		124,782	-49,391
Cash and cash equivalents at beginning of year		26,035	74,872
Exchange differences in cash and cash equivalents		192	554
Cash and cash equivalents at end of year		151,009	26,035

The notes on pages 51 to 76 are integral to the consolidated accounts.

Parent Company Income Statement

SEK 000	Note	2023	2022
Net sales	5	38,919	13,643
Cost of goods sold	6	-18,220	-8,564
Gross profit (loss)		20,699	5,079
Development expenses	7,9	-13,199	-14,728
Selling expenses	7,9	-72,408	-64,491
Administrative expenses	7,8,9,10	-39,837	-25,007
Other operating income	12, 15	15,298	16,043
Other operating expenses	11, 15	-18,557	-12,073
Earnings before interest and taxes		-108,004	-95,177
Profit (loss) from financial items			
Impairment, participation and receivable in group companies		-120,097	-
Interest income and similar profit/loss items	13	7,328	1,598
Interest expenses and similar profit/loss items	13	-28	-2
Total profit (loss) from financial items		-112,797	1,596
Profit (loss) after financial items		-220,801	-93,581
Income tax	14	-	-
Profit (loss) for the year		-220,801	-93,581

There are no items in the parent company reported as comprehensive income, so total comprehensive income is the same as profit (loss) for the year.

The notes on pages 51 to 76 are integral to the parent company accounts.

Parent Company Balance Sheet

SEK 000	Note	Dec. 31, 2023	Dec. 31, 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	19	25,854	20,914
Property, plant and equipment	20	1,416	1,457
Financial assets	18,23,35	137,139	246,194
Total non-current assets		164,409	268,565
CURRENT ASSETS			
Inventories	25	17,381	13,663
Trade receivables	26	1,149	1,458
Receivables from group companies	35	8,606	2,560
Current tax asset	27	420	838
Other receivables	27	4,218	4,398
Prepaid expenses and accrued income	28	2,345	1,987
Cash and bank balances	29	147,853	20,434
Total current assets		181,972	45,338
Total assets		346,381	313,903

The notes on pages 51 to 76 are integral to the parent company accounts.

Parent Company Balance Sheet, cont.

SEK 000	Note	Dec. 31, 2023	Dec. 31, 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	30	14,963	8,735
Statutory reserve		3,839	3,839
Development fund		25,184	19,983
		43,986	32,557
Non-restricted equity			
Share premium reserve		851,667	612,906
Accumulated profit (loss)		-377,008	-284,164
Profit (loss) for the year		-220,801	-93,581
		253,858	235,161
Total equity		297,844	267,718
Non-current liabilities			
Provisions	22	3,750	2,886
Total non-current liabilities		3,750	2,886
Current liabilities			
Trade payables		4,658	5,820
Liabilities to group companies	35	28,684	29,617
Other current liabilities	32	2,911	3,077
Accrued expenses and deferred income	33	8,534	4,785
Total current liabilities		44,787	43,299
TOTAL EQUITY AND LIABILITIES		346,381	313,903

The notes on pages 51 to 76 are integral to the parent company accounts.

Parent Company Statement of Changes in Equity

SEK 000	Note	Share capital	Statutory reserve	Development fund	Share premium reserve	Retained earnings inc. profit (loss) for the year	Total equity
Opening balance, January 1, 2022		7,812	3,839	17,289	376,426	-285,762	119,604
Profit (loss) for the year and other comprehensive income						-93,581	-93,581
Total comprehensive income		0	0	0	0	-93,581	-93,581
Transactions with shareholders in their capacity as owners							
Provision to development fund				2,694	-2,694		0
Set-off issue in acquisition		168			130,804		130,972
Set-off of liabilities		97			14,286		14,383
Expenses related to share issue					-244		-244
Directed cash issue		658			99,342		100,000
Expenses related to share issue					-5,014		-5,014
Share-based payment	10					1,598	1,598
Total transactions with shareholders in their capacity as owners		923	0	2,694	236,480	1,598	241,695
Closing balance, December 31, 2022		8,735	3,839	19,983	612,906	-377,745	267,718
Opening balance, January 1, 2023		8,735	3,839	19,983	612,906	-377,745	267,718
Profit (loss) for the year and other comprehensive income						-220,801	-220,801
Total comprehensive income		0	0	0	0	-220,801	-220,801
Transactions with shareholders in their capacity as owners							
Provision to development fund				5,201	-5,201		0
New share issues		6,228			258,971		265,199
Expenses related to share issue					-15,010		-15,010
Share-based payment	10					738	738
Total transactions with shareholders in their capacity as owners		6,228	0	5,201	238,760	738	250,927
Closing balance, December 31, 2023		14,963	3,839	25,184	851,666	-597,808	297,844

The notes on pages 51 to 76 are integral to the parent company accounts.

Parent Company Cash Flow Statement

SEK 000	Note	2023	2022
Cash flow from operating activities			
Earnings before interest and taxes		-108,004	-95,177
Adjustments for non-cash items			
- Depreciation and amortization		2,186	2,046
- Other non-cash items		737	1,598
Interest paid		-28	-2
Interest received		7,328	1,598
Income tax paid		331	-240
Cash flow from operating activities before change in working capital		-97,450	-90,177
Cash flow from changes in working capital			
Change in inventories		-3,718	-6,510
Change in trade receivables		-5,740	2,601
Change in other current operating receivables		-175	-255
Change in trade payables		-2,324	14,977
Change in other current trade payables		3,899	14,989
Total change in working capital		-8,058	25,832
Cash flow from operating activities		-105,508	-64,345
Cash flow from investing activities			
Investments in intangible assets	20	-6,871	-4,126
Investments in tangible assets	19	-214	-727
Increase in long-term financial investments		-10,177	-62,518
Acquisition of participations in subsidiaries	18	-	-16,767
Cash flow from investing activities		-17,262	-84,138
Cash flow from financing activities			
New share issue		265,199	100,000
Issue expenses		-15,010	-5,256
Cash flow from financing activities		250,189	94,744
Change in cash and bank balances			
Cash and bank balances at beginning of year		20,434	74,173
Cash and bank balances at end of year		147,853	20,434

The notes on pages 51 to 76 are integral to the parent company accounts.

Note 1 Notes on the consolidated accounts

General information

These annual accounts are for the parent company Senszime AB (publ), corporate identity number 556565-5734, and its subsidiaries. Senszime AB (publ) is a parent company registered in Sweden, with its registered office in Uppsala, at the address Ulls väg 41, 756 51, Uppsala, Sweden.

Unless otherwise stated, all amounts are reported in thousands of Swedish kronor (SEK 000). Information in brackets is for the comparative year.

The Board of Directors approved these consolidated accounts for publication on April 24, 2024.

Note 2 Summary of significant accounting policies

This note lists the significant accounting policies applied when preparing these consolidated accounts. These policies have been applied consistently for all years presented, unless otherwise stated.

i) Basis of preparation of the financial statements

The consolidated accounts of the Senszime AB group have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRSIC) as endorsed by the EU.

These annual accounts have been prepared in accordance with IFRS and the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the cost method. Preparing reports consistent with IFRS requires the application of a number of critical estimates for accounting purposes. This also requires Management to make certain judgements on the application of the group's accounting policies. Those segments involving a high degree of judgement, that are complex or such segments where assumptions and estimates are of material significance to the consolidated accounts, are stated in note 4.

ii) New standards to be applied from January 1, 2023

No new standards, interpretations or amendments that came into effect on January 1, 2023 have had any material impact on the consolidated financial statements.

iii) New and amended standards that have not yet been applied by the group

A number of new standards and interpretations come into effect for financial years beginning January 1, 2024 and later, and have not been applied when preparing these financial statements. No published standards and interpretations that have not yet come into effect have impacted the group.

2.1 Consolidated accounts

(a) Subsidiaries

Subsidiaries are all companies over which the group has a controlling influence. The group controls a company when it is exposed, or has the right, to variable returns from its holding in the company, and has the ability to affect such returns through its influence in the company. Subsidiaries are consolidated effective the date when controlling influence transfers to the group. They are excluded from the consolidated accounts effective the date controlling influence ceases.

Intra-group transactions, balance sheet items and unrealized gains and losses on transactions between group companies are eliminated. The accounting policies of subsidiaries have been amended where applicable to guarantee consistent application of the group's policies.

Acquisition accounting is used for reporting the group's business combinations.

2.2 Segment reporting

Senzime's chief operating decision-maker (CODM) is the CEO, because this individual is primarily responsible for allocating resources and evaluating performance. Judgements of the group's business segments should be based on the financial information reported to the CEO (management approach). The financial information reported to the CEO as support for allocating resources and evaluating the group's performance, relate to the group as a whole. Against this background, Management has determined that the group whole group is one operating segment.

2.3 Translation of foreign currency

(i) Functional currency and presentation currency

The different entities of the group have their local currency as functional currency because the local currency is defined as the currency used in the primary economic environment where each entity is mainly active. The consolidated accounts use Swedish kronor (SEK), which is the parent company's functional currency and the group's presentation currency.

(ii) Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency at the rates of exchange ruling on the transaction date. Exchange rate gains and losses that occur on payment of such transactions, and in the translation of monetary assets and liabilities in foreign currencies, are translated at closing day rates, recognized in operating profit or loss in the Statement of Comprehensive Income.

Exchange rate gains and losses that relate to loans, and cash and cash equivalents, are recognized in the Statement of Comprehensive Income as financial income or expenses. All other exchange rate gains and losses are recognized in the "other operating expenses" and "other operating income" items in the Statement of Comprehensive Income.

(iii) Translation of foreign group companies

The results of operations and financial positions of all group companies with different functional currencies to the presentation currency are translated to the group's presentation currency. The assets and liabilities of each of the balance sheets are translated from the foreign operation's functional currency to the group's presentation currency, Swedish krona, at closing date rates. Revenues and expenses for each of the income statements are translated to Swedish krona at average rates of exchange for each accounting period. Translation differences arising in currency translation of foreign operations are recognized in other comprehensive income.

Accumulated gains and losses in equity are recognized in profit or loss when the foreign operation is sold wholly or partly.

2.4 Revenue recognition

License rights to Senszime's intangible assets

Revenues from licenses are for an exclusive right, a license, for a customer to use the group's intellectual property associated with the Tetra-Graph® system on certain specified markets. To recognize the revenue of out-licensing an item of intellectual property, the group applies the following policies, and makes the following judgements.

Distinct license or integrated undertaking

A judgement is made as to whether a license right in a customer contract is distinct, and should be disclosed separately, or the license is integrated with services in the contract, and should just be recognized collectively, as an undertaking. For a license to be treated as a distinct undertaking and reported individually, the customer should be able to benefit from the license without Senszime making further undertakings in the current contract. For the recognition of revenue from non-distinct licenses in the customer contract, see under services below.

Reporting distinct licenses and customer contracts; right to use or right to access

For distinct licenses, Senszime judges whether a license the counterparty receives during an agreement term involves a right to use the intellectual property as it is when the license is issued, or right to access the intangible asset during the whole license period. This judgement is based on

the agreement's economic significance. A counterparty that receives a license right for a fixed fee through a non-cancellable agreement that permits the licensee to use the right freely, and when Senszime does not have any remaining obligations to fulfil, is considered a right-to-use license and is reported at a given point in time. If, instead, the agreement means the counterparty has the right to access through the whole license period (depending on Senszime performing activities that affect the value and use of the license) the compensation is allocated on a straight-line basis over the agreement term.

Usually, distinct licenses are right-to-use licenses because the services that could affect the value and benefit of the license are reported separately as an individual distinct performance obligation.

Timing of recognition of fixed transaction prices for distinct licenses

The transaction price to be received for the performed obligation to transfer a license to a customer can be fixed or variable, depending on the terms & conditions of the agreement. The revenue for a fixed transaction price for a right-to-use license is recognized at a given point in time. This point in time is when the customer receives control over the license, and can benefit from it. A fixed transaction price for a right-to-access license is recognized over the time period Senszime has an obligation to provide the customer with right to access.

Timing of recognition of the variable transaction price (milestones) for distinct licenses

Agreements on out-licensing Senszime's intangible assets often include a schedule of payment. A lump sum is often paid on entering agreements. This revenue is recognized when the counterparty has obtained control over the license as described above. The revenue for potential additional compensation, i.e. variable payments depending on certain future events, is not recognized until it is very likely that a material reversal of accumulated revenue recognized will not occur when the future uncertainties cease. This point in time is not considered to occur until the counterparty has confirmed that a specific event has occurred. Such event may be definitive regulatory approval of the product, for example.

Timing of recognition of variable transaction prices (royalties) for distinct licenses

Royalties are also a form of variable transaction price associated with a customer's license. Royalty is recognized according to a special principle. The revenue for sales-based royalties promised in exchange for a license for intellectual property is only recognized when subsequent sales occur.

Sale of goods

The group develops, manufactures and sells medical device solutions. The group's customer base consists both of various distributors and end-customers. The revenue from sales is recognized when control of the goods transfers to the customer, which is normally on delivery of the product. Delivery normally occurs when goods are transported to the specific site, the risks of obsolete or lost goods has transferred to the customer, and the customer has either accepted the goods in accordance with the agreement, the deadline for objections to the agreement has expired, or the group has objective evidence that all criteria for acceptance have been satisfied. Senszime judges that no financing component applies at the time the group's goods are sold.

Senzime Inc. is party to "placement agreements," which means monitors are lent to hospitals against the hospital undertaking to purchase a specific minimum number of sensors with a specific price mark-up. The revenue stream from these agreements consist of payment for the use of monitors and for the purchase of sensors. Revenues for sensors are recognized continuously. The monitors are leased on short-term contracts, i.e. operating leases. The monitors are booked from inventory and recognized as non-current assets with a depreciation period of 3-7 years. Depreciation is accounted as cost of goods sold.

2.5 Current and deferred income tax

The tax expense for the period consists of current and deferred tax. Tax is recognized in the Consolidated Statement of Comprehensive Income, apart from when tax relates to items recognized in other comprehensive income, or directly in equity. In such cases, tax is also recognized in other comprehensive income and equity respectively.

The current tax expense is computed on the basis of the tax rules that are enacted or substantively enacted in those countries where the parent company and its subsidiaries are active and generate taxable revenues, as of the reporting date. Management regularly evaluates the claims made in tax returns regarding situations where applicable tax rules are subject to interpretation. Where considered appropriate, provisions are made for amounts that are likely to be payable to the tax agency.

Deferred tax is recognized on all temporary differences occurring between the taxable value of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred tax is not recognized if it occurs as a result of a transaction which is the first-time recognition of an asset or liability that is not a business combination, and at the time of the transaction, neither affects reported nor taxable earnings. Deferred income tax is computed by applying the tax rates (and laws) that are enacted or substantively enacted on the reporting date, and are expected to apply when the relevant deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent it is likely that future taxable surpluses will be available, against which the temporary differences can be used. Deferred tax assets and liabilities are offset when there is a legal right of offset for current tax receivables and tax liabilities, and when the deferred tax receivables and tax liabilities relate to taxes charged by one and the same tax agency, and either relate to the same taxpayer, or different taxpayers, when there is an intention to settle these balances through net payments.

2.6 Leases

The group's lease arrangements are essentially on premises for offices. The group only operates as a lessee.

Leases are recognized as right-of-use assets and a corresponding liability on the date the lease is available for use by the group. Each lease payment is allocated between amortization of the liability and a financial expense. The financial expense should be allocated over the lease term so that each accounting period is charged with an amount that corresponds to a fixed interest rate for the liability reported in each period.

Right-of-use assets are amortized on a straight-line basis over the shorter of the asset's useful life and the length of the lease term.

Assets and liabilities that arise from lease arrangements are initially recognized at present value.

Lease liabilities include the present value of the following lease payments:

- fixed payments and
- variable lease payments dependent on an index.

Lease payments are discounted by an incremental borrowing rate. Assets with right of use are measured at cost and include the following:

- the initial measurement of the lease liability and
- payments made at or prior to the time the leased asset is available to the lessee.

Lease payments related to short-term leases and leases for which the underlying asset has low value, are recognized as an expense on a straight-line basis over the lease term. Leases for which the underlying asset is of low value are essentially on office equipment.

Extension and cancellation options

Extension and cancellation options are included in the group's leases on offices. These terms & conditions are used to maximize flexibility in managing the arrangements. Extension or cancellation options are included in the asset and liability when it is reasonably certain that they will be used.

2.7 Property, plant and equipment

Property, plant and equipment include equipment. Property, plant and equipment are recognized at cost less depreciation. Cost includes expenditure directly attributable to purchasing the asset.

Depreciation of assets to allocate the costs to an estimated residual value over the estimated useful life, is on a straight line basis as follows:

- Equipment – 60–120 months

The residual value and useful lives of assets are tested at the end of each reporting period and restated as required.

The residual value of an asset is immediately impaired to its recoverable amount if the carrying amount of the assets exceeds its estimated recoverable amount. Gains and losses on sale are determined by comparing the sales revenue and carrying amount, and are recognized in other operating income/other operating expenses net in the Statement of Comprehensive Income.

2.8 Intangible assets

Goodwill

Goodwill occurs on the acquisition of subsidiaries and is the amount whereby the purchase consideration, potential non-controlling interests in the acquired entity and the fair value of previous equity share in the acquired entity on the acquisition date exceeds the fair value of identifiable acquired net assets. If the amount is less than fair value the value of the acquired subsidiary's net assets, in the event of a bargain purchase, the differences reported directly in the statement of comprehensive income.

Impairment tests are conducted by estimating the value in use of the cash-generating unit, which in this case is the group overall, because it consist of a single operating segment.

Patents and similar rights

Patents and similar rights acquired separately are reported at cost. Patents and similar rights have a definite useful life and are recognized at cost less accumulated amortization and impairment. Expenditure for patents related to intangible assets judged to satisfy the criteria for capitalization below are recognized as an asset in the Balance Sheet.

Amortization of assets to allocate their cost over estimated useful lives are on a straight-line basis as follows:

- Patents and similar rights – 120-240 months

The useful life of patents is judged as consistent with each patent's registration period.

Capitalized expenditure for development work

Expenses for maintenance are expensed as they occur. Development expenses directly attributable to the development of medical device solutions controlled by the group, are recognized as intangible assets when the following criteria are satisfied:

- It is technically possible to complete them for use,
- The company's intention is to complete them, and use or sell them,
- The conditions for use or sale are in place,
- How they can generate probable future economic benefits can be demonstrated,
- Adequate technical, financial and other resources to complete development to use or sell them are available, and
- The expenditure related to them during their development can be measured reliably.

Directly attributable expenditure that is capitalized as part of the development process includes expenditure for employees and external consultants.

Other development expenses that do not satisfy these criteria are expensed when they occur. Development expenses previously expensed are not recognized as an asset in a subsequent period.

Capitalized development expenses that satisfy the above capitalization criteria have a definite useful life. Amortization commences from the date when the asset is ready for use. Amortization is on a straight-line basis over the useful life. The useful life is 120-240 months. The group has judged that intangible assets have a useful life of 10 years, and if there is a legal right (for example a patent) with a remaining useful life of over 10 years, instead, the maximum useful life, and thus amortization period, runs for the remaining useful lives for these legal rights—although never more than 20 years.

The cost of capitalized expenditure for development work acquired in a business combination is measured at fair value at the acquisition date. Additional expenditure is recognized in the same way as described above. In subsequent periods, these intangible assets are recognized at cost less accumulated amortization and impairment.

Technology

Acquired technology consists of surplus values occurring in business combinations. Ongoing business combinations are reported at fair value on the acquisition date. They have a definite useful life and are recognized at cost less accumulated amortization and impairment.

Trademarks & brands

Trademarks & brands acquired in a business combination are reported at fair value on the acquisition date. Trademarks & brands are not amortized, but subject to impairment tests yearly, or more often if events or changes indicate impairment.

2.9. Impairment of non-financial assets

Intangible assets that have an indefinite useful life (goodwill, trademarks & brands), or intangible assets that are not ready for use (capitalized expenditure for development work and technology) are not impaired, but subject to yearly impairment tests. Assets that are amortized are tested for impairment whenever events or changed circumstances indicate that carrying amount may not be recoverable. An asset is impaired when its carrying amount exceeds its recoverable amount. Recoverable amount is the greater of the asset's fair value less selling expenses, and its value in use. When assessing impairment, assets are grouped at the lowest level where there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) previously impaired, a test of whether reversal should be effected is conducted at each reporting date.

2.10 Financial instruments

The group's financial assets and liabilities consist of the following items: trade receivables, accrued income, cash and cash equivalents, trade payables and accrued expenses.

a) First-time recognition

Financial assets and financial liabilities are recognized when the group becomes party to the instrument's contractual terms. Purchases and sales of financial assets and liabilities are recognized on the transaction date, the date when the group undertakes to purchase or sell the asset.

On first-time recognition, financial instruments are accounted at fair value plus, for an asset or financial liability not recognized at fair value through profit or loss, transaction expenses directly attributable to the purchase or issue of a financial asset or financial liability, such as charges and commissions. Transaction expenses for financial assets and liabilities recognized at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

b) Financial assets—classification and measurement

The group classifies and measures financial assets in the amortized cost category.

Financial assets measured at amortized cost

Assets held with the intention of receiving contractual cash flows and where these cash flows only consist of principal and interest, are measured at amortized cost. The carrying amount of these assets is restated by any expected credit losses recognized (see impairment of financial assets below). The group's financial assets measured at amortized cost consist of the items trade receivables, accrued income, endowment insurance and cash and cash equivalents.

c) Financial liabilities—classification and measurement

Financial liabilities are measured at amortized cost. After first-time recognition, the group's financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities consist of trade payables.

d) Derecognition of financial assets and financial liabilities

Financial assets are derecognized from the Statement of Financial Position when the right to receive cash flows from the instrument have expired or transferred, and the group has transferred basically all risks and benefits associated with rights of ownership. Financial liabilities are derecognized from the Statement of Financial Position when the obligations in the agreement have been fulfilled, or otherwise extinguished. When the terms of the financial liability are renegotiated, and not derecognized from the Balance Sheet, a gain or loss is recognized in the Statement of Comprehensive Income. The gain or loss is computed as the difference between the original contracted cash flows and the modified cash flows discounted to the original effective interest rate.

e) Set-off of financial instrument

Financial assets and liabilities kvittas and redovisas med ett nettobelopp i Balance Sheet, endast när det finns en legal rätt att kvitta de redovisade beloppen and en avsikt att reglera dem med ett nettobelopp eller att samtidigt realisera asset and reglera skulden. Den legala rättigheten får inte vara beroende av framtida händelser and den måste vara rättsligt bindande för företaget and motparten både i den normala affärsverksamheten and i fall av betalningsinställelse, insolvens eller konkurs.

f) Impairment of financial assets

Assets recognized at amortized cost
The group judges the future expected credit losses associated with assets recognized at amortized cost. The group reports a credit loss reserve for such expected credit losses at each reporting date. For trade receivables, the group applies the simplified approach for credit provisioning, i.e. the reserve will correspond to the expected loss over the whole lifetime of the trade receivable. To measure expected losses, trade receivables are grouped based on allocated credit loss risk characteristics and overdue days. The group uses forward-looking variables for expected credit losses. Expected credit losses are recognized in the Consolidated Statement of Comprehensive Income, in the other operating expenses item.

g) Measuring and disclosing fair value

The carrying amounts of the group's financial assets and liabilities are judged as a reasonable estimate of fair value because they are current receivables and liabilities, whose discounting effect is insignificant.

2.11 Trade receivables

Trade receivables are amounts attributable to customers for goods sold in operating activities. Trade receivables are classified as current assets. Trade receivables are initially recognized at their transaction price. The group holds trade receivables to collect contracted cash flows. Accordingly, at subsequent reporting dates, trade receivables are measured at amortized cost using the effective interest method.

2.12 Cash and cash equivalents

In the Balance Sheet and Statement of Cash Flows, cash and cash equivalents consist of bank balances.

2.13 Share capital

Ordinary shares are classified as equity. Transaction expenses directly attributable to the issue of new shares or options are reported net of tax in equity as a deduction from the issue proceeds.

2.14 Trade payables

Trade payables are financial instruments and reflect the obligation to pay for goods and services purchased from suppliers in operating activities. Trade payables are classified as current liabilities if they become due within one year. If not, they are reported as non-current liabilities.

Trade payables are initially recognized at fair value, and subsequently at amortized cost using the effective interest method.

2.15 Inventories

Inventories are reported using the first in first out (FIFO) principle at the lower of cost or market. Market value is the estimated selling price in operating activities, less applicable variable selling expenses.

2.16 Employee benefits

a) Short-term compensation of employees

Liabilities for salaries and benefits including non-monetary benefits and paid absence expected to be settled within 12 months of the end of the financial year, are recognized as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The expense is recognized in the Statement of Comprehensive Income as employees render service. Liabilities are recognized as an obligation to compensate employees in the Consolidated Balance Sheet.

b) Pension obligations

The group has defined contribution pension plans only. A defined contribution pension plan is a pension plan through which the company pays fixed contributions to a separate legal entity. The group has no legal or informal obligation to pay additional contributions if this legal entity has insufficient assets to pay all compensation to employees associated with employee service during current or previous periods. Contributions are recognized as personnel expenses in the Statement of Comprehensive Income when they become due for payment.

In addition to this, Senzime has issued a pension promise to the CEO and two other senior managers, and subscribed to endowment insurance policies in tandem with this, which are pledged as security for these employees' pensions. The pension obligation means that the individuals receive the value of the endowment insurance less special employer's contributions, and accordingly, the obligations are recognized at the carrying amount of the endowment insurance. These endowment insurance policies are treated as plan assets and recognized as an asset, and the obligation as a provision, in the Balance Sheet, which means that their accounted net will always be zero, but where the company has decided not to account them net.

2.17 Share-based payment

The group has one staff stock option plan. The fair value of the service entitling employees to granting of options through the group's staff stock option plan is recognized as a personnel expense with the corresponding increase in equity. The total amount to be expensed is based on the fair value of the options granted:

- Including all market-related terms and conditions (e.g. target share price)
- Excluding any impact of the service conditions and non-market related conditions for vesting (e.g. profitability, sales increase targets and the employee remaining in the company's service for a designated period).
- Including the impact of terms that are not vesting terms (including requirements for the employee to save or retain shares during a designated period, for example).

The total expense is recognized over the vesting period: the period over which all the specified vesting terms should be satisfied. The group tests whether its judgement of how many shares are expected to be vested based on the non-market related vesting terms and service terms at the end of each reporting period. Potential variations from the original judgements that the test gives rise to are recognized in the Income Statement, and the corresponding restatements are made in equity.

The social security contributions arising on the granting of stock options are treated as an integrated part of granting, and this expense is treated as a cash-settled share-based payment.

2.18 Earnings per share

(i) Basic earnings per share

Basic earnings per share are computed by dividing:

- Profit or loss attributable to equity holders of the parent excluding dividends attributable to preference shares
- By a weighted average number of outstanding ordinary shares in the period, adjusted for the bonus issue element of ordinary shares issued in the period, and excluding repurchased shares held in treasury by the parent company.

(ii) Diluted earnings per share

To compute diluted earnings per share, the amounts used to compute basic earnings per share are adjusted by considering:

- The effect after tax of dividends and interest expenses on potential ordinary shares and
- The weighted average number of ordinary shares that are additional if all potential ordinary shares that give rise to a dilution effect are converted to ordinary shares.

2.19 Cash Flow Statement

The Cash Flow Statement is prepared according to the indirect method. Reported cash flows only include transactions involving payments received or made.

2.20 Contingent consideration

Contingent consideration is classified as a financial liability. Amounts classified as financial liabilities are remeasured in each period at fair value. Any revaluation gains and losses are recognized in profit or loss.

2.21 Parent company accounting policies

The critical accounting policies applied when preparing these annual accounts are stated below. These principles have been applied consistently for all years presented unless otherwise stated.

The annual accounts of the parent company have been prepared in accordance with RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act. In those cases where the parent company applies different accounting policies to the group's accounting policies, as reviewed in note 2 of the consolidated accounts, they are stated below.

The annual accounts have been prepared according to the cost method. Preparing statements consistent with RFR 2 requires the use of a number of important estimates for accounting purposes. This also

requires management to make certain judgements on the application of the parent company's accounting policies. Those segments involving a high degree of judgement, which are complex, or such segments where assumptions and estimates are of material significance to the annual accounts are stated in note 4 of the consolidated accounts.

Through its operating activities, the parent company is exposed to a number of different financial risks: market risk (currency risk and interest risk), credit risk and liquidity risk. The parent company's overarching risk management policy focuses on the unpredictability of the financial markets, and endeavors to minimize potential unfavorable effects on the group's financial results. For more information on financial risks, see note 3 of the Consolidated accounts.

The parent company applies different accounting policies to the group in the cases stated below:

Participations in subsidiaries

Participations in subsidiaries are recognized at cost after deducting for any impairment. Cost includes acquisition-related expenses.

When there is an indication that participations in subsidiaries are impaired, Recoverable amount is measured. If this is lower than the carrying amount, impairment is taken. Impairment is recognized in the "Impairment of participation and receivable in group companies" item.

Presentation

The Income Statement and Balance Sheet comply with the presentation stipulated by the Swedish Annual Accounts Act. The Statement of Changes in Equity is consistent with the group's presentation but should include the columns stated in the Swedish Annual Accounts Act. The terminological differences compared to the consolidated accounts also mainly relate to financial income and expenses, as well as equity.

Shareholders' contributions

In the parent company, shareholders' contributions paid are recognized as an increase in the carrying amount of the participation, and as an increase of equity in the recipient.

Financial instruments

The parent company does not apply IFRS 9. Instead, the parent company applies the item stated in RFR 2 (IFRS 9 Financial Instruments, P. 3-10).

Financial instruments are measured based on cost. In subsequent periods, financial assets acquired with the intention of holding for the short term are recognized pursuant to the lower of cost or market principle. Derivative instruments with negative value are recognized at this value.

When measuring the net selling price of assets recognized as current assets, the policies governing impairment testing and loss risk reserves in IFRS 9 are applied. For a receivable recognized at amortized cost at group level, this means a loss risk reserve recognized in the group pursuant to IFRS 9, should also be recognized in the parent company.

Leased assets

The parent company has decided not to apply IFRS 16 leases, but has instead decided to apply RFR 2 IFRS 16 Leases p. 2-12, which means that all lease payments are recognized as an expense on a straight-line basis over the lease term.

Note 3 Financial risk management

3.1 Financial risk factors

Through its operating activities, the group is exposed to a number of different financial risks such as market risk (currency risk), credit risk, liquidity risk and refinancing risk. The group endeavors to minimize potential unfavorable effects on its financial results. The objective of the group's financing activities are to:

- Ensure that the group can fulfil its payment obligations,
- Manage financial risks,
- Ensure access to necessary finance, and
- Optimize the group's net financial income/expense.

The Board of Directors bears ultimate responsibility for exposure, managing and monitoring Sensime's risks. The applicable limits for exposure, management and monitoring financial risks are determined by the Board of Directors and reviewed each year in Sensime's adopted finance policy. The Board of Directors has delegated responsibility for daily risk management to the CEO. The Board of Directors is able to decide on temporary departures from limits designated in the finance policy.

(a) Market risk

Currency risk

The group is exposed to currency risks arising from different currency exposures, mainly in EUR, USD and GBP, because the company has most of its sales in these currencies. Within Sensime AB, currency risk primarily arises in cross-border trading, where pricing and invoicing is usually in EUR and USD. Although the majority of Sensime AB's expenses are denominated in SEK, procurement, primarily of raw materials, is in GBP and EUR. The exposure to currency risk in transactions should mainly be limited by matching the company's incoming and outgoing payments. The finance policy states that residual net exposure, net flow, can be currency hedged. However, a maximum of 50 percent of the net flow may be hedged. Permitted hedging instruments are currency forwards and currency options (call and put options). However, such instruments may only be utilized with the Board of Directors' approval. As of December 31, 2023, and for all comparative periods, there were no outstanding derivative instruments.

The group's currency exposure related to transaction risk from the items in foreign currency recognized in the Balance Sheet at the end of each reporting period, are stated in the following table. All amounts are expressed in SEK 000.

	GBP	EUR	USD
Dec. 31, 2023			
Trade receivables	69	1,313	7,130
Trade payables	0	-496	-953
Net	69	816	6,176
Dec. 31, 2022			
Trade receivables	63	1,327	2,485
Trade payables	-109	-489	-2,088
Net	-46	838	397

Sensitivity analysis—transaction exposure

The material portion of the group's operating activities are conducted through the Swedish parent company. The group includes a small Dutch subsidiary, two US subsidiaries and one German subsidiary. One of the US companies was acquired in 2022. These subsidiaries expose the

group to currency risk related to EUR and USD on the translation of their Balance Sheets and Income Statements.

If the Swedish krona had depreciated/appreciated by 10 percent in relation to the USD with all other variables constant, equity as of December 31, 2023 would have been TSEK 16,414 higher/lower (2022: TSEK 20,140), mainly because of translation of the US subsidiary's Income Statement and Balance Sheet.

If the Swedish krona had depreciated/appreciated by 10 percent in relation to the EUR with all other variables constant, equity as of December 31, 2023 would have been TSEK 2,544 (2022: TSEK 2,144) higher/lower, mainly because of translation of the German and Dutch subsidiaries' Income Statements and Balance Sheets.

If the Swedish krona had depreciated/appreciated by 10 percent in relation to the GBP, the translated profit after tax in 2023 would have been TSEK 7 (2022: 5) higher/lower, because of gains/losses on the translation of trade receivables and trade payables.

(b) Credit risk

Credit risk arises through balances with banks and credit institutions, and customer credit exposure including outstanding receivables. Credit risk is managed by group management. Only banks and credit institutions with a minimum credit rating of "A" are acceptable. The group does not have any contract assets.

Credit risk is managed at group level. In cases where there is no independent credit check, a risk assessment of the customer's creditworthiness is conducted, considering its financial position, as well as previous experience and other factors. Individual risk limits are determined based on internal or external credit checks pursuant to the limits set by the Board of Directors. The usage of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses resulting from payment default by these counterparties.

Historically, the group's credit losses have been insignificant, and customers' payment histories are good. Considering this, and forward-looking information on macroeconomic factors that might influence customers' ability to pay receivables, the group's expected credit losses are also assumed as insignificant.

(c) Liquidity risk

Through prudent liquidity management, the group ensures it has sufficient cash reserves to satisfy the needs of operating activities. The finance policy stipulates that sufficient cash and cash equivalents should always be available to cover a period of at least three months ahead.

Management continuously monitors rolling forecasts of the group's liquidity reserves and cash and cash equivalents based on expected cash flows. Surplus liquidity may only be invested in assets that can be converted to cash and cash equivalents within three banking days. The maximum term of an individual asset in which surplus liquidity invested is one year.

(d) Refinancing risk

Refinancing risk is defined as the risk that difficulties in refinancing the company arise, that finance cannot be arranged, or can only be arranged at increased cost. Both the scale and timing of the group's potential future capital requirements depend on a number of factors, including the potential to enter collaborative or licensing agreements, and the advances made in research and development projects. To ensure the financing of research and development projects, Sensime has conducted new share issues. This risk is limited by the group continuously evaluating different funding solutions.

The following table analyzes the group's financial liabilities allocated to the period remaining as of the reporting date until contracted due date. The amounts stated in the table are the contracted undiscounted cash flows. Future cash flows in foreign currency have been computed based on closing day rates.

	Less than 3 months	Between 3 months and 1 yr.	Between 1 and 2 yrs.	Between 2 and 5 yrs.	More than 5 yrs.	Total contrac- ted cash flows	Carrying amount
As of December 31, 2023							
Financial liabilities							
Lease liability	1,027	2,437	2,765	6,668	186	13,083	11,468
Trade payables	5,146	-	-	-	-	5,146	5,146
Total	6,173	2,437	2,765	6,668	186	18,229	16,614
As of December 31, 2022							
Financial liabilities							
Lease liability	908	2,300	2,738	6,868	2,503	15,317	13,042
Trade payables	7,318	-	-	-	-	7,318	7,318
Total	8,226	2,300	2,738	6,868	2,503	22,635	20,360

3.2 Measuring and disclosing fair value

The different levels of financial instruments measured at fair value are defined as follows:

(a) Financial instruments in level 1

Listed prices (unadjusted) on active market places for identical assets or liabilities.

(b) Financial instruments in level 2

Other observable data for the asset or liability than listed prices included in level 1, either direct (i.e. as price quotations) or indirect (i.e. resulting from price quotations).

(c) Financial instruments in level 3

In those cases one or material input data is not based on observable market information, the relevant affected instrument is classified in level 3.

The carrying amounts of the group's financial assets and liabilities (in addition to lease liability) are considered reasonable estimates of fair value, because they relate to current receivables and liabilities, whose discount effect is insignificant.

The acquisition of RMI includes an agreement on contingent consideration payable if RMI achieves certain milestones during the calendar year 2023. Senzime's opinion is that no contingent consideration will be payable, and accordingly, it has been reported at zero.

3.3 Management of capital

The goal of the group's capital management is to ensure its capability to continue its operations so that it can keep generating returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to keep the cost of capital down.

To maintain its research portfolio over time, and thus generate future values, a strong capital base is required.

The group's capital is judged on the basis of its equity/assets ratio.

The equity/assets ratios as of December 31, 2023 and 2022 are stated in the following table:

	2023	2022
Equity	375.5	261.9
Total assets	433.5	322.7
Equity/assets ratio	86.6%	81.2%

Note 4

Critical estimates and judgements for accounting purposes

The group makes estimates and assumptions about the future. The estimates for accounting purposes that result from them will seldom correspond to actual outcomes by definition. Those estimates and assumptions that involve a significant risk of material restatements in the carrying amounts of assets and liabilities during subsequent financial years are summarized below.

a) Estimates and judgements associated with deductible deficits

Deferred tax assets for loss carry-forwards or other future tax deductions are recognized to the extent it is likely that the deduction can be used against a surplus in future taxation. Because the group is not reporting positive earnings, pursuant to IFRS, the group also needs to demonstrate convincing evidence that future earnings will be generated, and not merely make them likely, for deferred tax asset to be recognized. It is not currently possible to demonstrate such convincing evidence at present, and accordingly, no deferred tax asset is reported.

b) Estimates and judgements associated with capitalized development expenditure and acquires technology

Development of expenses are capitalized pursuant to the accounting policies of section 2.8 intangible assets in the capitalized expenditure for development work and technology section. Each year, the group tests capitalized development expenditure and technology for impairment. An impairment test was conducted at group level as a single cash-generating unit. Recoverable amount has been determined by measuring value in use. The impairment test demonstrated that there was no impairment as of December 31, 2023. At the end of the financial year, the value of the group's capitalized development expenses was SEK 63.9 m (67.8) and the value of the group's technology was SEK 46.2 m (53.7).

c) License agreements

The group has entered contracts where customers receive the right to use TetraGraph® on a marketplace. Licenses in customer agreements entered to date are treated as distinct from other performance obligations (services) in the contract. Accordingly, the customer can benefit from the license without the services offered in the contract. The fixed fee of the license has been recognized as a revenue when the customer obtains control over it because the licensee can freely use the right, and Senzime has not had any remaining obligations to perform (right to use licenses). Pursuant to the group's policies, additional variable compensation in these contracts dependent on future events is not recognized until Senzime has performed its obligation, and the counterparty has confirmed that a specific event has occurred.

Impairment tests for goodwill, trademarks & brands

Goodwill is tested for impairment each year when preparing the annual financial statements, or as soon as changes indicate that it may be

impaired. The test is conducted by estimating the value in use of the cash-generating unit to which the goodwill value relates, which in Senzime's case is the group overall, because this consists of a single operating segment.

Forecasts of the group's expected future cash flows that are the basis of computation (discounted cash flow measurement) are determined by Senzime's management, whose judgements are based on the company's own expectations of the future, and previous experience. In the impairment test, management also makes a number of assumptions in its discount model, which can have a substantial impact to the outcome of measurement. For more information, see note 19 for a review of critical

assumptions and a sensitivity analysis. Impairment is concluded when the recoverable amount is less than the carrying amount, and impairment is reported in profit or loss. At the end of the financial year, consolidated goodwill was SEK 104.8 m (108.9). Acquired brand assets are also tested for impairment each year, or more often if changes indicate that they might be impaired. The recoverable amount of the group's capitalized trademarks & brands is measured for the group overall, because the whole group is a single operating statement and a single cash-generating unit. At the end of the financial year, the value of the group's trademarks & brands was SEK 12.2 m (12.7).

Note 5 Net sales

Revenue

The revenue from external parties reported to the CEO is measured in the same way as in the Consolidated Statement of Comprehensive Income.

	Group		Parent company	
	2023	2022	2023	2022
Revenue from external customers				
Instruments/other	16,228	6,686	22,053	7,902
<i>of which royalty income</i>	1,336	272	259	272
Disposable sensors	19,526	7,348	16,866	5,741
Total	35,754	14,034	38,919	13,643

Revenue from external customers by country, based on customer location:

	Group		Parent company	
	2023	2022	2023	2022
Sweden	1,396	802	1,396	802
USA	23,333	7,666	29,625	7,569
Europe/Oceania	9,089	5,007	5,962	4,713
Asia	1,936	559	1,936	559
Total	35,754	14,034	38,919	13,643

Revenue of approx. TSEK 7,504 is for two single external customers.

Non-current assets in addition to financial Instruments and deferred tax assets, allocated by physical location of the assets, are stated in the following table:

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Netherlands	44,559	54,879	-	-
USA	60,128	67,206	-	-
Germany	40	22	-	-
Sweden	20,808	14,373	20,808	14,373
Total	125,535	136,480	20,808	14,373

Note 6 Cost of goods sold

	Group		Parent company	
	2023	2022	2023	2022
Cost of materials	8,450	3,862	14,336	5,619
Personnel expenses	1,030	672	1,031	672
External services	1,032	537	754	342
Depreciation and amortization	16,903	13,358	2,099	1,931
Total	27,415	18,429	18,220	8,564

Note 7 Selling, administration and development expenses by cost class

	Group		Parent company	
	2023	2022	2023	2022
Personnel expenses	84,682	72,905	40,971	33,203
Consulting expenses	28,873	22,285	19,098	17,241
Depreciation and amortization	635	501	254	335
Other expenses	27,962	38,157	65,120	53,447
Total	142,152	133,848	125,444	104,226

Note 8 Reimbursement of auditors

	Group		Parent company	
	2023	2022	2023	2022
PwC				
– Audit	1,447	1,345	1,447	1,345
– Other auditing services outside audit	40	786	40	786
– Tax consultancy	174	199	174	199
– Other services	374	2,838	374	2,838
Total	2,036	5,168	2,036	5,168

Note 9 Employee benefits, etc.

	Group		Parent company	
	2023	2022	2023	2022
Salary and other benefits	66 371	55 140	27 872	20 564
Social security contributions	11 256	9 181	8 771	6 329
Pension expenses—defined contribution plans	5 878	5 629	4 705	4 831
Total employee benefits	83 505	69 950	41 348	31 724

Salary and other benefits and social security expenses

	2023		2022	
	Salary and other benefits	Social security expenses (of which pension expenses)	Salary and other benefits	Social security expenses (of which pension expenses)
Directors, CEOs and other senior managers	15,479	7,680	13,989	7,658
– of which pension expense		2,974		3,628
Other employees	50,892	9,454	41,151	7,152
– of which pension expense		2,904		2,001
Group total	66,371	17,134	55,140	14,810

Note 9 Employee benefits, etc. (cont.)

	2023		2022	
	Salary and other benefits	Social security expenses (of which pension expenses)	Salary and other benefits	Social security expenses (of which pension expenses)
Directors, CEOs and other senior managers	12,792	7,420	10,118	7,145
– of which pension expense		2,872		3,494
Other employees	15,080	6,056	10,446	4,015
– of which pension expense		1,833		1,337
Parent company total	27,872	13,476	20,564	11,160

Average number of employees with geographical allocation by country

	2023		2022	
	Average no. of employees	Of which men	Average no. of employees	Of which men
Sweden	26	15	25	11
USA	19	6	16	11
Germany	4	2	4	1
Group total	49	23	45	23

	2023		2022	
	Average no. of employees	Of which men	Average no. of employees	Of which men
Sweden	26	15	25	11
Parent company total	26	15	25	11

Gender division in the group (inc. subsidiaries) of Directors and other senior managers

	2023		2022	
	No. on reporting date	Of which men	No. on reporting date	Of which men
Directors	6	3	7	4
CEO and other senior manager	9	6	8	4
Group total	15	9	15	8

Remuneration and other benefits 2023

	Basic salary/ Director's fee	Variable remuneration	Other benefits	Share-based payment	Pension expense	Consulting fee	Total
Chairman of the Board – Philip Siberg (4 mth.)	150	-	-	-	-	-	150
Chairman of the Board – Per Wold-Olsen (1 mth.)	-	-	-	-	-	-	-
Chairman of the Board – Adam Dahlberg (7 mth.)	204	-	-	-	-	-	204
Director – Göran Brorsson (8 mth.)	131	-	-	-	-	-	131
Director – Lars Axelsson (1 mth.)	18	-	-	-	-	-	18
Director – Adam Dahlberg	146	-	-	-	-	-	146
Director – Sorin J Brull	-	-	-	-	-	1,311	1,311
Director – Lennart Kalén (4 mth.)	79	-	-	-	-	-	79
Director - Eva Walde	210	-	-	-	-	-	210
Director - Laura Piccinini (11 mth.)	192	-	-	-	-	-	192
Director - Jenny E Freeman (11 mth.)	-	-	-	-	-	1,421	1,421
CEO – Philip Siberg (8 mth.)	2,549	580	3	14	13	-	3,159
CEO – Pia Renaudin (4 mth.)	766	-	19	28	308	-	1,121
Other senior managers (8 people)	9,569	751	111	513	2,654	-	13,598
Total	14 014	1 331	133	555	2 975	2 732	21 740

Consulting fees are for financial services and medical expertise. Other benefits are company cars and healthcare.

Remuneration and other benefits 2022

	Basic salary/ Director's fee	Variable remuneration	Other benefits	Share-based payment	Pension expense	Consulting fee	Total
Chairman of the Board – Philip Siberg	450	-	-	-	-	-	450
Director – Adam Dahlberg	210	-	-	-	-	-	210
Director – Sorin J Brull	-	-	-	-	-	1,224	1,224
Director – Lennart Kalén	210	-	-	-	-	-	210
Director – Eva Walde	210	-	-	-	-	-	210
Director - Laura Piccinini	96	-	-	-	-	-	96
Director - Jenny E Freeman	-	-	-	-	-	643	643
CEO – Pia Renaudin	1,596	1,082	79	154	978	-	3,889
Other senior managers (7) people)	9,249	1,339	101	675	2,650	-	14,014
Total	12,021	2,421	180	829	3,628	1,867	20,946

The CEO's paid bonus for 2023 amounted to SEK 580,000. For more information, refer to the remuneration report.

Guidelines for remunerating the CEO and other senior managers

Remuneration to the Chief Executive Officer and other senior managers consists of fixed salary, variable compensation, other benefits, pension etc. Other senior managers are the eight individuals that make up group management with the CEO.

Variable compensation should relate to the outcome of the company's targets and strategies and should be based on predetermined and measurable criteria designed to promote long-term value creation. Variable compensation of the CEO and other senior managers may be a maximum of 50 percent of yearly fixed salary.

The group has defined contribution pension plans only. Pension benefits should be defined contribution, to the extent the manager is not covered by defined benefit pensions under the compulsory terms of collective bargaining agreements.

The pension premiums of defined contribution pensions may be a maximum of 40 percent of the senior manager's yearly fixed salary. No pension commitments have been satisfied for directors that are not permanent employees of a group company.

Senzime has arranged endowment insurance policies for the CEO and two other senior managers, pledged as security for the pension promise made to these individuals. The pension expenses associated with these policies is included in pension expenses in the disclosure on remuneration of the CEO and other senior managers above. For more disclosures, see section 2.17 b).

Other benefits may include company cars, corporate healthcare, life and health insurance, and other similar benefits. Other benefits should be a minor portion of total compensation, and may correspond to a maximum of 10 percent of the senior manager's yearly fixed salary.

For the CEO, the notice period for termination by the company should be a maximum of 12 months, while the notice period for termination by the CEO should be a maximum of six months. For senior managers other than the CEO, the notice period on termination by the company should be a minimum of three months, and a maximum of 12 months, while the notice period for termination by the senior manager should be a minimum of three months, and a maximum of six months, unless otherwise required by law. Severance pay may be due to the senior manager on termination by the company. Fixed salary beyond notice periods and severance pay may not exceed a total amount corresponding to one year's fixed salary.

The CEO held the following number of staff stock options as of each reporting date:

Dec. 31, 2023	75,000
Dec. 31, 2022	100,000

Executive management held the following number of staff stock options on each reporting date:

Dec. 31, 2023	1,265,000
Dec. 31, 2022	485,000

For more information on the programs, see note 10.

Note 10 Long Term Incentive Programs

Stock option programs

A summary of the group's current/previous stock option plans for any of the periods covered by the annual accounts 2023 follows.

Stock option program 2020/2024

The EGM of July 2, 2020 approved a program involving 1,100,000 options. Stock options can be offered and granted to employees of the company based on participants' individual performance during an assessment period that will run until December 31, 2020 (the "Assessment Period").

Granted staff stock options will be vested over three years as follows: 20 percent of granted staff stock options vested on February 1, 2022; 20 percent of granted staff stock options vested on February 1, 2023; and 60 percent of granted staff stock options vested on February 1, 2024. Participants can exercise granted and vested staff stock options in the period February 1, 2024 to April 30, 2024. The subscription price has been set at SEK 24.70, which is 125 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm's Main Market in a period of 20 trading days from the date of the shareholders' meeting resolution onwards.

In total, 665,000 of these 1,100,000 options were granted in February 2021, with the following allocation: CEO: 0 staff stock options; members of management total: 355,000 staff stock options (highest individual granting 80,000); other employees: 310,000 (highest individual granting 100,000). The market value at granting was SEK 4.70 per option.

Stock option program 2021/2025

The AGM of May 11, 2021 resolved on another staff stock option program involving 456,050 options. These staff stock options will be offered and granted to employees, although not the CEO or other members of the company's management, and based on participants' individual performance during an assessment period that will continue until December 31, 2021 inclusive (the "Assessment Period"). However, granting may be earlier or later subject to special decision by the Board of Directors. The maximum number of staff stock options that can be granted to participants is 50,000 per person.

Granted staff stock options are vested over three years as follows: 20 percent of granted staff stock options vested on February 1, 2023; 20 percent of granted staff stock options vested on February 1, 2024; and 60 percent of granted staff stock options vested on February 1, 2025. Participants can exercise granted and vested staff stock options in the period February 1, 2025 to April 30, 2025.

The subscription price has been set at SEK 28.10, which is 125 percent of the volume-weighted average price paid for the company's share on Nasdaq Stockholm's Main Market in a period of 20 trading days from the grant date.

In total, 435,000 of these 456,050 options were granted in February 2022. All options were granted to other employees. The market value at granting was SEK 2.68 per option.

Stock option program 2022/2026

The AGM of May 18, 2022 resolved on another staff stock option program involving 900,000 options. These staff stock options will be offered and granted to employees based on participants' individual performance during an assessment period that will continue until December 31, 2022 inclusive (the "Assessment Period"). However, granting may be earlier or later subject to special decision by the Board of Directors. The maximum number of staff stock options that can be granted to participants is 200,000 per person.

Granted staff stock options are vested over three years as follows: 20 percent of granted staff stock options vested on February 1, 2024; 20 percent of granted staff stock options vested on February 1, 2025; and 60 percent of granted staff stock options vested on February 1, 2026. Participants can exercise granted and vested staff stock options in the period February 1, 2026 to February 28, 2027.

The subscription price has been set at SEK 30.00. In total, 695,000 of these options were granted in February 2023, with the following allocation: CEO: 0 staff stock options; members of management total: 335,000 staff stock options (highest individual granting 100,000); other employees: 360,000 (highest individual granting 100,000). The market value at granting was SEK 7.80 per option.

Staff stock option program 2023/2027

An EGM of September 20, 2023 resolved on another staff stock option program involving 1,000,000 options. These staff stock options will be offered and granted to employees based on participants' individual performance during an assessment period that will continue until December 31, 2023 inclusive (the "Assessment Period"). However, granting may be earlier or later subject to special decision by the Board of Directors. The maximum number of staff stock options that can be granted to participants is 200,000 per person.

Granted staff stock options are vested over three years as follows: 20 percent of granted staff stock options vested on October 1, 2024; 20 percent of granted staff stock options vested on October 1, 2025; and 60 percent of granted staff stock options vested on October 1, 2026. Participants can exercise granted and vested staff stock options in the period October 1, 2026 to October 1, 2027. The subscription price has been set at SEK 8.30. In total, 995,000, CEO 75, other executive management 450 and other employees 470 of these options were granted in October 2023, with the following allocation: CEO: 75,000 staff stock options; members of management total: 525,000 staff stock options (highest individual granting 75,000); other employees: 470,000 (highest individual granting 50,000). The market value at granting was SEK 7.07 per option.

A summary of outstanding share stock options follows:

	2023		2022	
	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)
As of January 1	-	-	12.00	400
Granted	-	-	-	-
Expired	-	-	-	-400
As of December 31	-	-	-	-

Outstanding staff stock options at year-end have the following expiration dates and exercise prices:

	2023		2022	
	Average exercise price, SEK per option	No. of options (000)	Average exercise price, SEK per option	No. of options (000)
As of January 1	25.90	1,272	24.70	925
Granted	18.70	1,895	28.10	435
Forfeited	27.60	-377	24.70	-88
As of December 31	21.60	2,790	25.90	1,272

Grant date	Expiration date	Exercise price	Staff stock options December 31, 2023 (000)	Staff stock options December 31, 2022 (000)
Jul. 2, 2020	Sep. 30, 2023	24.70	100	100
Feb. 1, 2021	Apr. 30, 2024	24.70	737	737
Feb. 1, 2022	Apr. 30, 2025	28.10	435	435
Feb. 1, 2023	Feb. 28, 2027	30.00	695	-
Oct. 1, 2023	Oct. 1, 2027	8.30	995	-
Total			2,790	1,272

Remaining weighted average contract period for outstanding options at the end of the period **1.7**

Fair value of granted staff stock options

The estimated fair value on the grant date for options granted in 2023 was SEK 0.06 per option and SEK 1.54 per option respectively (2022: SEK 2.68).

Fair value on the grant date is computed with the aid of an adapted version of the Black & Scholes valuation model.

Input data for the model for options granted in February:

- a) the options were granted free of charge and vested over a three-year period. Vested options can be exercised within two months of vesting
- b) exercise price: SEK 30.00
- c) grant date: February 1, 2023
- d) expiration date: February 28, 2027
- e) share price at grant date: SEK 7.80
- f) expected volatility of the company's share price: 35 percent
- g) risk-free interest rate: 2.51 percent

Input data for the model for options granted in October:

- a) the options were granted free of charge and vested over a three-year period. Vested options can be exercised within two months of vesting
- b) exercise price: SEK 8.30
- c) grant date: October 1, 2023
- d) expiration date: October 1, 2027
- e) share price at grant date: SEK 7.07
- f) expected volatility of the company's share price: 35 percent
- g) risk-free interest rate: 3.54 percent

The expected volatility of the share price is based on historical volatility (based on the remaining term of the option), adjusted for the expected changes in future volatility resulting from publicly available information.

The total expense recognized in the Income Statement for staff stock options is TSEK 768 (2022: TSEK 1,189). The total carrying amount of liabilities related to share-based payments on the reporting date is TSEK 41 (2022: TSEK 10).

Note 11 Other operating expenses

	Group		Parent company	
	2023	2022	2023	2022
Loss on sale of property, plant and equipment	-	44	-	-
Other operating expenses	81	-	81	-
Exchange losses	18,756	12,079	18,476	12,073
Total	18,837	12,123	18,557	12,073

Note 12 Other operating income

	Group		Parent company	
	2023	2022	2023	2022
Gain on sale of intangible assets	7	-	-	-
Exchange gains	15,134	16,134	15,187	15,938
Other operating income	149	327	111	105
Total	15,290	16,461	15,298	16,043

Note 13 Financial expenses and income

	Group		Parent company	
	2023	2022	2023	2022
Interest expenses, lease liability	-706	-430	-	-
Other financial expenses	-92	-23	-28	-2
Other interest income	999	-	999	-
Interest income, group companies	-	-	6,329	1,598
Impairment, participation and receivable in group companies	-	-	-120,097	-
Total financial expenses and revenue	201	-453	-112,797	1,596

Note 14 Income tax

	Group		Parent company	
	2023	2022	2023	2022
Current tax:				
Current tax on profit (loss) for the year	-	-	-	-
Adjustments for previous years	-	-	-	-
Total current tax	-	-	-	-
Deferred tax (note 31)				
Occurrence and reversal of temporary differences	3,010	1,658	-	-
Effect of changed tax rate	-	-	-	-
Total deferred tax	3,010	1,658	-	-
Total income tax	3,010	1,658	-	-

Income tax on the group's profits (loss) before tax differs from the theoretical amount that would have resulted by applying the Swedish tax rate to the profits of consolidated companies as follows:

	Group		Parent company	
	2023	2022	2023	2022
Profit (loss) before skatt	-134,149	-134,358	-220,802	-93,581
Income tax computed at tax rate in Sweden 2023 20.6% (2022: 20.6%)	27,635	27,678	45,485	19,278
Tax effects of:				
Non-deductible expenses	-290	-381	-24,968	-381
Issue expenses/Deductible expenses accounted against equity	3,091	1,082	3,091	1,082
Tax effect of foreign tax rates	-927	-619	-	-
Unreported temporary differences, loss carry-forwards	-26,499	-26,102	-23,608	-19,979
Change in deferred tax	-	-	-	-
Income tax	3,010	1,658	0	0

The weighted average tax rate for the group was 21.3% (2022 21.1%).

Note 15 Exchange differences - net

Exchange differences have been recognized in the Statement of Comprehensive Income as follows:

	Group		Parent company	
	2023	2022	2023	2022
Other operating expenses (note 11)	-18,837	-12,079	-18,557	-12,073
Other operating income (note 12)	15,290	16,134	15,298	15,938
Total	-3,547	4,055	-3,259	3,865

Note 16 Earnings per share

Earnings per share are computed by dividing profit for the year by a weighted average number of outstanding ordinary shares in the period.

Senzime has had potential ordinary shares in the form of staff stock options. However, these did not cause any dilution effect for 2022 and 2023, because conversion to ordinary shares would result in a lower loss per share.

	Group	
	2023	2022
SEK		
Basic earnings per share	-1.45	-1.99
Diluted earnings per share	-1.45	-1.99
Earnings measures for computing earnings per share		
Earnings attributable to equity holders of the parent for computing basic and diluted earnings per share		
Earnings attributable to equity holders of the parent, SEK 000	-134,149	-132,701
Number		
Weighted average number of ordinary shares for computing basic earnings per share	92,269,497	66,627,234
Adjustment for computing diluted earnings per share:		
- Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator for computing diluted earnings per share	92,269,497	66,627,234

Note 17 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 excl. amortization because it illustrates the impact of amortization of capitalized development expenditure on gross margin.
EBITA	Earnings before interest and taxes excl. amortization of intangible assets	The group uses the alternative performance measure EBITA because it illustrates the impact of amortization of capitalized development expenditure on EBIT.
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 total assets that consist of equity, and has been included so investors will be able to assess the group's capital structure.
Items affecting comparability	Items of significant value that have no clear connection to ordinary operations and are of such nature that they cannot be expected to occur often. They might be acquisitions, major one-off orders, other unusual non-recurring revenue and expenses, capital gains/losses from divestment, restructuring expenses and impairment.	Offers a better understanding of the group's underlying operations.
Currency fluctuations	Adjusted for currency fluctuation on the net sales of operations excludes the effect of exchange rates by re-calculating the net sales of operations for the relevant period by applying the exchange rate used for the comparative period.	This metric is important to understand the underlying progress of operations and increase comparability between the periods.

Note 18 Investments in subsidiaries

The group had the following subsidiaries as of December 31, 2023:

Name	Country of registration and operation	Operations	Prop. ordinary shares held directly by parent company (%)	Prop. ordinary shares held directly by parent company (%)
Acacia Designs B.V	Netherlands	Medical devices	100	100
MD Biomedical AB	Sweden	Medical devices	100	100
Senzime Inc	USA	Medical devices	100	100
Senzime GmbH	Germany	Medical devices	100	100
Respiratory Motion Inc	USA	Medical devices	100	100

The parent company holds shares in the following subsidiaries:

Name	Corp. ID no.	Reg. office, country of registration and operation	No. of shares	Book value Dec. 31, 2023	Book value Dec. 31, 2022
First tier					
Acacia Designs B.V.	59697059	Maastricht, Netherlands	6,333	4,782,596	4,782,596
MD Biomedical AB	556837-0273	Umeå, Sweden	50,000	1,983,500	1,983,500
Senzime Inc	003433-4748	Watertown, USA	1,000	9,334	9,334
Senzime GmbH	DE342219347	Geisenhausen, Germany	100	253,680	253,680
Respiratory Motion Inc	301025-8143	Watertown, USA	10,586,000	101,821,001	147,739,201
				2023	2022
Opening cost				167,868	20,129
Purchased in the year				-	147,739
Shareholders' contribution paid				-	-
Closing cumulative cost				167,868	167,868
Impairment in the year				-45,918	
Closing accumulated impairment				-59,018	-13,100
Closing carrying amount				108,850	154,768

Acacia Designs was acquired by the parent company in 2016, and included in the consolidated accounts at amounts after the acquisition date of 17 May 2016. Acacia Designs is a medical device company with its registered office in the Netherlands. Most of the group's operations conducted in the parent company, and its five subsidiaries only hold specific rights, which are licensed to the parent company against royalty payments. The intra-group restructuring led to the shares in Acacia Designs B.V. being impaired by TSEK 13,100 in 2018. The subsidiary Senzime Inc. started operations in the USA in 2020, and is 100 percent consolidated. The subsidiary Senzime GmbH was incorporated in Germany in March 2021, and is 100 percent consolidated. The US subsidiary Respiratory Motion Inc. was acquired in July 2022, and is 100 percent consolidated. An impairment loss of TSEK 45,918 was taken on shares in the subsidiary Respiratory Motion Inc. in 2023.

Note 19 Intangible assets

Group	Goodwill	Capitalized development expenditure	Patents and similar rights	Teknologi	Varumärke	Total
Financial year 2022						
Opening carrying amount	770	72,965	424	-	-	74,159
Purchases in the year	106,557	4,129	-	55,774	12,416	178,876
Sales and retirements	-	-	-376	-	-	-376
Årets avskrivningar	-	-10,085	238	-2,882	-	-12,729
Translation differences	1,518	788	-	848	244	3,398
Closing carrying amount	108,845	67,797	286	53,740	12,660	243,328
As of December 31, 2022						
Cost	108,845	121,520	1,368	56,569	12,660	297,257
Accumulated avskrivningar	-	-53,723	-1,082	-2,829	-	-53,929
Carrying amount	108,845	67,797	286	53,740	12,660	243,328

Financial year 2023

Opening carrying amount	108,845	67,797	286	53,740	12,660	243,328
Purchases in the year	-	6,871	-	-	-	6,871
Sales and retirements	-	-	-	-	-	-
Amortization in the year	-	-10,723	-125	-5,759	-	-16,607
Translation differences	-4,095	-28	-	-1,800	-476	-6,399
Closing carrying amount	104,750	63,917	161	46,181	12,184	227,193

As of December 31, 2023

Cost	104,750	128,363	1,368	54,822	12,184	301,487
Accumulated amortization	-	-64,446	-1,207	-8,641	-	-74,294
Carrying amount	104,750	63,917	161	46,181	12,184	227,193

Parent company

Capitalized development expenditure

Patents and similar rights

Total

Financial year 2022

Opening carrying amount	18,155		424	18,579
Purchases in the year	4,129		-	4,129
Sales and retirements	-		-376	-376
Amortization in the year	-1,656		238	-1,418
Closing carrying amount	20,628		286	20,914

As of December 31, 2022

Cost	32,700		1,368	34,068
Accumulated amortization	-12,072		-1,082	-13,154
Carrying amount	20,628		286	20,914

Financial year 2023

Opening carrying amount	20,628		286	20,914
Purchases in the year	6,871		-	6,871
Sales and retirements	-		-	-
Amortization in the year	-1,807		-125	-1,932
Closing carrying amount	25,692		161	25,853

As of December 31, 2023

Cost	39,571		1,368	40,939
Accumulated amortization	-13,879		-1,207	-15,086
Carrying amount	25,692		161	25,853

Capitalized development expenditure

The significant portion of capitalized development expenditure consist of TetraGraph (SEK 44.6 million), and ExSpiron (SEK 46.2 million). These assets are complete and amortization has commenced. Even if there is no indication of impairment, the group tests for impairment of capitalized development expenditure each year. The impairment test is conducted at group level and the most material assumptions in the impairment test are sales growth and the discount rate.

Goodwill impairment test

An impairment test was conducted when preparing the consolidated accounts for 2023. Management monitors goodwill for the group overall, and the group consists of a single operating segment. The recoverable amount of the cash-generating unit has been judged on the basis of estimated value in use. This test involves an estimation of expected cash flows from the group's operations. Cash flows are based on the group's business plan, which runs until 2027 inclusive, with growth forecast to reduce from 15.0 percent to 2.5 percent for the period 2028-2032. The business plan is based on management's previous experience, and as far as possible, external sources of information. The parameters with the most impact on measurements of recoverable amount firstly consist of estimated sales growth and EBIT. Apart from sales growth, assumptions on the gross margin and the progress of other operating expenses have the greatest impact on estimates of operating profit or loss. An estimate assumption of average yearly growth of net sales of 55.1 percent has been applied to the impairment test until the end of the forecast period, 2032 inclusive.

Working capital tied up is forecast at 20.0 percent of net sales in 2024, to reduce progressively to 15 percent, in 2028, and then remain at this level.

Investments are assumed at 16.0 percent of net sales in 2024, to then reduce progressively to 4.2 percent from 2028 onwards. The discount rate after tax applied to the impairment test is 18.9 percent.

A sensitivity analysis indicates that adjusting the discount rate by 10 percent is possible without causing any impairment. The total expenditure for development expensed in the year amounts to TSEK 19,363 (2022: TSEK 19,463)..

Note 20 Property, plant and equipment

Group	Machinery and equipment
Financial year 2022	
Opening carrying amount	1,286
Purchases in the year	2,831
Sales and retirements	-7
Depreciation for the year	-1,826
Closing carrying amount	2,284
As of December 31, 2022	
Cost	4,434
Accumulated depreciation	-2,150
Carrying amount	2,284
Financial year 2023	
Opening carrying amount	2,284
Purchases in the year	976
Exchange differences	-48
Depreciation for the year	-620
Closing carrying amount	2,592
As of December 31, 2023	
Cost	5,278
Accumulated depreciation	-2,686
Carrying amount	2,592
Parent company	
Financial year 2022	
Opening carrying amount	964
Purchases in the year	725
Sales and retirements	-7
Depreciation for the year	-239
Closing carrying amount	1,463
As of December 31, 2022	
Cost	2,015
Accumulated depreciation	-559
Carrying amount	1,456
Financial year 2023	
Opening carrying amount	1,456
Purchases in the year	214
Sales and retirements	-
Depreciation for the year	-254
Closing carrying amount	1,416
As of December 31, 2023	
Cost	2,229
Accumulated depreciation	-813
Carrying amount	1,416

Note 21 Leases

Essentially, the group's leases consist of leases for premises. Leases have terms of 3–10 years.

The following amounts related to leases are recognized in the Income Statement:

	Group	
	2023	2022
Depreciation and amortization of rights of use:		
Real estate	2,719	1,732
Vehicles	605	295
Total	3,324	2,027
Interest expenses (included in financial expenses)	706	430

Expenditure related to leases for which the underlying assets of low value that are not short-term leases (included in administrative expenses).

Total cash flow for leases 2023 was TSEK 3,678 (2022: TSEK 2,380). For information on lease liability maturities, see note 3.

Additional rights of use in 2023 amounted to TSEK 1,927 (2022: TSEK 13,608).

The following amounts related to leases are recognized in the Balance Sheet:

	Group	
	Dec. 31, 2023	Dec. 31, 2022
Assets with right of use:		
Vehicles	844	1,219
Real estate	11,087	12,562
Total	11,931	13,781
Lease liabilities:		
Non-current	8,578	10,506
Current	2,890	2,537
Total	11,468	13,043

Lease obligations

The parent company rents premises through non-cancellable leases. Usually, lease terms are three years, and most leases have an extension option available at the end of their periods, for a fee at market levels. The US subsidiaries lease premises. In 2022, Senszime Inc.'s operations relocated to Respiratory Motion Inc.'s premises, so this lease terminated, while RMI's premises have a lease term of ten years.

Lease expenses in 2023 were TSEK 1,370 (2022: TSEK 1,272), for premises leases, included in the Statement of Comprehensive Income.

Future total minimum lease charges for non-cancellable operating leases are as follows:

	Parent company	
	2023	2022
Within 1 yr.	564	605
Between 1 and 5 yrs.	0	279
Later than 5 yrs.	0	0
Total	564	884

Note 22 Provisions

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Non-current provisions, personnel				
As of January 1	2,886	1,735	2,886	1,735
– Pension provision	864	1,151	864	1,151
As of December 31	3,750	2,886	3,750	2,886

Non-current provisions are expenses for expenses for pensions.

Note 23 Other financial assets

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Various long-term deposits	680	1,198	0	491
Company owned endowment insurance	3,750	2,886	3,750	2,886
Total	4,430	4,084	3,750	3,377

Note 24 Financial instruments by category

	Group	
	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at amortized cost		
Trade receivables	8,569	4,210
Cash and cash equivalents	151,009	26,035
Total	159,578	30,245

All the group's financial assets are reported in the category "financial assets measured at amortized cost."

	Group	
	Dec. 31, 2023	Dec. 31, 2022
Financial liabilities measured at amortized cost		
Trade payables	5,146	7,318
Total	5,146	7,318

All of the group's financial liabilities are recognized in the "financial liabilities measured at amortized cost" category.

Over and above the financial instruments stated in the table (above), the group has financial liabilities in the form of lease liabilities, which are recognized and measured according to IFRS 16 (see note 3)

Note 25 Inventories

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Current assets				
– Raw materials recognized at cost	12 680	17 594	12 680	9 605
– Finished goods recognized at cost	7 660	4 058	4 701	4 058
Total	20 340	21 652	17 381	13 663

The amounts for goods in inventory recognized as an expense in the period, are for the group TSEK 8,450 (2022: 3,862), and for the parent company TSEK 14,336 (2022: 5,619).

Note 26 Trade receivables

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Trade receivables	8 569	4 210	9 755	1 458
Less: provision for expected credit losses				
Trade receivables - net	8 569	4 210	9 755	1 458

The maximum exposure to credit risk on the reporting date for trade receivables is the carrying amount above. The fair value of trade receivables corresponds to carrying amount, because the discount effect is not significant. No trade receivables have been pledged as collateral for any liability.

As of December 31, 2023, trade receivables of TSEK 3,696 (881) were due without any impairment considered necessary. The age analysis of these trade receivables is stated below.

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Less than 30 days	1,564	346	105	27
31 days and older	2,132	719	258	217
Total	3,696	1,065	363	244

Note 27 Other receivables

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
VAT receivable	1,575	911	1,575	911
Tax asset	420	838	420	838
Other current receivables	3,244	3,835	2,643	3,487
Total	5,239	5,584	4,638	5,236

Note 28 Prepaid expenses and accrued income

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Prepaid rent	327	315	327	315
Prepaid insurance	289	614	201	595
Other prepaid expenses	1,622	791	1,817	1,077
Total	2,238	1,721	2,345	1,987

Note 29 Cash and cash equivalents

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Bank balances	151,009	26,035	147,853	20,434
Total	151,009	26,035	147,853	20,434

Note 30 Share capital and other paid-up capital

	No. of shares	Share capital	Other paid-up capital
As of January 1 2022	62,493,290	7,811,661	397,553,000
Directed cash issue	5,263,158	657,895	94,342,107
Set-off issue in acquisition	1,353,850	169,231	130,547,125
Set-off of liabilities	773,687	96,711	14,286,130
As of December 31, 2022	69,883,985	8,735,498	636,728,362
New share issues	49,821,538	6,227,692	243,962,130
As of December 31, 2023	119,705,523	14,963,190	880,690,491

As of December 31, 2023, the share capital consists of 119,705,523 ordinary shares with a quotient value of SEK 0.125. All shares issued by the parent company are fully paid up.

Information on Senszime's stock option plans, including further detail on issued, exercised and expired options in the financial year, as well as outstanding options at the end of the financial year, is in note 10.

Note 31 Deferred tax

Deferred tax assets are recognized for tax loss carry-forwards or other deductions to the extent it is likely that they can be used against future taxable earnings. No deferred tax asset has been recognized because the group does not judge that the criteria for reporting deferred tax in IAS 12 are satisfied.

Deferred tax liabilities	Intangible assets
As of January 1 2022	9,712
Increase through business combinations	17,307
In Income Statement	-1,658
As of December 31, 2022	25,361
In Income Statement	-3,010
Currency translation	-584
Per 31 December 2023	21,767

Unused loss carry-forwards for which no deferred tax asset has been reported amount to TSEK 573,280 as of December 31, 2022 (December 31, 2023: TSEK 428,637). TSEK 533,048 of loss carry-forwards do not expire at any time, other loss carry-forwards expire between the years 2024 and 2030.

Note 32 Other current liabilities

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Withholding tax	1,193	941	1,193	814
Deduction, social security contributions	819	386	819	386
Deduction, special employer's contribution	897	1,647	897	1,647
Other current liabilities	1,119	372	2	230
Total	4,028	3,346	2,911	3,077

Note 33 Accrued expenses and deferred income

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Accrued salaries	2,324	451	580	450
Accrued vacation pay	2,665	2,652	2,665	2,068
Accrued social security contributions	1,061	801	1,061	801
Other accrued expenses and deferred income	5,856	4,919	4,228	1,466
Total	11,906	8,823	8,534	4,785

Note 34 Contingent liabilities and pledged assets

	Group		Parent company	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Corporate mortgages	300	300	300	300
Guarantee commitments	650	650	650	650
Rent guarantee	1,848	650	1,848	650
Total	2,798	950	2,798	950

Collateral pledged is a previous working capital credit facility with SEB, which is currently terminated. An overdraft facility has been arranged but is not currently in use. Guarantee commitments are for Sensime Inc. and is a limit allocation with SEB New York and payment limit for ACH.

The parent company has entered an agreement with its subsidiary Acacia Designs B.V. on the payment of royalties on the sale of specific products.

A strategic connectivity and licensing deal was signed with Masimo in 2022, which involves future sales carrying royalty payouts based on a market royalty model.

A rent guarantee for new premises for Sensime AB was arranged in 2023, the beneficiary is Industrifastigheter Storstad.

Note 35 Transactions with related parties

Apart from compensation to senior managers and consulting services purchased from them as stated in note 9, there are no transactions with related parties.

Senzime AB is the ultimate parent company of the group. Related parties are subsidiaries and senior managers of the group, and their relations. Transactions are on market terms. The following related party transactions were executed:

	2023	2022
(a) Sale of goods		
Senzime GmbH	1,529	751
Respiratory Motion Inc.	367	-
Senzime Inc	29,257	7,511
Total	31,153	8,262
(b) Purchase of services		
Acacia Designs B.V.	3,006	987
Senzime GmbH	8,918	6,971
Senzime Inc	49,501	39,717
Total	61,425	47,675

Receivables and liabilities at end of year

	Dec. 31, 2023	Dec. 31, 2022
<i>Receivables from related parties:</i>		
Senzime GmbH	5,500	10,660
Senzime Inc	27,049	18,318
Respiratory Motion Inc.	-	56,256
<i>Liabilities to related parties:</i>		
Senzime GmbH	-2,972	-6,937
Senzime Inc	-15,589	-12,958
Respiratory Motion Inc.	-8,653	-6,272
MD Biomedical AB	-230	-230
Acacia Designs B.V.	-1,240	-3,451
	3,865	55,386

Loans from related parties

	Dec. 31, 2023	Dec. 31, 2022
<i>Loan from Acacia Designs B.V.</i>		
At beginning of year	5,123	4,708
Loans arranged in the year	-5,123	415
At end of year	-	5,123

The liability to Acacia Designs B.V. is regular license fees.

In 2023, the parent company provisioned TSEK 74,179 for doubtful debt attributable to its subsidiary Respiratory Motion Inc. The company has not recognized any expenses for doubtful debt with related parties in the period. No collateral has been pledged for these receivables.

Most receivables from related parties are for sales transactions and are due one month from the sale date. Most liabilities to related parties are from purchase transactions and are due one month from the purchase date.

Remuneration to executive management is stated in note 9.

Note 36 Business combinations

On July 1, 2022, Senszime AB acquired 100 percent of the share capital of American company Respiratory Motion, Inc. (RMI).

RMI is a Boston-based medical technology company that develops and markets systems for monitoring respiratory function and other vital functions. The company's solution ExSpiron® is a unique, non-invasive system that monitors patient breathing volume and respiratory rate in real time. ExSpiron is based on many years of research by physicians in the USA and is protected by 14 patent families and proprietary algorithms. The system is CE and FDA approved and has been validated on over 6,000 patients in more than 30 scientific publications.

Monitoring patient respiratory function is critical, and closely monitored during surgery according to standardized protocols. However, a significant proportion of patients need continued monitoring of respiratory rates and volume in real time even postoperatively, when they come to a ward. Adequate equipment that can provide early warnings of respiratory depression and prevent complications in patients who are not intubated is often absent.

Respiratory depression affects up to 30 percent of patients undergoing various types of pain treatment (analgesia) in postoperative care. This leads to complications, extra care time and increased costs for caregivers.

Like Senszime's TetraGraph®, ExSpiron® is based on a "razor and razor-blade" sales model powered by an installed base of monitors with the associated disposable sensors. The estimated total addressable market in the United States alone amounts to more than USD 4 billion, which, combined with RMI's access to approximately 5,500 hospitals, enables rapid growth of the installed base of monitors. RMI currently has a number of strategic purchasing agreements with some of the larger purchasing organizations in the USA through Group Purchasing Organizations.

The acquisition of RMI is in line with Senszime's vision of a world free of anesthesia-related complications. RMI's product portfolio is complementary to Senszime, which increases Senszime's ability to cover more of the patient journey extending outside the operating theater and enables cross-sales synergies through its own sales force and distributor channels. The companies also have clear operational synergies in manufacturing, product development, regulatory affairs and administration. The acquisition broadens Senszime's product portfolio and is expected to accelerate market penetration of both TetraGraph® and ExSpiron®. The transaction also creates the potential to accelerate Senszime's overall goal of becoming a global market leader in patient monitoring of vital functions, thus helping reduce anesthesia and analgesia-related complications.

Information on the purchase consideration, acquired net assets and goodwill are as follows:

Purchase consideration (SEK 000)

Cash and cash equivalents	0
Ordinary shares	130,972
Total purchase consideration	130,972

Ordinary shares

The purchase consideration has been computed on the listed share price on the completion date of July 1, 2022, of SEK 17 per share. A small portion of the agreed maximum number of the 8,477,937 ordinary shares were issued to the sellers of RMI in tandem with the acquisition. Of the 8,477,937 ordinary shares, 773,687 shares are those Senszime issued in its setoff issue to settle the reported liabilities of RMI on the acquisition date. Accordingly, these reduced the contracted purchase consideration, which then amounts to 7,704,250 shares. The highest number of ordinary shares have been assigned a value of TSEK 130,972.

No portion of the purchase consideration was in cash. RMI's cash and cash equivalents amounted to TSEK 131.

On acquisition, the acquisition agreement stipulated the takeover of certain liabilities that were offset, and liabilities of TSEK 2,418, which were paid by Senszime.

The agreed maximum number of shares of 8,477,937 is allocated as follows:

- On completion on July 1, 2022, 2,127,537 Senszime shares were issued through set-off. 773,687 of these are shares issued to settle the reported liabilities of RMI on the acquisition date.
- A total of 6,350,400 shares of the consideration have not yet been issued on completion of the transaction because all sellers in RMI have not yet provided complete information. The sellers have 12 months (until July 1, 2023, inclusive) to provide/complete their information in order to receive their proportionate share of the consideration shares in return. On July 5, 2023, Senszime's Board of Directors decided to extend the final date of satisfying the terms to receive shares to August 31, 2023.
- Total shares corresponding to some 10 percent of the purchase consideration, are being withheld for a 12-month period for the settlement of any warranty claims against the sellers. This will then be settled in a set-off issue based on the prevailing share price.

All of the initial purchase consideration including the uncompleted share issue has been recognized as equity.

Contingent consideration

The acquisition of RMI includes an agreement on contingent consideration, paid in the event of RMI achieving certain milestones in the calendar year 2023, which must then be paid after approval of the annual accounts in 2024, and may be a maximum of USD 25 m. The contingent consideration may be paid in new Senszime shares, in cash or a combination of new Senszime shares and cash. Senszime is free to decide on which alternative, and on the potential division between new shares and cash.

Senzime's opinion is that none of the contingent consideration will be payable, and accordingly, no portion of it has been entered as a liability, and instead, is accounted as contingent consideration.

The fair value of acquired net assets is measured at TSEK 130,972, and is allocated as follows:

Net asset analysis as of July 1, 2022

SEK 000

Intangible assets	68,190
Trademarks & brands	12,416
Technology	55,774
Machinery and equipment	354
Right-of-use assets	11,790
Inventories	7,322
Other working capital assets	7,968
Cash and cash equivalents	131
Liabilities	-48,844
Working capital liabilities	-5,435
Deferred tax liabilities related to identified intangible assets	-17,061
Identified net assets	24,415
Goodwill	106,557
Carrying value of 100% of the shares	130,972

Goodwill mainly relates to the company's workforce.

Acquisition-related expenses were SEK 16.8 m and are included in administrative expenses.

From the acquisition date, sales of SEK 2.0 m related to the acquired company's products are included in the group's statement of total sales for the reporting period. The acquired entity's gain or loss since the acquisition date cannot be reported at consolidated level because the company and its products are integrated and not reported as a separate segment.

If the acquisition had been conducted on January 1, 2022, the sales of the acquired company would have made a contribution of some SEK 1.8 m to the group's total sales for the period January-June 2022. The acquired company's loss for the period January-June amounted to approximately SEK -43.0 m. The acquired company's reported loss for the period was updated to SEK -26.0 m according to a pro forma adjustment of SEK 17.0 m attributable to inventory overheads relating to the year 2021.

Note 37 Changes in liabilities relating to financing activities

	Jan. 1, 2022	Cash inflow	Kassautflöde	Non-cash items	Dec. 31, 2022
Lease liability	1,634	-	-	11,409	13,043
Total	1,634			11,409	13,043

	Jan. 1, 2023	Cash inflow	Kassautflöde	Non-cash items	Dec. 31, 2023
Lease liability	13,043	-	-	-1,575	11,468
Total	13,043			-1,575	11,468

Note 38 Subsequent events

Senzime expands its commercial organization in the USA
Senzime's licensee Fukuda Denshi launches an integrated TetraGraph module on the Japanese market.
Senzime secures its largest US deal to date with a major university hospital system in Texas.

Note 39 Proposed appropriation of profit (loss)

The following funds are at the disposal of the Annual General Meeting:

Share premium reserve	851,667,357
Accumulated profit or loss	-377,008,143
Profit or loss)for the year	-220,801,654
SEK	253,857,560

The Board of Directors proposes that these funds are appropriated as follows:

carried forward	253,857,560
SEK	253,857,560

Board of Directors' signatures

The Board of Directors and Chief Executive Officer certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting practice and give a true and fair view of the parent company's financial position and results of operations.

The Statutory Administration Reports of the group and parent company give a true and fair view of the progress of the group's and parent company's operating activities, financial positions and results of operations, and review the significant risks and uncertainty factors facing the parent company and companies in the group.

Per Wold-Olsen
Chairman of the Board

Adam Dahlberg
Deputy Chairman

Eva Walde
Board member

Göran Brorsson
Board member

Lars Axelsson
Board member

Sorin J. Brull
Board member

Philip Siberg
CEO

Uppsala, Sweden, April 24, 2024

Our Audit Report was presented on April 24, 2024

Lars Kylberg
Authorized Public Accountant
Key Audit Partner
Öhrlings PricewaterhouseCoopers AB

Audit Report

To the general meeting of the shareholders of **Senzime AB (publ), corp. ID no. 556565-5734**

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Senzime AB (publ) for the year 2023 except for the corporate governance statement on pages 30–35. The annual accounts and consolidated accounts of the company are included on pages 26–77 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 30–35. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated statement of comprehensive income and the consolidated balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Audit approach

Audit scope

Senzime AB (publ) develops and sells monitors and associated disposable sensors for patient monitoring to hospitals and clinics on an international market. Sales are through a direct sales organisation in the USA and Germany, and through partnerships with distributors on other markets. We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Measurement of intangible assets

Of the group's total assets of SEK 434 m, intangible assets amount to just over SEK 227 m, i.e. approximately 52 percent. These intangible assets are mainly goodwill, capitalized development expenses and technology, with the majority of goodwill and technology being from the acquisition of Respiratory Motion Inc. in 2022.

The common feature of these intangible asset values is that their individual values are based to some extent on assumptions and judgements made by management. These assumptions and judgements consist of factors including:

- the type of expenditure to be capitalized.
- the length of the useful life of each asset.
- future cash flows from the different assets.
- what the cash-generating units of each asset are, and
- what required return is relevant when the assets' values are tested.

Because the carrying amounts are material, and the element of judgement in determining and testing their value is substantial, we have deemed the measurement of intangible assets to be a key audit matter.

How our audit considered the key audit matter

Our review has, among other things, included, but is not limited to us:

- conducting random testing of the company's authorization procedures.
- conducting random, in-depth testing of parts of the year's capitalizations against supplier invoices and timesheets.
- for amortized assets, we have assessed assumed useful lives and verified that the group recognizes them in the annual accounts
- noted the value test the company has prepared and challenged management on its central assumptions, as well as examining the model's mathematical accuracy and whether the required return reasonably reflects the company's situation. In this process, we included internal valuation experts with the skills required for this examination.
- noted and assessed the company's judgement of cash-generating units of each asset, and finally,
- assessed whether the disclosures made in note 19 are expedient, relevant and conform to the impairment test conducted.

Revenue recognition

The group's revenue consist of several revenue streams, and in note 2.4, the group describes how it recognizes different revenues. In note 4, the group describes the estimates and judgements for recognition of revenue and other items. Note 5 also states how revenues are allocated between the different revenue streams.

Against the background of the group having several revenue streams and the timing of when risks and benefits transfer to the buyer varying, we assessed that the accuracy and allocation of revenue recognition is a key audit matter.

We have evaluated the group's procedures and internal controls for revenue recognition to form an opinion and understanding of how they function, to conduct an audit with this understanding in which we combine reviews of internal controls and tests of details.

Our review has, among other things, included, but is not limited to us:

- by random testing, examining revenue recognized against customer contracts, customer invoices and payments from customers, and where appropriate, also shipping terms.
- noted the group's own monitoring of gross margins on goods sold, and compared them with costings and budgets.
- randomly examined the group's monitoring and checks on changes to permanent data in customer and item registers, and
- examined allocation by reviewing deliveries around the reporting date.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–25 and 83. The information in “Senzime AB’s remuneration report 2023”, which is published on the company’s website at the same time as this report, also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible

for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director’s responsibilities and tasks in general, among other things oversee the company’s financial reporting process.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen’s website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor’s report.

Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sensime AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Directors be discharged from liability for the financial year.

Basis for opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company,
- or in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ABC AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sensime AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies the International Standard on Quality Management 1, which requires the company to design, implement and manage a quality control system, including guidelines or procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing

Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 30-35 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared.

Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the [Annual Accounts Act/ Annual Accounts Act for Credit Institutions and Securities Companies/ Annual Accounts act for Insurance Companies].

Öhrlings PricewaterhouseCoopers AB, Vaksalagatan 6, 753 20 Uppsala, was appointed auditor of Senzime AB (publ) by the general meeting of the shareholders on the 16 May 2022 and has been the company's auditor since the 27 April 2016.

Uppsala, April 24, 2024

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg

Authorized Public Accountant

Information for shareholders

Annual General Meeting

The AGM will be held on May 16, 2024. The Annual Report will be available to the public by April 24, 2024 from the company's offices at the address Ulls väg 41, Uppsala, Sweden. The annual report will also be published at www.senzime.com.

Notification

Shareholders that wish to participate in the AGM shall:

- firstly, be registered in their own names (i.e. not nominee registered) in the share register maintained by Euroclear Sweden AB on Tuesday May 7, 2024 (the record date),
- secondly, notify the company of their participation by Tuesday, May 14, 2024.

Nominee-registered shares

To exercise their voting rights and participate in the meeting, shareholders with nominee-registered shareholdings must firstly notify the company of their intention to participate at the Meeting, and secondly, temporarily re-register their shares in their own names with Euroclear Sweden (voting registration), so the relevant shareholder is recorded in the share register maintained by Euroclear Sweden by the record date, i.e. Tuesday, May 7, 2024. This means that shareholders need to notify their nominee of their intention in good time prior to this date.

Proxy

Shareholders participating by proxy should issue written and dated powers of attorney for the proxy. This power of attorney may not have been issued earlier than five years prior to the date of the Meeting. The original power of attorney, registration certificate and other authorization documentation issued to the relevant representative of the legal entity should be submitted to the company at the above address. The company will provide power of attorney forms on request, which are also available on the company's website, www.senzime.com.

Dividend

The Board of Directors is proposing to the AGM that no dividend is paid for the financial year.

Financial calendar

Interim Report Q1 2024: May 7, 2024

Annual General Meeting: May 16, 2024

Interim Report Q2 2024: August 26, 2024

Interim Report Q3 2024: November 6, 2024

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