



THIRD QUARTER REPORT 1 January – 30 September 2020

Positive cashflow and 2 MSEK profit

Serstech Group

Third quarter 2020

Net sales: KSEK 8 213 (6 578, +25%)
Profit for the period: KSEK 2 076 (-2 542)
Earnings per share SEK 0.03 (-0.04)
Cashflow: KSEK 128 (-1 346)

Serstech Group

Period 1 January – 30 September 2020

Net sales: KSEK 14 534 (14 918)
Profit for the period: KSEK -7 948 (-9 550)
Earnings per share SEK -0.11 (-0.15)
Cashflow: KSEK -4 760 (-2 133)



The SERSTECH 100 Indicator



The SERSTECH Arx

MESSAGE FROM THE CEO

During the second quarter Serstech's sales was heavily affected by the shutdown of many countries during the pandemic, but in Q3 parts of the world opened up again and previously paused tenders were resumed. The third quarter generated a healthy 25% growth compared to the same period last year, positive cashflow and a 2 MSEK profit. In addition to the positive cashflow, we had issued customer invoices of 5 MSEK with due dates after the end of the quarter.



Those who are familiar with our industry know that the sales cycles can be up to three years long and that the buyers are generally more conservative than in almost any other industry. In the security industry, many consider new or previously unknown products as "too new to buy" and that has been a limiting factor for Serstech for the last two years – without credible and local references any sales are hard to achieve. Over the last two years, we have been considered a new, unknown brand, but this is gradually changing, as we have seen in the increased number of orders in the third quarter. In many countries in Asia, we have now achieved the first sale, which will help open many doors in the years to come. With one received order, our partners have become more confident and spend more time promoting our products.

In Europe and the US, the halt in procurement processes has been longer than in Asia and our sales numbers are still relatively low in these important regions. Our Swedish sales staff has been and is still unable to travel to many countries, including the US and China. End-customer and partner meetings are still hard to set up, and we hope this will change in the first half of 2021. Since April this year, Serstech has a local salesperson in China and starting in October, we will also have a salesperson located in the US. The local salespeople will strengthen our presence, increase the frequency of partner and customer meetings and help keep our sales costs low. Our intention is to add at least one more local salesperson the coming months, to make sure we can continue growing our partner network and strengthen our current partners.

The Corona pandemic has had an effect on our R&D output and the volume availability of our new Arx products has been delayed until Q1 2021 and we currently have an order backlog of approximately 2 MSEK for these. We have been able to do limited demos since the first batch became available earlier this year and the feedback has been very encouraging. The Serstech 100 Indicator has been greatly improved over the last two years and we expect it to remain attractive for several years to come due to the improved performance, larger libraries and expanded feature set. The Serstech 100 Indicator will remain our best-selling product also next year, due to its attractive price/performance ratio and the fact that it has been introduced in multiple tender processes. Going into Q4 and 2021 we have a great product portfolio that is, relative to the competition, the strongest we have ever had.

“Going into Q4 and 2021 we have a great product portfolio that is, relative to the competition, the strongest we have ever had.”

— Stefan Sandor, Serstech CEO.

In early 2020, our sales pipeline of known tenders was at the highest level it had ever been, but this changed rapidly in March and April, when a large number of tenders were cancelled. At the beginning of Q4, our sales pipeline has set a new record and several of the previously cancelled tenders have been reactivated, even though we still see many countries being locked down and not open for business.

In March, when the effects of the pandemic became clear, we quickly and dramatically reduced our fixed cost, from more than 3.5 MSEK to less than 2 MSEK per month. This in combination with a returning market and a positive cashflow, has put us in a good financial position. Significant uncertainty about shorter term sales remains of course, but we are convinced that the improving market conditions in combination with our updated portfolio and strong sales channel should place the 50% growth target for 2021 within reach.

Stefan Sandor, CEO



FINANCIAL COMMENTS (SERSTECH GROUP) THIRD QUARTER

Sales and results

The net sales in the third quarter KSEK 8 213 (6 578) showed an increase of 25% compared to the third quarter last year.

The third quarter was one of the strongest ever in terms of net sales. The significant order from the Asian partner DKSH was a major part of sales, but overall, there was a quantity of orders that points to an increased activity spread over the partner network.

The cost savings that the management of Serstech initiated in response to the pandemic have shown effect on costs. Other external costs such as consultants and travel etc. have decreased by 40% since the second quarter. Staff related costs has decreased by 15% compared to the second quarter and will continue to decrease as the last two notice periods ended at the beginning of October.

Higher revenue and lower costs led to a positive EBIT in the third quarter of KSEK 2 124 (-2 473) and the reported net earnings of KSEK 2 076 (-2 542).

Earnings per share (Serstech AB) amounted to SEK 0.03 per share (-0.04). Earnings per average number of shares, due to the new share issue, amounted to 0.03 (-0.04).



Amounts in KSEK	2020-07-01	2019-07-01	2020-04-01
	2020-09-30	2019-09-30	2020-06-30
REVENUE			
Net sales	8 213	6 578	308
Capitalized work for own account	2 776	974	3 724
Other operating income	1 069	0	1 090
Total revenue	12 058	7 552	5 122
EXPENSES			
Raw materials and consumables	-2 355	-2 506	-633
Other external costs	-2 364	-2 707	-4 074
Payroll expenses	-3 537	-2 411	-4 165
Depreciation of tangible and intangible assets	-1 682	-2 466	-2 715
Exchange gains and losses, net	4	65	-308
Total expenses	-9 934	-10 025	-11 894
EBIT	2 124	-2 473	-6 772
Interest and similar, net	-48	-69	-48
EBT	2 076	-2 542	-6 820
Taxes	0	0	0
Net Earnings	2 076	-2 542	-6 820

Depreciation and amortization

The result has been adjusted by KSEK 1 682 (2 466) for depreciation, of which KSEK 88 (73) refers to depreciation of equipment, tools and installations, whereas KSEK 1 594 (2 393) refers to depreciation of previous year's capitalized patents and development costs.

Investments

Serstech's total investments amounted to KSEK 2 776 (974) and relate fully to intangible fixed assets, such as capitalized expenditure for development work.

Liquidity and financing

At the end of the quarter, the group had KSEK 10 400 (3 321) in cash and cash equivalents and KSEK 1 000 in unutilized overdraft credit. The cashflow in the second quarter was positive at KSEK 128 (-1 346). In the cashflow for the second quarter there is 2 MSEK in EU funding as per pressrelease of 14th of August, as well as KSEK 500 in grants related to the Covid-19 situation.

At the end of the quarter Serstech had long-term interest-bearing liabilities of KSEK 1 699 (2 356) and short term interest-bearing liabilities of KSEK 1 120 (1 175).

Total liabilities to credit institutions, however, remains constant since the Q2 report. Repayment on interest bearing liabilities has been paused during the Covid-19 pandemic.

Equity, share capital and number of shares

As of September 30, 2020, Serstech's equity amounted to KSEK 42 790 (33 458).

The company's equity ratio amounted to 83 percent (83) on September 30, 2020.

The share capital was on September 30 divided into 71 243 673 shares with a quota value of SEK 0.11. All shares belong to the same series and have the same voting and profit rights in the company.

“Serstech provides solutions that are well adapted to the security market – the robustness, precision and size of the instruments make them ideal for police and border control users. We expect to continue to grow our business together with Serstech over the coming years

— Cathleen Lin, DKSH Shanghai General Manager.



FINANCIAL COMMENTS (SERSTECH GROUP)

1 JANUARY - 30 SEPTEMBER

Sales and results

The first nine months of 2020 have been a net sales rollercoaster. The first quarter had a promising growth of 85%, but the second quarter had very low sales as the Covid-19 reduced the activity in the market significantly for a couple of months. The third quarter has shown higher activity and sales. The net sales for the period was KSEK 14 534 (14 918), slightly lower than last year.

The expenses have increased by approximately 7.5 MSEK compared to last year, the increase is a result of the ramp up in development and sales decided upon in late 2019. Serstech hired staff and consultants to reach development and sales targets faster. As Covid-19 closed down almost all tenders, Serstech management issued a cost saving initiative to reduce costs down to a sustainable level based on a worst case scenario. However, because of contractual notice periods, the cost savings came into effect gradually. For the third quarter the fixed cost was reduced by 28% compared to the second quarter.

The 7.5 MSEK higher expenses were balanced by a 7.4 MSEK higher amount of development work being capitalized and 2.2 MSEK in grants, partly Covid-19 grants from state and partly grants related to research projects*. As a result the EBIT for the period was better than the same period 2019 at KSEK -7 803 (-9 432). The reported net earnings were also better at KSEK -7 948 (-9 550).

Earnings per share (Serstech AB) amounted to SEK -0.11 per share (-0.15). Earnings per average number of shares, due to the new share issue, amounted to -0.11 (-0.15).

Depreciation and amortization

The result has been adjusted by KSEK 7 106 (7 407) for depreciation, of which KSEK 256 (229) refers to depreciation of equipment, tools and installations, whereas KSEK 6 850 (7 178) refers to depreciation of previous year's capitalized patents and development costs.

Investments

Serstech's total investments amounted to KSEK 10 909 (3 300) and relate to intangible fixed assets of KSEK 10 657 (3 300) such as capitalized expenditure for development work and tangible fixed assets of KSEK 252 (0) such as machines, tools and installations.

Liquidity and financing

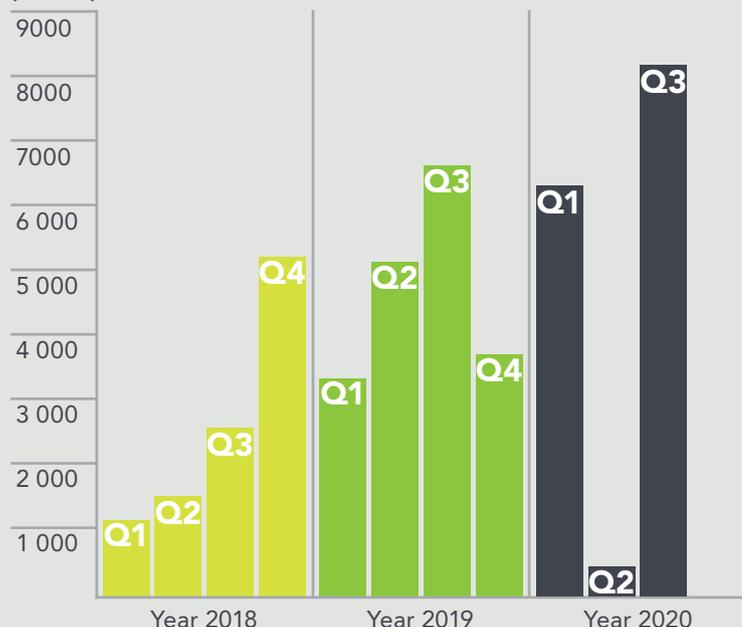
At the end of the period, the group had KSEK 10 400 (3 321) in cash and banks and KSEK 1 000 in unutilized overdraft credit. The cashflow for the period was -4 760 (-2 133), however, the quarter was positive at KSEK 128 (-1 346).

In the cashflow for the period, there is 2 MSEK in EU funding as per pressrelease of 14th of August, as well as KSEK 1 900 in grants related to the Covid-19 situation.

At the end of the period Serstech had long-term interest-bearing liabilities of KSEK 1 699 (2 356) and short term interest-bearing liabilities of KSEK 1 120 (1 175).

Total liabilities to credit institutions, however, remains constant since the Q2 report. Repayment on interest bearing liabilities has been paused during the Covid-19 pandemic.

Net Sales (KSEK)



Equity, share capital and number of shares

As of September 30, 2020, Serstech's equity amounted to KSEK 42 790 (33 458).

The company's equity ratio amounted to 83 percent (83) September 30, 2020.

The share capital was on September 30 divided into 71 243 673 shares with a quota value of SEK 0.11. All shares belong to the same series and have the same voting and profit rights in the company.

*The 2 MSEK EU funding reported on the 14th of August has been accrued over the estimated project lifetime.

SIGNIFICANT EVENTS DURING THE PERIOD

On the 14th of August, Serstech announced being part of a consortium of public and private organizations, with funding granted from the European Commission. The project aims to develop technologies, based on Raman and SERS (Surface Enhanced Raman Spectroscopy), to detect and identify chemical warfare agents and toxic industrial compounds in liquid and gas form. Serstech is to supply modified Raman devices as part of the project. Serstech has received the first payment of approximately 2 MSEK and will receive an additional 2 MSEK at a later stage in the project lifetime. The consortium includes several European universities and the Swedish Defence Research Agency (FOI).

On the 24th of August, Serstech received a 5.3 MSEK order from its Asian partner DKSH. The end-customer is a national narcotics police organization in South-East Asia. The order consists of the Serstech 100 Indicator and the ChemDash software and the products were delivered and invoiced in Q3.

PERSONNEL

As of September 30, 2020, Serstech Group had 20 (17) employees.

	TOTAL	Men	Women
Lund, Sweden	13*	10	3
Cluj, Romania	7	6	1
Group	20	16	4

* Two employees (both men) were on their notice periods by the end of September, both ending in early October. By October 3, Serstech had 11 employees in Lund.

DKSH has been a Serstech sales partner since early 2019 and has more than 100 years of experience in the Asian markets. Getting such an order so quickly is a testament to their skills and deep understanding of their market'

— Stefan Sandor, Serstech CEO.

SIGNIFICANT EVENTS AFTER THE PERIOD

n/a

OUR FINANCIAL GOALS

In late 2019, the board announced a five-year revenue growth target of at least 50% per year on average. The EBITDA results target is set to be at least 25% by the end of the five-year period and the expectation is that the results will be lower at the beginning of the period and improving over time.



ACCOUNTING PRINCIPLES

The report has been prepared in accordance with BFNAR 2012: 1 Annual Report and Consolidated Financial Statements, K3. The company's assets and liabilities are stated at cost or nominal value, respectively, unless otherwise stated.

This is a consolidated report that refers to the Serstech Group, which consists of Serstech AB and its subsidiaries Serstech Förvaltning AB and Serstech Development SRL.

This report has not been subject to review by the company's auditor.

LISTING

The shares have been traded since September 29, 2016 on Nasdaq OMX First North Growth Market under the short-name SERT and with ISIN code SE0005365095.

As of September 30, 2020, the company had approximately 3000 shareholders.

SERSTECH GROUP INCOME STATEMENT

Amounts in KSEK	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
REVENUE					
Net sales	8 213	6 578	14 534	14 918	18 742
Capitalized work for own account	2 776	974	10 657	3 300	5 455
Other operating income	1 069	0	2 190	0	45
Total revenue	12 058	7 552	27 381	18 218	24 242
EXPENSES					
Raw materials and consumables	-2 355	-2 506	-5 081	-5 155	-8 140
Other external costs	-2 364	-2 707	-10 738	-6 178	-9 137
Payroll expenses	-3 537	-2 411	-12 301	-9 069	-12 607
Depreciation of tangible and intangible assets	-1 682	-2 466	-7 106	-7 407	-9 912
Exchange gains and losses, net	4	65	42	159	67
Total expenses	-9 934	-10 025	-35 184	-27 650	-39 729
EBIT	2 124	-2 473	-7 803	-9 432	-15 487
Interest and similar, net	-48	-69	-144	-118	-195
EBT	2 076	-2 542	-7 947	-9 550	-15 682
Taxes	0	0	-1	0	0
Net Earnings	2 076	-2 542	-7 948	-9 550	-15 682

SERSTECH GROUP

BALANCE SHEET — ASSETS

	2020-09-30	2019-09-30	2019-12-31
Amounts in KSEK			
ASSETS			
Intangible assets			
Intangible assets	33 502	29 967	29 688
Total intangible assets	33 502	29 967	29 688
Tangible assets			
Equipment, tools, fixtures and fittings	466	542	470
Total tangible assets	466	542	470
Total financial assets	0	0	0
Total fixed assets	33 968	30 509	30 158
Current assets			
Inventories etc.			
Inventories	460	1 875	3 024
Total	460	1 875	3 024
Current receivables			
Accounts receivable - trade	5 078	1 867	2 947
Current tax assets	75	222	0
Other receivables	1 243	2 396	10 278
Prepaid expenses and accrued income	392	308	301
Total Current receivables	6 788	4 793	13 526
Cash and bank balances	10 400	3 321	15 159
Total current assets	17 649	9 989	31 709
TOTAL ASSETS	51 617	40 498	61 867

SERSTECH GROUP

BALANCE SHEET — EQUITY AND LIABILITIES

	2020-09-30	2019-09-30	2019-12-31
Amounts in KSEK			
EQUITY			
Equity	42 790	33 458	51 077
Total equity	42 790	33 458	51 077
Provisions	139	259	139
Non-current liabilities			
Liabilities to credit institutions	1 699	2 356	1 194
Total non-current liabilities	1 699	2 356	1 194
Current liabilities			
Liabilities to credit institutions	1 120	1 175	1 950
Work in progress on behalf of others	306	0	0
Accounts payable	1 143	1 753	4 929
Other current liabilities	660	403	428
Accrued expenses and deferred income	3 761	1 094	2 150
Total current liabilities	6 989	4 425	9 457
TOTAL EQUITY AND LIABILITIES	51 617	40 498	61 867

CHANGE IN EQUITY SERSTECH GROUP

Amounts in KSEK	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Equity brought forward	40 714	36 000	51 077	42 309	42 309
Warrants issue*	0	0	0	699	699
Rights issue	0	0	7 650	0	17 286
Issue costs	0	0	-339	0	-1185
New share issue in progress	0	0	-7650	0	7650
Profit for the period	2 076	-2 542	-7 948	-9 550	-15 682
Amount at end of period	42 790	33 458	42 790	33 458	51 077

* The warranty programme from summer 2019 has been reclassified and moved from liability to equity with limited affect on previously reported figures.

SERSTECH GROUP

CASH FLOW ANALYSIS

	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Amounts in KSEK					
OPERATING ACTIVITIES					
Operating profit	2 124	-2 473	-7 803	-9 432	-15 487
Adjustment for items not included in cash flow	1 681	2 466	7 099	7 407	9 793
Interest paid	-48	-69	-144	-118	-195
CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL	3 757	-76	-848	-2 143	-5 889
CASHFLOW FROM CHANGES IN OPERATING PROFIT					
increase (-)/decrease (+) inventory	923	-122	2 564	-924	-2 073
increase (-)/decrease (+) account receivables	-3 735	-158	-2 131	1 155	75
increase (-)/decrease (+) other short-term receivables	243	-24	1 218	1 461	-6 192
increase (+)/decrease (-) account payables	512	605	-3 786	-785	2 391
increase (+)/decrease (-) other short-term liabilities	1 204	-472	2 147	17	1 098
CASHFLOW FROM OPERATING ACTIVITIES	2 904	-247	-836	-1 219	-10 590
INVESTMENT ACTIVITIES					
Acquisition of property, plant and equipment	0	0	-252	-16	-16
Sale of property, plant and equipment	0	0	0	16	16
Acquisition of intangible fixed assets	-2 776	-974	-10 657	-3 300	-5 455
Acquisition of subsidiaries	0	0	0	0	0
CASHFLOW FROM INVESTMENT ACTIVITIES	-2 776	-974	-10 909	-3 300	-5 455
FINANCING ACTIVITIES					
Loans	0	-125	-326	1 687	1 300
Warrant issue	0	0	0	699	699
Share issue costs paid	0	0	-339	0	-1 185
Rights issue	0	0	7 650	0	24 936
CASHFLOW FROM FINANCING ACTIVITIES	0	-125	6 985	2 386	25 750
CASHFLOW FOR THIS PERIOD	128	-1 346	-4 760	-2 133	9 705
Cash and cash equivalents at beginning of period	10 272	4 667	15 159	5 454	5 454
Cash and cash equivalents at end of period	10 400	3 321	10 400	3 321	15 159

SERSTECH GROUP

KEY FIGURES

	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Amounts in SEK					
PROFITABILITY AND RETURN					
Revenue growth (%)	25%	141%	-2.6%	171%	77%
Operating margin (%)	26%	neg	neg	neg	neg
Profit margin (%)	25%	neg	neg	neg	neg
Return on equity (%)	5%	neg	neg	neg	neg
CAPITAL STRUCTURE					
Equity (KSEK)	42 790	33 458	42 790	33 458	51 077
Balance sheet (KSEK)	51 617	40 498	51 617	40 498	61 867
Capital employed (KSEK)	45 608	36 989	45 608	36 989	54 221
Interest-bearing net debt (KSEK)	-7 581	210	-7 581	210	-12 015
Capital turnover rate (times)	0.17	0.16	0.26	0.34	0.34
Equity ratio (%)	83%	83%	83%	83%	83%
Gearing ratio (%)	6.6%	10.6%	6.6%	10.6%	6.2%
Interest coverage	44	neg	neg	neg	neg
CASH FLOW AND LIQUIDITY					
Cash flow before investments (KSEK)	2 904	-247	-836	-1 219	-10 590
Cash flow after investments (KSEK)	128	-1 221	-11 745	-4 519	-16 045
Liquid funds (KSEK)	10 400	3 321	10 400	3 321	15 159
INVESTMENTS					
Acquisition of property, plant and equipment (KSEK)	0	0	-252	-16	-16
Sale of property, plant and equipment (KSEK)	0	0	0	16	16
Acquisition of intangible fixed assets (KSEK)	-2 776	-974	-10 657	-3 300	-5 455
Sales of property, plant and equipment (KSEK)	0	0	0	0	0
Acquisition of subsidiaries (KSEK)	0	0	0	0	0
Acquisition of shares and holdings (KSEK)	0	0	0	0	0
PERSONNEL					
Average number of employees	20	14	24	14	15
Revenue per employee (KSEK)	603	539	1 141	1 301	1 616
Number of employees	19	17	19	17	17
DATA PER SHARE					
Number of shares	71 243 673	64 119 306	71 243 673	64 119 306	69 058 067
Earnings per share	0.03	-0.04	-0.11	-0.15	-0.23
Equity per share (SEK)	0.60	0.52	0.60	0.52	0.74
Average number of shares	71 243 673	64 119 306	70 150 870	64 119 306	66 588 687
Earnings per average number of shares	0.03	-0.04	-0.11	-0.15	-0.24

SERSTECH AB, PARENT COMPANY

INCOME STATEMENT

Amounts in KSEK	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
REVENUE					
Net sales	8 213	6 578	14 534	14 918	18 742
Capitalized work for own account	2 776	974	10 657	3 300	5 455
Other operating income	1 069	0	2 183	0	45
Total revenue	12 051	7 552	27 374	18 218	24 242
EXPENSES					
Raw materials and consumables	-3 081	-2 506	-6 640	-5 155	-8 140
Other external costs	-2 200	-2 707	-10 263	-6 178	-9 137
Payroll expenses	-2 948	-2 411	-10 993	-9 069	-12 607
Depreciation of tangible and intangible assets	-1 682	-2 466	-7 100	-7 407	-9 912
Exchange gains and losses, net	-2	65	87	159	67
Total expenses	-9 913	-10 025	-34 909	-27 650	-39 729
EBIT	2 138	-2 473	-7 535	-9 432	-15 487
Interest and similar, net	-48	-69	-144	-118	-195
EBT	2 090	-2 542	-7 679	-9 550	-15 682
Taxes	0	0	0	0	0
Net Earnings	2 090	-2 542	-7 679	-9 550	-15 682

SERSTECH AB, PARENT COMPANY

BALANCE SHEET — ASSETS

	2020-09-30	2019-09-30	2019-12-31
Amounts in KSEK			
ASSETS			
Intangible assets			
Intangible assets	33 502	29 967	29 688
Total intangible assets	33 502	29 967	29 688
Tangible assets			
Equipment, tools, fixtures and fittings	466	542	470
Total tangible assets	466	542	470
Financial assets			
Shares in subsidiaries	50	50	50
Total financial assets	50	50	50
Total fixed assets	34 018	30 559	30 208
Current assets			
Inventories etc.			
Inventories	460	1 875	3 024
Total	460	1 875	3 024
Current receivables			
Accounts receivable - trade	5 077	1 667	2 947
Other receivables from Group companies	126	699	29
Current tax assets	75	222	0
Other receivables	1 243	2 396	10 278
Prepaid expenses and accrued income	392	308	301
Total Current receivables	6 913	5 292	13 555
Cash and bank balances	10 301	2 772	15 080
Total current assets	17 674	9 939	31 659
TOTAL ASSETS	51 692	40 498	61 867

SERSTECH AB, PARENT COMPANY

BALANCE SHEET — EQUITY AND LIABILITIES

	2020-09-30	2019-09-30	2019-12-31
Amounts in KSEK			
EQUITY			
Equity	43 059	33 458	51 077
Total equity	43 059	33 458	51 077
Provisions	139	259	139
Non-current liabilities			
Liabilities to credit institutions	1 699	2 356	1 194
Total non-current liabilities	1 699	2 356	1 194
Current liabilities			
Liabilities to credit institutions	1 120	1 175	1 950
Work in progress on behalf of others	306	0	0
Accounts payable	1 142	1 753	4 929
Liabilities to Group companies	0	0	0
Other current liabilities	466	403	428
Accrued expenses and deferred income	3 761	1 094	2 150
Total current liabilities	6 795	4 425	9 457
TOTAL EQUITY AND LIABILITIES	51 692	40 498	61 867

SERSTECH AB, PARENT COMPANY

CHANGE IN EQUITY

	2020-07-01 2020-09-30	2019-07-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2019-09-30	2019-01-01 2019-12-31
Amounts in KSEK					
Equity brought forward	40 969	36 000	51 077	42 309	42 309
Warrants issue*	0	0	0	699	699
Rights issue	0	0	7 650	0	17 286
Issue cost	0	0	-339	0	-1 185
New share issue in progress	0	0	-7 650	0	7 650
Profit for the period	2 090	-2 542	-7 679	-9 550	-15 682
Amount at end of period	43 059	33 458	43 059	33 458	51 077

* The warranty programme from summer 2019 has been reclassified and moved from liability to equity with limited affect on previously reported figures.

SERSTECH AB, PARENT COMPANY

CASH FLOW ANALYSIS

Amounts in KSEK	2020-07-01	2019-07-01	2020-01-01	2019-01-01	2019-01-01
	2020-09-30	2019-09-30	2020-09-30	2019-09-30	2019-12-31
OPERATING ACTIVITIES					
Operating profit	2 138	-2 473	-7 535	-9 432	-15 487
Adjustment for items not included in cash flow	1 681	2 466	7 100	7 407	9 797
Interest paid	-48	-69	-144	-118	-195
CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL	3 771	-76	-579	-2 143	-5 884
CASHFLOW FROM CHANGES IN OPERATING PROFIT					
increase (-)/decrease (+) inventory	923	-122	2 564	-924	-2 073
increase (-)/decrease (+) account receivables	-3 734	-158	-2 130	1 355	75
increase (-)/decrease (+) other short-term receivables	244	-24	1 122	762	-6 192
increase (+)/decrease (-) account payables	511	605	-3 787	-785	2 391
increase (+)/decrease (-) other short-term liabilities	1 297	-472	1 955	17	1 768
CASHFLOW FROM OPERATING ACTIVITIES	3 012	-247	-855	-1 718	-9 915
INVESTMENT ACTIVITIES					
Acquisition of property, plant and equipment	0	0	-252	-16	-16
Sale of property, plant and equipment	0	0	0	16	12
Acquisition of intangible fixed assets	-2 776	-974	-10 658	-3 300	-5 455
Acquisition of subsidiaries	0	0	0	-50	-50
CASHFLOW FROM INVESTMENT ACTIVITIES	-2 776	-974	-10 910	-3 350	-5 509
FINANCING ACTIVITIES					
Loans	0	-125	-325	1 687	1 300
Warrant issue	0	0	0	699	699
Share issue costs paid	0	0	-339	0	-1 185
Rights issue	0	0	7 650	0	24 237
CASHFLOW FROM FINANCING ACTIVITIES	0	-125	6 986	2 386	25 051
CASHFLOW FOR THIS PERIOD	236	-1 346	-4 779	-2 682	9 627
Cash and cash equivalents at beginning of period	10 065	4 118	15 080	5 454	5 454
Cash and cash equivalents at end of period	10 301	2 772	10 301	2 772	15 080

SERSTECH AB, PARENT COMPANY

KEY FIGURES

	2020-04-01 2020-09-30	2019-04-01 2019-09-30	2020-01-01 2020-09-30	2019-01-01 2020-09-30	2019-01-01 2019-12-31
Amounts in SEK					
PROFITABILITY AND RETURN					
Revenue growth (%)	25%	141%	-2.6%	171%	77%
Operating margin (%)	26%	neg	neg	neg	neg
Profit margin (%)	25%	neg	neg	neg	neg
Return on equity (%)	5%	neg	neg	neg	neg
CAPITAL STRUCTURE					
Equity (KSEK)	43 059	33 458	43 059	33 458	51 077
Balance sheet (KSEK)	51 692	40 498	51 692	40 498	61 867
Capital employed (KSEK)	45 878	36 989	45 878	36 989	56 521
Interest-bearing net debt (KSEK)	-7 482	759	-7 482	759	-11 936
Capital turnover rate (times)	0.17	0.16	0.26	0.34	0.34
Equity ratio (%)	83%	83%	83%	83%	83%
Gearing ratio (%)	6.6%	10.6%	6.6%	10.6%	6.2%
Interest coverage	44	neg	neg	neg	neg
CASH FLOW AND LIQUIDITY					
Cash flow before investments (KSEK)	3 012	-247	-855	-1 718	-9 915
Cash flow after investments (KSEK)	236	-1 221	-11 765	-5 068	-15 424
Liquid funds (KSEK)	10 301	2 772	10 301	2 772	15 080
INVESTMENTS					
Acquisition of property, plant and equipment (KSEK)	0	0	-252	-16	-16
Sale of property, plant and equipment (KSEK)	0	0	0	16	12
Acquisition of intangible fixed assets (KSEK)	-2 776	-974	-10 658	-3 300	-5 455
Sales of property, plant and equipment (KSEK)	0	0	0	0	0
Acquisition of subsidiaries (KSEK)	0	0	0	-50	-50
Acquisition of shares and holdings (KSEK)	0	0	0	0	0
PERSONNEL					
Average number of employees	14	14	17	14	15
Revenue per employee (KSEK)	861	539	1 610	1 301	1 616
Number of employees	13	17	13	17	17
DATA PER SHARE					
Number of shares	71 243 673	64 119 306	71 243 673	64 119 306	69 058 067
Earnings per share	0.03	-0.04	-0.11	-0.15	-0.23
Equity per share (SEK)	0.60	0.52	0.60	0.52	0.73
Average number of shares	71 243 673	64 119 306	70 150 870	64 119 306	66 588 688
Earnings per average number of shares	0.03	-0.04	-0.11	-0.15	-0.24

DEFINITIONS

PROFITABILITY AND RETURN

Revenue growth (%)	Change in revenue as a percentage of previous period revenue
Operating margin (%)	Operating profit as a percentage of turnover
Profit margin (%)	Profit for the period as a percentage of turnover
Return on equity (%)	Profit for the period as a percentage of average equity

CAPITAL STRUCTURE

Equity (KSEK)	Equity at the end of the period
Balance sheet (KSEK)	Total assets or total liabilities and equity
Capital employed (KSEK)	Balance sheet total less non-interest-bearing liabilities, including deferred tax
Interest-bearing net debt (KSEK)	Net interest-bearing provisions and liabilities less financial assets including liquid assets
Capital turnover rate (times)	Capital turnover rate (times)
Equity ratio (%)	Net revenue for the year divided by average balance sheet total
Gearing ratio (%)	Equity as a percentage of total assets
Interest coverage	Interest-bearing liabilities divided by equity
	Profit after financial items plus financial expenses divided by financial expenses

CASH FLOW AND LIQUIDITY

Liquid funds (KSEK)	Bank balances and cash
Cash flow before investments (KSEK)	Profit before financial items plus items that do not affect cash flow less change in working capital
Cash flow after investments (KSEK)	Profit after financial items plus items that do not affect cash flow less changes in working capital and investments

PERSONNEL

Average number of employees	Average number of employees during the period
Revenue per employee (KSEK)	Turnover divided by the average number of employees
Number of employees	Number of employees at the end of the period

DATA PER SHARE

Number of shares	Number of outstanding shares at the end of the period
Earnings per share (SEK)	Profit for the period divided by the number of shares
Equity per share (SEK)	Equity divided by the number of shares

Future reports

The company will provide continuing financial information according to the following schedule:

2021-02-25

Year-end report (Jan-Dec)

2021-04-30

Quarterly report (Jan-Mar)

2021-04-30

Annual shareholders meeting

2021-07-26

Half Year report (Jan-Jun)

2021-11-09

Quarterly report (Jan-Sep)

2022-02-24

Year-end report (Jan-Dec)

FOR FURTHER INFORMATION, PLEASE CONTACT:

Stefan Sandor,
CEO, Serstech AB
phone: +46 739 606 067
email: ss@serstech.com

Thomas Pileby,
Chairman of the Board, Serstech AB
phone: +46 702 072 643
email: tp@serstech.com

Company website: www.serstech.com

This is information that Serstech AB (publ.) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above at 08.45 CET on November 11, 2020.

Certified advisor to Serstech is Svensk Kapitalmarknadsgranskning AB (SKMG), phone: +46 11 323 07 32, e-mail: ca@skmg.se.

ABOUT SERSTECH

Serstech delivers solutions for chemical identification and has customers across the world, mainly in the safety and security industry. Typical customers are customs, police authorities, security organizations and first responders. The solutions and technology are however not limited to security applications and potentially any industry using chemicals of some kind could be addressed by Serstech's solution. Serstech is traded at Nasdaq First North Growth Market and more information about the company can be found at www.serstech.com