



# Q4

## YEAR END REPORT, 1 JANUARY – 31 DECEMBER 2021

Serstech Group  
Fourth Quarter 2021

Net sales: KSEK 2 910 (5 954)  
Profit for the period: KSEK -2 894 (1 095)  
Earnings per share SEK -0.03 (0.02)  
Earnings per average number of shares: SEK -0.03 (0.02)

Serstech Group  
Period 1 January – 31 December 2021

Net sales: KSEK 18 650 (20 488)  
Profit for the period: KSEK -10 251 (-6 730)  
Earnings per share SEK -0.12 (-0.09)  
Earnings per average number of shares: : SEK -0.13 (-0.10)

# MESSAGE FROM THE CEO

2021 was another year when most of our customer groups were forced to focus on the pandemic rather than their normal responsibilities. The effects were the same as in 2020 – our sales numbers were lower than would otherwise be expected and the high growth we saw in 2018 and 2019 is yet to return. There are however multiple indications that our customer groups are starting to move back towards normal operations. We believe that the pent-up demand that has been aggregating for two years will need to be met the coming 12-24 months. Since several countries are reducing the pandemic lockdowns, rather than introducing new ones, our sales activities should be back to normal latest the coming summer.

As always, we have kept a very close eye on our cash balance and cashflow over the last year. Excluding everything that is not related to our own operations, e.g. government grants and the rights issue, our cashflow in 2021 was -4.6 MSEK per quarter. When we started 2022, we had approximately 21 MSEK in cash, 3 MSEK in product inventory and incoming payments of around 2.5 MSEK. For 2022, the conditions are more favorable, with expected higher sales and a product mix that will improve the average gross margin.

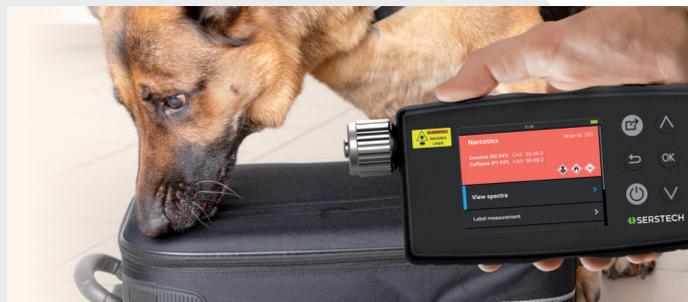
## THE IMMINENT RETURN OF THE MARKET

We define our sales pipeline as the sum of the sales opportunities that any of our partners either are actively bidding on or are soon to bid on. The latter means that the partner is actively working with the end-customer to try to ensure that the tender specification is written in favor of Serstech's products. We have seen a rather high and stable pipeline throughout the pandemic and the common behavior among customers has been to continuously postpone tenders. This has meant that the number of new, large tenders has been rather limited for two years and those that have been available have been postponed one or more times.

In the second half of Q4 the sales pipeline started to behave differently than it has for some time. Our partners were able to find several new sales opportunities, something that has been rare during the pandemic. The volume of new opportunities, which we expect to close within a year from now, grew our total sales pipeline by 200% in just a couple of months. Most of the new opportunities have emerged in North America and EMEA, while South-East Asia, our traditionally strongest region, is still dormant due to the lockdowns imposed by the pandemic. We have a strong and successful partner network in South-East Asia, and once the lockdowns are removed, we expect this region to further add multiple opportunities, in both 2022 and 2023.

## GREAT PROGRESS IN THE US

2021 had many positive highlights, among them our fast progress in the US market. Serstech initially focused on South-East Asia when our commercial phase started in 2018 and that is also where we have been the most successful. In 2020 we shifted our business development focus westward and hired a local salesperson in the US. Since then, we have worked on both finding sales partners in the most important states and getting our foot in the door of the large government procurement programs. The large three-letter agencies, such as DOD (Department of Defense), DEA (Drug Enforcement Agency), DHS (Department of Homeland Security), CBP (Customs and Border Protection) and their likes, typically set up multi-year frame agreements with select suppliers and then place orders as needed, a setup that is completely hidden from the outside world. Our estimation is that the US market for handheld Raman instruments is worth somewhere between 600 and 1000 MSEK per year and we are now getting in position to tap into this market. The procurement programs are very hard to access and require deep connections, long personal relationships, a well-known and reputable brand and the products need to go through tough evaluations and field tests over several months. Most of these programs require manufacturer direct participation, rather than through partners, and our US salesperson has been very successful at navigating this complex process with each of the agencies. After two years of focused work, we expect to start seeing the results of these efforts during the second half of 2022.



In Q4, we signed an agreement with JGW Group, an expert industry consultancy firm with all necessary connections in government agencies in the US. JGW has more than 40 years of experience helping international brands enter the US market, including UK giant Smiths Detection and several other now very successful companies. We also signed a consultancy agreement with an industry expert, who was previously responsible for the US military chemical threats efforts and one of the experts that helped the UK authorities identify the classified Novichok agents that were used in the Salisbury incident in 2018. With these expert consultants onboard, our ability to set up meetings with the right people in government organizations and getting access to the highly secretive community will further accelerate our progress.

## PRODUCT DEVELOPMENT

Our new product Serstech Arx was launched on March 31 and throughout the year, we have worked on adding features and enhancing its performance further. Our production volume has been limited by the component shortage that most industries are suffering from, and we have only been able to deliver some 40 units. We expect Arx to be available in volumes by the end of April 2022 and that we have enough components to satisfy the demand for the rest of the year. All-in-all, we now have components in stock corresponding to a product sales value of more than 50 MSEK.

Our coming product platform is in its research phase, and we have managed to overcome several of the challenges and problems that have set the limits for handheld Raman instruments since they were first introduced some 20 years ago. The work has among other things resulted in nine patents being filed in December, which is quite a high number, considering that we so far only have three previous patents. The reasons for ramping up our IPR efforts are our increased visibility in the market and that we expect our coming product platform to have a considerable impact once it is launched.

We have seen over the year that the competition has started to copy our solutions and our business models. This is a clear indication that we are moving away from the newcomer position that is hardly worth noticing and towards being a serious player that can compete for the larger customers. Our patented autofocus solution has not been copied yet, but our rental program, our warranty offer and parts of our industry leading usability design have all found their way into the offerings of our competitors. Being small and agile has several advantages and we believe that we move quicker than our much larger competitors. We know that our instrument portfolio has gone from being at industry average in 2019 to being among the best in the market in 2021.

After considerable effort in 2021, we have secured the components we need for at least the expected sales in 2022. In addition, we do know that many of the components our competitors are using have between 8 and 12 months delivery time at the moment, which could mean that our ability to deliver quickly could be a distinct advantage in 2022. We also believe that the increased component prices we are now seeing will have some positive effect on the product pricing the coming year. We have seen a decline in average end-user prices for Raman instruments for a few years, but we expect prices to stabilize the coming year due to the widespread awareness of rising component costs across industries. Our component costs have only increased slightly, so it could mean that our already high gross margins could go up somewhat or at least stabilize during 2022.

## HEALTHY PARTNER NETWORK DESPITE PANDEMIC

Most of the efforts of our sales team in 2021 have been focused on building, pruning and maintaining our partner network. Our partners participated in the relatively few tenders published in 2021 and in parallel, we aimed at filling the blank spots we had in some market segments in some geographical areas. We now have more than 130 partners, and we can see that our sales pipeline keeps growing, i.e. we are able to find and access a larger percentage of the world market and place bids on more and more tenders. Since most tenders and frame agreements are not made public, local expertise and local contacts are needed to find them. We clearly see an increase in our pipeline as we add more partners to cover more of the world market and we will continue to do so.

During the pandemic we canceled some partner agreements, e.g. when the partners refocused their business permanently or started behaving in a manner inconsistent with our partner agreement. Some partners have gone into bankruptcy, but the majority have been able to continue doing business, often with pandemic-related products as their main revenue generators in 2020 and 2021.

We are confident that our partner network is in a good shape, especially given the circumstances, and we are together in a good position to resume business fast as soon as the customers shift back to their normal operation. As mentioned, we expect this to happen in 2022.

During most quarters throughout the pandemic, we have supported our partners from a distance, with customer webinars and virtual trainings and with frequent follow-ups. We have set up a remote demo room in our head office and started doing trainings and sales meetings in a way that closely resembles an in-person session. Since narcotics are local and end-customers always want to test their own narcotics before purchasing, the virtual demo sessions cannot completely replace the physical meetings, but they get rather close.

## NEW TYPES OF COLLABORATIONS

In 2018, we set up a few OEM agreements to tap into the sales networks of larger and more experienced companies. This was successful and the majority of our sales in 2018 and 2019 were through OEM partners, selling our instruments under their own brand. As we have become better at sales ourselves, surpassing our former OEM partners, we have now canceled most of our OEM agreements. Our local presence in important markets and our vast partner network allow us to serve customers in virtually all relevant countries in the world. By selling under our own brand, we control a greater part of the value chain and improve our brand recognition around the world.

Our ChemDash software was designed from the beginning to connect to multiple types of instruments and sensors. Getting other manufacturers to agree with our vision of connected solutions has not been hard, but getting them to assign resources to allow integration with our software has been harder. Many companies in our industry have a single successful product and many do not dare to spend any resources anywhere else. This is now finally starting to change, and the first product collaboration was initiated in 2021, with UK company 3DX-Ray, a maker of portable X-ray scanners. The combination of products – theirs can find suspect material but not identify it and ours can identify, but not find it – is excellent and the integration point is our ChemDash software.

We have a few other similar collaborations under discussion, and we are convinced that the combination of products, when integrated, provides a higher customer value than each product separately. For us and our product partners, we create a larger software market, more upsell opportunities and a much stronger lock-in of the customers.

#### **A BRIGHT FUTURE WITH SOME REMAINING UNCERTAINTY**

After four years of selling handheld Raman instruments, we are convinced beyond any doubt that our target groups demand small, inexpensive, easy-to-use instruments that can quickly identify narcotics, explosives and other chemical hazards. There is currently nothing available from any company that can meet this demand in a better way than handheld Raman devices can. Quite the opposite – Raman is the de-facto standard equipment that narcotics police, bomb squads, hazardous material teams and others prefer and use.

Serstech provides the smallest, lightest and most cost-effective solution in the Raman market. Our brand and products are starting to be visible and considered, even in countries and by customers who have always bought their instruments from our much larger US competitors. The first handheld Raman device was introduced some 20 years ago and conservative customers are hard to convince to change to a new brand and a new instrument. For four years, we have been struggling in an uphill battle against the incumbents. 2022 will be the year when we start to reap the rewards of our struggle – with new, competitive products ready for shipment, with a well-established partner network and a world class team.



Stefan Sandor, CEO



*Dr Christina Baxter*

**"[...] The second revolutionary advance in field based Raman spectroscopy is from a newer company in the hazmat/CBRN space, Serstech of Sweden. In addition to its unique SharpEye autofocus protocols, the company has developed the Serstech surface enhanced Raman spectroscopy (SERS) kit, with its elegant and foolproof design. The system features a disposable magnetic sample interface to ensure proper seating, a quick sample preparation step, and then attaches directly to the standard sample interface. Once attached, the sample is rotated and vibrated in unison to ensure excellent mixing and analysis. In addition to these new product offerings, there are yet more new Raman based technologies and sampling approaches under development so continue to watch this space."**

— Dr Christina Baxter, CBRNe World Magazine.  
The quote is from an article summarizing 2021.

# SUMMARY OF THE YEAR-END REPORT

## SERSTECH GROUP NET SALES AND INCOME FOR THE FOURTH QUARTER (OCTOBER – DECEMBER, 2021)

Net sales amounted to KSEK 2 910 (KSEK 5 954).

Net income after financial items amounted to KSEK -2 894 (KSEK 1 095).

Earnings per share SEK -0.3 (SEK 0.02).

Cash flow during the fourth quarter amounted to KSEK -1 479 (KSEK 996).

## SERSTECH GROUP NET SALES AND INCOME FOR THE FINANCIAL YEAR (JANUARY – DECEMBER, 2021)

Net sales amounted to KSEK 18 650 (KSEK 20 488).

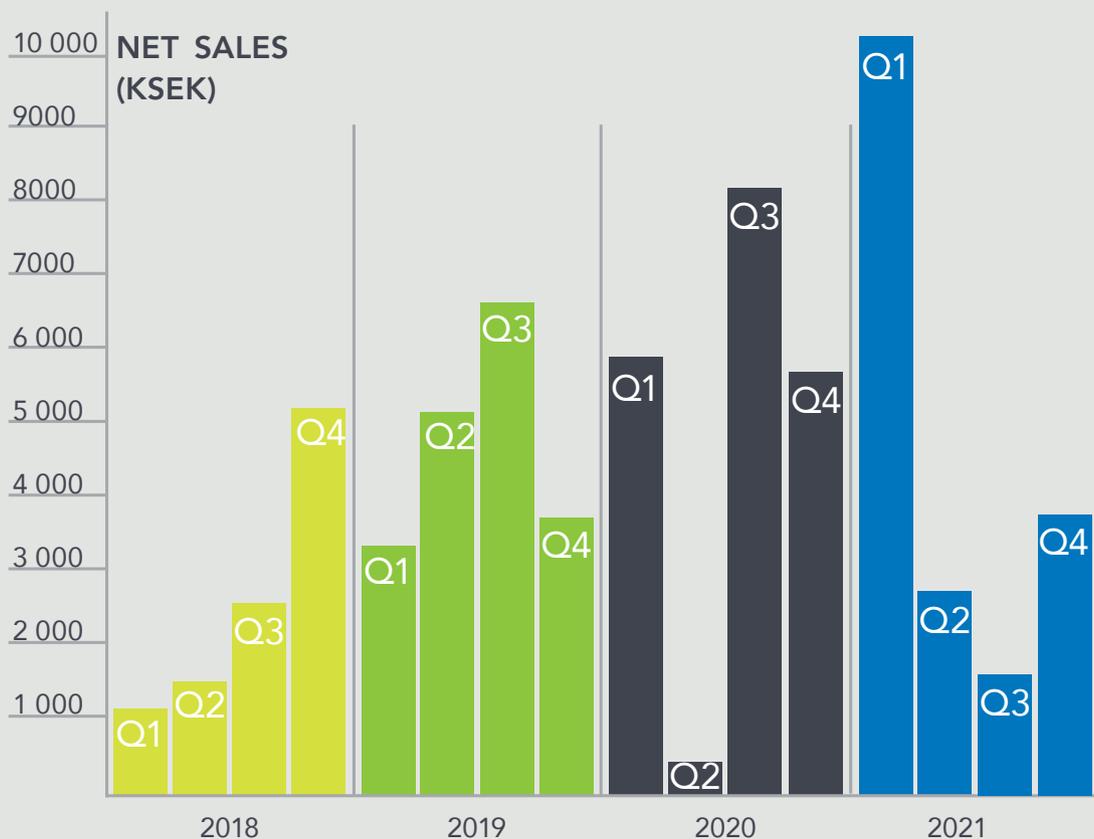
Net income after financial items amounted to KSEK -10 251 (KSEK -6 730).

Earnings per share SEK -0.12 (SEK -0.09).

The equity / assets ratio, calculated as equity's share of total assets, amounted to 84% (78%).

Cash flow during the year amounted to KSEK 8 178 (KSEK -3 763).

As of December 31, cash and cash equivalents, amounted to KSEK 19 574 (KSEK 11 396).



## SIGNIFICANT EVENTS DURING THE YEAR

On February 22, Serstech announced that it will offer customers the option to rent complete solutions for chemical identification. The solutions include instruments, substance libraries, software and accessories and allow police, border control and other customer groups to quickly increase their capabilities and efficiency.

On March 31, Serstech announced launching a new software platform to replace the previous ChemDash One PC application.

On May 31, Serstech also announced a new instrument, Serstech Arx.

On May 6, Serstech signed an employment agreement with Thomas Lövskog, who joins the Serstech management team as VP Research and Development.

On November 10, Serstech signed a collaboration agreement with British manufacturer 3DX-Ray, a global market and technology leader in x-ray imaging systems for security and industrial applications.

## SIGNIFICANT EVENTS AFTER THE YEAR

Serstech filed nine patent applications to the European patent office in the beginning of January 2022. The patent applications are filed to protect the newly launched Serstech Arx products and the next generation product platform that is currently under development. Due to ongoing and expected sales opportunities in particularly the US market, Serstech recently decided to ramp up its IPR efforts to better protect its innovations.

Serstech has added ADS, one of the world's top providers of military equipment, to its distribution network. ADS supports and delivers to more than 3 500 customers every year, with a primary focus on the US defense and security markets, with customers in both civilian and military agencies.

## RESULTS AND FINANCIAL POSITION

Net sales during the fourth quarter amounted to KSEK 2 910 (KSEK 5 954). Net sales during the year amounted to KSEK 18 650 (KSEK 20 488).

Net income after financial items during the fourth quarter amounted to KSEK -2 894 (KSEK 1 095), while net income per share amounted to SEK -0,03 (SEK -0,02). Net income after financial items during the year amounted to KSEK -2 909 (KSEK 1 098).

Cash flow during the fourth quarter amounted to KSEK -1 479 (KSEK 996). Cash flow during the year amounted to KSEK 8 178 (KSEK -3 763). As of December 31, 2021, the Company's cash and cash equivalents amounted to KSEK 19 574 (KSEK 11 396). Equity amounted to KSEK 56 110 (KSEK 43 872) at the end of the period, resulting in a solidity of 84% (78%).

## INVESTMENTS

Investments in intangible fixed assets during the fourth quarter amounted to KSEK 4 036 (KSEK 3 396) and for the year to KSEK 12 284 (KSEK 14 054). Investments in tangible assets during the fourth quarter amounted to KSEK 47 (KSEK 0) and for the year to KSEK 278 (KSEK 252).

## STAFF AND ORGANIZATION

As of December 31, 2021, Serstech Group had 25 employees (24 employees) whereof 5 (5) women.

## THE SHARE

The AGM 2021 resolved to issue a maximum of 1 300 000 warrants and to issue new shares in a preferential rights issue raising SEK 24 516 203. On May 26, Serstech announced that the rights issue was oversubscribed to a subscription rate of 110 percent.

The shares have been traded since September 29, 2016 on Nasdaq OMX First North Growth Market under the shortname SERT and with ISIN code SE0005365095. As of December 31, 2021, the company had approximately 3 200 shareholders.

The share capital was of December 31, divided into 83 816 085 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.

## PRINCIPLES FOR THE PREPARATION OF THE YEAR-END REPORT

This 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.

## PROPOSED APPROPRIATION OF SERSTECH'S PROFIT OR LOSS

The Board of Directors and the CEO have proposed that no dividend shall be paid for the fiscal year 2021-01-01 – 2021-12-31.

## LISTING

The shares have been traded since September 29, 2016 on Nasdaq OMX First North Growth Market under the shortname SERT and with ISIN code SE0005365095. As of December 31, 2021, the company had approximately 3 100 shareholders.

## ANNUAL GENERAL MEETING AND ANNUAL REPORT

Serstech's Annual General Meeting will be held on the Company's address in Lund, on April 29, 2022. The annual report will be available on the company website on April 22, 2022. <https://serstech.com/>

## FINANCIAL CALENDAR

Year-end report 2021 (Jan-Dec), February 24, 2022  
Interim Report Q1 2021 (Jan-Mar), April 29, 2022  
Annual General Meeting, April 29, 2022  
Half year report 2022 (Jan-Jun), July 15, 2022  
Interim report Q3 2022 (Jan-Sept) November 10, 2022  
Year-end report 2022 (Jan-Dec), February 24, 2023



# SERSTECH GROUP

## INCOME STATEMENT

Amounts in KSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
<b>REVENUE</b>				
Net sales	2 910	5 954	18 650	20 488
Capitalized work for own account	375	1 122	3 321	5 914
Other operating income	2 563	2 769	2 308	4 959
<b>Total revenue</b>	<b>5 848</b>	<b>9 845</b>	<b>24 279</b>	<b>31 361</b>
<b>EXPENSES</b>				
Raw materials and consumables	-743	-3 101	-6 442	-8 181
Other external costs	-2 391	-311	-6 813	-5 159
Payroll expenses	-3 964	-3 175	-14 431	-15 415
Depreciation of tangible and intangible assets	-1 683	-1 682	-6 853	-8 782
Exchange gains and losses, net	50	-431	148	-360
<b>EBIT</b>	<b>-2 882</b>	<b>1 144</b>	<b>-10 110</b>	<b>-6 536</b>
Interest and similar, net	-27	-46	-147	-190
<b>EBT</b>	<b>-2 909</b>	<b>1 098</b>	<b>-10 257</b>	<b>-6 726</b>
Taxes	15	-3	6	-4
<b>Net Earnings</b>	<b>-2 894</b>	<b>1 095</b>	<b>-10 251</b>	<b>-6 730</b>

# SERSTECH GROUP

## BALANCE SHEET — ASSETS

Amounts in KSEK	2021-12-31	2020-12-31
<b>Intangible assets</b>		
Intangible assets	41 054	35 305
<b>Total intangible assets</b>	<b>41 054</b>	<b>35 305</b>
<b>Tangible assets</b>		
Equipment, tools, fixtures and fittings	337	377
<b>Total tangible assets</b>	<b>337</b>	<b>377</b>
<b>Financial assets</b>		
Deferred tax assets	52	20
<b>Total financial assets</b>	<b>52</b>	<b>20</b>
<b>Total fixed assets</b>	<b>41 444</b>	<b>35 702</b>
<b>Current assets</b>		
<b>Inventories</b>		
Inventories	3 008	2 195
<b>Total Inventories</b>	<b>3 008</b>	<b>2 195</b>
<b>Current receivables</b>		
Accounts receivable - trade	800	3 618
Current tax assets	129	0
Other receivables	1 145	1 271
Prepaid expenses and accrued income	459	2 067
<b>Total Current receivables</b>	<b>2 532</b>	<b>6 956</b>
Cash and bank balances	19 574	11 396
<b>Total current assets</b>	<b>25 114</b>	<b>20 547</b>
<b>TOTAL ASSETS</b>	<b>66 558</b>	<b>56 249</b>

## SERSTECH GROUP BALANCE SHEET — EQUITY AND LIABILITIES

Amounts in KSEK	2021-12-31	2020-12-31
<b>Equity</b>		
Equity	56 110	43 872
<b>Total equity</b>	<b>56 110</b>	<b>43 872</b>
Provisions	118	122
<b>Total provision</b>	<b>118</b>	<b>122</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	0	1 219
<b>Total non-current liabilities</b>	<b>0</b>	<b>1 219</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	1 699	1 600
Work in progress on behalf of others	66	306
Accounts payable	3 759	3 985
Current tax liabilities	311	202
Other current liabilities	610	402
Accrued expenses and deferred income	3 885	4 541
<b>Total current liabilities</b>	<b>10 330</b>	<b>11 036</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66 558</b>	<b>56 249</b>

## SERSTECH GROUP CHANGE IN EQUITY

Amounts in KSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
<b>Equity brought forward</b>	<b>59 002</b>	<b>42 790</b>	<b>43 872</b>	<b>51 077</b>
Rights issue	0	0	24 516	7 650
Issue costs	0	0	-2 035	-339
New share issue in progress	0	0	0	-7 650
Translation difference on consolidation	2	-13	8	-135
Profit for the period	-2 894	1 095	-10 251	-6 730
<b>Amount at end of period</b>	<b>56 110</b>	<b>43 872</b>	<b>56 110</b>	<b>43 872</b>

# SERSTECH GROUP CASH FLOW ANALYSIS

Amounts in KSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
<b>OPERATING ACTIVITIES</b>				
Operating profit	-2 882	1 144	-10 110	-6 536
Adjustment for items not included in cash flow	1 677	-90	6 824	6 887
Interest paid	-27	-46	-147	-190
<b>CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL</b>	<b>-1 232</b>	<b>1 008</b>	<b>-3 433</b>	<b>161</b>
<b>CASHFLOW FROM CHANGES IN OPERATING PROFIT</b>				
increase (-)/decrease (+) inventory	639	-1 735	-813	829
increase (-)/decrease (+) account receivables	-92	1 460	2 818	-671
increase (-)/decrease (+) other short-term receivables	-177	91	1 605	1 310
increase (+)/decrease (-) account payables	3 003	2 842	-226	-944
increase (+)/decrease (-) other short-term liabilities	467	726	-579	2 873
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>2 608</b>	<b>4 392</b>	<b>-628</b>	<b>3 558</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of property, plant and equipment	-47	0	-278	-252
Sale of property, plant and equipment	0	0	7	0
Acquisition of intangible fixed assets	-4 036	-3 396	-12 284	-14 054
<b>CASHFLOW FROM INVESTMENT ACTIVITIES</b>	<b>-4 083</b>	<b>-3 396</b>	<b>-12 555</b>	<b>-14 306</b>
<b>FINANCING ACTIVITIES</b>				
Loans	-4	0	-1 120	-326
Share issue costs paid	0	0	-2 035	-339
Rights issue	0	0	24 516	7 650
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>-4</b>	<b>0</b>	<b>21 361</b>	<b>6 985</b>
<b>CASHFLOW FOR THIS PERIOD</b>	<b>-1 479</b>	<b>996</b>	<b>8 178</b>	<b>-3 763</b>
Cash and cash equivalents at beginning of period	21 053	10 400	11 396	15 159
Cash and cash equivalents at end of period	19 574	11 396	19 574	11 396

# SERSTECH GROUP

## KEY FIGURES

Amounts in KSEK	2021-10-01- 2021-12-31	2020-10-01- 2020-12-31	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<b>PROFITABILITY AND RETURN</b>				
Revenue growth (%)	-51%	56%	-9%	9%
Operating margin (%)	neg	19%	neg	neg
Profit margin (%)	neg	18%	neg	neg
Return on equity (%)	neg	3%	neg	neg
<b>CAPITAL STRUCTURE</b>				
Equity	56 110	43 872	56 110	43 872
Balance sheet	66 558	56 249	66 558	56 249
Capital employed	57 809	46 691	57 809	46 691
Interest-bearing net debt	-17 875	-8 577	-17 875	-8 577
Capital turnover rate (times)	0,04	0,11	0,30	0,35
Equity ratio (%)	84%	78%	84%	78%
Gearing ratio (%)	3%	6%	3%	6%
Interest coverage	neg	24,87	neg	neg
<b>CASH FLOW AND LIQUIDITY</b>				
Cash flow before investments	2 608	4 392	-633	3 558
Cash flow after investments	-1 475	996	-13 183	-10 748
Liquid funds	19 574	11 396	19 574	11 396
<b>INVESTMENTS</b>				
Acquisition of property, plant and equipment	-47	0	-278	-252
Sale of property, plant and equipment	0	0	7	0
Acquisition of intangible fixed assets	-4 036	-3 396	-12 284	-14 054
<b>PERSONNEL</b>				
Average number of employees	27	20	22	24
Revenue per employee	219	492	1 111	1 307
Number of employees	28	20	28	20
<b>DATA PER SHARE</b>				
Number of shares	83 816 085	71 243 673	83 816 085	71 243 673
Earnings per share (SEK)	-0,03	0,02	-0,12	-0,09
Equity per share (SEK)	0,67	0,62	0,67	0,62
Average number of shares	83 816 085	71 243 673	77 529 879	70 150 870
Earnings per average number of shares	-0,03	0,02	-0,13	-0,10

# SERSTECH AB, PARENT COMPANY

## INCOME STATEMENT

Amounts in KSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
<b>REVENUE</b>				
Net sales	2 910	5 854	18 650	20 388
Capitalized work for own account	444	1 222	3 475	6 014
Other operating income	2 559	2 765	2 291	4 949
<b>Total revenue</b>	<b>5 913</b>	<b>9 841</b>	<b>24 415</b>	<b>31 351</b>
<b>EXPENSES</b>				
Raw materials and consumables	-743	-3 101	-6 442	-8 181
Other external costs	-3 224	-1 252	-9 739	-4 574
Payroll expenses	-3 181	-2 594	-11 739	-13 588
Depreciation of tangible and intangible assets	-1 677	-1 682	-6 842	-8 782
Exchange gains and losses, net	52	-426	181	-339
<b>Total Expenses</b>	<b>-2 859</b>	<b>786</b>	<b>-10 165</b>	<b>-6750</b>
<b>EBIT</b>	<b>-27</b>	<b>-46</b>	<b>-147</b>	<b>-190</b>
Interest and similar, net				
<b>EBT</b>	<b>-2 886</b>	<b>740</b>	<b>-10 312</b>	<b>-6 940</b>
Taxes	0	0	0	0
<b>Net Earnings</b>	<b>-2 886</b>	<b>740</b>	<b>-10 312</b>	<b>-6 940</b>

# SERSTECH AB, PARENT COMPANY

## BALANCE SHEET — ASSETS

Amounts in KSEK	2021-12-31	2020-12-31
<b>Intangible assets</b>		
Intangible assets	41 299	35 405
<b>Total intangible assets</b>	<b>41 299</b>	<b>35 405</b>
<b>Tangible assets</b>		
Equipment, tools, fixtures and fittings	266	377
<b>Total tangible assets</b>	<b>266</b>	<b>377</b>
<b>Financial assets</b>		
Shares in subsidiaries	143	143
<b>Total financial assets</b>	<b>143</b>	<b>143</b>
<b>Total fixed assets</b>	<b>41 708</b>	<b>35 925</b>
<b>Current assets</b>		
<b>Inventories etc.</b>		
Inventories	3 008	2 195
<b>Total</b>	<b>3 008</b>	<b>2 195</b>
<b>Current receivables</b>		
Accounts receivable- trade	680	3 499
Other receivables from Group companies	29	29
Current tax assets	129	0
Other receivables	1 081	1 271
Prepaid expenses and accrued income	459	2 067
<b>Total Current receivables</b>	<b>2 378</b>	<b>6 866</b>
Cash and bank balances	19 242	11 307
<b>Total current assets</b>	<b>24 628</b>	<b>20 368</b>
<b>TOTAL ASSETS</b>	<b>66 336</b>	<b>56 293</b>

## SERSTECH AB, PARENT COMPANY

### BALANCE SHEET — EQUITY AND LIABILITIES

Amounts in KSEK	2021-12-31	2020-12-31
<b>Equity</b>		
Equity	55 967	43 798
<b>Total equity</b>	<b>55 967</b>	<b>43 798</b>
Provisions	118	122
<b>Total provisions</b>	<b>118</b>	<b>122</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	0	1 219
<b>Total non-current liabilities</b>	<b>0</b>	<b>1 219</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	1 699	1 600
Work in progress on behalf of others	66	306
Accounts payable	3 759	3 985
Liabilities to Group companies	396	353
Current tax liabilities	0	91
Other current liabilities	446	278
Accrued expenses and deferred income	3 885	4 541
<b>Total current liabilities</b>	<b>10 251</b>	<b>11 154</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66 336</b>	<b>56 293</b>

## SERSTECH AB, PARENT COMPANY — CHANGE IN EQUITY

Amounts in KSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
<b>Equity brought forward</b>	<b>58 853</b>	<b>43 059</b>	<b>43 798</b>	<b>51 077</b>
Rights issue	0	0	24 516	7 650
Issue costs	0	0	-2 035	-339
New share issue in progress	0	0	0	-7 650
Profit for the period	-2 886	740	-10 312	-6 940
<b>Amount at end of period</b>	<b>55 967</b>	<b>43 798</b>	<b>55 967</b>	<b>43 798</b>

# SERSTECH AB, PARENT COMPANY

## CASH FLOW ANALYSIS

Amounts in KSEK	2021-10-01 2021-12-31	2020-10-01 2020-12-31	2021-01-01 2021-12-31	2020-01-01 2020-12-31
<b>OPERATING ACTIVITIES</b>				
Operating profit	-2 859	786	-10 165	-6 750
Adjustment for items not included in cash flow	1 673	-54	6 833	7 046
Interest paid	-27	-45	-147	-190
<b>CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL</b>	<b>-1 213</b>	<b>686</b>	<b>-3 479</b>	<b>106</b>
<b>CASHFLOW FROM CHANGES IN OPERATING PROFIT</b>				
increase (-)/decrease (+) inventory	639	-1 735	-813	829
increase (-)/decrease (+) account receivables	-91	1 578	2 819	-552
increase (-)/decrease (+) other short-term receivables	-105	188	1 669	1 310
increase (+)/decrease (-) account payables	3 003	2 843	-226	-944
increase (+)/decrease (-) other short-term liabilities	404	1 036	-776	2 991
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>2 637</b>	<b>4 596</b>	<b>-806</b>	<b>3 740</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of property, plant and equipment	0	0	-197	-252
Sale of property, plant and equipment	0	0	7	0
Acquisition of intangible fixed assets	-4 106	-3 496	-12 429	-14 154
Acquisition of subsidiaries	0	-93	0	-93
	-4 106	-3 589	-12 619	-14 499
<b>FINANCING ACTIVITIES</b>				
Loans				
Warrant issue	0	0	-1 120	-325
Share issue costs paid	0	0	-2 035	-339
Rights issue	0	0	24 516	7 650
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>21 361</b>	<b>6 986</b>
<b>CASHFLOW FOR THIS PERIOD</b>	<b>-1 469</b>	<b>1 007</b>	<b>7 936</b>	<b>-3 773</b>
Cash and cash equivalents at beginning of period	20 711	10 301	11 307	15 080
Cash and cash equivalents at end of period	19 242	11 307	19 242	11 307

# 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 sales 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

#### **Auditor's review**

This report has been subject to review by the Company's auditor.

#### **Future reports**

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

2022-02-24

Year-end report 2021 (Jan-Dec)

2022-04-29

Interim report Q1 2022  
(Jan-Mar)

2022-07-15

Half Year report 2022  
(Jan-Jun)

2022-11-10

Interim report Q3 2022  
(Jan-Sept)

## **FOR FURTHER INFORMATION, PLEASE CONTACT:**

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## **ABOUT SERSTECH**

Serstech delivers solutions for chemical identification and has customers around 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's head office is in Sweden and all production is done in Sweden.

Serstech is traded at Nasdaq First North Growth Market and more information about the company can be found at [www.serstech.com](http://www.serstech.com)