

THIRD QUARTER REPORT, 1 July – 30 September 2021

Serstech Group Third Quarter 2021

Net sales: KSEK 1 516 (8 213)
 Profit for the period: KSEK -5 074 (2 076)
 Earnings per share SEK -0.06 (0.03)
 Earnings per average number of shares: SEK -0.06 (0.03)

Serstech Group Period 1 January – 30 September 2021

Net sales: KSEK 15 740 (14 534)
 Profit for the period: KSEK -7 347 (-7 948)
 Earnings per share SEK -0.09 (-0.11)
 Earnings per average number of shares: SEK -0.09 (-0.11)

MESSAGE FROM THE CEO

Parts of the world is slowly starting to open up, but many of Serstech's target markets remain hard to access for us due to Covid restrictions. Historically, we have been most successful in South-East Asia, but for the last 18 months, we have not been able to visit customers or partners in that important region. Our local salespeople have been able to have some meetings in North America and China, even though many potential customers have their own Corona-related meeting restrictions. In September, we have met with partners and customers in nine European countries, and it seems that some tenders are being resumed in Europe. It is however too early to tell when business will be back to normal. The whole industry is affected by the pandemic-related restrictions and the fact that many of our potential customers are focusing their work on enforcing travel restrictions, rather than their normal law enforcement activities.

As for virtually all electronic product manufacturers, we are experiencing component shortages, which primarily restrict the production capacity for our new Arx products. There is a risk that the component shortage will have at least some effect on our production for most of 2022. Due to the shortage, having confirmed orders from component suppliers is not enough, since these can be cancelled at any time. For this

reason, we are placing orders with immediate delivery and are building stock of all components we expect to need for the coming year. This does have an effect on our liquidity, but as we expect sales to start growing again within short, we need to build stock in order to be able to deliver.

We have been able to secure the components we need for the Serstech 100 Indicator, corresponding to a sales value of 25 MSEK, which should be enough for 2022 for this product. Depending on how our competitors are affected by the component shortage, our ability to deliver fast could be a significant advantage for us in 2022. Due to the long sales cycles, we expect the Serstech 100 Indicator to be a significant part of our volumes for at least the coming year.

The feedback we are receiving from our partners and customers about our recently updated product portfolio is very positive. Every time we show the Arx products to customers, they are impressed by their size and weight, their industry-best usability and the speed and precision of the patented autofocus. The end-user price of Arx is slightly higher than that of the Serstech 100 Indicator, but it still has one of the best price/performance ratios among the handheld Raman instruments on the market.

We have taken significant steps forward in the US during the quarter. We have signed two partnership agreements, including with one of the largest suppliers to federal authorities in the country, and we have been in several high-level meetings with large potential buyers. The majority of the volumes in the US are procured through multi-year frame agreements and through direct purchases from pre-approved suppliers. These purchases are completely hidden from the world, so unless a supplier is well-established and pre-approved, this market is completely inaccessible. Through focused and excellent work, our US salesperson has been able to ensure that Serstech's products are scheduled for in-depth testing and evaluation in several government programs over the next nine months. After these tests are completed successfully, the US potential is huge for Serstech.

In September, we received a few small orders from United Nations, which has purchased instruments from us several times over the last three years. Our instruments are deployed by the United Nations Office on Drugs and Crime (UNODC) in several countries, and they are for instance used in the Middle East to combat the large-scale trafficking of opiates to Europe. UN is a recurring customer since 2018 and deploys our instruments in harsh field conditions, from deserts to cold, mountainous areas.

Our first mobile application ChemDash Mobile is getting closer to launch, and we now have a working prototype that will be demonstrated at an exhibition in the US in November. The application connects a mobile phone to our Arx instruments and is the first of its kind in our industry. The application



London Transport Police is a well-equipped organization, with several types of instruments at their disposal. The size and weight of the Serstech Arx makes it ideal for field use. As a comparison, the red instrument to its left weighs 2.2kg, compared to 590g for Serstech Arx.

introduces several unique features, such as voice control of and voice feedback from our Serstech Arx instruments. The voice input and output are important for users in protective gear, which can limit both the screen visibility and the ability to operate buttons on an instrument. In addition, the mobile application allows us to participate in tenders that require GPS and camera integration, which is something many of our competitors have integrated in their instruments and we have been missing.

For many years, our vision has been to create wider solutions, rather than stand-alone instruments. The wider solutions would be connected through our powerful ChemDash software, which is designed to allow connections to many types of devices. The security industry is slow and conservative, which has made it hard to lead the transformation of the industry, especially as we are the small newcomer. Now, finally, this seems to be changing. We have several productive product collaboration discussions ongoing, and we hope to be able to announce the first such collaboration in Q4 2021. The idea is to solve larger problems for the customer, i.e. not just the

‘Through focused and excellent work, our US salesperson has been able to ensure that Serstech’s products are scheduled for in-depth testing and evaluation in several government programs over the next nine months. The US potential is huge for Serstech.’

— Stefan Sandor, Serstech CEO.

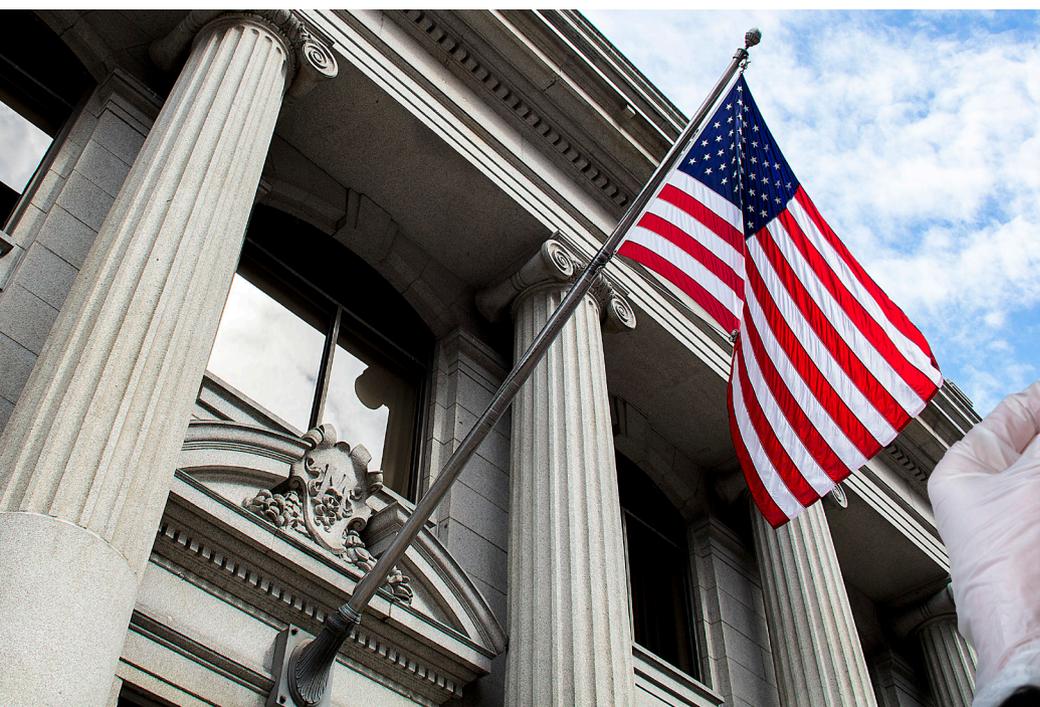
chemical identification task as we do today. By combing several technologies, we could for instance also detect traces of a dangerous substance and hence be able to tell the customer which package to open and then, in a second step, identify its content with our Raman instruments.

Serstech has a skilled and productive R&D department and earlier in 2021 we decided to improve the protection of our innovations and set the goal to submit at least five patent applications during the second half of the year. Seven patent applications are currently under review with our IP attorneys, so we are well on our way to reaching this goal. The patents are both related to improvements of our Arx products and to our coming Genesis product platform. Since Genesis is expected to be disruptive, it is crucially important to protect all related intellectual property.

Despite the significant challenges created by the effects of the pandemic and the global component shortage, we have managed to slightly increase our revenue so far in 2021 compared to the same period in 2020 and 2019. We know from multiple customer meetings over the last few months that our new Arx units are a great match to the market needs and that our price/performance ratio is one of the best in the industry. Parts of the world are opening up for business again and we remain convinced that our 50% growth goal is well within reach for 2022 and onwards, as long as the pandemic loosens its grip on the industry and the market.



Stefan Sandor, CEO



SIGNIFICANT EVENTS DURING THE PERIOD

n/a

SIGNIFICANT EVENTS AFTER THE PERIOD

On November 1st, Serstech announced having recruited Mikael Lundborg as new Chief Financial Officer (CFO). Mikael Lundborg has a strong background in the venture capital area and extensive experience from working with growth companies included listed companies such as Elanders AB and BoMill AB. Lundborg has also held the CFO role for many years with listed European Mid Cap companies. He will join Serstech as CFO on November 9, 2021.

PERSONNEL

On September 30, 2021, Serstech Group had 28 (20) employees.

	TOTAL	Men	Women
Lund, Sweden	15	12	3
Cluj, Romania	13	10	3
Group	28	22	6

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 shortname SERT and with ISIN code SE0005365095. As of September 30, 2021, the company had approximately 3000 shareholders.

FINANCIAL COMMENTS SERSTECH GROUP

THIRD QUARTER 2021

SALES AND RESULTS

The net sales in the third quarter were KSEK 1 516 (8 213), which is not far from the second quarter this year. The main reason for the continued low sales is the stand still in tenders closing. To close a tender, demos of the product are often mandatory, however, these demos have not been possible due to Corona travel restrictions. We have been able to travel within Europe during the third quarter and we are seeing some positive signs of tenders reopening, but it is too early to tell when business will be back to normal.

The overall expenses have been kept fairly stable since mid 2020, however, investments in both marketing and R&D are ongoing and we are expecting to see an increase in cost related to travel and exhibitions and R&D related expenses during the next six months.

The EBIT for the third quarter was KSEK -5 026 (2 124) and the reported net earnings were KSEK -5 074 (2 076). Earnings per share (Serstech AB) amounted to SEK -0.06 per share (0.03).

DEPRECIATION AND AMORTIZATION

The result has been adjusted by KSEK 1 729 (1 682) for depreciation, of which KSEK 95 (88) refers to depreciation of equipment, tools and installations, whereas KSEK 1 634 (1 594) refers to depreciation of previous years' capitalized patents and development costs.

INVESTMENTS

Serstech's total investments amounted to KSEK 2 352 (2 776) and relate to intangible fixed assets of KSEK 2 130 (2 776), such as capitalized expenditure for development work and tangible fixed assets of KSEK 222 (0), such as tools and installation.

LIQUIDITY AND FINANCING

During the third quarter Serstech further increased its inventory affecting the cashflow negatively by 1.4 MSEK. This was made in order to be ready to face expected delivery demands from ongoing tenders as well as to reduce issues arising from potential component shortage.

EQUITY, SHARE CAPITAL AND NUMBER OF SHARES

As of September 30, 2021, the equity of Serstech Group amounted to KSEK 59 002 (42 790) and the equity ratio amounted to 89 percent (83). The share capital was on September 30 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.

Amounts in KSEK	2021-07-01 2021-09-30	2020-07-01 2020-09-30
REVENUE		
Net sales	1 516	8 213
Capitalized work for own account	617	1 449
Other operating income	75	1 069
Total revenue	2 208	10 731
EXPENSES		
Raw materials and consumables	-664	-2 355
Other external costs	-1 524	-1 037
Payroll expenses	-3 348	-3 537
Depreciation of tangible and intangible assets	-1 729	-1 682
Exchange gains and losses, net	31	4
Total Expenses	-7 234	-8 607
EBIT	-5 026	2 124
Interest and similar, net	-33	-48
EBT	-5 059	2 076
Taxes	-15	0
Net Earnings	-5 074	2 076

FINANCIAL COMMENTS SERSTECH GROUP

YEAR TO DATE

SALES AND RESULTS

The net sales in the period amounted to KSEK 15 740 (14 534), which means an increase of 8,3% compared to the same period last year, much thanks to the strong first quarter. After strong sales in the first quarter, the second as well as the third quarter showed less than moderate sales numbers. This is mainly explained by a stand still when it comes to tenders closing. To close a tender, demos of the product are often mandatory, however, these demos have not been possible due to Corona travel restrictions. We have been able to travel within Europe during the third quarter and we are seeing some positive signs of tenders reopening, but it is too early to tell when business will be back to normal.

Compared to the same period of 2020, Serstech showed both higher revenue and lower expenses, which led to an improved EBIT of KSEK -7219 (-7803) and reported net earnings of KSEK -7 347 (-7 948). Earnings per share (Serstech AB) amounted to SEK -0.09 per share (-0.11).

DEPRECIATION AND AMORTIZATION

The result has been adjusted by KSEK 5170 (7 106) for depreciation, of which KSEK 268 (256) refers to depreciation of equipment, tools and installations, whereas KSEK 4 902 (6 850) refers to depreciation of previous years' capitalized patents and development costs.

Serstech's total investments amounted to KSEK 8 473 (10 909) and relate to intangible fixed assets of KSEK 8 249 (10 657), such as capitalized expenditure for development work and tangible fixed assets of KSEK 224 (252), such as tools and installation.

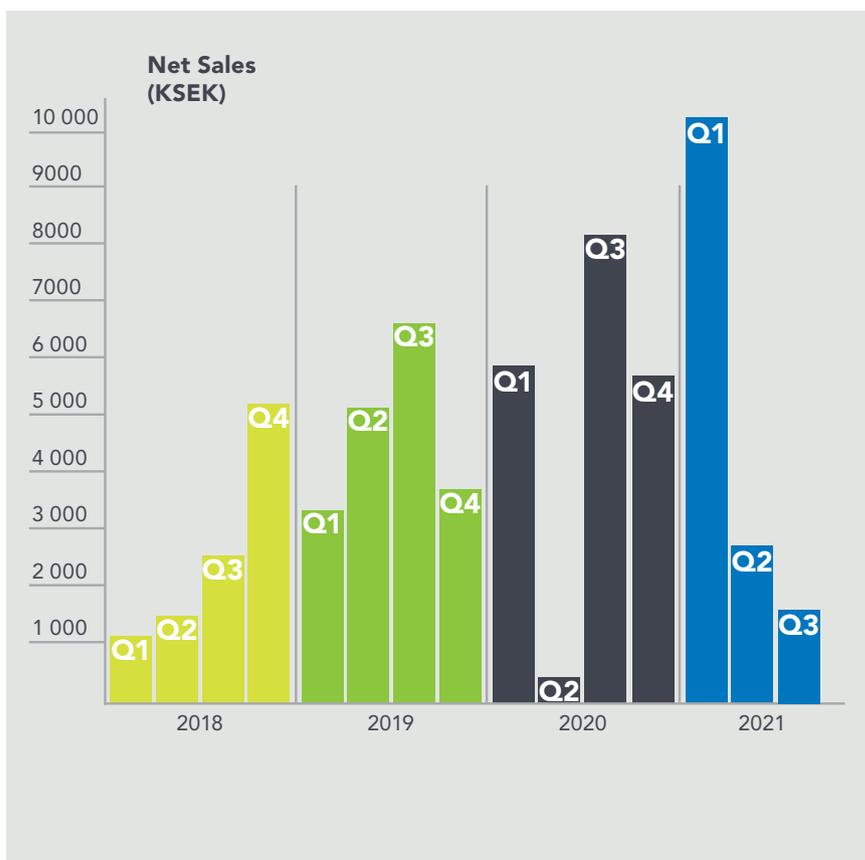
LIQUIDITY AND FINANCING

During the third quarter Serstech further increased its inventory affecting the cashflow negatively by 1.4 MSEK. This was made in order to be ready to face potential delivery demands from ongoing tenders as well as to reduce issues arising from potential component shortage.

EQUITY, SHARE CAPITAL AND NUMBER OF SHARES

As of September 30, 2021, the equity of Serstech Group amounted to KSEK 59 002 (42 790) and the equity ratio amounted to 89 percent (83). The share capital was on September 30 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.

INVESTMENTS



SERSTECH GROUP

INCOME STATEMENT

Amounts in KSEK	2021-07-01 2021-09-30	2020-07-01 2020-09-30	2021-01-01 2021-09-30	2020-01-01 2020-09-30	2020-01-01 2020-12-31
REVENUE			*	*	*
Net sales	1 516	8 213	15 740	14 534	20 488
Capitalized work for own account	617	1 449	3 031	4 792	5 914
Other operating income	75	1 069	-253	2 190	4 958
Total revenue	2 208	10 731	18 518	21 516	31 361
EXPENSES					
Raw materials and consumables	-664	-2 355	-5 698	-5 081	-8 181
Other external costs	-1 524	-1 037	-4 505	-4 873	-5 159
Payroll expenses	-3 348	-3 537	-10 464	-12 301	-15 415
Depreciation of tangible and intangible assets	-1 729	-1 682	-5 170	-7 106	-8 782
Exchange gains and losses, net	31	4	100	42	-360
Total Expenses	-7 234	-8 607	-25 737	-29 319	-37 897
EBIT	-5 026	2 124	-7 219	-7 803	-6 536
Interest and similar, net	-33	-48	-120	-144	-190
EBT	-5 059	2 076	-7 339	-7 947	-6 726
Taxes	-15	0	-7	-1	-4
Net Earnings	-5 074	2 076	-7 347	-7 948	-6 730

* There has been a change made in the method of classifying capitalized work as of this report. Reclassification has been made on previously reported figures to enable a fair comparison. The reclassification is effecting costs equally, thus having no effect on any of the result or key figures.

SERSTECH GROUP

BALANCE SHEET — ASSETS

	2021-09-30	2020-09-30	2020-12-31
Amounts in KSEK			
Intangible assets			
Intangible assets	38 652	33 502	35 305
Total intangible assets	38 652	33 502	35 305
Tangible assets			
Equipment, tools, fixtures and fittings	339	466	377
Total tangible assets	339	466	377
Financial assets			
Deferred tax assets	38	0	20
Total financial assets	38	0	20
Total fixed assets	39 030	33 968	35 702
Current assets			
Inventories			
Inventories	3 647	460	2 195
Total Inventories	3 647	460	2 195
Current receivables			
Accounts receivable - trade	708	5 078	3 618
Current tax assets	53	75	0
Other receivables	1 049	1 243	1 271
Prepaid expenses and accrued income	453	392	2 067
Total Current receivables	2 263	6 788	6 956
Cash and bank balances	21 053	10 400	11 396
Total current assets	26 963	17 648	20 547
TOTAL ASSETS	65 993	51 617	56 249

SERSTECH GROUP BALANCE SHEET — EQUITY AND LIABILITIES

Amounts in KSEK	2021-09-30	2020-09-30	2020-12-31
Equity			
Equity	59 002	42 790	43 872
Total equity	59 002	42 790	43 872
Provisions	122	139	122
Total provision	122	139	122
Non-current liabilities			
Liabilities to credit institutions	0	1 699	1 219
Total non-current liabilities	0	1 699	1 219
Current liabilities			
Liabilities to credit institutions	1 708	1 120	1 600
Work in progress on behalf of others	66	306	306
Accounts payable	756	1 143	3 985
Current tax liabilities	206	0	202
Other current liabilities	577	660	402
Accrued expenses and deferred income	3 556	3 761	4 541
Total current liabilities	6 869	6 990	11 036
TOTAL EQUITY AND LIABILITIES	65 993	51 617	56 249

CHANGE IN EQUITY SERSTECH GROUP

Amounts in KSEK	2021-07-01 2021-09-30	2020-07-01 2020-09-30	2021-01-01 2021-09-30	2020-01-01 2020-09-30	2020-01-01 2020-12-31
Equity brought forward	64 078	40 714	43 872	51 077	51 077
Rights issue	0	0	24 516	7 650	7 650
Issue costs	0	0	-2 035	-339	-339
New share issue in progress	0	0	0	-7 650	-7 650
Translation difference on consolidation	-2	0	-4	0	-135
Profit for the period	-5 074	2 076	-7 347	-7 948	-6 730
Amount at end of period	59 002	42 790	59 002	42 790	43 872

SERSTECH GROUP CASH FLOW ANALYSIS

Amounts in KSEK	2021-07-01 2021-09-30	2020-07-01 2020-09-30	2021-01-01 2021-09-30	2020-01-01 2020-09-30	2020-01-01 2020-12-31
OPERATING ACTIVITIES					
Operating profit	-5 026	2 124	-7 219	-7 803	-6 536
Adjustment for items not included in cash flow	1 706	1 681	5 134	7 099	6 887
Interest paid	-33	-48	-120	-144	-190
CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL	-3 353	3 757	-2 205	-848	161
CASHFLOW FROM CHANGES IN OPERATING PROFIT					
increase (-)/decrease (+) inventory	-1 455	923	-1 452	2 564	829
increase (-)/decrease (+) account receivables	432	-3 735	2 910	-2 131	-671
increase (-)/decrease (+) other short-term receivables	-300	243	1 782	1 218	1 310
increase (+)/decrease (-) account payables	-248	512	-3 229	-3 786	-944
increase (+)/decrease (-) other short-term liabilities	-1 025	1 204	-1 046	2 147	2 873
CASHFLOW FROM OPERATING ACTIVITIES	-5 949	2 904	-3 240	-836	3 558
INVESTMENT ACTIVITIES					
Acquisition of property, plant and equipment	-222	0	-231	-252	-252
Sale of property, plant and equipment	0	0	7	0	0
Acquisition of intangible fixed assets	-2 130	-2 776	-8 249	-10 657	-14 054
Acquisition of subsidiaries	0	0	0	0	0
CASHFLOW FROM INVESTMENT ACTIVITIES	-2 352	-2 776	-8 473	-10 909	-14 306
FINANCING ACTIVITIES					
Loans	-471	0	-1 111	-326	-326
Share issue costs paid	0	0	-2 035	-339	-339
Rights issue	0	0	24 516	7 650	7 650
CASHFLOW FROM FINANCING ACTIVITIES	-471	0	21 370	6 985	6 985
CASHFLOW FOR THIS PERIOD	-8 772	128	9 657	-4 760	-3 763
Cash and cash equivalents at beginning of period	29 826	10 272	11 396	15 159	15 159
Cash and cash equivalents at end of period	21 053	10 400	21 053	10 400	11 396

SERSTECH GROUP

KEY FIGURES

Amounts in SEK	2021-07-01- 2021-09-30	2020-07-01- 2020-09-30	2021-01-01- 2021-09-30	2020-01-01- 2020-09-30	2020-01-01- 2020-12-31
PROFITABILITY AND RETURN					
Revenue growth (%)	-82%	25%	8%	-3%	9%
Operating margin (%)	neg	25%	neg	neg	neg
Profit margin (%)	neg	25%	neg	neg	neg
Return on equity (%)	neg	5%	neg	neg	neg
CAPITAL STRUCTURE					
Equity (KSEK)	59 002	42 790	59 002	42 790	43 872
Balance sheet (KSEK)	65 993	51 617	65 993	51 617	56 249
Capital employed (KSEK)	60 710	45 608	60 710	45 608	46 691
Interest-bearing net debt (KSEK)	-19 345	-7 581	-19 345	-7 581	-8 577
Capital turnover rate (times)	0.02	0.17	0.26	0.26	0.35
Equity ratio (%)	89%	83%	89%	83%	78%
Gearing ratio (%)	3%	7%	3%	7%	6%
Interest coverage	neg	44,25	neg	neg	neg
CASH FLOW AND LIQUIDITY					
Cash flow before investments (KSEK)	-5 949	-2 904	-3 240	-836	3 558
Cash flow after investments (KSEK)	-8 301	128	-11 713	-11 745	-10 748
Liquid funds (KSEK)	21 053	10 400	21 053	10 400	11 396
INVESTMENTS					
Acquisition of property, plant and equipment (KSEK)	-222	0	-231	-252	-252
Sale of property, plant and equipment (KSEK)	0	0	7	0	0
Acquisition of intangible fixed assets (KSEK)	-2 130	-2 776	-8 249	-10 657	-14 054
PERSONNEL					
Average number of employees	25	20	23	24	24
Revenue per employee (KSEK)	90	537	814	897	1 307
Number of employees	30	19	30	19	20
DATA PER SHARE					
Number of shares	83 816 085	71 243 673	83 816 085	71 243 673	71 243 673
Earnings per share	-0.06	0.03	-0.09	-0.11	-0.09
Equity per share (SEK)	0.76	0.60	0.70	0.60	0.62
Average number of shares	83 816 085	71 243 673	77 529 879	70 150 870	70 150 870
Earnings per average number of shares	-0.07	0.03	-0.09	-0.11	-0.10

SERSTECH AB, PARENT COMPANY

INCOME STATEMENT

Amounts in KSEK	2021-07-01 2021-09-30	2020-07-01 2020-09-30	2021-01-01 2021-09-30	2020-01-01 2020-09-30	2020-01-01 2020-12-31
REVENUE			*	*	*
Net sales	1 516	8 213	15 740	14 534	20 388
Capitalized work for own account	617	1 449	3 031	4 792	6 014
Other operating income	63	1 062	-267	2 183	4 949
Total revenue	2 196	10 724	18 504	21 509	31 351
EXPENSES					
Raw materials and consumables	-664	-3 081	-5 698	-6 640	-8 181
Other external costs	-2 255	-873	-6 515	-4 398	-7 211
Payroll expenses	-2 771	-2 948	-8 559	-10 993	-13 588
Depreciation of tangible and intangible assets	-1 726	-1 682	-5 166	-7 100	-8 782
Exchange gains and losses, net	33	-2	128	87	-339
Total Expenses	-7 383	-8 586	-25 810	-29 044	-38 101
EBIT	-5 187	2 138	-7 306	-7 535	-6 750
Interest and similar, net	-33	-48	-120	-144	-190
EBT	-5 220	2 090	-7 426	-7 679	-6 940
Taxes	0	0	0	0	0
Net Earnings	-5 220	2 090	-7 426	-7 679	-6 940

* There has been a change made in the method of classifying capitalized work as of this report. Reclassification has been made on previously reported figures to enable a fair comparison. The reclassification is effecting costs equally, thus having no effect on any of the result or key figures.

SERSTECH AB, PARENT COMPANY

BALANCE SHEET — ASSETS

	2021-09-30	2020-09-30	2020-12-31
Amounts in KSEK			
Intangible assets			
Intangible assets	38 827	33 502	35 405
Total intangible assets	38 827	33 502	35 405
Tangible assets			
Equipment, tools, fixtures and fittings	309	466	377
Total tangible assets	309	466	377
Financial assets			
Shares in subsidiaries	143	50	143
Total financial assets	143	50	143
Total fixed assets	39 279	34 018	35 925
Current assets			
Inventories			
Inventories	3 647	460	2 195
Total Inventories	3 647	460	2 195
Current receivables			
Accounts receivable - trade	589	5 077	3 499
Other receivables from Group companies	29	126	29
Current tax assets	75	75	0
Other receivables	1 036	1 243	1 271
Prepaid expenses and accrued income	453	392	2 067
Total Current receivables	2 182	6 913	6 866
Cash and bank balances	20 711	10 301	11 307
Total current assets	26 540	17 674	20 368
TOTAL ASSETS	65 819	51 692	56 293

SERSTECH AB, PARENT COMPANY

BALANCE SHEET — EQUITY AND LIABILITIES

Amounts in KSEK	2021-09-30	2020-09-30	2020-12-31
Equity			
Equity	58 853	43 059	43 798
Total equity	58 853	43 059	43 798
Provisions	122	139	122
Total provisions	122	139	122
Non-current liabilities			
Liabilities to credit institutions	0	1 699	1 219
Total non-current liabilities	0	1 699	1 219
Current liabilities			
Liabilities to credit institutions	1 699	1 120	1 600
Work in progress on behalf of others	66	306	306
Accounts payable	756	1 142	3 985
Liabilities to Group companies	349	0	353
Current tax liabilities	0	0	91
Other current liabilities	418	466	278
Accrued expenses and deferred income	3 556	3 761	4 541
Total current liabilities	6 844	6 795	11 154
TOTAL EQUITY AND LIABILITIES	65 819	51 692	56 293

SERSTECH AB, PARENT COMPANY — CHANGE IN EQUITY

Amounts in KSEK	2021-07-01 2021-09-30	2020-07-01 2020-09-30	2021-01-01 2021-09-30	2020-01-01 2020-09-30	2020-01-01 2020-12-31
Equity brought forward	64 073	40 969	43 798	51 077	51 077
Rights issue	0	0	24 516	7 650	7 650
Issue costs	0	0	-2 035	-339	-339
New share issue in progress	0	0	0	-7 650	-7 650
Profit for the period	-5 220	2 090	-7 426	-7 679	-6 940
Amount at end of period	58 853	43 059	58 853	43 059	43 798

SERSTECH AB, PARENT COMPANY

CASH FLOW ANALYSIS

Amounts in KSEK	2021-07-01 2021-09-30	2020-07-01 2020-09-30	2021-01-01 2021-09-30	2020-01-01 2020-09-30	2020-01-01 2020-12-31
OPERATING ACTIVITIES					
Operating profit	-5 187	2 138	-7 306	-7 535	-6 750
Adjustment for items not included in cash flow	1 726	1 681	5 160	7 100	7 046
Interest paid	-33	-48	-120	-144	-190
CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL	-3 494	3 771	-2 266	-579	106
CASHFLOW FROM CHANGES IN OPERATING PROFIT					
increase (-)/decrease (+) inventory	-1 455	923	-1 452	2 564	829
increase (-)/decrease (+) account receivables	432	-3 734	2 910	-2 130	-552
increase (-)/decrease (+) other short-term receivables	-292	244	1 774	1 122	1 310
increase (+)/decrease (-) account payables	-248	511	-3 229	-3 787	-944
increase (+)/decrease (-) other short-term liabilities	-1 076	1 297	-1 180	1 955	2 991
CASHFLOW FROM OPERATING ACTIVITIES	-6 133	3 012	-3 443	-855	3 740
INVESTMENT ACTIVITIES					
Acquisition of property, plant and equipment	-197	0	-197	-252	-252
Sale of property, plant and equipment	0	0	7	0	0
Acquisition of intangible fixed assets	-2 163	-2 776	-8 323	-10 658	-14 154
Acquisition of subsidiaries	0	0	0	0	-93
CASHFLOW FROM INVESTMENT ACTIVITIES	-2 360	-2 776	-8 513	-10 910	-14 499
FINANCING ACTIVITIES					
Loans	-480	0	-1 120	-325	-325
Share issue costs paid	0	0	-2 035	-339	-339
Rights issue	0	0	24 516	7 650	7 650
CASHFLOW FROM FINANCING ACTIVITIES	-480	0	21 361	6 986	6 986
CASHFLOW FOR THIS PERIOD	-8 973	236	9 405	-4 779	-3 773
Cash and cash equivalents at beginning of period	29 684	10 065	11 307	15 080	15 080
Cash and cash equivalents at end of period	20 711	10 301	20 711	10 301	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

Future reports

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

2022-02-24

Year-end report (Jan-Dec)

2022-04-29

Quarterly report (Jan-Mar)

2022-07-15

Half Year report (Jan-Jun)

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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