

The logo for SERSTECH features a green double-headed arrow icon to the left of the word "SERSTECH" in a bold, white, sans-serif font.

SERSTECH

The text "Q2" is rendered in a large, bold, green font, positioned in the lower-left area of the page.

Q2

1 APRIL – 30 JUNE 2023





1 APRIL – 30 JUNE 2023

SERSTECH GROUP

- Net sales amounted to KSEK 32 775 (8 444), an increase of 288%.
- EBITDA amounted to KSEK 16 064 (-231), corresponding to an EBITDA margin of 49% (-3%).
- EBIT amounted to KSEK 13 084 (-1 910), corresponding to an EBIT margin of 40% (-23%).
- Cash flow from operating activities amounted to KSEK -8 191 (-4 465).
- Earnings per share amounted to SEK 0.06 (-0.02).
- Earnings per average number of shares amounted to SEK 0.06 (-0.02).

1 JANUARY – 30 JUNE 2023

SERSTECH GROUP

- Net sales amounted to KSEK 45 111 (10 498), an increase of 330%.
- EBITDA amounted to KSEK 17 371 (-5 130), corresponding to an EBITDA margin of 39% (-49%).
- EBIT amounted to KSEK 11 444 (-8 488), corresponding to an EBIT margin of 25% (-81%).
- Cash flow from operating activities amounted to KSEK -9 762 (-13 340).
- Earnings per share amounted to SEK 0.05 (-0.10).
- Earnings per average number of shares amounted to SEK 0.08 (-0.10).

SERSTECH GROUP — KEY FIGURES

| Amount in KSEK | 2023 Apr-Jun | 2022 Apr-Jun | 2023 Jan-Jun | 2022 Jan-Jun | 2022 Full year |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
| Net sales | 32 775 | 8 444 | 45 111 | 10 498 | 17 112 |
| EBITDA | 16 064 | -231 | 17 371 | -5 130 | -21 245 |
| EBIT | 13 084 | -1 910 | 11 444 | -8 488 | -29 278 |
| Earnings per share (SEK) | 0.06 | -0.02 | 0.05 | -0.10 | -0.35 |
| Earnings per average number of shares (SEK) | 0.06 | -0.02 | 0.08 | -0.10 | -0.35 |
| Cash flow from Operating activities | -8 191 | -4 465 | -9 762 | -13 340 | -13 158 |
| Equity ratio (%) | 75% | 81% | 75% | 81% | 51% |

MESSAGE FROM THE CEO

For the first time, we can report a profitable first six months of a year. With 45 MSEK in sales, we have 330% growth compared to the same period in 2022 and more than 163% growth compared to the full year of 2022. The sales opportunity pipeline remains at historically high levels, and the market conditions continue to be favorable. One of our highest priorities now is to continue to ramp up production and production capacity. The goal is to have tripled production capacity by the end of the year, since there is reason to expect continued high volumes over the coming 12 months. As always, it is hard to predict if and when tender bids turn into orders. We therefore expect continued large variation between quarters.

‘The sales opportunity pipeline remains at historically high levels, and the market conditions continue to be favorable.’

— Stefan Sandor, Serstech CEO.

In May, we received the largest order to date of our latest-generation product, Serstech Arx. Since we have been building inventory of products, the large order could be completely delivered and invoiced already in June. The component inventory we built in 2022 has largely been consumed, but our sourcing efforts have been successful, and we don't expect any major issues the coming six months. We expect to complete the upgrade of our electronic platform in Serstech Arx by October, and the new platform only uses components that have acceptable delivery times. Until the work is done, we will however see some limitations in production capacity and at least parts of any larger order received in Q3 will need to be delivered and invoiced in Q4 this year.

We have been successful in our recruitment efforts, and we have added in total seven people to our team this year, including VP R&D, CFO and several engineers. We have hired the CEO of one of our most successful partners as our new US Sales Director and we expect that his experience and contacts will help accelerate our US sales efforts.

The market conditions remain favorable and there is a combination of factors driving tenders and sales:

- The absence of purchasing during the pandemic period created a pent-up demand,
- The threats posed by Russia in Europe has caused NATO, the EU and many individual countries to increase their defense and security spending,



- Police and border control organizations need to modernize their tools to be able to meet the current threats posed by narcotics, especially the synthetic substances,
- The newly launched Serstech Arx and our SERS products provide an excellent solution to our customers' problems, and at a competitive price.

For the rest of 2023, our main challenge is to scale up production and to improve production yield. Since Arx is a new product, there is additional development and COGS reduction work yet to be done, which is why we have increased our R&D spending significantly in 2023. Some of the work is being done by external consultants, and we expect to see a reduction in spending by the fourth quarter.

The results in Q2 and H1 are good, and we expect continued strong sales over the coming 12 months period. Current and potential customers are impressed by Serstech Arx and our SERS solution, the market conditions are favorable, and the component shortage problems are under control. There is every reason to be optimistic for the future.

Stefan Sandor, CEO
July, 2023





SIGNIFICANT EVENTS DURING THE PERIOD

SERSTECH RECEIVED 27.5 MSEK ORDER FROM US PARTNER PROENGIN INC.

In May 2023, Serstech received an order of 27.5 MSEK from its partner Proengin Inc in the USA, consisting of hardware, software and the patented SERS kit. The order was delivered and invoiced before the end of June 2023.

It is the second larger order within five months of the new Serstech Arx product.

SERSTECH RECRUITED NEW VP R&D

Serstech recruited Anders Görtz as new Vice President Research & Development.

Anders Görtz has two decades of leadership experience in Research & Development and Product Management. His previous positions include management roles at Axis Communications AB and Vodafone Group Plc. He started at Serstech on June 5, 2023.

SERSTECH RECRUITED NEW US SALES DIRECTOR

We continue our focus on the USA market by hiring the CEO of one of our most successful partners. We expect that his experience and contacts will help accelerate our US sales efforts.

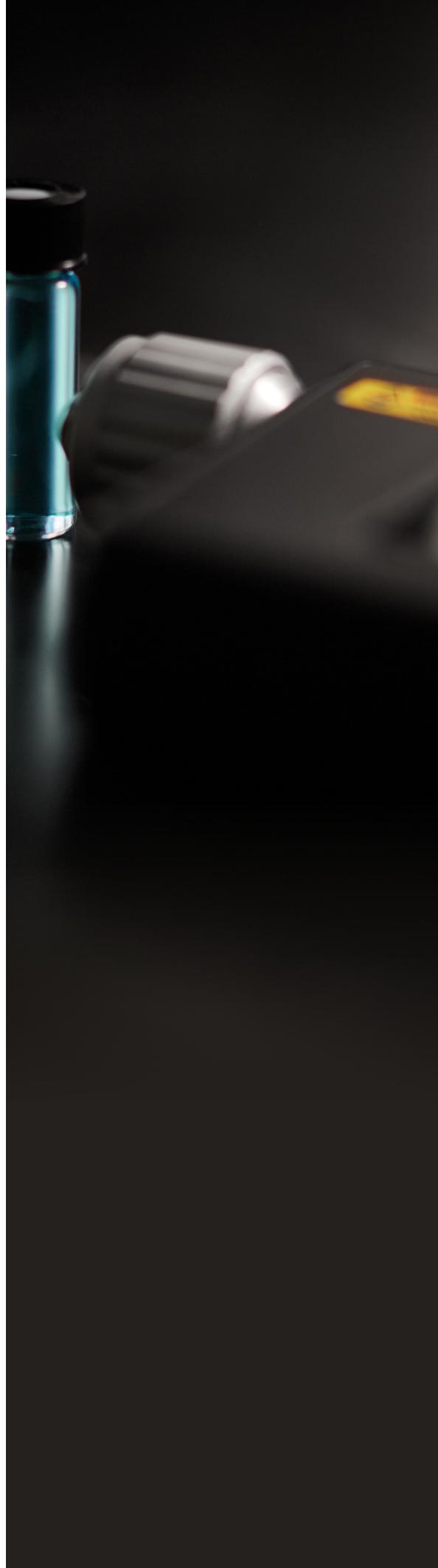
ABOUT SERSTECH

Serstech develops and markets optical instruments and software that are used by law enforcement, border control and first responders to identify dangerous or hazardous chemicals. Each instrument contains a Raman spectrometer, which is used to analyze the optical fingerprint of more than 17 000 different chemicals, such as narcotics, explosives, toxic industrial chemicals, and chemical warfare agents. Since the instruments emit and receive optical signals, the chemicals of interest can often be analyzed through packaging materials. By not opening the packaging, the operator is not exposed to the dangerous chemicals inside, and the potential evidence is not affected or consumed by the analysis.

Serstech entered its commercial phase in 2018 and has since built a sales channel that spans the globe. Serstech today has sales partners in 63 countries and serves customers on all continents. The main competitive advantages of Serstech's products are their usability, speed, small size, low weight, and best-in-class price/performance ratio.

The customer groups are almost exclusively public organizations such as police, bomb squads, HazMat teams (Hazardous Materials), fire departments and border control organizations. Due to the nature of the customers, almost all sales are through public tenders. Local presence through the sales partner network is of essence, since many of the tenders are classified and well-established local connections and relationships are necessary to gain access to them. The sales cycles are long, and the time from first customer contact to first sale is almost always several years.

Research and development is done at sites in Sweden and Romania, all production is in Sweden and the head office is in Lund, Sweden. Having both R&D and production in Sweden is often a distinct advantage, since customers in the security sector are very conscious about the origin of the technologies they deploy. Serstech is the only company in the European Union developing and manufacturing handheld Raman instruments.





PRODUCTS



SERSTECH ARX

Serstech Arx is a revolutionizing instrument, introducing SharpEye™ – a patented autofocus technology which improves the signal quality dramatically. By detecting the container material and thickness, the focus point can be placed precisely and the content can be identified with minimum interference from the container. The result is a precise identification of the sample, regardless of how it is packaged.



SERSTECH 100 INDICATOR

The Serstech 100 Indicator is a hand-held, small and light Raman spectrometer that can identify more than 14.000 substances. Customisable with fully validated and data-enriched libraries, Serstech 100 Indicator display is easy to understand and gives accurate responses in seconds. Connect it wirelessly or via cable to ChemDash for reporting and management of users, measurements and libraries.



SERSTECH SERS-KIT

The Serstech SERS kit is used together with Serstech Arx or Serstech 100 Indicator to enhance the capability to identify dark coloured substances or mixtures with very low concentrations. The device is capable of detecting very low amounts of “street quality” narcotics samples, including heroin and many fentanyl variants. The Serstech SERS kit is based on patent pending technology used together with disposable SERS surfaces.



SERSTECH CHEMDASH

Serstech’s ChemDash software solution allows for integrated management of multiple instruments and libraries. Sharing intelligence in real-time is often essential for police and border control. ChemDash also allows you to quickly and easily update the firmware of all your devices.

ESTABLISHED APPLICATION AREA

NARCOTICS

Customs, police and prison authorities and United Nations are using Serstech’s solutions to identify illicit drugs. The database of substances is based on the UN lists of controlled substances and has been produced together with the Swedish Defense Research Agency (FOI) and others.



EXPLOSIVES

Government agencies are the main customer group in this area. The database of substances covers commercially available explosives, improvised explosive devices (IED), home-made explosives and precursors, used in manufacturing of explosives.



HAZARDOUS CHEMICALS

The number of hazardous chemicals is large and growing. Typically, first responders need to quickly and safely identify these chemicals at accident or spill sites. Serstech’s database of thousands of hazardous chemicals also includes information that helps the hazmat team to make life-saving decisions on site.



CHEMICAL WARFARE AGENTS

In November 2017, Serstech launched the Chemical Warfare Agents database, which has already been sold to several government agencies. The need for identification if such chemicals is growing and we expect this application area to increase in importance.



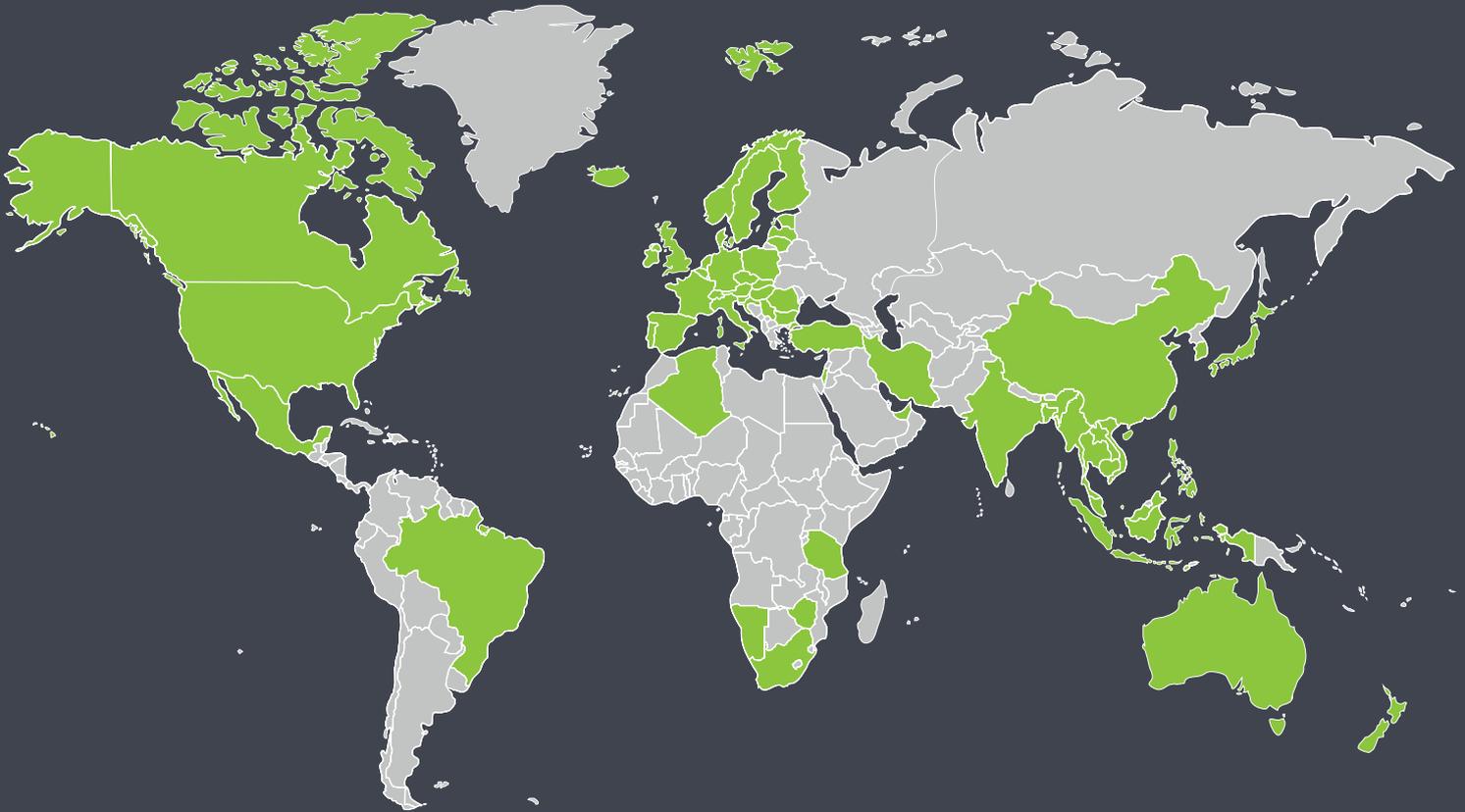
PHARMACEUTICAL

Serstech’s solutions are used to verify incoming goods of pharmaceutical manufacturers. The handheld instrument makes it quick and easy to verify chemicals without contaminating or destroying the sample.



GEOGRAPHICAL COVERAGE PARTNER NETWORK

Business is local and the value of having local representation can never be overestimated. Serstech's partner network spans the globe and today covers the home countries of more than 80% of the world's population and an even larger part of the global security investments.



- | | | | | | |
|------------|----------------|------------|-------------|--------------|-------------|
| Algeria | Cambodia | Hong Kong | Lithuania | Portugal | Sweden |
| Angola | Canada | Hungary | Malaysia | Rwuanda | Switzerland |
| Argentina | Chile | India | Mauritius | Saudi Arabia | Taiwan |
| Australia | China | Indonesia | Mexico | Serbia | Taiwan |
| Australia | Croatia | Iraq | Myanmar | Singapore | Thailand |
| Bangladesh | Czech Republic | Ireland | New Zealand | Slovakia | Turkey |
| Belgium | Denmark | Israel | Nigeria | Slovenia | UAE |
| Bolivia | Ecuador | Italy | Norway | South Africa | Uganda |
| Botswana | Egypt | Japan | Pakistan | Spain | UK |
| Brazil | France | Kazakhstan | Peru | Sri Lanka | Ukraine |
| Brunei | Germany | Korea | Philippines | Sudan | USA |
| Bulgaria | Greece | Kuwait | Poland | Sweden | Vietnam |

FINANCIAL COMMENTS, SERSTECH GROUP

NET SALES

APRIL-JUNE 2023

Net sales for the second quarter increased by 288 percent to KSEK 32 775 (8 444). This is the highest net sales for a single quarter in the company history for the second consecutive quarter. The large order from US Partner, Proengin Inc, announced in May 2023, was delivered during the quarter.

Due to the nature of the industry, with almost entirely tender-based business, we expect to see continued large variation between quarters.

JANUARY-JUNE 2023

The net sales for the first six months of 2023 increased by 330 percent to KSEK 45 111 KSEK (10 498).

2023 commenced on a highly favorable note, for two consecutive quarters, we have delivered two large orders, amounting to approx. KSEK 10 000 and KSEK 27 500, respectively. The growth was primarily attributed to new products, a strong market demand and favorable market conditions.

NET EARNINGS

APRIL-JUNE 2023

For the second quarter, EBITDA amounted to KSEK 16 064 (-231), corresponding to an EBITDA margin of 49% (-3%).

Other external costs amounted to KSEK -5 674 (-3 176). The increase is primarily driven by higher sales and R&D costs. The sales expenses have increase due to intensified sales activities. During the second quarter we participated in 9 exhibitions, which are our main marketing channel.

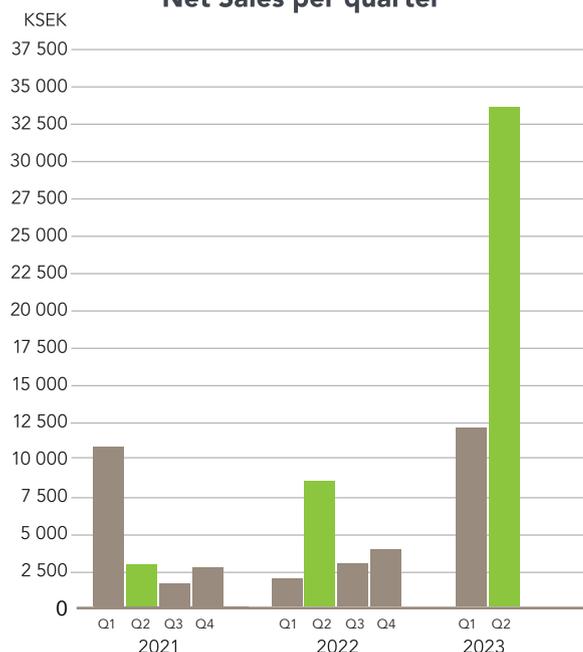
The increase in R&D expenses is due to further development of our latest product, Serstech Arx. Some of the work is being done by temporary consultants with high expertise in the field. We expect to see a lower R&D spending from the fourth quarter. Some of the R&D costs are being capitalized.

Payroll expenses amounted to KSEK -4 128 (-3 732). The increase is primarily due to the expansion of our workforce.

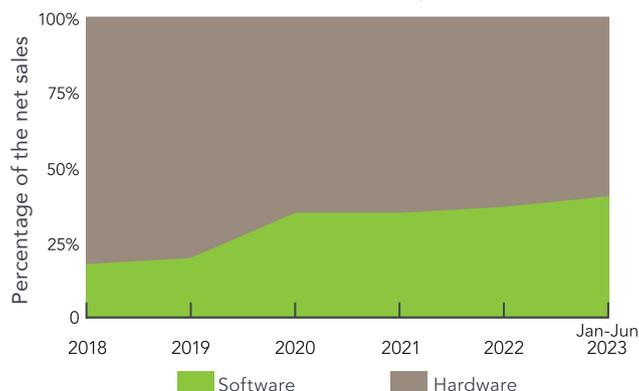
Depreciation/amortization amounted by KSEK -2 980 (-1 679) for depreciation of assets: KSEK -28 (-45) refers to depreciation of equipment, tools and installations; KSEK -2 952 (-1 634) refers to depreciation of capitalized development costs and patents.

EBIT amounted to KSEK 13 084 (-1 910), corresponding to an EBIT margin of 40% (-23%). Net earnings for the period, amounted to KSEK 12 959 (-1 986). Earnings per share amounted to SEK 0.06 per share (-0.02), and earnings per average number of shares, amounted to SEK 0.06 (-0.02).

Net Sales per quarter

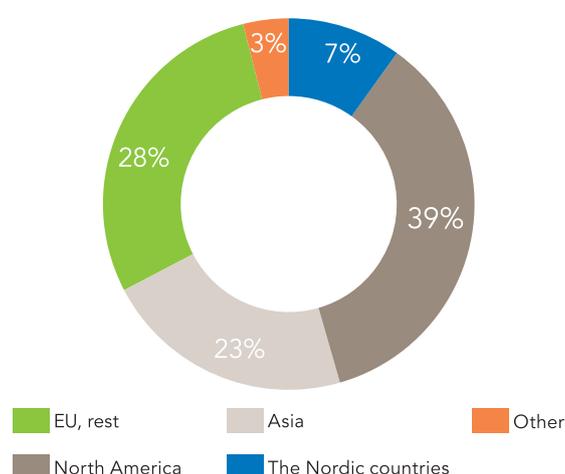


Division of hardware/software



Geographical division of Serstech's net sales

2018-2023



JANUARY-JUNE 2023

For the first six months of 2023, EBITDA amounted to KSEK 17 371 (-5 130), corresponding to an EBITDA margin of 39% (-49%).

Other external costs amounted to KSEK -10 277 (-5 720). The increase is primarily driven by higher sales and R&D costs. Some of the R&D costs are being capitalized. Payroll expenses amounted to KSEK -8 154 (-7 928).

Depreciation/amortization amounted by KSEK -5 927 (-3 358) for depreciation of assets: KSEK -68 (-75) refers to depreciation of equipment, tools, and installations; KSEK -5 859 (-3 283) refers to depreciation of capitalized development costs and patents.

EBIT amounted to KSEK 11 444 (-8 488), corresponding to an EBIT margin of 25% (-81%). Net earnings for the period, amounted to KSEK 11 199 (-8 594). Earnings per share amounted to SEK 0.05 per share (-0.10), and earnings per average number of shares, amounted to SEK 0.08 (-0.10).

CASH FLOW & INVESTMENT

APRIL-JUNE 2023

The cash flow during the second quarter amounted to KSEK -10 573 (-7 603). Cash flow from operating activities amounted to KSEK -8 191 (-4 465). The cash flow was negative due to increased accounts receivables as of 30 June 2023. Approximately KSEK 27 500 relates to the large order from US partner, Proengin INC, delivered during the quarter. Since we will receive payment in Q3, we have temporarily financed the COGS without the immediate cash inflow from the customer, which has negatively affected the cash flow.

Cash flow from investment activities amounted to KSEK -1 886 (-2 658), and relates to intangible fixed assets, capitalized expenditure for development work and patent. Cash flow from financing activities amounted to KSEK -496 (-480).

JANUARY-JUNE 2023

The cash flow during the first six months amounted to KSEK 5 984 (-18 232). Cash flow from operating activities amounted to KSEK -9 762 (-13 340). The cash flow was negative due to increased accounts receivables as of 30 June 2023. Approximately KSEK 27 500 relates to the large order from US partner, Proengin INC, delivered during the quarter. Since we will receive payment in Q3, we have temporarily financed the COGS without the immediate cash inflow from the customer, which has negatively affected the cash flow.

Cash flow from investment activities amounted to KSEK -3 370 (-4 412), and relates to intangible fixed assets, capitalized expenditure for development work and patent. Cash flow from financing activities amounted to KSEK 19 116 (-480), the change was mainly due to a right issue, which added KSEK 20 751 to the cash balance.

FINANCIAL POSITION AND LIQUIDITY

As of 30 June 2023, the group had KSEK 7 850 (1 342) in cash and bank balances. The group had KSEK 2 000 (2 000) in unutilized overdraft credit. The group had long-term interest-bearing liabilities of KSEK 600 (0) and short-term interest-bearing liabilities of KSEK 2 400 (1 219). Furthermore, Serstech AB applied for and was granted a temporary tax payment respite, which added approximately KSEK 4 280 to our cash reserves during the quarter. The temporary tax payment respite will be settled once we received payment for our account receivables, amounting to KSEK 31 149 as of 30 June 2023.

EQUITY, SHARE CAPITAL AND NUMBER OF SHARES

As of 30 June 2023, the equity of Serstech Group amounted to KSEK 58 639 (47 539) and the equity ratio amounted to 75 percent (81). All shares belong to the same series and have the same voting and profit rights in the company.

PERSONNEL

On June 30, 2023, Serstech Group had 20 (19) employees.

| | TOTAL | Men | Women |
|---------------|-------|-----|-------|
| Lund, Sweden | 14 | 10 | 4 |
| Cluj, Romania | 6 | 4 | 2 |
| Group | 20 | 14 | 6 |

ACCOUNTING PRINCIPLES

The report has been prepared in accordance with BFAR 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.

SERSTECH GROUP

INCOME STATEMENT

| Amounts in KSEK | 2023 Apr-Jun | 2022 Apr-Jun | 2023 Jan-Jun | 2022 Jan-Jun | 2022 Full year |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
| REVENUE | | | | | |
| Net sales | 32 775 | 8 444 | 45 111 | 10 498 | 17 112 |
| Capitalized work for own account | 609 | 437 | 1 283 | 819 | 3 615 |
| Other operating income | 166 | 1 220 | 278 | 1 394 | 1 684 |
| Total revenue | 33 550 | 10 101 | 46 672 | 12 711 | 22 411 |
| EXPENSES | | | | | |
| Raw materials, consumables and goods for resale | -8 586 | -3 833 | -11 879 | -4 606 | -7 795 |
| Other external costs | -5 674 | -3 176 | -10 277 | -5 720 | -16 671 |
| Payroll expenses | -4 128 | -3 732 | -8 154 | -7 928 | -13 739 |
| Depreciation of tangible and intangible assets | -2 980 | -1 679 | -5 927 | -3 358 | -8 033 |
| Other operating expenses | 0 | 0 | 0 | 0 | -6 413 |
| Exchange gains and losses, net | 902 | 410 | 1 009 | 413 | 963 |
| Total expenses | -20 466 | -12 011 | -35 228 | -21 198 | -51 688 |
| EBIT | 13 084 | -1 910 | 11 444 | -8 488 | -29 278 |
| Interest and similar, net | -127 | -30 | -212 | -58 | -209 |
| EBT | 12 957 | -1 940 | 11 232 | -8 546 | -29 487 |
| Taxes | 2 | -46 | -33 | -49 | -80 |
| Net Earnings | 12 959 | -1 986 | 11 199 | -8 594 | -29 566 |

SERSTECH GROUP BALANCE SHEET — ASSETS

| Amounts in KSEK | 2023-06-30 | 2022-06-30 | 2022-12-31 |
|---|---------------|---------------|---------------|
| Intangible assets | | | |
| Intangible assets | 31 858 | 42 184 | 34 351 |
| Total intangible assets | 31 858 | 42 184 | 34 351 |
| Tangible assets | | | |
| Equipment, tools, fixtures and fittings | 139 | 261 | 192 |
| Total tangible assets | 139 | 261 | 192 |
| Financial assets | | | |
| Deferred tax assets | 75 | 64 | 69 |
| Total financial assets | 75 | 64 | 69 |
| Total fixed assets | 32 072 | 42 510 | 34 612 |
| Current assets | | | |
| Inventories etc. | | | |
| Inventories | 3 457 | 1 985 | 1 868 |
| Total Inventories | 3 457 | 1 985 | 1 868 |
| Current receivables | | | |
| Accounts receivable - trade | 31 149 | 10 133 | 11 478 |
| Current tax assets | 303 | 303 | 196 |
| Other receivables | 3 163 | 1 676 | 1 707 |
| Prepaid expenses and accrued income | 460 | 683 | 818 |
| Total Current receivables | 35 075 | 12 795 | 14 200 |
| Cash and bank balances | 7 850 | 1 342 | 1 866 |
| Total current assets | 46 382 | 16 122 | 17 934 |
| TOTAL ASSETS | 78 454 | 58 632 | 52 546 |

SERSTECH GROUP BALANCE SHEET — EQUITY AND LIABILITIES

| Amounts in KSEK | 2023-06-30 | 2022-06-30 | 2022-12-31 |
|--------------------------------------|---------------|---------------|---------------|
| Equity | | | |
| Equity | 58 639 | 47 539 | 26 616 |
| Total equity | 58 639 | 47 539 | 26 616 |
| Provisions | 761 | 118 | 216 |
| Total provision | 761 | 118 | 216 |
| Non-current liabilities | | | |
| Liabilities to credit institutions | 600 | 0 | 4 000 |
| Total non-current liabilities | 600 | 0 | 4 000 |
| Current liabilities | | | |
| Liabilities to credit institutions | 2 400 | 1 219 | 739 |
| Advance payments from customers | 1 020 | 0 | 10 064 |
| Accounts payable | 5 565 | 4 639 | 4 957 |
| Current tax liabilities | 134 | 158 | 195 |
| Other current liabilities | 5 043 | 367 | 464 |
| Accrued expenses and deferred income | 4 292 | 4 592 | 5 295 |
| Total current liabilities | 18 454 | 10 975 | 21 714 |
| TOTAL EQUITY AND LIABILITIES | 78 454 | 58 632 | 52 546 |

SERSTECH GROUP CHANGE IN EQUITY

| Amounts in KSEK | 2023 Apr-Jun | 2022 Apr-Jun | 2023 Jan-Jun | 2022 Jan-Jun | 2022 Full year |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
| Equity brought forward | 45 543 | 49 512 | 26 616 | 56 110 | 56 110 |
| Warrants | 104 | 0 | 104 | 0 | 0 |
| Rights issue | 0 | 0 | 24 578 | 0 | 0 |
| Issue costs | 0 | 0 | -3 827 | 0 | 0 |
| Translation difference on consolidation | 33 | 13 | -31 | 23 | 72 |
| Profit/loss for the period | 12 959 | -1 986 | 11 199 | -8 594 | -29 566 |
| Amount at end of period | 58 639 | 47 539 | 58 639 | 47 539 | 26 616 |

SERSTECH GROUP

CASH FLOW ANALYSIS

| Amounts in KSEK | 2023 Apr-Jun | 2022 Apr-Jun | 2023 Jan-Jun | 2022 Jan-Jun | 2022 Full year |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
| OPERATING ACTIVITIES | | | | | |
| Operating profit | 13 084 | -1 910 | 11 444 | -8 488 | -29 278 |
| Adjustment for items not included in cash flow | 3 526 | 1 679 | 6 466 | 3 359 | 14 537 |
| Interest paid | -127 | -30 | -212 | -58 | -209 |
| CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL | 16 483 | -261 | 17 698 | -5 187 | -14 950 |
| CASHFLOW FROM CHANGES IN OPERATING PROFIT | | | | | |
| increase (-)/decrease (+) inventory | -682 | 1 609 | -1 589 | 1 023 | 1 140 |
| increase (-)/decrease (+) account receivables | -27 080 | -8 415 | -19 671 | -9 333 | -614 |
| increase (-)/decrease (+) other short-term receivables | -645 | -419 | -1 204 | -930 | -989 |
| increase (+)/decrease (-) account payables | 2 436 | 2 483 | 608 | 880 | 1 198 |
| increase (+)/decrease (-) other short-term liabilities | 1 297 | 538 | -5 604 | 207 | 1 057 |
| CASHFLOW FROM OPERATING ACTIVITIES | -8 191 | -4 465 | -9 762 | -13 340 | -13 158 |
| INVESTMENT ACTIVITIES | | | | | |
| Acquisition of property, plant and equipment | -3 | -13 | -3 | -13 | -30 |
| Acquisition of intangible fixed assets | -1 883 | -2 645 | -3 367 | -4 399 | -7 560 |
| CASHFLOW FROM INVESTMENT ACTIVITIES | -1 886 | -2 658 | -3 370 | -4 412 | -7 590 |
| FINANCING ACTIVITIES | | | | | |
| Loans | -600 | -480 | -1 739 | -480 | 3 040 |
| Warrant issue | 104 | 0 | 104 | 0 | 0 |
| Share issue costs paid | 0 | 0 | -3 827 | 0 | 0 |
| Rights issue | 0 | 0 | 24 578 | 0 | 0 |
| CASHFLOW FROM FINANCING ACTIVITIES | -496 | -480 | 19 116 | -480 | 3 040 |
| CASHFLOW FOR THIS PERIOD | -10 573 | -7 603 | 5 984 | -18 232 | -17 708 |
| Cash and cash equivalents at beginning of period | 18 423 | 8 945 | 1 866 | 19 574 | 19 574 |
| Cash and cash equivalent at end of period | 7 850 | 1 342 | 7 850 | 1 342 | 1 866 |

SERSTECH GROUP

KEY FIGURES

| Amounts in KSEK | 2023 Apr-Jun | 2022 Apr-Jun | 2023 Jan-Jun | 2022 Jan-Jun | 2022 Full year |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| PROFITABILITY AND RETURN | | | | | |
| Revenue change (%) | 288% | 205% | 330% | -26% | -8% |
| EBITDA margin (%) | 49% | -3% | 39% | -49% | -124% |
| EBIT margin (%) | 40% | -23% | 25% | -81% | -171% |
| Return on equity (%) | 25% | neg | 26% | neg | neg |
| CAPITAL STRUCTURE | | | | | |
| Equity | 58 639 | 47 539 | 58 639 | 47 539 | 26 616 |
| Balance sheet | 78 454 | 58 632 | 78 454 | 58 632 | 52 546 |
| Capital employed | 61 639 | 48 758 | 61 639 | 48 758 | 31 355 |
| Equity ratio (%) | 75% | 81% | 75% | 81% | 51% |
| CASH FLOW AND LIQUIDITY | | | | | |
| Cash flow before investments | -8 191 | -4 465 | -9 762 | -13 340 | -13 158 |
| Cash flow after investments | -10 077 | -7 123 | -13 132 | -17 752 | -20 748 |
| Liquid funds | 7 850 | 1 342 | 7 850 | 1 342 | 1 866 |
| INVESTMENTS | | | | | |
| Acquisition of property, plant and equipment | -3 | -13 | -3 | -13 | -30 |
| Acquisition of intangible fixed assets | -1 883 | -2 645 | -3 367 | -4 399 | -7 560 |
| PERSONNEL | | | | | |
| Average number of employees | 20 | 20 | 20 | 22 | 19 |
| Number of employees | 20 | 19 | 20 | 19 | 17 |
| DATA PER SHARE | | | | | |
| Number of shares | 206 700 000 | 83 816 085 | 206 700 000 | 83 816 085 | 83 816 085 |
| Earnings per share (SEK) | 0.06 | -0.02 | 0.05 | -0.10 | -0.35 |
| Equity per share (SEK) | 0.28 | 0.57 | 0.28 | 0.57 | 0.32 |
| Average number of shares | 206 700 000 | 83 816 085 | 145 258 043 | 83 816 085 | 83 816 085 |
| Earnings per average number of shares | 0.06 | -0.02 | 0,08 | -0.10 | -0.35 |

SERSTECH AB, PARENT COMPANY

INCOME STATEMENT

| Amounts in KSEK | 2023 Apr-Jun | 2022 Apr-Jun | 2023 Jan-Jun | 2022 Jan-Jun | 2022 Full year |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
| REVENUE | | | | | |
| Net sales | 32 775 | 8 444 | 45 111 | 10 498 | 17 112 |
| Capitalized work for own account | 393 | 468 | 660 | 879 | 1 977 |
| Other operating income | 163 | 1 220 | 275 | 1 393 | 1 680 |
| Total revenue | 33 331 | 10 132 | 46 046 | 12 770 | 20 769 |
| EXPENSES | | | | | |
| Raw materials, consumables and goods for resale | -8 586 | -3 833 | -11 879 | -4 606 | -7 795 |
| Other external costs | -6 412 | -4 376 | -11 543 | -7 779 | -18 631 |
| Payroll expenses | -3 295 | -2 880 | -6 509 | -6 259 | -10 597 |
| Depreciation of tangible and intangible assets | -2 969 | -1 671 | -5 905 | -3 342 | -7 998 |
| Other operating expenses | 0 | 0 | 0 | 0 | -6 413 |
| Exchange gains and losses, net | 902 | 410 | 1 009 | 413 | 963 |
| Total expenses | -20 360 | -12 350 | -34 827 | -21 573 | -50 471 |
| EBIT | 12 971 | -2 218 | 11 219 | -8 803 | -29 702 |
| Interest and similar, net | -127 | -30 | -212 | -58 | -209 |
| EBT | 12 844 | -2 248 | 11 007 | -8 861 | -29 911 |
| Taxes | 0 | 0 | 0 | 0 | 0 |
| Net Earnings | 12 844 | -2 248 | 11 007 | -8 861 | -29 911 |

SERSTECH AB, PARENT COMPANY BALANCE SHEET — ASSETS

| Amounts in KSEK | 2023-06-30 | 2022-06-30 | 2022-12-31 |
|--|---------------|---------------|---------------|
| Intangible assets | | | |
| Intangible assets | 32 226 | 42 491 | 34 685 |
| Total intangible assets | 32 226 | 42 491 | 34 685 |
| Tangible assets | | | |
| Equipment, tools, fixtures and fittings | 70 | 190 | 116 |
| Total tangible assets | 70 | 190 | 116 |
| Financial assets | | | |
| Shares in subsidiaries | 143 | 143 | 143 |
| Total financial assets | 143 | 143 | 143 |
| Total fixed assets | 32 439 | 42 824 | 34 944 |
| Current assets | | | |
| Inventories etc. | | | |
| Inventories | 3 457 | 1 985 | 1 868 |
| Total | 3 457 | 1 985 | 1 868 |
| Current receivables | | | |
| Accounts receivable- trade | 31 012 | 10 008 | 11 348 |
| Other receivables from Group companies | 133 | 29 | 29 |
| Current tax assets | 303 | 303 | 196 |
| Other receivables | 2 944 | 1 585 | 1 496 |
| Prepaid expenses and accrued income | 447 | 655 | 806 |
| Total Current receivables | 34 839 | 12 580 | 13 875 |
| Cash and bank balances | 6 592 | 1 053 | 1 207 |
| Total current assets | 44 888 | 15 618 | 16 950 |
| TOTAL ASSETS | 77 327 | 58 442 | 51 894 |

SERSTECH AB, PARENT COMPANY BALANCE SHEET — EQUITY AND LIABILITIES

| Amounts in KSEK | 2023-06-30 | 2022-06-30 | 2022-12-31 |
|--------------------------------------|---------------|---------------|---------------|
| Equity | | | |
| Equity | 57 918 | 47 106 | 26 056 |
| Total equity | 57 918 | 47 106 | 26 056 |
| Provisions | 761 | 118 | 216 |
| Total provisions | 761 | 118 | 216 |
| Non-current liabilities | | | |
| Liabilities to credit institutions | 600 | 0 | 4 000 |
| Total non-current liabilities | 600 | 0 | 4 000 |
| Current liabilities | | | |
| Liabilities to credit institutions | 2 400 | 1 219 | 739 |
| Advance payments from customers | 1 020 | 0 | 10 064 |
| Accounts payable | 5 565 | 4 639 | 4 957 |
| Liabilities to Group companies | 0 | 592 | 245 |
| Other current liabilities | 4 878 | 176 | 323 |
| Accrued expenses and deferred income | 4 184 | 4 592 | 5 294 |
| Total current liabilities | 18 048 | 11 218 | 21 622 |
| TOTAL EQUITY AND LIABILITIES | 77 327 | 58 442 | 51 894 |

SERSTECH AB, PARENT COMPANY CHANGE IN EQUITY

| Amounts in KSEK | 2023 Apr-Jun | 2022 Apr-Jun | 2023 Jan-Jun | 2022 Jan-Jun | 2022 Full year |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Equity brought forward | 44 970 | 49 355 | 26 056 | 55 967 | 55 967 |
| Warrants | 104 | 0 | 104 | 0 | 0 |
| Rights issue | 0 | 0 | 24 578 | 0 | 0 |
| Issue costs | 0 | 0 | -3 827 | 0 | 0 |
| Profit/loss for the period | 12 844 | -2 248 | 11 007 | -8 861 | -29 911 |
| Amount at end of period | 57 918 | 47 106 | 57 918 | 47 106 | 26 056 |

SERSTECH AB, PARENT COMPANY

CASH FLOW ANALYSIS

| Amounts in KSEK | 2023 Apr-Jun | 2022 Apr-Jun | 2023 Jan-Jun | 2022 Jan-Jun | 2022 Full year |
|---|-----------------|-----------------|-----------------|-----------------|-------------------|
| OPERATING ACTIVITIES | | | | | |
| Operating profit | 12 971 | -2 218 | 11 219 | -8 803 | -29 702 |
| Adjustment for items not included in cash flow | 3 514 | 1 671 | 6 449 | 3 343 | 14 508 |
| Interest paid | -127 | -30 | -212 | -58 | -209 |
| CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL | 16 358 | -577 | 17 456 | -5 518 | -15 403 |
| CASHFLOW FROM CHANGES IN OPERATING PROFIT | | | | | |
| increase (-)/decrease (+) inventory | -682 | 1 609 | -1 589 | 1 023 | 1 140 |
| increase (-)/decrease (+) account receivables | -27 074 | -8 412 | -19 663 | -9 328 | -604 |
| increase (-)/decrease (+) other short-term receivables | -675 | -391 | -1 300 | -874 | -829 |
| increase (+)/decrease (-) account payables | 2 436 | 2 483 | 607 | 880 | 1 197 |
| increase (+)/decrease (-) other short-term liabilities | 1 245 | 826 | -5 843 | 567 | 1 070 |
| CASHFLOW FROM OPERATING ACTIVITIES | -8 392 | -4 462 | -10 332 | -13 250 | -13 429 |
| INVESTMENT ACTIVITIES | | | | | |
| Acquisition of intangible fixed assets | -1 895 | -2 676 | -3 399 | -4 459 | -7 646 |
| CASHFLOW FROM INVESTMENT ACTIVITIES | -1 895 | -2 676 | -3 399 | -4 459 | -7 646 |
| FINANCING ACTIVITIES | | | | | |
| Loans | -600 | -480 | -1 739 | -480 | 3 040 |
| Warrant issue | 104 | 0 | 104 | 0 | 0 |
| Share issue costs paid | 0 | 0 | -3 827 | 0 | 0 |
| Rights issue | 0 | 0 | 24 578 | 0 | 0 |
| CASHFLOW FROM FINANCING ACTIVITIES | -496 | -480 | 19 116 | -480 | 3 040 |
| CASHFLOW FOR THIS PERIOD | -10 783 | -7 618 | 5 385 | -18 189 | -18 035 |
| Cash and cash equivalents at beginning of period | 17 375 | 8 671 | 1 207 | 19 242 | 19 242 |
| Cash and cash equivalents at end of period | 6 592 | 1 053 | 6 592 | 1 053 | 1 207 |

DEFINITIONS

PROFITABILITY AND RETURN

Revenue growth

EBIT margin

EBIT

Return on equity

EBITDA

EBITDA margin

Change in revenue as a percentage of previous period revenue.

Operating profit (EBIT) in relation to Net Sales.

Operations profit (EBIT).

Profit for the period as a percentage of average equity.

Operating profit before depreciation and amortization.

EBITDA in relation to net sales.

CAPITAL STRUCTURE

Equity

Balance sheet

Capital employed

Equity ratio

Equity at the end of the period.

Total assets or total liabilities and equity.

Balance sheet total less non-interest-bearing liabilities, including deferred tax.

Equity as a percentage of total assets.

CASH FLOW AND LIQUIDITY

Liquid funds

Cash flow before investments

Cash flow after investments

Bank balances and cash.

Profit before financial items plus items that do not affect cash flow less change in working capital.

Profit after financial items plus items that do not affect cash flow less changes in working capital and investments.

PERSONNEL

Average number of employees

Number of employees

Average number of employees during the period.

Number of employees at the end of the period.

DATA PER SHARE

Number of shares

Earnings per share

Equity per share

Number of outstanding shares at the end of the period.

Profit for the period divided by the number of shares.

Equity divided by the number of shares.

Auditor's review

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

Future reports

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

2023-11-09

Quarterly report (Jan-Sep)

2024-02-26

Year-end report 2023 (Jan-Dec)

2024-04-26

Quarterly report (Jan-Mar)

2024-04-26

Annual General Meeting

2024-07-16

Half-Year report (Jan-Jun)

**FOR FURTHER INFORMATION,
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Serstech is traded at Nasdaq First North Growth Market and more information
about the company can be found at www.serstech.com