



## *Record Sales and Profit*

FIRST QUARTER REPORT, 1 January – 31 March 2021

### **Serstech Group**

#### **First quarter 2021**

Net sales: KSEK 11 459 (6 012) +91%

Profit for the period: KSEK 3 024 (-3 206)

Earnings per share SEK 0.04 (-0.05)

# MESSAGE FROM THE CEO

We reported the highest revenue so far in a single quarter in Q1 2021 and our reported net sales were 11.5 MSEK, which represents a growth of 91% compared to the same period in 2020. The period resulted in a 3 MSEK profit, which means that we now have reported three profitable quarters in a row. For the first time ever, we are now selling software and invoiced almost 0.5 MSEK in software in Q1, despite having launched the new software on the last day of the quarter. The value of the sales pipeline is still growing, even though the timing uncertainty caused by the effects of the pandemic remains.

Different geographical markets provide different levels of Corona-related challenges. Many markets remain closed, and it is not possible to set up customer meetings. In addition, many of our customer groups in the security market are preoccupied with pandemic-related responsibilities and have paused their planned procurement activities. We do expect however that once the market is starting to get back to normal, the number of closed deals per quarter will increase, due to the currently unfulfilled demand in the market. All in all, this means that in the shortest term, uncertainty remains, but there is a good chance that the second half of 2021 will provide a better market performance than in previous years.

Business activity in China is more or less at a normal level and we participate in multiple exhibitions during the spring and have several customer meetings every week. In the US, we signed agreements with two partners during the first quarter and we have several more under negotiation, including some of the largest suppliers of CBRN (Chemical, Biological, Radiological, Nuclear) and Hazmat (Hazardous Materials) solutions to federal authorities. China and the US are two of the largest markets in the world for Raman instruments and our progress during the pandemic has allowed us to achieve several of the objectives we set before the pandemic, despite the circumstances.

On February 22, we launched Serstech Rental, which is the first rental program in our market. Renting instruments instead of buying them provide multiple advantages to the customers and users, one of which being significantly faster access to modern equipment. The normal procurement process can take years, whereas the time from decision to deployment can be a matter of weeks in the case of rental. In addition, rental can meet temporary needs during major events or during focused efforts by police and border control authorities. During the entire rental period, Serstech provides both insurance and perpetual warranty, which means that the product and financial risks are low. The instruments are replaced without additional cost after the rental period ends, given that the customer signs up for a new period.

Serstech Rental provides Serstech with higher revenue per instrument delivered and also recurring revenue, something which will lead to less fluctuations between quarters and more predictable results. We expect many customers to use rental as a tool to test our solutions before they buy, which should help us to increase sales. The customers with financial constraints might select to rent instead of buying, since they can use their operational budget for renting, as opposed to the larger amount needed for an investment. Based on the above and the positive feedback from our partner network and end-customers, we expect that the volumes provided through the rental program will be in addition to our sales, rather than replacing our sales.

During the second quarter we will spend significant resources together with our partner network to market the rental concept and we hope to have the first rental agreement signed already during the summer. Serstech Rental will also be one of the main talking points in the upcoming exhibitions during the summer and fall.

Our investment in marketing, which we increased during the pandemic, has started to pay off and we get an increasing number of requests for interviews and news articles. The number of incoming requests from potential partners is



*‘Thanks to our local salespeople we can now keep a higher pace in especially China and the US’*

— Stefan Sandor, Serstech CEO.

Our local salespeople who started last year have proven to be a good investment. Several new partners have been signed and we can keep a higher pace in especially China and the US than would otherwise had been possible. Both our Asian salespeople are currently working in China and will remain there until travel in South-East Asia will become possible again.

# SERSTECH RENTAL



increasing and we have more than doubled the number of visitors to our website and tripled the number of followers on social media. The increasing awareness of the Serstech brand and our well-developed partner channel have also triggered interest from other manufacturers, and we have received several requests for adding third-party products to our portfolio and distribution.

*‘The main obstacle for customers who want to buy a Raman device today is the size of the initial investment. In addition, customers need to spend considerable effort on the complex and time-consuming public tender process. By introducing this industry-first rental program, we solve both these problems for our customers.’*

— Stefan Sandor, Serstech CEO.

On the last day of the quarter, we launched the first three software products that are built on the new ChemDash platform, which has been developed over the past 18 months. The new platform is using the latest technologies and there are plenty of opportunities to launch more ChemDash products on additional platforms in the near future. The three new products are ChemDash Lite, ChemDash Pro and ChemDash Pro+, whereof the last two are sold and the first is included with any instrument purchase.

Until Q1 2021, Serstech has always included software without cost in any instrument purchase, but starting from March 31,

we are now selling our premium software products, both separately and when a customer buys an instrument. The new applications solve multiple customer problems and we have already before the launch managed to sell quite a few licenses at a total value of almost half a million SEK. We expect our software business to increase continuously in the future and we are convinced that software will eventually be important also for our conservative industry, as has happened in most other industries in the past. As with everything else in the security industry, it will be a slow start, but there is no doubt software will play an important role the coming years.

On March 29, we announced a rights issue, which will add approximately 22 MSEK to our cash balance in Q2. The rights issue is underwritten to 100% by mainly the board and management and the money

will be used to develop the next generation products at a high pace. Throughout 2020, we spent quite a lot of time in the research lab to try to find solutions for some of the inherent limitations of Raman instruments, and after a lot of work we have found what we were looking for. With our current, small team it would take many years to develop these solutions into finished products and we therefore decided to invest in a larger R&D team to speed up the process. Since the products will have disruptive potential, we will postpone patent applications until we are closer to launch of the products, since competitors will otherwise be alerted to our plans.

With growth at 91%, an all-time-high in invoicing and three profitable quarters in a row, our confidence is growing and we remain optimistic about the future, despite the short-term uncertainty caused by the pandemic. Serstech is increasingly recognized as being the up-and-coming player, who introduced several industry firsts over the last 18 months; the patented and industry-first autofocus, the patented SERS kit, industry-best warranty of five years, industry-first rental program and industry-first “one-click scan”, which makes Raman trivially simple to operate with a single press of a button. We will continue to innovate and we remain convinced that we will surpass our on average 50% per annum growth target.

Stefan Sandor, CEO



# SIGNIFICANT EVENTS DURING THE PERIOD

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. The additional values a rental solution provides are flexibility, reduced risk, no upfront investments and a much faster way to get access to modern technology. Before Serstech Rental, it could take years from when a customer became interested in Raman until they had the instruments deployed in the field. With the much quicker and far less complex rental option, that same customer will have access to state-of-the-art Raman solutions within weeks. More information about Serstech Rental is available here: <https://serstech.com/rental>

On March 26, Serstech announced the publication of the annual report on the company website, at any time available at <https://serstech.com/financial-reports>. In the financial statements, part of the capitalized work for own account has been reclassified and will differ slightly from previously reported figures. The reclassification had no impact on either net sales or any reported result figures in the income statement.

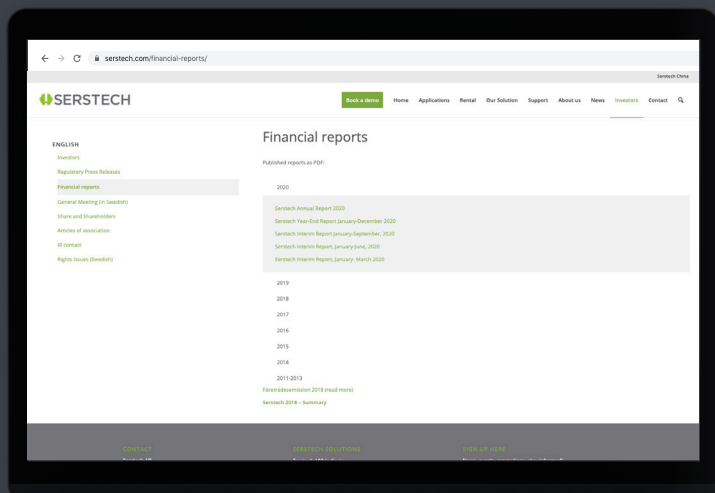
On March 29, Serstech announced its Annual General Meeting, which will take place on April 30. The notice and supporting documents, including the agenda in full, are available at <https://serstech.com/general-meeting>.

On March 31, Serstech announced launching a new software platform to replace the previous ChemDash One PC application. The new platform was launched as three applications: ChemDash Lite, ChemDash Pro and ChemDash Pro+. The Lite version will be included for free with Serstech's instruments as a direct replacement of ChemDash One.

ChemDash Pro will be a premium application which is sold either separately or together with any of Serstech's instruments.

*“The new ChemDash has been designed and developed based on our deep understanding of the users and customers and is therefore easier to use, more efficient and provides many new features that make the day better for our customers.”*

— Stefan Sandor, Serstech CEO.



The application provides significant additional customer value, including enterprise functionality that makes the application easier to deploy throughout customer organizations. ChemDash Pro+ is compliant with US Food and Drug Administration's regulatory framework for pharmaceutical production and can therefore be used with Serstech's recently launched Serstech Arx+ by pharmaceutical companies.

The launch of the new ChemDash platform signifies an important step in the evolution of Serstech as a solution provider to both the security and pharmaceutical markets. In the past, Serstech has always provided software for free, but due to the high value being added by the latest generation software, this is now changing. From now on, we will invoice software as a separate product.

On March 29, Serstech announced a preferential new rights issue of 25 MSEK fully underwritten mainly by the Board, Management and staff. Serstech has identified an opportunity to develop new product concepts with the potential to disrupt and significantly broaden the market. To ensure that the new solutions give Serstech a first mover's advantage, the Board has decided to suggest to the annual general meeting that a rights issue of 25 MSEK is approved. The purpose of the rights issue is to enable the development of a new generation of products at a much higher pace than would otherwise be possible.

# SIGNIFICANT EVENTS AFTER THE PERIOD

n/a

## PERSONNEL

March 31, 2021, Serstech Group had 20 (17) employees.

	TOTAL	Men	Women
Lund, Sweden	12	9	3
Cluj, Romania	8	7	1
Group	20	16	4

## 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 March 31, 2021, the company had approximately 3000 shareholders.



# FINANCIAL COMMENTS SERSTECH GROUP FIRST QUARTER

## SALES AND RESULTS

The net sales in the first quarter is the highest net sales for a single quarter in the company history at KSEK 11 459 (6 012), an increase of 91% compared to the first quarter 2020. The large European order (approx. MSEK 8) announced at the end of the year was delivered and invoiced in the first quarter with a due date in the second quarter.

We are seeing slightly higher expenses in comparison to previous quarters, this is partly connected to an increased sales activity locally in China and in the US, increased marketing activities and recruitment of new employees.

However, despite seeing recent increase in expenses and the significantly higher sales, the overall expenses are still lower compared to Q1 2020 and this is mainly because of the reduced number of staff and decreased depreciation. Payroll expenses are in comparison 30% lower after having reduced the number of staff by 7 (25%).

Compared to the first quarter of 2020, Serstech showed both higher revenue and lower expenses, which led to an improved EBIT of KSEK 3 071 (-3 155) and reported net earnings of KSEK 3 024 (-3 206), which are positive for the third consecutive quarter. Earnings per share (Serstech AB) amounted to SEK 0.04 (-0.05).

## DEPRECIATION AND AMORTIZATION

The result has been adjusted by KSEK 1 720 (2 709) for depreciation, of which KSEK 87 (78) refers to depreciation of equipment, tools and installations, whereas KSEK 1 633 (2 631) refers to depreciation of previous years' capitalized patents and development costs..

## INVESTMENTS

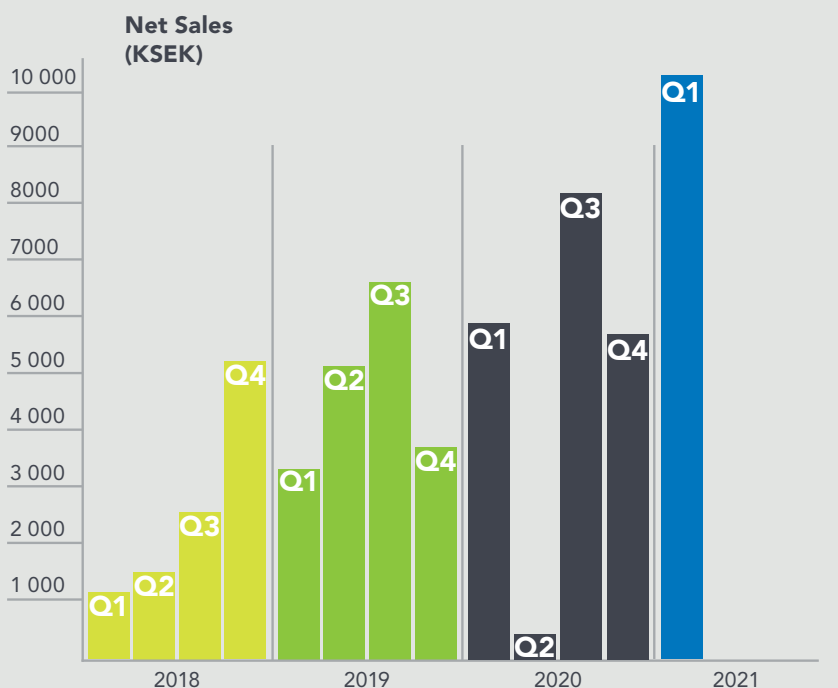
Serstech's total investments amounted to KSEK 2 782 (4 410) and relate to intangible fixed assets of KSEK 2 773 (4 158), such as capitalized expenditure for development work and tangible fixed assets of KSEK 9 (252), such as tools and installation

## LIQUIDITY AND FINANCING

At the end of the quarter, the group had KSEK 6 716 (15 119) in cash and cash equivalents and KSEK 1 000 in unutilized overdraft credit. The cashflow in the first quarter was negative at KSEK -4 680 (-41). However, the fact that the cashflow was negative despite the strong sales is that the large European order delivered and invoiced in the first quarter is due for payment in the second quarter, this is also seen having an effect in the increased number of accounts receivable. In the cashflow for the first quarter there are in total MSEK 1.7 in grants, which are related to the Covid-19 pandemic. At the end of the quarter Serstech had long-term interestbearing liabilities of KSEK 1 925 (1 138) and short term interestbearing liabilities of KSEK 739 (1 681).

## EQUITY, SHARE CAPITAL AND NUMBER OF SHARES

As of March 31, 2021, the equity of Serstech Group amounted to KSEK 46 898 (47 533) and the equity ratio amounted to 82 percent (88). The share capital was on March 31 divided into 71 243 673 shares with a quota value of SEK 0.11. All shares belong to the same series and have the same voting and profit rights in the company.



# SERSTECH GROUP

## INCOME STATEMENT

Amounts in KSEK	2021-01-01 2021-03-31	2020-01-01 2020-03-31*	2020-01-01 2020-12-31*
<b>REVENUE</b>			
Net sales	11 459	6 012	20 488
Capitalized work for own account	1 190	1 724	5 914
Other operating income	15	32	4 958
<b>Total revenue</b>	<b>12 664</b>	<b>7 768</b>	<b>31 361</b>
<b>EXPENSES</b>			
Raw materials and consumables	-3 068	-1 897	-8 181
Other external costs	-1 862	-1 952	-5 159
Payroll expenses	-3 207	-4 618	-15 415
Depreciation of tangible and intangible assets	-1 720	-2 709	-8 782
Exchange gains and losses, net	265	254	-360
<b>Total expenses</b>	<b>-9 593</b>	<b>-10 923</b>	<b>-37 897</b>
<b>EBIT</b>	<b>3 071</b>	<b>-3 155</b>	<b>-6 536</b>
Interest and similar, net	-49	-49	-190
<b>EBT</b>	<b>3 022</b>	<b>-3 204</b>	<b>-6 726</b>
Taxes	2	-2	-4
<b>Net Earnings</b>	<b>3 024</b>	<b>-3 206</b>	<b>-6 730</b>

\* 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

	2021-03-31	2020-03-31	2020-03-31
<b>Amounts in KSEK</b>			
<b>Intangible assets</b>			
Intangible assets	36 445	31 221	35 305
<b>Total intangible assets</b>	<b>36 445</b>	<b>31 221</b>	<b>35 305</b>
<b>Tangible assets</b>			
Equipment, tools, fixtures and fittings	300	644	377
<b>Total tangible assets</b>	<b>300</b>	<b>644</b>	<b>377</b>
<b>Financial assets</b>			
Deferred tax assets	22	0	20
<b>Total financial assets</b>	<b>22</b>	<b>0</b>	<b>20</b>
<b>Total fixed assets</b>	<b>36 767</b>	<b>31 865</b>	<b>35 702</b>
<b>Current assets</b>			
<b>Inventories</b>			
Inventories	2 409	1 257	2 195
<b>Total Inventories</b>	<b>2 409</b>	<b>1 257</b>	<b>2 195</b>
<b>Current receivables</b>			
Accounts receivable - trade	9 193	3 929	3 618
Current tax assets	148	19	0
Other receivables	1 407	1 625	1 271
Prepaid expenses and accrued income	408	244	2 067
<b>Total Current receivables</b>	<b>11 156</b>	<b>5 817</b>	<b>6 956</b>
Cash and bank balances	6 716	15 119	11 396
<b>Total current assets</b>	<b>20 281</b>	<b>22 193</b>	<b>20 547</b>
<b>TOTAL ASSETS</b>	<b>57 048</b>	<b>54 058</b>	<b>56 249</b>



## SERSTECH GROUP BALANCE SHEET — EQUITY AND LIABILITIES

Amounts in KSEK	2021-03-31	2020-03-31	2020-12-31
<b>Equity</b>			
Equity	46 898	47 533	43 872
<b>Total equity</b>	<b>46 898</b>	<b>47 533</b>	<b>43 872</b>
Provisions	122	139	122
<b>Total provision</b>	<b>122</b>	<b>139</b>	<b>122</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	739	1 681	1 219
<b>Total non-current liabilities</b>	<b>739</b>	<b>1 681</b>	<b>1 219</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	1 925	1 138	1 600
Work in progress on behalf of others	75	0	306
Accounts payable	3 263	1 235	3 985
Current tax liabilities	105	0	202
Other current liabilities	498	773	402
Accrued expenses and deferred income	3 423	1 559	4 541
<b>Total current liabilities</b>	<b>9 289</b>	<b>4 705</b>	<b>11 036</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57 048</b>	<b>54 058</b>	<b>56 249</b>

## CHANGE IN EQUITY SERSTECH GROUP

Amounts in KSEK	2021-01-01 2021-03-31	2020-01-01 2020-03-31	2020-01-01 2020-12-31
<b>Equity brought forward</b>	<b>43 872</b>	<b>51 077</b>	<b>51 077</b>
Rights issue	0	7 650	7 650
Issue costs	0	-339	-339
New share issue in progress	0	-7 650	-7 650
Translation difference on consolidation	2	0	-135
Profit for the period	3 024	-3 206	-6 730
<b>Amount at end of period</b>	<b>46 898</b>	<b>47 533</b>	<b>43 872</b>

# SERSTECH GROUP CASH FLOW ANALYSIS

Amounts in KSEK	2021-01-01 2021-03-31	2020-01-01 2020-03-31	2020-01-01 2020-12-31
<b>OPERATING ACTIVITIES</b>			
Operating profit	3 071	-3 155	-6 536
Adjustment for items not included in cash flow	1 721	2 703	6 887
Interest paid	-49	-51	-190
<b>CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL</b>	<b>4 743</b>	<b>-503</b>	<b>161</b>
<b>CASHFLOW FROM CHANGES IN OPERATING PROFIT</b>			
increase (-)/decrease (+) inventory	-214	1 767	829
increase (-)/decrease (+) account receivables	-5 575	-982	-671
increase (-)/decrease (+) other short-term receivables	1 375	1 041	1 310
increase (+)/decrease (-) account payables	-722	-3 694	-944
increase (+)/decrease (-) other short-term liabilities	-1 350	-246	2 873
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>-1 743</b>	<b>-2 617</b>	<b>3 558</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of property, plant and equipment	-9	-252	-252
Sale of property, plant and equipment	0	0	0
Acquisition of intangible fixed assets	-2 773	-4 158	-14 054
Acquisition of subsidiaries	0	0	0
<b>CASHFLOW FROM INVESTMENT ACTIVITIES</b>	<b>-2 782</b>	<b>-4 410</b>	<b>-14 306</b>
<b>FINANCING ACTIVITIES</b>			
Loans	-155	-325	-326
Share issue costs paid	0	-339	-339
Rights issue	0	7 650	7 650
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>-155</b>	<b>6 986</b>	<b>6 985</b>
<b>CASHFLOW FOR THIS PERIOD</b>	<b>-4 680</b>	<b>-41</b>	<b>-3 763</b>
Cash and cash equivalents at beginning of period	11 396	15 159	15 159
Cash and cash equivalents at end of period	6 716	15 119	11 396

# SERSTECH GROUP

## KEY FIGURES

Amounts in SEK	2021-01-01- 2021-03-31	2020-01-01- 2020-03-31	2020-01-01- 2020-12-31
<b>PROFITABILITY AND RETURN</b>			
Revenue growth (%)	91%	85%	9%
Operating margin (%)	27%	neg	neg
Profit margin (%)	26%	neg	neg
Return on equity (%)	7%	neg	neg
<b>CAPITAL STRUCTURE</b>			
Equity (KSEK)	46 898	47 533	43 872
Balance sheet (KSEK)	57 048	54 058	56 249
Capital employed (KSEK)	49 562	50 352	46 691
Interest-bearing net debt (KSEK)	-4 052	-12 300	-8 577
Capital turnover rate (times)	0,20	0,10	0,35
Equity ratio (%)	82%	88%	78%
Gearing ratio (%)	6%	6%	6%
Interest coverage	62,67	neg	neg
<b>CASH FLOW AND LIQUIDITY</b>			
Cash flow before investments (KSEK)	-1 743	5 033	3 558
Cash flow after investments (KSEK)	-4 525	623	-10 748
Liquid funds (KSEK)	6 716	15 119	11 396
<b>INVESTMENTS</b>			
Acquisition of property, plant and equipment (KSEK)	-9	252	-252
Sale of property, plant and equipment (KSEK)	0	0	0
Acquisition of intangible fixed assets (KSEK)	-2 773	-4 158	-14 054
Sales of property, plant and equipment (KSEK)	0	0	0
Acquisition of subsidiaries (KSEK)	0	0	0
Acquisition of shares and holdings (KSEK)	0	0	0
<b>PERSONNEL</b>			
Average number of employees	19	21	24
Revenue per employee (KSEK)	667	370	1 307
Number of employees	18	28	20
<b>DATA PER SHARE</b>			
Number of shares	71 243 673	71 243 673	71 243 673
Earnings per share	0,04	-0,05	-0,09
Equity per share (SEK)	0,66	0,67	0,62
Average number of shares	71 243 673	67 681 490	67 681 490
Earnings per average number of shares	0,04	-0,05	-0,10

# SERSTECH AB, PARENT COMPANY

## INCOME STATEMENT

Amounts in KSEK	2021-01-01 2021-03-31	2020-01-01 2020-03-31*	2020-01-01 2020-12-31*
<b>REVENUE</b>			
Net sales	11 459	6 012	20 388
Capitalized work for own account	1 190	1 724	6 014
Other operating income	15	32	4 949
<b>Total revenue</b>	<b>12 664</b>	<b>7 768</b>	<b>31 351</b>
<b>EXPENSES</b>			
Raw materials and consumables	-3 068	-2 093	-8 181
Other external costs	-2 516	-1 908	-7 211
Payroll expenses	-2 560	-4 353	-13 588
Depreciation of tangible and intangible assets	-1 720	-2 703	-8 782
Exchange gains and losses, net	269	370	-339
<b>Total expenses</b>	<b>-9 595</b>	<b>-10 687</b>	<b>-38 101</b>
<b>EBIT</b>	<b>3 069</b>	<b>-2 919</b>	<b>-6 750</b>
Interest and similar, net	-45	-49	-190
<b>EBT</b>	<b>3 024</b>	<b>-2 968</b>	<b>-6 940</b>
Taxes	0	0	0
<b>Net Earnings</b>	<b>3 024</b>	<b>-2 968</b>	<b>-6 940</b>

\* 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

	2020-12-31	2019-12-31	2020-12-31
<b>Amounts in KSEK</b>			
<b>Intangible assets</b>			
Intangible assets	36 549	31 221	35 405
<b>Total intangible assets</b>	<b>36 549</b>	<b>31 221</b>	<b>35 405</b>
<b>Tangible assets</b>			
Equipment, tools, fixtures and fittings	291	644	377
<b>Total tangible assets</b>	<b>291</b>	<b>644</b>	<b>377</b>
<b>Financial assets</b>			
Shares in subsidiaries	143	50	143
<b>Total financial assets</b>	<b>143</b>	<b>50</b>	<b>143</b>
<b>Total fixed assets</b>	<b>36 983</b>	<b>31 915</b>	<b>35 925</b>
<b>Current assets</b>			
<b>Inventories</b>			
Inventories	2 409	1 257	2 195
<b>Total Inventories</b>	<b>2 409</b>	<b>1 257</b>	<b>2 195</b>
<b>Current receivables</b>			
Accounts receivable - trade	9 073	3 929	3 499
Other receivables from Group companies	29	133	29
Current tax assets	148	19	0
Other receivables	1 403	1 625	1 271
Prepaid expenses and accrued income	408	244	2 067
<b>Total Current receivables</b>	<b>11 061</b>	<b>5 950</b>	<b>6 866</b>
Cash and bank balances	6 553	14 854	11 307
<b>Total current assets</b>	<b>20 023</b>	<b>22 061</b>	<b>20 368</b>
<b>TOTAL ASSETS</b>	<b>57 006</b>	<b>53 976</b>	<b>56 293</b>

# SERSTECH AB, PARENT COMPANY

## BALANCE SHEET — EQUITY AND LIABILITIES

Amounts in KSEK	2021-03-31	2020-03-31	2020-12-31
<b>Equity</b>			
Equity	46 822	47 770	43 798
<b>Total equity</b>	<b>46 822</b>	<b>47 770</b>	<b>43 798</b>
Provisions	122	139	122
<b>Total provisions</b>	<b>122</b>	<b>139</b>	<b>122</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	739	1 681	1 219
<b>Total non-current liabilities</b>	<b>739</b>	<b>1 681</b>	<b>1 219</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	1 920	1 138	1 600
Work in progress on behalf of others	75	0	306
Accounts payable	3 263	1 234	3 985
Liabilities to Group companies	279	0	353
Current tax liabilities	0	0	91
Other current liabilities	363	455	278
Accrued expenses and deferred income	<b>3 423</b>	<b>1 559</b>	<b>4 541</b>
<b>Total current liabilities</b>	<b>9 323</b>	<b>4 386</b>	<b>11 154</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57 006</b>	<b>53 976</b>	<b>56 293</b>

## SERSTECH AB, PARENT COMPANY — CHANGE IN EQUITY

Amounts in KSEK	2021-01-01 2021-03-31	2020-01-01 2020-03-31	2020-01-01 2020-12-31
<b>Equity brought forward</b>	<b>43 798</b>	<b>51 077</b>	<b>51 077</b>
Rights issue	0	7 650	7 650
Issue costs	0	-339	-339
New share issue in progress	0	-7 650	-7 650
Profit for the period	3 024	-2 968	-6 940
<b>Amount at end of period</b>	<b>46 822</b>	<b>47 770</b>	<b>43 798</b>

# SERSTECH AB, PARENT COMPANY

## CASH FLOW ANALYSIS

Amounts in KSEK	2021-01-01 2021-03-31	2020-01-01 2020-03-31	2020-01-01 2020-12-31
<b>OPERATING ACTIVITIES</b>			
Operating profit	3 069	-2 919	-6 750
Adjustment for items not included in cash flow	1 719	2 703	7 046
Interest paid	-45	-49	-190
<b>CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL</b>	<b>4 743</b>	<b>-265</b>	<b>106</b>
<b>CASHFLOW FROM CHANGES IN OPERATING PROFIT</b>			
increase (-)/decrease (+) inventory	-214	1 767	829
increase (-)/decrease (+) account receivables	-5 574	-982	-552
increase (-)/decrease (+) other short-term receivables	1 379	937	1 310
increase (+)/decrease (-) account payables	-722	-3 695	-944
increase (+)/decrease (-) other short-term liabilities	-1 429	-564	2 991
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>-1 817</b>	<b>-2 802</b>	<b>3 740</b>
<b>INVESTMENT ACTIVITIES</b>			
Acquisition of property, plant and equipment	0	-252	-252
Sale of property, plant and equipment	0	0	0
Acquisition of intangible fixed assets	-2 777	-4 158	-14 154
Acquisition of subsidiaries	0	0	-93
<b>CASHFLOW FROM INVESTMENT ACTIVITIES</b>	<b>-2 777</b>	<b>-4 410</b>	<b>-14 499</b>
<b>FINANCING ACTIVITIES</b>			
Loans	-160	-325	-325
Share issue costs paid	0	-339	-339
Rights issue	0	7 650	7 650
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>-160</b>	<b>6 986</b>	<b>6 986</b>
<b>CASHFLOW FOR THIS PERIOD</b>	<b>-4 754</b>	<b>-226</b>	<b>-3 773</b>
Cash and cash equivalents at beginning of period	11 307	15 080	15 080
Cash and cash equivalents at end of period	6 553	14 854	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:

#### **2021-07-26**

Half Year report (Jan-Jun)

#### **2021-11-09**

Quarterly report (Jan-Sep)

#### **2022-02-24**

Year-end report (Jan-Dec)

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

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## **ABOUT SERSTECH**

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