

 **SERSTECH****Q4**

YEAR END REPORT, 1 JANUARY – 31 DECEMBER 2022



## SERSTECH GROUP — YEAR END REPORT 2022

### SERSTECH GROUP FOURTH QUARTER 2022

- Net sales amounted to KSEK 3 488 (2 910).
- Net earnings for the period: KSEK -16 229 (-2 894).
- One-off write-down of capitalized development costs: KSEK 7 451 (1 058).
- Earnings per share: SEK -0.19 (-0.03).
- Earnings per average number of shares: SEK -0.19 (-0.03).
- Investment in equipment: KSEK 17 (47).
- Investment in intangible assets: KSEK 1 578 (4 036).
- Cash and cash equivalents: KSEK 1 866 (19 574).
- Equity ratio (%): 51% (84%).

### SERSTECH GROUP FULL YEAR 2022

- Net sales: KSEK 17 112 (18 650).
- Net earnings for the period: KSEK -29 566 (-10 251).
- One-off write-down of capitalized development costs: KSEK 10 593 (3 030).
- Earnings per share: SEK -0.35 (-0.12).
- Earnings per average number of shares: SEK -0.35 (-0.13).
- Investment in equipment: KSEK 30 (278).
- Investment in intangible assets: KSEK 7 560 (12 284).
- Cash and cash equivalents: KSEK 1 866 (19 574).
- Equity ratio (%): 51% (84%).

# MESSAGE FROM THE CEO

At the end of 2021, the sales pipeline started to grow rather dramatically, more than doubling its size in December alone. Since then, the pipeline has continued to grow, which is a clear indication that the market is waking up again, after 30 months of pandemic slumber. In our line of business, the time from a customer is ready to buy until they actually buy is typically one year. As was communicated in December 2022, we received an order of 10 MSEK from a partner in Singapore at the end of the year. The large order, which is one of the largest so far, was also the first order from South-East Asia since before the pandemic. South-East Asia has historically been our strongest sales region, and we expect to see good contributions from this region in 2023 and onwards as the customers resume normal operations.



‘An order of 10 MSEK from a partner in Singapore, which is one of the largest so far, was also the first order from South-East Asia since before the pandemic.’

— Stefan Sandor, Serstech CEO.

The pandemic period, which in the sales context included most of 2022, has had Serstech focused on reducing cost, in combination with preparations for the return of the market. The Serstech team was reduced by 15 people during the pandemic, and during the fourth quarter of 2022, we finally started to recruit again. With a continued growth in our sales pipeline and with multiple opportunities expected to close during the first half of 2023, we are strengthening our capacity in R&D, sales and technical support. Already at the beginning of February 2023, our sales had surpassed 60% of the 2022 full-year sales.

To ensure that we are ready to meet the demand we saw building in 2022, we performed a rights issue in Q4 and added approximately 20 MSEK to our cash balance in January 2023. Out of the 108 rights issues that were made in 2022 on Nasdaq First North, ours had the third highest subscription rate with 152%, which shows that our shareholders share our optimism for 2023 and onwards. The order of 10 MSEK received at the end of December will be invoiced in February, which will bring our cash balance to the highest level ever.

Our new sales director for Europe has done an excellent job during the year. We have added several strong sales partners and the sales pipeline in Europe has continued to grow significantly. One of the drivers in Europe is the increased demand for solutions that can identify chemical warfare agents. As in the rest of the world, the post-pandemic resumed focus on drug enforcement by police and border control, has increased the demand in our core business segment. We therefore expect the European sales region to perform very well in 2023.

We had our first major order from the US market in May 2022. The order value was more than 8 MSEK and it was delivered during the summer to a state prison authority, which has deployed Serstech instruments in all prisons throughout the state. The feedback from the customer is positive and we have received requests for information from other prison systems in the country, and we expect the importance of the US market to continue to grow over the coming years.

Most of our competitors are from the US, and many customers have a preference to buy from domestic manufacturers. This is one of the main reasons why it has taken Serstech almost three years to get the first major order. We now have a good local reference, and we have thereby passed a great hurdle in the sales development. In 2022, we added our second salesperson in the country, and we will continue to strengthen our sales capacity in 2023 and 2024.

Early 2022, we cancelled our OEM agreements with EnviroNics and Field Forensics. Field Forensics remains one of our most valued partners, and they are now selling our products under the Serstech brand. The main reason for entering into the OEM agreements in 2018 and 2019 was to get access to established sales networks of more experienced companies, since we did not have our own sales channel yet. As we now have a strong partner network, we instead focus on continuing to build our sales and brand through our own channels, and to improve our gross margins.

The global component shortage has been one of the challenges throughout 2022. We have however succeeded in building the necessary component inventory, even if it has meant several electronics redesigns during the year. Many component suppliers stopped producing less profitable components during the year and focused on their latest generations only, which forced us to upgrade several critical components on our circuit boards. The positive side-effects of changing to the latest generation components include noticeably faster instruments and lower battery consumption. During the development work, we also managed to reduce the number and cost of components.

While the net sales in 2022 were severely affected by the pandemic, everything aligned perfectly for imminently resumed growth. The pent-up demand created by the absence of sales in the market for 30 months, the resumed focus on drug enforcement and the demand created by the risk of chemical warfare in Europe combine to drive up total demand to unprecedented levels. At the same time, we have a strong cash balance from the successful rights issue and the resumed sales. Our next-generation product Serstech Arx is in volume production since Q4 2022, and we have sufficient component inventory for at least the first quarters of 2023. We expect and predict strong or very strong growth in 2023 and onwards.



*Internal and external factors have aligned perfectly over the last 12 months, and everything is in place for imminent return to growth. Already in early February, we had reached more than 60% of the 2022 full-year sales.'*

— Stefan Sandor, Serstech CEO.

**Stefan Sandor, CEO**  
February 2023





## SIGNIFICANT EVENTS DURING THE PERIOD

### **RIGHTS ISSUING OF NEW SHARES TO SECURE FURTHER MARKET INVESTMENTS.**

The Board's resolved, on behalf of the Extra Annual Shareholders meeting on December 9, 2022, to carry out a rights issue with preferential rights for existing shareholders, amounting approximately 23 MSEK before issue costs. The rights issue was carried out and closed in January 2023.

The issue is carried out to secure delivery capacity to known business opportunities as well as further investment in sales.

### **CLOSED NEW ORDER OF 10 MSEK FROM SINGAPORE.**

Serstech signed a new order of 10 MSEK from its partner Kaiser-SGI in Singapore. The order contains the newest-generation Serstech Arx, the patented SERS kit and Serstech ChemDash software. The order was invoiced in December 2022 and will be delivered in the first quarter of 2023.

### **DEDUCTED CAPITALIZED WORK FOR OWN ACCOUNT.**

In connection with year-end closing 2022, a one-off write-down of capitalized development costs, amounting to 10.6 MSEK, has been made. The amount includes depreciations made during 2022. The one-off write-down relates to technology that no longer will be used in the company's products and has been phased out.

### **SHORT-TIME ALLOWANCE PAID OUT BY TILLVÄXTVERKET.**

In connection with year-end closing 2022, accruals have been made to cover already decided and by Tillväxtverket paid out short-time allowance. New decision has been served by Tillväxtverket and the new decision has been appealed by Serstech.

## SIGNIFICANT EVENTS AFTER THE PERIOD

### **RIGHTS ISSUING WAS SUBSCRIBED TO 152% AND AN OVER-ALLOTMENT ISSUE WAS CARRIED OUT.**

The rights issue in Serstech AB (publ) was subscribed to 152 percent and the warranty agreements entered will therefore not be used. As a result of the high subscription rate, an over-allotment issue of approximately 1.1 million was carried out. Through the two issues, the Company receives a total of approximately SEK 24.6 million before deductions for issue costs.

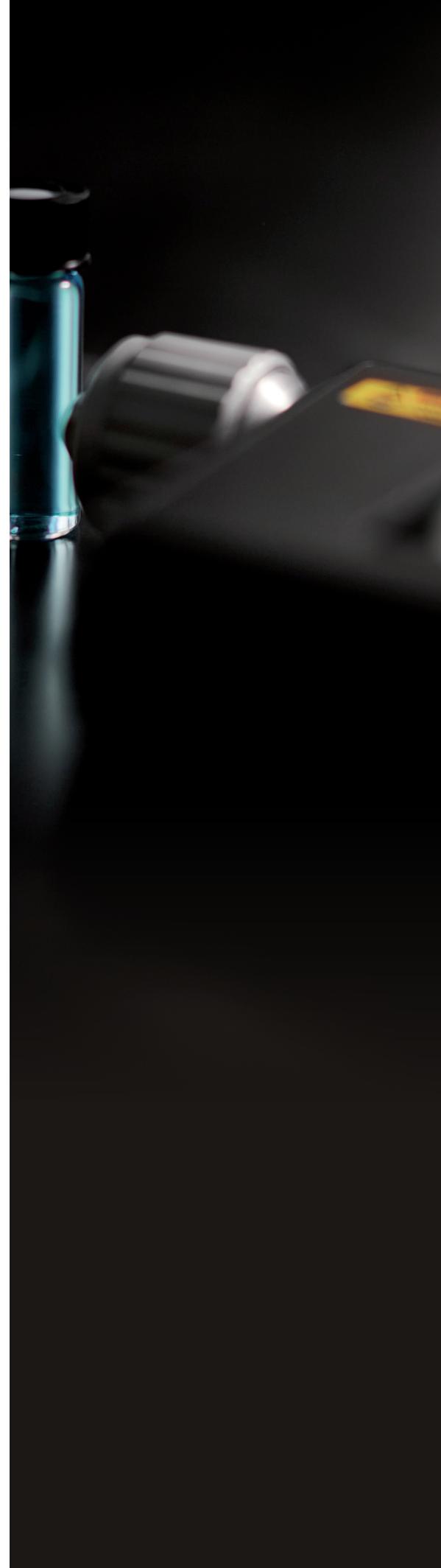
# ABOUT SERSTECH

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 its own sales representatives in five 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.





# FINANCIAL COMMENTS, FULL YEAR 2022

## NET SALES AND NET EARNINGS

Net sales full year 2022 amounted to KSEK 17 112 (18 650) showed a decrease of 8% compared to full year 2021 last year mainly due to Covid-19 effects. However, clear indications shows that large customer groups now have moved back to normal operations and that they therefore now are more likely to invest in Serstech solutions and equipment.

The overall expenses full year 2022, increased by 57% or KSEK 15 944 compared to 2021, where the main part or KSEK 10 593 relates to a one-off write-down of capitalized development costs, including the one-off-write down and depreciations made during 2022. Furthermore, investments have been made to rebuilding sales resources in major geographic markets now that markets are opening again post Covid pandemic.

The development expenses are reflected in the capitalized work for own account, KSEK 3 615 (3 321).

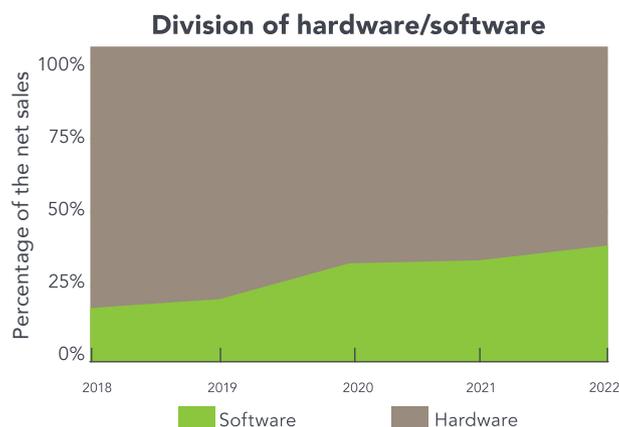
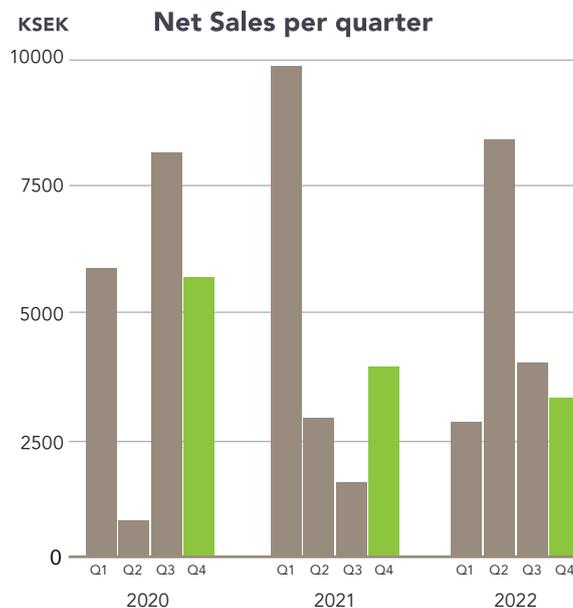
Net earnings for the period, full year 2022, amounted to KSEK -29 566 (-10 251), earnings per share amounted to SEK -0.35 per share (-0.12), and to earnings per average number of shares, amounted to -0.35 (-0.13).

## DEPRECIATION AND AMORTIZATION

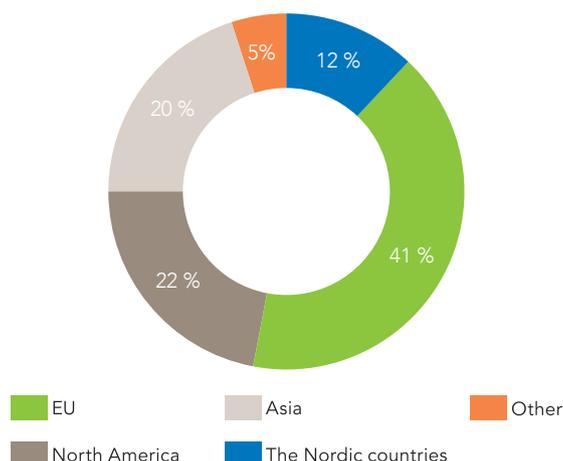
Net earnings for full year 2022, has been affected by KSEK 8 033 (6 853) for depreciation of assets, of which KSEK 150 (308) refers to depreciation of equipment, tools, and installations, and KSEK 7 883 (6 545) refers to depreciation of capitalized development costs and patents.

## INVESTMENTS

Total investments amounted to KSEK 7 560 (12 284), where KSEK 7 590 (12 555) relates to intangible fixed assets, capitalized expenditure for development work and patent, and KSEK 30 (278) relates to investments in equipment.



## Geographical division of Serstech's net sales 2018 - 2022



## PERSONNEL

On December 31, 2022, Serstech Group had 22 employees

	TOTAL	Men	Women
Lund, Sweden	13	10	3
Cluj, Romania	9	7	2
Group	22	17	5

## LIQUIDITY AND FINANCING

On December 31, 2022, the group had KSEK 1 866 (19 574) in cash and cash equivalents and KSEK 2 000 (1 000) in unutilized overdraft credit. The cashflow during 2022 was negative, KSEK -17 708 (8 178).

By year end 2022, Serstech had long-term interest-bearing liabilities of KSEK 4 000 (0) and short-term interest-bearing liabilities of KSEK 739 (1 699).

## EQUITY, SHARE CAPITAL AND NUMBER OF SHARES

As of December 31, 2022, the equity of Serstech Group amounted to KSEK 26 616 (56 110) and the equity ratio amounted to 51 percent (84). The share capital was on December 31, 2022, divided into 83 816 085 shares with a quota value of SEK 0.11 (0.11).

All shares belong to the same series and have the same voting and profit rights in the company.

## ACCOUNTING PRINCIPLES

The report has been prepared in accordance with BFNAR2012:1, 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 been subject to review by the company's auditor.



# SERSTECH GROUP INCOME STATEMENT

Amounts in KSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
<b>REVENUE</b>				
Net sales	3 488	2 910	17 112	18 650
Capitalized work for own account	640	375	3 615	3 321
Other operating income	189	2 563	1 684	2 308
<b>Total revenue</b>	<b>4 317</b>	<b>5 848</b>	<b>22 411</b>	<b>24 279</b>
<b>EXPENSES</b>				
Raw materials and consumables	-2 421	-743	-7 795	-6 442
Other external costs	-6 142	-2 391	-16 671	-6 813
Payroll expenses	-2 852	-3 964	-13 739	-14 431
Depreciation of tangible and intangible assets	-2 994	-1 683	-8 033	-6 853
Other operating expenses	-6 413	0	-6 413	0
Exchange gains and losses, net	361	50	963	148
<b>Total expenses</b>	<b>-20 460</b>	<b>-8 730</b>	<b>-51 688</b>	<b>-34 391</b>
<b>EBIT</b>	<b>-16 143</b>	<b>-2 882</b>	<b>-29 278</b>	<b>-10 110</b>
Interest and similar, net	-86	-27	-209	-147
<b>EBT</b>	<b>-16 229</b>	<b>-2 909</b>	<b>-29 487</b>	<b>-10 257</b>
Taxes	0	15	-80	6
<b>Net Earnings</b>	<b>-16 229</b>	<b>-2 894</b>	<b>-29 566</b>	<b>-10 251</b>

# SERSTECH GROUP

## BALANCE SHEET — ASSETS

Amounts in KSEK	2022-12-31	2021-12-31
<b>Intangible assets</b>		
Intangible assets	34 351	41 054
<b>Total intangible assets</b>	<b>34 351</b>	<b>41 054</b>
<b>Tangible assets</b>		
Equipment, tools, fixtures and fittings	192	337
<b>Total tangible assets</b>	<b>192</b>	<b>337</b>
<b>Financial assets</b>		
Deferred tax assets	69	52
<b>Total financial assets</b>	<b>69</b>	<b>52</b>
<b>Total fixed assets</b>	<b>34 612</b>	<b>41 444</b>
<b>Current assets</b>		
<b>Inventories etc.</b>		
Inventories	1 868	3 008
<b>Total Inventories</b>	<b>1 868</b>	<b>3 008</b>
<b>Current receivables</b>		
Accounts receivable - trade	11 478	800
Current tax assets	196	127
Other receivables	1 707	1 145
Prepaid expenses and accrued income	818	459
<b>Total Current receivables</b>	<b>14 200</b>	<b>2 531</b>
Cash and bank balances	1 866	19 574
<b>Total current assets</b>	<b>17 934</b>	<b>25 114</b>
<b>TOTAL ASSETS</b>	<b>52 546</b>	<b>66 558</b>

# SERSTECH GROUP

## BALANCE SHEET — EQUITY AND LIABILITIES

Amounts in KSEK	2022-12-31	2021-12-31
<b>Equity</b>		
Equity	26 616	56 110
<b>Total equity</b>	<b>26 616</b>	<b>56 110</b>
Provisions	216	118
<b>Total provision</b>	<b>216</b>	<b>118</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	4 000	0
<b>Total non-current liabilities</b>	<b>4 000</b>	<b>0</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	739	1 699
Advance payment from customers	10 064	66
Accounts payable	4 957	3 759
Current tax liabilities	195	311
Other current liabilities	464	610
Accrued expenses and deferred income	5 295	3 885
<b>Total current liabilities</b>	<b>21 714</b>	<b>10 330</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>52 546</b>	<b>66 558</b>

# SERSTECH GROUP

## CHANGE IN EQUITY

Amounts in KSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31	2021-01-01 2021-12-31
Equity brought forward	42 858	59 002	56 110	43 872	43 872
Rights issue	0	0	0	24 516	24 516
Issue costs	0	0	0	-2 035	-2 035
Translation difference on consolidation	-13	2	72	8	8
Profit/loss for the period	-16 229	-2 894	-29 566	-10 251	-10 251
<b>Amount at end of period</b>	<b>26 616</b>	<b>56 110</b>	<b>26 616</b>	<b>56 110</b>	<b>56 110</b>

# SERSTECH GROUP

## CASH FLOW ANALYSIS

Amounts in KSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31	2021-01-01 2021-12-31
<b>OPERATING ACTIVITIES</b>					
Operating profit	-16 143	-2 882	-29 278	-10 110	-10 110
Adjustment for items not included in cash flow	9 505	1 677	14 537	6 824	6 824
Interest paid	-86	-27	-209	-147	-147
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>					
<b>BEFORE CHANGES TO WORKING CAPITAL</b>	<b>-6 724</b>	<b>-1 232</b>	<b>-14 950</b>	<b>-3 433</b>	<b>-3 433</b>
<b>CASHFLOW FROM CHANGES</b>					
<b>IN OPERATING PROFIT</b>					
increase (-)/decrease (+) inventory	327	639	1 140	-813	-813
increase (-)/decrease (+) account receivables	1 599	-92	-614	2 818	2 818
increase (-)/decrease (+) other short-term receivables	-642	-177	-989	1 605	1 605
increase (+)/decrease (-) account payables	2 139	3 003	1 198	-226	-226
increase (+)/decrease (-) other short-term liabilities	1 910	467	1 057	-579	-579
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>-1 391</b>	<b>2 608</b>	<b>-13 158</b>	<b>-628</b>	<b>-628</b>
<b>INVESTMENT ACTIVITIES</b>					
Acquisition of property, plant and equipment	-17	-47	-30	-278	-278
Sale of property, plant and equipment	0	0	0	7	7
Acquisition of intangible fixed assets	-1 578	-4 036	-7 560	-12 284	-12 284
<b>CASHFLOW FROM INVESTMENT ACTIVITIES</b>	<b>-1 595</b>	<b>-4 083</b>	<b>-7 590</b>	<b>-12 555</b>	<b>-12 555</b>
<b>FINANCING ACTIVITIES</b>					
Loans	-286	-4	3 040	-1 120	-1 120
Share issue costs paid	0	0	0	-2 035	-2 035
Rights issue	0	0	0	24 516	24 516
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>-286</b>	<b>-4</b>	<b>3 040</b>	<b>21 361</b>	<b>21 361</b>
<b>CASHFLOW FOR THIS PERIOD</b>	<b>-3 272</b>	<b>-1 479</b>	<b>-17 708</b>	<b>8 178</b>	<b>8 178</b>
Cash and cash equivalents at beginning of period	5 138	21 053	19 574	11 396	11 396
Cash and cash equivalents at end of period	1 866	19 574	1 866	19 574	19 574

# SERSTECH GROUP

## KEY FIGURES

Amounts in KSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
<b>PROFITABILITY AND RETURN</b>				
Revenue change (%)	20%	-51%	-8%	-9%
Operating margin (%)	neg	neg	neg	neg
Profit margin (%)	neg	neg	neg	neg
Return on equity (%)	neg	neg	neg	neg
<b>CAPITAL STRUCTURE</b>				
Equity	26 616	56 110	26 616	56 110
Balance sheet	52 546	66 558	52 546	66 558
Capital employed	31 355	57 809	31 355	57 809
Interest-bearing net debt	2 873	-17 875	2 873	-17 875
Capital turnover rate (times)	0,06	0,04	0,29	0,30
Equity ratio (%)	51%	84%	51%	84%
Gearing ratio (%)	18%	3%	18%	3%
Interest coverage	neg	neg	neg	neg
<b>CASH FLOW AND LIQUIDITY</b>				
Cash flow before investments	-1 391	2 608	-13 158	-628
Cash flow after investments	-2 986	-1 475	-20 748	-13 183
Liquid funds	1 866	19 574	1 866	19 574
<b>INVESTMENTS</b>				
Acquisition of property, plant and equipment	-17	-47	-30	-278
Sale of property, plant and equipment	0	0	0	7
Acquisition of intangible fixed assets	-1 578	-4 036	-7 560	-12 284
<b>PERSONNEL</b>				
Average number of employees	17	27	19	22
Revenue per employee	254	219	1 178	1 104
Number of employees	17	28	17	28
<b>DATA PER SHARE</b>				
Number of shares	83 816 085	83 816 085	83 816 085	83 816 085
Earnings per share (SEK)	-0.19	-0.03	-0.35	-0.12
Equity per share (SEK)	0.32	0.67	0.32	0.67
Average number of shares	83 816 085	83 816 085	83 816 085	77 529 879
Earnings per average number of shares	-0.19	-0.03	-0.35	-0.13

# SERSTECH AB, PARENT COMPANY

## INCOME STATEMENT

Amounts in KSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
<b>REVENUE</b>				
Net sales	3 488	2 910	17 112	18 650
Capitalized work for own account	640	444	1 977	3 475
Other operating income	189	2 559	1 680	2 291
<b>Total revenue</b>	<b>4 317</b>	<b>5 913</b>	<b>20 769</b>	<b>24 415</b>
<b>EXPENSES</b>				
Raw materials and consumables	-2 421	-743	-7 795	-6 442
Other external costs	-6 836	-3 224	-18 631	-9 739
Payroll expenses	-2 126	-3 181	-10 597	-11 739
Depreciation of tangible and intangible assets	-2 984	-1 677	-7 998	-6 842
Other operating expenses	-6 413	0	-6 413	0
Exchange gains and losses, net	361	52	963	181
<b>Total Expenses</b>	<b>-20 419</b>	<b>-8 772</b>	<b>-50 471</b>	<b>-34 581</b>
<b>EBIT</b>	<b>-16 102</b>	<b>-2 859</b>	<b>-29 702</b>	<b>-10 165</b>
Interest and similar, net	-86	-27	-209	-147
<b>EBT</b>	<b>-16 188</b>	<b>-2 886</b>	<b>-29 911</b>	<b>-10 312</b>
Taxes	0	0	0	0
<b>Net Earnings</b>	<b>-16 188</b>	<b>-2 886</b>	<b>-29 911</b>	<b>-10 312</b>

# SERSTECH AB, PARENT COMPANY

## BALANCE SHEET — ASSETS

Amounts in KSEK	2022-12-31	2021-12-31
<b>Intangible assets</b>		
Intangible assets	34 685	41 299
<b>Total intangible assets</b>	<b>34 685</b>	<b>41 299</b>
<b>Tangible assets</b>		
Equipment, tools, fixtures and fittings	116	266
<b>Total tangible assets</b>	<b>116</b>	<b>266</b>
<b>Financial assets</b>		
Shares in subsidiaries	143	143
<b>Total financial assets</b>	<b>143</b>	<b>143</b>
<b>Total fixed assets</b>	<b>34 944</b>	<b>41 708</b>
<b>Current assets</b>		
<b>Inventories etc.</b>		
Inventories	1 868	3 008
<b>Total</b>	<b>1 868</b>	<b>3 008</b>
<b>Current receivables</b>		
Accounts receivable- trade	11 348	680
Other receivables from Group companies	29	29
Current tax assets	196	129
Other receivables	1 496	1 081
Prepaid expenses and accrued income	806	459
<b>Total Current receivables</b>	<b>13 875</b>	<b>2 378</b>
Cash and bank balances	1 207	19 242
<b>Total current assets</b>	<b>16 950</b>	<b>24 628</b>
<b>TOTAL ASSETS</b>	<b>51 894</b>	<b>66 336</b>

## SERSTECH AB, PARENT COMPANY

### BALANCE SHEET — EQUITY AND LIABILITIES

Amounts in KSEK	2022-12-31	2021-12-31
<b>Equity</b>		
Equity	26 055	55 967
<b>Total equity</b>	<b>26 055</b>	<b>55 967</b>
Provisions	216	118
<b>Total provisions</b>	<b>216</b>	<b>118</b>
<b>Non-current liabilities</b>		
Liabilities to credit institutions	4 000	0
<b>Total non-current liabilities</b>	<b>4 000</b>	<b>0</b>
<b>Current liabilities</b>		
Liabilities to credit institutions	739	1 699
Advance payment from customers	10 064	66
Accounts payable	4 957	3 759
Liabilities to Group companies	245	396
Other current liabilities	323	446
Accrued expenses and deferred income	5 295	3 885
<b>Total current liabilities</b>	<b>21 623</b>	<b>10 251</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>51 894</b>	<b>66 336</b>

## SERSTECH AB, PARENT COMPANY

### CHANGE IN EQUITY

Amounts in KSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31	2021-01-01 2021-12-31
<b>Equity brought forward</b>	<b>42 243</b>	<b>58 853</b>	<b>55 967</b>	<b>43 798</b>	<b>43 798</b>
Rights issue	0	0	0	24 516	24 516
Issue costs	0	0	0	-2 035	-2 035
Profit for the period	-16 188	-2 886	-29 911	-10 312	-10 312
<b>Amount at end of period</b>	<b>26 055</b>	<b>55 967</b>	<b>26 055</b>	<b>55 967</b>	<b>55 967</b>

# SERSTECH AB, PARENT COMPANY

## CASH FLOW ANALYSIS

Amounts in KSEK	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
<b>OPERATING ACTIVITIES</b>				
Operating profit	-16 102	-2 859	-29 702	-10 165
Adjustment for items not included in cash flow	9 495	1 673	14 508	6 833
Interest paid	-86	-27	-209	-147
<b>CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL</b>	<b>-6 693</b>	<b>-1 213</b>	<b>-15 403</b>	<b>-3 479</b>
<b>CASHFLOW FROM CHANGES IN OPERATING PROFIT</b>				
increase (-)/decrease (+) inventory	327	639	1 140	-813
increase (-)/decrease (+) account receivables	1 601	-91	-604	2 819
increase (-)/decrease (+) other short-term receivables	-528	-105	-829	1 669
increase (+)/decrease (-) account payables	2 139	3 003	1 197	-226
increase (+)/decrease (-) other short-term liabilities	1 478	404	1 070	-776
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>-1 676</b>	<b>2 637</b>	<b>-13 429</b>	<b>-806</b>
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of property, plant and equipment	0	0	0	-197
Sale of property, plant and equipment	0	0	0	7
Acquisition of intangible fixed assets	-1 578	-4 106	-7 646	-12 429
<b>CASHFLOW FROM INVESTMENT ACTIVITIES</b>	<b>-1 578</b>	<b>-4 106</b>	<b>-7 646</b>	<b>-12 619</b>
<b>FINANCING ACTIVITIES</b>				
Loans	0	0	3 040	-1 120
Share issue costs paid	0	0	0	-2 035
Rights issue	0	0	0	24 516
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>3 040</b>	<b>21 361</b>
<b>CASHFLOW FOR THIS PERIOD</b>	<b>-3 254</b>	<b>-1 469</b>	<b>-18 035</b>	<b>7 936</b>
Cash and cash equivalents at beginning of period	4 461	20 711	19 242	11 307
Cash and cash equivalents at end of period	1 207	19 242	1 207	19 242

# DEFINITIONS

## PROFITABILITY AND RETURN

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

## CAPITAL STRUCTURE

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

## CASH FLOW AND LIQUIDITY

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

## PERSONNEL

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

## DATA PER SHARE

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

**Auditor's review**

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

**Future reports**

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

**2023-02-24**

Year-end report 2022 (Jan-Dec)

**2023-04-27**

Quarterly report (Jan-Mar)

**2023-04-27**

Annual General Meeting

**2023-07-14**

Half-Year report (Jan-Jun)

**2023-11-09**

Quarterly report (Jan-Sep)

**2024-02-26**

Year-end report 2023 (Jan-Dec)

**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](http://www.serstech.com)