



FISCAL YEAR 2018

**GOAL:  
€15M**

Profitable revenue on a  
rolling 12-month basis  
by end of 2019

**€180M**

World market for established  
application areas

**10% growth p.a.**

**80%**

The Serstech market presence  
covers 80% of the world's  
population





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# This is Serstech

Serstech provides instruments for identifying unknown chemical substances and software that connects many different types of instruments and sensors into a system solution. Customers are today mainly within the security industry, including police authorities, border control organizations, first responders and hazmat teams. The products are being used to identify narcotics, explosives and other hazardous substances around the world.



With both R&D and production located in Sweden, Serstech is a thoroughly Swedish company with Swedish core values – openness, honesty and a personal approach to business. Over the last decade, Serstech has worked with universities and authorities to develop state-of-the-art technology that has the potential to disrupt the conservative security industry and to expand into other industries.

The Serstech 100 Indicator is a small, light-weight and hand-held Raman spectrometer that can identify more than 14.000 substances with the current libraries. The instrument can be configured to identify any combination of narcotics, explosives, toxic industrial compounds, pharmaceuticals and even chemical warfare agents. Once a substance has been scanned by the instrument, the data is transferred to ChemDash, a software solution that helps the user to collect, share and report on substances identified any-

where within the organization. Third-party instruments can be connected to the ChemDash software as well and be part of a larger, organization-wide solution for all sensors and instruments in use. ChemDash works on a single computer, on a private network or in the public cloud and makes the sharing of intelligence, handling of evidence and reporting highly efficient.

Raman technology and Serstech's ChemDash solution can be applied to virtually any industry that uses chemicals of any sort. Environmental protection, laboratories and academia, pharmaceutical production and quality assurance would all benefit from Serstech's solutions. Serstech has initially focused on the security industry and will expand into other verticals over the next few years.

# Application Areas

## ESTABLISHED

### 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 of 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.





## POTENTIAL

### FOOD & BEVERAGE INDUSTRY

Food and Beverages industry can benefit greatly from the use of Raman for characterization purposes and evaluating the safety and quality attributes for a broad range of products, such as macro-components (fats, proteins, and carbohydrates) and minor components such as carotenoids, cyanogenic glucosides, inorganics and others.



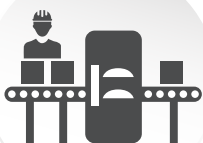
### ENVIRONMENTAL PROTECTION

Many industries use chemicals in different forms and government regulations require detailed verification and documentation of the use of industrial chemicals. Serstech's instrument can verify the presence of more than 14,000 chemicals and through ChemDash, the information can be stored and shared within the organization.



### PROCESS MONITORING

Serstech software solution ChemDash can connect to virtually any type of instrument and can support decisions and follow-up during production or other processes. Real-time information can be shared with and presented to management and process engineers.



### MANUFACTURING

Modern manufacturing often requires verification of components and goods at several stages of the process. Adding a quick and safe chemical analysis step to verify both raw materials and intermediate production results can increase accuracy and efficiency of manufacturing.



### TREND ANALYSIS AND DECISION SUPPORT

Connecting people, technology and measurements and providing real-time decision support can increase efficiency in any organization. ChemDash allows customs and police authorities to analyze large numbers of measurements to track trends in illicit drugs and dangerous chemicals.



# Message from the CEO

During 2018 we built the commercial foundation for Serstech and our goal was to identify and sign distribution agreements with 20 partners matching our requirements. By the end of the year, we had surpassed our goal by a wide margin and had 30 partners and thereby had gained access to most of our prioritized markets around the world. The goal for 2019 is to double this number and make sure each prioritized market is covered by at least one partner. The growing partner network will be under continuous evaluation and we expect that some of the partner agreements will be cancelled, as the network is refined and each partner either succeeds or fails to deliver according to expectations.

Prior to 2018, Serstech's sales team sold directly to end-customers but this was changed a year ago by the updated strategy. Selling through partners obviously scales much better and allows us to, through partners, approach new segments of the market. The new strategy paid off already in 2018 and resulted in net sales of 10.6 MSEK, compared to 2.2 MSEK in 2017, adjusted for the deliveries of the 2016 order to Indonesia. We expect the growth to further accelerate in 2019 as the partner network expands and gains more experience.

## The importance of a partner network

The security market has long sales cycles and virtually all sales are done through tenders, some of which are made public and some only distributed among local companies with the adequate contacts and experience. Having a partner network in place with local representation is therefore an important first step to build

a sustainable business. During 2019, we will continue to grow, refine and prune the partner network in order to build and maintain the necessary access to the market. The partner network also lets us scale in terms of providing local support and training to the end-customers.

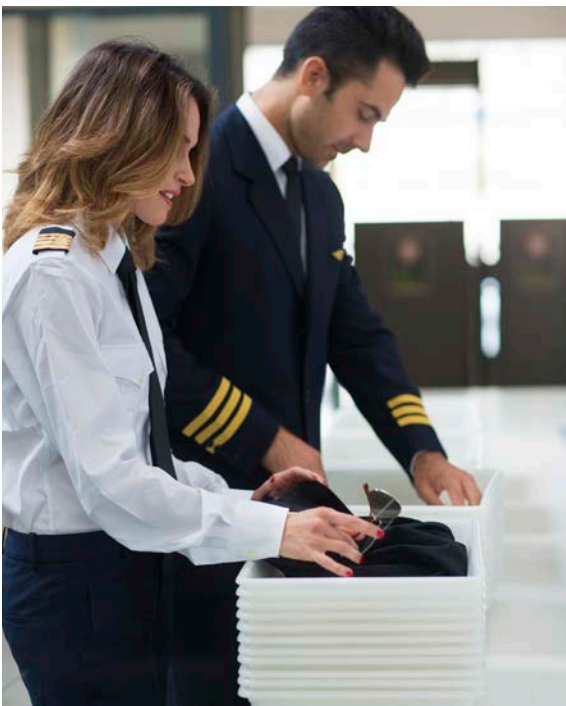
Most tenders in the security market are written with a certain product in mind and competing products are at a clear disadvantage in those tenders. Serstech's partners therefore need to educate, inform and influence the end-users to achieve preferential status for future tenders – a process that can take one or several years. Acquiring high-performing partners in all prioritized markets as quickly as possible remains a top priority for 2019 and onwards, since we intend to take market share from well-established competitors.

We do not offer exclusive partnership agreements for any market or segment, which means that we can add new partners to a market if the incumbent is underperforming. Our agreements further allow us to cancel them if the partner is not performing or if they behave unethically or not in our best interest.

Serstech today has two OEM agreements in place; one in Europe and one in the US. In 2019 and onwards, Serstech will continue to develop OEM relationships within both security and non-security to gain access to sales channels and markets otherwise inaccessible.

## A strong starting point

Serstech has several advantages compared to the traditional Raman instrument manufacturers. Our typical competitor is a skilled instrument maker, with expertise in optics, mechanics and electronics. Serstech possesses these skills as well, but more importantly, we have a fundamentally different approach to the customers and users. Instead of simply providing another, stand-alone instrument, Serstech has developed a solution, based on a highly capable and modern software, that can solve a bigger set of the customers' problems. Serstech's ChemDash, which is available both as a PC-based software and as a cloud-based service, creates a solution that can leverage the technologies that are still relatively new to the security industry, such as connectivity, artificial intelligence and cloud-based computational power that no stand-alone instrument can match.



### A conservative market ripe for disruption

The security market has always been conservative and typically adopts new technologies years later than other industries. As a comparison, the surveillance video industry is still dominated by analog devices, rather than the digital cameras, displays and storage solutions that replaced all analog counterparts many years ago in the consumer and broadcasting markets.

Many of the sensor and analysis devices that are sold today were developed up to twenty years ago and are missing many of the capabilities that we are used to taking for granted. Through our newly created partner network and our potential end-customers, we get clear indications that our modern, connected solution is the way of the future, especially in the civilian part of the security industry.

### Favorable market conditions

Serstech's solution is one of the most cost-effective on the market, with minimal maintenance costs, no consumables and large potential synergies with other systems through our software solution. We see that security buyers are increasingly starting to understand the value of connectivity and modern technologies and we expect to see a shift towards solution acquisition rather than the current, uncoordinated buying of non-compatible, stand-alone devices over the next few years.

The price/performance ratio and ease-of-use of hand-held Ramman instruments make them increasingly attractive alternatives to the more expensive, benchtop laboratory equipment for some applications. We see a demand from pharmaceutical companies, which are primarily interested in using hand-held instruments for validation of incoming goods at their production sites. To be able to meet this demand, Serstech and its products must comply with certain FDA regulations and the work to become compliant is expected to be finished during the summer of 2019. We already have several partners addressing the pharmaceutical market and since sales cycles are considerably



*Police and border control agents use Serstech's solutions to identify unknown substances and to share intelligence related to drugs and explosives.*

shorter in this industry, we expect to see some sales in this segment towards the end of 2019.

Over the last 18 months, two of Serstech's competitors have been acquired and we believe that the consolidation of the market will continue. The merging of competitor sales organizations and partner networks will create opportunities for us and might disrupt some of their ongoing business. We have seen that the distribution partners of the companies being acquired, have shown an increased interest in working with us and we expect to add a number of them to our network in 2019. >>

*“ We have clear indications that our modern, connected system solution is the way of the future in the security industry.”*

>> The entrance barrier to the Raman spectroscopy market is high and we do not experience or expect any threats from new players in the market for the coming year. There are some new manufacturers from China, but these are still at a clear disadvantage outside China, due to their considerably lower quality, limited substance libraries and lack of software solutions. Inside China though, they are gaining some traction due to government procurement policies favoring domestic manufacturers.

#### **Geared for the future**

Our team evolved rapidly last year – we built a new sales team and strengthened R&D significantly, without increasing the average number of employees compared to 2017. The total number of employees was 13 by the end of the year and we will continue to strengthen the team in 2019.

Serstech is a highly agile player in the security industry and our modern portfolio, our optimized team, strong partner network and our approach to the market are slowly, but securely, starting to change the thinking of this conservative business. 2019 will be a very exciting year and with the considerable achievements of 2018, we have everything we need to reach our goal – achieving a rolling 12-month revenue of 150 MSEK, starting from the end of 2019.



Stefan Sandor, CEO



# Market Outlook

The market outlook for Serstech's offering – the ChemDash software and Serstech 100 Indicator – remains positive. The market is large and growing and the different market trends are all pointing in a direction that is favorable for Serstech – towards hand-held, quick, connected instruments that are part of a system solution rather than stand-alone.

## Increased importance of hand-held devices

The entrance barrier to the Raman spectroscopy market is high and the market is dominated by a handful of global instrument manufacturers with large product portfolios. There has been some consolidation over the last few years, with the Agilent acquisition of Cobalt Light Systems in 2017 and Metrohm's acquisition of B&W Tek in July 2018. Both companies being acquired have a considerable portion of their sales from hand-held or portable instruments and both are present in the security and pharmaceutical verticals. We expect the consolidation to continue and see the recent acquisitions as an indication of the increasing importance of hand-held devices and of these taking market share from benchtop instruments.

The security market for hand-held Raman spectroscopy is expected to be 130-150 MEUR in 2019 and is growing at an annual rate of approximately 10%. The pharmaceutical market for hand-held Raman is expected to be 20-30 MEUR and the growth rate is likely higher than in the security market, due to the conversion from more expensive, benchtop instruments for some applications.

## Strong demand

The changing and increasing threat to public safety will continue to require authorities to invest in solutions that can be rapidly deployed and that allow for efficient information sharing within and between authorities. The demand for quick and safe identification of explosives, toxic industrial compounds and chemical warfare agents will continue to increase among both civilian and military organizations around the world.

The security industry is largely shielded from the cyclicity of the global economy, since demand in recessions typically is driven by increased crime and unrest and we do not expect a decreased growth over the coming years. Many countries are in the process of starting the modernization of their civil defense capabilities to meet the threat from terrorists returning from active conflict zones and those being released from prisons over the next few years.

In many countries, the civilian first responders and police authorities are using analog and manual kits to try to classify suspected narcotics, chemicals, bombs and other materials. Samples are often being sent to regional or national labs for further analysis, which creates bottlenecks and sometimes legal actions are postponed or rendered impossible by the handling times. Using hand-held instruments that provide results in a matter of seconds and that allow efficient, digital communication



*Quickly identifying illegal and dangerous substances is an integral part of efficient border control.*

of the results, will lead to cost-savings and more efficient organizations.

## Non-security applications

Serstech has so far mainly focused on the security industry, but there are no technical or other limitations to address other verticals. The pharmaceutical and laboratory industries have traditionally favored benchtop instruments, which in the past have been superior in performance to hand-held instruments. The performance gap is shrinking, and the cost-efficiency of hand-held instruments has led to an increasing interest from the pharmaceutical market, especially in the Middle East and Asia. The industry is however far more regulated than security and requires products and manufacturers to have certifications that can require significant resources to acquire. Serstech expects to have the necessary certifications in place after the summer 2019 and has already signed agreements with several distribution partners addressing this market.

The increased use of chemicals in a variety of civilian industries has led to stricter government regulations and the requirements for traceability and documentation of the use of chemicals are increasing as well. The need to quickly and accurately identify and document the chemicals used, creates an increasing demand for hand-held, connected instruments that can report measurements into a system solution. Some of Serstech's partners have customers outside the security and pharmaceutical markets, but Serstech will not actively focus on these other markets short-term.

# Strategy for Sustainable Growth

The security industry remains the primary focus of Serstech, even if we will expand outside of it already in 2019. The security industry represents a significant portion of the global hand-held Raman sales and the feature set of ChemDash is well adapted to the needs of the security industry.

Security buyers include police forces, border control organizations, hazmat teams, fire departments, military users and others dealing with substances that can be harmful to humans. These are all buying through public or semi-public tenders, which are typically distributed among local security companies with adequate skill-sets. The local security companies often influence the buyers before the tenders are released and the more successful ones often get a tender written in favor of the products they have in their portfolio.

To be able to find, influence and participate in the many security tenders around the world, Serstech needs to have highly compe-

tent, experienced partners in all prioritized countries. By the end of 2018, Serstech's partner network consisted of 30 companies and another 30 will be added during 2019. Larger and more important countries, such as USA and China, will have a larger number of partners, to make sure all opportunities are identified and pursued.

In addition to traditional distribution partners, Serstech will continue to add OEM partners both within and outside security. OEM partners typically have their own partner networks and well-established brands, both of which allow Serstech to reach verticals and customers that would otherwise be inaccessible. Once an OEM partner is in place and the initial adaptations of the products have been done, OEM partners conduct their business independently from Serstech and need very little support or manual input.

The global size of the hand-held Raman instrument business within the security industry is expected to be in the range of 130-150 MEUR in 2019. The size of the industry will allow for significant growth the coming years and to accelerate further Serstech will start to address the pharmaceutical market in parallel during the year. The shorter sales cycles in the private sector in combination with the good fit of our products make this industry very interesting for Serstech in 2019 and beyond.



*For first responders, it's crucially important to have reliable information and easy-to-use tools.*

# Financial Comments

## Sales and results

Net sales for the period January to December amounted to KSEK 10 588 (16 806).

The reported net sales in 2018 were lower than in 2017. The numbers for 2017 however included 14.6 MSEK related to a single order received in 2016, i.e. sales generated in 2017 was 2.2 MSEK, compared to 10.6 MSEK in 2018. Serstech's new strategy aims to create a solid partner network with recurring business from a large number of end-customers and this strategy got off to a good start in 2018.

The reported profit for the period was KSEK -12 331 (-2 547). The profit is lower due to the lower sales and a write off for bad debts amounting to 2.6MSEK. Profits have been adjusted for depreciation and amortization of capitalized costs.

Earnings per share during the period January to December 2018 amounted to SEK -0.20 per share (-0.06). Earnings per average number of shares, due to the new share issue, amounted to to -0,23 (-0,06).

## Depreciation and amortization

The result for the period January to December 2018 has been adjusted by KSEK 4 484 (4 473) for depreciation, of which KSEK 348 (344) depreciation of equipment, tools and installations, KSEK 4 136 (4 129) depreciation of previous year's capitalized development costs and KSEK 0 (0) in goodwill amortization.

## Investments

Serstech's total investments during the period January to December 2018 amounted to KSEK 3 719 (6 063) and relate to intangible fixed assets of KSEK 3 564 (6 054), such as capitalized expenditure for development work, and tangible fixed assets of KSEK 155 (9), such as inventory, tools and installations.

## Liquidity and financing

At the end of the period, the company had KSEK 5 454 (1 763) in cash and banks and KSEK 1 000 in unutilized overdraft credit.

The Board has concluded that the company has sufficient liquidity to implement its strategic plan. At the reporting date the company had long-term interest-bearing liabilities of KSEK 1 469 (1 750).

## Equity, share capital and number of shares

As of December 31, 2018, Serstech's equity amounted to KSEK 42 309 (34 418).

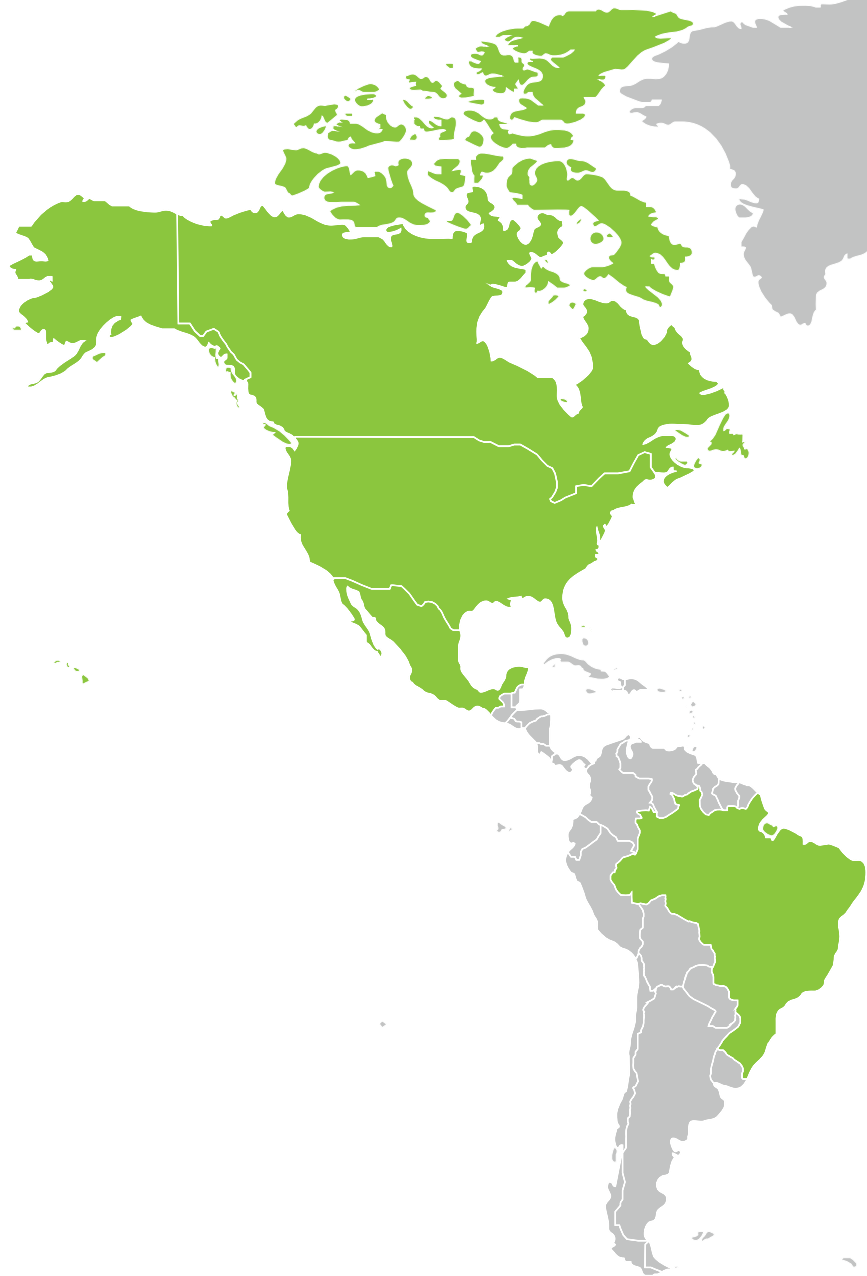
The company's equity ratio amounted to 87 percent (69) on December 31, 2018. The share capital is divided into 64 119 306 shares with a quota value of SEK 0.11. All shares belong to the same series and have the same voting and profit rights in the company.

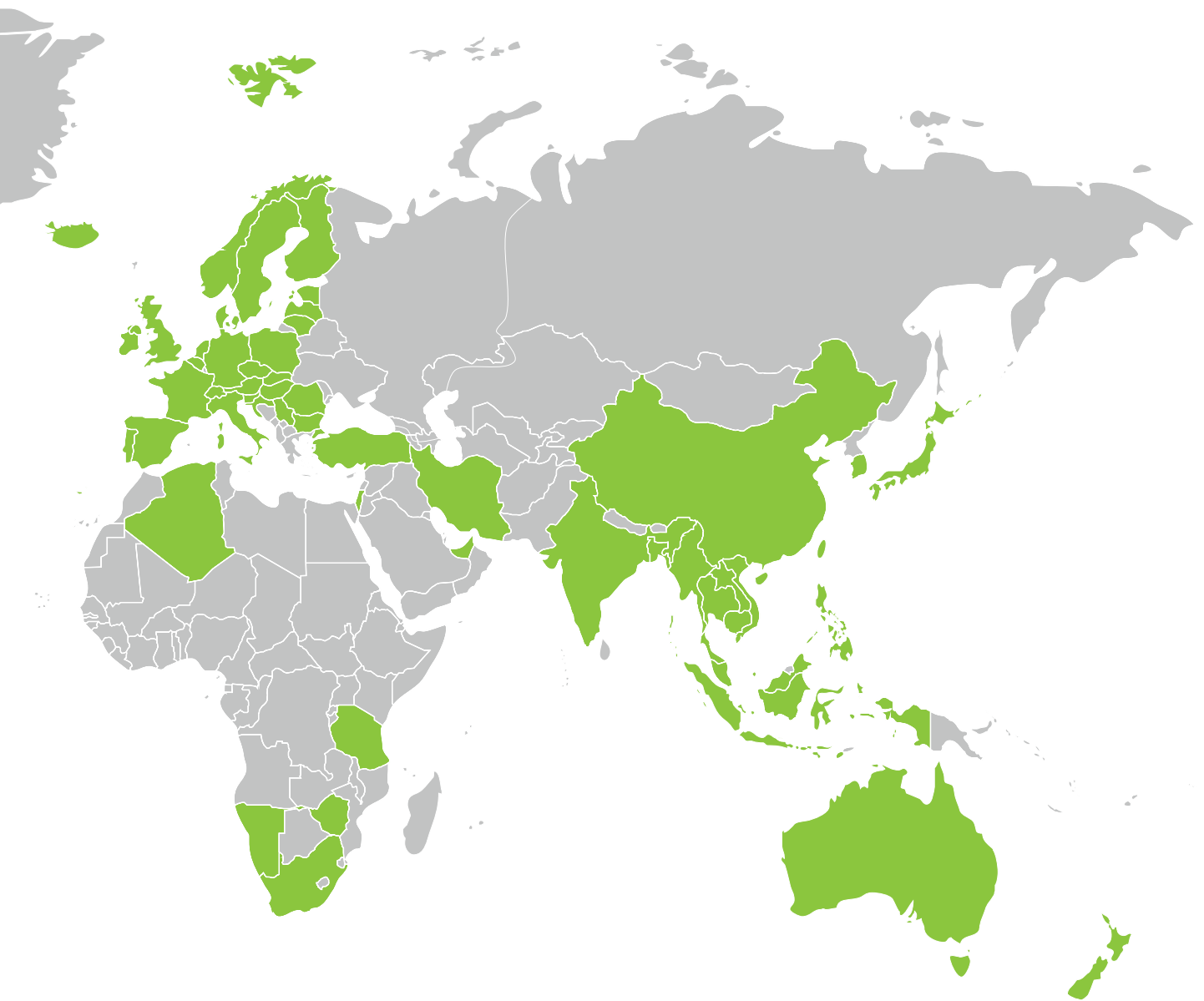
“ *Acquiring high-performing partners in all prioritized markets as quickly as possible remains a top priority for 2019 and onwards, since we intend to take market share from well-established competitors.* ”

# 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	Malaysia
Austria	Mexico
Australia	Myanmar
Bangladesh	Namibia
Belgien	New Zealand
Brazil	Norway
Bulgarien	Philippines
Canada	Poland
China	Portugal
Czech Republic	Romania
Denmark	Serbien
Estonia	Singapore
Finland	Slovakia
France	Slovenia
Germany	South Africa
Hong kong	South Korea
Hungary	Spain
Iceland	Sweden
India	Switzerland
Indonesia	Taiwan
Iran	Tanzania
Ireland	Thailand
Israel	The Netherlands
Italien	Turkey
Japan	United Arab Emirates
Kambodja	UK
Kroatien	Usa
Latvia	Vietnam
Laos	Zimbabwe
Lithuania	





## Significant Events During the Period

On January 8 2018, Serstech held an extra shareholders' meeting where a new share issue was decided together with new articles of association for the company. The share issue was made to facilitate the development of the partner network on existing and new markets.

The proceeds from the share issue was 24,6 MSEK before costs. The share issue was subscribed at a rate of 197%, hence the guarantee was not exercised.

During the first quarter of 2018, several important sales orders were received, where the Swedish National Forensic Center was important. A first delivery to China for quality control purpose was also encouraging as well as the first delivery to the pharma industry in the Middle East.

In March 2018, Serstech made the first delivery of instruments with its spectral library of chemical warfare agents. The delivery was made to Romania and Bulgaria and was dependent on export approval by the Swedish Inspectorate for Strategic Products. Serstech holds a manufacturer's permit for this library and a special export permit is required each time it is sold outside Sweden.



*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.*

*“Identifying a substance is where it starts, but not where it ends, and for that reason we created ChemDash. ChemDash can leverage technologies that are still relatively new to the security industry, such as connectivity, AI and cloud-computing.”*

In April 2018, Serstech was awarded a patent for electronic auto-focus. The patent covers the use of electronic focus-adjustable lenses in Raman instruments and will bring Serstech's handheld Raman instruments even closer to the quality of the large, non-portable instruments found in laboratories.

Serstech is currently in discussions with potential suppliers of focus-adjustable lenses and the launch of the new technology is scheduled for 2019.

Furthermore, in April 2018, Serstech signed an agreement with an American OEM partner. This is an agreement with a well-established, highly-specialized US systems integrator, offering advanced system solutions to the US military and several US authorities. The agreement includes both Serstech's software and hardware products and was the first distribution agreement in the US market.

The US partner has a significant distribution network from coast to coast and has long-term relationships within both civil and military defense authorities. The company's expertise covers a variety of chemical analysis technologies, system solutions development and complex system sales. The Serstech 100 Indicator is the only Raman instrument in the partner's portfolio.

Serstech's AGM was held on May 8th, 2018. The current board was reelected, members of the board and the CEO were granted discharge for their management duties in 2017.

In May 2018, Serstech appointed Johan Diedrichs to the newly created position of VP R&D and Products. Johan will be responsible for both R&D and product management.

A diagram showing a central globe icon connected by lines to several circular icons representing different emergency services and sensors: a mobile phone, a gas cylinder, a biohazard symbol, a skull and crossbones, a mortar and pestle, an explosion, a person in a hazmat suit, and another mobile phone. A large curved arrow points from this network towards a computer monitor displaying the globe icon, which is being used by a person sitting at a desk.

The agreement, which includes both software and hardware, allows this partner to sell Serstech's products under its own brand throughout the world. The agreement is non-exclusive and will not limit Serstech's ability to conclude other sales or distribution agreements.

In June 2018, Serstech signed an agreement with Environics, one of the Chemical Biological Radiological Nuclear (CBRN) industry's strongest brands, with a long history of providing detection systems to military and civilian authorities around the world.

SERSTECH 17

At the end of August 2018, Serstech terminated the distribution agreement with the partner International Outsourcing Services Pte Ltd (IOS). The total value of delivered products and services so far to Indonesia is 30 MSEK, with the latest shipment in August 2017. By terminating the distribution agreement, the initial order, valued at 67 MSEK and received in May 2016, is also terminated. The termination will not have an impact on earlier reported results, but since full payment have not been received, 2.3 MSEK were written off in the third quarter.

In September 2018, Serstech appointed Johan Raneke VP for strategic alliances. Johan will be responsible for the acquisition and development of strategic partners.

In November 2018, Serstech reached a milestone of 20 new partners and by the end of the year, this number had grown to 30 new partners.



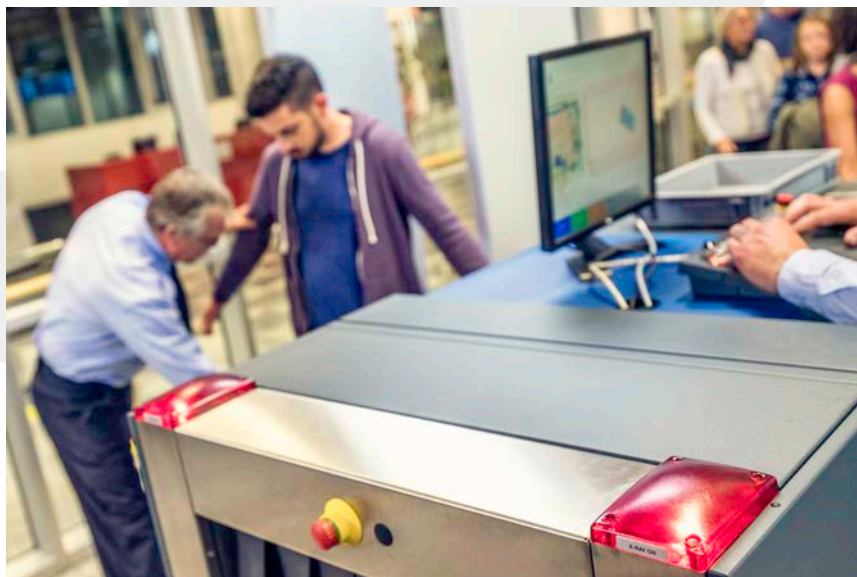
*Hazardous chemicals can pose serious threats to humans and first responders need to quickly understand what they are dealing with.*



*In 2019, Serstech will start to address the pharmaceutical market, which is demanding handheld devices for rapid identification of incoming goods.*

## Significant Events After the Period

In July 2018, Serstech cancelled the agreement with International Outsourcing Services (IOS) in Indonesia and wrote off the remaining payment due for delivered products. After a legal process, Serstech re-possessed products with a sales value of more than 2 MSEK. The value of the repossessed products is higher than the amount owed by IOS and covers all costs Serstech has had related to the matter. The products will be included as an asset, valued at production cost, in Q4 2018.



## The Future

The goal is still to reach SEK 150 million in profitable revenue on a 12-month rolling basis by the end of 2019.

## Personnel

As of December 31, 2018, Serstech had 13 (13) employees, among which 11 men and 2 women.

## 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 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 under the shortname SERT and with ISIN code SE0005365095. As of December 31, 2018 the company had approximately 2500 shareholders.

# Income Statement

	2018-01-01 2018-12-31	2017-01-01 2017-12-31
<b>Amounts in KSEK</b>		
<b>OPERATING INCOME</b>		
Net sales	10 588	16 806
Capitalized work for own account	3 563	6 035
Other operating income	1 718	43
<b>Total operating income</b>	<b>15 869</b>	<b>22 884</b>
<b>OPERATING EXPENSES</b>		
Raw materials and consumables	-5 147	-5 812
Other external costs	-7 812	-6 689
Employee benefit expenses	-9 154	-8 230
Depreciation/amortization of tangible and intangible assets	-4 484	-4 473
Other operating costs	-1 310	0
<b>Total operating costs</b>	<b>-27 907</b>	<b>-25 203</b>
<b>Operating profit/loss</b>	<b>-12 038</b>	<b>-2 320</b>
<b>PROFIT FROM FINANCIAL ITEMS</b>		
Interest income and similar	0	0
Interest expenses and similar	-293	-228
Exchange gains and losses	0	0
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>- 12 331</b>	<b>-2 547</b>
Tax on this period's profit	0	0
Tax adjustments on previous results	0	0
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>-12 331</b>	<b>-2 547</b>

## Balance Sheet – Assets

	2018-12-31	2017-12-31
<b>Amounts in KSEK</b>		
<b>ASSETS</b>		
Current new issue	0	0
<b>INTANGIBLE ASSETS</b>		
Goodwill	0	0
Intangible assets	33 845	34 417
<b>Total intangible assets</b>	<b>33 845</b>	<b>34 417</b>
<b>TANGIBLE ASSETS</b>		
Equipment, tools, fixtures and fittings	771	964
<b>Total tangible assets</b>	<b>771</b>	<b>964</b>
<b>FINANCIAL ASSETS</b>		
Financial assets	0	0
<b>Total financial assets</b>	<b>0</b>	<b>0</b>
<b>TOTAL FIXED ASSETS</b>	<b>34 615</b>	<b>35 381</b>
<b>CURRENT ASSETS</b>		
Inventories etc.		
Inventories	951	350
<b>Total</b>	<b>951</b>	<b>350</b>
<b>CURRENT RECEIVABLES</b>		
Accounts receivable - trade	3 022	8 520
Current tax assets	122	104
Other receivables	3 020	3 605
Prepaid expenses and accrued income	1 246	166
<b>TOTAL CURRENT RECEIVABLES</b>	<b>7 410</b>	<b>12 395</b>
Cash and bank balances	5 454	1 763
<b>Total current assets</b>	<b>13 815</b>	<b>14 508</b>
<b>TOTAL ASSETS</b>	<b>48 430</b>	<b>49 889</b>

## Balance sheet – Equity and Liabilities

	2018-12-31	2017-12-31
<b>Amounts in KSEK</b>		
<b>EQUITY</b>		
Equity	42 309	34 418
<b>Total equity</b>	<b>42 309</b>	<b>34 418</b>
Provisions	259	306
Deferred tax liability	0	0
<b>NON-CURRENT LIABILITIES</b>		
Liabilities to credit institutions	1 469	1 750
<b>Total non-current liabilities</b>	<b>1 469</b>	<b>1 750</b>
<b>CURRENT LIABILITIES</b>		
Liabilities to credit institutions	375	1 083
Work in progress on behalf of others	0	4 964
Accounts payable	2 538	1 131
Other current liabilities	479	5 117
Accrued expenses and deferred income	1 001	1 119
<b>Total current liabilities</b>	<b>4 393</b>	<b>13 415</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48 430</b>	<b>49 889</b>

## Change in Equity

	2018-01-01 2018-12-31	2017-01-01 2017-12-31
<b>Amounts in KSEK</b>		
<b>Equity brought forward</b>	<b>34 418</b>	<b>36 965</b>
Rights issue	24 579	0
Issue costs	-4 357	0
Profit for the period	-12 331	-2 547
<b>Amount at end of period</b>	<b>42 309</b>	<b>34 418</b>

# Cash Flow Analysis

	2018-01-01 2018-12-31	2017-01-01 2017-12-31
<b>Amounts in KSEK</b>		
<b>OPERATING ACTIVITIES</b>		
- Operating profit	-12 038	-2 320
-Adjustment for items not included in cash flow	4 437	4 605
-Tax paid	0	0
-Interest received	0	0
-Interest paid	-293	-228
<b>CASHFLOW FROM OPERATING ACTIVITIES BEFORE CHANGES TO WORKING CAPITAL</b>	<b>-7 894</b>	<b>2 057</b>
<b>CASHFLOW FROM CHANGES IN OPERATING PROFIT</b>		
- increase (-)/decrease (+) inventory	-601	970
- increase (-)/decrease (+) account receivables	5 498	-1 970
- increase (-)/decrease (+) other short-term receivables	-513	1 175
- increase (+)/decrease (-) account payables	1 407	145
- increase (+)/decrease (-) other short-term liabilities	-9 720	3 516
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>-11 823</b>	<b>5 893</b>
<b>INVESTMENT ACTIVITIES</b>		
- Acquisition of subsidiaries	0	0
- Acquisition of property, plant and equipment	-155	-9
- Refundable security deposits	0	0
- Acquisition of intangible fixed assets	-3 564	-6 054
- Contributions received development projects (change)	0	0
<b>CASHFLOW FROM INVESTMENT ACTIVITIES</b>	<b>-3 719</b>	<b>-6 063</b>
<b>FINANCING ACTIVITIES</b>		
Overdrafts	0	0
Loans	-989	-1 021
Share issue costs paid	0	0
Rights issue	20 222	0
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>19 233</b>	<b>-1 021</b>
<b>CASHFLOW FOR THIS PERIOD</b>	<b>3 691</b>	<b>-1 191</b>
Cash and cash equivalents at beginning of period	1 763	2 954
Cash and cash equivalents at end of period	5 454	1 763

# Key Figures

	2018-01-01 2018-12-31	2017-01-01 2017-12-31
<b>Amounts in KSEK</b>		
<b>PROFITABILITY AND RETURN</b>		
Revenue growth (%)	37%	-4%
Operating margin (%)	neg	neg
Profit margin (%)	neg	neg
Return on equity (%)	neg	neg
<b>CAPITAL STRUCTURE</b>		
Equity (KSEK)	42 309	34 418
Balance sheet (KSEK)	48 430	49 889
Capital employed (KSEK)	44 153	37 252
Interest-bearing net debt (KSEK)	-3 610	1 070
Capital turnover rate (times)	0,22	0,46
Equity ratio (%)	87%	69%
Gearing ratio (%)	4,4%	8%
Interest coverage	neg	neg
<b>CASH FLOW AND LIQUIDITY</b>		
Cash flow before investments (KSEK)	-11 823	5 893
Cash flow after investments (KSEK)	-15 542	-170
Liquid funds (KSEK)	5 454	1 763
<b>INVESTMENTS</b>		
Acquisition of property, plant and equipment (KSEK)	-155	-9
Acquisition of intangible fixed assets (KSEK)	-3 564	-6 054
Sales of property, plant and equipment (KSEK)	0	0
Acquisition of subsidiaries (KSEK)	0	0
Acquisition of shares and holdings (KSEK)	0	0
<b>PERSONNEL</b>		
Average number of employees	11	11
Revenue per employee (KSEK)	1 404	2 080
Number of employees	14	11
<b>DATA PER SHARE</b>		
Number of shares	64 119 306	42 746 204
Earnings per share	-0,20	-0,06
Equity per share (SEK)	0,66	0,81
Average number of shares	53 432 755	42 746 204
Earnings per average number of shares	-0,23	-0,06

# Definitions

## PROFITABILITY AND RETURN

Revenue growth (%)  
Operating margin (%)  
Profit margin (%)  
Return on equity (%)

Change in revenue as a percentage of previous period revenue  
Operating profit as a percentage of turnover  
Profit for the period as a percentage of turnover  
Profit for the period as a percentage of average equity

## CAPITAL STRUCTURE

Equity (KSEK)  
Balance sheet (KSEK)  
Capital employed (KSEK)  
Interest-bearing net debt (KSEK)  
assets Capital turnover rate (times)  
Capital turnover rate (times)  
Equity ratio (%)  
Gearing ratio (%)  
Interest coverage

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  
Net interest-bearing provisions and liabilities less financial assets including liquid  
  
Net revenue for the year divided by average balance sheet total  
Equity as a percentage of total assets  
Interest-bearing liabilities divided by equity  
Profit after financial items plus financial expenses divided by financial expenses

## CASH FLOW AND LIQUIDITY

Liquid funds (KSEK)  
Cash flow before investments (KSEK)  
working capital  
Cash flow after investments (KSEK)

Bank balances and cash  
Profit before financial items plus items that do not affect cash flow less change in  
  
Profit after financial items plus items that do not affect cash flow less changes in  
working capital and investments

## PERSONNEL

Average number of employees  
Revenue per employee (KSEK)  
Number of employees

Average number of employees during the period  
Turnover divided by the average number of employees  
Number of employees at the end of the period

## DATA PER SHARE

Number of shares  
Earnings per share (SEK)  
Equity per share (SEK)

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



**Future reports**

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

**2019-04-24**

Quarterly report (Jan-Mar)

**2019-04-24**

Annual shareholders meeting

**2019-08-20**

Half Year report (Jan-Jun)

**2019-11-13**

Quarterly report (Jan-Aug)

**2020-02 -27**

Year End report (Jan-Dec)

For further information,  
please contact:

Stefan Sandor,  
CEO, Serstech AB  
tel: +46 739 606067  
email: ss@serstech.com

Sophie Persson,  
Chairman of the Board, Serstech AB  
tel: +46 733 865660  
email: sp@serstech.com

Company homepage: [www.serstech.com](http://www.serstech.com)

Certified advisor to Serstech is Västra Hamnen Corporate Finance AB, phone: 040-20 02 50, e-mail: [ca@vhcorp.se](mailto:ca@vhcorp.se).



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 United Nations. 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 and more information about the company can be found at: [www.serstech.com](http://www.serstech.com).