



2022

INTERIM REPORT Q1

JANUARY - MARCH



i-tech

Summary of the period

” Increased profit and improved profitability in a quarter with unchanged net sales ”

- Net turnover for the first quarter amounted to 14 478 (14 458) kSEK, corresponding to an increase in turnover of 0% (7%). Operating profit/loss amounted to 333 (58) kSEK.

January to March 2022

- No important events occurred during the period.

Important events after the period

- No important events occurred after the period.

Financial Summary

All amounts in TSEK	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec	2020 Jan-Dec
Net sales	14 478	14 458	52 901	52 819
Operating result	333	58	-4 683	-5 167
EBITDA	2 250	2 034	3 234	3 600
Net result	511	415	-2 648	-4 806
Operating cash flow	3 185	-302	-1 698	5 388
Equity at end of period	105 449	107 017	104 938	106 602
Cash and cash equivalents at end of period	38 044	40 500	35 009	40 981

Rolling twelve-month turnover



CEO Comments

The first quarter of the year shows an improved result at comparable revenue levels as for the corresponding quarter the year before. The increased revenue in combination with favourable exchange rates has strongly contributed to the improved operating profit.

Net sales amounted to 14,478 (14,458) kSEK, while operating profit increased to SEK 333 (58) kSEK, a result that shows a strong potential when returning to a volume growth curve. I am particularly pleased that we succeed in improving profitability with an EBITDA margin of 15.5%, despite the fact that volumes decreased somewhat during the quarter.

Demand for marine paint remains high, as does the general demand for technology that can save fuel and contribute to a more sustainable transport industry. It is a striking trend at reopening trade shows. A lot of focus is spent on ways to reach 50% or more CO2 reduction over time. The interest in Selektope also continues to increase and new product initiatives were highlighted in Asia in connection with the SeaJapan trade show. My assessment is that the industry is in principle fully focused on its long-term goals of reducing the climate footprint.

At the same time, our industry is struggling in headwinds in certain markets where prevailing circumstances give rise to material shortages or other production disruptions. In large urban cities in China, factories and ship yards have been closed for some time which has an impact both locally and globally.



In addition, costs continue to increase generally, and the geopolitical situation has an impact on the priorities throughout the industry. Although, we have successfully fulfilled our delivery commitments, above mentioned challenges brings actual volumes down by around 9% (adjusted for currency effects) compared to the previous year. Variances in currencies and a broad customer mix in the newbuilding segment (Korea, Japan) have on the other hand contributed to bring forward one of our best results ever in a single quarter.

In summary, we try to navigate the fog of factors we cannot influence and focus on delivering products on time and to the right quality. The first quarter shows that this has indeed been the case and in addition the gross margin has increased to 55% (52%). Most important, however, is to continue the work of demonstrating that Selektope is the main alternative in the next generation of marine antifouling coatings. Coatings that control marine growth as well as reducing emissions to air and sea.

Philip Chaabane, CEO

Business and structure

I-Tech AB (publ) is a biotech company active in the materials and chemical sector. The company develops and sells the product Selektope®, an active ingredient to counteract marine growth used in coating systems for the commercial shipping industry. The company's business is primarily focused on antifouling coatings, although development is also taking place to potentially prevent marine growth in functional materials such as polyurethane. The company's customers are the leading global marine coating companies. Asia is the dominant market.

I-Tech owns the rights to Selektope® and has the necessary manufacturing expertise. The company was founded in 2000 as a spin-off company from the University of Gothenburg and Chalmers University of Technology, and is now located at AstraZeneca's BioVentureHub in Mölndal, just south of Gothenburg in Sweden.

Since the listing on Nasdaq First North Growth in 2018, the company has grown both customer-wise and financially. The market is dominated by nine major paint-companies companies and almost all of them work actively with the company's technology where six of them are commercially active and the others are in the development stage. Thanks to a continued very stable financial position, clear investments have been made in the core business. Within the regulatory area, the geographical coverage is increased step by step at the same time as upgrades and renewals of existing approvals are required at regular intervals. The company also invests in research and development in line with the strategy of offering a higher level of knowledge about Selektope's formulation properties in antifouling. The continuous improvement work has also led to an increased delivery capacity and efficiency in the production chain.



We After two years of restrictions preventing everyone from meeting face-to-face at global events, in early April I-Tech travelled to Norway to participate in the international Nor-Shipping 2022 exhibition. This was our third time exhibiting at this leading trade fair and our footprint was bigger and better than ever before thanks to us sharing a 72sq m booth with Berg Propulsion.

It was a very successful week where our team and visiting I-Tech board members met with customers, members of the press and other key stakeholders to enjoy discussions about our technology, Selektope, its uptake by the industry, its potential and the future. The maritime industry has a huge interest in our technology, and this made our time at the fair a great success.

Other information

Share information

At the start of 2021, I-Tech's share capital amounted to SEK 23 816 914 distributed across 11 908 457 shares. The ratio value of all the shares amounts to SEK 2 and they have equal rights in the company's assets and profit/loss. I-Tech's shares were listed on the Nasdaq First North Growth Market at Nasdaq Stockholm as of 29 May 2018.

As of 31 March 2022, the number of shareholders amounted to 2 730. With a closing price for the share on 31 March 2022 of SEK 46.00, the company's market capitalisation amounted to SEK 548 million.

Risk factors

The company's risks are primarily related to the market development of Selektope®, production risks related to partners' production and production capacity, as well as risks associated with intangible assets and product development. For a more detailed description of significant risks and uncertainty factors, please see I-Tech's prospectus, which was published in conjunction with the public offering and the company's annual report for 2021

Certified Adviser

I-Tech has engaged Erik Penser Bank as the Certified Adviser on First North at Nasdaq Stockholm.

Long-term incentive programs

The Annual General Meeting on May 20 adopted a long-term incentive program for management and other staff in the form of warrants. The program amounted to a maximum of 89,301 shares, of which 83,348 were issued and paid for.

The warrants may lead to a dilution of a maximum of 0.7%. The exercise price is SEK 96.59 per share. Each warrant gives the right to acquire one share.

Audit review

This report has not been reviewed by the company's auditors.

List of stakeholders

The list of stakeholders shows the status in the company as of 31 March 2022.

Shareholders	No. of shares	%
Pomona-gruppen	1 756 417	14,75%
Swedbank Robur	932 500	7,83%
Handelsbanken Funds	900 000	7,56%
Länsförsäkringar Funds	595 551	5,00%
Futur pension	585 896	4,92%
Stefan Sedersten incl. companies	451 330	3,79%
Unionen	450 000	3,78%
SEB Life, Ireland	436 420	3,66%
Second Swedish National Pension Fund	390 837	3,28%
Aquamarine	371 390	3,12%
Fourth Swedish National Pension Fund	355 133	2,98%
Alcur Funds	324 671	2,73 %
Öhman Funds	321 061	2,70%
Avanza Pension	305 710	2,57%
David Bendz	195 167	1,64%
Others	3 536 374	29,70%
Total shares	11 908 457	100,00%

Financial information

Turnover and profit/loss

Sales for the period amounted to 14 478 (14 458) kSEK, which gives a net sales increase of 0% (7%). Generally, the volume is lower for all customers compared to last year. This effect has however been compensated by a strong USD. Adjusted for currency effects, it gives a decrease of just over 9%.

The gross margin for the period has strengthened somewhat compared to the previous year at 55% (52%). This is an effect of the customer mix in completed deliveries.

Personnel and other external costs are relatively fixed compared to the previous year and in line with ongoing projects within R&D and regulatory work.

Through the strengthened gross margin, the company shows an operating profit before depreciations for the period of 2 250 (2 034) kSEK.

As the company now finds itself in a position where it is probable that the company will use accrued loss carryforwards in the future, these are reported in accordance with K3's regulations. The deferred tax assets attributable to these deficits are thus reported in the income statement and balance sheet. The transaction has no cash effect but makes visible the positive effect that is made possible on cash flow when the company shows taxable profits in the future.

Cash flow

The cash flow from operating activities for the period amounted to 3 185 (-302) kSEK where the earnings amount to 2 427 (2 390) kSEK and the working capital amounts to 758 (-2 692) kSEK. The change in working capital is mainly attributable to a reduction in inventories.

During the period, I-Tech invested 0 (-443) kSEK in fixed assets. Net -150 (-150) kSEK has been deducted from the cash flow from financing activities, which is fully attributable to amortisation of the company's loans. This gives a total cash flow for the period of 4 727 (-2 378) kSEK.

Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 38 004 (40 500) kSEK and equity amounted to 105 449 (107 017) kSEK. The change in cash and cash equivalents and equity is directly related to the company's results, other operating changes, as well as repayments of long term liabilities.

Principles of preparation

The accounts in this report have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated accounts (K3). The principles of preparation are described in more detail in the company's annual report for the financial year 2021.

Upcoming financial reports

26 August 2022	Interim report, quarter 2
21 October 2022	Interim report, quarter 3
22 February 2023	Year-end report 2022

Income statement

Amounts in kSEK	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec	2020 Jan-Dec
Operating income, etc.				
Net sales	14 478	14 458	52 901	52 819
Other operating income	82	9	621	841
	14 560	14 467	53 522	53 660
Cost of goods sold	-6 574	-6 968	-25 424	-27 638
Other external costs	-2 642	-2 396	-10 192	-10 503
Personnel expenses	-2 962	-3 018	-13 306	-10 427
Depreciations, amortizations and impairments	-1 917	-1 976	-7 917	-8 767
Other operating expenses	-132	-51	-1 366	-1 492
	-14 227	-14 409	-58 205	-58 827
Operating income	333	58	-4 683	-5 167
Financial items				
Interest income and similar items	316	495	1 501	-
Interest expense and similar items	-5	-45	-138	-876
	311	450	1 363	-876
Result after financial items	644	508	-3 320	-6 043
Tax on result from the year	-133	-93	672	1 237
NET RESULT	511	415	-2 648	-4 806

Balance sheet

Amounts in kSEK	2022 Mar-31	2021 Mar-31	2021 Dec-31	2020 Dec-31
ASSETS				
Intangible assets	43 583	50 674	45 484	52 609
Tangible assets	312	180	328	192
Deferred tax assets	17 299	16 667	17 432	16 760
Total fixed assets	61 194	67 521	63 244	69 561
Inventory	2 418	3 014	3 343	4 278
Short-term receivables	14 283	12 667	13 528	5 358
Cash and bank balances	38 044	40 500	35 009	40 981
Total current assets	54 745	56 181	51 880	50 617
Total assets	115 939	123 702	115 124	120 178
EQUITY AND LIABILITIES				
Share capital	23 817	23 817	23 817	23 817
Restricted equity	1 537	1 286	1 537	1 286
Unrestricted equity	79 584	81 499	82 232	86 305
Result	511	415	-2 648	-4 806
Total equity	105 449	107 017	104 938	106 602
Long-term liabilities	2 102	4 211	2 252	4 361
Short-term liabilities	8 388	12 474	7 934	9 215
Total liabilities	10 490	16 685	10 186	13 576
Total equity and liabilities	115 939	123 702	115 124	120 178

Cash-flow analysis

Amounts in kSEK	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec	2020 Jan-Dec
Operating activities				
Operating result	333	58	-4 683	-5 167
Adjustments for non-cash items	1 917	1 976	7 917	8 767
Interest received	316	495	1 501	-
Interest paid	-5	-45	-138	-876
Income tax paid/received	-134	-94	-44	139
Changes in working capital				
Change in inventories	925	1 264	935	-3 013
Change in operating receivables	-755	-7 309	-8 170	9 227
Change in operating liabilities	588	3 353	984	-3 689
Cash flow from operating activities	3 185	-302	-1 698	5 388
Investment activities				
Investments in non-current assets	-	-29	-928	-558
Cash flow from investment activities	-	-29	-928	-558
Financing activities				
Amortization/issue loan	-150	-150	-4 330	-2 789
New share issue	-	-	984	-
Cash flow from financing activities	-150	-150	-3 346	-2 789
The period's cash flow	3 035	-481	-5 972	2 041
Cash and cash equivalents at beginning of period	35 009	40 981	40 981	38 940
Cash and cash equivalents at end of period	38 044	40 500	35 009	40 981
<i>Adjustments for non-cash items</i>				
Depreciation	1 917	1 976	7 917	8 767
Other items not affecting cash flow	-	-	-	-
	1 917	1 976	7 917	8 767

Equity changes

All amounts in kSEK	Restricted equity			Unrestricted equity		Total equity
	Share capital	Statutory reserve	Development expense fund	Share premium reserve	Other unrestricted equity	
2021-01-01	23 817	753	533	143 276	-61 777	106 602
Capitalization of development expenses	-	-	251	-	-251	-
New issue	-	-	-	-	984	984
Net result for the year	-	-	-	-	-2 648	-2 648
2021-12-31	23 817	753	784	143 276	-63 692	104 938
2022-01-01	23 817	753	784	143 276	-63 692	104 938
Net result for the period	-	-	-	-	511	511
2021-12-31	23 817	753	784	143 276	-63 181	105 449

Financial ratios

Amounts in kSEK	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec	2020 Jan-Dec
Turnover growth %	0%	7%	0%	16%
Gross margin %	55%	52%	52%	48%
Operating margin %	2%	0%	-9%	-10%
Profit margin %	4%	3%	-5%	-9%
Solidity	91%	87%	91%	87%
Cash liquidity	624%	426%	624%	426%
Return on average total capital	neg.	neg.	neg.	neg.
Return on average total equity	neg.	neg.	neg.	neg.
Average of outstanding shares	11 908 457	11 908 457	11 908 457	11 908 457
Outstanding shares end of period	11 908 457	11 908 457	11 908 457	11 908 457
Result per share	0,0	0,0	-0,2	-0,4
Result per share fully diluted	0,0	0,0	-0,2	-0,4
Equity per share	8,9	9,0	8,9	9,0
Equity per share fully diluted	8,8	9,0	8,8	9,0
Dividend per share	-	-	-	-

DEFINITIONS OF KEY FIGURES

Turnover growth

The percentage increase in sales for the past period compared with the corresponding previous period.

Gross margin

Gross profit for the period in relation to the period's net sales.

Gross profit

Net sales of the period decreased by raw materials and supplies.

Operating margin

Operating profit for the period in relation to the period's net sales.

Profit margin

Profit for the period in relation to the period's net sales.

Solidity

Shareholders' equity as a percentage of total assets.

Cash liquidity

Current assets, excluding inventories, in relation to current liabilities, without adjustment for proposed dividend.

Return on average total capital

Net profit for the period, as a percentage of average total capital

Return on average total equity

Net profit for the period, as a percentage of average shareholders' equity

Result per share

Profit for the period divided by the average number of outstanding shares during the year.

Equity per share

Total equity divided by the number of shares at the end of the period.

The Board of Directors and the CEO certify that the
interim report gives a true and fair view of
the company's operations

Möln dal, 5 May 2022

Stefan Sedersten, Chairman of the Board
Mikael Laurin, Board Member
Bjarne Sandberg, Board Member
Tomas Tedgren, Board Member
Chatarina Schneider, Board Member
Tomas Bergdahl, Board Member
Philip Chaabane, Chief Executive Officer

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