



2022

INTERIM REPORT Q2

APRIL - JUNE



i-tech

Summary of the period

” Record strong sales with increased profitability ”

- Net turnover for the first quarter amounted to 17 654 (12 819) kSEK, corresponding to an increase in turnover of 38% (-21%). Operating profit/loss amounted to 1 469 (-3 192) kSEK.

April to June 2022

- I-Tech held its Annual General Meeting in May. At the meeting, it was decided to approve a long-term incentive program with warrants for management and other employees. The program has been implemented with 100% subscription rate.
- Dr Raouf Kattan was elected as a regular member of the board of directors alongside existing representatives, who all were re-elected.

Important events after the period

- No important events occurred after the period.

Financial Summary

All amounts in TSEK	2022	2021	2022	2021	2021
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	17 654	12 819	32 132	27 277	52 901
Operating result	1 469	-3 192	1 802	-3 134	-4 683
EBITDA	3 388	-1 213	5 638	821	3 234
Net result	1 531	-2 381	2 042	-1 966	-2 648
Operating cash flow	3 172	-7 611	6 357	-7 913	-1 698
Equity at end of period	107 459	105 620	107 459	105 620	104 938
Cash and cash equivalents at end of period	40 844	33 460	40 844	33 460	35 009

Rolling twelve-month turnover



CEO Comments

The second quarter marked record strong numbers with increased turnover, improved profitability and strong positive cash flow compared to previous year. Overall, I am satisfied that we are back on a growth curve and at the same time continuing to improve profitability. This demonstrates the strength of the business model already at low market shares. Also, the performance of the second quarter gives further confidence that our product, Selektope adds value to a wider customer base.

The turnover of the period amounted to SEK 17.7 (12.8) million, representing a top line growth of 38% (-21%) and the operating profit after tax amounted to SEK 1.5 (-2.4) million. Cash flow amounted to SEK 3.2 (-7.6) million. From these perspectives, the results of the quarter are the best the company has shown so far and the 12-month rolling EBITDA results show a shift in trends towards growth.

The results are supported by an increase in turnover on all accounts, where the largest change compared to last year relates to our smaller accounts. They show an increase in turnover of 89%, which means that the accounts excluding Chugoku Marine Paints (CMP) increased from approx. 20% to approx. 30% of the total turnover. The increased demand in combination with the customer mix largely explains the increase in turnover. However, it is to be noted that the favourable valuation of the US dollar has a clear contribution to the figures. The currency adjusted turnover increase amounted to 15% relative to the same period last year.

The revenue for the quarter comes both from newbuilding activities in Southeast Asia but also a continuous stream of activity within the dry docking segment in which Korea and Japan have played important roles. Considering the comparable quarters, we take note of an increase in revenue towards the newbuilding market.



During the quarter, the company was also enriched with a new board member, Dr Raouf Kattan, who has spent most of his professional life within the coating industry. Raouf has founded one of the industry's most recognised coating engineering companies, the Safinah Group and holds strong academic merits. Earlier during the quarter, the company decided to move to nearby premises within the framework of GoCo Health Innovation City in Mölndal, where we can continue to increase our lab-intensive development work. The move takes place during the first quarter of 2023.

Looking at the development from the first half of the year, a turnover of SEK 32.1 (27.3) million is noted, corresponding to a net turnover of 18% (-8%). The profit after tax amounted to SEK 2.0 (-2.0) million and the EBITDA trend continued to show black figures since middle of 2019 and grew to SEK 5.6 (0.8) million for the quarter.

Knowing that there are many external factors that can and will influence our business in the future and hence create volatility, the quarter indicates a strong growing contribution from a broader customer base. Furthermore, there are signs of a shift in trends in the mindset around antifouling coatings which benefits reliable high-performance coatings contributing to increased fuel efficiency and reduced emissions. I am further convinced that our product is part of this important transition to a more efficient shipping industry.

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.



One of the first container ships to adopt Selektope®, our unique antifouling technology, has completed five years of operation with a clean hull and free of barnacle growth.

The hull of the 8.900 TEU containership was coated in March 2016 with SEAFLO NEO CF PREMIUM, supplied by Chugoku Marine Paints, Ltd (CMP). After 60 months of operation in waters with a high biofouling risk and with no hull cleaning undertaken, the ship entered dry dock completely free of any barnacle growth.

CMP's analysis of the performance data confirms that the ship had an impressive zero speed loss over 60 months. Compared to the market average for antifouling products, the vessel achieved 16.5% fuel savings over the five year operation, and its CO2 emissions were reduced by 85,500 tons.

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 30 June 2022, the number of shareholders amounted to 2 685. With a closing price for the share on 30 June 2022 of SEK 27.00, the company's market capitalisation amounted to SEK 322 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 2022 adopted a long-term incentive program for management and other staff in the form of warrants. The program amounted to a maximum of 89,320 shares, of which all were issued and paid for. The warrants may lead to a dilution of a maximum of 0.8%. The exercise price is SEK 46.01 per share. Each warrant gives the right to acquire one share.

2021 a similar program was adopted where 83 348 warrants 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 30 June 2022.

Shareholders	No. of shares	%
Pomona-gruppen	1 756 417	14,75%
Swedbank Robur	932 500	7,83%
Avanza pension	907 789	7,62%
Handelsbanken Funds	900 000	7,56%
Futur pension	585 076	4,91%
Stefan Sedersten incl. companies	451 330	3,79%
Unionen	450 000	3,78%
SEB Life, Ireland	446 526	3,75%
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%
David Bendz	195 167	1,64%
Göran Källebo	175 100	1,47%
Others	3 345 560	28,09%
Total shares	11 908 457	100,00%

Financial information

Turnover and profit/loss

Sales for the period amounted to 17 654 (12 819) kSEK, which gives a net sales increase of 38% (-21%). Generally, the sales are higher for all customers compared to last year. This effect has also been strengthened by a strong USD. Adjusted for currency effects, it gives an increase of 15%.

The gross margin for the period has strengthened somewhat compared to the previous year at 57% (51%). This is an effect of the customer mix in completed deliveries.

Other external costs have increased as an effect of the initiated R&D projects and regulatory work. Cost attributable to marketing activities have also increase after the low during the pandemic. Personnel costs are lower than previous year mainly due to lower cost for implementation of this years incentive program.

Through the increased turnover and strengthen gross margin, the company shows a strong operating profit before depreciations for the period of 3 388 (-1 213) 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 3 172 (-7 611) kSEK where the earnings amount to 3 868 (-994) kSEK and the working capital amounts to -696 (-6 617) kSEK. During the period, I-Tech invested -701 (-263) kSEK in tangible fixed assets to improve the potential in the development work. 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 2 800 (-7 040) kSEK.

Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 40 844 (33 460) kSEK and equity amounted to 107 459 (105 620) 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 and an increase in equity in conjunction with the establishment of the warrants program for management and other staff.

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

21 October 2022	Interim report, quarter 3
22 February 2023	Year-end report 2022
7 April 2023	Annual report 2022
4 May 2023	Interim report, quarter 1

Income statement

Amounts in kSEK	2022 Apr-Jun	2021 Apr-Jun	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Operating income, etc.					
Net sales	17 654	12 819	32 132	27 277	52 901
Other operating income	482	76	564	85	621
	18 136	12 895	32 696	27 362	53 522
Cost of goods sold	-7 558	-6 325	-14 132	-13 293	-25 424
Other external costs	-3 288	-2 594	-5 930	-4 990	-10 192
Personnel expenses	-3 725	-4 383	-6 687	-7 401	-13 306
Depreciations, amortizations and impairments	-1 919	-1 979	-3 836	-3 955	-7 917
Other operating expenses	-177	-806	-309	-857	-1 366
	-16 667	-16 087	-30 894	-30 496	-58 205
Operating income	1 469	-3 192	1 802	-3 134	-4 683
Financial items					
Interest income and similar items	479	236	795	731	1 501
Interest expense and similar items	-5	-44	-10	-89	-138
	474	192	785	642	1 363
Result after financial items	1 943	-3 000	2 587	-2 492	-3 320
Tax on result from the year	-412	619	-545	526	672
NET RESULT	1 531	-2 381	2 042	-1 966	-2 648

Balance sheet

Amounts in kSEK	2022 Jun-30	2021 Jun-30	2021 Dec-31	2020 Dec-31
ASSETS				
Intangible assets	41 684	48 871	45 484	52 609
Tangible assets	993	267	328	192
Deferred tax assets	16 887	17 286	17 432	16 760
Total fixed assets	59 564	66 424	63 244	69 561
Inventory	4 465	8 189	3 343	4 278
Short-term receivables	15 500	12 745	13 528	5 358
Cash and bank balances	40 844	33 460	35 009	40 981
Total current assets	60 809	54 394	51 880	50 617
Total assets	120 373	120 818	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	80 063	82 483	82 232	86 305
Result	2 042	-1 966	-2 648	-4 806
Total equity	107 459	105 620	104 938	106 602
Long-term liabilities	1 952	4 061	2 252	4 361
Short-term liabilities	10 962	11 137	7 934	9 215
Total liabilities	12 914	15 198	10 186	13 576
Total equity and liabilities	120 373	120 818	115 124	120 178

Cash-flow analysis

Amounts in kSEK	2022 Apr-Jun	2021 Apr-Jun	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Operating activities					
Operating result	1 469	-3 192	1 802	-3 134	-4 683
Adjustments for non-cash items	1 919	1 979	3 836	3 955	7 917
Interest received	479	236	795	731	1 501
Interest paid	-5	-44	-10	-89	-138
Income tax paid/received	6	27	-128	-67	-44
Changes in working capital					
Change in inventories	-2 047	-5 175	-1 122	-3 911	935
Change in operating receivables	-1 217	-78	-1 972	-7 387	-8 170
Change in operating liabilities	2 568	-1 364	3 156	1 989	984
Cash flow from operating activities	3 172	-7 611	6 357	-7 913	-1 698
Investment activities					
Investments in non-current assets	-701	-263	-701	-292	-928
Cash flow from investment activities	-701	-263	-701	-292	-928
Financing activities					
Amortization/issue loan	-150	-150	-300	-300	-4 330
New share issue	479	984	479	984	984
Cash flow from financing activities	329	834	179	684	-3 346
The period's cash flow	2 800	-7 040	5 835	-7 521	-5 972
Cash and cash equivalents at beginning of period	38 044	40 500	35 009	40 981	40 981
Cash and cash equivalents at end of period	40 844	33 460	40 844	33 460	35 009
<i>Adjustments for non-cash items</i>					
Depreciation	1 919	1 979	3 836	3 955	7 917
Other items not affecting cash flow	-	-	-	-	-
	1 919	1 979	3 836	3 955	7 917

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
New issue	-	-	-	-	479	479
Net result for the period	-	-	-	-	2 042	2 042
2022-06-30	23 817	753	784	143 276	-61 171	107 459

Financial ratios

Amounts in kSEK	2022 Apr-Jun	2021 Apr-Jun	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Turnover growth %	38%	-21%	18%	-8%	0%
Gross margin %	57%	51%	56%	51%	52%
Operating margin %	8%	-25%	6%	-11%	-9%
Profit margin %	9%	-19%	6%	-7%	-5%
Solidity	89%	87%	89%	87%	91%
Cash liquidity	514%	415%	514%	415%	612%
Return on average total capital	0	neg.	0	neg.	neg.
Return on average total equity	0	neg.	0	neg.	neg.
Average of outstanding shares	11 908 457	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	11 908 457
Result per share	0,1	-0,2	0,2	-0,2	-0,2
Result per share fully diluted	0,1	-0,2	0,2	-0,2	-0,2
Equity per share	9,0	8,9	9,0	8,9	8,8
Equity per share fully diluted	8,9	8,8	8,9	8,8	8,8
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, 26 August 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
Raouf Kattan, Board Member
Philip Chaabane, Chief Executive Officer

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