



INTERIM REPORT

Q2 2023

APRIL - JUNE



Summary of the period

” Strong sales growth boosts confidence ”

Net sales for the second quarter amounted to 32,656 (17,654) kSEK, which corresponds to an increase in sales of 85 (38)%. The operating profit amounted to 7,388 (1,469) kSEK. For the first half year, net sales amounted to 63,413 (32,132) kSEK which corresponds to 97 (18)% growth. The operating profit amounted to 15,735 (1,802) kSEK.

January to June 2023

- I-Tech increases its turnover in Korea by 147% during first half of the year.
- An expert panel proposes changed classification of Selektope in EU.
- I-Tech held its Annual General Meeting (AGM) in May. At the meeting, it was decided to re-elect all representatives of the board with exception of Bjarne Sandberg who declined to be re-elected in advance of the meeting.
- In conjunction with the AGM, it was decided to approve a long term incentive program for the management and other employees. Due to a significant change in market value, no employee signed up to the program which was consequently terminated.

Significant events after the end of the period

- No significant events occurred after the end of the period.

Financial summary

All amounts in TSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Net sales	32 656	17 654	63 413	32 132	83 631
Operating result	7 388	1 469	15 735	1 802	12 024
EBITDA	9 396	3 388	19 684	5 638	20 045
Net result	6 993	1 531	13 653	2 042	10 617
Operating cash flow	7 575	3 172	18 736	6 357	20 125
Equity at end of period	129 688	107 459	129 688	107 459	116 035
Cash and cash equivalents at end of period	69 779	40 844	69 779	40 844	52 754

Rolling twelve-month turnover



CEO Comments

Our customers continue to show strong confidence in our product, which is clearly reflected in the sales figures for the quarter. The growth and continued strong customer activity proves the need for the product to achieve climate-related goals in an industry challenged to save around 300 million metric tons CO₂ by 2050 from current levels.

The turnover for the quarter amounted to 32.7 (17.7) MSEK and the operating profit amounted to 7.4 (1.5) MSEK. A new record level in turnover for a single quarter was achieved and the operating profit was improved compared to the same quarter last year. The profit margin amounted to 23 (8)%. Considering the first half year, the profit margin amounted to 25 (6)% which clearly demonstrates the scalability in the business model. Even if we continue to have tailwinds from exchange rates, the underlying business performs well with a currency adjusted growth in turnover of 79% for the quarter and 85% for the first half year.

The second quarter shows that mainly two dominating paint makers are contributing to the turnover. Both located in Northeast Asia. Our largest customer Chugoku Marine Paints, accounts for 68% of the revenue while the second largest customer stands for 29%. The Korean newbuilding market has been particularly important for both these players during the quarter. Deliveries to this market segment accounted for 50% of total sales during the first six months of the year.

I am happy to see that six of the leading paint makers has been active in ordering material for development projects since we commented on the recommendation from the expert-panel within the re-registration process in EU. This adds to the confidence that our customers have long term faith in our product for the future.

Environmentally driven factors continue to increase pressure for change in the shipping industry. According to Clarkson Research, it's estimated that 50% of the current tanker, bulk and container fleet would achieve a poor efficiency rating (rating D or E on the CII index). In addition, the implementation of



EU-ETS (Emission cap-and-Trade System) is coming closer with full implementation due in 2026 adding cost for emissions to air.

As the business is growing, we are gathering key scientific and legal experts to work with us to confront the statements for the EU expert group, suggesting that the newly introduced ED classification (endocrine disruption) could potentially be implemented on medetomidine (Selektope®). This process will continue over a multiyear time-frame and I-Tech has mobilized support from leading scientists within the field.

There is no doubt about the industry's general frustration with the EU's approach to introducing strong driving forces to reduce emissions but at the same time attempt to block the tools required to achieve a lower carbon intense shipping industry. As we continue to push for what we and many others believe is an essential technology to reduce the CO₂ footprint, we sail onwards with our ambitious targets to expand the business, increasing our customer base, developing more products and identifying more use areas.

Philip Chaabane
CEO I-Tech

Business and structure

I-Tech AB (publ) is a biotech company active in the materials and chemical sector. The company develop and sell 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 GoCo Health Innovation City in Mölndal, just south of Gothenburg in Sweden.

Since the listing on Nasdaq First North Growth in 2018, the company has grown both customerwise and financially. The market is dominated by nine major paint companies where nearly all work actively with the company's technology. Six of them are commercially active and the others are in the development stage. Thanks to a continued 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 coatings. The continuous improvement work has also led to an increased delivery capacity and efficiency in the production chain.



Image: Cecilia Ohlauson, Head Of Regulatory Affairs, on a barge exploring the port of Hamburg

In May, I-Tech invested in the opportunity for the team to face the world of shipping through the port of Hamburg. From the water view we got close to the grand vessel hulls and their antifouling coating surfaces. The port is an important area for I-Tech's customers and end users, being not just the greatest port of Germany, but also the third largest port of Europe. During 2022, the port of Hamburg had a seaborne cargo throughput of over 100 million 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 June 30, 2023 the number of shareholders amounted to 2,716. With a closing price for the share on June 30, 2023 of SEK 43.20, the company's market capitalisation amounted to SEK 514 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 2022.

Certified advisor

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 2023 adopted a long-term incentive program for management and other staff in the form of warrants. The program amounted to a maximum of 89,331 shares. Due to large fluctuations in the market value of the shares during the subscription period none of the employees choose to subscribe for any warrants. This part of the program has thus been cancelled.

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 2023.

Largest owners

Owner	No. of shares	Share capital %
Pomona-gruppen	1 756 417	14,75%
Handelsbanken fonder	1 100 000	9,24%
Swedbank Robur	932 500	7,83%
Futur pension	903 109	7,58%
NEA Partners	624 000	5,24%
Sniptind Invest	491 920	4,13%
Stefan Sedersten incl. Companies	451 330	3,79%
Unionen	450 000	3,78%
Second Swedish National Pension Fund	390 837	3,28%
Swedia Capital	385 920	3,24%
Aquamarine	358 831	3,01%
Avanza pension	335 659	2,82%
IBKR Financial Services	204 506	1,72%
Öhman Funds	187 984	1,58%
David Bendz	175 167	1,47%
Others	3 160 277	26,54%
Total shares	11 908 457	100,00%

Financial information

Turnover and profit/loss

Sales for the period amounted to 32 656 (17 654) kSEK, which gives a net sales increase of 85% (38%). Strong volume growth in our two largest customers combined with a high value in the USD results in the strongest quarter ever for the second quarter in a row. Adjusted for currency effects, it gives an increase of 79%.

The gross margin for the period is slightly down compared to last year, 53% (57%) but reflects a stable price and cost level.

Other external costs are somewhat increased compared to previous year mainly due to activities for the reregistration of the EU BPR approval. Personnel costs are quite stable compared to previous year, in line with reinforcements in personnel and the Board of Directors which are counteracted by reduced cost for the long-term incentive program that was adopted on the Annual General Meeting as no subscriptions was made.

Through the increased turnover, the company shows a strong operating profit before depreciations for the period of 9,369 (3,388) kSEK.

The company is 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 7,575 (3,172) kSEK where the earnings amount to 10,698 (3,868) kSEK and the working capital amounts to -3,123 (-696) kSEK.

During the period, I-Tech invested -1,417 (-701) kSEK in fixed assets, mainly tangible assets for the new premises and laboratory. Net 0 (-150) kSEK has been deducted from the cash flow from financing activities as long-term financing now consists only of loans from Energimyndigheten with amortisations during quarter 3 each year. This gives a total cash flow for the period of 6,158 (2,800) kSEK.

Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 69,779 (40,844) kSEK and equity amounted to 129,688 (107,459) 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 more in detail in the company's annual report for the financial year 2022.

Upcoming financial reports

20 October 2023	Interim report, quarter 3
8 February 2024	Year-End report
12 April 2024	Annual report
7 May 2024	Interim report, quarter 1

Income statement

Amounts in kSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Operating income, etc.					
Net sales	32 656	17 654	63 413	32 132	83 631
Other operating income	340	482	532	564	2 650
	32 996	18 136	63 945	32 696	86 281
Cost of goods sold	-15 306	-7 558	-29 778	-14 132	-38 504
Other external costs	-3 882	-3 288	-6 547	-5 930	-12 281
Personnel expenses	-3 797	-3 725	-6 983	-6 687	-13 242
Depreciations, amortizations and impairments	-2 008	-1 919	-3 949	-3 836	-8 021
Other operating expenses	-615	-177	-953	-309	-2 209
	-25 608	-16 667	-48 210	-30 894	-74 257
Operating income	7 388	1 469	15 735	1 802	12 024
Financial items					
Interest income and similar items	1 326	479	1 460	795	1 414
Interest expense and similar items	93	-5	-	-10	-12
	1 419	474	1 460	785	1 402
Result after financial items	8 807	1 943	17 195	2 587	13 426
Tax on result from the year	-1 814	-412	-3 542	-545	-2 809
NET RESULT	6 993	1 531	13 653	2 042	10 617

Balance sheet

Belopp i TSEK	2023 Jun-30	2022 Jun-30	2022 Dec-31	2021 Dec-31
ASSETS				
Intangible assets	33 873	41 684	37 615	45 484
Tangible assets	2 428	993	924	328
Deferred tax assets	11 081	16 887	14 623	17 432
Total fixed assets	47 382	59 564	53 162	63 244
Inventory	2 282	4 465	2 413	3 343
Short-term receivables	21 975	15 500	17 077	13 528
Cash and bank balances	69 779	40 844	52 754	35 009
Total current assets	94 036	60 809	72 244	51 880
Total assets	141 418	120 373	125 406	115 124
EQUITY AND LIABILITIES				
Share capital	23 817	23 817	23 817	23 817
Restricted equity	1 528	1 537	1 528	1 537
Unrestricted equity	90 690	80 063	80 073	82 233
Net result	13 653	2 042	10 617	-2 648
Total equity	129 688	107 459	116 035	104 939
Long-term liabilities	-	1 952	-	2 252
Short-term liabilities	11 730	10 962	9 371	7 933
Total liabilities	11 730	12 914	9 371	10 185
Total equity and liabilities	141 418	120 373	125 406	115 124

Cash-flow analysis

Belopp i TSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Operating activities					
Operating income	7 388	1 469	15 735	1 802	12 024
Adjustments for non-cash items	2 008	1 919	3 949	3 836	8 095
Interest received	1 208	479	1 208	795	1 414
Interest paid	93	-5	-	-10	-12
Income tax paid/received	1	6	-63	-128	-102
Changes in working capital					
Change in inventories	58	-2 047	131	-1 122	930
Change in operating receivables	-2 827	-1 217	-4 646	-1 972	-3 549
Change in operating liabilities	-354	2 568	2 422	3 156	1 325
Changes in working capital	7 575	3 172	18 736	6 357	20 125
Investment activities					
Investments in non-current assets	-1 417	-701	-1 711	-701	-822
Cash flow from investment activities	-1 417	-701	-1 711	-701	-822
Financing activities					
Amortization/issue loan	-	-150	-	-300	-2 037
New share issue	-	479	-	479	479
Cash flow from financing activities	-	329	-	179	-1 558
The period's cash flow	6 158	2 800	17 025	5 835	17 745
Cash and cash equivalents at beginning of period	63 621	38 044	52 754	35 009	35 009
Cash and cash equivalents at end period	69 779	40 844	69 779	40 844	52 754
Adjustments for non-cash items					
Depreciation and amortizations	2 008	1 919	3 949	3 836	8 021
Other items not affecting cash flow	-	-	-	-	74
	2 008	1 919	8 095	3 836	8 095

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	
2022-01-01	23 817	753	784	143 276	-63 691	104 939
Capitalization of development expenses	-	-	-9	-	9	-
New issue	-	-	-	-	479	479
Net result for the year	-	-	-	-	10 617	10 617
2022-12-31	23 817	753	775	143 276	-52 586	116 035
2023-01-01	23 817	753	775	143 276	-52 586	116 035
Net result for the period	-	-	-	-	6 993	6 993
2023-06-30	23 817	753	775	143 276	-45 593	123 028

Financial ratios

Amounts in kSEK	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Jan-Dec
Turnover growth %	85%	38%	97%	18%	58%
Gross margin %	53%	57%	53%	56%	54%
Operating margin %	23%	8%	25%	6%	14%
Profit margin %	21%	9%	22%	6%	13%
Solidity	92%	89%	93%	91%	93%
Cash liquidity	782%	514%	745%	612%	745%
Return on average total capital	6%	2%	13%	2%	11%
Return on average total equity	7%	2%	14%	2%	12%
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	0,6	0,1	1,1	0,2	0,9
Result per share fully diluted	0,6	0,1	1,1	0,2	0,9
Equity per share	10,9	9,0	9,7	8,8	9,7
Equity per share fully diluted	10,7	9,0	9,6	8,8	9,6

DEFINITIONS OF KEY FIGURES

Net sales 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 income 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 and the managing director
assures that the interim report provides a fair overview
of the Company's position and results

Mölndal 25 August 2023

Stefan Sedersten, Chairman of the board
Mikael Laurin, Member of the board
Tomas Tedgren, Member of the board
Chatarina Schneider, Member of the board
Tomas Bergdahl, Member of the board
Raouf Kattan, Member of the board
Philip Chaabane, Chief Executive Officer

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