

# INTERIM REPORT

## Q1 2024

JANUARY - MARCH



# Summary of the period

” Solid growth with record-high turnover and profit ”

Net sales for the first quarter amounted to SEK 38,270 (30,757) thousand, which corresponds to a sales increase of 24 (112) %. The operating profit amounted to SEK 9,119 (8,347) thousand and the profit margin (after tax) amounted to 21 (22)%.

## Significant events January to March 2024

- Major marine coating company launches low biocidal premium antifouling product using Selektope®.
- The Nomination Committee of I-Tech AB proposes Philip Chaabane as new Chairman of the Board of Directors of the company.
- Philip Chaabane steps down as CEO of I-Tech AB with a view to taking office as the company’s Chairman of the Board.

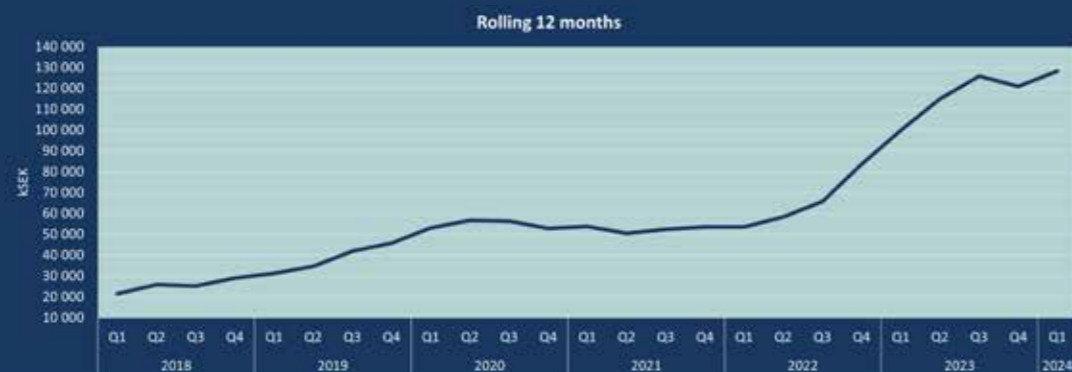
## Significant events after the end of the period

- No significant events occurred after the period.

## Financial summary

All amounts in kSEK	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec	2022 Jan-Dec
Net sales	38,270	30,757	120,861	83,631
Operating result	9,119	8,347	23,389	12,024
EBITDA	11,180	10,288	31,371	20,045
Net result	8,186	6,660	20,203	10,617
Operating cash flow	14,562	11,161	35,143	20,125
Equity at end of period	144,424	122,695	136,238	116,035
Cash and cash equivalents at end of period	97,739	63,621	83,262	52,754

## Rolling twelve-month turnover



## CEO Comments

The year is off to a strong start and the first quarter shows a solid revenue growth where turnover and profit amount to the highest ever in the company’s history. This report is also my last as CEO of I-Tech after just over 10 years at the helm.

After a weaker fourth quarter following otherwise strong comparative figures, it is with great pride that I note that sales for the quarter amounted to SEK 38.3 (30.8) million, which corresponds to a growth of 24% (112)%. At the same time, the operating profit amounted to SEK 9.1 (8.3) million with an operating cash flow of SEK 14.6 (11.2) million. Our already strong cash position therefore amounted to SEK 97.7 (63.6) million at the end of the quarter, which gives us confidence in our earlier decision to start a journey with direct returns.

Six different customers contributed to the turnover growth, of which the three largest were completely dominant with a distribution of 82 %, 11 % and 4 % of total turnover. PPG’s launch of Nexeon 810 during the first quarter is already making a footprint in the turnover. In addition, Chugoku Marine Paints shows a strong growth of 30% compared to already high numbers in the previous year.

Although we achieved a record high operating profit before tax of SEK 11.2 (10.3) million during the quarter, the profit is burdened by high costs linked to, above all, the re-registration process in the EU, which is also expected to continue over the coming quarters. The EU-specific costs during the quarter amounted to SEK 1.3 million (almost 25% of Other external costs). Without the EU costs, the EBITDA margin amounted to 32% (33%), which also includes the full effect of moving to new premises with a competitive research laboratory.

It is extremely gratifying to demonstrate growth compared to a quarter, which in turn more than doubled compared to the previous year. Volatility between quarters may still occur, but in the long term we see a stable growth journey with long-term products on the market that gain more and more confidence. All of them respond to contributing to more efficient shipping with lower resistance through the



water, lower risk of transporting foreign invasive species, and in some cases the value proposition is delivered with significantly lower concentrations of biocides thanks to Selektope’s unique properties.

Approaching the end of my time as CEO of I-Tech, I would like to express my deep gratitude to everyone who works and has worked at or with I-Tech. It has been an unprecedented development, and few are blessed to have been involved in taking an innovation all the way to a profitable growth business in an industry that has not had any new technology development for more than 20 years. It is the strength of everyone in the team that is behind the development, and together we have gone from an exciting innovation to commercial establishment with the majority of the dominant customers. Those that have not yet launched seem in most cases to be on track for future deployments.

It is with great interest that I, as future chairman, look forward to take part of the continued growth journey in the Selektope business but also, through our strong position, to identify and seize new opportunities under the leadership of a new CEO. The recruitment process is proceeding according to plan and until a new candidate can be presented, the company will be in safe hands of the acting CEO, Magnus Henell (today CFO & Director Operations).

**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 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 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 customer-wise 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.



Images: I-Tech is visiting Sea Japan International Maritime Exhibition in Tokyo.

The 15th edition of the Sea Japan International Maritime Exhibition took place at Tokyo Big Sight and I-Tech was there to meet our biggest customers on their home turf.

In recent years, sales of Selektope to Japan have increased enormously. Between 2021-2023, sales (in tonnes) increased by 216%.

During meetings with Chugoku Marine Paints, Nippon Paint, PPG and Akzonobel, among others, who were all present at the fair, the great interest in our technology in Japan was clear, which is also reflected in the sales figures.

## Other information

### Share information

At the start of 2023, 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 28 March 2024, the number of shareholders amounted to 2 482. With a closing price for the share on 28 March 2024 of SEK 47.8, the company's market capitalisation amounted to SEK 569 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 2023.

### Certified advisor

I-Tech has engaged Carnegie Investment 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 were all 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 28 March 2024.

### Largest owners

Owner	No. of shares	Share capital %
Pomona-gruppen	1,756,417	14,75%
Handelsbanken Funds	989,710	8,31%
Futur pension	986,939	8,29%
Swedbank Robur	932,500	7,83%
NEA Partners	624,000	5,24%
UBS AG	534,155	4,49%
Second Swedish National Pension Fund	471,263	3,96%
Stefan Sedersten incl. Companies	451,330	3,79%
Unionen	450,000	3,78%
Swedia Capital	386,322	3,24%
Fontenelles Holding	358,831	3,01%
Avanza pension	324,083	2,72%
IBKR Financial Services	238,905	2,01%
SEB AB Luxemburg	197,322	1,66%
Nordnet pensionsförsäk-	185,855	1,56%
Others	3,020,825	25,37%
<b>Total shares</b>	<b>11,908,457</b>	<b>100,00%</b>

## Financial information

### Turnover and profit/loss

Sales for the period amounted to SEK 38,270 (30,757) thousand, which corresponds to a turnover increase of 24% (112)%. After a temporary weak quarter 4 2023, growth is now back at a level expected by existing and new customers. Adjusted for currency effects, this corresponds to an increase of approx. 34%.

The gross margin for the period is in line with last year, 53% (53%) and reflects a continued stable price and cost level.

Other external costs show a sharp increase mainly due to activities around the re-registration of the company's EU BPR approval. During the period, the effects of the company's move and increased support costs for equipment in the lab have also taken full effect. The increase in personnel costs is in line with the reinforcements the company has made on the personnel side.

Despite increased operating costs the company maintains an increase in operating profit before depreciation, which now amounts to 11,180 (10,288).

As the company now finds itself in a position where it is probable that the company will use accrued loss carry forwards 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 SEK 14,562 (11,161) thousand where the earnings amount to SEK 12,265 (10,131) thousand and the working capital amounts to -2,297 (1,030) thousand.

During the period, I-Tech invested SEK -85 (-294) thousand in fixed assets. Net SEK 0 (0) thousand has been deducted from the cash flow from financing activities as the company only has commitments regarding loans from the Energy Agency where payment takes place in quarter 3 each year. This gives a total cash flow for the period of SEK 14,477 (10,867) thousand.

### Financial summary

Cash and cash equivalents in the company at the end of the period amounted to SEK 97,739 (63,621) thousand and equity amounted to 144,424 (122,695) thousand. 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 2023.

## Upcoming financial reports

23 August 2024	Interim report, quarter 2
18 October 2024	Interim report, quarter 3
6 February 2025	Year-end report 2024

## Income statement

Amounts in kSEK	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec	2022 Jan-Dec
Operating income, etc.				
Net sales	38,270	30,757	120,861	83,631
Other operating income	197	192	2,154	2,650
	<b>38,467</b>	<b>30,949</b>	<b>123,015</b>	<b>86,281</b>
Cost of goods sold	-18,097	-14,472	-57,324	-38,504
Other external costs	-5,411	-2,665	-15,293	-12,281
Personnel expenses	-3,554	-3,186	-15,827	-13,242
Depreciations, amortizations and impairments	-2,061	-1,941	-7,982	-8,021
Other operating expenses	-225	-338	-3,200	-2,209
	<b>-29,348</b>	<b>-22,602</b>	<b>-99,626</b>	<b>-74,257</b>
<b>Operating income</b>	<b>9,119</b>	<b>8,347</b>	<b>23,389</b>	<b>12,024</b>
Financial items				
Interest income and similar items	1,191	134	3,154	1,414
Interest expense and similar items	-	-93	-1,049	-12
	<b>1,191</b>	<b>41</b>	<b>2,105</b>	<b>1,402</b>
<b>Result after financial items</b>	<b>10,310</b>	<b>8,388</b>	<b>25,494</b>	<b>13,426</b>
Tax on result from the year	-2,124	-1,728	-5,291	-2,809
<b>NET RESULT</b>	<b>8,186</b>	<b>6,660</b>	<b>20,203</b>	<b>10,617</b>

## Balance sheet

Amounts in kSEK	2024 Mar-31	2023 Mar-31	2023 Dec-31	2022 Dec-31
<b>ASSETS</b>				
Intangible assets	28,324	35,751	30,120	37,615
Tangible assets	2,640	1,141	2,820	924
Deferred tax assets	7,208	12,896	9,332	14,623
Total fixed assets	38,172	49,788	42,272	53,162
Inventory	3,538	2,340	4,280	2,413
Short-term receivables	23,274	19,030	22,629	17,077
Cash and bank balances	97,739	63,621	83,262	52,754
Total current assets	124,551	84,991	110,171	72,244
<b>Total assets</b>	<b>162,723</b>	<b>134,779</b>	<b>152,443</b>	<b>125,406</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	23,817	23,817	23,817	23,817
Restricted equity	1,482	1,528	1,482	1,528
Unrestricted equity	110,939	90,690	90,736	80,073
Result	8,186	6,660	20,203	10,617
Total equity	144,424	122,695	136,238	116,035
Short-term liabilities	18,299	12,084	16,205	9,371
Total liabilities	18,299	12,084	16,205	9,371
<b>Total equity and liabilities</b>	<b>162,723</b>	<b>134,779</b>	<b>152,443</b>	<b>125,406</b>

## Cash-flow analysis

Amounts in kSEK	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec	2022 Jan-Dec
<b>Operating activities</b>				
Operating result	9,119	8,347	23,389	12,024
Adjustments for non-cash items	2,061	1,941	7,982	8,095
Interest received	1,118	-	2,896	1,414
Interest paid	-	-93	-1,049	-12
Income tax paid/received	-33	-64	-42	-102
<b>Changes in working capital</b>				
Change in inventories	742	73	-1,867	930
Change in operating receivables	-572	-1,819	-5,294	-3,549
Change in operating liabilities	2,127	2,776	9,128	1,325
<b>Cash flow from operating activities</b>	<b>14,562</b>	<b>11,161</b>	<b>35,143</b>	<b>20,125</b>
<b>Investment activities</b>				
Investments in non-current assets	-85	-294	-2,383	-822
<b>Cash flow from investment activities</b>	<b>-85</b>	<b>-294</b>	<b>-2,383</b>	<b>-822</b>
<b>Financing activities</b>				
Amortization/issue loan	-	-	-2,252	-2,037
New share issue	-	-	-	479
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-2,252</b>	<b>-1,558</b>
<b>The period's cash flow</b>	<b>14,477</b>	<b>10,867</b>	<b>30,508</b>	<b>17,745</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>83,262</b>	<b>52,754</b>	<b>52,754</b>	<b>35,009</b>
<b>Cash and cash equivalents at end period</b>	<b>97,739</b>	<b>63,621</b>	<b>83,262</b>	<b>52,754</b>
Adjustments for non-cash items				
Depreciation and amortizations	2,061	1,941	7,982	8,021
Other items not affecting cash flow	-	-	-	74
	<b>2,061</b>	<b>1,941</b>	<b>7,982</b>	<b>8,095</b>

## 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	
2023-01-01	23,817	753	775	143,276	-52,586	116,035
Capitalization of development expenses	-	-	-46	-	46	-
Net result for the year	-	-	-	-	20,203	20,203
<b>2023-12-31</b>	<b>23,817</b>	<b>753</b>	<b>729</b>	<b>143,276</b>	<b>-32,337</b>	<b>136,238</b>
2024-01-01	23,817	753	729	143,276	-32,337	136,238
Net result for the period	-	-	-	-	8,186	8,186
<b>2024-03-31</b>	<b>23,817</b>	<b>753</b>	<b>729</b>	<b>143,276</b>	<b>-24,151</b>	<b>144,424</b>

## Financial ratios

Amounts in kSEK	2024 Jan-Mar	2023 Jan-Mar	2023 Jan-Dec	2022 Jan-Dec
Turnover growth %	24%	112%	45%	58%
Gross margin %	53%	53%	53%	54%
Operating margin %	24%	27%	19%	14%
Profit margin %	21%	22%	17%	13%
Solidity	89%	91%	89%	91%
Cash liquidity	661%	684%	653%	745%
Return on average total capital	7%	6%	18%	11%
Return on average total equity	7%	7%	20%	12%
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	0.7	0.6	1.7	0.9
Result per share fully diluted	0.7	0.6	1.7	0.9
Equity per share	12.1	10.3	11.4	9.7
Equity per share fully diluted	12.0	10.2	11.3	9.7
Dividend per share	-	-	-	-

### 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

Möln dal 7 May 2024

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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