

INTERIM REPORT

Q3 2024

JULY - SEPTEMBER



Summary of the period

” Yet another solid performance ”

Net sales for the third quarter amounted to SEK 40,766 (32,175) thousand, which corresponds to a sales increase of 27 (62) %. The operating profit amounted to SEK 9,436 (8,132) thousand. For the first nine months, net sales amounted to SEK 121,647 (95,588) thousand which corresponds to 27 (79)% growth. The operating profit amounted to SEK 28,727 (23,867) thousand.

Significant events July to September 2024

- Mid-September Markus Jönsson formally took office as CEO in I-Tech.
- I-Tech announced that a Public Consultation for renewal of the Selektope approval in EU has been launched.

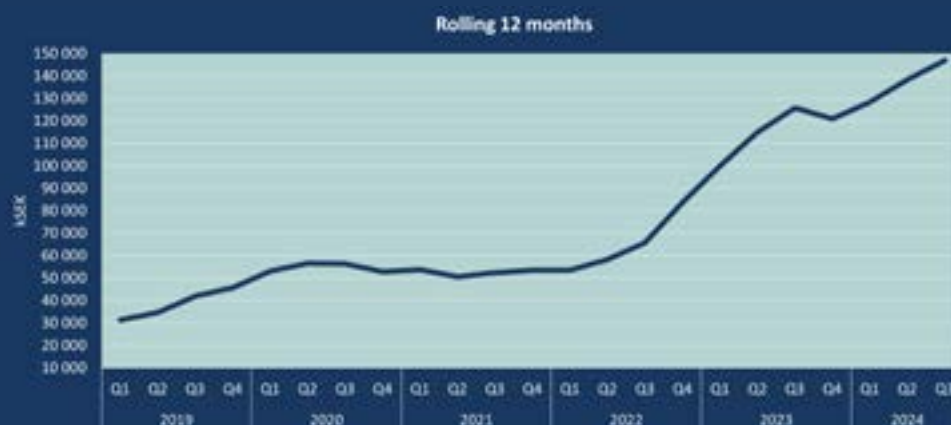
Significant events after the end of the period

- No significant events occurred after the period.

Financial summary

| All amounts in kSEK | 2024 Jul-Sep | 2023 Jul-Sep | 2024 Jan-Sep | 2023 Jan-Sep | 2023 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales | 40,766 | 32,175 | 121,647 | 95,588 | 120,861 |
| Operating result | 9,436 | 8,132 | 28,727 | 23,867 | 23,389 |
| EBITDA | 11,488 | 10,144 | 34,892 | 29,828 | 31,371 |
| Net result | 7,790 | 6,782 | 24,714 | 20,435 | 20,203 |
| Operating cash flow | 10,501 | 17,181 | 29,000 | 35,917 | 35,143 |
| Equity at end of period | 143,089 | 136,470 | 143,089 | 136,470 | 136,238 |
| Cash and cash equivalents at end of period | 94,264 | 84,593 | 94,264 | 84,593 | 83,262 |

Rolling twelve-month turnover



CEO Comments

It's been a month since I took office, and what an eventful period it has been for both me personally and the I-Tech team. First, I want to thank Magnus Henell for his leadership as interim CEO during the transition period and express my gratitude to the entire I-Tech team for the warm welcome. I look forward to working closely with everyone to ensure I-Tech's continued success as we focus more intensively on new opportunities.

Selektope® sales have maintained strong momentum in Q3, driven by favorable macroeconomic conditions, and more importantly, by the market success of our customers' new and existing antifouling solutions that include Selektope.

Sales in the quarter amounted to SEK 40.8 (32.2) million and the operating profit was SEK 9.4 (8.1) million, both closely trailing the previous record quarter. The operating margin was 23 (25)%. Year-to-date sales at the end of September amounted to SEK 121.6 (95.6) million surpassing 2023 full year turnover, with an operating margin of 24 (25)% where the increased costs linked to the re-registration process in the EU have been offset.

Customer base diversification continued in Q3, with more than a third of total sales now coming from customers other than CMP. We have seen significant growth in sales to several customers, including PPG, who released their Selektope®-containing product, Nexeon 810, during the spring. Kansai Paint in Japan has recently registered three new Selektope-containing products in their Takata Quantum dry-docking series for the Japanese market.

Selektope's Renewed Regulatory Approval in the EU – “An Ironic Twist of Fate?”

The European shipbuilding and dry-docking markets are small in a global context, currently contributing less than 10% to I-Tech's turnover, with limited additional potential. The ongoing case questioning the renewed approval for Selektope in the EU market threatens its good reputation and long-term market potential but is unlikely to impact medium-term sales growth.

I-Tech is driven by a commitment to develop more sustainable antifouling solutions to benefit the shipping industry and protect our oceans and the environment. We have gathered information and produced a short video to explain I-Tech's views on the issue related to the renewed approval in the EU: [To the info page](#)



The process for renewed approval is currently in the public consultation phase, expected to last until mid-November. During this phase, stakeholders including ship owners, shipyards, and paint producers are invited to provide feedback on the renewal case, explain their use of Selektope, and argue for its continued availability in the EU market. The team is investing significant effort into securing relevant input from customers and key stakeholders and preparing for the next phase when the Standing Committee on Biocidal Products (SCPB) will consider the input from the consultation process.

Market expansion:

As previously stated, the majority of Selektope sales are currently in Asian markets, where most future potential also lies due to the structure of the shipbuilding and maintenance industry. The dry-docking segment is becoming increasingly accessible thanks to the excellent formulation development work in R&D, which can further accelerate Selektope®'s growth in the years to come.

Regulatory approval processes in the USA, New Zealand, and Malaysia are steadily progressing, and we expect to secure Selektope approval in Malaysia during the first half of 2025.

The team is gearing up on business development activities and several new opportunities are being pursued in parallel. The short-term goal is to establish a balanced project pipeline and further strengthen the team's capabilities in specific areas related to the business development discipline.

Markus Jönsson
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 received the DI Gazelle award

I-Tech has been honored with the prestigious "DI Gasell 2024" award, a testament to the company's rapid growth and profitability. This accolade signifies that I-Tech is one of Sweden's fastest-growing companies and a role model in entrepreneurship. As a Gasell company, I-Tech is contributing to job creation, driving economic growth, and inspiring other entrepreneurs to follow their successful journey.

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 30 September 2024, the number of shareholders amounted to 2 461. With a closing price for the share on 30 September 2024 of SEK 48.6, the company's market capitalisation amounted to SEK 579 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 Adviser

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 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. As the exercise price, SEK 96.59 per share, greatly exceeded the market price during the subscription period, all the warrants expired.

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 September 2024.

Largest owners

| Owner | No. of shares | Share capital % |
|--------------------------------------|-------------------|-----------------|
| Pomona-gruppen | 1,756,417 | 14,75% |
| Futur pension | 995,794 | 8,36% |
| Handelsbanken Funds | 975,000 | 8,19% |
| Swedbank Robur | 932,500 | 7,83% |
| Second Swedish National Pension Fund | 643,400 | 5,40% |
| NEA Partners | 624,000 | 5,24% |
| UBS AG | 534,155 | 4,49% |
| Nordnet pension | 521,911 | 4,38% |
| Stefan Sedersten incl. Companies | 451,330 | 3,79% |
| Unionen | 450,000 | 3,78% |
| Fontenelles Holding | 358,831 | 3,01% |
| Avanza pension | 357,042 | 3,00% |
| IBKR Financial Services | 206,711 | 1,74% |
| Öhman Funds | 179,070 | 1,50% |
| CDA | 160,579 | 1,35% |
| Others | 2,761,717 | 23,19% |
| Total shares | 11,908,457 | 100,00% |

Financial information

Turnover and profit/loss

Sales for the period amounted to SEK 40,766 (32,175) thousand, which corresponds to a turnover increase of 27% (62)%. The turnover increase is slightly lower than in the previous quarter, but still at a high level in line with the company's expectations for existing and new customers. Adjusted for currency effects, this corresponds to an increase of approx. 30% and the difference is explained by a stronger Swedish krona compared to the same period last year.

The gross margin for the period is in line with last year, 52% (52%) and reflects a continued stable price and cost level.

Other external costs continue to show a sharp increase mainly due to activities around the re-registration of the company's EU BPR approval. These amount for the quarter to approximately SEK 1,632 (192) thousand.

In addition to normal salary adjustments, the increase in personnel expenses is mainly attributable to further reinforcement in the R&D area and extra costs in connection with the change of CEO.

The increase in operating costs means that the operating margin is at a slightly lower level than last year. The operating profit, SEK 9,436 (8,132) thousand, thus increases but not quite in parity with the increasing gross profit that comes from the growth.

Cash flow

The cash flow from operating activities for the period amounted to SEK 10,501 (17,181) thousand where the earnings amount to SEK 11,771 (10,587) thousand and the working capital amounts to -1,270 (6,594) thousand. It is worth noting that the cash flow during the period was charged with advance supplier payment and final settlement of our conditional loan with the Energy Agency, which amounted to a total of approx. SEK 5,918 thousand.

During the period, I-Tech invested SEK -28 (-115) thousand in fixed assets. Net SEK 0 (0) thousand has been deducted from the cash flow from financing activities. Overall this gives a total cash flow for the period of SEK -10,473 (14,814) thousand.

Financial summary

Cash and cash equivalents in the company at the end of the period amounted to SEK 94,264 (84,593) thousand and equity amounted to 143,089 (136,470) thousand. The change in cash and cash equivalents and equity is directly related to the company's results and other operating changes.

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

| | |
|-----------------|---------------------------|
| 6 February 2025 | Year-end report 2024 |
| 11 April 2025 | Annual Report 2024 |
| 8 May 2025 | Interim report, quarter 1 |
| 22 August 2025 | Interim report, quarter 2 |

Income statement

| Amounts in kSEK | 2024 Jul-Sep | 2023 Jul-Sep | 2024 Jan-Sep | 2023 Jan-Sep | 2023 Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating income, etc. | | | | | |
| Net sales | 40,766 | 32,175 | 121,647 | 95,588 | 120,861 |
| Other operating income | 133 | 1,240 | 901 | 1,772 | 2,154 |
| | 40,899 | 33,415 | 122,548 | 97,360 | 123,015 |
| Cost of goods sold | -19,457 | -15,371 | -57,712 | -45,149 | -57,324 |
| Other external costs | -4,911 | -4,065 | -16,045 | -10,612 | -15,293 |
| Personnel expenses | -3,717 | -3,111 | -11,047 | -10,094 | -15,827 |
| Depreciations, amortizations and impairments | -2,052 | -2,012 | -6,165 | -5,961 | -7,982 |
| Other operating expenses | -1,326 | -724 | -2,852 | -1,677 | -3,200 |
| | -31,463 | -25,283 | -93,821 | -73,493 | -99,626 |
| Operating income | 9,436 | 8,132 | 28,727 | 23,867 | 23,389 |
| Financial items | | | | | |
| Interest income and similar items | 412 | 667 | 2,437 | 2,127 | 3,154 |
| Interest expense and similar items | -37 | -257 | -38 | -257 | -1,049 |
| | 375 | 410 | 2,399 | 1,870 | 2,105 |
| Result after financial items | 9,811 | 8,542 | 31,126 | 25,737 | 25,494 |
| Tax on result from the year | -2,021 | -1,760 | -6,412 | -5,302 | -5,291 |
| NET RESULT | 7,790 | 6,782 | 24,714 | 20,435 | 20,203 |

Balance sheet

| Amounts in kSEK | 2024 Sep-30 | 2023 Sep-30 | 2023 Dec-31 | 2022 Dec-31 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| ASSETS | | | | |
| Intangible assets | 24,612 | 31,995 | 30,120 | 37,615 |
| Tangible assets | 2,298 | 2,409 | 2,820 | 924 |
| Deferred tax assets | 2,921 | 9,322 | 9,332 | 14,623 |
| Total fixed assets | 29,831 | 43,726 | 42,272 | 53,162 |
| Inventory | 5,680 | 4,360 | 4,280 | 2,413 |
| Short-term receivables | 33,965 | 19,438 | 22,629 | 17,077 |
| Cash and bank balances | 94,264 | 84,593 | 83,262 | 52,754 |
| Total current assets | 133,909 | 108,391 | 110,171 | 72,244 |
| Total assets | 163,740 | 152,117 | 152,443 | 125,406 |
| EQUITY AND LIABILITIES | | | | |
| Share capital | 23,817 | 23,817 | 23,817 | 23,817 |
| Restricted equity | 1,482 | 1,528 | 1,482 | 1,528 |
| Unrestricted equity | 93,076 | 90,690 | 90,736 | 80,073 |
| Result | 24,714 | 20,435 | 20,203 | 10,617 |
| Total equity | 143,089 | 136,470 | 136,238 | 116,035 |
| Short-term liabilities | 20,651 | 15,647 | 16,205 | 9,371 |
| Total liabilities | 20,651 | 15,647 | 16,205 | 9,371 |
| Total equity and liabilities | 163,740 | 152,117 | 152,443 | 125,406 |

Cash-flow analysis

| Amounts in kSEK | 2024 Jul-Sep | 2023 Jul-Sep | 2024 Jan-Sep | 2023 Jan-Sep | 2023 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating activities | | | | | |
| Operating result | 9,436 | 8,132 | 28,727 | 23,867 | 23,389 |
| Adjustments for non-cash items | 2,052 | 2,012 | 6,165 | 5,961 | 7,982 |
| Interest received | 337 | 689 | 2,162 | 1,897 | 2,896 |
| Interest paid | -37 | -257 | -38 | -257 | -1,049 |
| Income tax paid/received | -17 | 11 | -58 | -52 | -42 |
| Changes in working capital | | | | | |
| Change in inventories | -2,374 | -2,078 | -1,400 | -1,947 | -1,867 |
| Change in operating receivables | -6,278 | 2,515 | -11,061 | -2,131 | -5,294 |
| Change in operating liabilities | 7,382 | 6,157 | 4,503 | 8,579 | 9,128 |
| Cash flow from operating activities | 10,501 | 17,181 | 29,000 | 35,917 | 35,143 |
| Investment activities | | | | | |
| Investments in non-current assets | -28 | -115 | -135 | -1,826 | -2,383 |
| Cash flow from investment activities | -28 | -115 | -135 | -1,826 | -2,383 |
| Financing activities | | | | | |
| Amortization/issue loan | - | -2,252 | - | -2,252 | -2,252 |
| Dividend to shareholders | - | - | -17,863 | - | - |
| Cash flow from financing activities | - | -2,252 | -17,863 | -2,252 | -2,252 |
| The period's cash flow | 10,473 | 14,814 | 11,002 | 31,839 | 30,508 |
| Cash and cash equivalents at beginning of period | 83,791 | 69,779 | 83,262 | 52,754 | 52,754 |
| Cash and cash equivalents at end of period | 94,264 | 84,593 | 94,264 | 84,593 | 83,262 |
| Adjustments for non-cash items | | | | | |
| Depreciation and amortizations | 2,052 | 2,012 | 6,165 | 5,961 | 7,982 |
| Other items not affecting cash flow | - | - | - | - | - |
| | 2,052 | 2,012 | 6,165 | 5,961 | 7,982 |

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 |
| 2023-12-31 | 23,817 | 753 | 729 | 143,276 | -32,337 | 136,238 |
| 2024-01-01 | 23,817 | 753 | 729 | 143,276 | -32,337 | 136,238 |
| Dividend to shareholders | - | - | - | - | -17,863 | -17,863 |
| Net result for the period | - | - | - | - | 24,714 | 24,714 |
| 2024-09-30 | 23,817 | 753 | 729 | 143,276 | -25,486 | 143,089 |

Financial ratios

| | 2024 Jul-Sep | 2023 Jul-Sep | 2024 Jan-Sep | 2023 Jan-Sep | 2023 Jan-Dec |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Turnover growth % | 27% | 62% | 27% | 79% | 45% |
| Gross margin % | 52% | 52% | 53% | 53% | 53% |
| Operating margin % | 23% | 25% | 24% | 25% | 19% |
| Profit margin % | 19% | 21% | 20% | 21% | 17% |
| | | | | | |
| Solidity | 87% | 90% | 87% | 90% | 89% |
| Cash liquidity | 621% | 665% | 653% | 745% | 653% |
| Return on average total capital | 6% | 6% | 20% | 19% | 18% |
| Return on average total equity | 7% | 6% | 22% | 20% | 20% |
| | | | | | |
| 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 | 0,7 | 0,6 | 2,1 | 1,7 | 1,7 |
| Result per share fully diluted | 0,6 | 0,6 | 2,1 | 1,7 | 1,7 |
| Equity per share | 12,0 | 11,5 | 11,4 | 9,7 | 11,4 |
| Equity per share fully diluted | 11,9 | 11,3 | 11,9 | 11,3 | 11,3 |
| Dividend per share | 1,5 | - | 1,5 | - | - |

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 18 October 2024

Philip Chaabane, 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
Markus Jönsson, Chief Executive Officer

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