



2022

INTERIM REPORT Q3

JULY - SEPTEMBER



i-tech

Summary of the period

” Strong growth with Asia as the driving force ”

- Net sales for the period amounted to 21,277 (13,811) kSEK, which corresponds to a sales increase of 54 (16)%. Operating profit amounted to 4,802 (837) kSEK.

July to September 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	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	21 277	13 811	53 409	41 088	52 901
Operating result	4 802	837	6 604	-2 297	-4 683
EBITDA	6 755	2 815	12 393	3 636	3 234
Net result	4 219	925	6 261	-1 041	-2 648
Operating cash flow	9 476	956	15 833	-6 957	-1 698
Equity at end of period	111 678	106 545	111 678	106 545	104 938
Cash and cash equivalents at end of period	48 555	30 282	48 555	30 282	35 009

Rolling twelve-month turnover



CEO Comments

The third quarter sets a new high for revenue and earnings for a single quarter. The growth in the quarter stems above all from an increased demand in the wake of the multitude of product launches that took place during the pandemic. I note that our largest customer is now increasing demand in a way that is more comparable to the time prior to the pandemic, this being about a year after a series of product launches for the Asian market. The inventory problems that we have previously seen therefore appears to be in balance as far as the key markets are concerned.

The growth of our largest customer compensates for a quarterly slowdown from some of our other leading customers, and overall, we note a turnover of SEK 21.3 (13.8) million, an increase of 54 (16) %. The operating profit after tax amounted to SEK 4.8 (0,8) million. The cash flow amounted to SEK 7.7 (-3.2) million. The EBITDA margin amounted to 32% (20%), a sign of the strength in the business model, which is expected to deliver high operating returns in increasing volume, all else stays the same.

Currently we note a favourable currency position on the revenue side as we are exposed to the US dollar, both in terms of production and sales of Selektope. Adjusted for currency effects, we note a strong organic growth of 26%.

Unlike the previous quarter, which had a broader customer mix, we assess that the majority of the growth during this period is derived from a balanced increase in both Asian maintenance market as well as newbuilding market. Asia completely dominates the shipbuilding industry for both newbuilding and maintenance and recent product launches, mainly from our largest customer, are providing use in both segments.

The recent upswing for Selektope-containing products on the largest markets is vital and I confidently look forward to follow how the markets develop as other customers starts to expand the range of use of their products.



At the same time, there is a potential in Europe that has not yet been realised. This derives from a vast backlog of administrative work from authorities, as a consequence of new legislation in 2012 regarding, among other things, biocide-containing antifouling products. Products containing approved biocides that were not on the market before 2006 are still waiting to reach the decision-makers' table. The backlog is also affirmed by the deadline for re-registration of Selektope, that together with a handful of other substances within various industries being brought forward two and a half years to mid-2025. Although, in many aspects it is positive with stringent legislation, there is a lack of resources within authorities who can provide the necessary support to commercial entities.

While the road towards the EU and US markets requires a large portion of endurance, we are pleased about the more stable and favourable conditions, particularly in Asia, where all markets show high occupancy in both newbuilding and maintenance.

Previously, it has been very welcoming news to witness the integration of Selektope as a building block in multiple product launches. As growth now picks up for the second quarter in a row, confidence is increasing that pre-launch tests have shown good results and are now driving demand in the pursuit of a more efficient shipping industry with lower carbon footprint.

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 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.



In September this year, I-Tech together with RISE (Research Institutes of Sweden) welcomed 115 delegates including 32 expert speakers from industry and academia to the International Antifouling Conference 2022 which took place in the old Eriksberg shipyard area in Gothenburg.

The two-day antifouling conference provided a platform for industry and academia to meet and discuss marine fouling and future antifouling solutions. Experts in the field explored the latest research and development advances in the industry and discussed the growing global marine fouling challenge.

The overwhelming message was that "collaboration is key" when it comes to the future of marine biofouling prevention.

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 September 2022, the number of shareholders amounted to 2 710. With a closing price for the share on 30 September 2022 of SEK 37.80, the company's market capitalisation amounted to SEK 450 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 September 2022.

Shareholders	No. of shares	%
Pomona-gruppen	1 756 417	14,75%
Futur pension	940 334	7,90%
Handelsbanken Funds	925 000	7,77%
NEA Partners	624 000	5,24%
Stefan Sedersten incl. companies	451 330	3,79%
Unionen	450 000	3,78%
SEB Life, Ireland	448 926	3,77%
Second Swedish National Pension Fund	390 837	3,28%
Aquamarine	371 390	3,12%
Avanza pension	350 181	2,94%
Alcur Funds	324 671	2,73%
Öhman Funds	321 061	2,70 %
David Bendz	195 167	1,64%
Göran Källebo	175 000	1,47%
CDA	160 579	1,35%
Others	4 023 564	33,79%
Total shares	11 908 457	100,00%

Financial information

Turnover and profit/loss

Sales for the period amounted to 21,277 (13,811) kSEK, which gives a net sales increase of 54 (16%) Volume growth in our largest customer combined with a high value in the USD gives the strong growth. Adjusted for currency effects, it gives an increase of 26%.

The gross margin for the period is in line with last year 53 (52%) as a result 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 in line with previous year as no major changes have occurred.

Through the increased turnover and strengthen gross margin, the company shows a strong operating profit before depreciations for the period of 6,755 (2,815) 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 9,476 (956) kSEK where the earnings amount to 7,267 (3,173) kSEK and the working capital amounts to 2,209 (-2,217) kSEK.

During the period, I-Tech invested -28 (-254) kSEK in fixed assets. Net -1,737 (-3,880) 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 7,711 (-3,178) kSEK.

Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 48,555 (30,282) kSEK and equity amounted to 111,678 (106 545) 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

22 February 2023	Year-end report 2022
7 April 2023	Annual report 2022
4 May 2023	Interim report, quarter 1
25 August 2023	Interim report, quarter 2

Income statement

Amounts in kSEK	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operating income, etc.					
Net sales	21 277	13 811	53 409	41 088	52 901
Other operating income	1 217	21	1 781	106	621
	22 494	13 832	55 190	41 194	53 522
Cost of goods sold	-10 031	-6 622	-24 163	-19 915	-25 424
Other external costs	-2 462	-1 670	-8 392	-6 660	-10 192
Personnel expenses	-2 614	-2 507	-9 301	-9 908	-13 306
Depreciations, amortizations and impairments	-1 953	-1 978	-5 789	-5 933	-7 917
Other operating expenses	-632	-218	-941	-1 075	-1 366
	-17 692	-12 995	-48 586	-43 491	-58 205
Operating income	4 802	837	6 604	-2 297	-4 683
Financial items					
Interest income and similar items	498	386	1 293	1 117	1 501
Interest expense and similar items	-2	-42	-12	-131	-138
	496	344	1 281	986	1 363
Result after financial items	5 298	1 181	7 885	-1 311	-3 320
Tax on result from the year	-1 079	-256	-1 624	270	672
NET RESULT	4 219	925	6 261	-1 041	-2 648

Balance sheet

Amounts in kSEK	2022 Sep-30	2021 Sep-30	2021 Dec-31	2020 Dec-31
ASSETS				
Intangible assets	39 783	47 162	45 484	52 609
Tangible assets	969	252	328	192
Deferred tax assets	15 808	17 030	17 432	16 760
Total fixed assets	56 560	64 444	63 244	69 561
Inventory	4 300	4 935	3 343	4 278
Short-term receivables	13 206	22 221	13 528	5 358
Cash and bank balances	48 555	30 282	35 009	40 981
Total current assets	66 061	57 438	51 880	50 617
Total assets	122 621	121 882	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	6 261	-1 041	-2 648	-4 806
Total equity	111 678	106 545	104 938	106 602
Long-term liabilities	215	2 484	2 252	4 361
Short-term liabilities	10 728	12 853	7 934	9 215
Total liabilities	10 943	15 337	10 186	13 576
Total equity and liabilities	122 621	121 882	115 124	120 178

Cash-flow analysis

Amounts in kSEK	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operating activities					
Operating result	4 802	837	6 604	-2 297	-4 683
Adjustments for non-cash items	1 953	1 978	5 789	5 933	7 917
Interest received	498	386	1 293	1 117	1 501
Interest paid	-2	-42	-12	-131	-138
Income tax paid/received	16	14	-112	-53	-44
Changes in working capital					
Change in inventories	165	3 254	-957	-657	935
Change in operating receivables	2 294	-9 476	322	-16 863	-8 170
Change in operating liabilities	-250	4 005	2 906	5 994	984
Cash flow from operating activities	9 476	956	15 833	-6 957	-1 698
Investment activities					
Investments in non-current assets	-28	-254	-729	-546	-928
Cash flow from investment activities	-28	-254	-729	-546	-928
Financing activities					
Amortization/issue loan	-1 737	-3 880	-2 037	-4 180	-4 330
New share issue	0	-	479	984	984
Cash flow from financing activities	-1 737	-3 880	-1 558	-3 196	-3 346
The period's cash flow	7 711	-3 178	13 546	-10 699	-5 972
Cash and cash equivalents at beginning of period	40 844	33 460	35 009	40 981	40 981
Cash and cash equivalents at end of period	48 555	30 282	48 555	30 282	35 009
<i>Adjustments for non-cash items</i>					
Depreciation	1 953	1 978	5 789	5 933	7 917
Other items not affecting cash flow	-	-	-	-	-
	1 953	1 978	5 789	5 933	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	-	-	-	-	6 261	6 261
2022-09-30	23 817	753	784	143 276	-56 952	111 678

Financial ratios

Amounts in kSEK	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Turnover growth %	54%	16%	30%	-1%	0%
Gross margin %	53%	52%	55%	52%	52%
Operating margin %	23%	6%	12%	-6%	-9%
Profit margin %	20%	7%	12%	-3%	-5%
Solidity	91%	87%	91%	87%	91%
Cash liquidity	576%	408%	576%	408%	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	0,4	0,1	0,5	-0,1	-0,2
Result per share fully diluted	0,3	0,1	0,5	-0,1	-0,2
Equity per share	9,4	8,9	9,4	8,9	8,8
Equity per share fully diluted	9,2	8,9	9,2	8,9	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, 21 October 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

Address

I-Tech AB
c/o Bioventurehub
Pepparedsleden 1
431 83 Möln dal
SWEDEN
Tel: +46 (0)10-30 33 999
org.nr: 556585-9682

www.i-tech.se

Contact

Magnus Henell, CFO
Tel: +46 (0)73 910 37 03
magnus.henell@i-tech.se

Philip Chaabane, CEO
Tel: +46 (0)73 910 37 08
philip.chaabane@i-tech.se