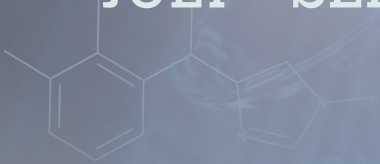




INTERIM REPORT

Q3 2023

JULY - SEPTEMBER



Summary of the period

” Steady and profitable growth ”

Net sales for the third quarter amounted to 32,175 (21,277) kSEK, which corresponds to an increase in sales of 51 (54) %. The operating profit amounted to 8,132 (4,802) kSEK

July to September 2023

- No significant events occurred during the period

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 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	32 175	21 277	95 588	53 409	83 631
Operating result	8 132	4 802	23 867	6 604	12 024
EBITDA	10 144	6 755	29 828	12 393	20 045
Net result	6 782	4 219	20 435	6 261	10 617
Operating cash flow	17 181	9 476	35 917	15 833	20 125
Equity at end of period	136 470	111 678	136 470	111 678	116 035
Cash and cash equivalents at end of period	84 593	48 555	84 593	48 555	52 754

Rolling twelve-month turnover



CEO Comments

The third quarter consolidates the trend of a strong sales growth with solid profitability, repeating the development over the past four quarters. The sales growth amounted to 51 (54) %, adjusted for currency this represents a strong growth compared to the previous year with 48% (26%). Sales over the quarter amounted to 32,2 (21,3) MSEK and the operating result amounted to 8,1 (4,8) MSEK i.e. 69% growth. Following a period of many interesting customer meetings, both nearby and in Asia, I sense a strong continued interest from not only our largest customer but also several other prominent paint makers.

Overall, I note that our product, Selektope is being regarded as a key component in meeting stricter emission requirements for the shipping industry. Newly tightened targets from the International Maritime Organization (IMO) are set for the industry to reach net-zero greenhouse gas emissions by or around 2050. Such a complete shift would entail use of fuel from renewable sources which increases fuel costs considerably and consequently the penalty from energy losses will be greater.

The strong market in Asia propels our sales, representing 87% of our revenues while EU stands for 13%, a slightly higher figure compared to earlier periods. According to statistics from Clarksons, Asia stands for 60-70% of all global dry-dockings for the larger commercial shipping fleet, while more than 90% of newbuilds take place in Asia. Our sales figures mirror the global market for marine paint fairly well. I am, however, certain that the progress in EU would have been greater if end-product approvals (especially those using novel technologies) would have been approved in a speedier manner following years of significant delays.

In contrast to the past quarter, our customer mix is heavily skewed towards one specific customer while the geographical spread presents a somewhat greater variety. In the wake of our largest customer, Chugoku Marine Paints gaining market share, the demand for



Selektope is increasing. It's encouraging to see how our technology can contribute to our customers' success.

During the quarter, I-Tech hosted a unique industry event gathering key representatives from the entire value chain with the purpose of inspiring a higher degree of collaboration to find ways to fulfill the demands on antifouling coatings set by shipowners and operators. Around 170 of the leading developers, innovators, suppliers and academics gathered in Gothenburg with a selected number of end-users to take part of this unique event that proved to be highly appreciated and needed. Apart from the overwhelming positive feedback throughout the industry, I take particular note of the clear message that biocides, although in optimised combinations, are a necessity to achieve the IMO targets to lower emissions. There are simply no viable alternatives at hand, as time is running out to control global warming.

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 Selektepe, 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 Selektepe 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 Selektepe'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: I-Tech and RISE (Research Institutes of Sweden) brought the marine antifouling community together to address future biofouling prevention.

In September, I-Tech gathered 170 experts on antifouling technology from all over the world to discuss future antifouling coatings.

Antifouling coatings which more effectively protect ships against biofouling will be crucial in meeting some of the UN's global sustainability goals and decarbonisation targets for the international shipping industry - that was one of the conclusions at the international Anti-fouling Conference where it was also concluded that, to innovate these coatings, increased collaborations in research and development between suppliers and coating manufacturers are necessary to effectively make use of all available biocides and technologies.

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 September 30, 2023 the number of shareholders amounted to 2,586. With a closing price for the share on September 30, 2023 of SEK 42 the company's market capitalisation amounted to SEK 500 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 Funds	1 100 000	9,24%
Swedbank Robur	932 500	7,83%
Futur pension	887 039	7,45%
NEA Partners	624 000	5,24%
Sniptind Invest	494 650	4,15%
Stefan Sedersten incl. Companies	451 330	3,79%
Unionen	450 000	3,78%
Second Swedish National Pension Fund	390 837	3,28%
Swedia Capital	386 322	3,24%
Fontenelles Holding	358 831	3,01%
Avanza pension	323 088	2,71%
IBKR Financial Services	317 790	2,67%
Öhman Funds	187 984	1,58%
David Bendz	175 167	1,47%
Others	3 072 502	25,80%
Total shares	11 908 457	100,00%

Financial information

Turnover and profit/loss

Sales for the period amounted to 32,175 (21,277) kSEK, which gives a net sales increase of 51% (54%). In the quarter the main focus was from the customers largest customer, CMP, who continues its growth. Adjusted for currency effects, it gives an increase of 48% (26%).

The gross margin for the period is in line with last year, 52% (53%) and reflects a stable price and cost level.

Other external costs show a significant growth compared to previous year mainly due to activities for the reregistration of the EU BPR approval. Furthermore, all costs for the conference that I-Tech hosted appears this year. These costs are counteracted by other operating income. Personnel costs increase in line with reinforcements in personnel.

Through the increased turnover, the company continues to show a strong operating profit before depreciations for the period of 8,132 (4,802) 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 17,181 (9,476) kSEK where the earnings amount to 10,587 (7,267) kSEK and the working capital amounts to 6,594 (2,209) kSEK.

During the period, I-Tech invested -115 (-28) kSEK in fixed assets, mainly for the new premises and laboratory. Net -2,252 (1,737) kSEK has been deducted from the cash flow as the company made the final re-payment of the loan from Energimyndigheten. This gives a total cash flow for the period of 14,814 (7,711) kSEK.

Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 84,593 (48,555) kSEK and equity amounted to 136,470 (111,678) 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 2022.

Upcoming financial reports

8 February 2024	Year-End report
12 April 2024	Annual report
7 May 2024	Interim report, quarter 1
23 August 2024	Interim report, quarter 2

Income statement

Amounts in kSEK	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Operating income, etc.					
Net sales	32 175	21 277	95 588	53 409	83 631
Other operating income	1 240	1 217	1 772	1 781	2 650
	33 415	22 494	97 360	55 190	86 281
Cost of goods sold	-15 371	-10 031	-45 149	-24 163	-38 504
Other external costs	-4 065	-2 462	-10 612	-8 392	-12 281
Personnel expenses	-3 111	-2 614	-10 094	-9 301	-13 242
Depreciations, amortizations and impairments	-2 012	-1 953	-5 961	-5 789	-8 021
Other operating expenses	-724	-632	-1 677	-941	-2 209
	-25 283	-17 692	-73 493	-48 586	-74 257
Operating income	8 132	4 802	23 867	6 604	12 024
Financial items					
Interest income and similar items	667	498	2 127	1 293	1 414
Interest expense and similar items	-257	-2	-257	-12	-12
	410	496	1 870	1 281	1 402
Result after financial items	8 542	5 298	25 737	7 885	13 426
Tax on result from the year	-1 760	-1 079	-5 302	-1 624	-2 809
NET RESULT	6 782	4 219	20 435	6 261	10 617

Balance sheet

Belopp i TSEK	2023 Sep-30	2022 Sep-30	2022 Dec-31	2021 Dec-31
ASSETS				
Intangible assets	31 995	39 783	37 615	45 484
Tangible assets	2 409	969	924	328
Deferred tax assets	9 322	15 808	14 623	17 432
Total fixed assets	43 726	56 560	53 162	63 244
Inventory	4 360	4 300	2 413	3 343
Short-term receivables	19 438	13 206	17 077	13 528
Cash and bank balances	84 593	48 555	52 754	35 009
Total current assets	108 391	66 061	72 244	51 880
Total assets	152 117	122 621	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	20 435	6 261	10 617	-2 648
Total equity	136 470	111 678	116 035	104 939
Long-term liabilities	-	215	-	2 252
Short-term liabilities	15 647	10 728	9 371	7 933
Total liabilities	15 647	10 943	9 371	10 185
Total equity and liabilities	152 117	122 621	125 406	115 124

Cash-flow analysis

Belopp i TSEK	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Operating activities					
Operating income	8 132	4 802	23 867	6 604	12 024
Adjustments for non-cash items	2 012	1 953	5 961	5 789	8 095
Interest received	689	498	1 897	1 293	1 414
Interest paid	-257	-2	-257	-12	-12
Income tax paid/received	11	16	-52	-112	-102
Changes in working capital					
Change in inventories	-2 078	165	-1 947	-957	930
Change in operating receivables	2 515	2 294	-2 131	322	-3 549
Change in operating liabilities	6 157	-250	8 579	2 906	1 325
Changes in working capital	17 181	9 476	35 917	15 833	20 125
Investment activities					
Investments in non-current assets	-115	-28	-1 826	-729	-822
Cash flow from investment activities	-115	-28	-1 826	-729	-822
Financing activities					
Amortization/issue loan	-2 252	-1 737	-2 252	-2 037	-2 037
New share issue	-	-	-	479	479
Cash flow from financing activities	-2 252	-1 737	-2 252	-1 558	-1 558
The period's cash flow	14 814	7 711	31 839	13 546	17 745
Cash and cash equivalents at beginning of period	69 779	40 844	52 754	35 009	35 009
Cash and cash equivalents at end period	84 593	48 555	84 593	48 555	52 754
Adjustments for non-cash items					
Depreciation and amortizations	2 012	1 953	5 961	5 789	8 021
Other items not affecting cash flow	-	-	-	-	74
	2 012	1 953	5 961	5 789	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	-	-	-	-	6 782	6 782
2023-09-30	23 817	753	775	143 276	-45 804	122 817

Financial ratios

Amounts in kSEK	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Turnover growth %	51%	54%	79%	30%	58%
Gross margin %	52%	53%	53%	55%	54%
Operating margin %	25%	23%	25%	12%	14%
Profit margin %	21%	20%	21%	12%	13%
Solidity	90%	91%	90%	91%	93%
Cash liquidity	665%	576%	665%	576%	745%
Return on average total capital	6%	4%	19%	7%	11%
Return on average total equity	6%	5%	20%	7%	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	0,4	1,7	0,5	0,9
Result per share fully diluted	0,6	0,4	1,7	0,5	0,9
Equity per share	11,5	9,4	9,7	8,8	9,7
Equity per share fully diluted	11,3	9,3	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

Möln dal 20 October 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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