



2022

YEAR END REPORT

JANUARY - DECEMBER



i-tech

Summary of the period

” Robust growth ends a successful year ”

- Net sales during the period amounted to 30 222 (11 813) TSEK corresponding to a sales increase of 156 (6) %. Operating profit amounted to 5 420 (-2 386) TSEK.
- Net sales for the full year 2022 amounted to 83 631 (52 901) TSEK corresponding to a sales increase of 58 (0) %. The operating profit amounted to 12 024 (-4 683) TSEK.

January to December 2022

- I-Tech held its Annual General Meeting (AGM) in May. At the meeting, it was decided to approve a long-term incentive program with warrants for management and other employees. The program has been implemented with 100% subscription rate. At the AGM Dr Raouf Kattan was elected as a regular member of the board of directors alongside existing representatives, who all were re-elected.

Important events after the period

- No specific events occurred after the period.

Financial Summary

All amounts in TSEK	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net sales	30 222	11 813	83 631	52 901
Operating result	5 420	-2 386	12 024	-4 683
EBITDA	7 652	-402	20 045	3 234
Net result	4 356	-1 607	10 617	-2 648
Operating cash flow	4 292	5 259	20 125	-1 698
Equity at end of period	116 035	104 939	116 035	104 939
Cash and cash equivalents at end of period	52 754	35 009	52 754	35 009

Rolling twelve-month turnover



CEO Comments

The last quarter of the year is in a class of its own demonstrating our position as an established growth company. The sales overtook any previous levels by large margins driven by strong macro-trends that increases focus on high performing antifouling products. A segment in which Selektepe is included in more and more product offerings by our customers.

The turnover for the quarter reached a record level of 30.2 MSEK (11.8) which equals an increase of 156%. The organic growth (excluding currency effects) amounted to 85.4%. The operating profit amounted to 5.4 MSEK (-2.4). The strong performance in the quarter closed a successful year establishing ourselves as a growth company under increasing profitability albeit with an extra boost effect from currencies. Sales for the full year amounted to 83.6 MSEK (52.9), an increase of 58%. The organic growth reached 25.8% for the full year and the operating results amounted to 12.0 MSEK (4.7 MSEK). In addition, the EBITDA-margin raised from 6% to 24%.

The driving force for the quarter, and to a large extent for the year as such, comes from increased activity in Asia. Primarily, we take notice of a strong increase in Japan and Korea. Sales are reported to be both from newbuilding and maintenance segment with some overweight towards newbuilding. Our largest customer, Chugoku Marine Paints (CMP) is the main contributor to the growth but recurring sales to 5 other large paint companies also contributes.

The up-take in Japan is considerable and is linked to an increase of the many products launched on this market the past few years. Selektepe is increasing its share in CMPs Japanese product portfolio. In addition, a second customer is growing in the Japanese market although from low levels. Growth is also considerable in Korea with its strong position in the new building segment. Here our sales increased by more than 100% compared to the previous year.

As previously addressed, the effects of tighter regulation on emissions to air within shipping is a top priority for operators, owners and charter companies. From January all vessels are required



to report their actual carbon emissions to air under the Carbon Intensity Index (CII). In addition, demand is driven by energy efficiency guidelines related to ship design (EEXI Energy Efficiency Existing Ship Index). Recently, it was also decided that the shipping industry is to be included in the EU-ETS (Emissions Trading System) starting 2024. The macro-trends are clearly closing in demonstrating the importance of investing in the best and most appropriate coating. For example, during the period a heavily fouled cruise vessel was denied port entry in various countries around Oceania due to excessive biofouling and risk of transferring invasive species.

In addition to the sustainability factors related to reducing greenhouse gas emissions to air throughout the value chain, regulators are pushing a stricter view of which technologies can be used. At the moment, Korea is in focus where regulators have launched a plan to reduce the biocidal loadings in coatings to around 1% of each active substance. The options to achieve this are clearly limited and to comply, Selektepe represents a highly interesting enabler as it is effective already at 0.1%.

Following a few years of troublesome external factors we are, with support from a strong 2022, raising the bar in our outlook moving forward. Our ambition is to achieve a sustainable double digit profitable growth within our core business. Our judgement is that macro-trends combined with higher underlying customer activity should support our ambition.

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 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.



I-Tech's strategy to demonstrate improvements of how our molecule can be integrated into different paint systems, self-polishing and silicone, has reached a first milestone. A selection of the results were communicated through various white papers during the last quarter of the year. These are available to read at <https://selektope.com/blog/whitepapers-and-brochures/>. Development results are used as a foundation in the customer dialogue. This endeavor is a first step towards a better integration with the customers' development processes.

Other information

Share information

At the start of 2022, 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 December 2022, the number of shareholders amounted to 2 765. With a closing price for the share on 30 December 2022 of SEK 53.80, the company's market capitalisation amounted to SEK 641 million.

Risk factors

The company's risks are primarily related to the market development of Selektöpe, 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 December 2022.

Shareholders	No. of shares	%
Pomona-gruppen	1 756 417	14,75%
Handelsbanken Funds	1 075 000	9,03%
Futur pension	940 334	7,90%
Swedbank Robur	932 500	7,83%
NEA Partners	624 000	5,24%
Stefan Sedersten incl. Companies	451 330	3,79%
Unionen	450 000	3,78%
Avanza pension	424 968	3,57%
Second Swedish National Pension Fund	390 837	3,28%
Swedia Capital	385 920	3,24%
Aquamarine	371 390	3,12%
Alcur Funds	324 671	2,73%
Öhman Funds	321 061	2,70%
Sniptind Invest	203 315	1,71%
David Bendz	195 167	1,64%
Others	3 061 547	25,71%
Total shares	11 908 457	100,00%

Financial information

Turnover and profit/loss

Sales for the period amounted to 30 222 (11 813) kSEK, which gives a net sales increase of 156% (6%). Strong volume growth in our largest customer, CMP, combined with growth among other customers and a high value in the USD results in the strongest quarter ever. Adjusted for currency effects, it gives an increase of 85%.

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

Other external costs have increased in line with planned activities in R&D and regulatory work. Personnel costs have increased slightly in line with reinforcements in personnel and the Board of Directors.

Through the increased turnover and strengthen gross margin, the company shows a strong operating profit before depreciations for the period of 7 652 (-402) 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 4 292 (5 259) kSEK where the earnings amount to 7 857 (-16) kSEK and the working capital amounts to -1 188 (5 275) kSEK.

During the period, I-Tech invested -93 (-382) kSEK in fixed assets. Net 0 (-150) kSEK has been deducted from the cash flow from financing activities as the only long-term financing now consists of loans from Energimyndigheten with amortisations during quarter 3 each year. This gives a total cash flow for the period of 4 199 (4 727) kSEK.

Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 52 754 (35 009) kSEK and equity amounted to 116 035 (104 939) 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

7 April 2023	Annual report 2022
4 May 2023	Interim report, quarter 1
25 August 2023	Interim report, quarter 2
20 October 2023	Interim report, quarter 3

Income statement

Amounts in kSEK	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating income, etc.				
Net sales	30 222	11 813	83 631	52 901
Other operating income	869	515	2 650	621
	31 091	12 328	86 281	53 522
Cost of goods sold	-14 341	-5 509	-38 504	-25 424
Other external costs	-3 889	-3 532	-12 281	-10 192
Personnel expenses	-3 941	-3 398	-13 242	-13 306
Depreciations, amortizations and impairments	-2 232	-1 984	-8 021	-7 917
Other operating expenses	-1 268	-291	-2 209	-1 366
	-25 671	-14 714	-74 257	-58 205
Operating income	5 420	-2 386	12 024	-4 683
Financial items				
Interest income and similar items	121	384	1 414	1 501
Interest expense and similar items	-	-7	-12	-138
	121	377	1 402	1 363
Result after financial items	5 541	-2 009	13 426	-3 320
Tax on result from the year	-1 185	402	-2 809	672
NET RESULT	4 356	-1 607	10 617	-2 648

Balance sheet

Amounts in kSEK	2022 Dec-31	2021 Dec-31
ASSETS		
Intangible assets	37 615	45 484
Tangible assets	924	328
Deferred tax assets	14 623	17 432
Total fixed assets	53 162	63 244
Inventory	2 413	3 343
Short-term receivables	17 077	13 528
Cash and bank balances	52 754	35 009
Total current assets	72 244	51 880
Total assets	125 406	115 124
EQUITY AND LIABILITIES		
Share capital	23 817	23 817
Restricted equity	1 528	1 537
Unrestricted equity	80 073	82 233
Result	10 617	-2 648
Total equity	116 035	104 939
Long-term liabilities	-	2 252
Short-term liabilities	9 371	7 933
Total liabilities	9 371	10 185
Total equity and liabilities	125 406	115 124

Cash-flow analysis

Amounts in kSEK	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Operating activities				
Operating result	5 420	-2 386	12 024	-4 683
Adjustments for non-cash items	2 306	1 984	8 095	7 917
Interest received	121	384	1 414	1 501
Interest paid	-	-7	-12	-138
Income tax paid/received	10	9	-102	-44
Changes in working capital				
Change in inventories	1 887	1 592	930	935
Change in operating receivables	-3 871	8 693	-3 549	-8 170
Change in operating liabilities	-1 581	-5 010	1 325	984
Cash flow from operating activities	4 292	5 259	20 125	-1 698
Investment activities				
Investments in non-current assets	-93	-382	-822	-928
Cash flow from investment activities	-93	-382	-822	-928
Financing activities				
Amortization/issue loan	-	-150	-2 037	-4 330
New share issue	-	-	479	984
Cash flow from financing activities	-	-150	-1 558	-3 346
The period's cash flow	4 199	4 727	17 745	-5 972
Cash and cash equivalents at beginning of period	48 555	30 282	35 009	40 981
Cash and cash equivalents at end of period	52 754	35 009	52 754	35 009
<i>Adjustments for non-cash items</i>				
Depreciation and amortizations	2 232	1 984	8 021	7 917
Other items not affecting cash flow	74	-	74	-
	2 306	1 984	8 095	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	-61 776	106 603
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	-63 691	104 939
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 period	-	-	-	-	10 617	10 617
2022-12-31	23 817	753	775	143 276	-52 586	116 035

Financial ratios

Amounts in kSEK	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Turnover growth %	156%	6%	58%	0%
Gross margin %	53%	53%	54%	52%
Operating margin %	18%	-20%	14%	-9%
Profit margin %	14%	-14%	13%	-5%
Solidity	93%	91%	93%	91%
Cash liquidity	745%	612%	745%	612%
Return on average total capital	0	neg.	0	neg.
Return on average total equity	0	neg.	0	neg.
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	0,4	-0,1	0,9	-0,2
Result per share fully diluted	0,4	-0,1	0,9	-0,2
Equity per share	9,7	8,8	9,7	8,8
Equity per share fully diluted	9,6	8,8	9,6	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, 22 February 2023

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

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