



**APRIL-JUNE**

***2021***

**INTERIM REPORT Q2**



# Summary of the period

## " Positive key events in a challenging business cycle "

- Net turnover for the period amounted to 12 819 (16 150) kSEK, corresponding to a decrease in turnover of -21% (28%). Operating profit/loss amounted to -3 192 (47) kSEK.

### April to June 2021

- Chugoku Marine Paints launched SEAFLO NEO M1 PLUS, another global Selektope®-powered antifouling paint.
- I-Tech received an order worth SEK 53 million from Chugoku Marine Paints.
- I-Tech held its Annual General Meeting in May. A decision on a warrant program for management and other employees was taken at the meeting. The program is now implemented and subscribed to 93%.

### Important events after the period

- No important events have occurred after the period.

## Financial Summary

All amounts in TSEK	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	12 819	16 150	27 277	29 675	52 819
Operating result	-3 192	47	-3 134	-937	-5 167
EBITDA	-1 213	2 045	821	3 049	3 600
Net result	-2 381	-364	-1 966	-896	-4 806
Operating cash flow	-7 611	1 055	-7 913	1 351	5 388
Equity at end of period	105 620	110 512	105 620	110 512	106 602
Cash and cash equivalents at end of period	33 460	39 886	33 460	39 886	40 981

## Rolling twelve-month turnover



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## CEO comments

**We expect that the new products launched by our customers over the past two quarters will provide new momentum to our sales growth. However, we are still limited by the impact of the pandemic in Asia, with locally-ordered shipyard closures and generally high material costs for customers.**

Sales for the second quarter amounted to SEK 12.8 (16.2) million and, for the first half of the year, sales amounted to SEK 27.3 (29.7) million. Sales grew organically (adjusted for currency effects) by 3% on a half-year basis, despite declining by -11% in the second quarter. The operating loss amounted to -3,192 (47) kSEK, which is mainly attributed by non-recurring costs in connection with the launch of an employee warrants program and a lower gross profit as a result of lower sales. The gross margin amounted to 51 (47)%, a level that is close to the previous quarter's levels, thanks to stable deliveries, cost control and a slightly broader customer mix than the previous year. Over the period significant inventory build has occurred to secure the deliveries over the coming quarters. This have had a negative effect on the cash-flow, which amount to -7 040 (893) kSEK.

Business highlights during the quarter include CMP's launch of a new global antifouling paint, SEAFLO NEO M1 PLUS, a Selektope®-powered product intended for both the new construction market and the maintenance market. The product has a lower amount of solvent than the one it replaces and this, together with the use of Selektope®, contributes to a product with a better sustainability profile.

CMP, who accounted for the majority of sales during the quarter, placed a new order for Selektope® worth SEK 53 million. This testifies to the fact that our customers are optimistic, want to stay ahead and want to secure production capacity for the next 18 months. The order itself is at the same level as the one we received before the pandemic started and indicates that we now see a more predictable future, not least with regard to the investment in Selektope®-containing products with fuel-saving capacity.



After a 60-month sailing interval, very positive results have been obtained from the tanker, Calypso. The results are both numerical and visual, and provide a convincing picture that Selektope®, together with customers' own coating technologies, can significantly reduce fuel consumption relative to the average value of the world fleet. A so-called average weighted speed loss of 0.5% was reported, which is impressive given the tanker's operating pattern over the period. According to various sources, the average weighted speed loss of the world fleet is 5.9% over a docking-period. This shows that Selektope® can generate good fuel savings, whilst at the same time significantly reducing the biocide content.

In summary, we are still in the challenging business cycle that has characterised the business since the rapid slowdown in the third quarter of 2020. As the effects of COVID-19 are slowly diminishing, challenges related to exceptionally high raw material costs for metal oxides and solvents (which make up a relatively large part of all antifouling products) are increasing. However, I am convinced that growth will return and be strengthened due to the fact that we have a broader customer base and more products on the market from CMP. In addition, there is increased environmental focus in the market as the IMO decided during the summer to introduce the "EEXI" (energy efficiency index for existing ships) and "CII" (carbon intensity indicator) regulations that focus on reducing emissions throughout the world fleet, both when it comes to choice of design, systems and components, as well as how ships are operated and maintained.

Philip Chaabane, CEO



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## 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.

During 2018, the company was listed on Nasdaq First North Growth Market and completed a share issue in conjunction with the listing. The company raised SEK 40 million after issue costs and now has the resources to implement strategic investments to achieve long-term objectives. These investments include process and method development within production, with the aim to increase efficiency, develop the supply chain, expand commercial capabilities and increase R&D activities to support existing business, as well as to develop potential new application areas. Lastly, investments will also be made to enter new markets where regulatory processes are expected to be initiated moving forward.



*On 14 June 2021, the tanker Lady Mari Innovator was launched as the first in a series of 8 vessels from Marininvest, equipped with the latest technology for sustainable shipping. All eight tankers will be painted with a Selektope®-powered antifouling paint to protect against marine growth.*

# 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 Nasdaq First North Growth Market at Nasdaq Stockholm as of 29 May 2018. As of 30 June 2021, the number of shareholders amounted to 3,173. With a closing price for the share on 30 June 2021 of SEK 63,40, the company's market capitalisation amounted to SEK 755 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 2020.

## 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 on May 20 adopted a long-term incentive program for management and other staff in the form of warrants. The program amounted to a maximum of 89,301 shares, of which 83,348 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 interim report has not been reviewed by the company's auditor.

## List of stakeholders

The list of stakeholders shows the status in the company as of 30 June 2021.

Shareholders	No. of shares	%
Pomona-gruppen	1 357 528	11,40%
Swedbank Robur	932 500	7,83%
Handelsbanken Funds	860 000	7,22%
Länsförsäkringar Funds	606 869	5,10%
Futur pension	603 475	5,07%
Stefan Sedersten incl. companies	451 330	3,79%
Unionen	450 000	3,78%
Cliens Funds	398 889	3,35%
Second Swedish National Pension Fund	390 837	3,28%
Aquamarine	371 390	3,12%
Avanza Pension	370 085	3,11%
Fourth Swedish National Pension Fund	325 133	2,73%
Öhman Funds	251 213	2,11%
Almi Invest Companies	240 466	2,02%
SEB AB Luxemburg	220 232	1,85%
Others	4 078 510	34,25%
<b>Total shares</b>	<b>11 908 457</b>	<b>100,00%</b>

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# Financial information

## Turnover and profit/loss

Sales for the period amounted to 12 819 (16 150) kSEK, which gives a net sales decrease of -21% (28%). The decrease is primarily due to the effects of the COVID-19 pandemic and a strong Swedish crown currency. Adjusted for currency effects, it gives a decrease of 11%.

The gross margin for the period has strengthened compared to the previous year, 51% (47%). This is an effect of the customer mix in completed deliveries.

Personnel and other external costs have increased compared to the previous year, partly due to increased R&D efforts and regulatory work, and partly due to part-compensation to personnel regarding costs for the incentive program that was launched during the period. Other external costs have decreased slightly compared to the previous year mainly due to the effects of the ongoing pandemic.

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 -7 611 (1 055) kSEK where the earnings amount to -994 (1 577) kSEK and the working capital amounts to -6 617 (-522) kSEK. The change in working capital is mainly attributable to stock build-up to minimise supply risks during the pandemic.

During the period, I-Tech invested -263 (-12) kSEK in fixed assets. Investments mainly refer to capitalised costs in intangible assets. Net -150 (-150) kSEK has been deducted from the cash flow from financing activities. The negative effect is directly attributable to the repayment of long-term loans. This gives a total cash flow for the period of -7 040 (893) kSEK.

## Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 33 460 (39 886) kSEK and equity amounted to 105 620 (110 512) kSEK. The change in cash and cash equivalents and equity is directly related to the company's results, other operating changes, as well as an increase in equity in conjunction with the establishment of the warrants program for management and other staff.

## Principles of preparation

The accounts in this interim 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 2020.

# Upcoming financial reports

**22 October 2021**      **Interim report, quarter 3**

**23 February 2022**      **Year-end report 2021**

**5 May 2022**      **Interim report, quarter 1**

# Income statement

<i>Amounts in kSEK</i>	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
<b>Operating income, etc.</b>					
Net sales	12 819	16 150	27 277	29 675	52 819
Other operating income	76	385	85	630	841
	<b>12 895</b>	<b>16 535</b>	<b>27 362</b>	<b>30 305</b>	<b>53 660</b>
Cost of goods sold	-6 325	-8 539	-13 293	-16 012	-27 638
Other external costs	-2 594	-2 741	-4 990	-5 583	-10 503
Personnel expenses	-4 383	-2 824	-7 401	-5 232	-10 427
Depreciations, amortizations and impairments	-1 979	-1 998	-3 955	-3 986	-8 767
Other operating expenses	-806	-386	-857	-429	-1 492
	<b>-16 087</b>	<b>-16 488</b>	<b>-30 496</b>	<b>-31 242</b>	<b>-58 827</b>
<b>Operating income</b>	<b>-3 192</b>	<b>47</b>	<b>-3 134</b>	<b>-937</b>	<b>-5 167</b>
<b>Financial items</b>					
Interest income and similar items	236	-395	731	-	-
Interest expense and similar items	-44	-123	-89	-204	-876
	<b>192</b>	<b>-518</b>	<b>642</b>	<b>-204</b>	<b>-876</b>
<b>Result after financial items</b>	<b>-3 000</b>	<b>-471</b>	<b>-2 492</b>	<b>-1 141</b>	<b>-6 043</b>
Tax on result from the year	619	107	526	245	1 237
<b>NET RESULT</b>	<b>-2 381</b>	<b>-364</b>	<b>-1 966</b>	<b>-896</b>	<b>-4 806</b>

# Balance sheet

<i>Amounts in kSEK</i>	2021 Jun-30	2020 Jun-30	2020 Dec-31	2019 Dec-31
<b>ASSETS</b>				
Intangible assets	48 871	57 020	52 609	60 891
Tangible assets	267	109	192	119
Deferred tax assets	17 286	15 767	16 760	15 523
<b>Total fixed assets</b>	<b>66 424</b>	<b>72 896</b>	<b>69 561</b>	<b>76 533</b>
Inventory	8 189	3 596	4 278	1 265
Short-term receivables	12 745	10 265	5 358	14 585
Cash and bank balances	33 460	39 886	40 981	38 940
<b>Total current assets</b>	<b>54 394</b>	<b>53 747</b>	<b>50 617</b>	<b>54 790</b>
<b>Total assets</b>	<b>120 818</b>	<b>126 643</b>	<b>120 178</b>	<b>131 323</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	23 817	23 817	23 817	23 817
Restricted equity	1 286	1 411	1 286	1 411
Unrestricted equity	82 483	86 180	86 305	77 753
Result	-1 966	-896	-4 806	8 427
<b>Total equity</b>	<b>105 620</b>	<b>110 512</b>	<b>106 602</b>	<b>111 408</b>
Long-term liabilities	4 061	8 319	4 361	8 618
Short-term liabilities	11 137	7 812	9 215	11 297
<b>Total liabilities</b>	<b>15 198</b>	<b>16 131</b>	<b>13 576</b>	<b>19 915</b>
<b>Total equity and liabilities</b>	<b>120 818</b>	<b>126 643</b>	<b>120 178</b>	<b>131 323</b>



# Cash-flow analysis

<i>Amounts in kSEK</i>	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
<b>Operating activities</b>					
Operating result	-3 192	47	-3 134	-937	-5 167
Adjustments for non-cash items	1 979	1 998	3 955	3 986	8 767
Interest received	236	-395	731	-	-
Interest paid	-44	-123	-89	-204	-876
Income tax paid/received	27	50	-67	68	139
<b>Changes in working capital</b>					
Change in inventories	-5 175	-1 447	-3 911	-2 331	-3 013
Change in operating receivables	-78	2 976	-7 387	4 320	9 227
Change in operating liabilities	-1 364	-2 051	1 989	-3 551	-3 689
<b>Cash flow from operating activities</b>	<b>-7 611</b>	<b>1 055</b>	<b>-7 913</b>	<b>1 351</b>	<b>5 388</b>
<b>Investment activities</b>					
Investments in non-current assets	-263	-12	-292	-105	-558
<b>Cash flow from investment activities</b>	<b>-263</b>	<b>-12</b>	<b>-292</b>	<b>-105</b>	<b>-558</b>
<b>Financing activities</b>					
Amortization/issue loan	-150	-150	-300	-300	-2 789
<b>Cash flow from financing activities</b>	<b>834</b>	<b>-150</b>	<b>684</b>	<b>-300</b>	<b>-2 789</b>
<b>The period's cash flow</b>	<b>-7 040</b>	<b>893</b>	<b>-7 521</b>	<b>946</b>	<b>2 041</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>40 500</b>	<b>38 993</b>	<b>40 981</b>	<b>38 940</b>	<b>38 940</b>
<b>Cash and cash equivalents at end of period</b>	<b>33 460</b>	<b>39 886</b>	<b>33 460</b>	<b>39 886</b>	<b>40 981</b>
<i>Adjustments for non-cash items</i>					
Depreciation	1 979	1 998	3 955	3 986	8 767
Other items not affecting cash flow	-	-	-	-	-
	<b>1 979</b>	<b>1 998</b>	<b>3 955</b>	<b>3 986</b>	<b>8 767</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	
2020-01-01	23 817	753	658	143 276	-57 096	111 408
Change in development expenses	-	-	-125	-	125	-
Net result for the year	-	-	-	-	-4 806	-4 806
<b>2020-12-31</b>	<b>23 817</b>	<b>753</b>	<b>533</b>	<b>143 276</b>	<b>-61 777</b>	<b>106 602</b>
2021-01-01	23 817	753	533	143 276	-61 777	106 602
New issue	-	-	-	-	984	984
Net result for the period	-	-	-	-	-1 966	-1 966
<b>2021-06-30</b>	<b>23 817</b>	<b>753</b>	<b>533</b>	<b>143 276</b>	<b>-62 759</b>	<b>105 620</b>

# Financial ratios

<i>Amounts in kSEK</i>	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Turnover growth %	-21%	28%	-8%	58%	82%
Gross margin %	51%	47%	51%	46%	48%
Operating margin %	-25%	0%	-11%	-3%	-10%
Profit margin %	-19%	-2%	-7%	-3%	-9%
Solidity	87%	87%	87%	87%	89%
Cash liquidity	415%	642%	415%	642%	503%
Return on average total capital	neg.	neg.	neg.	neg.	neg.
Return on average total equity	neg.	neg.	neg.	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	-0,2	0,0	-0,2	-0,1	-0,4
Result per share fully diluted	-0,2	0,0	-0,2	-0,1	-0,4
Equity per share	8,9	0,0	8,9	9,3	9,0
Equity per share fully diluted	8,8	0,0	8,8	9,3	9,0
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, 25 August 2021

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  
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](http://www.i-tech.se)

## **Contact**

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

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