



**JANUARY-DECEMBER**

***2021***

**YEAR END REPORT**



# Summary of the period

**“ Strong development of customer base contributes to improved operating result ”**

- Net turnover for the fourth quarter amounted to 11 813 (11 188) kSEK, corresponding to an increase in turnover of 6% (-23%). Operating profit/loss amounted to -2 386 (-3 507) kSEK.
- Net turnover for the full year 2021 amounted to 52 901 (52 819) kSEK, corresponding to an increase in turnover of 0% (16%). Operating profit/loss amounted to -4 683 (-5 167) kSEK.

## January to December 2021

- Chugoku Marine Paints expanded its portfolio with three new antifouling paints containing Selektope® in Japan: Sea Premier 3000 PLUS 1, 2000 PLUS and 033 Seajet Premium.
- Chugoku Marine Paints launched another global antifouling paint containing Selektope®: SEAFLO NEO M1 PLUS.
- I-Tech received an order from Chugoku Marine Paints for SEK 53 million.
- I-Tech presented its communiqué from the Annual General Meeting. The meeting resolved to approve a warrant program for management and other employees. The program has been implemented and was subscribed to 93%.
- I-Tech entered into a product development collaboration with IFF Microbial Control.

## Important events after the period

- No important events have occurred after the period.

## Financial Summary

<i>All amounts in TSEK</i>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Oct-Dec</b>	<b>Oct-Dec</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>
Net sales	11 813	11 188	52 901	52 819
Operating result	-2 386	-3 507	-4 683	-5 167
EBITDA	-402	-718	3 234	3 600
Net result	-1 607	-3 119	-2 648	-4 806
Operating cash flow	5 259	-1 785	-1 698	5 388
Equity at end of period	104 938	106 602	104 938	106 602
Cash and cash equivalents at end of period	35 009	40 981	35 009	40 981

## Rolling twelve-month turnover



---

## CEO comments

**During 2021, I-Tech strengthened its position and broadened the foundations for more significant sales growth. We further grew the customer base and our operational result improved, despite a year with relatively high costs and marginal sales growth.**

During the fourth quarter, net turnover increased by 6% (-23%) amounting to 11 813 (11 188) kSEK, which contributes to a positive development during the second half of 2021. Net turnover amounted to 52 901 (52 819) kSEK on a full-year basis, which, by a small margin, is the highest level so far in the company's history. Happily, the operating result continues to improve on a full-year basis, despite marginal sales growth, amounting to -4 683 (-5 167) kSEK. For the closing quarter, an operating loss of -2 386 (-3 507) kSEK is noted.

The EBITDA result showed a sustained trend with black figures on a full-year basis, 3 234 (3 600) kSEK, while cash flow is weighed down by loan repayments and increased working capital, even though the fourth quarter shows a strong positive impact, primarily through the utilisation of previous advance payments. Thanks to a stable cash balance, we have been able to secure delivery capacity during the pandemic and invest according to plan for future opportunities.

2021 matches and surpasses the previous year in several areas. We grew our customer base. We improved our operating result and gross margin. We strengthened the company with new recruits early in the year. In addition to our continued main customer, Chugoku Marine Paints (CMP), we doubled our share of other customers to just over 26% (13%). Moreover, we also improved our gross margin, which rose 4% to 52% in a year when transport and raw materials both increased.

As previously mentioned, the incentives to invest in efficiency-enhancing measures for shipowners and operators will increase sharply from 2023 and onwards. The introduction of various indices makes the situation visible and transparent on a ship-by-ship basis. This creates pressure at several levels, including charter companies, financial institutions and not least from freight service customers. A lower CO2 emission also means lower operating costs, which should create excellent driving forces in an environment with high energy prices.



Most of the leading paint companies in the world now use Selektope® as part of a long-term rollout plan or within the framework of established launches. The vast majority are focusing on the new construction market, which in recent years has experienced major negative impact in connection with the pandemic, but which now indicates a strong market from 2023 and onwards. A clear signal is, for example, that contracts for new vessels worldwide in 2021 increased by 77% (deadweight tonnage) relative to the previous year.

I-Tech's product, Selektope®, continues to have a very strong strategic relevance at CMP, which offers paint including Selektope® in both the maintenance and new construction markets. CMP, which still accounts for a dominant share of our turnover, launched new products earlier this year, both regionally in Japan, and globally, which gives us confidence in increasing volumes in all application areas over time.

High material prices are a challenge for almost everyone in the industry. Intensive work is ongoing to find a balance. Antifouling products are caught up in this challenge, which risks impacting the business in the short term in the new construction market. On the other hand, new reference cases show impressive performance over a five-year period. These act as a counterweight, not least in the maintenance market. The long-term picture – with higher contract levels at new construction yards, a wider product offering, more customers and strong incentives to reduce sea and air emissions – remains firm and inspires optimism.

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.

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.



*We are proud that our bio-technology, Selektope®, is included in the antifouling system to protect the hull of the world's first zero-emission tanker "ASAHI".*

*ASAHI, that has a 100% electric propulsion powered by lithium-ion batteries was launched in the water in December 2021 and will be delivered in March 2022.*

*The antifouling system chosen to protect the hull is SEA PREMIER 3000 PLUS and is provided by our major client, Chugoku Marine Paints.*

# 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 December 2021, the number of shareholders amounted to 2 822. With a closing price for the share on 30 December 2021 of SEK 58.90, the company's market capitalisation amounted to SEK 701 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 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 2021.

Shareholders	No. of shares	%
Pomona-gruppen	1 756 417	14,76%
Swedbank Robur	932 500	7,83%
Handelsbanken Funds	900 000	7,56%
Länsförsäkringar Funds	595 551	5,00%
Futur pension	588 780	4,94%
Stefan Sedersten incl. companies	451 330	3,79%
Unionen	450 000	3,78%
Second Swedish National Pension Fund	390 837	3,28%
Avanza Pension	378 037	3,17%
Aquamarine	371 390	3,12%
Fourth Swedish National Pension Fund	355 133	2,98%
Öhman Funds	321 061	2,70%
Alcur Funds	219 671	1,84%
Almi Invest Companies	201 000	1,69%
David Bendz	195 167	1,64%
Others	3 801 583	31,92%
<b>Total shares</b>	<b>11 908 457</b>	<b>100,00%</b>

---

# Financial information

## Turnover and profit/loss

Sales for the period amounted to 11 813 (11 188) kSEK, which gives a net sales increase of 6% (-23%). During the period, sales to the company's main customer, Chugoku Marine Paints, decreased slightly. As such, the overall sales increase is primarily due to increased sales to other customers. Adjusted for currency effects, it gives a decrease of 1%.

The gross margin for the period has strengthened somewhat compared to the previous year at 53% (48%). This is an effect of the customer mix in completed deliveries.

Personnel and other external costs have increased slightly compared to the previous year, mainly due to increased R&D efforts and ongoing regulatory work.

Through the increased R&D and regulatory costs, the company shows a negative operating profit before depreciation for the period of -402 (-718) kSEK. For the full year, the company once again shows a positive net profit before depreciation of 3 234 (3 600) 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 5 295 (-1 785) kSEK where the earnings amount to -16 (-1 094) kSEK and the working capital amounts to 5 275 (-691) kSEK. The change in working capital is mainly attributable to a reduction in inventories and product-related advance payments.

During the period, I-Tech invested -382 (-443) 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, which is fully attributable to amortisation of the company's loans. This gives a total cash flow for the period of -4 727 (2 378) kSEK.

## Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 35 009 (40 981) kSEK and equity amounted to 104 938 (106 602) 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 2020.

# Upcoming financial reports

5 May 2022                      Interim report, quarter 1

26 August 2022                Interim report, quarter 2

21 October 2022                Interim report, quarter 3

# Income statement

<i>Amounts in kSEK</i>	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
<b>Operating income, etc.</b>				
Net sales	11 813	11 188	52 901	52 819
Other operating income	515	140	621	841
	<b>12 328</b>	<b>11 328</b>	<b>53 522</b>	<b>53 660</b>
Cost of goods sold	-5 509	-5 795	-25 424	-27 638
Other external costs	-3 532	-2 994	-10 192	-10 503
Personnel expenses	-3 398	-2 884	-13 306	-10 427
Depreciations, amortizations and impairments	-1 984	-2 789	-7 917	-8 767
Other operating expenses	-291	-373	-1 366	-1 492
	<b>-14 714</b>	<b>-14 835</b>	<b>-58 205</b>	<b>-58 827</b>
<b>Operating income</b>	<b>-2 386</b>	<b>-3 507</b>	<b>-4 683</b>	<b>-5 167</b>
<b>Financial items</b>				
Interest income and similar items	384	-	1 501	-
Interest expense and similar items	-7	-412	-138	-876
	<b>377</b>	<b>-412</b>	<b>1 363</b>	<b>-876</b>
<b>Result after financial items</b>	<b>-2 009</b>	<b>-3 919</b>	<b>-3 320</b>	<b>-6 043</b>
Tax on result from the year	402	800	672	1 237
<b>NET RESULT</b>	<b>-1 607</b>	<b>-3 119</b>	<b>-2 648</b>	<b>-4 806</b>

# Balance sheet

<i>Amounts in kSEK</i>	2021 Dec-31	2020 Dec-31
<b>ASSETS</b>		
Intangible assets	45 484	52 609
Tangible assets	328	192
Deferred tax assets	17 432	16 760
<b>Total fixed assets</b>	<b>63 244</b>	<b>69 561</b>
Inventory	3 343	4 278
Short-term receivables	13 528	5 358
Cash and bank balances	35 009	40 981
<b>Total current assets</b>	<b>51 880</b>	<b>50 617</b>
<b>Total assets</b>	<b>115 124</b>	<b>120 178</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	23 817	23 817
Restricted equity	1 537	1 286
Unrestricted equity	82 232	86 305
Result	-2 648	-4 806
<b>Total equity</b>	<b>104 938</b>	<b>106 602</b>
Long-term liabilities	2 252	4 361
Short-term liabilities	7 934	9 215
<b>Total liabilities</b>	<b>10 186</b>	<b>13 576</b>
<b>Total equity and liabilities</b>	<b>115 124</b>	<b>120 178</b>



# Cash-flow analysis

<i>Amounts in kSEK</i>	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
<b>Operating activities</b>				
Operating result	-2 386	-3 507	-4 683	-5 167
Adjustments for non-cash items	1 984	2 789	7 917	8 767
Interest received	384	-	1 501	-
Interest paid	-7	-412	-138	-876
Income tax paid/received	9	36	-44	139
<b>Changes in working capital</b>				
Change in inventories	1 592	1 165	935	-3 013
Change in operating receivables	8 693	-250	-8 170	9 227
Change in operating liabilities	-5 010	-1 606	984	-3 689
<b>Cash flow from operating activities</b>	<b>5 259</b>	<b>-1 785</b>	<b>-1 698</b>	<b>5 388</b>
<b>Investment activities</b>				
Investments in non-current assets	-382	-443	-928	-558
<b>Cash flow from investment activities</b>	<b>-382</b>	<b>-443</b>	<b>-928</b>	<b>-558</b>
<b>Financing activities</b>				
Amortization/issue loan	-150	-150	-4 330	-2 789
<b>Cash flow from financing activities</b>	<b>-150</b>	<b>-150</b>	<b>-3 346</b>	<b>-2 789</b>
<b>The period's cash flow</b>	<b>4 727</b>	<b>-2 378</b>	<b>-5 972</b>	<b>2 041</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>30 282</b>	<b>43 359</b>	<b>40 981</b>	<b>38 940</b>
<b>Cash and cash equivalents at end of period</b>	<b>35 009</b>	<b>40 981</b>	<b>35 009</b>	<b>40 981</b>
<i>Adjustments for non-cash items</i>				
Depreciation	1 984	2 789	7 917	8 767
Other items not affecting cash flow	-	-	-	-
	<b>1 984</b>	<b>2 789</b>	<b>7 917</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
Change in development expenses	-	-	251	-	-251	-
New issue	-	-	-	-	984	984
Net result for the period	-	-	-	-	-2 648	-2 648
<b>2021-12-31</b>	<b>23 817</b>	<b>753</b>	<b>784</b>	<b>143 276</b>	<b>-63 692</b>	<b>104 938</b>

# Financial ratios

<i>Amounts in kSEK</i>	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Turnover growth %	6%	-23%	0%	16%
Gross margin %	53%	48%	52%	48%
Operating margin %	-20%	-31%	-9%	-10%
Profit margin %	-14%	-28%	-5%	-9%
Solidity	91%	89%	91%	89%
Cash liquidity	612%	503%	612%	503%
Return on average total capital	neg.	neg.	neg.	neg.
Return on average total equity	neg.	neg.	neg.	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	-0,1	-0,3	-0,2	-0,4
Result per share fully diluted	-0,1	-0,3	-0,2	-0,4
Equity per share	8,8	9,0	8,8	9,0
Equity per share fully diluted	8,8	9,0	8,8	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, 23 February 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  
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)