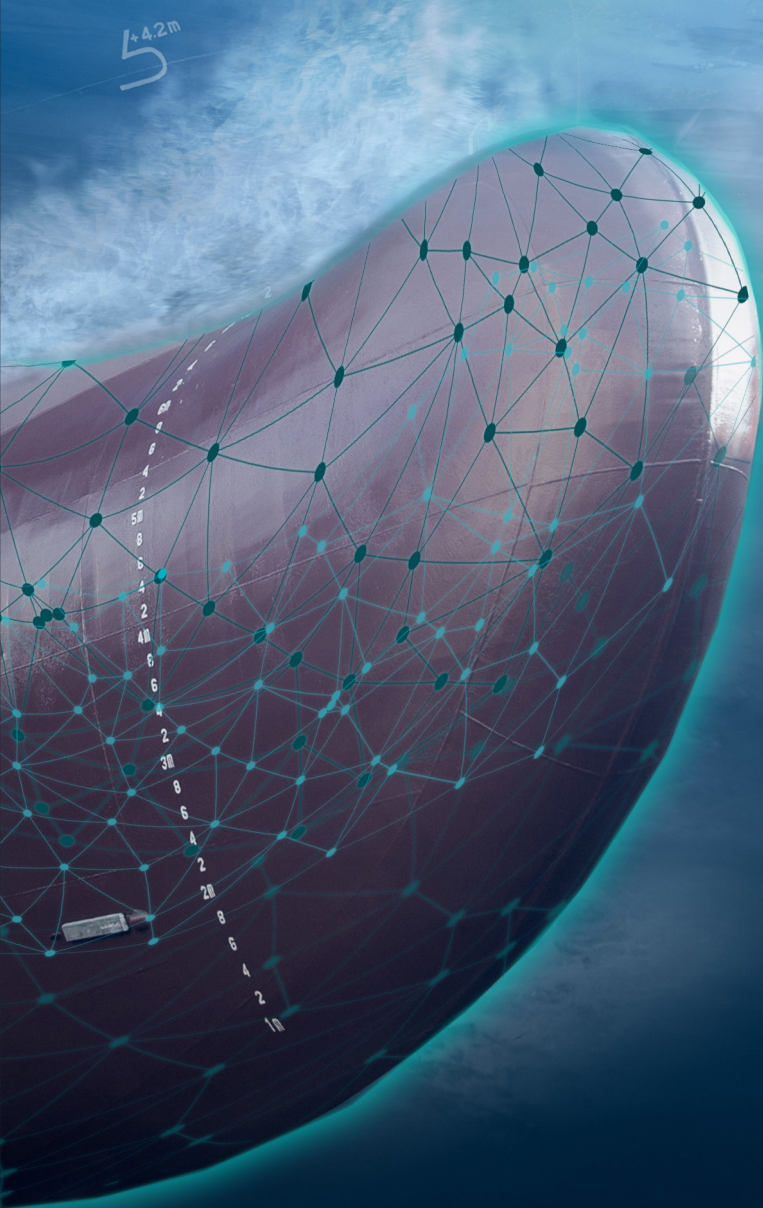


# We make marine transportation more sustainable



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**Our vision is for Selektope® to be the preferred solution for sustainable marine fouling protection**

selektope®



# This is I-Tech

I-Tech is a global biotech company operating in the marine paint industry. The company has developed and commercialized the product, Selektope. Selektope is an organic, metal-free biocide that constitutes an important component in marine antifouling paints to primarily prevent barnacles from settling on coated surfaces. With Selektope, I-Tech is uniquely the first company to ever apply principles from biotechnology research in the marine paint industry to keep ship hulls free from marine fouling.



## Our team

At I-Tech, we believe that diversity drives innovation and creativity. I-Tech’s team is based on individuals with different backgrounds and different nationalities. We strive for balance between men and women. Together, we have experience from large and small international companies, the cleantech sector and the marine paint industry.

# An ocean of opportunities

100

million liters

Global use of antifouling products.



500

million USD

The market for Selektope® is valued at 500 MUSD.



>20

billion USD

In total fuel-savings potential connected to fouling on the hull.



>100

million tons CO<sub>2</sub>

Fuel savings potential relating to fouling on the hull corresponds to 0.3% of the global CO<sub>2</sub> emissions.



# Events during the year

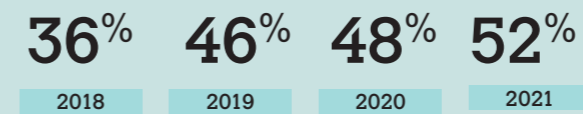


**Chugoku Marine Paints.** In May, I-Tech AB received a frame order worth SEK 53 million from Chugoku Marine Paints (CMP) to be delivered during 2021 and 2022.

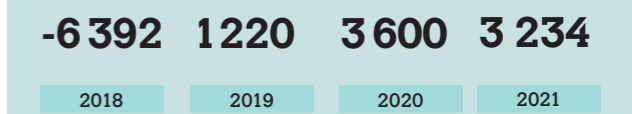
The order is placed by Chugoku Marine Paints as a measure to secure the supply of existing and newly introduced fuel saving antifouling products around the world. This frame order constitutes a minimum undertaking for deliveries which started during Q3 2021

**Powered by Selektope®**  
At present, we have 14 official antifouling products on the market, all but one of which are intended for commercial shipping. In addition, there are at least 3 more in pre-launch phase.

**On an even keel with the largest paint manufacturers.** The I-Tech customers who bought commercial volumes during the year control more than 60% of the total world market for antifouling products.



**Strengthened gross margin.** The gross margin has increased significantly in recent years, mainly through process improvements and continuous streamlining work.



**Significantly improved EBITDA over time.** Recent years have been characterized by improvements in profitability, although the past year showed a slight decline because of investments and effects of the Corona pandemic.



**I-Tech's 2021 recruits.** I-Tech strengthened its organization in 2021 with three new employees. Ida Friberg, Formulation Engineer, will work with various development projects for Selektope. Ulf Hansen, Senior Advisor, strengthens the sales department and Jennifer Ardin, Marketing and Communication Manager will work with the company's marketing communications.

**Research and Development.** In October 2021, I-Tech entered into a collaboration agreement for product development with IFF, a leader in bioscience and microbial control solutions. The purpose of the joint project is to identify potential benefits of combining the companies' technologies.

IFF's SEA-NINE technology offers efficient protection against parts of the biological spectrum that Selektope does not. Thus, the combination of these approved substances can fully solve the fouling issue with the lowest possible additions of active ingredients.



**Protected healthcare at sea.** Global Mercy, the world's largest civilian hospital ship, was launched in the autumn of 2021. The ship's hull is protected by Selektope®. I-Tech has donated the necessary volumes of the antifouling ingredient to the organization, Mercy Ships.



**Proven efficiency.** After 5 years in operation, several of the ships that were the first to use a 5-year antifouling system containing Selektope were taken into dry dock. All the vessels showed clean hulls, completely free of barnacles, even though they had sailed in areas with a high risk of fouling.

## CEO STATEMENT

# Strong position when the shipping industry becomes greener

Our long-term customer development work with the leading suppliers of marine hull paints continued to show success in 2021. The number of customers with repeated orders reached new levels and the revenue contribution from accounts that were not related to the largest customer doubled relative to the previous year. In addition, Selektope was introduced to even more products developed by the leading customer, Chugoku Marine Paints. At the same time, the industry is clearly moving towards a green transformation that is expected to increase the market for high-performance antifouling products.

Looking at the full year, the gross margin improved, while sales increased marginally relative to the previous year. EBITDA landed on the positive side for the third year in a row. Given the circumstances, the year developed relatively positively. With an improved position with more and more large customers and an ongoing implementation of global requirements to make the industry more sustainable, we look forward with confidence to a return to growth.

#### Shipping – the main mode of transport

About 80 percent of all goods, for example, raw materials, consumer goods, food, and energy, are transported on ships all over the world. Compared to all other means of transport, shipping is undoubtedly the most efficient alternative with much lower carbon dioxide emissions per ton and distance travelled. However, the shipping industry has great potential to be further improved and will eventually strive to become a completely emission-free industry. To do this requires a wide range of efficiency-enhancing technologies. The best possible antifouling paint is an important parameter for taking

the first steps towards achieving goals in the short and medium terms, but also for enabling the introduction of alternative fuels in the future. Selektope, with its power and minimal amount of additive in antifouling paint, has proven to be an attractive technology that contributes to increased hull performance and reduced risk of costly cleaning. The hull itself is a focus area with the potential to save approximately 100 million tons of carbon dioxide per year over the total fleet compared to 2008 reference levels.

#### IMO introduces new measures to reduce emissions

In the field of shipping, the International Maritime Organization (IMO) is the regulatory body at the global level. In June 2021, amendments to the convention were adopted with the aim of reducing the amount of greenhouse gases from ships. This means there is now a clear demand to reduce emissions 40 percent by 2030 and 50 percent by 2050. In more detail, this gave rise to the introduction of new indicators of a ship's efficiency, the so-called EEXI and CII indices. Regarding the hull side of the ship, the index with

a focus on operational efficiency, the Carbon Intensity Indicator (CII), is most relevant. The difference between a clean and dirty hull has a strong negative impact on a ship's efficiency rating. The choice of suitable antifouling paint will consequently be very important.

#### Building a stronger foundation

Excluding external factors such as the pandemic, I-Tech has focused on building a stronger offering for the coming years. Investments have been made to prepare for a larger regulatory footprint that, among other things, will open the domestic US market. In addition, work within R&D has increased with a strengthened organization and thus higher ambitions. The aim is to develop conceptual formulations to show that Selektope® plays an important role in the transition from paint with a high concentration of biocides to paint with ultra-low biocide levels without compromising the performance of the paint. The guiding vision is that Selektope® is an enabler for lower emissions to air, as well as to the sea.

#### Important events during the year

A highlight during the year was the establishment of the collaboration with the Microbial Control business unit at International Flavors and Fragrances (IFF). Together, the parties will develop concepts and learn how the respective antifouling substances can interact for the best possible performance against both hard and soft fouling. If successful, the development of effective paints with optimal performance and minimal amount/content of biocides can be accelerated.

I-Tech has also entered into a new agreement with its largest customer, Chugoku Marine Paints (CMP), to supply Selektope® for an 18-month period. The order value amounted to approximately SEK 53 million. CMP has also launched a new global product on the market; a product focused on protecting the vessels' flat bottom (one third of the total surface area) and will be used in combination with most products in the premium range.

#### Results and outlook

2021 was a year when the customer base grew strongly, and we noted that 25% of revenue came from customers other than our largest customer. Six of the nine largest paint manufacturers now have recurring orders



during the ongoing roll-out phase, especially in the newbuilding segment in the dominant shipbuilding countries. By a small margin, 2021 represents the best development ever for the company in most respects, despite major challenges around the world linked to the pandemic and recent high commodity prices. Sales were reported at SEK 52.9 million (52.8), operating results improved and amounted to -4,683 (-5,167) and the gross margins improved from 48% to 52%. I believe that our offering and level of maturity of the many end products that Selektope is part of constitute an interesting basis for further growth, a growth that is also driven by an enormous focus on reducing carbon dioxide emissions for a long time to come.

**Philip Chaabane**  
VD I-Tech

Möln dal 7 April 2022

## STRATEGY

# Next step: knowledge-based integration

With a unique product, high scalability and proven business model, I-Tech will fulfil its vision to establish Selektepe as the leading technology for sustainable protection against marine fouling. Since 2020, I-Tech is focused on step-by-step increased integration in its customers' development processes and, thereby, strengthen the product development offering. Over time and on a case-by-case basis, I-Tech can be a partner through large parts of the development chain.

Powered by **selektepe**<sup>®</sup>

# i

I-Tech operates Selektepe as an ingredient brand with a proven ability to repel barnacles from ships. Selektepe is sold to market leading marine paint companies and is used as a component in numerous brands of antifouling paints, i.e., "host brands." With the completely unique and innovative Selektepe solution in combination with I-Tech's expertise, a great deal of trust has been built with customers and shipowners. Together with Selektepe's strong market position, this has resulted in some paint manufacturers using Selektepe in their marketing towards end customers. Chugoku Marine Paints, for example, uses the phrase "Powered by Selektepe" in external communication to emphasize the technology content. Thanks to a highly consolidated market consisting of a handful of paint companies with global sales networks, I-Tech can reach many end customers and receive a high level of exposure, at a limited cost. As an ingredient brand, it is strategically important for I-Tech to associate with several host brands to increase awareness,

consolidate our position, achieve profitability growth, and spread risks.

#### Knowledge-based integration in the value chain

The next important step in the strategy is to develop a knowledge-based platform for customers to help them optimize Selektepe in a paint formulation. As a result, Selektepe will be relevant for more brands on the market and be able to be integrated into wider product groups beyond the premium products where Selektepe is primarily included today.

How to mix antifouling paint to achieve the best possible benefit from Selektepe and other ingredients can pose major challenges for paint manufacturers. In recent years, I-Tech has built up a team with extensive experience and expertise with the aim to further develop the company's commitment to its customers' product development work, to achieve an increased integration of Selektepe in the end

products. By utilizing the knowledge available in the company, conceptual paint formulations can be developed that help to simplify the paint manufacturers' development work and show the benefits of formulating with Selektepe.

#### Strengthened local presence in key markets

In selected key markets in Asia, I-Tech has established local distributors. This is to be able to provide better and faster local support to existing customers. The role of the distributor also includes developing collaboration with new customers. In 2021, relationships have been established with several new customers who have begun development and testing of antifouling products containing Selektepe.

#### High scalability in production

I-Tech's role in the value chain, between manufacturers of intermediate substances where the production of Selektepe takes place and the customers, enables an optimal supply flow.

Delivery capacity is secured through long-term relationships and agreements with reputable manufacturers with enormous capacity in the two cost-effective synthetic production processes where I-Tech owns the patents. As such, I-Tech can quickly and dynamically meet and deliver increased volumes, while maintaining low production and inventory costs.

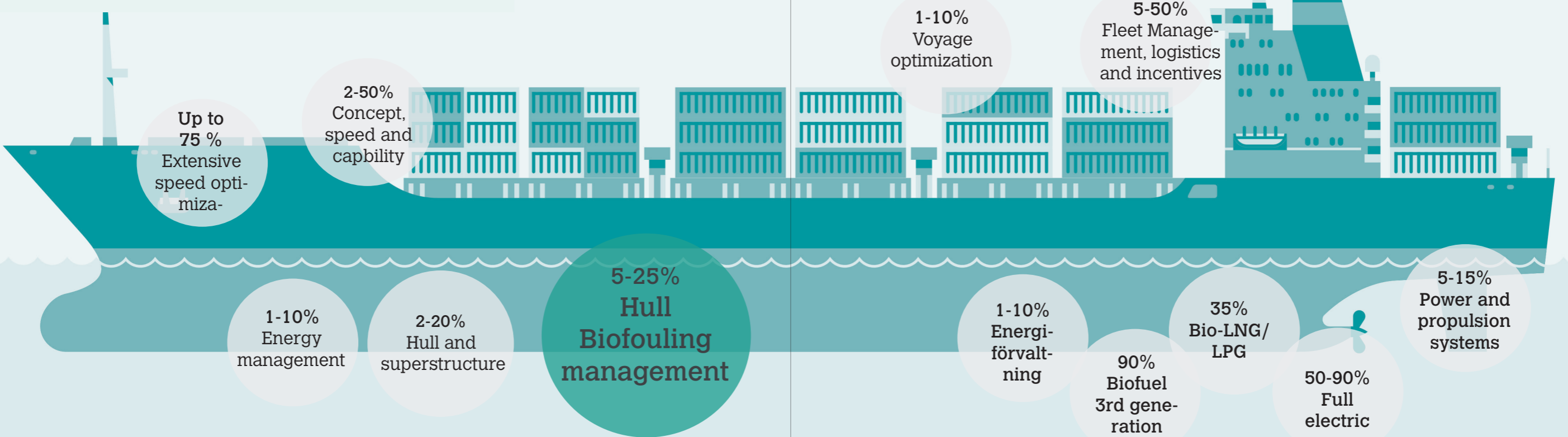
#### Opens markets and protects technology

In addition to I-Tech controlling the brand and sales, the company owns all intellectual property rights. Selektepe is legally protected by several patents and holds regulatory approvals in all relevant markets where global shipping businesses operate. As a regulatory approval means a huge threshold for the establishment of new active substances on the market, I-Tech's existing approvals provide strong competitive protection over a longer period and consolidate Selektepe's position in the global market.

MARKET

# New regulations drive sustainable change

In 2021, the IMO (International Maritime Organization) decided to implement a rating index for ships, with the aim of driving improvement measures towards the global targets for reducing greenhouse gas emissions. Hull performance is an important component in achieving an optimal rating, which is expected to mean an increased demand for effective antifouling and, thereby, benefit I-Tech's progress towards more significant market shares.



## Maritime sustainability strategy

- The shipping industry will reduce its greenhouse gas emissions 50% by 2050, according to a decision by the IMO. This is a strong incentive to invest in measures that have a positive impact on both the environment and the economy.
- Since 1 January 2020, the IMO has introduced global requirements for lower sulphur emissions from the shipping industry. This means that shipowners must use a larger proportion of finer, low-sulphur fuel, which further increases fuel costs. Optimal hull performance thus contributes to even greater financial savings.
- Expected changes combine technical and operational approaches with the aim of improving ships' energy efficiency and limiting the amount of emissions a ship can emit. (see IMO illustration).

### The maritime industry's climate impact

Today, the global shipping industry accounts for about 2.3 percent of the world's total carbon dioxide emissions, which is as the same as the aviation industry. At the same time, the shipping industry accounts for about 85 percent of the world's transportation of commercial goods. According to the European Environment Agency (EEA), if globalization and consumption continue to increase at the same rate, shipping's share of global emissions could amount to as much as 17 percent by 2050.

### This is how much fuel production can be reduced

Case studies show that antifouling paint containing Selektepe generally leads to lower fuel consumption. An ocean-going reference vessel in one study halved its hull resistance compared to an equivalent product without Selektepe. Fuel consumption due to the reduced hull resistance for this vessel was estimated to be 375 tons lower per year, which corresponds to 1,000 tons less CO2 emissions.

- To drive the transformation towards greener shipping, the IMO decided in 2021 to introduce two measurable regulated indices under which reporting will be mandatory for all major vessels from 2023 and onwards.
- **EEXI (Energi Effeciency Existing Ship Index)** is the first index to enter into force in January 2023. EEXI provides a snapshot of how energy efficient a ship is expected to be based on design and installations.
- **CII (carbon intensity indicator)** the second index, is continuously updated during a ship's operation based on how much carbon dioxide the ship emits in relation to how much cargo the ship has transported over a certain distance. The ship's CII rating thus largely depends on how efficiently the ship is run, how the continuous maintenance is and how well-functioning the ship's antifouling protection is.

## MARKET

# Global trends benefit Selektope®

As marine fouling on the hull increases, so does the friction between the ship and the water. This must be compensated by increased power output from the engine. This leads to higher fuel costs and increased carbon dioxide emissions, where the extra fuel costs are so high that they can make the difference between profit and loss for a shipping company.

I-Tech therefore estimates that demand for antifouling products with exceptional performance will grow in the next few years, not least through several global trends impacting the shipping industry.

1

## Increased pressure from interest groups

With the new requirements for vessels to prove energy efficiency and emission levels, transparency towards cargo owners and charter companies, increases. As such, shipowners are more likely to face increasing pressure from interest groups and initiatives such as Poseidon Principles and SeaCargo Charters. Both initiatives are driving progress relating to sustainability issues in the shipping industry, and more groups will likely join in the coming years.

### Poseidon Principles

Behind the initiative is a large group of world-leading shipping banks that have gathered around a new global framework for sustainable shipping financing, in which climate impact is integrated into financing decision-making. In 2021, Poseidon Principles expanded its sphere of influence when a large group of leading insurance companies came together to form "Poseidon Principles for marine insurance".

### Sea Cargo Charter

Launched in 2020, the initiative is setting new objectives for responsible chartered shipping, transparent climate reporting and improved decision-making in line with the UN's CO2 emissions targets. The initiative is founded by some of the largest industrial companies in energy, agriculture, mining, and commodity trading that use global shipping services.

**Resultat:** Powerful interest groups lead to increased focus on fuel consumption by shipping companies and are an incentive to drive the choice of high-performance antifouling products.

2

## More focus on reducing the risk of transporting non-indigenous species

Several leading nations have introduced methods for risk analysis on each arriving vessel to give an indication of how much fouling the vessel may have and, thus, how high the risk is that the vessel is a vector for the spread of invasive species. Vessels operating in Australia, for example, are constantly required to report the condition of the hull and run the risk of being denied entry.

**Resultat:** Increased focus on having optimal antifouling protection that reduces the risk of marine fouling.

3

## Biofouling-hotspots

Global warming is causing the oceans to become warmer. This leads to more marine fouling, such as barnacles on ships, and leads to more difficult conditions for the shipping industry. In addition, an increasing number of freighters are moving in warm waters due to changing production patterns as more and more companies are locating their production in Asia. A recent study shows that 44% of a group of 249 vessels had about 10% of their hull covered with barnacles.

**Resultat:** Increased fouling leads to an increased need for effective antifouling treatment on more ships.

4

## World crises cause idling

A study conducted by I-Tech and Marine Benchmark released in 2021 showed that the number of stagnant vessels across the total fleet has steadily increased to double over the past ten years. Trouble spots and crises in the world have caused several peaks with unusually high levels of stationary vessels. Factors such as lack of infrastructure in ports, long waiting times for loading and offloading goods, strikes and wars are some of the reasons that can force ships to lie at anchor.

During the COVID-19 pandemic, a high number of ships were idling for long periods. An example from the study shows that in 2020, a total of 197 container ships were at anchor for more than 14 days. Of these, 195 were in warm waters and 99 of these in areas with water temperatures above 25° C, which makes them very exposed to fouling.

**Resultat:** Increased idling means more fouling on the ships, which leads to an increased need for effective antifouling paint.

## On an even keel with the largest paint manufacturers

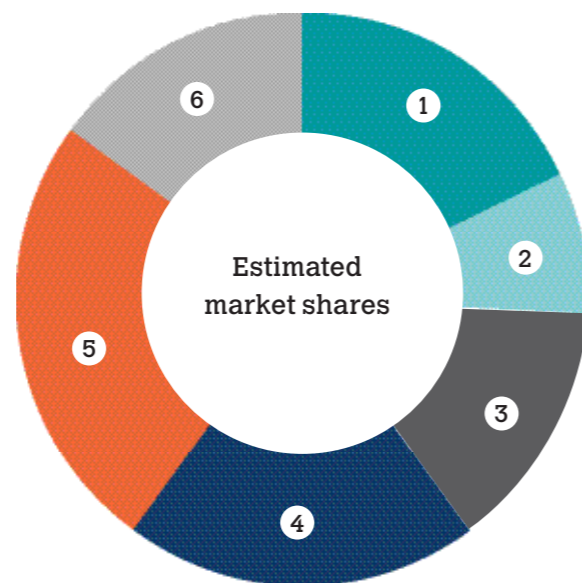


The marine paint market consists, predominantly, of six major global companies. They control around 80 percent of the world market, of which the market for Selektope is valued up to USD 500 million. The premium segment, which is the primary market for Selektope products today, constitutes 30%. This leaves space and large opportunities for growth in other segments.

### Customers' development work

Our customers' development work ahead of a product release is extensive and paint formulations are usually on the market for a long time. A highly compatible ingredient technology such as Selektope has great potential to be included in many types of commercialized paint products over a long period of time.

I-Tech currently collaborates with all the leading paint manufacturers. Chugoku Marine Paints (CMP), Jotun, Hempel, and an additional major player have products on the market.



- 1 IP
  - 2 PPG
  - 3 Hempel
  - 4 CMP
  - 5 Jotun
  - 6 Others\*
- \*) Kansai, Nippon, KCC, Sherwin Williams and others

## Large and recurring demand from shipowners

Antifouling paints are used on all types of ships and boats. In total, there are currently more than 100,000 IMO-registered merchant ships active worldwide, all of which are potential end customers for Selektope-powered antifouling paint. The number of large newbuild cargo ships varies greatly from year to year. In 2021, around 1500 new ships were built.

I-Tech estimates that ocean-going cargo ships consume around 70 percent of the demand for antifouling paint, since huge amounts of paint are required to cover their hulls. 30% of the market for cargo ship antifouling paints consists of the premium segment. In addition, there are indications that demand for premium paints is increasing and is likely to pass the 50 percent market share point in a few years. All merchant ships need to be dry docked at least every five years.

As such, each year, around 25,000 dry dockings are made by IMO-registered ships. A new antifouling protection is usually applied during a dry docking. This means that the need for antifouling paints is stable over time and not particularly cyclical in relative terms. This provides solid conditions for stable cash flows and growth for the manufacturers of antifouling paints, and thereby also for Selektope.

### I-Tech enters the leisure boat segment

In 2020, I-Tech entered into a long-term collaboration agreement with the antifouling paint manufacturer, Pettit Marine Paints, for the American market. Within the framework of the collaboration, the parties will jointly develop a series of antifouling products containing Selektope for the leisure craft market. The agreement represents an important step for I-Tech in expanding its business to the United States and the world's largest market for leisure craft, with annual sales of antifouling products of approx. USD 200 million. In 2021, the company has worked with Pettit, the US Environmental Protection Agency (EPA), and is expected to be able to submit a dossier (data for risk assessment) in 2022. In addition, several different product tests are underway with Florida as a basis for evaluations.

### Good conditions for gearing up

Overall, more and more parameters are in place for continued growth for Selektope. There are more products on the market, hull performance is becoming increasingly important through new requirements from the IMO, and the new-build market looks set to gain new momentum in response to the need to streamline the fleet.

**100,000**

There are approximately 100,000 active IMO-registered ships in the world.

**70 procent**

Ocean-going cargo ships consume around 70 percent of the demand for antifouling paint.

**1,500**

During 2021, approximately 1 500 new ships were built.

**200 miljoner**

Annual sales of antifouling paint on the US market amount to USD 200 million.



SELEKTOPE®

# Biotechnology for sustainable hull paint

Selektope is an ingredient technology with a unique receptor-stimulating effect on the target organism, which means that it creates flight behavior in the barnacle larva without affecting it otherwise. Its precision in antifouling systems creates increased protection against marine fouling.

## Lower emissions to air and sea

Selektope's powerful, repellent effect on marine fouling keeps the ship's hull clean, which reduces friction against the water, leading to reduced fuel consumption and emissions. Selektope is characterized by its selective action and high performance even at extremely low concentrations in the paint mix. This creates opportunities to reduce biocide release from hull paint into marine environments by up to ninety percent, without compromising on paint performance.

The Selektope antifouling technology is therefore a pioneering and innovative solution that offers marine paint companies the opportunity to develop more sustainable paint systems. The organic molecule, Selektope, is a pioneering and innovative solution that offers marine paint companies a more sustainable alternative to traditional antifouling products.

## Selektope's mode of action

When the barnacle larva approaches a hull coated with a Selektope-powered paint, its flight behavior is stimulated, and it becomes hyperactive. The effect

of the reaction makes it impossible for the larva, whose swimming behavior is stimulated when exposed to Selektope, to attach to the surface of the hull. The stimulus decreases after a while and the larva can find another place to settle.

## Selektope's contribution to more sustainable shipping

Selektope contributes to positive environmental impact in several stages when the product's characteristics are used to full effect:

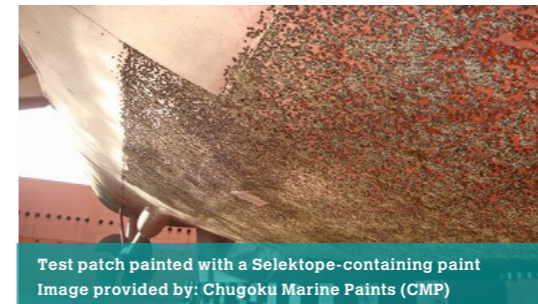
- Reduced emissions of airborne emissions
- Reduced emissions of biocides into the marine environment
- Reduced risk of transferring non-indigenous species between marine ecosystems
- Selektope repels organisms instead of killing them. The molecule is also degradable over time and does not bioaccumulate in marine organisms.

## From lab to ship

### Proven to be effective

Selektope is an ingredient technology in paint systems and binds to various pigment particles that are evenly distributed in the paint. As the paint is polished off, there is a constant amount of Selektope in the paint's surface, which enables high protection against barnacles during the entirety of the paint's operational life.

Selektope's repellent-mechanism against barnacles is unique in its kind, and its characteristics in paint formulations are under constant development by I-Tech.



Test patch painted with a Selektope-containing paint  
Image provided by: Chugoku Marine Paints (CMP)

Since the first ocean-going vessel was applied with a Selektope-containing antifouling paint, about 800 vessels have followed the same path. In 2021, several of the first ships painted in 2016 came in for their regular dry docking, which usually takes place every five years. These vessels were then completely free from barnacle fouling and during 5 years of operation showed remarkably high hull performance. By avoiding marine fouling, these vessels have been able to make large savings, both in terms of fuel costs and emissions to air and the marine environment.

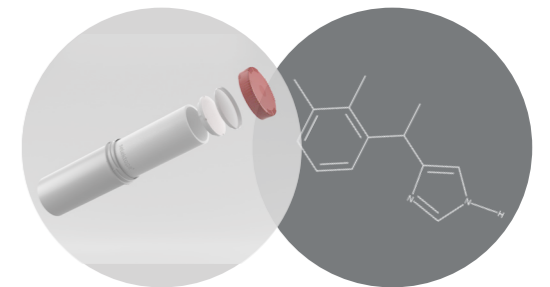
Today, there are 14 commercially available products that contain Selektope, as well as a handful of products that contribute to sales but are not yet official.

### Selektope in paint formulation

The effect of Selektope was first demonstrated over 20 years ago during a research project at the University of Gothenburg. There, the active compound, Selektope, was mixed into commercially available leisure boat paints. Since then, I-Tech has made major investments in research and development to gain a better and deeper understanding of how Selektope can best be integrated into various paint systems that are designed to last for up to 5 years on ocean-going vessels.

The search for basic knowledge will continue and will always be a cornerstone of I-Tech's development work. The goal is for I-Tech to not only sell the active product but also to be a reliable partner and knowledge provider with the opportunity to support customers in their development of the next generation of paint systems. This is regardless of whether the system is a traditional self-polishing paint or a silicone paint.

In 2021, I-Tech has worked in several projects together with other biocidal manufacturers, material suppliers, etc. to gain knowledge about suitable combinations of materials that will later be shared with joint customers. For example, an extensive development project was started with IFF, suppliers of antifouling technology SEA NINE, an additive that counteracts slime and algae. Together, I-Tech and IFF hope to be able to develop a highly effective holistic solution for both hard and soft fouling.



## CASE

# Marinvest future-proofs with Selektope®

During 2021, the first in a series of 8 new tankers was launched, all of which will be painted with a Selektope-powered hull paint.



## Driving change through innovation and new technology

Marinvest was founded in 1988 and was a pioneer from the start when it comes to exploring new technology on board its fleet. The vision has always been to operate as energy-efficient vessels as possible, says Fredrik Stubner, Ship Management Director at Marinvest. The goal of finding innovative solutions to save time, money and reduce the environmental footprint was what drove the company to explore new solutions.

In 2016, Marinvest expanded its fleet with new vessels equipped with a range of, up until then, untested technologies aimed at modernizing, reducing emissions, and increasing energy efficiency. The vessels were among the first in the world to be able to run on methanol, and they were the first ever to be equipped with a dual-fuel system developed by Marinvest with the ambition to achieve a more environmentally friendly propulsion alternative.

The latest addition to the Marinvest fleet

consists of 8 tankers, all of which will be painted with a Selektope-powered antifouling paint. The first, Mari Innovator, was launched in 2021. Mari Innovator lives up to its name by being the first vessel to be classified as IMO Tier III compatible. The ship uses innovative technology to clean the main engine, which, in an efficient way, can switch between methanol and diesel. The new system generates savings both in time and costs.

In addition to reduced fuel emissions, Mari Innovator has been equipped with several installations to be able to operate more energy efficiently. During the planning of the Mari Innovator and her 7 sister vessels, it has been a high priority for Marinvest to carefully analyze different solutions to build as efficient a fleet as possible with a minimal environmental footprint.

## Long-term thinking as part of the strategy

By working proactively and innovatively towards the focused development of

sustainable and efficient vessels, Marinvest has positioned itself well in a changing market where sustainability requirements are becoming increasingly stringent. In the face of stricter regulations for reduced emissions and environmental impact, shipping needs to change its way of thinking and work more long-term, according to Fredrik Stubner. "In the future, it will be even more important to explore all existing paths towards efficiency and reduced environmental impact," says Fredrik Stubner. He goes on to say that that includes investing in a premium antifouling paint that prevents fouling on the hull, and which ensures that emissions are limited. "The hull paint is incredibly important, as the slightest fouling has a negative effect on the ship's progress and increases fuel consumption. We regularly send cameras down to check the condition of the hull below the surface to make sure it is clean. We have chosen to paint all of the 8 vessels that are currently under construction with a Selektope-containing paint, as we believe that Selektope is one of the technologies that will contribute to securing the future of our vessels," concludes Fredrik Stubner, Ship Management Director, Marinvest.

"The hull paint is incredibly important, as the slightest fouling has a negative effect on the ship's progress and increases fuel consumption"

**selektope®**

MARINE FOULING

# A growing environmental problem

Marine fouling is a biological process which immediately affects every surface submerged in sea water. Ship hulls attract different types of organisms, with barnacles as the main issue, but algae, bacteria and weeds also pose a problem. Over time, a thick layer of fouling can form on the ship hull which significantly increases friction against the water when a ship is sailing. This leads to major consequences for the shipowners.

**From algae to barnacles**

The extent and distribution of marine fouling is affected by factors including water temperature, light availability, and nutrient content. Warm and tropical waters are particularly favorable conditions for rapid and vigorous growth.

The warm waters around the Mediterranean and in Asia have long been a challenge for antifouling products. With global warming and rising water temperatures, more and more biofouling "hotspots" are emerging, and the risk of severe attacks is increasing. If nothing is done to deal with this problem, biofouling can lead to a negative feedback loop where strong fouling leads to higher greenhouse gas emissions, which in turn contribute to global warming and rising water temperatures.

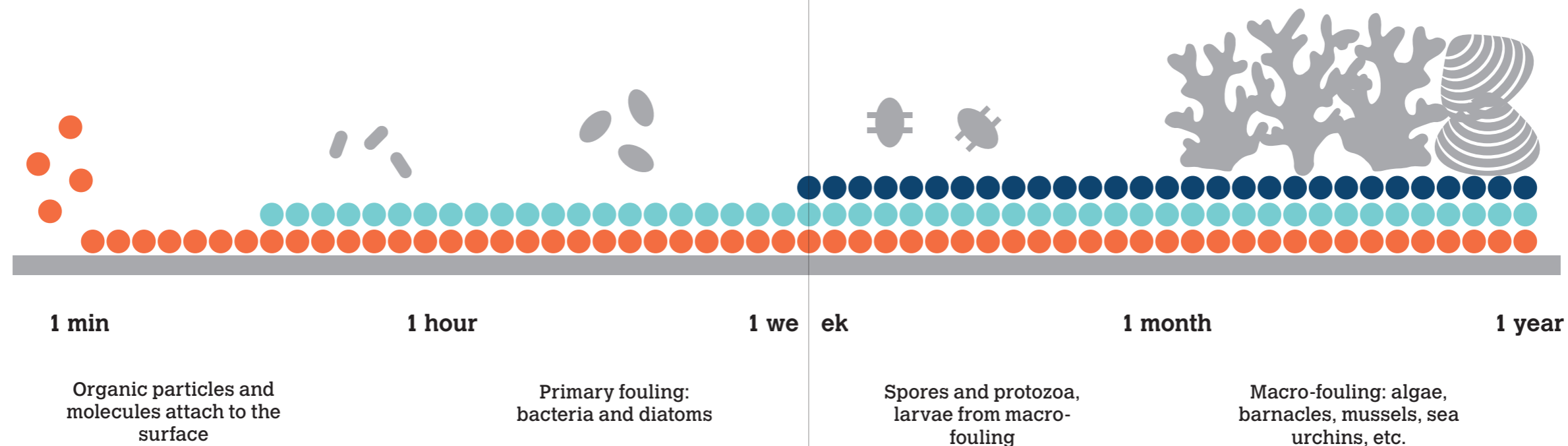
**Idling ships - an attractive settlement area for barnacle larvae**

Another factor that makes fouling a growing problem is that the proportion of vessels that are at anchor for longer periods, for example, waiting to unload or load goods, has incre-

ased significantly in the last 10 years: from 8000 vessels in 2009 to 16,000 vessels in 2020. 50-80% of these vessels are in waters where the temperature is above 15°C. As shipping continues to be an important part of the global economy, with ports becoming increasingly congested, more and more ships will be exposed to a higher risk of fouling.

**Costly removal increases risk for new fouling**

Marine fouling also means that ships need to be cleaned regularly by divers or underwater robots. This is difficult to carry out on hulls without damaging the antifouling paint and increasing the risk for additional fouling. Fouling generates direct operating costs for cleaning services, as well as missed cargo revenue as the ship must be stationary while being cleaned. Ocean-going ships are usually dry docked every three to five years. Avoiding extra cleaning during that period in between dry docking creates significant financial savings since each cleaning can cost between USD 15,000 to USD 45,000 each time, depending on the size of the ship.



SUSTAINABILITY

# Selektope® paves the way for major environmental benefits

The connection between fuel savings and fouling has become increasingly accepted and more shipping companies are now choosing premium anti-fouling products to minimize fuel consumption.

Antifouling biocides such as Selektope are an important key for the shipping industry transition. They are enablers that can help solve challenges to reduce greenhouse gas emissions. The shipping industry consists of around 100,000 vessels and accounts for more than 80% of the global transportation of goods in volume.

With less fouling on the hull, the consumption of bunker oil could be reduced by 10 percent, which reduces CO2 emissions from shipping by >100 million tons annually. Selektope plays an important role in long-term sustainable antifouling products, not only through its contribution to reducing CO2 emissions.

Selektope is one of the few antifouling biocides to have undergone rigorous risk assessments for humans and the environment and been subsequently approved for use within the EU. In 2021 and 2022, Selektope will undergo a further evaluation to obtain a renewed approval in 2023. This is part of the EU's regulatory process for biocides and is a way for the authorities to check that no inappropriate biocides are used in products sold within the EU.

## I-Tech works towards the UN's global development goals

Sustainability is an important part of I-Tech's business model that includes an ethically, socially, and environmentally responsible way of working, and to ensure sustainable innovation that will contribute to a better society.



Agenda 2030 and the UN's global goals are a universal agreement for economically, socially, and environmentally sustainable development. By 2030, the goal is to eliminate extreme poverty, reduce inequalities and injustices in the world, promote peace and justice and solve the climate crisis. Most of the 17 goals that have been set up to achieve these goals correspond well with what I-Tech is working towards.

The UN goals correspond well with I-Tech's sustainability focus:

- Decent work and economic growth.
- Sustainable industry, innovation, and infrastructure
- Climate action
- Life below water

## Sustainability in focus

1

### Sustainable innovation

Selektope was developed with sustainability in focus within a research project specifically designed to develop marine fouling protection for the future. I-Tech has since continued to work in the same spirit and further refined its knowledge. Together with customers, Selektope has opened possibilities to create more effective antifouling products. Among other things,

I-Tech is investing in exploring the possibilities to minimize leakage of Selektope without affecting the antifouling effect. As significant resources have been invested in Selektope, in terms of knowledge and production, an expansion of the areas of use is also an important part of the sustainability strategy.



2

### Sustainable production

An important part of I-Tech's sustainability strategy concerns emissions from the production of Selektope. I-Tech works continuously to minimize the emissions generated during the process, from raw material production and energy supply to waste incineration. Examples of this are using more renewable energy sources, recycling solvents, and scrubbing emissions from waste incineration. In addition to its own production chain,

I-Tech also promotes sustainable production of antifouling paint that containing Selektope. As such, I-Tech has developed a unique soluble packaging that minimizes human contact with the substance, and which can be added during the paint manufacturing process.



3

### Sustainable entrepreneurship and good work environment



I-Tech integrates good business practices, legal commitments and protection of people and the environment in all strategic decisions and in day-to-day work. The company also demands from subcontractors, suppliers, and customers that their working conditions correspond to I-Tech's expectations.

One goal going forward is to perform more on-site audits, and that all relevant subcontractors, suppliers and customers are certified according to ISO 45001/OHSAS 18001 and 14001

# Sustainability challenges for marine transportation

1

## High fuel consumption leads to high emission levels

Each year, the shipping industry consumes 350 million tons of bunker fuel oil. The industry accounts, on average, for roughly 2.3 percent of the world's global CO<sub>2</sub> emissions – about the same amount as the aviation industry. Fouling, especially "hard" fouling consisting of shell-building marine organisms, such as barnacles, causes a very large hydrodynamic resistance due to their volcano-shaped shells on ship hulls.

A ship's hull with as little as 10% barnacle fouling requires a 36% increase in power to maintain the same speed compared to a ship free from barnacles.

### Opportunity

Hull performance can be optimized using effective antifouling paint. With the right antifouling paint on all cargo ships, CO<sub>2</sub> emissions could be decreased by 100 million tons each year, and the total financial savings potential could reach USD 20 billion per year.

2

## Increase in invasive species – a threat to biodiversity

In recent years, the spread of so-called invasive aquatic species has become an increasing threat to biodiversity. Failure to protect a ship and its hull against marine fouling increases the risk of invasive aquatic species attaching to the hull. When ships carrying biological hitchhikers arrive at new ports, these species, including invasive crabs, oysters, etc. negatively disrupt the animal life and existing ecosystems at the destination.

### Opportunity

Stricter restrictions have been introduced regionally in ports with fines or refusals put in place to reduce the spread of invasive species. By using an effective antifouling paint, for example containing Selektope, the hull is kept clean and the problem of the spread of invasive aquatic species can be curbed.

3

## Leakage from antifouling paints contaminates marine environments

Traditional antifouling generally uses active biocides, which make up anything from a few percent to more than half the weight of the paint. These biocides gradually leak into marine environments.

### Opportunity

Unlike traditional ingredients in antifouling paints, Selektope has a specific effect that enables it to be used in uniquely small concentrations. The use of Selektope-based antifouling paint can therefore significantly reduce biocide emissions into the sea.



## CASE

# Hospital ship protected by Selektope®

In May 2021, after several years of design and construction, the world's largest hospital ship, Global Mercy, was ready to be launched. To protect the ship from its extreme exposure to marine fouling during long periods of idling off the coast of Africa, the hull has been painted with Jotun SeaQuantum Pro Ace, an antifouling paint containing Selektope.

## GLOBAL MERCY:

**Type:**  
Passenger ship

**Name:**  
GLOBAL MERCY  
(IMO: 9726499)

**Size:**  
36 600 GR tons, 174m

**Built:** 2020

**Painted with:**  
Jotun's SeaQuantum  
Pro Ace 2020

**Shipyard:**  
Tianjin Xingang, Kina

Mercy Ships is a global charity that offers medical treatment and emergency surgery onboard its hospital ships docked at local ports in some of the world's poorest countries.

Global Mercy is a specially built, one-of-a-kind hospital ship, and the first ship ever to be designed with the purpose of being used as a hospital. The project to design and build the ship was led by Stena RoRo and Managing Director, Per Westling.

When the ship was launched in 2021, the project had been going on for seven years. Designing a ship that is expected to be idling for most of its operations requires both creativity and specially designed solutions, not least when it comes to protecting the hull from extreme exposure to marine fouling, says Per Westling. He continues, "Stena RoRo is extremely proud to be involved in the construction and design process of Global Mercy. We identified Selektope as the most appropriate, innovative technology to ensure that the newly built vessel avoids

the negative consequences of fouling on the hull, even during the expected long periods of idling." The risk of marine fouling is extremely high for all vessels that are at anchor for longer periods.

Mercy Ships' operations mean that its vessels are often docked for 10 months or more in ports with warm water temperatures where the risk of fouling is very high. This means that barnacle fouling can be extremely costly for the organization, due to both increased fuel costs when the ship sails between ports, as well as through the costs associated with mechanical removal of hard fouling.

In September 2020, the ship was painted with Jotun's Selektope-powered product, SeaQuantum Pro Ace, where I-Tech donated the amount of Selektope required to cover the hull. The hope is that Mercy Ships will be able to run its charity without the large costs that fouling on the hull entails. After eight months in outfitting where the hull paint was put to the test, the ship underwent a final inspection where it was noted that the hull was completely free from barnacle fouling. In the spring of 2022,

Global Mercy will set sail for Senegal for its first mission. "Mercy Ships has an extensive sustainability profile, and I-Tech's donation to our mission enables us to progress our charity in a more sustainable way. The implementation of new, innovative technology to protect Global Mercy against marine fouling has been of great importance to us," says Stefan Sonesson, Sweden Manager at Mercy Ships.



Stena RoRo decided to use an antifouling paint containing Selektope to protect the hull from hard fouling during the long static periods when Global Mercy stays in port.

Powered by **selektope®**

# The I-Tech share

I-Tech's shares were listed on First North at Nasdaq Stockholm on 28 May 2018. The total number of shares in I-Tech is 11,908,457. On 30 December 2021, the number of shareholders was 2,822 (3,400).

## Development of the share

At the end of the year, the I-Tech share stood at 58.90 SEK, which means a decline for the year of 28%. Since listing in 2018, the share has increased by around 262%. The highest price during 2021 was 88.60 SEK which occurred on 8 January, and the lowest price was 44.60 SEK on 28 September. At the end of the year, the market capitalisation was SEK 701 million, to compare with SEK 244 million on the day of the listing, 28 May 2018. The number of traded shares during the year was 4.5 (9.2) million shares.

## Share capital and ownership

The share capital in I-Tech was, at the end of 2021, SEK 23,816,914 divided over 11,908,457 shares. All shares carry equal voting rights, as well as right to dividend. The main shareholder is Pomona-gruppen who at the end of 2021 held 14.75 percent of the capital and votes.

## Dividend policy

I-Tech is a growth company and has so far not distributed any dividends. Neither is any share distribution planned for the coming years as any earnings are planned to be reinvested in the company. In the future, when the company's result and financial position so allow, share dividends may be likely. When the time comes, the Board of Directors will consider factors such as the growth and profitability of the business, working capital and investment needs, financial position and other factors, when determining a possible suggestion for share dividends.

## Shareholder information

Financial information about I-Tech can be found on [www.i-tech.se](http://www.i-tech.se). Questions can be put directly to I-Tech's function for investment relations.

Annual report, interim reports and other information from the company's head office may be ordered by phone, via the website or by e-mail.

## Largest owners

Owner	Number of shares	Share capital %
Pomona-gruppen	1,756,417	14.75%
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. shares in company	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	201,000	1.69%
David Bendz	195,167	1.64%
Others	3,801,583	31.92%
<b>Total number of shares</b>	<b>11,908,457</b>	<b>100.00%</b>

Analysts who follow I-Tech:  **REDEYE**



# Board of Directors



## Stefan Sedersten

**Chairman of the board** since 2014.

**Member of the board** since 2014.

Stefan has a background in radar electronics and marine propulsion industry, and has had different leading positions in purchasing, production and research and development. Stefan is now the CEO of Berg Propulsion Group, a leading supplier of variable pitch propellers for the maritime industry.

**Education:** Master of Science in Mechanical Engineering, Chalmers University of Technology.

**Other assignments:** Chairman of the board in Berg Propulsion Group and Chess Capital AB. Board member in Blå Skrinet AB, Röda Skrinet AB and Stefan Sedersten Development AB.

**Shareholding in I-Tech:** 451,330\*

Independent in relation to the company and management and the company's major shareholders, respectively.



## Tomas Tedgren

**Member of the board** since 2017.

Tomas works as a management consultant and is on the board in Pomona Group AB and several of its subsidiaries. Before that he was the CEO of Pomona-gruppen AB for 17 years.

**Education:** Economics at Stockholm University.

**Other assignments:** Chairman of the board in G. Krantz AB, EHL Prolist AB, Grimslöv Partners AB and Tedgren Consult AB. Board member in Pomona-gruppen AB, Maxidoor AB, Modulpac AB, and Prolist Nordic AB amongst others.

**Shareholding in I-Tech:**

-  
Independent in relation to the company and management but not independent to major shareholders.



## Mikael Laurin

**Member of the board** since 2011.

Mikael Laurin has broad experience as a management and strategy consultant from many industries, countries and disciplines.

He is today responsible for Business Line Vessel Optimization within Yara Marine Technologies. He was earlier the CEO for Lean Marine and prior to that, he was the CEO for Laurin Maritime for more than 10 years.

Mikael was also one of the founders of Consiglio AB, a consulting company focused on strategy and management. In addition to this, Mikael has been a board member in a number of listed and unlisted companies, as well as industry organizations.

**Education:** Master of Science in Industrial Engineering and Management, Chalmers University of Technology.

**Other assignments:** Board member in Team Tankers International.

**Shareholding in I-Tech:**

-  
Independent in relation to the company and management and the company's major shareholders, respectively.



## Bjarne Sandberg

**Member of the board** since 2018.

Bjarne has a long experience of working in the process and pharmaceutical industries and has expertise in manufacturing, business development, improvement of business processes, cross-functional team leadership and change management.

Has worked for Cambrex in various leadership roles since 1997 and is now the CEO for Cambrex' Swedish operations.

**Education:** Master of Science in Industrial Engineering and Management, Luleå University of Technology.

**Other assignments:** CEO and board member for Cambrex Karlskoga AB. Member of the board for Cambrex Tallinn, Cambrex IEP and IKEM.

**Shareholding in I-Tech:** 10,000\*

Independent in relation to the company and management and the company's major shareholders, respectively.



## Chatarina Schneider

**Member of the board** since 2020.

Chatarina has worked for more than two decades for the chemical group, AkzoNobel, and has in various leading positions led multicultural teams in business management, marketing and sales.

She has also been responsible for a business within Akzo Nobel in Asia.

Chatarina Schneider is currently CEO of the chemical distributor AmphoChem AB, Pemco Additives AB and KRAHN Nordics AB.

**Education:** Chemistry, University of Linköping.

**Other assignments:** Chairman of the board of Swedish Algae Factory AB and Jovitech invest AB. Board member in Svenska Aerogel AB, AmphoChem AB, BGM Logistics AB, Pemco Additives AB, Temper Technology AB, KRAHN Nordics AB, BoTo Förvaltning AB and Dive Madhouse AB.

**Shareholding in I-Tech:**

9,161

Independent in relation to the company and management and the company's major shareholders, respectively.



## Tomas Bergdahl

**Member of the board** since 2020.

Tomas has a background from the chemical industry and has held various senior positions in management, sales and operations.

Thomas has worked for 17 years at Sherwin Williams, the world's largest paint company with the most recent position as VP and General Manager EMEAI.

Since 2018, Thomas has been CEO of Herenco AB, a privately owned industrial group that supplies packaging to the chemical industry.

**Education:** MBA, Jönköping International Business School.

**Other assignments:** Several board assignments within the Herenco Group and the aid organization Human Bridge.

**Shareholding in I-Tech:**

-  
Independent in relation to the company and management and the company's major shareholders, respectively.

\*) Including holdings in related companies

\*) Including holdings in related companies



# Management



## Philip Chaabane

**CEO** since 2014.

Philip has a unique combination of experience from leading positions in global tech companies, large and small. Most recently, Philip comes from the fuel cell company, PowerCell Sweden AB, where he was responsible for business and customer development. Philip has also held various operative positions in Volvo Aero Corporation (today GKN Aerospace).

**Education:** Master of Science in International Material Technology at Luleå University of Technology and EEIGM in France.

**Shareholding in I-Tech:** 103,899\*



## Magnus Henell

**CFO & Head of Operations** since 2017.

Magnus has vast experience in finance and corporate management in several small and medium enterprises, as well as a great experience of mergers and acquisitions work within the Volvo Group. When Magnus was the CEO of PowerCell Sweden AB, he re-financed the company successfully and listed it on First North Nasdaq, Stockholm.

**Education:** Master of Science in Business and Economics at Karlstad University and School of business, economics and law at University of Gothenburg.

**Shareholding in I-Tech:** 31,000\*



## Cecilia Ohlauson

**Head of Regulatory Affairs** since 2013.

Cecilia's academic background is within ecotoxicology concerning biocides and she has a Ph.D. in environmental science. Cecilia has worked for I-Tech with responsibility for regulatory work since 2008 and has similar experience from the pharmaceutical industry.

**Education:** Ph.D. from the University of Gothenburg, as well as a Master in Biology from the Linnaeus University and microbiology studies at Stockholm University.

**Shareholding in I-Tech:** 24,771\*



## Markus Hoffman

**Technical Director** since 2019.

Markus joined I-Tech from the role of Expert Antifouling Coatings Research and Development at Hempel AS. Prior to that, Markus worked as Head of R&D for Hempel's Antifouling Global Excellence Center in Barcelona. Earlier in his career, Markus was Team Manager Central R&D at BASF.

**Education:** PhD in Organic Chemistry from JMU in Würzburg, Germany, MBA from EADA in Barcelona, Spain and a post-doc position at Kyoto University, Japan.

**Shareholding in I-Tech:** -



## Per Svensson

**Sales & Marketing Director** since 2020.

Per has more than 30 years of experience in the marine industry, mainly in sales and marketing of level measurement systems and automation systems for ships and marine installations. Per has previously worked in several senior positions at Saab Marine Electronics and most recently came from Emerson Automation Solutions in the role of Director, Global Sales and Aftermarket Marine Solutions.

**Education:** Technical degree and Executive management programs at the Stockholm School of Economics and IHM Business School in Gothenburg.

**Shareholding in I-Tech:** 100\*

\*) Including holdings in related companies

\*) Including holdings in related companies

# Administration report

I-Tech AB corporate identity no. 556585-9682.  
The annual report is in kSEK.

## Operations

The company's business is to commercialise its patented active substance to reduce marine fouling on hulls, gears and other submerged structures.

The global maritime industry consumes fuel at a cost of more than USD 150 billion annually which represents the most dominating cost factor for shipping companies. Fuel efficiency is partly dependent on the hull and its smoothness. Marine fouling, large or small, significantly affects ship performance and maintenance costs and is therefore important to eliminate. This is mainly achieved by introducing active substances in marine paint formulations

I-Tech's product, Selektope®, is the result of research on the behaviour of various aquatic species, especially the barnacle. The product is selective and temporarily influences behaviour and, as such, becomes extremely powerful and effective. Selektope is a couple of hundred times more effective than the current leading technology with regard to barnacle growth. Selektope has passed various environmental and health trials around the world and is one of only three commercially available candidates to counteract shell-building organisms that attach to hulls and surfaces.

The company's registered office is in Mölndal, Västra Götaland, Sweden.

## Multi-year overview\*

	2021	2020	2019	2018	2017
Revenues	52,901	52,819	45,574	28,947	17,849
Profit after financial items	-3,320	-6,043	-7,096	-13,737	-8,418
Balance sheet total	115,124	120,178	131,323	123,526	59,927
Solidity (%)	91.15	88.70	84.84	83.36	61.67
Total equity	104,939	106,602	111,408	102,981	36,955

\*Definitions of key figures, see notes

## Ownership

Shareholder with more than 10% ownership is Pomona-gruppen AB 14.75%.

## Significant events during the financial year

- 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 entered a product development collaboration with IFF Microbial Control.
- 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%.
- During the year, the COVID-19 pandemic has to some extent created uncertainty in the market, leading to a reduced willingness to invest and increased prudence, which has led to a reduction in sales growth. The company did not receive any COVID-19-related support during the year.

## Future development and significant risks and insecurities

The company sees a continued good development of existing customers, as well as one or more new customers on the market in the near future. A key factor in this development is that the brand is gaining further awareness and that the list of references becomes even longer, giving a valuable ripple effect with our customers. During the coming periods, the company will also continue to refine the production processes introduced during 2018, for the purpose of further improve the production cost and secure high-quality deliveries.

## Suppliers

I-Tech's product Selektope® is manufactured by subcontractors, which means that the company is dependent on these to be able to deliver its product. If the company's subcontractors would not be willing to continue the cooperation with the company or to continue an agreed functioning cooperation according to favourable terms for the company, there is a risk that I-Tech in such a situation would not be able to replace such a supplier in a timely, qualitative or economically adequate manner. As such, there is a risk that changed supplier relations can have negative effects on the company's operation, result and financial position.

## Competition

I-Tech's product, Selektope® is one of two non-metal-based antifouling biocides which have received regulatory approval in the EU and some other regions in the world. There is a risk that further competitive biocides receive regulatory approval resulting in an increase in competition on the market, which may have a negative effect on the company's operation, result and financial position.

## Key staff

The company is dependent on board members, directors and other key staff in different positions. The ability to keep current staff, as well as the possibility to recruit new staff, is crucial for

the company's future development. If key staff leave the company or if I-Tech cannot hire or keep qualified and experienced directors, it may have a significant negative effect on the company's operation, result and financial position.

## Market approval

I-Tech has received market approval for the company's product Selektope® in the EU, China, Japan, South Korea and the Philippines, which is a prerequisite to continue to be able to market the product. There is a risk that current regulations will change in the future. If the company is unable to fulfil new regulations or if the company would have an already received market approval withdrawn, there is a risk that it would have a negative effect on the company's operation, result and financial position.

## Customers

If I-Tech could not live up to the demands of the company's customers, or if the company's customers could not fulfil their payment obligations, or if existing customers would choose not to renew current agreements with the company or if the agreement with different customers would be renewed on less advantageous terms for the company, there is a risk that I-Tech's revenue would decrease, which may lead to a negative effect on the company's operation, result and financial position.

## COVID-19

If the COVID-19 pandemic once again would escalate leading to countries closing their borders and limiting delivery opportunities, or if access to starting materials is adversely affected, or if production is adversely affected, or if operations linked to I-Tech's customers are affected, there is a risk that I-Tech's revenues could decrease and/or that I-Tech's production and delivery costs could increase, which may lead to a negative effect on the company's operation, result and financial position.

**Product quality**

Insufficient quality in I-Tech's supplied products could infer a liability claim on the company from the company's customers, which could have negative effects on the company's financial position. Further there is a risk that failing product quality could result in a decreased demand for the company's product which could have a significant negative effect on the company's operation, result and financial position.

**Political risk**

The company is active in different ways in and via several countries and can thereby be affected by political and economic uncertainties in these countries. There is a risk that I-Tech is affected negatively through changes in legislation, taxes, customs, exchange rates and other terms for foreign companies. I-Tech may also be affected by political and economic factors of uncertainties in these countries. The company may also be affected negatively by possible domestic policy decisions.

**Changes in equity**

	Share capital	Other restricted equity	Other non-restricted equity	Annual result	Total non-restricted equity
Amount at the start of the year	23,817	1,286	86,305	-4,806	81,499
Issue of warrants			984		984
Surplus according to decision at annual general meeting			-4,806	4,806	
Provision for fund for development expenditure		250	-250		-250
Loss for the year				-2,648	-2,648
<b>Amount at the end of the year</b>	<b>23,817</b>	<b>1,536</b>	<b>82,233</b>	<b>-2,648</b>	<b>79,585</b>

**Allocation of surplus (SEK)****SUGGESTION FOR ALLOCATION OF THE COMPANY PROFIT**

At the disposal of the annual general meeting is	
Loss brought forward	-61,043,442
Share premium account	143,275,995
Loss for the year	-2,647,805
	<b>79,584,748</b>
The board of directors suggest to be carried forward	
	<b>79,584,748</b>

**Currency risk**

Currency risk is understood to mean the risk of changes in currency having a significant negative impact on I-Tech's income statement, balance sheet or cash-flow. Exposure to currency risk is present at purchase or sales of products and services in another currency than the Swedish Krona. I-Tech's international operation gives rise to a significant cash flow in foreign currency. The company is mainly exposed to fluctuations in USD in relation to SEK. There is a risk that changes in currencies can have a negative effect on I-Tech's operation, result and financial position.

# Income statement

	1 Jan 2021 - 31 Dec 2021	1 Jan 2020 - 31 Dec 2020
<b>Operating income etc.</b>		
Net turnover	52,901	52,819
Other operating income	3 621	841
	<b>53,522</b>	<b>53,660</b>
<b>Operating expenses</b>		
Costs of goods sold	-25,424	-27,638
Other external costs	-10,192	-10,503
Personnel costs	4 -13,306	-10,427
Depreciations, amortisations and impairments	-7,917	-8,767
Other operating costs	-1,366	-1,492
	<b>-58,205</b>	<b>-58,827</b>
<b>Operating income</b>	<b>-4,683</b>	<b>-5,167</b>
<b>Result of financial items</b>		
Other interest income and similar items	5 1,501	-
Interest expense and similar items	6 -138	-876
	<b>1,363</b>	<b>-876</b>
<b>Result after financial items</b>	<b>-3,320</b>	<b>-6,043</b>
Tax on profit for the year	7 672	1,237
<b>Annual result</b>	<b>-2,648</b>	<b>-4,806</b>

## Balance sheet

	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Expenditures on development brought forward	8	18,256	21,064
Patents	9	27,228	31,545
<b>Total intangible assets</b>		<b>45,484</b>	<b>52,609</b>
<b>Tangible assets</b>			
Inventories, tools and installations	10	328	192
<b>Total tangible assets</b>		<b>328</b>	<b>192</b>
<b>Financial fixed assets</b>			
Deferred tax assets	11	17,432	16,760
<b>Total financial fixed assets</b>		<b>17,432</b>	<b>16,760</b>
<b>Total fixed assets</b>		<b>63,244</b>	<b>69,561</b>
<b>Current assets</b>			
<b>Inventory</b>			
Finished goods and commodities		3,343	4,278
<b>Total inventory</b>		<b>3,343</b>	<b>4,278</b>
<b>Short-term receivables</b>			
Accounts receivables		7,105	4,485
Other receivables		266	353
Prepayments and accrued income		6,157	520
<b>Total short-term receivables</b>		<b>13,528</b>	<b>5,358</b>
<b>Cash and bank balances</b>			
Cash and bank balances		35,009	40,981
<b>Total cash and bank balances</b>		<b>35,009</b>	<b>40,981</b>
<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>

	Note	31 Dec 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		23,817	23,817
Legal reserve		753	753
Reserve for development expenditure		784	533
<b>Total restricted equity</b>		<b>25,354</b>	<b>25,103</b>
<b>Unrestricted equity</b>			
Share premium reserve		143,276	143,276
Result brought forward		-61,043	-56,971
Loss for the year		-2,648	-4,806
<b>Total unrestricted equity</b>		<b>79,585</b>	<b>81,499</b>
<b>Total equity</b>		<b>104,939</b>	<b>106,602</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	12	2,252	4,361
<b>Total long-term liabilities</b>		<b>2,252</b>	<b>4,361</b>
<b>Short-term liabilities</b>			
Liabilities to credit institutions	12	2,037	4,258
Accounts payables		1,113	1,158
Current tax liabilities		230	274
Other liabilities		365	656
Accruals and deferred income		4,188	2,869
<b>Total short-term liabilities</b>		<b>7,933</b>	<b>9,215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>115,124</b>	<b>120,178</b>

## Cash flow analysis

	Note	31 Dec 2021	31 Dec 2020
<b>Operating activities</b>			
Operating result		-4,683	-5,167
Adjustments for non-cash items		7,917	8,767
Interest and similar items received		1,501	-
Interest and similar items paid		-138	-876
Income tax paid		-44	139
<b>Cash flow from operating activities before changes in working capital</b>		<b>4,553</b>	<b>2,863</b>
<b>Cash flow from changes in working capital</b>			
Decrease/increase of inventories current activities		935	-3,013
Increase/decrease of accounts receivables		-2,620	3,269
Increase/decrease of other receivables		-5,550	5,958
Decrease of accounts payables		-45	-4,378
Increase of short-term liabilities		1,029	689
<b>Cash flow from operating activities</b>		<b>-1,698</b>	<b>5,388</b>
<b>Financing activities</b>			
Acquisition of expenditures brought forward for development and similar work.	8	-323	60
Acquisition of concessions, patents, licenses etc..	9	-407	-513
Acquisition of inventories, tools and installations	10	-198	-105
<b>Cash flow from investing activities</b>		<b>-928</b>	<b>-558</b>
<b>Financial activities</b>			
Warrants		984	-
Amortisation of long-term borrowings		-4,330	-2,789
<b>Cash flow from financial activities</b>		<b>-3,346</b>	<b>-2,789</b>
<b>Change in liquid assets</b>			
Liquid assets at the start of the year		40,981	38,940
<b>Liquid assets at the end of the year</b>		<b>35,009</b>	<b>40,981</b>

## Notes

### NOTE 1. ACCOUNTING PRINCIPLES

The annual report is prepared in accordance with the accounting law and BFNAR 2012:1 Annual report and consolidated financial statements. The principles are unchanged compared to previous years.

#### Receivables

Receivables have been recognised at the amounts at which they are expected to be received.

#### Other assets, provisions and liabilities

Other assets, provisions and liabilities have been valued at acquisition value unless otherwise stated below.

#### Revenue report

The revenues are reported at the actual value of what has been received or will be received. The company therefore reports the revenue at nominal value (invoiced amounts) if the compensation is received in liquid funds directly on delivery. Deductions are made for discounts provided.

#### Sales of goods

Sale of goods is recognised when the company has transferred to the buyer the significant risks and benefits associated with the ownership, normally when the customer has the goods in his possession. Revenues from the sale of goods that have no significant service obligations are reported on delivery.

#### Services

Revenue from consultancy services are reported when the services are provided.

#### Tangible assets

Tangible assets are reported at acquisition value, deducting the accumulated depreciations and any impairment losses. The assets are depreciated linearly over the assets' estimated useful life except for land that is not amortised. The useful life is reviewed at each balance sheet date. The following useful lives are applied:

	Number of years
Inventories, tools and machinery	5

#### Intangible assets

Intangible assets are reported at acquisition value, deducting the accumulated depreciations and any impairment losses. The assets are depreciated linearly over the assets' estimated useful life. The useful life is reviewed at each balance sheet date. Ongoing projects are not amortised but are tested annually for impairment.

The following useful lives are applied:

	Number of years
Expenditures brought forward for development and similar work	10
Patents	5

#### Activation of internally generated intangible fixed assets.

##### Activation model

All expenses incurred during the research phase are recognised as an expense as they arise. All expenses incurred during the development phase are activated when the following conditions are met; the company's intention is to complete the intangible asset and to use or sell it and the company has the potential to use or sell the asset, it is technically possible for the company to complete the intangible asset so that it can be used or sold and there are adequate technical, economic and other resources to complete the development and to use or sell the asset, it is likely that the intangible fixed asset will generate future economic benefits and the company can reliably calculate the expenses attributable to the asset during its development.

In the acquisition value, personnel costs incurred in the work on development work are included.

##### Leasing

A finance leasing agreement is a leasing agreement according to which the financial risks and advantages associated with owning an asset are transferred in all material respects from the lessor to the lessee. An operating leasing agreement is a leasing agreement that is not a financial leasing agreement.

##### Leasee

Operational leasing agreements are recognised as an expense linearly over the lease term.

Rights and obligations under financial leasing agreements are reported as assets and liabilities in the balance sheet. The asset and liability are reported at the lower of the asset's actual value and the present value of the minimum lease payments, determined at the conclusion of the leasing agreement. The lease payments are divided between interest and amortisation of the debt according to the effective interest method. Variable fees are reported as expenses in the financial year that the expenses arise. All leasing agreements are expensed on linearly over the lease term.

**Inventories**

Inventories are valued at the lowest of the acquisition value, calculated according to first-in-first-out, and net sales value. The net realisable value has been calculated at the sales value after deduction of estimated sales cost, whereby obsolescence has been taken into consideration.

**Income tax**

Current tax is income tax for the current fiscal year, which refers to the year's taxable profit and the part of previous fiscal year's income tax that has not yet been reported.

Current tax is valued at the probable amount according to the tax rates and tax rules that apply on the balance sheet date. Deferred tax is income tax for taxable earnings relating to future fiscal years as a result of past transactions or events.

Deferred tax is calculated on temporary differences. A temporary difference exists when the reported value of an asset or liability differs from the taxable value. Temporary differences are not considered in differences attributable to investments in subsidiaries, branches, associated companies or joint ventures if the company can control the timing of reversal of the temporary differences and it is not obvious that the temporary difference will be reversed in the foreseeable future. Differences arising from the initial recognition of goodwill or at the first recognition of an asset or liability, unless the related transaction is a business combination or affects tax or recognised result, do not constitute temporary differences either.

Deferred tax assets relating to losses carried forward or other future tax deductions are reported to the extent that it is probable that the deductions can be offset against future tax surpluses.

The company has made the assessment that it is probable that the losses carried forward as a whole will be offset against future profits, which is why deferred tax assets related to these have been recognised in their entirety. Exchange rate differences arising from the regulation or recalculation of monetary items are recognised in the income statement in the fiscal year in which they arise, either as an operating item or as a financial item based on the underlying business event.

**Receivables and liabilities in foreign currency**

Monetary receivables and liabilities in foreign currency have been recalculated at the closing day rate. Exchange rate differences arising from the regulation or recalculation of monetary items are recognised in the income statement

in the fiscal year in which they arise, either as an operating item or as a financial item based on the underlying business event.

**Public contributions**

Public contributions are valued at the actual value of the asset that the company has received or will receive.

Public contributions that are not linked to demands on future performance, so-called unconditional contributions, are recognised as revenue when the conditions for obtaining the contributions are met, that is, usually in connection with the receiving of contributions. Public contributions that are linked to demands for future performance, so-called conditional contributions, are recognised as liabilities when the contribution is received and subsequently recognised as income when the performance is carried out. Public contributions relating to the acquisition of a fixed asset reduce the asset's acquisition value.

**INDIVIDUAL NOTES TO FINANCIAL STATEMENTS****NOTE 2. ESTIMATES AND ASSESSMENTS**

The Board of directors and management continuously assess the company's intangible assets, capitalized expenses for development work and patents, and deferred tax assets. In the valuation, a number of significant estimates and assessments must be taken into account in order to be able to calculate a recoverable amount. These estimates and assessments relate, among other things, to future expected sales price, expected market penetration and expected cost base in the company.

**NOTE 3. OTHER OPERATING REVENUE**

	2021	2020
<b>Other operating revenue divided over category of revenue</b>		
Foreign exchange gains	290	872
Contributions	331	-
Insurance reimbursements	-	-31
	<b>621</b>	<b>841</b>

**NOTE 4. PERSONNEL****Average number of employees**

The average number of employees is based on the number of by the company paid working hours related to normal working hours.

	2021	2020
<b>Average number of employees has been</b>	<b>9.00</b>	<b>7.00</b>
Of which were women	4.00	2.00
Of which were men	5.00	5.00

**Salaries, remuneration, etc.**

Salaries, remuneration, social security expenses and pension costs amount has been as follows:

	2021	2020
<b>Board of Directors and CEO</b>		
Salaries and remuneration	2,365	2,193
Pension costs	388	307
	<b>2,753</b>	<b>2,500</b>
<b>Other employees</b>		
Salaries and remuneration	6,690	4,952
Pension costs	842	723
	<b>7,532</b>	<b>5,675</b>
Social security expenses	2,874	2,121
<b>Total Board of Directors and others</b>	<b>13,159</b>	<b>10,296</b>

**NOTE 5. OTHER INTEREST INCOME AND SIMILAR ITEMS**

	2021	2020
Exchange difference	1,501	-
	<b>1,501</b>	<b>-</b>

**NOTE 6. INTEREST EXPENSE AND SIMILAR ITEMS**

	2021	2020
Other interest cost	137	296
Exchange difference	-	580
	<b>137</b>	<b>876</b>

**NOTE 7. TAX ON RESULT FROM THE YEAR**

	2021	2020
Deferred tax	672	1 237
	<b>672</b>	<b>1 237</b>
<b>Reconciliation of effective tax</b>		
Profit/loss before tax	-3,320	-6,043
Tax cost 20.60% (21.40%)	684	1,293
Tax effect of:		
Non-deductible expenses	-12	-8
Current year loss carried forward	-672	-1,285
Deferred tax adjustment	672	1,237
<b>Total</b>	<b>672</b>	<b>1,237</b>

**NOTE 8. EXPENDITURES BROUGHT FORWARD FOR DEVELOPMENT AND SIMILAR WORK**

	31 Dec 2021	31 Dec 2020
Opening acquisition value	31,902	31,962
Purchases	323	-60
<b>Outgoing accumulated acquisition value</b>	<b>32,225</b>	<b>31,902</b>
Opening depreciations	-10,838	-7,707
Depreciations during the year	-3,131	-3,131
<b>Outgoing accumulated depreciations</b>	<b>-13,969</b>	<b>-10,838</b>
<b>Outgoing reported value</b>	<b>18,256</b>	<b>21,064</b>
<b>Assets acquired through public contributions are included at reported acquisition value</b>	<b>8,908</b>	<b>8,908</b>

**NOTE 9. PATENTS**

	31 Dec 2021	31 Dec 2020
Opening acquisition value	46,554	47,339
Purchases	407	513
Sales/Disposals	-	-1,298
<b>Outgoing accumulated acquisition value</b>	<b>46,961</b>	<b>46,554</b>
Opening depreciations	-15,009	-10,703
Sales/Disposals	-	508
Depreciations during the year	-4,724	-4,814
<b>Outgoing accumulated depreciations</b>	<b>-19,733</b>	<b>-15,009</b>
<b>Outgoing reported value</b>	<b>27,228</b>	<b>31,545</b>

**NOTE 10. INVENTORIES, TOOLS AND INSTALLATION**

	31 Dec 2021	31 Dec 2020
Opening acquisition value	475	370
Purchases	198	105
<b>Outgoing accumulated acquisition value</b>	<b>673</b>	<b>475</b>
Opening depreciations	-283	-251
Depreciations during the year	-62	-32
<b>Outgoing accumulated depreciations</b>	<b>-345</b>	<b>-283</b>
<b>Outgoing reported value</b>	<b>328</b>	<b>192</b>

**NOTE 11. DEFERRED TAX**

31 DEC 2021	Temporary difference	Deferred tax asset	Deferred tax liability
Tax losses	-	17,432	-
	-	<b>17,432</b>	-

31 DEC 2020	Temporary difference	Deferred tax asset	Deferred tax liability
Tax losses	-	16,760	-
	-	<b>16,760</b>	-

**NOTE 12. LONG TERM LIABILITIES**

	31 Dec 2021	31 Dec 2020
Almi Företagspartner		
Amortisation within 1 year	450	600
Amortisation within 2-5 years	-	450
	<b>450</b>	<b>1 050</b>
Energy Agency no. 1	-	2 145
	-	<b>2 145</b>
Energy Agency no. 2	3 839	5 423
	<b>3 839</b>	<b>5 423</b>
<b>Total long-term liabilities</b>	<b>4 289</b>	<b>8 619</b>

**Energy Agency No. 1**

The loan was amortized in full during 2021.

**Energy Agency no. 2**

The first amortization of the loan took place during 2021 based on the net turnover for 2020. Amortization takes place with 3% of the company's reported net turnover and is limited to a 10-year period unless full repayment has been made earlier. Amortization for 2021 was 1,513 kSEK and amortization will be 1,587 kSEK.

**NOTE 13. COLLATERAL**

	31 Dec 2021	31 Dec 2020
Business mortgages	4 600	4 600

**NOTE 14. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR**

The war in Ukraine entails great risks of a negative impact on the global economy, of price increases on inputs and energy, and disruptions in supply chains.

I-Tech has no operations in the countries concerned and has so far not been affected. Possible effects in the coming periods depend on the continued development and its global impact.

**NOTE 15. DEFINITION OF KEY FINANCIAL FIGURES****Solidity**

Adjusted equity as a percentage of balance sheet total.

Möln dal 7 april 2022

Tomas Tedgren

Chatarina Schneider

Philip Chaabane  
Chief Executive Officer

Bjarne Sandberg

Tomas Bergdahl

Mikael Laurin

Stefan Sedersten  
Chairman of the Board

Our audit report has been delivered on  
7 April 2021  
by Ernst & Young AB

Andreas Mast  
Authorised accountant

# Auditor's report

## To the general meeting of the shareholders of I-Tech AB, corporate identity number 556585-9682

### REPORT ON THE ANNUAL ACCOUNTS

#### Opinions

We have audited the annual accounts of I-Tech AB for the year 2020. The annual accounts of the company are included on pages 32-43 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the I-Tech AB as of December 31, 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the I-Tech AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Information other than the annual accounts

This document also contains information other than the annual accounts and can be found on pages 1-31. It is the Board and the CEO who have the responsibility for this other information. Our opinion regarding the annual accounts does not comprise this information and we make no statement confirming this other information. In connection with our audit of the annual accounts, it is our responsibility to read the information identified above and consider if the information to a material extent is inconsistent with the annual accounts. In this review, we also take into account the information we collected otherwise during the audit and assess if the information otherwise appears to contain material misstatements. If we draw the conclusion based on the work done regarding this information that the other information contains a material misstatement, we are obliged to report it. We have nothing to report in this respect.

#### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

SAs part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lä
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the company's internal control. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.

- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation. We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit.

We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of I-Tech AB for the year 2018 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

#### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the I-Tech AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the

dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general. The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
  - in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.
- Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act. As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Gothenburg 7 april 2022

Ernst & Young AB

Andreas Mast  
Authorised accountant



Production:  
I-Tech  
Print: Elanders Sverige 2021  
Images: Adobe Stock, Shutterstock and iStock

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**Financial calendar**

Interim report, Q1	5 May, 2022
Annual General Meeting	12 May 2022
Interim report, Q2	26 August 2022
Interim report, Q3	21 October, 2022
Year-end report 2022	22 February 2023





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