

**JANUARY-MARCH**  
**2020**  
**INTERIM REPORT Q1**



# Summary of the period

## " A strong quarter despite uncertain times "

- Net turnover for the period amounted to kSEK 13 525 (6 170), corresponding to an increase in turnover of 119% (62%). Operating profit/loss amounted to kSEK -984 (-4 435).

### January to March 2020

- In March, the leading Norwegian paint manufacturer, Jotun, launched two new marine paints based on I-Tech's proprietary antifouling active agent Selektope®.
- During March, Per Svensson was appointed Sales Director for I-Tech. Per comes most recently from Emerson Automation Solutions where he was Director of Global Sales and Aftermarket Marine Solutions.
- In the beginning of the year, the ongoing COVID-19 pandemic led to a temporary production stop at shipyards, primarily in China, which are now back in production. Furthermore, restrictions have been introduced in India where I-Tech's production and deliveries are based. The production stoppage at the shipyards occurred during a period of normal low demand for I-Tech's products. So far, I-Tech has not been negatively affected besides an increase in delivery cost.

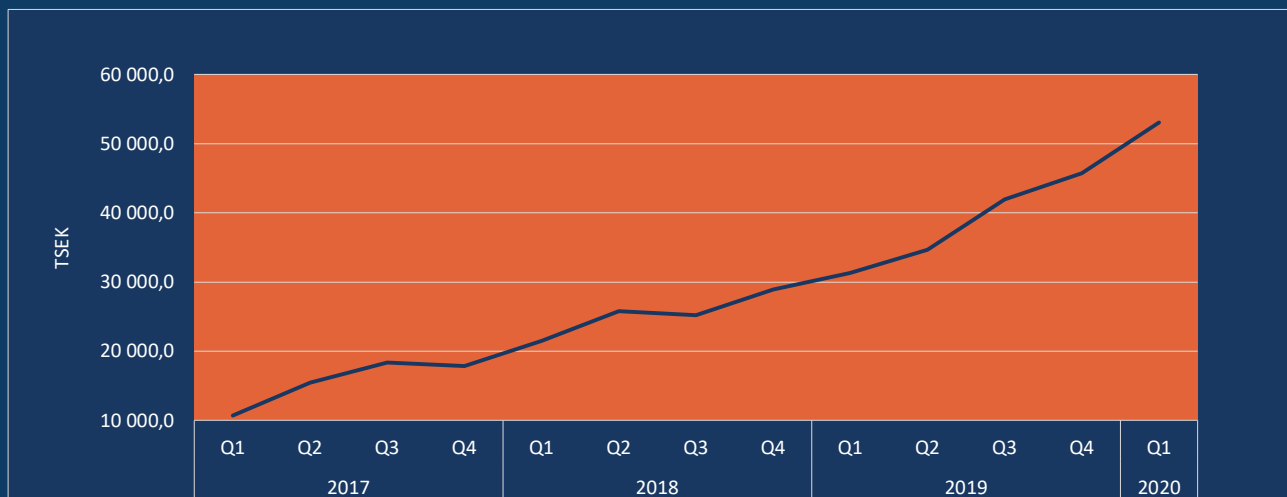
### Important events after the period

- No important events have occurred after the period

## Financial Summary

<i>All amounts in TSEK</i>	2020	2019	2019	2018
	Jan-Mar	Jan-Mar	Jan-Dec	Jan-Dec
Net sales	13 525	6 170	45 574	28 947
Operating result	-984	-4 435	-7 019	-13 625
EBITDA	1 004	-2 378	1 220	-6 392
Net result	-532	-4 469	8 427	-13 737
Operating cash flow	296	-573	-4 763	-11 945
Equity at end of period	110 876	98 512	111 408	102 981
Cash and cash equivalents at end of period	38 993	45 802	38 940	46 538

## Rolling twelve-month turnover



---

## CEO comments

**Although the first quarter was characterized by lockdowns in several key markets in Asia, we managed to increase our sales by 119 percent to SEK 13.5 million (6.2) compared with the corresponding quarter last year. The improvement is partly due to activities in key markets gaining momentum again in March, and partly because our customers expect relatively high activity in shipyards around Asia and the Middle East in the coming months. However, uncertainty about how the ongoing pandemic will develop and how it may affect the market for the rest of the year remain high.**

It is positive that the shipbuilding industry in China, Japan and Korea has returned to a fairly normal level of industrial activity, and that our largest customer, Chugoku Marine Paints, is optimistic and has managed to maintain production in important markets despite the circumstances. At the same time, from an operational perspective, it has been a turbulent time with, for example, the lockdown in India affecting our deliveries from sub-contractors. However, despite this, we managed to satisfy our customers' demand and, although we experienced increased transportation costs, we managed to keep the gross margin up and on par with the same quarter last year. For the first quarter, the gross margin was 45% (44%) and operating activities again showed a positive EBITDA of SEK 1.0 (-2.3) million. The operating profit for the period was significantly improved and amounted to SEK -1.0 (-4.4) million, which means that we are approaching a positive operating profit in line with our plans.

Besides successfully navigating a challenging quarter, I am also very pleased that Jotun, the world's leading marine paint manufacturer, announced during the period that the launch of two products containing Selektope®. With this launch, Jotun intends to offer the best possible protection against marine fouling on vessels with longer idle periods, especially during the outfitting period. The launch of the SeaQuantum Pro Ace and SeaForce Active Ace products means that Selektope® is used in two technology platforms at different cost levels, which opens up a wider customer base. The products will



primarily be available in Korea and in China, where they are now being marketed. We hope to see rising demand as Jotun secures new business.

Three of the world's largest paint companies have now officially launched Selektope®-containing products on the market. This contributes positively to our quarterly results. In addition, we have continued to supply an unnamed customer with approximately the same demand as in previous quarters. This means that we now have a good base on which to grow the business. The recruitment of our new sales director, Per Svensson, during the quarter will also help us to further develop our business and I-Tech's commercial operations.

Although the year has started well financially, despite the challenges and concerns relating to COVID-19, the global pandemic continues to give rise to widespread uncertainty. As such, we are implementing some measures to mitigate potential downturns in the business climate. We have, for example, postponed non-business-critical investments and we are well on the way to securing our inventory to reduce the risk of supply interruptions due to further lockdowns.

Through establishing commercial relationships with four of the six largest paint manufacturers in the world, delivering a strong financial quarter and with sustained liquidity, I see good opportunities that we will navigate through the current situation in a good way and that we are well positioned when growth accelerates again.

Philip Chaabane, CEO

---

## Business and structure

I-Tech AB (publ) is a biotech company active in the materials and chemical sector. The company develops and sells the product Selektope®, an active ingredient to counteract marine growth used in coating systems for the commercial shipping industry. The company's business is primarily focused on antifouling coatings, although development is also taking place to potentially prevent marine growth in functional materials such as polyurethane. The company's customers are the leading global marine coating companies. Asia is the dominant market.

I-Tech owns the rights to Selektope® and has the necessary manufacturing expertise. The company was founded in 2000 as a spin-off company from the University of Gothenburg and Chalmers University of Technology, and is now located at AstraZeneca's BioVentureHub in Mölndal, just south of Gothenburg in Sweden.

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



Sweden  
**Sustaintech  
venture day**

*I-Tech was invited to participate in the Sweden Sustaintech Venture Day 2020 as one of Sweden's most successful and fast-growing companies in the sector. We were hand-picked by Sweden's leading experts on environment-related investments. Among the organizers and partners of the event were the Swedish Energy Agency, Nasdaq, Business Sweden and UN body the World Energy Council. In the picture: Chairman of the I-Tech Board, Stefan Sedersten and I-Tech CEO Philip Chaabane.*



# Other information

## Share information

At the start of 2020, I-Tech's share capital amounted to SEK 23 816 914, distributed across 11 908 457 shares. The ratio value of all the shares amounts to SEK 2 and they have equal rights in the company's assets and profit/loss.

I-Tech's shares have been listed on the Nasdaq First North Growth Market at Nasdaq Stockholm since May 29, 2018. As of March 31, 2020, the number of shareholders amounted to 2,386. With a closing price for the share on 31 March 2020 of SEK 67.80, the company's market capitalization amounted to SEK 807 million.

## Risk factors

The company's risks are primarily attributable to the market development of Selektope®, production risks related to partners' production and production capacity, as well as risks with intangible assets and product development. For a more detailed description of risk factors, please see I-Tech's prospectus, which was published in connection with the public offering, and the company's annual report for 2019.

## Certified Adviser

I-Tech has engaged Erik Penser Bank as the Certified Adviser on First North at Nasdaq Stockholm.

## Long-term incentive programs

The company has no long-term incentive programs for senior leaders or staff.

## Audit review

The interim report has not been subject to audit.

## List of stakeholders

The list of stakeholders shows the status in the company as of March 31, 2020

Shareholders	No. of shares	%
Pomona-gruppen	1 357 528	11,40%
Swedbank Robur	1 132 500	9,51%
Länsförsäkringar Funds	892 066	7,49%
Handelsbanken Funds	625 000	5,25%
Stefan Sedersten incl. companies	451 330	3,79%
Unionen	450 000	3,78%
Almi Invest Companies	425 164	3,57%
Second Swedish National Pension Fund	390 837	3,28%
Aquamarine	371 390	3,12%
Avanza Pension	357 126	3,00%
Fourth Swedish National Pension Fund	325 133	2,73%
David Bendz	282 167	2,37%
Daniel Sandberg incl. companies	263 088	2,21%
Göran Wessman incl. companies	252 335	2,12%
Alcur Funds	235 531	1,98%
Futur pension	203 700	1,71%
Göran Källebo	175 000	1,47%
Philip Chaabane	153 899	1,29%
Others	3 564 663	29,93%
<b>Total shares</b>	<b>11 908 457</b>	<b>100,00%</b>

---

# Financial information

## Turnover and profit/loss

Sales for the period amounted to kSEK 13 525 (6 170), resulting in an increase in net turnover of 119% (62%). Sales are mainly to the company's main customer, Chugoku. The Covid-19 pandemic has not yet led to reduced sales but has led to some delays and high shipping costs.

The gross margin for the period has been stable in line with the company's plans, and is similar to the previous year at 45% (44%). During the period, gross margin was adversely affected by increased shipping costs as a result of the reduced number of shipping alternatives in the wake of the Covid-19 pandemic.

The cost structure in the company is in line with the same period the previous year, which means that the increase in total gross profit significantly improves operating profit compared with the previous year, kSEK -984 (-4 435). This development also means that the company showed a positive operating result before depreciation, kSEK 1 004 (-2 378) for the fourth quarter in a row.

As the company now finds itself in a position where it is likely that, in the future, the company will utilize accrued loss carryforwards, these are reported in accordance with K3's regulations. The deferred tax assets attributable to these deficits are thus accounted for in the income statement and balance sheet. The transaction has no cash effect but highlights the positive effect that is possible on the cash flow when the company shows tax profits in the future.

## Cash flow

The cash flow from operating activities for the period amounted to kSEK 296 (-573), with earnings amounting to kSEK 1 336 (-2 372) and operating capital amounting to kSEK -1 040 (1 799). The change in operating capital is attributable to natural variable changes in operating receivables and liabilities.

During the period, I-Tech invested kSEK -93 (-13) in fixed assets. Investments relate to capitalized costs in intangible assets. From the cash flow from financing activities, kSEK -150 (-150) has been spent. The negative effect is directly due to amortization of long-term loans. In total, this gives a cash flow for the period of kSEK 53 (-736).

## Financial standing

Cash and cash equivalents in the company at the end of the period amounted to kSEK 38 993 (45 802) and equity to kSEK 110 876 (98 512). The change in cash and cash equivalents is directly related to the company's earnings and a change in the operating capital.

## Principles of preparation

The accounts in this interim report have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012: 1 Annual Report and Consolidated Accounts (K3). The principles of preparation are described in more detail in the company's annual report for the financial year 2018.

# Upcoming financial reports

26 Augusti 2020	Interim report, second quarter
23 October 2020	Interim report, third quarter
24 February 2021	Year-end report 2020

# Income statement

Amounts in kSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	2018 Jan-Dec
<b>Operating income, etc.</b>				
Net sales	13 525	6 170	45 574	28 947
Other operating income	245	171	1 219	1 093
	<b>13 770</b>	<b>6 341</b>	<b>46 793</b>	<b>30 040</b>
Cost of goods sold	-7 473	-3 465	-24 383	-18 665
Other external costs	-2 842	-3 124	-11 192	-11 165
Personnel expenses	-2 408	-2 079	-9 094	-5 835
Depreciations, amortizations and impairments	-1 988	-2 057	-8 239	-7 233
Other operating expenses	-43	-51	-904	-767
	<b>-14 754</b>	<b>-10 776</b>	<b>-53 812</b>	<b>-43 665</b>
<b>Operating income</b>	<b>-984</b>	<b>-4 435</b>	<b>-7 019</b>	<b>-13 625</b>
<b>Financial items</b>				
Interest income and similar items	395	4	243	439
Interest expense and similar items	-81	-38	-320	-551
	<b>314</b>	<b>-34</b>	<b>-77</b>	<b>-112</b>
<b>Result after financial items</b>	<b>-670</b>	<b>-4 469</b>	<b>-7 096</b>	<b>-13 737</b>
Tax on result from the year	138	-	15 523	-
<b>NET RESULT</b>	<b>-532</b>	<b>-4 469</b>	<b>8 427</b>	<b>-13 737</b>

# Balance sheet

<i>Amounts in kSEK</i>	2020 Mar-31	2019 Mar-31	2019 Dec-31	2018 Dec-31
<b>ASSETS</b>				
Intangible assets	59 001	66 324	60 891	68 364
Tangible assets	114	16	119	21
Deferred tax assets	15 661	-		
<b>Total fixed assets</b>	<b>74 776</b>	<b>66 340</b>	<b>76 533</b>	<b>68 385</b>
Inventory	2 149	1 082	1 265	303
Short-term receivables	13 241	6 767	14 585	8 300
Cash and bank balances	38 993	45 802	38 940	46 538
<b>Total current assets</b>	<b>54 383</b>	<b>53 651</b>	<b>54 790</b>	<b>55 141</b>
<b>Total assets</b>	<b>129 159</b>	<b>119 991</b>	<b>131 323</b>	<b>123 526</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	23 817	23 817	23 817	23 817
Restricted equity	1 411	1 337	1 411	1 337
Unrestricted equity	86 180	77 827	77 753	91 564
Result	-532	-4 469	8 427	-13 737
<b>Total equity</b>	<b>110 876</b>	<b>98 512</b>	<b>111 408</b>	<b>102 981</b>
Long-term liabilities	8 469	11 258	8 618	11 408
Short-term liabilities	9 814	10 221	11 297	9 137
<b>Total liabilities</b>	<b>18 283</b>	<b>21 479</b>	<b>19 915</b>	<b>20 545</b>
<b>Total equity and liabilities</b>	<b>129 159</b>	<b>119 991</b>	<b>131 323</b>	<b>123 526</b>



# Cash-flow analysis

Amounts in kSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	2018 Jan-Dec
<b>Operating activities</b>				
Operating result	-984	-4 435	-7 019	-13 625
Adjustments for non-cash items	1 988	2 057	8 239	7 233
Interest received	395	4	243	439
Interest paid	-81	-38	-320	-551
Income tax paid/received	18	40	121	24
<b>Changes in working capital</b>				
Change in inventories	-884	-779	-962	310
Change in operating receivables	1 344	1 533	-6 285	-4 680
Change in operating liabilities	-1 500	1 045	1 220	-1 095
<b>Cash flow from operating activities</b>	<b>296</b>	<b>-573</b>	<b>-4 763</b>	<b>-11 945</b>
<b>Investment activities</b>				
Investments in non-current assets	-93	-13	-864	-466
<b>Cash flow from investment activities</b>	<b>-93</b>	<b>-13</b>	<b>-864</b>	<b>-466</b>
<b>Financing activities</b>				
Amortization/issue loan	-150	-150	-1 971	-1 346
New share issue	-	-	-	39 760
<b>Cash flow from financing activities</b>	<b>-150</b>	<b>-150</b>	<b>-1 971</b>	<b>38 414</b>
<b>The period's cash flow</b>	<b>53</b>	<b>-736</b>	<b>-7 598</b>	<b>26 003</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>38 940</b>	<b>46 538</b>	<b>46 538</b>	<b>20 535</b>
<b>Cash and cash equivalents at end of period</b>	<b>38 993</b>	<b>45 802</b>	<b>38 940</b>	<b>46 538</b>
<i>Adjustments for non-cash items</i>				
Depreciation	1 988	2 057	8 239	7 233
Other items not affecting cash flow	-	-	-	-
	<b>1 988</b>	<b>2 057</b>	<b>8 239</b>	<b>7 233</b>

# Equity changes

<i>All amounts in kSEK</i>	Restricted equity			Unrestricted equity		Total equity
	Share capital	Statutory reserve	Development expense fund	Share premium reserve	Other unrestricted equity	
2019-01-01	23 817	753	584	143 276	-65 449	102 981
Capitalization of development expenses	-	-	74	-	-74	-
Net result for the year	-	-	-	-	8 427	8 427
<b>2019-12-31</b>	<b>23 817</b>	<b>753</b>	<b>658</b>	<b>143 276</b>	<b>-57 096</b>	<b>111 408</b>
2020-01-01	23 817	753	658	143 276	-57 096	111 408
Net result for the period	-	-	-	-	-532	-532
<b>2020-03-31</b>	<b>23 817</b>	<b>753</b>	<b>658</b>	<b>143 276</b>	<b>-57 628</b>	<b>110 876</b>

# Financial ratios

Amounts in kSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec	2018 Jan-Dec
Turnover growth %	119%	-14%	57%	62%
Gross margin %	45%	44%	46%	36%
Operating margin %	-7%	-72%	-15%	-47%
Profit margin %	-4%	-72%	18%	-47%
Solidity	86%	82%	86%	82%
Cash liquidity	532%	514%	532%	514%
Return on average total capital	neg.	neg.	neg.	neg.
Return on average total equity	neg.	neg.	neg.	neg.
Average of outstanding shares*	11 908 457	11 908 457	11 908 457	10 097 044
Outstanding shares end of period	11 908 457	11 908 457	11 908 457	11 908 457
Result per share	0,0	-0,4	0,7	-1,2
Result per share fully diluted	0,0	-0,4	0,7	-1,2
Equity per share	9,3	8,3	9,3	8,3
Equity per share fully diluted	9,3	8,3	9,3	8,3
Dividend per share	-	-	-	-

\*The figures in the comparative period are recalculated with reference to the reverse split 1:20 that was carried out in 2018.

## DEFINITIONS OF KEY FIGURES

### Turnover growth

The percentage increase in sales for the past period compared with the corresponding previous period.

### Gross margin

Gross profit for the period in relation to the period's net sales.

### Gross profit

Net sales of the period decreased by raw materials and supplies.

### Operating margin

Operating profit for the period in relation to the period's net sales.

### Profit margin

Profit for the period in relation to the period's net sales.

### Solidity

Shareholders' equity as a percentage of total assets.

### Cash liquidity

Current assets, excluding inventories, in relation to current liabilities, without adjustment for proposed dividend.

### Return on average total capital

Net profit for the period, as a percentage of average total capital

### Return on average total equity

Net profit for the period, as a percentage of average shareholders' equity

### Result per share

Profit for the period divided by the average number of outstanding shares during the year.

### Equity per share

Total equity divided by the number of shares at the end of the period.

The Board of Directors and the CEO certify that  
the interim report gives a true and fair view of the  
company's operations

Mölndal, 8 May 2020

Stefan Sedersten, Chairman of the Board  
Mikael Laurin, Board Member  
Bjarne Sandberg, Board Member  
Tomas Tedgren, Board Member  
Chatarina Schneider, Board Member  
Thomas Bergdahl, Board Member  
Philip Chaabane, Chief Executive Officer

## **Address**

I-Tech AB  
c/o Bioventurehub  
Pepparedsleden 1  
431 83 Mölndal  
SWEDEN  
Tel: +46 (0)10-30 33 999  
org.nr: 556585-9682

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

## **Contact**

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

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