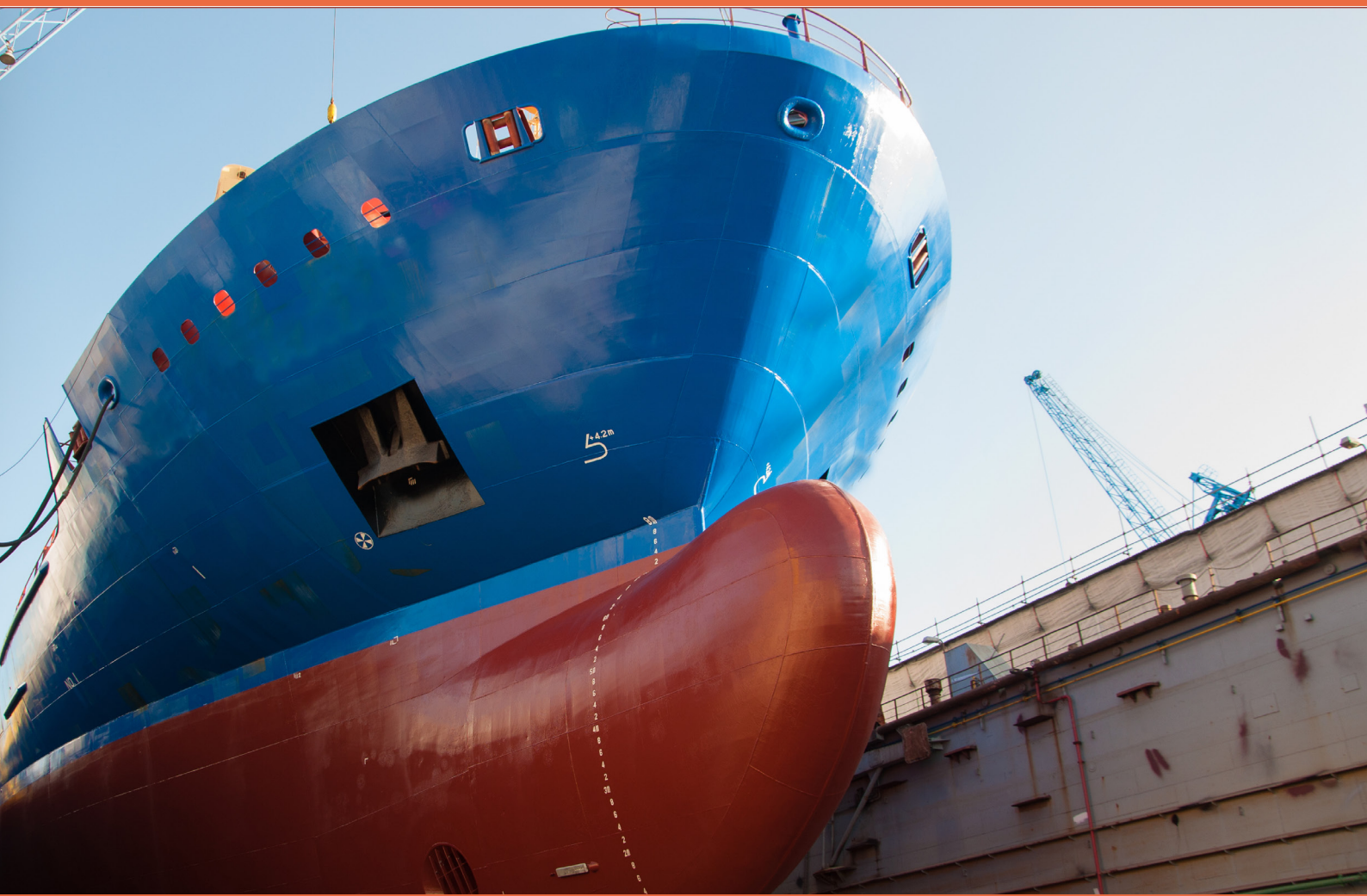


**APRIL - JUNE**

**2018**

**INTERIM REPORT**



# Summary of the period

***"Supplied volumes reached an all time high during the period. During the first half of the year, the supplied volumes were on the same level as the full year 2017."***

- Net turnover for the period amounted to 9 270 (4 986) TSEK, which corresponds to an increase in turnover of 86 (1 960) %. Operating profit/loss amounted to –2 544 (-1 214) TSEK.
- Net turnover for the first half of the year amounted to 13 083 (5 124) TSEK, which corresponds to an increase in turnover of 155 (-24) %. Operating profit/loss amounted to -5 844 (-3 713) TSEK

## April to June 2018

- Supplied volumes reached an all time high during the period. During the first half of the year, the supplied volumes were on the same level as the full year 2017.
- On 28 May, I-Tech was listed on the Nasdaq First North (Stockholm) stock exchange. The company's share issue in conjunction with the listing was over subscribed at 138%. The company received approximately 40 million SEK after issue costs.
- I-Tech's board of directors was strengthened at the annual general meeting on 17 April with the appointment of Bjarne Sandberg, Managing Director of Cambrex Karlskoga AB. Bjarne adds extensive commercial and industrial experience.
- The company has placed its single largest manufacturing order so far to ensure delivery capabilities in response to high demand and to facilitate additional process optimisation work. The order is worth approximately 1.7 MUSD and was placed with the company's existing production partner. Deliveries from this order will begin in Q4.

## Important events after the period

- With the aim to create a broader supplier base, the company has initiated a collaboration with a European manufacturer of active substances.
- The company's largest owner, Vicore Pharma Holding resolved at an extra general meeting to distribute the majority of its holding in i-Tech to its shareholders. Through a lock-up agreement, these shares cannot be divested before 28 May 2019. The transaction will result in I-Tech welcoming approximately 1 500 new shareholders.

## Financial summary

<i>All numbers in TSEK</i>	<b>2018 Apr-Jun</b>	<b>2017 Apr-Jun</b>	<b>2018 Jan-Jun</b>	<b>2017 Jan-Jun</b>	<b>2017 Jan-Dec</b>
Net turnover	9 270	4 986	13 083	5 124	17 849
Operating profit/loss	-2 544	-1 214	-5 844	-3 713	-7 448
Profit/loss after tax	-2 273	-1 555	-5 635	-4 269	-8 418
Operating cash flow	-2 218	956	-9 114	-4 664	-6 238
Equity as of end of period	111 083	30 614	111 083	30 614	36 955
Cash and cash equivalents as of end of period	50 657	11 366	50 657	11 366	20 535

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## CEO comments

The period April to June 2018 shows a high industrial activity with increased deliveries compared to the same period last year and Q1 2018. Net turnover amounted to 9.3 (5.0) million SEK during the quarter and 13.1 (5.1) million SEK for the first half of the year, corresponding to an increase of 86% and 155% respectively.

Growth continues to be driven by the company's largest customer, Chugoku Marine Paints, who are enjoying success with their products and with whom important new end customers have been won. Our products are being sold for use on a variety of ship types, which shows the breadth of the products' properties and their ability to save fuel. The most important markets are Japan, Korea and China, which dominates the shipping business both when it comes to building new ships and maintaining existing ones.

During the quarter, I-Tech gained several positive signals from ongoing development programs with potential new customers, where extensive testing has demonstrated positive performance development. Evaluations of potential future Selektope-based products are also being carried out with leading shipyards. Moreover, ongoing development programs with Selektope at leading paint manufacturers are in line with the company's aim to have additional customers with products on the market during the coming year. Until then, we are delighted to see convincing product presentations of Chugoku Marine Paints at some of the most influential shipping trade fairs in the world.

With the capital gained through the company's listing on the Nasdaq First North, the company now has the necessary resources to optimise the full potential of Selektope through increased marketing work to ensure growth and supplier collaborations with suppliers, and through development work to explore additional application areas.

In June, we strengthened our organisation with the recruitment of an experienced process developer. As such, the organisation can now start to take full responsibility for its new role in the value chain after



the acquisition of production assets (intellectual property and knowledge). Within the framework of the recently initiated collaboration with a new supplier, we have started a joint program with the aim to further optimise the process technology and production scale-up.

In summary, we see continued strong growth in the company over the coming years in sync with the shipping business noting the performance of our customers' Selektope-based products. This is amplified by the impetus of global targets from the IMO (International Maritime Organization) to reduce sulphur-emissions and greenhouse gases. Both factors support the roll-out of new antifouling technology and Selektope has a strong position among the few available solutions.

We have taken a major step with the First North listing, initiated significant key activities and we notice an increased interest in our product. We look forward with confidence to contributing to a more efficient and more sustainable shipping business.

Philip Chaabane, CEO

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## Business and structure

I-Tech AB (publ) is a biotech company active in the materials and chemical sector. The company develops and sells the product Selektope®, a substance to prevent marine growth in antifouling 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.

On 28 May, the company was listed on Nasdaq First North and completed a share issue in conjunction with the listing. The company received 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 new potential application areas. Lastly, investments will also be made to enter new markets where regulatory processes are expected to be initiated moving forward.



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# Other information

## Share information

At the start of 2018, I-Tech's share capital amounted to 15 663 049.50 SEK kronor distributed across 156 630 495 shares. In April, the new shares were registered from the directed share issue carried out in conjunction with the acquisition of manufacturing assets from Cambrex Karlskoga AB. In April, the reverse 1:20 split resolved at the annual general meeting on 17 April was also registered. In May, a public offering was carried out comprising a total of 2 131 727 shares, of which 1 875 000 shares were registered in June and 256 727 shares were registered in July. After the registration of all share issues, I-Tech's share capital amounts to 23 816 914 SEK distributed across 11 908 457 shares. The ratio value of all the shares amounts to 2 SEK and they have equal rights in the company's assets and profit/loss.

I-Tech's shares were listed on the Nasdaq First North on 29 May. As of 30 June 2018, the number of shareholders amounted to 717. With a closing price for the price on 29 June 2018 amounting to 27.9 SEK the company's market capitalisation amounted to 332 million SEK.

## Risk factors

The company's risks are primarily related to the market development of Selektope, production risks related to partners' production and production capacity as well as intellectual property and product development. For a more detailed description of risks, please see I-Tech's prospectus which was published in connection with public offering.

## Certified Adviser

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

## Long-term incentive program

The company has no long-term incentive program for senior leaders or personnel.

## Audit review

The interim report has not been subject to audit.

## List of shareholders

The list of shareholders shows the status in the company as of 30 June 2018, including the ongoing share issue comprising a total of 256 727 shares and including the return of borrowed shares.

Shareholder	No. of shares	%
Vicore Pharma Holding AB	2 075 392	17.43%
Cambrex Karlskoga AB	1 945 660	16.34%
ALMI Invest Västsverige AB	1 636 838	13.75%
Pomona-gruppen Aktiefolag	1 256 800	10.55%
Unionen	450 000	3.78%
Aquamarine Ltd	371 390	3.12%
Blå Skrinet AB (Stefan Sedersten)	369 988	3.11%
Bendz, David	282 167	2.37%
ALMI Invest AB	263 326	2.21%
Danica Pension	254 161	2.13%
Källebo, Göran	175 000	1.47%
Wigren Chaabane, Philip	152 499	1.28%
Protem Wessman AB (Göran Wessman)	126 694	1.06%
Darner Asset Management AB (Leif Darner)	118 669	1.00%
Others	2 429 873	20.40%
<b>Total number of shares</b>	<b>11 908 457</b>	

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# Financial information

## Turnover and profit/loss

Sales for the period amounted to 9 270 (4 986) TSEK, which gives a net turnover growth of 86 (1 960) %. The increase is mainly due to increasing deliveries to the company's largest customer, Chugoko Marine Paints.

The gross margin is in line with the company's plan, slightly below previous periods, at 30 (34) %. In line with the company's investments in production, the gross margin is expected to increase during the latter part of the year.

In line with planned efforts to strengthen the company's development, as well as significantly increased depreciations due to the acquisition of production assets, the fixed cost structure within the company is higher compared to previous years with a worsened operating loss of -2 544 (-1 214) TSEK.

## Cash flow

The cash flow from operating activities for the second quarter amounted to -2 218 (956) TSEK where the negative earnings amount to -215 (-1 223) TSEK and the operating capital amounts to -2 001 (-2 191) TSEK. The major change in the operating capital comes mainly from liquidity being tied in the company's storage facilities. This is normal since the company is in the middle of a manufacturing campaign to facilitate upcoming deliveries. Moreover, the company had higher increased deliveries than normal in June which is reflected in the accounts receivable.

During the period, I-Tech has invested -152 (-362) TSEK in intellectual property rights. This is in line with ongoing development programs.

From the cash flow from financing activities, a net 39 610 (-508) TSEK has been gained primarily from the public offering. In total, this gives a cash flow for the period of 37 240 (86) TSEK.

## Financial summary

Cash and cash equivalents in the company at the end of the period amounted to 50 657 (11 366) TSEK and equity amounted to 111 083 (30 614) TSEK. The increase in cash and cash equivalents, as well as equity, is related to the recent public offering with a reduction of the company's negative earnings and a change in the operating capital. The remaining increase in equity is due to the issue for non-cash consideration when production assets were acquired by Cambrex Karlskoga AB.

## Principles of preparation

The accounts in this interim report have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated accounts (K3). The principles of preparation are described in more detail in the company's annual report for the financial year 2017.

# Upcoming financial reports

24 October 2018

Interim report, quarter 3

20 February 2019

Year-end report 2018

08 April 2019

Annual report 2018

10 May 2019

Interim report, quarter 1

# Income statement

<i>Amounts in TSEK</i>	2018 apr-jun	2017 apr-jun	2018 jan-jun	2017 jan-jun	2017 jan-dec
Net sales	9 270	4 986	13 083	5 124	17 849
Capitalized work for own account	-	-	-	21	38
Other operating income	39	31	270	219	1 077
	<b>9 309</b>	<b>5 017</b>	<b>13 353</b>	<b>5 364</b>	<b>18 964</b>
Cost of goods sold	-6 466	-3 299	-9 135	-3 278	-12 150
Other external costs	-2 111	-1 195	-4 485	-2 558	-7 915
Personnel expenses	-1 170	-1 295	-2 219	-2 319	-4 671
Depreciations, amortizations and impairments	-2 058	-333	-3 117	-629	-1 258
Other operating expenses	-48	-109	-241	-293	-418
	<b>-11 853</b>	<b>-6 231</b>	<b>-19 197</b>	<b>-9 077</b>	<b>-26 412</b>
<b>Operating income</b>	<b>-2 544</b>	<b>-1 214</b>	<b>-5 844</b>	<b>-3 713</b>	<b>-7 448</b>
<b>Financial items</b>					
Interest income and similar items	393	-	455	-	-
Interest expense and similar items	-122	-341	-246	-556	-970
	<b>271</b>	<b>-341</b>	<b>209</b>	<b>-556</b>	<b>-970</b>
<b>Result after financial items</b>	<b>-2 273</b>	<b>-1 555</b>	<b>-5 635</b>	<b>-4 269</b>	<b>-8 418</b>
Tax on result from the year	-	-	-	-	-
<b>NET RESULT</b>	<b>-2 273</b>	<b>-1 555</b>	<b>-5 635</b>	<b>-4 269</b>	<b>-8 418</b>

# Balance sheet

<i>Amounts in TSEK</i>	2018 jun-30	2017 jun-30	2017 dec-31
<b>ASSETS</b>			
Intangible assets	72 228	35 609	35 107
Tangible assets	31	52	41
<b>Total fixed assets</b>	<b>72 259</b>	<b>35 661</b>	<b>35 148</b>
Inventory	2 718	306	613
Short-term receivables	8 315	779	3 631
Cash and bank balances	50 657	11 366	20 535
<b>Total current assets</b>	<b>61 690</b>	<b>12 451</b>	<b>24 779</b>
<b>Total assets</b>	<b>133 949</b>	<b>48 112</b>	<b>59 927</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	23 304	6 126	15 663
Ongoing issue of shares	513	-	-
Restricted equity	1 337	1 157	1 337
Unrestricted equity	91 564	27 600	28 373
Result	-5 635	-4 269	-8 418
<b>Total equity</b>	<b>111 083</b>	<b>30 614</b>	<b>36 955</b>
Long-term liabilities	12 964	12 724	13 264
Short-term liabilities	9 902	4 774	9 708
<b>Total liabilities</b>	<b>22 866</b>	<b>17 498</b>	<b>22 972</b>
<b>Total equity and liabilities</b>	<b>133 949</b>	<b>48 112</b>	<b>59 927</b>



# Cash flow

<i>Amounts in TSEK</i>	2018 apr-jun	2017 apr-jun	2018 jan-jun	2017 jan-jun	2017 jan-dec
<b>Operating activities</b>					
Operating result	-2 544	-1 214	-5 844	-3 713	-7 448
Adjustments for non-cash items	2 058	333	3 117	629	1 258
Interest received	393	-	455	-	-
Interest paid	-122	-342	-246	-556	-970
Income tax paid/received	-2	-12	-9	-18	-3
<b>Changes in working capital</b>					
Change in inventories	-2 558	3 316	-2 105	3 331	3 024
Change in operating receivables	-4 715	-10	-4 677	3 539	673
Change in operating liabilities	5 272	-1 115	195	-7 876	-2 772
<b>Cash flow from operating activities</b>	<b>-2 218</b>	<b>956</b>	<b>-9 114</b>	<b>-4 664</b>	<b>-6 238</b>
<b>Investment activities</b>					
Investments in non-current assets	-152	-362	-40 227	-591	-708
<b>Cash flow from investment activities</b>	<b>-152</b>	<b>-362</b>	<b>-40 227</b>	<b>-591</b>	<b>-708</b>
<b>Financing activities</b>					
Amortization/issue loan	-150	-508	-300	-508	-138
New share issue	39 760	-	79 763	-	10 490
<b>Cash flow from financing activities</b>	<b>39 610</b>	<b>-508</b>	<b>79 463</b>	<b>-508</b>	<b>10 352</b>
<b>The period's cash flow</b>	<b>37 240</b>	<b>86</b>	<b>30 122</b>	<b>-5 763</b>	<b>3 406</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>13 417</b>	<b>11 280</b>	<b>20 535</b>	<b>17 129</b>	<b>17 129</b>
<b>Cash and cash equivalents at end of period</b>	<b>50 657</b>	<b>11 366</b>	<b>50 657</b>	<b>11 366</b>	<b>20 535</b>
<i>Adjustments for non-cash items</i>					
Depreciation	2 058	333	3 117	629	1 258
Other items not affecting cash flow	-	-	-	-	-
	<b>2 058</b>	<b>333</b>	<b>3 117</b>	<b>629</b>	<b>1 258</b>

# Equity changes

	Restricted equity				Unrestricted equity		Total equity
	Share capital	Ongoing new share issue	Statutory reserve	Development expense fund	Share premium reserve	Other unrestrictede equity	
2017-01-01	6 126	-	753	404	70 714	-43 114	34 883
Capitalization of development expenses	-	-	-	180	-	-180	-
New share issue	9 537	-	-	-	953	-	10 490
Net result for the year	-	-	-	-	-	-8 418	-8 418
<b>2017-12-31</b>	<b>15 663</b>	<b>-</b>	<b>753</b>	<b>584</b>	<b>71 667</b>	<b>-51 712</b>	<b>36 955</b>
2018-01-01	15 663	-	753	584	71 667	-51 712	36 955
New share issue	7 641	513	-	-	71 609	-	79 763
Net result for the period	-	-	-	-	-	-5 635	-5 635
<b>2018-06-30</b>	<b>23 304</b>	<b>513</b>	<b>753</b>	<b>584</b>	<b>143 276</b>	<b>-57 347</b>	<b>111 083</b>

# Financial ratios

<i>Belopp i TSEK</i>	2018 apr-jun	2017 apr-jun	2018 jan-jun	2017 jan-jun	2017 jan-dec
Turnover growth %	86%	1 960%	155%	-24%	5%
Gross margin %	30%	34%	30%	36%	32%
Operating margin %	-27%	-24%	-45%	-72%	-42%
Profit margin %	-25%	-31%	-43%	-83%	-47%
Solidity	83%	64%	83%	64%	62%
Cash liquidity	596%	254%	596%	254%	249%
Return on average total capital	neg.	neg.	neg.	neg.	neg.
Return on average total equity	neg.	neg.	neg.	neg.	neg.
Average of outstanding shares*	8 700 376	3 062 775	8 268 351	3 062 775	3 480 857
Outstanding shares end of period	11 652 185	3 062 775	11 652 185	3 062 775	7 831 525
Result per share	-0,3	-0,5	-0,7	-1,4	-2,4
Result per share fully diluted	-0,3	-0,5	-0,7	-1,3	-2,4
Equity per share	12,8	10,0	12,8	10,0	10,6
Equity per share fully diluted	12,8	9,5	12,8	9,5	10,4
Dividend per share	-	-	-	-	-

\*The figures in the comparative period are recalculated with reference to the reverse split 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

Möln dal, 29 August 2018

Stefan Sedersten, Chairman of the Board  
Leif Darner, Board Member  
Mats Enegren, Board Member  
Bertil Arvidsson, Board Member  
Mikael Laurin, Board Member  
Bjarne Sandberg, Board Member  
Tomas Tedgren, Board Member  
Philip Chaabane, Chief Executive Officer

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