

Developers of Selektope®

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I-Tech's vision is to establish Selektope® as the leading alternative to prevent marine fouling in an effective and sustainable way.

2019



This is I-Tech

Selektope®

Selektope® is an organic, metal-free active agent added to marine antifouling paints to prevent barnacles from settling on a coated surfaces by temporarily activating their swimming behaviour. This bio-repellent effect makes Selektope® the only type of technology of its kind available to the marine paint manufacturers.

Barnacle fouling is very detrimental for ship fuel consumption, emissions and invasive aquatic species transfer. The use of antifouling paints with Selektope® inside significantly reduces fuel consumption, which contributes to lowering emissions. It also allow ship operators to unlock financial savings associated with lower fuel bills and lower maintenance costs associated with hull cleaning.

Depending on the formulation, Selektope® can also help to reduce emissions to water by reducing biocide release by more than 90 percent compared to other antifouling paints, without negatively impacting the performance of the paint.

I-Tech

I-Tech is a global biotechnology company operating in the marine paint industry. The company has developed and commercialised the product, Selektope®. With Selektope®, I-Tech is uniquely the first company to ever apply principles from biotechnology research in the paint industry to keep ship hulls free from marine fouling. Read more about our strategy on page 8.

“Marine fouling is a globally increasing problem for the shipping industry. Selektope®-powered paints are essential today and even more so in the future”

selektope®



Market potential

3.0

billion USD

Turnover of the global antifouling paint industry.



500

million USD

The market for Selektope® is valued at 500 MUSD.



20

million USD

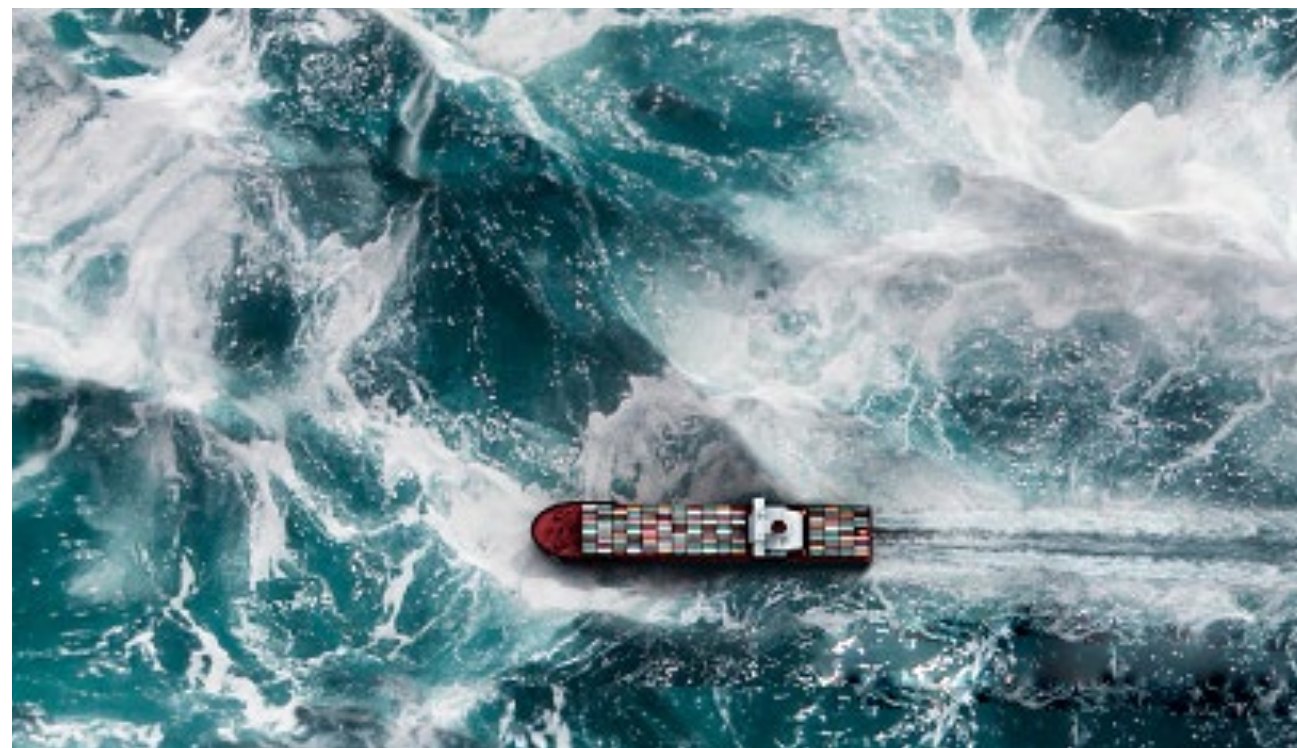
In fuel-savings potential connected to fouling on the hull.



> 100

million tonnes CO₂

Savings potential corresponding to 0.3% of the global CO₂ emissions.



Events during the year

57,000,000

I-Tech received an order for Selektope® worth SEK 57 million from Chugoku Marine Paints —our largest ever order for our innovative antifouling technology. The order from this major marine paint manufacturer is a new, important part of the company's strong financial growth and is planned to be delivered during 2020.



Dr. Markus Hoffmann was recruited to I-Tech in the role of Technical Director. Markus has a long experience within the paint industry and joins I-Tech from Hempel A/S, where he worked for several years as R&D Department Manager Antifouling and, later, as Subject Matter Expert Antifouling Coatings R&D. In his newly created senior position, Markus will play a key role with his antifouling expertise and wide-ranging network.

36% 46%

2018

2019

The gross margin increased from 36 percent during 2018 to just over 46 percent in 2019. The reason for the higher gross margin is increased volumes resulting from the successful integration of acquired intangible assets within the production process.

200

Chugoku Marie Paint announced that the number of ships painted with its SEAFLO NEO CF-PREMIUM antifouling paint product had surpassed 200. This product is one of eight Selektope®-powered antifouling paint products on the market.

57%

Net turnover for the full year 2019 amounted to kSEK 45 574 (28 947), which corresponds to a strong growth of 57 percent.

POWERED BY
SELEKTOPE

The Selektope® brand gained greater market exposure. Chugoku Marine Paint, the world's second largest producer of marine paint, starting to use the tagline "Powered by Selektope" in its product branding.

1

During 2019, I-Tech was named as the winner of the SvD Börstus IPO-guide award in the Share Price Development category for the small company class.



Our previous main shareholder, Cambrex, sold its holding in I-Tech in conjunction with the company being bought out from the New York stock exchange during the fourth quarter. Länsförsäkringar, Handelsbanken and The Fourth Swedish National Pension Fund are new, large institutional investors. Swedbank Robur also increased its holding during the transaction.

5,000,000

During 2019 I-Tech receives a number of orders from one of the large players in the business that seems to be close to a commercial launch. Total value for 2019 was almost 5 MSEK which makes them second largest customer to I-Tech.



Jotun launches Selektope® containing products. Leading Norwegian paint-manufacturer Jotun has commercialized two new marine paint products containing I-Tech's antifouling active agent Selektope®.

CEO statement

We have momentum and much more to give

2019 was truly a milestone year from several perspectives. After a very long period of hard work and high risk taking, we delivered operating profit (EBIT-DA) for the full year. Not only that, sales increased by 57 percent compared to the previous year and amounted to SEK 45.6 million. This was achieved along with an increased gross margin amounting to 46 percent for the full year. We are therefore in line with, even somewhat ahead of, the commitments regarding profitability and growth that we made in conjunction with our IPO. For a team who has worked patiently to acquire the largest players in the industry as customers, we are moving on into 2020 with CMP, Jotun and Hempel as customers; we have **momentum** and much more to give.

Overall, our growth is being fuelled by an increasing number of positive signals from end users of our product Selektope®. Our largest customer, Chugoku Marine Paints (CMP) announced that more than 200 ships are now using one of their total of eight products containing Selektope®. CMP also placed an order with us corresponding to a value of SEK 57 million for delivery during 2020. At the same time, 2019 was a year when important regulatory events began to influence the end-user's purchasing behaviour. This includes the knowledge that fuel costs will increase significantly given the introduction of new, mandatory Global Sulphur Cap requirements. In addition, the industry has introduced a common ISO standard that clarifies how to accurately measure hull performance and its impact on fuel consumption. With increasing credibility, the industry agrees that a savings potential of around USD 20 billion annually related to

hull performance is likely. Finally, the industry has embarked on a very important journey to greatly improve its sustainability profile, eagerly cheered on by multinational companies that purchase cargo services. We can assume that this trend will continue given that cargo shipping accounts for approximately 2.6% of the world's carbon dioxide emissions, and 80% of global transports.

We are glad to see clear signs that the macro situation is greatly increasing the activity among all leading marine coating companies, even though the conservatism within the business still remain. Just recently, Jotun launched two products containing Selektope® which marks a huge milestone for I-Tech. In addition, one major but unnamed multinational customer has contributed with 10% of 2019's full year revenues. Our understanding is that full scale testing in real environment is ongoing. This as well as the fact that most other larger paint companies include Selektope in their R&D work, some of which are

“Now, we are expecting another exciting year in I-Tech's development. With higher fuel prices in place, customers will see an even greater potential in our product.”



also doing ship-testing, is an important indicator. However, we are also humbled by the fact that the R&D phase takes time and that there are many external parameters influencing the final commercialisation decision of new paint products.

Selektope as an ingredient technology enables increased degrees of freedom for our customers. We see that several different product types are reaching the market, and that several ship types can be the target for our customers' sales teams. Decisive arguments such as increased protection during long periods at anchor, a smoother surface and stronger general protection against marine fouling have never been more relevant than they are now. Selektope can, when its full potential is utilised, contribute to reducing biocidal release by more than 90% and, in addition, contribute to increased performance in the form of lower frictional resistance through the water.

Now, we are expecting another exciting year in I-Tech's development. With higher fuel prices

in place over time, customers will see an even greater potential in our product in terms of both environmental impact and cost savings. I am also convinced that further regulations on, for example, the spread of invasive aquatic species will help to significantly increase the market share for premium antifouling paint products that are powered by Selektope. Our ingredient technology, Selektope®, gained increasing recognition amongst customers and end-users as an attractive technology to respond to increased demands for a more sustainable marine transport system. At the moment, most parameters are pointing in the right direction, but I-Tech, as well as the rest of the industry (and world) is heading towards a future with large macro-economic uncertainties and I have great respect for the great challenges it may bring.

Philip Chaabane
CEO I-Tech

57%

Sales in 2019 increased by 57% compared to 2018, amounting to SEK 45.6 million.

THE MARKET

Global trends in shipping promote Selektope® use

The global antifouling paint industry has annual sales of approximately USD 3 billion. At the same time, marine fouling and the extra fuel consumption it generates are increasing costs for shipowners as higher demands are placed on efficiency and sustainability. This gives I-Tech great opportunities for high growth and profitability going forward.

90%

90% of the market is so-called traditional antifouling products that use approved biocides in various combinations.

80%

80% of the marine paint market demand is met by 6 of the largest suppliers in the world.

Large market for antifouling paints

Most types of ships and boats use antifouling paints, as do marine installations within the oil/gas sector or wave power installations. 90 percent of the market is made up of traditional biocide-containing, antifouling products whose active agent ingredients are among the most studied in the world. The largest volume of antifouling paints is consumed by international merchant ships.

These merchant ships use more than 350 million tonnes of bunker fuel oil that the international shipping industry consumes each year. Fuel consumption is a major part of a ship's operating cost for shipping companies and is one of the few costs that can be positively impacted by shipowners' own investments in efficiency improvement measures.

Today, there is a well-known correlation between marine fouling and fuel consumption. Accordingly, I-Tech estimates that the value of antifouling products with exceptional performance will increase in the market, as shipowners try to reduce fuel consumption and the emissions of airborne emissions (such as sulphur oxides, carbon dioxide, particles and nitrogen oxides) from their ships.

The marine paint market consists, predominantly, of six major commercial players. Three of them are official customers of I-Tech, of which Chugoku Marine Paints is currently the largest. In addition, I-Tech's customers also include Jotun, Hempel and another major player that cannot be named, but whom in 2019 ordered significant volumes within the framework of final tests and validation of their new Selektope-powered product.

The six largest players in marine antifouling paint manufacturing control around 80 percent of the world market, with the three leading players making up 60 percent together. Our customers' development work 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 several types of paint products over a long period of time by all players. In total, approximately 100 million litres of antifouling paint are produced annually, of which around 70 percent is consumed by ocean-going ships and cruise ships.

The shipping industry

The international shipping industry accounts for 80 percent of global trade movement. Shipping



companies originating from five countries own more than 50 percent of the global fleet, which in 2019 consisted of more than 51,000 merchant ships over 1,000 gross tonnage in size. In total, there are approximately 95,000 IMO-registered ships (including service, cruise and industrial ships) worldwide. I-Tech estimates that all 95,000 ships are potential end customers for Selektope-powered antifouling paint.

The number of newbuild ships varies greatly from year to year. In 2019, around 1,200 new ships were built which need to be dry docked at least every five years for maintenance, repairs and inspections. Every year, around 33,000¹⁾ dry dockings are made by IMO-registered ships, and the need to dock ships is relatively constant. This means that the need for antifouling paints is stable over time and not particularly cyclical, which provides solid conditions for stable cash flows and growth for the manufacturers of antifouling paints.

Environmental requirements and savings potential

Since marine fouling on ship hulls contributes to increased friction between the ship and the water, shipowners have to compensate by consuming more fuel. This leads to both higher fuel costs and carbon dioxide emissions. Each year, the shipping industry consumes 350 million tonnes of bunker fuel oil (which is the residual product left over from the production of gasoline and diesel) and according to the third IMO GHG Study in 2014, the industry accounted for, on average, roughly 2.6 percent of the world's global CO₂ emissions between 2007 and 2012—double the amount compared to the aviation industry's 1.4 percent. At the same time, the shipping industry accounts for 80 percent of the world's transport of commercial goods.

Hull performance can be optimised using effective antifouling paint. With the right antifouling paint on all cargo ships, CO₂ emissions could decrease by 100 million tonnes each year, and the total financial savings potential could reach USD 20 billion per year. Additionally, unlike other traditional ingredients in antifouling paints, Selektope is an organic molecule and isn't metal-based, which means its use can reduce the consumption

of non-recyclable earth metals.

From a legal perspective, shipping has so far been a relatively unregulated industry when it comes to fuel and environmental impact. Recently, however, shipping's governing body, IMO set legally binding targets in place to cut international shipping's CO₂ emissions by 50% by 2050. Also, IMO introduced global requirements for reduced fuel sulphur content in order to reduce sulphur emissions from 1 January 2020. However, low sulphur fuels are more expensive than traditional heavy fuel oil (HFO) and their use can increase fuel costs by 50 percent or more. At the same time, growing regulatory focus and even regional restrictions on marine fouling are gradually being introduced to prevent the spread of invasive aquatic species via ship hulls and niche areas.

This means that the incentives for shipowners to maintain a clean hull and ensure optimised hull performance and therefore, invest in better antifouling paints are further sharpened. The extra fuel costs that marine fouling causes are so significant that a good antifouling paint can be the difference between profit and loss for many shipping companies.

I-Tech opportunities

With a large market, a non-cyclical business model and based on current market conditions, there is great potential for I-Tech as a company and Selektope as a product.

The total market for Selektope is estimated to be USD 500 million. Large cargo ships make up about 70 percent of the demand for antifouling paints, since relatively large amounts of paint are required to cover the large surface areas of these hulls. 30% of the market for cargo ship antifouling paints consists of the premium segment, in which Selektope is currently mainly included in, but not limited to. In addition, there are indications that demand for premium paints is increasing and is likely to pass the 50 percent market share point in the future.

If I-Tech can sell Selektope into the product portfolios of all six large paint manufacturers, I-Tech believes the company has a good opportunity to gain significant market share.

I-Tech's largest customers²⁾

CMP

88 billion Yen
(6–7 billion SEK)

Hempel

1.4 billion EUR
(all different application segments)

Jotun

6 miljarder NOK
(marine enbart)

¹⁾ Source: Seaweb

²⁾ In terms of turnover

STRATEGY

Selektope® shall be the leading alternative

With a unique product, high scalability and efficient organisational structure, I-Tech will fulfil its vision to establish Selektope as the leading alternative to prevent marine fouling in an efficient and sustainable way.

2g/l

2 grams of Selektope® is used per one litre of paint, comparable to 500–700 grams of copper oxide used per litre of paint for barnacle prevention.

50x

In 2019, the equivalent of 50 times the starting volume from 2014 was produced.

I-Tech's strategy is based on positioning a high-tech product and brand in an industry historically characterised by "commodity" products, i.e. products sold by a variety of suppliers and used in several types of industries without unique content. This strategy is achieved through the innovation and product Selektope. This product is based on proven performance, from both technological and sustainability perspectives, and creates an attractive tool for our customers (antifouling paint manufacturers) to offer an upgraded product portfolio that unlocks greater fuel savings for the end customer (shipowners). In our quest to fulfil I-Tech's vision, we recruited Markus Hoffmann during 2019 in the role of Technical Director. Markus was installed as key person to develop customer relationships through his extensive experience and expertise in antifouling paints. This strengthens I-Tech's capacity to contribute to, and engage with, customers' product development efforts and to increase the integration of Selektope into their paint formulations over time.

Proven business model

I-Tech operates Selektope® as an ingredient brand. This means that Selektope® is sold as an ingredient to paint manufacturers who then add the Selektope® molecule to their paint formulations. As such, I-Tech sits between chemical companies

and paint manufacturers in the value chain, with the paint manufacturers selling paint formulations to shipowners, who are the end customers.

I-Tech's role in the value chain enables an optimised supplier flow with outsourced production. Delivery capacity is ensured through long-term relationships with subcontractors who specialise in production. In this way, I-Tech can both quickly and dynamically respond to and deliver large orders, while keeping production and inventory costs low.

I-Tech has had strong development in establishing itself in the market and producing large volumes to match demand. Over the past five years, I-Tech has gone from delivering only prototype deliveries in a start-up phase to serial production. In 2019, the equivalent of 50 times the starting volume from 2014 was produced. This, together with validating several technical and commercial parameters, means that the company is well equipped to reach more customers and product types, which provides the prerequisites for further growth.

Multi-dimensional protection

I-Tech was founded in 2000 and Selektope has been developed through research based on high-tech expertise. Selektope is unique as the first antifouling substance with biotechnological origins in the marine paint industry. In addition to the

technological science, Selektope is legally protected through a variety of patents, upstream and downstream, as well through regulatory approvals in all markets where global shipping takes place daily. Authority approval represents a huge entry threshold for all active substances and, in addition, provides I-Tech with strong data protection for a longer period to come. All in all, this provides clear competitive advantages and consolidates Selektope's position in the global market.

Lean organisation

I-Tech's organisation consists of an international and knowledge-intensive team with broad experience from various industries who are actively working to strengthen the company's position in the global market. The organisation is designed to be lean and consists of nine people with different responsibilities with non-core business services being outsourced.

Continued strong growth

2019 was another year of strong growth and a turnover that amounted to almost SEK 46 million. Against the background of ambitious targets, I-Tech has, for several years, estimated that annual sales will increase by 50 percent until 2021—a target that has so far been both met and exceeded.

An important event during the year that contributes to growth now and in the future is the minimum order received from Chugoku Marine Paints worth SEK 57 million for Selektope® deliveries in 2020, received in May 2019. The order is the largest ever in I-Tech's history.

Through close collaboration with our customers (paint manufacturers), I-Tech has gained confidence from the end customers (shipowners) as we contribute technical expertise regarding the product and clarify the economic and environmental effects of using Selektope®. Together with Selektope®'s strong market position, this has led paint manufacturers to start using Selektope® as a brand in their marketing and communications targeting end customers. For example, Chugoku Marine Paints has begun to use the Selektope® brand in their product brochures, exhibition materials, etc. During the year, "Powered by Selektope®" was developed and has been used to emphasise the technology content in our customers' marketing initiatives.

Our business model and position in the value chain enable a strong scalability in our business. While growth is increasing, cost increases can be kept low, and this creates great prerequisites for not only a strong gross margin, but also a high operational profitability.



SELEKTOPE

Next generation antifouling

Selektope® is an organic molecule developed and commercialised by I-Tech for use in paint systems. Selektope®'s powerful, repellent effect on barnacles keeps the ship's hull clean—which reduces frictional resistance between the ship hull and water, reducing fuel consumption. After risk evaluation, Selektope® has been approved by the EU as environmentally acceptable.

CO₂

Today, the global shipping industry accounts for about 2.6 percent of the world's total carbon dioxide emissions. This is almost twice as much compared to the airline industry's share of 1.4 percent.



Along with only seven other substances, Selektope® is approved according to the very comprehensive EU biocidal legislation, the EU-BPR.

Today, the global shipping industry accounts for about 2.6 percent of the world's total carbon dioxide emissions. This is almost twice as much compared to the airline industry's share of 1.4 percent. At the same time, the shipping industry accounts for about 80 percent of the world's transport of commercial goods, which makes air travel considerably worse from an emissions perspective per freight meter. The trend is disheartening and according to the European Environment Agency, the share attributed to shipping could amount to as much as 17 percent of global emissions by 2050.

Unique and effective molecule

Selektope® is a pioneering and innovative solution that offers marine paint companies numerous possibilities to formulate high-performance marine antifouling paint systems with reliable and continuous protection against barnacles and marine fouling. I-Tech's customers, global paint manufacturers, can combine Selektope® with several other substances and polymers in their formulation to create optimal protection. Along with only seven other substances, Selektope® is approved according to the very comprehensive EU biocidal legislation, the EU-BPR.

Selektope® is unique in its application as a biotechnology in marine paints that repels barnacle larvae through natural receptor stimulation, activating their swimming mode with temporary effect. It is a technology characterised by its selective action and efficacy at extremely low concentrations.

This creates opportunities, that in some cases, can reduce biocide release from a paint by more than 90 percent whilst still improving hull performance.

The effect of Selektope® on a paint system is almost insignificant, which means that the paint and its application method are identical to conventional methods.

Selektope® gives I-Tech customers greater freedom to formulate different types of antifouling products. For example, it is possible to formulate Selektope® with or without copper oxide (Cu₂O) and functional materials/coatings can also be formulated. The Chukogo product, SEAFLO NEO CF-PREMIUM, in which all copper oxide is replaced, shows a particularly good ability to also reduce soft/primary fouling. This is a desirable secondary characteristic brought about by Selektope®.

This is how Selektope® works

When Selektope® leaches out from an antifouling paint, barnacle larvae are temporarily affected as they approach the hull surface. The larvae become hyperactive and cannot attach to the surface of the hull, instead they are forced to swim away and find another place to settle.

Selektope® has positive and direct impact on the environment in several stages. Partly by contributing to the reduction of airborne pollutants and also by decreasing the emission of copper oxide into the marine environment. Selektope® can also contribute to an overall lower emission of active substances when the qualities of the product are fully used.

Selektope® in paint

Selektope® binds to pigments and other particles in the paint system. It is, therefore continuously released in the same way as other biocides. This contributes to long-term hull performance so long as the paint remains on the hull. The paint, which mainly comprises binding agents, biocides, pigment and filler material, is applied to the hull using a traditional spraying method. The amount of paint required to coat

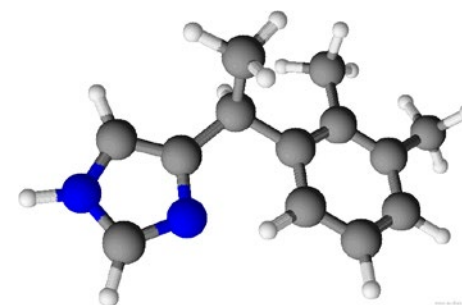
a hull can vary from a couple of thousand litres to over 20 or 30 thousand litres depending on the ship size and type. With its own soluble packaging solution, Selektope® can be added directly into the antifouling paint production system and is dissolved immediately. This innovative approach minimises the risk of exposure at the paint manufacturing facilities which contributes to a better work environment.



Selektope® is unique as it is effective against marine fouling at extremely low concentrations and has a repellent, but not deadly, effect on barnacles.



Selektope® is based on a molecular structure comprising phenyl and imidazole groups. When a barnacle larva comes into contact with Selektope®, the larva becomes hyperactive and performs about 100 kicks per minute. The effect is reversible, and the larva quickly returns to its normal state when not exposed to Selektope®. In this way, the larva simply cannot attach to a surface painted with Selektope® and, at the same time, the larva is not damaged in any way.



Test-patch

Image from Chugoku Marine Paints depicting a paint test patch with antifouling paint containing Selektope® on a coastal ship in Japan. The ship had a low level of activity, i.e. long periods at anchor in the area in and around Tokyo Bay, which is considered to be an area of intense marine fouling. The ship has been in operation for 12 months and the test area (marked) is to be contrasted with the hull in general which uses an antifouling paint with traditional technology, albeit adapted for the current operating conditions. The increased resistance through the water is estimated to be 60% or more due to the fouling.

MARINE FOULING

Marine fouling, commonly known as biofouling, 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 and 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 ship-owners. Marine fouling is not only a problem for ships but also affects all types of marine installations.

Over 1,700 species pose a biofouling risk in all global waters. Marine fouling can be divided into two main categories:

Hard fouling—usually shell building organisms and animals with a large effect on the surface structure. Barnacles are the main species and the biggest problem for ships. The size of the barnacle has an effect on the friction; the bigger the barnacle, the bigger the friction against the water.

Soft fouling—bacteria and algae that attach to exposed surfaces within a couple of hours. After a couple of weeks, these are often defined as often slime and seaweeds.

The scale and extent of marine fouling depends on the temperature of the water and the availability of light and nutrition. Fouling takes place significantly faster in warm, tropical waters. Ships exposed to longer periods at anchor waiting for cargo or access to port face a larger risk of fouling. Marine fouling and its consequences are an age-old problem. As the number of prevention methods have decreased due to tougher legislation and the number of invasive aquatic species

has increased, the problem with marine biofouling has become an even bigger issue.

Invasive aquatic species

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 disrupt the existing ecosystems. 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.

Increased fuel consumption

When a ship has marine fouling on the hull, added frictional resistance occurs against the water. For the ship to maintain the same speed as when the hull is clean, an increase in engine power is necessary, and this increases fuel consumption.

Hard marine fouling is such a widespread problem that fuel consumption, and consequently emissions, can increase by up to 40 percent to compensate for

frictional resistance and maintain the same speed.

For a large, ocean-going ship, hard marine fouling can result in an increase in fuel consumption and emissions of over 10 tonnes extra bunker oil in a day. If all ships, in principal, had optimal hull performance, savings potential would amount to approximately 20 billion dollars per year for the shipowners, only in reduced fuel cost. As little as 20 percent barnacle coverage of the hull increases friction and water resistance by over 40%.

Investing in technology that significantly reduces this risk is therefore an attractive proposition. Marine fouling also means that ships need to be cleaned regularly by divers or underwater robots. This is difficult to carry out on barnacle without damaging the antifouling and increase the risk for additional growth. This generates direct operating costs for cleaning services as well as missed cargo revenue as the ship must be static 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.

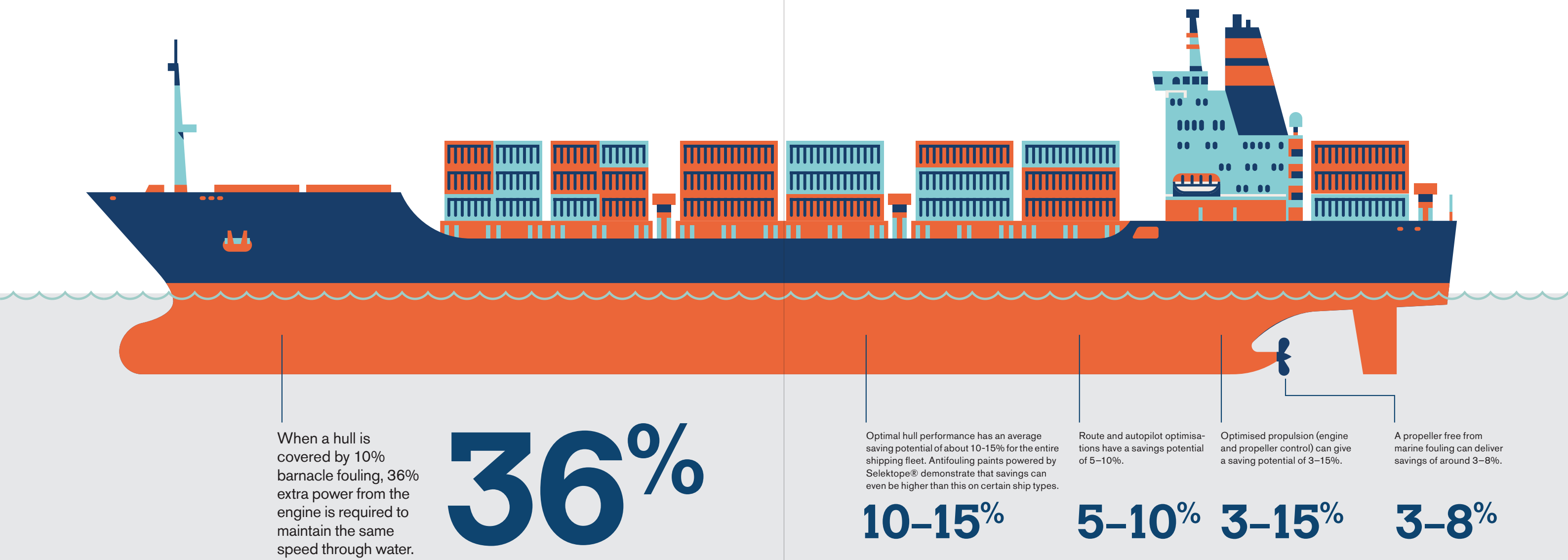
The problem with marine fouling

REDUCED EMISSIONS

The shipping industry's climate impact

Increased fuel consumption and associated increased emissions are a growing problem for the global shipping industry. Besides the negative impact on the environment, increased fuel consumption also brings financial stress for shipowners. International shipping is responsible for approximately 2.6% of total global CO2 emissions.

- The shipping industry must, through mandatory rules adopted by the IMO in 2018, decrease their emissions of CO2 by 50 per cent compared to 2008 levels by 2050. This provides a strong incentive for shipowners to invest in measures which have a positive effect on reducing fuel consumption and the environment.
- The commercial shipping fleet has several possible options for improvements, with a low investment barrier and short repayment period (see illustration).
- Other efficiency measures that can be applied, depending on operating conditions are: a new bulbous bow, upgrading of propellers, a new rudder, sail/wind rotors, waste heat recycling systems, alternative fuels.
- Since January 1, 2020, IMO has introduced global requirements for sulphur emissions in the shipping industry. This means that shipowners must use a larger proportion of low-sulphur fuel, which demands a higher cost. This means that optimal hull performance contributes to an even greater financial savings potential.



END-CUSTOMER INSIGHT

Stena RoRo uses antifouling coating with Selektope®

One of the leading innovators in the roll on/roll off cargo and passenger vessel sector, Stena RoRo, selected Selektope® as a key technology for their new vessels. Flexibility and innovation are hallmarks of Stena RoRo. Building, converting and adapting vessels are in their DNA – and they call that “Stenability”.

The latest success in Stena RoRo's quest for innovation, the E-Flexer series, encompasses nine passenger and vehicle 'RoPax' vessels. These vessels have an Energy Efficiency Design Index (EEDI) that is significantly better than their existing, older RoPax-peers and regardless of which fuel will be consumed onboard, it will be much less than other RoPax vessels on the water. The innovative configuration on the E-Flexer also contributes to a 25% reduction in CO2 emissions compared to current generation of RoRo vessels. To realise this enhancement in efficiency and reduction of emissions, Stena RoRo has cooperated with an array of well-known suppliers in the industry, including , Caterpillar, the CMI Jinling (Weihai) Shipyard in China, Deltamarin, Chugoku Marine Paints and I-Tech.

Stena Estrid was the first vessel in the series to be delivered in November 2019. Her hull is coated with the Chugoku Marine Paints' Sele-

25%

The innovative configuration on the E-Flexer also contributes to a 25% reduction in CO2 emissions compared to current generation of RoRo vessels.

ktope®-powered antifouling product SEAFLO NEO CF PREMIUM. Selektope® acts as the cornerstone in this coating's design, which has a very low surface roughness and well proven capability to resist soft and hard fouling. With Selektope® inside, the coating not only has an unmatched ability to resist barnacle fouling even when exposed to longer static periods, but also it enables the use of other technologies to combat the constant issue of slime, seagrass and seaweed fouling. In addition, the coating system has a significant reduction in biocidal leaching.

Another major aspect, among the various efficiency measures taken by Stena RoRo for these vessels, is excellent hydrodynamic performance. The E-Flexer series has a hull shaped to reduce resistance through water, with a stern and propulsion system designed to reduce wave making and hence reduce the fuel consumption and emissions.



Stena Estrid is also equipped with twin-screw marine propulsion drive trains that have a maximum output of 12 600KW. One of the key elements that enables the outstanding performance of the E-Flexer range is that two engines are doing the job that four engines would on a conventional vessel, without compromising vessel efficiency.

Stena RoRo didn't stop there, the E-Flexer class of vessels are also equipped with many other efficiency technologies, such as a propeller with feathering mode, LED light, variable frequency shaft generators and a ducktail used together with an interceptor, to name a few.

However, while the E-Flexer vessels are designed to be some of the most fuel efficient in the world for their size, they also have the flexibility to operate across a number of different routes with varying distances.

“ We selected an anti-fouling paint with Selektope® inside as we are striving to achieve the highest fuel efficiency and the lowest emissions on these E-Flexer vessels, in order to fully utilize the efficiency designed into the propulsion system over time.”

Per Westling, CEO Stena RoRO

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 31 December 2019, the number of shareholders was 2,378 (1,657).

Development of the share

At the end of the year, the I-Tech share stood at 66.60 SEK, which means a rise for the year of 1%. Since listing in 2018, the share has increased by around 225%. The highest price during 2019 was 87.00 SEK which occurred on 21 January, and the lowest price was 32.20 SEK on 22 July. At the end of the year, the market capitalisation was SEK 793 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 7.3 (2.7) million shares.

Share capital and ownership

The share capital in I-Tech was, at the end of 2019, 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 Group who at the end of 2019 held 11.4 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. 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 Group	1,357,528	11.40%
Swedbank Robur	1,132,500	9.51%
Almi Invest Companies	1,050,164	8.82%
Länsförsäkringar funds	766,485	6.44%
Handelsbanken funds	560,000	4.70%
Stefan Sedersten, incl. shares in companies	451,330	3.79%
Unionen	450,000	3.78%
Aquamarine	371,390	3.12%
Daniel Sandberg, incl. shares in companies	369,784	3.11%
Göran Wessman, incl. shares in companies	352,335	2.96%
Avanza pension	349,743	2.94%
Fourth Swedish National Pension Fund	325,133	2.73%
David Bendz	282,167	2.37%
Nordnet Pensions	259,099	2.18%
Göran Källebo	175,000	1.47%
Philip Chaabane	153,899	1.29%
Others	3,501,900	29.41%
Total number of shares	11,908,457	100.00%

Analysts who follow I-Tech:
Redeye



Board of Directors



Stefan Sedersten

Chairman of the board since 2014.
Member of the board since 2014.

Stefan Sedersten has a background in radar electronics and marine propulsion industry, and has had different leading positions in purchasing, production and research and development. Stefan was the COO and vice president of Berg Propulsion Group, a leading supplier of variable pitch propellers for the maritime industry until 2013 when the company was acquired by Caterpillar Inc.

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

Other assignments: Chairman of the Board of Directors in Lean Marine Sweden AB and Ariel Investment AB. Member of the Board of Directors in Blå Skrinet AB, Gula 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 Tedgren works as a management consultant and is on the board in Pomona Group AB and several of its subsidiaries, as well as a number of other companies. Before that he was the CEO of Pomona Group AB for 17 years.

Education: Economics at Stockholm University.

Other assignments: Chairman of the board in G. Krantz AB, EHL Prolist AB, Rhodin & Eklund EI & Tele AB, Forneby Fastighets AB, Consido AB and Tedgren Consult AB. Member of the board in Pomona-gruppen AB, Modulpac AB, Primekey Solutions AB, Primekey Intressenter AB, Maxidoor AB, Prolist Nordic AB, Estinvest AB and SCIPG AB. Alternate member of the board in Modulpac Montering AB and CIPCheckpoint AB.

Shareholding in I-Tech:

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



Leif Darner

Member of the board since 2014.

Leif Darner has substantial experience from the paint and chemical industry. He was previously member of the board of AkzoNobel, The Netherlands, with global responsibility for chemicals and coatings between 2004 and 2008. Prior to this, he was the CEO of BU Marine & Protective Coatings in Courtaulds plc, Great Britain, and before that the CEO for International Färg AB, Sweden.

Education: Master of Science in Business and Economics as well as MBA at the School of Business, Economics and Law, University of Gothenburg.

Other assignments: Chairman of the board in Vicore Pharma Holding AB. Member of the board in Darner Asset Management AB.

Shareholding in I-Tech:
134,919

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



Mats Enegren

Member of the board since 2011.

Mikael Laurin has wide experience from many industries, countries and disciplines. He has worked for several consultancy firms with focus on supply chain management, business strategy and management. Worked for 11 years as the CEO for Laurin Maritime who ran a modern tank fleet for oil products and chemicals in a worldwide traffic. He is today the CEO for Lean Marine which offers innovative solutions for fuel saving and streamlining of ship operations.

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

Other assignments: CEO and member of the board in Lean Marine Sweden AB. Member of the board in Team Tankers International and Lean Marine Holdings AB.

Shareholding in I-Tech:

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



Mikael Laurin

Member of the board since 2011.

Mikael Laurin has wide experience from many industries, countries and disciplines. He has worked for several consultancy firms with focus on supply chain management, business strategy and management. Worked for 11 years as the CEO for Laurin Maritime who ran a modern tank fleet for oil products and chemicals in a worldwide traffic. He is today the CEO for Lean Marine which offers innovative solutions for fuel saving and streamlining of ship operations.

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

Other assignments: CEO and member of the board in Lean Marine Sweden AB. Member of the board in Team Tankers International and Lean Marine Holdings AB.

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 Sandberg has a long experience of working in the pharmaceutical industry and has expertise in manufacturing, business development, improvement of business processes, cross-functional team leadership and change management. Has worked for Cambrex 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 member of the board for Cambrex AB and Cambrex Karlskoga AB. Member of the board for Cambrex Talinn, 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.

* Including holdings in associated enterprises

* Including holdings in associated enterprises

Företagsledning



Philip Chaabane

CEO since 2014.

Philip Chaabane 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: 153, 899*



Magnus Henell

CFO since 2017.

Magnus Henell has considerable 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 at 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: 30,000*



Cecilia Ohlauson

Head of Regulatory Affairs since 2013.

Cecilia Ohlauson's academical background is within ecotoxicology concerning biocides and she has a Ph.D in environmental science. Cecilia Ohlauson 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: 22,020*



Markus Hoffman

Technical Director since 2019.

Markus has a solid background in innovation and product development from large established chemicals groups, as well as from the start-up world. Markus joined I-Tech from the role of head of marine anti-fouling R&D and technical expert in antifouling at Hempel AS. Prior to that, Markus worked at BASF as laboratory manager.

Education: Technical Doctorate in Organic Chemistry at the University of Göttingen and MBA from EADA Business School in Barcelona.

Shareholding in I-Tech: –



Catherine Austin

Marketing & Communications Director since 2017.

Catherine has a Master of Research degree in Environmental Management. She has worked in the international maritime industry for eight years. Before Catherine started at I-Tech, she was the CEO for Fathom Maritime Intelligence, a publishing and events company concerned with clean technology information provision for the marine industry. She is a well renowned technical author and journalist both in marine and environmental sectors.

Education: Master of Research degree in Environmental Management and Bachelor of Science degree in Zoology from Swansea University.

Shareholding in I-Tech: 1,500*



Per Svensson

Sales Director since 2020.

Per Svensson 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: –

* Including holdings in associated enterprises

* Including holdings in associated enterprises

Annual 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 a result of ac-

ademic research around the behaviour of different marine species, in particular the barnacle. The product is selective and temporarily alters behaviour, therefore, it is exceedingly powerful and effective. Selektope® is a couple of hundred times more efficient at preventing barnacle fouling than the leading technology. Selektope® has passed various environmental and health evaluations in the world and is part of a group of only three available candidates to prevent shell-building organisms from adhering to hulls and surfaces. The company is registered in Mölndal, Sweden.

Multi-year overview*

	2019	2018	2017	2016	2015
Revenues	45,574	28,947	17,849	17,027	5,124
Profit after financial items	-7,096	-13,737	-8,418	-7,145	-8,598
Balance sheet total	131,323	123,526	59,927	60,765	49,340
Solidity (%)	84.84	83.36	61.67	57.40	75.26
Total equity	111,408	102,981	36,955	34,883	37,138

*Definitions of key figures, see notes

Ownership

Shareholder with more than 10% ownership is Pomona Group AB 11.40%.

Significant events during the financial year

- I-Tech received its largest supply order to date from Chugoku Marine Paints worth SEK 57 million.
- Cambrex sold its holding (approximately 16%) in I-Tech. Länsförsäkringar, Handelsbanken and The Fourth Swedish National Pension Fund are new, large institutional investors on the list of shareholders.
- I-Tech strengthened its organisation by recruiting Dr. Markus Hoffmann as Technical Director.
- Chugoku Marine Paints launched its eighth Selektope®-powered antifouling paint product.
- The Swedbank Robur Teknik and Microcap funds have increased their shareholdings in I-Tech after buying the main part of the 850,000 shares that I-Tech's second largest owner, Almi Invest, sold during April.
- After an extensive trial, Team Tankers International signed up more ships to using Selektope®- powered hull paints.

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 actively work to further refine the production processes introduced during 2018, for the purpose of gaining the best possible production cost and 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. There is thereby 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 determining 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.

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	1,337	91,564		Total,
Surplus according to decision at annual general meeting			-13,737		-
Provision for fund for development expenditure		74	-74		-74
Profit for the year				8,427	7,427
Amount at the end of the year	23,817	1,411	77,753	8,427	86,180

Allocation of surplus (SEK)

SUGGESTION FOR ALLOCATION OF THE COMPANY PROFIT

At the disposal of the annual general meeting is	
Loss brought forward	-65,523,335
Share premium account	143,275,995
Profit for the year	8,427,380
	86,180,040

The board of directors suggest to be carried forward	86,180,040
	86,180,040

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 analysis. 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

	Note	1 Jan 2019– 31 Dec 2019	1 Jan 2018– 31 Dec 2018
Operating income etc.			
Net turnover		45,574	28,947
Other operating income	2	1,219	1,093
		46,793	30,040
Operating expenses			
Costs of goods sold		-24,383	-18,665
Other external costs		-11,192	-11,165
Personnel costs	3	-9,094	-5,835
Depreciations, amortisations and impairments		-8,239	-7,233
Other operating costs		-904	-767
		-53,812	-43,665
Operating income		-7,019	-13,625
Result of financial items			
Other interest income and similar items	4	243	439
Interest expense and similar items	5	-320	-551
		-77	-112
Result after financial items		-7,096	-13,737
Tax on profit for the year	6	15,523	-
Annual result		8,427	-13,737

Balance Sheet

	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Fixed assets			
Intangible assets			
Expenditures on development brought forward	7	24,255	27,238
Patents	8	36,636	41,126
		60,891	68,364
Tangible assets			
Inventories, tools and installations	9	119	21
		119	21
Financial fixed assets			
Deferred tax assets	10	15,523	-
		15,523	-
Total fixed assets		76,533	68,385
Current assets			
Inventory			
Finished goods and commodities		1,265	303
		1,265	303
Short-term receivables			
Accounts receivables		7,754	7,537
Other receivables		5,370	463
Prepayments and accrued income		1,461	300
		14,585	8,300
Cash and bank balances			
Cash and bank balances		38,940	46,538
Total cash and bank balances		38,940	46,538
Total current assets		54,790	55,141
TOTAL ASSETS		131,323	123,526

	Note	31 Dec 2019	31 Dec 2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		23,817	23,817
Legal reserve		753	753
Reserve for development expenditure		658	584
		25,228	25,154
Unrestricted equity			
Share premium reserve		143,276	143,276
Result brought forward		-65,523	-51,712
Loss for the year		8,427	-13,737
		86,180	77,827
Total equity		111,408	102,981
Long-term liabilities			
Liabilities to credit institutions	11	8,618	11,408
Total long-term liabilities		8,618	11,408
Short-term liabilities			
Liabilities to credit institutions	11	2,789	1,971
Accounts payables		5,536	4,666
Current tax liabilities		135	14
Other liabilities		322	195
Accruals and deferred income		2,515	2,291
Total short-term liabilities		11,297	9,137
TOTAL EQUITY AND LIABILITIES		131,323	123,526

Cash flow analysis

	Note	31 Dec 2019	31 Dec 2018
Operating activities			
Operating result		-7,019	-13,625
Adjustments for non-cash items		8,239	7,233
Interest received		243	439
Interest paid		-320	-551
Income tax paid		121	24
Cash flow from operating activities before changes in working capital		1,264	-6,480
Cash flow from changes in working capital			
Increase/decrease of inventories current activities		-962	310
Increase of accounts receivables		-217	-4,627
Increase of other receivables		-6068	-53
Increase/decrease of accounts payables		870	-1,638
Increase of short-term liabilities		350	543
Cash flow from operating activities		-4,763	-11,945
Financing activities			
Acquisition of expenditures brought forward for development and similar work.	7	-140	-64
Acquisition of concessions, patents, licenses etc..	8	-590	-402
Acquisition of inventories, tools and installations	9	-134	-
Cash flow from investing activities		-864	-466
Financial activities			
New share issue of the year		-	39,760
Long-term borrowings		-	115
Amortisation of long-term borrowings		-1,971	-1,461
Cash flow from financial activities		-1,971	38,414
Change in liquid assets		-7,598	26,003
Liquid assets at the start of the year		46,538	20,535
Liquid assets at the end of the year		38,940	46,538

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.

Lessee

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. In 2019, the company 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.

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 deands 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. OTHER OPERATING REVENUE**

	2019	2018
Other operating revenue divided over category of revenue		
Foreign exchange gains	1,062	735
Received contributions	-	358
Insurance reimbursements	157	-
	1,219	1,093

NOTE 3. 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.

	2019	2018
Average number of employees has been	7.00	4.00
Of which were women	2.00	1.00
Of which were men	5.00	3.00

Salaries, remuneration, etc.

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

	2019	2018
Board of Directors and CEO		
Salaries and remuneration	1,879	1,777
Pension costs	279	231
	2,158	2,008
Other employees		
Salaries and remuneration	4,155	2,283
Pension costs	538	216
	4,693	2,499
Social security expenses	2,059	1,203
Total Board of Directors and others	8,910	5,710

NOTE 4. OTHER REVENUE AND SIMILAR LINE ITEMS

	2019	2018
Interests	17	-
Exchange difference	226	439
	243	439

NOTE 5. INTEREST COST AND SIMILAR LINE ITEMS

	2019	2018
Other interest cost	320	551
	320	551

NOTE 6. TAX ON RESULT FROM THE YEAR

	2019	2018
Deferred tax	15,523,	-
	15,523	-
Reconciliation of effective tax		
ResultProfit/loss before tax	-7,096	-13,737
Tax cost 21.40% (22.00%)	1,519	3,022
Tax effect of:		
Non-deductible expenses	-27	-22
Tax adjustments	-	818
Current year loss carried forwardcarryforward	-1,492	-3,818
Deferred tax adjustment	15,523	-
Total	15,523	-

NOTE 7. EXPENDITURES BROUGHT FORWARD FOR DEVELOPMENT AND SIMILAR WORK

	31 Dec 2019	31 Dec 2018
Opening acquisition value	31,822	31,758
Purchases	140	64
Outgoing accumulated acquisition value	31,962	31,822
Opening depreciations	-4,584	-1,468
Depreciations during the year	-3,123	-3,116
Outgoing accumulated depreciations	-7,707	-4,584
Outgoing reported value	24,255	27,238
Assets acquired through public contributions are included at reported acquisition value	8,908	8,908

NOTE 8. PATENTS

	31 Dec 2019	31 Dec 2018
Opening acquisition value	46,749	6,344
Purchases	590	40,405
Outgoing accumulated acquisition value	47,339	46,749
Opening depreciations	-5,623	-1,527
Depreciations during the year	-5,080	-4,096
Outgoing accumulated depreciations	-10,703	-5,623
Outgoing reported value	36,636	41,126

NOTE 9. INVENTORIES, TOOLS AND INSTALLATIONS

	31 Dec 2019	31 Dec 2018
Opening acquisition value	284	284
Purchases	134	0
Sales/disposals	-49	0
Outgoing accumulated acquisition value	369	284
Opening depreciations	-263	-242
Sales/disposals	49	0
Depreciations during the year	-36	-21
Outgoing accumulated depreciations	-250	-263
Outgoing reported value	119	21

NOTE 10. DEFERRED TAX

31 Dec 2019	Temporary difference	Deferred tax asset	Deferred tax liability
Tax losses	-	15,523	-
	-	15,523	-

NOTE 11. LONG TERM LIABILITIES

	2019	2018
Almi Företagspartner		
Amortisation within 1 year	600	600
Amortisation within 2-5 years	1,050	1,650
	1,650	2,250
Energy Agency no. 1	4,335	5,705
	4,335	5,705
Energy Agency no. 2	5,423	5,423
	5,423	5,423
Total long-term liabilities	11,407	13,378

Energy Agency No. 1

Amortisation of the loan amounts to 5% of the company's reported net sales in the previous year, which means that in 2020 approximately 2 189 kSEK will be amortised. Amortisation during coming periods depends on the company's turnover during the coming years.

Energy Agency no. 2

Amortisation of the loan will take place with the start of year 3 from the decision year, which means 2020. Amortisation takes place with 3% of the company's reported net sales and is limited to a 10-year period unless full repayment has been made earlier.

NOTE 12. COLLATERAL

	31 Dec 2019	31 Dec 2018
Business mortgages	3,000	3,000

NOTE 13. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

Leading Norwegian paint-manufacturer Jotun has commercialized two new marine paint products containing I-Tech's antifouling active agent Selektope®.

NOTE 14. DEFINITION OF KEY FINANCIAL FIGURES

Solidity

Adjusted equity as a percentage of balance sheet total.

Möln dal 2 April 2020

Tomas Tedgren

Leif Darner

Philip Chaabane
CEO

Bjarne Sandberg

Mats Enegren

Mikael Laurin

Stefan Sedersten
Chairman of the Board

Our audit report has been delivered on April 2, 2020
Ernst & Young AB

Markus Hellsten
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 2019. The annual accounts of the company are included on pages 24-37 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, 2019 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.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director intend to liquidate the

company, to cease operations, or has 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.

As 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.
- 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 Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director'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 disclo-

tures 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 Managing Director 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 Managing Director 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 Managing Director

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 Managing Director 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 Managing Director 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.

Göteborg, 2 April 2020

Ernst & Young AB

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I-Tech in cooperation with Narva
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Illustration CEO: Amanda Louli



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Financial Calender	
Annual General Meeting	7 May, 2020
Interim report, Q1	8 May, 2020
Interim report, Q2	26 August, 2020
Interim report, Q3	23 October, 2020
Year-end report 2020	XX februari, 2021

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