



# TC TECH

THERMAL CYCLIC TECHNOLOGIES  
OF SWEDEN

## TC TECH Sweden AB (publ) Interim Report 30 June 2017

- Net sales amounted to 0 (0) TSEK in the second quarter of 2017.
- Net profit/loss totalled -5 869 (-5 928) TSEK in the second quarter of the year.
- Cash flow from operating activities was -3 657 (-4 323) TSEK in the period from 1 April to 30 June 2017.
- Net sales amounted to 3 141 (0) TSEK in the first half of 2017.
- Net profit/loss totalled -10 262 (-12 272) TSEK in the first half of 2017.
- Cash flow from operating activities was -7 752 (-11 289) TSEK in the period from 1 January to 30 June 2017.
- In April, TC TECH's Roll to Sheet system (RtS) was cleared for shipment to Taiwan. This new handling equipment has been developed in close cooperation with the customer, and was cleared at TC TECH's premises in Spånga under conditions similar to full-scale production. The RtS equipment will now be available to the customer for three months of evaluation, part of the time in full-scale production.
- TC TECH has in June made a directed equity issue of 833 333 shares, based on the authorization granted by the AGM held on May 18<sup>th</sup> 2017. As a result of this resolution, the company's share capital increased by SEK 66.7 thousand and liquid funds by around SEK 20 million.

## Comments from Alexander Luiga, C.E.O.

---

### Continued focus on market acceptance

*TC TECH's business strength lies in the company's unique technology for the rapid heating and cooling of substrates, for applications such as replication of nano patterns on Light Guide Plates (LGPs).*

#### **Market developments**

In the second quarter of the year TC TECH has attracted additional stakeholders, such as potential customers and future partners. The market keeps up its continuous development, with a growing interest in more advanced and cost-efficient LGPs. We work with a number of potential customers in this area to achieve initial business. TC TECH will be well positioned the moment demand for larger volumes of high-performance cost-effective production equipment takes off.

#### **Continued adaptation to full-scale production**

In the second quarter of the year we have pursued the evaluation of our second system including the new Roll to Sheet equipment (RtS). We work closely with the customer to ascertain that our equipment is integrated with full-scale production in a safe and reliable manner. The fine-tuning of this adjustment to automated continuous production is expected to continue into Q4. Our goal is to achieve a degree of replication and production economy that is superior to any competing technology. This verification of the system in mass production is crucial, as our feedback from the market tells us that all customers will demand systems equipped with RtS.

#### **Finances**

A directed equity issue in June provided the company with around SEK 20 million in cash. These funds will be used for investments required for continued fine-tuning and marketing.

#### **Organization**

In the second quarter of the year, Tommy Nee took office as CFO. Tommy is a business-minded controller with excellent merits from industrial business development combined with international growth, a background that will benefit TC TECH in the company's future development.

#### **Prospects**

The number of potential customers we are working with, in combination with their input regarding future pattern requirements for LGPs, clearly confirm the strong interest in the advanced production systems made possible by our technology.

We keep up our dedicated work to develop and fine-tune adjustments to various customer demands. The strong interest shown by potential new customers, in combination with the results we achieve in tests and demonstrations, is on a level to confirm the market's understanding that our systems are ground-breaking and cost-effective.

The LGP market has TC TECH on its radar, and our technology is well suited to meet the future manufacturing requirements for advanced LGPs. We keep up our confident and dedicated work to towards reliable and efficient production systems, and new orders.

Spånga in August 2017

*Alexander Luiga, C.E.O*

## TC TECH - business concept

---

TC TECH develops, produces and markets systems used for the replication of nanostructures in plastic products. The company has its roots in a patented induction technique, developed in-house, that makes it possible to heat and cool plastic material in record time and with great precision.

TC TECH's technology is well suited for the production of plastic components in a wide range of application areas. To begin with, however, the company has chosen to focus only on systems for the manufacture of so-called Light Guide Plates, LGP. LGP is a plastic sheet or film that diffuses and directs light from the light source behind displays used in products like mobile phones, television sets, computers and tablets. TC TECH's production method paves the way for advanced LGP, which in turn allow for better-performing displays and screens. A more advanced LGP means higher resolution, lower energy consumption and thinner displays.

TC TECH's operations are based on ten years of dedicated R&D. In the past few years, the company has designed production systems that have met with considerable interest in the display industry. TC TECH is well connected among leading producers of screens, displays and components.

TC TECH's customers are partly producers of components for screens and displays; partly companies specialized in the manufacture of LGP. At the end of the production chain we find a limited number of companies producing screens and displays – suppliers to the major actors within consumer electronics such as Apple, Sony, Panasonic etc. TC TECH's potential customers consist of a limited number of companies in Korea, Taiwan, China and Japan. Some fifteen market actors cover an estimated 90 % of the market. The value of the LGP market alone is approximated at some 50 000 MSEK.

## Sales and earnings

---

April - June 2017

Net sales amounted to 0 (0) TSEK in the second quarter of 2017. Operating loss totalled -5 846 (-5 921) TSEK, net financial items -23 (-7) TSEK, and net loss -5 869 (-5 928) TSEK.

January - June 2017

Net sales amounted to 3 141 (0) TSEK in the first half of 2017. Operating loss totalled -10 217 (-12 244) TSEK, net financial items -45 (-28) TSEK, and net loss -10 262 (-12 272) TSEK.

Financial position

In the second quarter of the year, cash flow from operating activities amounted to -3 657 (-4 323) TSEK, of which 392 (20) TSEK from changes in working capital. Cash flow from investing activities amounted to -927 (-1 478) TSEK, of which -219 (-750) TSEK attributable to fixed assets and -708 (-728) TSEK to IPR and capitalized expenditure for R&D. Cash flow from financing activities totalled -19 000 (-60) TSEK of which -0 (-60) TSEK attributable to amortization of long-term debt and 19 000 (0) TSEK to directed equity issue. Total cash flow for the period April to June amounted to 14 416 (-5 861) TSEK.

In the first half of the year, cash flow from operating activities amounted to -7 752 (-11 289) TSEK, of which -1 086 (-2 435) TSEK from changes in working capital. Cash flow from investing activities amounted to -2 182 (-2 548) TSEK, of which -1 199 (-1 226) TSEK attributable to fixed assets and -983 (-1 322) TSEK to IPR and capitalized expenditure for R&D. Cash flow from financing activities totalled 19 590 (-119) TSEK of which -40 (-119) TSEK attributable to amortization of long-term debt and 19 630 (0) TSEK to directed equity issue. Total cash flow for the first six months of 2016 amounted to 9 656 (-13 956) TSEK.

The company's total liabilities amounted to 7 182 (10 003) TSEK on June 30<sup>th</sup> 2017, of which 4 620 (4 804) TSEK interest bearing. The major creditor was TC TECH's largest shareholder, CIMON Enterprise AB. This liability is to be repaid only when the company's cash flow so allows.

The company's net liquid assets on June 30<sup>th</sup> 2017 amounted to 19 837 TSEK, of which 24 457 TSEK were cash and cash equivalents. On June 30<sup>th</sup> 2016, the company had net liquid assets amounting to 6 952 TSEK of which 11 755 TSEK were cash and cash equivalents.

The company's shareholders' equity amounted to 44 999 (32 616) TSEK on June 30<sup>th</sup> 2017, and its equity ratio was 86 %.

## Human resources

---

As of June 30<sup>th</sup> 2017, the company had a total number of 14 staff members, of whom 11 were employees. As of June 30<sup>th</sup> 2016, the company had a total number of 14 staff members, of whom 11 were employees.

## Risks and uncertainties

---

TC TECH's operations are exposed to the following major risks:

- Market risks – TC TECH's potential sales volumes are closely linked to investments made in the display industry, and are thus exposed to the trade cycles of this industry.
- Customers – The number of display and LGP producers is limited, which entails an obvious concentration risk.
- Product quality – Should TC TECH's systems fail to fulfil customer requirements, there is a risk of declining demand for the company's products.
- Competitors – TC TECH operates on a competitive market, where most market actors have financial strengths surpassing those of TC TECH's.
- Other technologies – TC TECH's market potential may be hampered by developments in favour of other types of displays – displays that do not rely on LGP.
- Human resources – TC TECH is a small-scale company, with a limited number of employees. A number of those are key persons, essential for the continued development of TC TECH.
- IPR – Most of TC TECH's IPR are protected by patents or similar rights. Nevertheless, there will always be a risk of competitors trying to copy TC TECH's technology.

## Visions and goals

---

- TC TECH's vision is to establish the company's systems as an international standard for the replication of advanced polymer products.
- Our ambition for the next few years is to establish TC TECH as a high-growth, profitable company, profiled as the leading actor within production systems for advanced LGP.
- Our technology will be gradually implemented in new application areas.

## Prospects

---

Developments on the display market are prompted by producers of consumer electronics, who are demanding displays with higher resolution and lower energy consumption. They also require displays to

be as thin as possible, to allow for even slimmer end products. All of these requirements call for optically more advanced LGP. The market is thus ripe for a technological shift involving a new production technology for LGP. The electronic equipment industry, to which TC TECH belongs, is first and foremost prompted by technological development called for by new product models. New models require new production methods. The market size for LGP is a function of the total number of square meters to be produced, rather than the number of screens or displays. The trend goes towards larger and larger displays in smartphones and tablets, which works to TC TECH's advantage.

## Developments after June 30<sup>th</sup> 2017

---

No significant developments have occurred since June 30<sup>th</sup> 2017.

## Accounting principles

---

The company applies the accounting principles of BFNAR 2012:1 (K3), which are also the accounting and reporting principles used in the preparation of the company's most recent annual report.

## Review

---

This Interim report have not been reviewed by the company's auditors. TC TECH's ambition is to adhere, to the extent possible, to the regulations of the Swedish Code of Corporate Governance. Thus, the interim report as of September 30<sup>th</sup> 2017 will be reviewed by the company's auditors.

## Corporate information

---

TC TECH Sweden AB (publ), corporate identity number 556852-1883. The company has its statutory seat in Stockholm, at Domnarvsgatan 4, SE-163 53 SPÅNGA. Where the company also has its operations (mainly R&D).

Tel. +46 (0)8 – 788 08 00

E-mail: [info@tctech.se](mailto:info@tctech.se)

[www.tctech.se](http://www.tctech.se)

TC TECH has appointed Erik Penser Bank as its Certified Adviser.

## Financial calendar

---

Interim Report as of September 30<sup>th</sup> 2017      November 23<sup>rd</sup> 2017

Year-end Report as of December 31<sup>th</sup> 2017      February 22<sup>nd</sup> 2018

Interim Report as of March 31<sup>th</sup> 2018      April 25<sup>th</sup> 2018

This interim report, other interim reports published since TC TECH's listing in November 2015 and the summarized financial statement as of December 31<sup>st</sup> 2015 are available on TC TECH's website [www.tchtech.se](http://www.tchtech.se). Annual reports are published in Swedish only.

## Affirmation

---

TC TECH's Board of Directors and C.E.O. hereby assure that this interim report gives a true and fair view of the company's operations, financial position and performance, and describes the essential risks and uncertainties that the company may encounter.

Stockholm, August 24<sup>th</sup> 2017

TC TECH Sweden AB (publ)

Peter Mattisson  
*Chairman of the Board*

Sven Löfquist  
*Director of the Board*

Jörgen Brandt  
*Director of the Board*

Cecilia Jinert Johansson  
*Director of the Board*

Per-Anders Johansson  
*Director of the Board*

Anders Lönner  
*Director of the Board*

Alexander Luiga  
*C.E.O.*

For further information, please contact  
Alexander Luiga, C.E.O., TC TECH Sweden AB, tel +46 (0)8 – 788 08 01, [alexander.luiga@tctech.se](mailto:alexander.luiga@tctech.se)

### Summarized income statements, TSEK

	3 months Apr - Jun 2017	3 months Apr - Jun 2016	6 months Jan - Jun 2017	6 months Jan - Jun 2016	Full year 2016
Net sales	-	-	3 141	-	-
Change in inventories of products in progress, finished goods etc.	108	198	169	1 635	1 574
Capitalized R&D expenses	626	752	718	1 273	2 854
Other operating income	1	-	1	1	1
Total operating income	735	950	4 029	2 909	4 429
Raw materials and consumables	-111	-144	-1 789	-2 093	-2 095
Other external costs	-1 966	-2 568	-3 694	-4 994	-8 334
Personnel costs	-2 684	-2 574	-5 167	-4 648	-9 677
Depreciation	-1 820	-1 585	-3 596	-3 418	-7 069
Total operating costs	-6 581	-6 871	-14 246	-15 153	-27 175
<b>Operating profit/loss</b>	-5 846	-5 921	-10 217	-12 244	-22 746
<i>Operating margin %</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial items	-23	-7	-45	-28	-70
Profit/loss after net financial items	-5 869	-5 928	-10 262	-12 272	-22 816
Tax	-	-	-	-	-
Net profit/loss for the period	-5 869	-5 928	-10 262	-12 272	-22 816

### Summarized balance sheets, TSEK

	2017 30 June	2016 30 June	2016 31 Dec
<b>Assets</b>			
Intangible fixed assets	19 557	22 084	21 385
Tangible fixed assets	5 070	3 799	4 655
Total fixed assets	24 627	25 883	26 040
Products in progress/for resale	2 136	3 856	3 571
Current receivables	961	1 125	924
Cash and bank balances	24 457	11 755	14 801
Total current assets	27 554	16 736	19 296
Total assets	52 181	42 619	45 336
<b>Equity and liabilities</b>			
Shareholders' equity	44 999	32 616	35 631
Interest-bearing liabilities	4 620	4 804	4 615
Non-interest-bearing liabilities	2 562	5 199	5 090
Total equity and liabilities	52 181	42 619	45 336

## Summarized cash flow analyses, TSEK

	3 months Apr - Jun 2017	3 months Apr - Jun 2016	6 months Jan - Jun 2017	6 months Jan - Jun 2016	Full year 2016
Cash flow from operating activities	-3 657	-4 323	-7 752	-11 289	-17 945
Cash flow from investing activities	-927	-1 478	-2 182	-2 548	-6 286
Cash flow from financing activities	19 000	-60	19 590	-119	13 321
Cash flow for the period	14 416	-5 861	9 656	-13 956	-10 910
<i>Cash and cash equivalents, opening balance</i>	<i>10 041</i>	<i>17 616</i>	<i>14 801</i>	<i>25 711</i>	<i>25 711</i>
<i>Cash and cash equivalents, closing balance</i>	<i>24 457</i>	<i>11 755</i>	<i>24 457</i>	<i>11 755</i>	<i>14 801</i>

## Data per share

	3 months Apr - Jun 2017	3 months Apr - Jun 2016	6 months Jan - Jun 2017	6 months Jan - Jun 2016	Full year 2016
Earnings per share, SEK <sup>1)</sup>	-0,54	-0,59	-0,95	-1,22	-2,22
Earnings per share, SEK, diluted <sup>2)</sup>	-0,54	-0,59	-0,95	-1,22	-2,22
Equity per share <sup>1)</sup>	4,17	3,24	4,17	3,24	3,32
Cash flow from operating activities per share, SEK <sup>1)</sup>	-0,38	-0,43	-0,72	-1,12	-1,82
Share price on closing day, SEK	27,80	19,80	27,80	19,80	51,00
Number of shares on balance sheet day	11 616 583	10 071 550	11 616 583	10 071 550	10 738 250
Number of shares on balance sheet day, diluted <sup>2)</sup>	12 063 508	10 580 175	12 063 508	10 580 175	11 230 175
Number of shares, weighted average	10 819 880	10 071 550	10 786 998	10 071 550	10 287 377
Number of shares, weighted average, diluted <sup>2)</sup>	11 266 805	10 580 175	11 248 591	10 580 175	10 793 874

<sup>1)</sup> Earnings and cash flow per share are based on the weighted average number of shares in the period. Equity per share is based on the total number of issued shares on balance sheet day.

<sup>2)</sup> As of June 30<sup>th</sup> 2017, the company had one warrant commitment in force. In September 2014, TC TECH issued 8 625 share warrants giving the right to subscribe for a maximum of 8 625 new shares in the company. The exercise period expired on 2017-12-31, the exercise price corresponding to SEK 14 per share. These warrants were exercised in December 2016. In August 2015, TC TECH issued 500 000 share warrants giving the right to subscribe for a maximum of 500 000 shares. The exercise period runs from 2016-01-01 to 2018-12-31, the exercise price corresponding to SEK 14 per share. The warrants have been acquired at market value by persons deemed to be essential for the continued development and success of the company. In 2016, a total of 8 075 of these warrants were exercised, whereby TC TECH's share capital increased by SEK 1 336, and the number of issued shares by 16 700. In the first quarter of 2017, an additional 45 000 warrants were exercised, whereby the share capital increased by 3 600 SEK. Thereby, a total of 446 925 warrants now remain to be exercised. In all, should all outstanding warrant commitments be fully exercised, the new shares would correspond to 3.7 % of the total number of issued shares.



Changes in equity, TSEK

	Share capital	Share premium reserve	Retained earnings - P/L for the period	Total equity
<b>Januari 1 2016</b>	<b>806</b>	<b>53 072</b>	<b>-8 990</b>	<b>44 888</b>
Loss for the period	-	-	-12 272	-12 272
<b>June 30 Juni 2016</b>	<b>806</b>	<b>53 072</b>	<b>-21 262</b>	<b>32 616</b>
New share issues	53	13 506	-	13 559
Transfer to development fund	2 626	-	-2 626	-
Loss for the period	-	-	-10 544	-10 544
<b>December 31 2016</b>	<b>3 485</b>	<b>66 578</b>	<b>-34 432</b>	<b>35 631</b>
New share issues	70	20 560	-	20 630
Transfer to development fund	412	-	-412	-
Issue expenses	-	-1 000	-	-1 000
Loss for the period	-	-	-10 262	-10 262
<b>June 30 2017</b>	<b>3 967</b>	<b>86 138</b>	<b>-45 106</b>	<b>44 999</b>

In the period 1 January – 31 December 2016, the company made three new share issues: a directed issue of 650 000 shares subscribed for by Anders Lönner and Länsförsäkringar Kalmar län; one issue of 6 700 shares prompted by the exercise of 6 700 warrants, and in December yet another issue prompted by the exercise of 10 000 warrants.

In the first quarter of 2017, one share issue has been implemented, prompted by the exercise of 45 000 warrants. In the second quarter of 2017 a directed equity issue of 833 333 shares was made.

Key ratios

	3 months Apr - Jun 2017	3 months Apr - Jun 2016	6 months Jan - Jun 2017	6 months Jan - Jun 2016	Full year 2016
Operating margin, %	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	86 %	77 %	86 %	77 %	79 %
Liquid assets, net (TSEK)	19 837	6 952	19 837	6 952	10 186
Market cap, at end of period, TSEK	322 941	199 417	322 941	199 417	547 651