



# TC TECH

THERMAL CYCLIC TECHNOLOGIES  
OF SWEDEN

## TC TECH Sweden AB (publ) Summarized Financial Statements December 31 2017

- Net sales amounted to 0 (0) TSEK in the fourth quarter of 2017.
- Net profit/loss totalled -8 116 (-5 046) TSEK in the fourth quarter of the year.
- Cash flow from operating activities was -5 208 (-3 591) TSEK in the period from October 1<sup>st</sup> to December 31<sup>st</sup> 2017.
- Net sales amounted to 3 141 (0) TSEK in the full year of 2017.
- Net profit/loss totalled -23 784 (-22 816) TSEK in the period from January 1<sup>st</sup> to December 31<sup>st</sup> 2017.
- Cash flow from operating activities was -15 182 (-17 945) TSEK in the period from January 1<sup>st</sup> to December 31<sup>st</sup> 2017.

### Developments after year-end

- TC TECH Sweden AB (publ) has received a patent approval in Taiwan for the patent application "Device and method for heating a Mould or Tool". The approval in Taiwan follows earlier approvals in Japan and China for the same patent family within electromagnetism, that strengthens and extends the patent protection for the company's general technology platform.
- TC TECH Sweden AB (publ) has completed the specification and initiated the manufacturing of an upgraded version of the company's production system for light guide plates (LGPs) that are used in LCD displays. The company has formally agreed to upgrade two delivered systems in Taiwan to the new version, the first in Q2 2018 and the second in H2 2018.
- TC TECH Sweden AB (publ) announces that Björn Hallare has been appointed as the company's chief operating officer (COO) after having served as interim COO since the autumn of 2017. Björn's 25 years of experience from managing development and industrialization projects at companies such as Ericsson, Huawei and Telia add important knowledge to the company's development of production systems for light guide plates (LGPs) used in LCD displays.

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

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*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).*

For TC TECH, 2017 was a year characterized by our hard work to adapt our production system for highly efficient light guide plates (LGPs), used in edge-lit LCD displays for mobile phones and laptops, for high-volume manufacturing in demanding industrial environments.

Our patented technology, which makes it possible to produce significantly more energy-efficient displays with improved picture quality, works very well and we are pleased with the extremely thin and nanometer precise LGPs that can be manufactured with our equipment.

The industrialization of the production system has however been more challenging than expected. During the first and second quarter we communicated the delivery of production systems and associated roll-to-sheet feeding equipment in Taiwan, after which a test and optimization phase was initiated which gave us valuable feedback. During this period, we gradually understood that we needed to make significant optimizations to ensure high operational reliability and functionality throughout the process from feeding to pressing and thus creating the final product.

In order to implement these upgrades in the best possible way, we strengthened our team with Björn Hallare as interim COO during the autumn. Björn has 25 years of experience from managing development and industrialization projects at companies such as Ericsson, Huawei and Telia, thus providing important knowledge and experience in this field. I am therefore very pleased that we agreed to make the position permanent in the beginning of 2018.

Our team finally decided to develop a new version of the production system in order to integrate all identified opportunities for improvement. After the end of the period, in February 2018, we were able to announce that the specification of the new version had been completed and that we had formally agreed to upgrade the two delivered systems in Taiwan. The first system will be delivered during the second quarter. In addition to this for the company crucial production development, we have also been granted patents in China, Japan and Taiwan during the year. This is important as we will now ramp up our sales process again with strong confidence inspired by our upgraded production system.

When we have upgraded the two delivered systems during 2018, we will for the first time have a system that is truly optimized and ready for mass production. This means that we will be able to shift our main focus from completing the production process to selling additional systems. Previously, we decided to put further sales efforts on hold until reaching this stage. We are now reigniting the sales process and will be able to deepen our discussions with the potential customers that we have started to build relationships with. Even though it has taken time, none of these potential customers have lost their interest in our technology, and they are now waiting to see our new upgraded equipment. It is thus my hope that these relationships will generate several concrete orders in 2018.

Finally, I would like to thank all loyal shareholders who have supported us during the past year. This has contributed strongly in the process of developing the upgraded version of our production system. We have now reached a point where we not only have an attractive technology platform, but also a product based on this technology that is developed and upgraded based on actual production runs in real industrial settings in Taiwan.

We will now continue to work hard and look forward to a successful 2018.

Spånga in February 2018

*Alexander Luiga, C.E.O*

## TC TECH - business concept

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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

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October - December 2017

Net sales amounted to 0 (0) TSEK in the fourth quarter of 2017. Operating loss totalled -8 051 (-5 028) TSEK, net financial items -65 (-18) TSEK, and net loss -8 116 (-5 046) TSEK.

January - December 2017

Net sales amounted to 3 141 (0) TSEK in the twelve months of 2017. Operating loss totalled -23 651 (-22 746) TSEK, net financial items -133 (-70) TSEK, and net loss -23 784 (-22 816) TSEK.

Financial position

In the fourth quarter of the year, cash flow from operating activities amounted to -5 208 (-3 591) TSEK, of which 845 (-233) TSEK from changes in working capital. Cash flow from investing activities amounted to -4 014 (-2 331) TSEK, of which -1 448 (-577) TSEK attributable to fixed assets and -2 566 (-1 754) TSEK to IPR and capitalized expenditure for R&D. Cash flow from financing activities totalled 210 (81) TSEK of which 0 (-59) TSEK attributable to amortization of long-term debt and 210 (140) TSEK to directed equity issue. Total cash flow for the period October to December amounted to -9 012 (-5 841) TSEK.

In the period, January - December, cash flow from operating activities amounted to -15 182 (-17 945) TSEK, of which 1 060 (-2 980) TSEK from changes in working capital. Cash flow from investing activities amounted to -7 922 (-6 286) TSEK, of which -3 328 (-2 943) TSEK attributable to fixed assets and -4 594 (-3 343) TSEK to IPR and capitalized expenditure for R&D.

Cash flow from financing activities totalled 19 894 (13 320) TSEK of which -40 (-238) TSEK attributable to amortization of long-term debt and 19 934 (13 558) TSEK to directed equity issue. Total cash flow for the twelve months of 2017 amounted to -3 211 (-10 910) TSEK.

The company's total liabilities amounted to 10 047 (9 705) TSEK on December 31<sup>st</sup> 2017, of which 4 600 (4 615) 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 December 31<sup>st</sup> 2017 amounted to 6 990 TSEK, of which 11 590 TSEK were cash and cash equivalents. On December 31<sup>st</sup> 2016, the company had net liquid assets amounting to 10 186 TSEK of which 14 801 TSEK were cash and cash equivalents.

The company's shareholders' equity amounted to 31 780 (35 631) TSEK on December 31<sup>st</sup> 2017, and its equity ratio was 76 % (79%).

## Human resources

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As of December 31<sup>st</sup> 2017, the company had a total number of 15 staff members, of whom 12 were employees.

As of December 31<sup>st</sup> 2016, the company had a total number of 14 staff members, of whom 11 were employees.

## Risks and uncertainties

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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

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- 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

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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 December 31<sup>st</sup> 2017

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TC TECH receives patent approval in Taiwan that strengthens the protection of the company's technology platform.

The company is finalising a new version of its production system, first delivery to customer in Q2 2018.

TC TECH recruits Björn Hallare as COO with focus on product development, quality assurance and manufacturing

## Accounting principles

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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

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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 30th 2018 will be reviewed by the company's auditors.

## Corporate information

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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).

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

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

## Financial calendar

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Annual Report	April 25 <sup>th</sup> 2018
Interim Report as of March 31 <sup>th</sup> 2018	April 25 <sup>th</sup> 2018
Annual General Meeting	May 16 <sup>th</sup> 2018
Interim Report as of June 30 <sup>th</sup> 2018	August 29 <sup>th</sup> 2018
Interim Report as of September 30 <sup>th</sup> 2018	November 7 <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.tctech.se](http://www.tctech.se). Annual reports are published in Swedish only.

The AGM will be held in Stockholm on May 16<sup>th</sup> 2018, at 15:00 hours, location TBD. No dividend payment will be proposed by the board of directors.

## Affirmation

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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, February 21<sup>st</sup> 2018

TC TECH Sweden AB (publ)

Peter Mattisson  
*Chairman of the Board*

Sven Löfqvist  
*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.*

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### Summarized income statements, TSEK

	3 months Oct - Dec 2017	3 months Oct - Dec 2016	Full Year 2017	Full Year 2016
Net sales	-	-	3 141	-
Change in inventories of products in progress, finished goods etc.	-1 823	246	-970	1 574
Capitalized R&D expenses	2 259	1 584	3 922	2 854
Other operating income	-	-	26	1
<b>Total operating income</b>	<b>436</b>	<b>1 830</b>	<b>6 119</b>	<b>4 429</b>
Raw materials and consumables	2 051	-308	-423	-2 095
Other external costs	-5 862	-2 209	-11 655	-8 334
Personnel costs	-2 613	-2 653	-10 150	-9 677
Depreciation	-2 063	-1 688	-7 542	-7 069
<b>Total operating costs</b>	<b>-8 487</b>	<b>-6 858</b>	<b>-29 770</b>	<b>-27 175</b>
<b>Operating profit/loss</b>	<b>-8 051</b>	<b>-5 028</b>	<b>-23 651</b>	<b>-22 746</b>
<i>Operating margin %</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial items	-65	-18	-133	-70
<b>Profit/loss after net financial items</b>	<b>-8 116</b>	<b>-5 046</b>	<b>-23 784</b>	<b>-22 816</b>
Tax	-	-	-	-
<b>Net profit/loss for the period</b>	<b>-8 116</b>	<b>-5 046</b>	<b>-23 784</b>	<b>-22 816</b>

### Summarized balance sheets, TSEK

	2017 31 Dec	2016 31 Dec	2015 31 Dec
<b>Assets</b>			
Intangible fixed assets	20 152	21 385	23 226
Tangible fixed assets	6 977	4 655	3 526
<b>Total fixed assets</b>	<b>27 129</b>	<b>26 040</b>	<b>26 752</b>
Products in progress/for resale	1 227	3 571	2 221
Current receivables	1 881	924	2 158
Cash and bank balances	11 590	14 801	25 712
<b>Total current assets</b>	<b>14 698</b>	<b>19 296</b>	<b>30 091</b>
<b>Total assets</b>	<b>41 827</b>	<b>45 336</b>	<b>56 843</b>
<b>Equity and liabilities</b>			
Shareholders' equity	31 780	35 631	44 888
Interest-bearing liabilities	4 600	4 615	4 877
Non-interest-bearing liabilities	5 447	5 090	7 078
<b>Total equity and liabilities</b>	<b>41 827</b>	<b>45 336</b>	<b>56 843</b>

## Summarized cash flow analyses, TSEK

	3 months Oct - Dec 2017	3 months Oct - Dec 2016	Full Year 2017	Full Year 2016
Cash flow from operating activities	-5 208	-3 591	-15 182	-17 945
Cash flow from investing activities	-4 014	-2 331	-7 923	-6 286
Cash flow from financing activities	210	81	19 894	13 321
Cash flow for the period	-9 012	-5 841	-3 211	-10 910
<i>Cash and cash equivalents, opening balance</i>	<i>20 602</i>	<i>20 642</i>	<i>14 801</i>	<i>25 711</i>
<i>Cash and cash equivalents, closing balance</i>	<i>11 590</i>	<i>14 801</i>	<i>11 590</i>	<i>14 801</i>

## Data per share

	3 months Oct - Dec 2017	3 months Oct - Dec 2016	Full Year 2017	Full Year 2016
Earnings per share, SEK <sup>1)</sup>	-0,70	-0,47	-2,12	-2,22
Earnings per share, SEK, diluted <sup>2)</sup>	-0,70	-0,47	-2,12	-2,22
Equity per share <sup>1)</sup>	2,73	3,32	2,84	3,32
Cash flow from operating activities per share, SEK <sup>1)</sup>	-0,45	-0,33	-1,35	-1,82
Share price on closing day, SEK	16,50	51,00	16,50	51,00
Number of shares on balance sheet day	11 638 283	10 738 250	11 638 283	10 738 250
Number of shares on balance sheet day, diluted <sup>2)</sup>	12 063 508	11 230 175	12 063 508	11 230 175
Number of shares, weighted average	11 627 522	10 729 337	11 208 361	10 287 377
Number of shares, weighted average, diluted <sup>2)</sup>	11 783 661	11 230 175	11 659 399	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 2017, a total of 66 700 of these warrants were exercised (of which 15 000 in the fourth quarter). Whereby the share capital increased by 5 336 SEK, and the number of issued shares by 66 700. Thereby, a total of 425 225 warrants now remain to be exercised. In all, should all outstanding warrant commitments be fully exercised, the new shares would correspond to 3.5 % 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>
New share issues	52	13 366	-	13 418
Loss for the period	-	-	-17 769	-17 769
<b>September 30 Juni 2016</b>	<b>858</b>	<b>66 438</b>	<b>-26 759</b>	<b>40 537</b>
New share issues	1	140	-	141
Transfer to development fund	2 626	-	-2 626	-
Loss for the period	-	-	-5 047	-5 047
<b>December 31 2016</b>	<b>3 485</b>	<b>66 578</b>	<b>-34 432</b>	<b>35 631</b>
New share issues	71	20 653	-	20 724
Transfer to development fund	1 155	-	-1 155	-
Issue expenses	-	-1 000	-	-1 000
Loss for the period	-	-	-15 668	-15 668
<b>September 30 2017</b>	<b>4 711</b>	<b>86 231</b>	<b>-51 255</b>	<b>39 687</b>
New share issues	1	209	-	210
Transfer to development fund	1 960	-	-1 960	-
Loss for the period	-	-	-8 117	-8 117
<b>December 31 2017</b>	<b>6 672</b>	<b>86 440</b>	<b>-61 332</b>	<b>31 780</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. In the third quarter of 2017, one share issue has been implemented, prompted by the exercise of 6 700 warrants. An additional share holder issue was implemented in the final quarter of the year, prompted by the exercise of 15 000 warrants.

Key ratios

	3 months Oct - Dec 2017	3 months Oct - Dec 2016	Full Year 2017	Full Year 2016
Operating margin, %	Neg	Neg	Neg	Neg
Equity/assets ratio, %	76 %	79 %	76 %	79 %
Liquid assets, net (TSEK)	6 990	10 186	6 990	10 186
Market cap, at end of period, TSEK	192 032	547 651	192 032	547 651