



TC TECH

THERMAL CYCLIC TECHNOLOGIES
OF SWEDEN

TC TECH Sweden AB (publ) Summarized Financial Statements December 31st, 2018

- Net sales amounted to 48 (0) TSEK in the fourth quarter of 2018.
- Net profit/loss totalled -10 326 (-8 116) TSEK in the fourth quarter of 2018.
- Cash flow from operating activities was -12 047 (-5 208) TSEK in the fourth quarter of 2018.
- Net sales amounted to 48 (3 141) TSEK in the full year of 2018.
- Net profit/loss totalled -32 365 (-23 784) TSEK in the period from January 1st to December 31st 2018.
- Cash flow from operating activities was -25 046 (-15 182) TSEK in the period from January 1st to December 31st 2018.
- TC TECH Sweden AB (publ) announces that the company has received final approval of the production system for high-volume manufacturing of High Performance LGPs for LCD displays that was delivered to a customer in Taiwan in July.
- TC TECH Sweden AB (publ) announces that the company has signed an agreement with a customer in Taiwan to deliver a second TCP-150 system, including Roll-to-Sheet (RtS) functionality, for production of High Performance LGPs used in LCD displays. The delivery is expected to begin in December 2018 and will be visible in the interim report for Q1 2019, at the latest.
- TC TECH Sweden AB (publ) announces that the company has received a letter of intent (LOI) from a Chinese manufacturer of premium quality LGPs for LCD displays to order a TCP 150 system with roll-to-sheet feeding (RtS) before the end of the year.
- TC TECH Sweden AB (publ) announces that the company has changed Capital Adviser to Arctic Securities.
- TC TECH Sweden AB (publ) held an Extraordinary General Meeting today, November 16 2018, adjacent to the company's own premises at Domnarvsgatan 4 in Spånga, Sweden. Approximately 57 % of all issued shares were represented at the EGM.

Developments after year-end 2018

- TC TECH Sweden AB (publ) has received an order for three production systems for volume manufacturing of high-performing LGPs to an existing customer in Taiwan. The customer is an LGP manufacturer in the premium segment and delivers components to LCD displays in sizes suitable for mobile phones, tablets and laptops.

Comments from Alexander Luiga, C.E.O.

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).

During the fourth quarter, TC TECH took several important steps towards becoming a strong Swedish industrial company with respectable earnings power.

One of these important steps was taken in early October, when we announced that our customer in Taiwan had given final approval for the upgraded production system for volume manufacturing of high performance LGPs for LCD displays that was delivered in July. After the approval, the system has been used for commercial production with good results. This was confirmed just days later when the customer ordered one additional system. Both of these systems are now used for commercial production.

In early January, just after the end of the period, we received an additional order for three systems, which means that the customer is now starting to build up a substantial production capacity that includes our leading technology. This has the potential to drive further demand from additional companies in the sector for manufacturing of LCD displays, not in the least when the market is able to see the advantages of our technology in available consumer products. The first of these systems will be delivered in the second quarter, and the remaining two systems during the second half of the year.

To be able to fully capitalize on TC TECH's new market position, a fully guaranteed share issue was conducted during the quarter. The share issue received strong interest, with subscriptions for 223 percent of the full amount, and I want to take this opportunity to thank both existing and new shareholders that participated. By utilizing the overallotment option, the company received 40 MSEK before costs and payment of loans of 10.7 MSEK.

During the end of the year and in the beginning of 2019, we have continued to have a strong focus on sales activities, targeting both the sector for LCD display manufacturing and biotechnology companies. We are getting a positive response, which bodes well for our possibilities to present new orders in 2019. During the fourth quarter, a letter of intent from a Chinese customer to purchase a system was announced, and we are working together with them to convert this into an order.

In addition to our ongoing marketing and sales efforts, we also working, on securing a more robust and efficient supply chain for our production systems as stated earlier. Shorter lead times from order to delivery is one of the improvements that we and our customers will be able to benefit from.

Finally, I would like to highlight our exciting research and development projects where we, as previously announced, are refining and further developing our technology with respect to both our existing and new potential application areas. This effort will maintain TC TECH's market leading position in the future.

In summary, TC TECH is in an advantageous position with a proven, well-functioning product that offers attractive possibilities for companies in global market segments where technical innovation is a basic requirement to survive. That makes me very inspired to lead TC TECH towards new heights in 2019 and during the following years.

Spånga in February 2019

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

October - December 2018

Net sales amounted to 48 (0) TSEK in the fourth quarter of 2018. Operating loss totalled -10 223 (-8 051) TSEK, net financial items -104 (-65) TSEK, and net loss -10 326 (-8 116) TSEK.

January - December 2018

Net sales amounted to 48 (3 141) TSEK in the twelve months of 2018. Operating loss totalled -32 156 (-23 651) TSEK, net financial items -209 (-133) TSEK, and net loss -32 365 (-23 784) TSEK.

Financial position

In the fourth quarter of the year, cash flow from operating activities amounted to -12 047 (-5 208) TSEK, of which -3 884 (845) TSEK from changes in working capital. Cash flow from investing activities amounted to 1 278 (-4 014) TSEK, of which 3 241 (-1 448) TSEK attributable to fixed assets and -1 963 (-2 566) TSEK to IPR and capitalized expenditure for R&D. Cash flow from financing activities totalled 43 049 (210) TSEK of which 0 (0) TSEK attributable to amortization of long-term debt and 43 049 (210) TSEK to directed equity issue. Total cash flow for the period October to December amounted to 32 280 (-9 012) TSEK.

In the period January - December, cash flow from operating activities amounted to -25 046 (-15 182) TSEK, of which -2 076 (1 060) TSEK from changes in working capital. Cash flow from investing activities amounted to -8 263 (-7 922) TSEK, of which -78 (-3 328) TSEK attributable to fixed assets and -8 185 (-4 594) TSEK to IPR and capitalized expenditure for R&D. Cash flow from financing activities totaled 56 353 (19 894) TSEK of which 0 (-40) TSEK attributable to amortization of long-term debt and 56 353 (19 934) TSEK to directed equity issue. Total cash flow for the twelve months of 2018 amounted to 23 044 (-3 211) TSEK.

The company's total liabilities amounted to 12 089 (10 047) TSEK on December 31st 2018, of which 4 600 (4 600) 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 31st 2018 amounted to 30 034 TSEK, of which 34 634 TSEK were cash and cash equivalents. On December 31st 2017, the company had net liquid assets amounting to 6 990 TSEK of which 11 590 TSEK were cash and cash equivalents.

The company's shareholders' equity amounted to 55 768 (31 780) TSEK on December 31st 2018, and its equity ratio was 82% (76%).

Human resources

As of December 31st 2018, the company had a total number of 15 staff members, of whom 13 were employees.

As of December 31st 2017, the company had a total number of 15 staff members, of whom 12 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 December 31st 2018

No significant circumstances have occurred since December 31st, beside what has already been reported on page 1.

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 30th 2019 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).

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TC TECH has appointed Arctic Securities as its Certified Adviser.

Financial calendar

Year-end Report as of December 31 st 2018	February 21 st 2019
Interim Report as of March 31 st 2019	April 25 th 2019
Annual Report	April 25 th 2019
Annual General Meeting	May 9 th 2019
Interim Report as of June 30 th 2019	August 15 th 2019
Interim Report as of September 30 th 2019	October 25 th 2019

This interim report, other interim reports published since TC TECH's listing in November 2015 and the summarized financial statement as of December 31st 2015 are available on TC TECH's website www.tctech.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, February 20th 2019

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

Alexander Luiga
C.E.O.

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Summarized income statements, TSEK

	3 months Oct - Dec 2018	3 months Oct - Dec 2017	Full Year 2018	Full Year 2017
Net sales	48	-	48	3 141
Change in inventories of products in progress, finished goods etc.	1 934	-1 823	3 929	-970
Capitalized R&D expenses	1 777	2 259	7 519	3 922
Other operating income	-1	-	147	26
Total operating income	3 758	436	11 643	6 119
Raw materials and consumables	-4 900	2 051	-6 933	-423
Other external costs	-3 639	-5 862	-15 613	-11 655
Personnel costs	-3 279	-2 613	-11 850	-10 150
Depreciation	-2 163	-2 063	-9 403	-7 542
Total operating costs	-13 981	-8 487	-43 799	-29 770
Operating profit/loss	-10 223	-8 051	-32 156	-23 651
<i>Operating margin %</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial items	-104	-65	-209	-133
Profit/loss after net financial items	-10 326	-8 116	-32 365	-23 784
Tax	-	-	-	-
Net profit/loss for the period	-10 326	-8 116	-32 365	-23 784

Summarized balance sheets, TSEK

	2018 Dec 31	2017 Dec 31	2016 Dec 31
Assets			
Intangible fixed assets	21 081	20 152	21 385
Tangible fixed assets	4 915	6 977	4 655
Total fixed assets	25 996	27 129	26 040
Products in progress/for resale	5 157	1 227	3 571
Current receivables	2 070	1 881	924
Cash and bank balances	34 634	11 590	14 801
Total current assets	41 861	14 698	19 296
Total assets	67 857	41 827	45 336
Equity and liabilities			
Shareholders' equity	55 768	31 780	35 631
Interest-bearing liabilities	4 600	4 600	4 615
Non-interest-bearing liabilities	7 489	5 447	5 090
Total equity and liabilities	67 857	41 827	45 336

Summarized cash flow analyses, TSEK

	3 months Oct - Dec 2018	3 months Oct - Dec 2017	Full Year 2018	Full Year 2017
Cash flow from operating activities	-12 047	-5 208	-25 046	-16 182
Cash flow from investing activities	1 278	-4 014	-8 263	-7 923
Cash flow from financing activities	43 049	210	56 353	20 894
Cash flow for the period	32 280	-9 012	23 044	-3 211
<i>Cash and cash equivalents, opening balance</i>	<i>2 354</i>	<i>20 602</i>	<i>11 590</i>	<i>14 801</i>
<i>Cash and cash equivalents, closing balance</i>	<i>34 634</i>	<i>11 590</i>	<i>34 634</i>	<i>11 590</i>

Data per share

	3 months Oct - Dec 2018	3 months Oct - Dec 2017	Full Year 2018	Full Year 2017
Earnings per share, SEK ¹⁾	-0,80	-0,70	-2,62	-2,12
Earnings per share, SEK, diluted ²⁾	-0,80	-0,70	-2,62	-2,12
Equity per share ¹⁾	4,34	2,73	4,34	2,84
Cash flow from operating activities per share, SEK ¹⁾	-0,94	-0,45	-2,03	-1,44
Share price on closing day, SEK	22,00	16,50	22,00	16,50
Number of shares on balance sheet day	12 856 083	11 638 283	12 856 083	11 638 283
Number of shares on balance sheet day, diluted ²⁾	13 281 308	12 063 508	13 281 308	12 063 508
Number of shares, weighted average	12 856 083	11 627 522	12 355 617	11 208 361
Number of shares, weighted average, diluted ²⁾	13 281 308	11 783 661	12 780 842	11 659 399

¹⁾ 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.

²⁾ As of December 31st 2018, the company's warrant commitment expired. 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. Whereby the share capital increased by 5 336 SEK, and the number of issued shares by 66 700. During the final quarter of 2018, a total of 381 584 of these warrants were exercised, whereby TC TECH's share capital increased by SEK 30 527, and the number of issued shares by 381 584. These warrants were exercised, converted to new shares and registered at Bolagsverket (Swedish Companies Registration Office), January 10th 2019. Since the company's warrant commitment expired at year end, no warrants remain to be exercised.

Changes in equity, TSEK

	Share capital	Share premium reserve	Retained earnings - P/L for the period	Total equity
January 1 2017	3 485	66 578	-34 432	35 631
New share issues	71	20 653	-	20 724
Issue expenses	-	-1 000	-	-1 000
Transfer to development fund	1 155	-	-1 155	-
Loss for the period	-	-	-15 668	-15 668
September 30 2017	4 711	86 231	-51 255	39 687
New share issues	1	209	-	210
Transfer to development fund	1 960	-	-1 960	-
Loss for the period	-	-	-8 117	-8 117
December 31 2017	6 672	86 440	-61 332	31 780
New share issues	97	13 907	-	14 004
Issue expenses	-	-700	-	-700
Transfer to development fund	4 211	-	-4 211	-
Loss for the period	-	-	-22 039	-22 039
September 30 2018	10 980	99 647	-87 582	23 045
New share issues*	259	44 816	-	45 075
Issue expenses	-	-2 026	-	-2 026
Transfer to development fund	1 082	-	-1 082	-
Loss for the period	-	-	-10 326	-10 326
December 31 2018	12 321	142 438	-98 991	55 768

*As per December 31st 2018, ongoing new issues and unregistered share capital. These new issues and warrants were exercised, converted to new shares and registered at Bolagsverket (Swedish Companies Registration Office), January 10th 2019.

In the period 1 January – 31 December 2017, the company made four new share issues: one directed issue of 833 333 shares, and three issues totalling 66 700 shares prompted by the exercise of 66 700 warrants.

During the first quarter of the year 2018, the company has made no new share issues. In the second quarter of 2018 a directed equity issue of 1 217 800 shares was made. During the third quarter of the year 2018, the company has made no new share issues. During the fourth quarter of the year 2018, the company made three new share issues: one rights issue of 2 142 680 shares, one over-subscription issue 715 000 shares and five issues totalling 381 584 shares prompted by the exercise of 381 584 warrants.

Key ratios

	3 months Oct - Dec 2018	3 months Oct - Dec 2017	Full Year 2018	Full Year 2017
Operating margin, %	Neg	Neg	Neg	Neg
Equity/assets ratio, %	82 %	76 %	82 %	76 %
Liquid assets, net (TSEK)	30 034	6 990	30 034	6 990
Market cap, at end of period, TSEK	282 834	192 032	282 834	192 032