



TC TECH

THERMAL CYCLIC TECHNOLOGIES
OF SWEDEN

TC TECH Sweden AB (publ) Summarized Financial Statements December 31st, 2019

- Net sales amounted to 4 358 (48) TSEK in the fourth quarter of 2019.
- Net profit/loss totalled -6 007 (-10 326) TSEK in the fourth quarter of 2019.
- Cash flow from operating activities was -3 991 (-13 500) TSEK in the fourth quarter of 2019.
- Net sales amounted to 14 193 (48) TSEK in the full year of 2019.
- Net profit/loss totalled -27 640 (-32 365) TSEK in the period from January 1st to December 31st 2019.
- Cash flow from operating activities was -22 181 (-26 498) TSEK in the period from January 1st to December 31st 2019.

Developments in the fourth quarter of 2019

- TC TECH Sweden AB (publ) has in October made a directed equity issue of 1 412 700 shares, based on the authorization granted by the AGM held on May 9th 2019. As a result of this resolution, the company's share capital increased by SEK 113 016 and liquid funds by around SEK 19 million.

Developments after year-end 2019

TC TECH Sweden AB (publ) announced that the company has received an order for an evaluation project of LGPs from a German sub-supplier in the automotive industry. This is TC TECH's first inroad into the automotive industry.

Comments from Alexander Luiga, C.E.O.

TC TECH's business strength lies in the company's patented technology for rapid heating and cooling, which enables manufacturing of nano patterns in advanced plastic components.

In the fourth quarter, we delivered a production system to the Chinese LGP manufacturer Nicrotek in accordance with the order communicated on September 23, 2019. This means that we now have several systems in place at customers in both Taiwan and China. This increases the likelihood that we will receive larger orders going forward, as our customers take the next step of initiating a broader mass production.

It is always challenging to gain a significant foothold in the market with a new technology, even when it offers substantial improvements. This inertia is the reason behind why the broad market breakthrough that we are striving for has taken longer to reach than we had hoped after the launch of the new version of our production system. However, we are constantly moving our position forward, and today we have an established relation with several large LGP manufacturers. Based on this, I am confident in our opportunities to improve the pace of our progress going forward.

Today, edge-lit LCD displays is an important application area for LGPs, and within this segment our technology offers substantial advantages such as the possibility to improve image quality, lower energy consumption and use a thinner form factor. At the same time, displays with mini and micro LED are becoming increasingly important for the future, of which micro LED is a brand-new technology without backlight. For mini and micro LED applications, optical filters that can be manufactured with our technology are very interesting, and we are gradually getting more requests about this. This interest shows off the broad possibilities of our manufacturing technology, and that it is relevant for not just one specific type of LCD displays. On the contrary, there are opportunities for TC TECH to play an important role from the start as the industry takes the next big step and builds up new mass production from scratch.

The broader interest in our technology also includes additional optical applications such as optical film, VR equipment and front-lit displays, as well as microfluid applications in the biotechnology industry. We are now working to clarify our offer in these areas. In this context, it is important to point out that the production systems that we offer on the market today can be used as is also for these applications. This means that we do not need to spend resources on developing a completely new model. A good example of this new type of optical application is that we have recently received a test order on applications for the automobile industry from a company in Germany.

We have all been following the news reports on the development of the coronavirus outbreak in China. For TC TECH, this means that we (just like other companies) currently have limited opportunities to visit customers in this region. This means that we work with these customers over distance, although this is obviously not optimal and could cause some delays.

We are now entering a new decade, and I look forward to continuing to lead TC TECH in 2020 and beyond. It is clear that we are becoming more and more established in the market, and we will do our utmost to turn this position into a broader commercial breakthrough. In connection with this, we are now also launching our new website which describes the possibilities of using our technology in LGPs as well as other applications.

Spånga in February 2020

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 2019

Net sales amounted to 4 358 (48) TSEK in the fourth quarter of 2019. Operating loss totalled -5 988 (-10 223) TSEK, net financial items -18 (-104) TSEK, and net loss -6 007 (-10 326) TSEK.

January - December 2019

Net sales amounted to 14 193 (48) TSEK in the twelve months of 2019. Operating loss totalled -27 534 (-32 156) TSEK, net financial items -106 (-209) TSEK, and net loss -27 640 (-32 365) TSEK.

Financial position

In the fourth quarter of the year, cash flow from operating activities amounted to -3 991 (-13 500) TSEK, of which -297 (-5 337) TSEK from changes in working capital. Cash flow from investing activities amounted to -538 (-1 278) TSEK, of which 0 (3 241) TSEK attributable to fixed assets and -538 (-1 963) TSEK to IPR and capitalized expenditure for R&D. Cash flow from financing activities totalled 18 898 (44 502) TSEK of which 0 (0) TSEK attributable to amortization of long-term debt and 18 898 (44 502) TSEK to directed equity issue. Total cash flow for the period October to December amounted to 14 369 (32 280) TSEK.

In the period January - December, cash flow from operating activities amounted to -22 181 (-26 498) TSEK, of which -4 377 (-3 529) TSEK from changes in working capital. Cash flow from investing activities amounted to -3 662 (-8 263) TSEK, of which -917 (-78) TSEK attributable to fixed assets and -2 745 (-8 185) TSEK to IPR and capitalized expenditure for R&D. Cash flow from financing activities totalled 17 366 (57 806) TSEK of which 0 (0) TSEK attributable to amortization of long-term debt and 17 366 (57 806) TSEK to directed equity issue. Total cash flow for the twelve months of 2019 amounted to -8 477 (23 044) TSEK.

The company's total liabilities amounted to 10 829 (12 089) TSEK on December 31st 2019, 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 2019 amounted to 21 557 TSEK, of which 26 157 TSEK were cash and cash equivalents. On December 31st 2018, the company had net liquid assets amounting to 30 034 TSEK of which 34 634 TSEK were cash and cash equivalents.

The company's shareholders' equity amounted to 46 946 (55 768) TSEK on December 31st 2019, and its equity ratio was 81% (82%).

Human resources

As of December 31st 2019, the company had a total number of 15 staff members, of whom 14 were employees.

As of December 31st 2018, the company had a total number of 15 staff members, of whom 13 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.
- The spread of the Corona virus in China and Asia is a market risk.
- 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 where it will require new production methods. The trend goes towards more advanced displays, which works to TC TECH's advantage.

The interest for more advanced patterns is also increasing within other applications, such as optical film, VR-equipment, front light and displays within the automotive industry. TC TECH's technology and equipment is already today suitable for these applications as well, which further enhances the possibility for future business.

Developments after December 31st 2019

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 2020 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

www.tctech.se

TC TECH has appointed Arctic Securities as its Certified Adviser.

Financial calendar

Year-end Report as of December 31 st 2019	February 21 st 2020
Interim Report as of March 31 st 2019	April 30 th 2020
Annual Report	April 22 nd 2020
Annual General Meeting	May 14 th 2020
Interim Report as of June 30 th 2020	August 19 th 2020
Interim Report as of September 30 th 2020	October 29 th 2020

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.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, February 20th 2020

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.

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

Summarized income statements, TSEK

	3 months Oct - Dec 2019	3 months Oct -Dec 2018	Full Year 2019	Full Year 2018
Net sales	4 358	48	14 193	48
Change in inventories of products in progress, finished goods etc.	135	1 934	3 857	3 929
Capitalized R&D expenses	278	1 777	1 924	7 519
Other operating income	75	-1	260	147
Total operating income	4 846	3 758	20 234	11 643
Raw materials and consumables	-2 564	-4 900	-14 340	-6 933
Other external costs	-2 052	-3 639	-9 156	-15 613
Personnel costs	-3 906	-3 279	-14 436	-11 850
Depreciation	-2 312	-2 163	-9 836	-9 403
Total operating costs	-10 834	-13 981	-47 768	-43 799
Operating profit/loss	-5 988	-10 223	-27 534	-32 156
<i>Operating margin %</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial items	-18	-104	-106	-209
Profit/loss after net financial items	-6 007	-10 326	-27 640	-32 365
Tax	-	-	-	-
Net profit/loss for the period	-6 007	-10 326	-27 640	-32 365

Summarized balance sheets, TSEK

	2019 Dec 31	2018 Dec 31	2017 Dec 31
Assets			
Intangible fixed assets	16 022	21 081	20 152
Tangible fixed assets	3 801	4 915	6 977
Total fixed assets	19 823	25 996	27 129
Products in progress/for resale	9 013	5 157	1 227
Current receivables	2 782	2 070	1 881
Cash and bank balances	26 157	34 634	11 590
Total current assets	37 952	41 861	14 698
Total assets	57 775	67 857	41 827
Equity and liabilities			
Share capital	1 401	1 288	931
Development fund	9 849	11 034	5 741
Total restricted equity	11 250	12 322	6 672
Share premium reserve	161 141	142 437	86 440
Retained earnings	-97 805	-66 625	-37 547
Profit (loss) for the period	-27 640	-32 366	-23 785
Total unrestricted equity	35 696	43 446	25 108
Total equity	46 946	55 768	31 780
Trade accounts payable	3 083	3 547	1 107
Liabilities to associated companies	4 715	4 860	5 401
Other liabilities	905	845	798
Accrued expenses and prepaid income	2 126	2 837	2 742
Total current liabilities	10 829	12 089	10 048
Total equity and liabilities	57 775	67 857	41 827

Summarized cash flow analyses, TSEK

	3 months Oct - Dec 2019	3 months Oct - Dec 2018	Full Year 2019	Full Year 2018
Operating income	-5 988	-10 223	-27 534	-32 156
Adjustments for items not included in cash flow	2 312	2 164	9 836	9 396
Interest received	10	2	10	2
Interest paid	-28	-106	-116	-211
Cash flow from operating activities before change in working capital	-3 694	-8 163	-17 804	-22 969
Inventory/work in progress	-135	-1 934	-3 857	-3 929
Accounts receivables	3 859	-709	-712	-189
Accounts Payables	36	2 215	-464	1 899
Other current liabilities	-4 057	-4 909	656	-1 310
Cash flow from change in working capital	-297	-5 337	-4 377	-3 529
Cash flow from operating activities	-3 991	-13 500	-22 181	-26 498
Investments in patents	-260	-186	-822	-666
Investments in capitalizes development costs	-278	-1 777	-1 923	-7 519
Investments in machinery and equipment	-	3 241	-917	-78
Cash flow from investing activities	-538	1 278	-3 662	-8 263
Borrowings	-	-	-	-
Repayment of debt	-	-	-	-
New share issues and shareholders contribution	19 001	45 075	19 001	59 080
Issue expenses	-103	-573	-1 635	-1 274
Cash flow from financing activities	18 898	44 502	17 366	57 806
Cash flow for the period	14 369	32 280	-8 477	23 044
<i>Cash and cash equivalents, opening balance</i>	<i>11 788</i>	<i>2 354</i>	<i>34 634</i>	<i>11 590</i>
<i>Cash and cash equivalents, closing balance</i>	<i>26 157</i>	<i>34 634</i>	<i>26 157</i>	<i>34 634</i>

Data per share

	3 months Oct - Dec 2019	3 months Oct - Dec 2018	Full Year 2019	Full Year 2018
Earnings per share, SEK ¹⁾	-0,36	-0,80	-1,70	-2,62
Earnings per share, SEK, diluted ²⁾	-0,36	-0,80	-1,70	-2,62
Equity per share ¹⁾	2,68	4,34	2,68	4,34
Cash flow from operating activities per share, SEK ¹⁾	-0,24	-0,94	-1,37	-2,03
Share price on closing day, SEK	10,95	22,00	10,95	22,00
Number of shares on balance sheet day	17 508 047	12 856 083	17 508 047	12 856 083
Number of shares on balance sheet day, diluted ²⁾	17 508 047	13 281 308	17 508 047	13 281 308
Number of shares, weighted average	16 755 631	12 856 083	16 228 878	12 355 617
Number of shares, weighted average, diluted ²⁾	16 755 631	13 281 308	16 228 878	12 780 842

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 2018	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	1 083	-	-1 083	-
Loss for the period	-	-	-10 326	-10 326
December 31 2018	12 322	142 437	-98 991	55 768
Issue expenses	-	-80	-	-80
Change in development fund	-656	-	656	-
Loss for the period	-	-	-21 633	-21 633
September 30 2019	11 666	142 357	-119 968	34 055
New share issues	113	18 888	-	19 001
Issue expenses	-	-103	-	-103
Change in development fund	-529	-	529	-
Loss for the period	-	-	-6007	-6007
December 31 2019	11 250	161 142	-125 446	46 946

*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.

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. During the year 2019, the company has made one new share issue. It was made in the fourth quarter and was a directed equity issue of 1 412 700 shares.

Key ratios

	3 months Oct - Dec 2019	3 months Oct - Dec 2018	Full Year 2019	Full Year 2018
Operating margin, %	Neg	Neg	Neg	Neg
Equity/assets ratio, %	81 %	82 %	81 %	82 %
Liquid assets, net (TSEK)	21 557	30 034	21 557	30 034
Market cap, at end of period, TSEK	191 713	282 834	191 713	282 834