



TC TECH

THERMAL CYCLIC TECHNOLOGIES
OF SWEDEN

TC TECH Sweden AB (publ) **Interim report** **June 30th, 2021**

- Net sales amounted to 0 (0) TSEK in the second quarter of 2021.
- Net profit/loss totalled -2 557 (-5 249) TSEK in the second quarter of 2021.
- Cash flow from operating activities was -1 716 (-2 986) TSEK in the second quarter of 2021.
- Net sales amounted to 0 (105) TSEK in the first half of 2021.
- Net profit/loss totalled -6 657 (-12 657) TSEK in the first half of 2021.
- Cash flow from operating activities was -5 519 (-10 328) TSEK in the period from January 1st to June 30th, 2021.

Developments in the second quarter of 2021

- TC TECH Sweden AB (publ) announced that the company has received an order covering equipment for the manufacturing of diffusers for mini-LED displays from one of the leading companies in China. The total order value for the system solution covered by the order is valued at 660,000 USD (approx. 5.6 MSEK). The company expects to deliver the order in the fourth quarter of 2021.

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.

During the second quarter, we were able to present an order from a Chinese customer valued at approximately 5.6 MSEK that covers equipment for the manufacturing of diffusers for mini-LED displays. The customer is one of the larger Chinese companies within development and production of optical films, including diffusers for mini-LED displays, and their customers include several of the larger electronics manufacturers in China, such as BOE and AUO.

We see this order as a validation of the fact that we are firmly in the race when it comes to delivering technical solutions and manufacturing equipment to one of the segments that we believe in the most going forward. Mini-LED displays can offer both improved image quality and lower energy consumption, and we expect this technology to take over a majority of the market for displays that are delivered to mobile phones and laptops. The competition from OLED displays also means that there is a strong incentive for the manufacturing chain that works with LCD-based displays to upgrade their equipment relatively quickly.

Even though investments in LCD production are still at low levels, this order shows that the investments are starting to build momentum again in our market segments. Several analysts believe that the investment cycle will increase in the coming years, and especially for mini-LED with Taiwan and China as the key markets. It is therefore important and positive that we are already involved with both an order at an early stage and an establishment in Taiwan, especially as our marketing and sales processes have continued to be negatively affected by travel restrictions when going to Asia, and also North America.

We continued to progress with the establishment of a subsidiary in Taiwan during the period, and we have now come so far that we are stationing personnel on site in the country from September. This will constitute an advantage for the continuity in our customer relations in this important region. We are now looking forward to the continued work with the establishment of our test and evaluation centre in Taiwan together with a collaboration partner. For the time being, we are however continuing to work with testing and evaluation for existing and potential customers at our facilities in Spånga.

During the coming quarters, we aim to achieve further progress when it comes to expanding our market-related activities. This will further add to the investment sentiment in our market segments, as we will be able to start having meetings with our current and potential customers in Taiwan again, as hopefully also soon in China. Even though the pandemic is far from over, it is evident that the overall situation is slowly beginning to improve, and we believe that TC TECH is well positioned to take advantage of not in the least the ongoing transition to new technologies within the manufacturing chain for LCD displays to mobile phones and laptops. It will of course take some time before the market reaches its full potential, but even a smaller part would be substantial for TC TECH. At the same time, we are of course also continuing with our work to further develop our technology platform and to clarify our offer within other promising application areas.

Spånga in August 2021

Alexander Luiga, C.E.O

TC TECH - business concept

TC TECH is an innovative technology company that has developed a patented system for production using high-precision inductive heating. This is being done by using a very rapid process of heating and cooling of different materials. The company's business operations are based on 10 years of research and development, and the technology can be used for a large number of applications areas and materials.

TC TECH focuses on the manufacturing industry for advanced plastic details in several application areas, such as Light Guide Plates (LPG) for displays, front lights, optical films, VR, microfluids etc. TC TECH's technology facilitates the creation and use of more advanced patterns in volume production compared to what was previously possible. As the production method also enables a low production cost, it has potential to become a new standard in these application industries.

TC TECH offers complete systems that can be integrated into the customer's manufacturing chain. The sales process is mainly carried out in collaboration with agents and distributors in Taiwan/China, Korea and Japan.

Typical customers include manufacturers of the products mentioned above, and they are usually providers to large companies in segments such as consumer electronics, instrument panels, biotechnology etc.

Sales and earnings

April - June 2021

Net sales amounted to 0 (0) TSEK in the second quarter of 2021, mainly due to travelling restrictions and customers investment limitations due to Covid-19. Operating loss totalled -2 527 (-5 220) TSEK, where the result improvement mainly is the result of cost reductions from personnel, consultants and other external expenses. Net financial items -30 (-29) TSEK, and net loss -2 557 (-5 249) TSEK.

January - June 2021

Net sales amounted to 0 (105) TSEK in the first half of 2021, mainly due to travelling restrictions and customers investment limitations due to Covid-19. Operating loss totalled -6 598 (-12 599) TSEK, where the result improvement mainly is the result of cost reductions from personnel, consultants and other external expenses. Net financial items -59 (-58) TSEK, and net loss -6 657 (-12 657) TSEK.

Financial position

In the second quarter of the year, cash flow from operating activities amounted to -1 716 (-2 986) TSEK, of which -457 (-4) TSEK from changes in working capital. Cash flow from investing activities amounted to -385 (-508) TSEK, of which -23 (-33) TSEK attributable to fixed assets and -362 (-375) TSEK to IPR and capitalized expenditure for R&D. Financial assets amounted to 0 (-100) TSEK. Cash flow from financing activities totalled 0 (0) TSEK of which 0 (0) TSEK attributable to amortization of long-term debt and 0 (0) TSEK to directed equity issue. Total cash flow for the period April to June amounted to -2 101 (-3 494) TSEK.

In the first half of the year, cash flow from operating activities amounted to -5 519 (-10 328) TSEK, of which -1 500 (-2 188) TSEK from changes in working capital. Cash flow from investing activities amounted to -751 (-805) TSEK, of which -23 (-37) TSEK attributable to fixed assets and -728 (-668) TSEK to IPR and capitalized expenditure for R&D. Financial assets amounted to 0 (-100) TSEK. Cash flow from financing activities totalled 0 (0) TSEK of which 0 (0) TSEK attributable to amortization of long-term debt and 0 (0) TSEK to directed equity issue. Total cash flow for the first six months of 2021 amounted to -6 270 (-11 133) TSEK.

The company's total liabilities amounted to 13 512 (7 439) TSEK on June 30th 2021, 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 June 30th 2021 amounted to 9 396 TSEK, of which 14 053 TSEK were cash and cash equivalents. On June 30th 2020, the company had net liquid assets amounting to 10 366 TSEK of which 15 023 TSEK were cash and cash equivalents.

The company's shareholders' equity amounted to 30 113 (34 290) TSEK on June 30th 2021, and its equity ratio was 69% (82%).

Human resources

As of June 30th 2021, the company had a total number of 9 staff members, of whom 9 were employees. As of June 30th 2020, the company had a total number of 11 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.
- The ongoing Covid-19 pandemic affects TC TECH by severely limiting the possibilities to conduct physical customer meetings.
- 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 mini-LED and advanced LGP.
- Our technology will be gradually implemented in new application areas.

Prospects

Advanced displays are becoming increasingly common, and this is positive for TC TECH. The interest in advanced patterns is increasing also in other applications such as optical films, VR equipment, front lit displays, displays in the automotive industry and microfluidic products. The main driver for the development of increasingly advanced displays are the consumer electronics companies that are demanding displays with higher resolution and lower power consumption. They should also be as thin as possible so that they take up minimal space in the final product, and this requires more optically advanced optical films. This is true in the consumer electronics segment as well as in VR equipment, instrumental panels in vehicles and other display types. In the biotechnology segment, advanced microfluidic products are in demand to be able to conduct clinical testing of bodily fluids (such as blood). The market is thus ready for a technological paradigm shift and the new production technology to make this happen. The manufacturing industry, that TC TECH is a part of, is mainly driven by technology advances when implementing new models, and this will require new manufacturing methods. As TC TECH's technology and equipment is already adapted and ready to use in all of the applications mentioned above, the company is able to expand its potential to receive orders in the future.

Developments after June 30th 2021

No significant circumstances have occurred since June 30th, 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 2021 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

Interim Report as of September 30 th 2021	October 28 th 2021
Year-end report as of December 31 st 2021	February 25 th 2022
Interim Report as of March 31 st 2022	April 28 th 2022

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.

Spånga, August 18th 2021

TC TECH Sweden AB (publ)

Peter Mattisson
Chairman of the Board

Per-Anders Johansson
Director of the Board

Cecilia Jinert Johansson
Director of the Board

Magnus Lindvall
Director of the Board

Anders Jemail
Director of the Board

Alexander Luiga
C.E.O.

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Summarized income statements, TSEK

	3 months Apr - Jun 2021	3 months Apr - Jun 2020	6 months Jan - Jun 2021	6 months Jan - Jun 2020	Full Year 2020
Net sales	-	-	-	105	107
Change in inventories of products in progress, finished goods etc.	181	96	336	135	302
Capitalized R&D expenses	242	227	486	491	988
Other operating income	484	610	1 286	659	3 024
Total operating income	907	933	2 108	1 390	4 421
Raw materials and consumables	-194	-96	-448	-167	-438
Other external costs	-970	-950	-1 780	-2 758	-4 891
Personnel costs	-972	-2 839	-3 840	-6 547	-11 525
Total operating costs before depreciation	-2 136	-3 885	-6 068	-9 472	-16 854
EBIDTA	-1 229	-2 952	-3 960	-8 082	-12 433
Depreciation	-1 298	-2 268	-2 638	-4 517	-8 224
Total operating costs	-3 434	-6 153	-8 706	-13 989	-25 078
Operating profit/loss	-2 527	-5 220	-6 598	-12 599	-20 657
<i>Operating margin %</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial items	-30	-29	-59	-58	-106
Profit/loss after net financial items	-2 557	-5 249	-6 657	-12 657	-20 763
Tax	-	-	-	-	-
Net profit/loss for the period	-2 557	-5 249	-6 657	-12 657	-20 763

Summarized balance sheets, TSEK

	2021 Jun 30	2020 Jun 30	2020 Dec 31
Assets			
Intangible fixed assets	9 567	13 006	10 796
Tangible fixed assets	1 525	3 005	2 183
Shareholding	100	100	100
Total fixed assets	11 192	16 111	13 079
Products in progress/for resale	9 721	9 149	9 316
Current receivables	8 659	1 446	1 418
Cash and bank balances	14 053	15 023	20 323
Total current assets	32 433	25 618	31 057
Total assets	43 625	41 729	44 136
Equity and liabilities			
Share capital	1 524	1 401	1 524
Development fund	6 277	8 685	7 479
Total restricted equity	7 801	10 086	9 003
Share premium reserve	171 606	161 142	171 606
Retained earnings	-142 637	-124 281	-123 076
Profit (loss) for the period	-6 657	-12 657	-20 763
Total unrestricted equity	22 312	24 204	27 767
Total equity	30 113	34 290	36 770
Advance payments from customers	6 290	-	-
Trade accounts payable	546	295	263
Liabilities to associated companies	4 657	4 657	4 715
Other liabilities	627	567	832
Accrued expenses and prepaid income	1 392	1 920	1 556
Total current liabilities	13 512	7 439	7 366
Total equity and liabilities	43 625	41 729	44 136

Summarized cash flow analyses, TSEK

	3 months Apr - Jun 2021	3 months Apr - Jun 2020	6 months Jan - Jun 2021	6 months Jan - Jun 2020	Full Year 2020
Operating income	-2 527	-5 220	-6 598	-12 599	-20 656
Adjustments for items not included in cash flow	1 298	2 267	2 637	4 517	8 224
Interest received	-	-	-	-	9
Interest paid	-30	-29	-58	-58	-116
Cash flow from operating activities before change in working capital	-1 259	-2 982	-4 019	-8 140	-12 539
Inventory/work in progress	-250	-95	-405	-135	-302
Accounts receivables	-6 497	236	-7 241	1 336	1 364
Accounts Payables	364	-476	283	-2 788	-2 821
Other current liabilities	5 926	331	5 863	-601	-642
Cash flow from change in working capital	-457	-4	-1 500	-2 188	-2 401
Cash flow from operating activities	-1 716	-2 986	-5 519	-10 328	-14 940
Investments in patents	-120	-147	-242	-177	-343
Investments in capitalizes development costs	-242	-228	-486	-491	-988
Investments in machinery and equipment	-23	-33	-23	-37	-50
Investments in financial assets	-	-100	-	-100	-100
Cash flow from investing activities	-385	-508	-751	-805	-1 481
Borrowings	-	-	-	-	-
Repayment of debt	-	-	-	-	-
New share issues and shareholders contribution	-	-	-	-	10 661
Issue expenses	-	-	-	-	-74
Cash flow from financing activities	-	-	-	-	10 587
Cash flow for the period	-2 101	-3 494	-6 270	-11 133	-5 834
<i>Cash and cash equivalents, opening balance</i>	<i>16 154</i>	<i>18 518</i>	<i>20 323</i>	<i>26 157</i>	<i>26 157</i>
<i>Cash and cash equivalents, closing balance</i>	<i>14 053</i>	<i>15 023</i>	<i>14 053</i>	<i>15 023</i>	<i>20 323</i>

Data per share

	3 months Apr - Jun 2021	3 months Apr - Jun 2020	6 months Jan - Jun 2021	6 months Jan - Jun 2020	Full Year 2020
Earnings per share, SEK ¹⁾	-0,13	-0,30	-0,35	-0,72	-1,17
Earnings per share, SEK, diluted ²⁾	-0,13	-0,30	-0,35	-0,72	-1,17
Equity per share ¹⁾	1,58	1,96	1,58	1,96	1,93
Cash flow from operating activities per share, SEK ¹⁾	-0,09	-0,17	-0,29	-0,59	-0,84
Share price on closing day, SEK	8,40	7,26	8,40	7,26	7,96
Number of shares on balance sheet day	19 048 047	17 508 047	19 048 047	17 508 047	19 048 047
Number of shares on balance sheet day, diluted ²⁾	19 268 047	17 508 047	19 268 047	17 508 047	19 268 047
Number of shares, weighted average	19 048 047	17 508 047	19 048 047	17 508 047	17 714 222
Number of shares, weighted average, diluted ²⁾	19 268 047	17 508 047	19 268 047	17 508 047	17 794 768

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⁾ In August 2020, TC TECH issued 220 000 share warrants giving the right to subscribe for a maximum of 220 000 shares. The exercise period runs from 2020-08-20 to 2022-12-01, the exercise price corresponding to SEK 15,43 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. No warrants were exercised in 2020. None of these warrants were exercised in the first six months of 2021.

Changes in equity, TSEK

	Share capital	Share premium reserve	Retained earnings - P/L for the period	Total equity
January 1 2020	11 250	161 142	-125 446	46 946
Transfer to development fund	-1 164	-	1 164	-
Loss for the period	-	-	-12 657	-12 657
June 30 2020	10 086	161 142	-136 938	34 290
New share issues*	123	10 503	-	10 626
Issue expenses	-	-74	-	-74
Transfer to development fund	-1 206	-	1 206	-
Warrant premium	-	35	-	35
Loss for the period	-	-	-8 107	-8 107
December 31 2020	9 003	171 606	-143 839	36 770
Change in development fund	-1 202	-	1 202	-
Loss for the period	-	-	-6 657	-6 657
June 30 2021	7 801	171 606	-149 294	30 113

* During the year 2020, the company has made one new share issue. It was made in the fourth quarter and was a directed equity issue of 1 540 000 shares. No share issue was made in the first two quarters of 2021.

Key ratios

	3 months Apr - Jun 2021	3 months Apr - Jun 2020	6 months Jan - Jun 2021	6 months Jan - Jun 2020	Full Year 2020
Operating margin, %	Neg	Neg	Neg	Neg	Neg
EBITDA	-1 229	-2 952	-3 960	-8 082	-12 433
Equity/assets ratio, %	69 %	82 %	69 %	82 %	83 %
Liquid assets, net (TSEK)	9 396	10 366	9 396	10 366	15 723
Market cap, at end of period, TSEK	160 004	127 108	160 004	127 108	151 622