



TC TECH

THERMAL CYCLIC TECHNOLOGIES
OF SWEDEN

TC TECH Sweden AB (publ) **Interim report** **March 31st, 2021**

- Net sales amounted to 0 (105) TSEK in the first quarter of 2021.
- Net profit/loss totalled -4 100 (-7 407) TSEK in the first quarter of 2021.
- Cash flow from operating activities was -3 803 (-7 342) TSEK in the first quarter of 2021.

Developments in the first quarter of 2021

- TC TECH Sweden AB (publ) announced that the company's board of directors has resolved that the company is to establish a subsidiary in Taiwan. This subsidiary will include market and sales resources, as well as a test and evaluation center with a production system in a cleanroom environment. The establishment includes permanent on-site placement of personnel.

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 first quarter, personnel from TC TECH were on site in Taiwan to install the new T10 tool ordered by a customer at the end of last year. The new tool makes it possible to use our production system for the manufacturing of LGPs and diffusers for mini-LED for all of the three most popular laptop display sizes: 13, 15 and 17 inches. The tool thus constitutes a significant upgrade, making the system more attractive to existing as well as potential customers.

During the quarter, we have also worked on the preparations for our upcoming establishment of a subsidiary in Taiwan. Initially, we are focusing on the legal/administrative side, including the start-up of the company itself, which is a prerequisite for us to be able to rent the necessary premises. We will then arrange the transportation of the production system that will constitute the very heart of our test and evaluation centre. We expect that the continued and more practical parts of the establishment will be facilitated by our strong connections with an intended regional partner for the business. However, the establishment also includes our own local staff for sales and technical support from the test lab. We expect our subsidiary to be established on site at the beginning of Q3.

As previously announced, the segment diffusers for mini-LED based displays is one of the innovative new application areas where we see great potential. In addition to the technology itself having the potential to become the next major standard in the global display market, this is also an opportunity for us to establish the company on a growth market where we do not have to compete with purchased equipment and production processes that have already been used for a long time. It is therefore gratifying to be able to announce that we now have customers who have started manufacturing diffusers for mini-LED displays with our production system. According to the information we have, they are primarily targeting the laptop market. At present, it is a matter of production on a smaller scale, but we are definitely in the race when it comes to the massive growth period that is expected in this area in the coming years.

As in previous quarters, the corona pandemic continued to be a challenging factor for our marketing and sales processes during the first quarter. At the same time, we have a positive view of the progress that is now being made in many parts of the world in terms of vaccination and the development of vaccine passports. Our hope is that this will give us a gradually improved access to important markets such as Taiwan and China in the future, and we are preparing to intensify our market activities in an efficient way. We also continue to work with testing and evaluating different types of applications for existing and potential customers at our premises in Spånga.

In summary, TC TECH sees continued strong prospects for the company once the market situation is normalized again, and we look forward to then being able to step up our market activities through physical meetings with new and existing customers.

Spånga in April 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

January - March 2021

Net sales amounted to 0 (105) TSEK in the first quarter of 2021, mainly due to travelling restrictions and customers investment limitations due to Covid-19. Operating loss totalled -4 071 (-7 378) TSEK, where the result improvement mainly is the result of cost reductions from personnel, consultants and other external expenses. Net financial items -29 (-29) TSEK, and net loss -4 100 (-7 407) TSEK.

Financial position

In the first quarter of the year, cash flow from operating activities amounted to -3 803 (-7 342) TSEK, of which -1 043 (-2 184) TSEK from changes in working capital. Cash flow from investing activities amounted to -365 (-297) TSEK, of which 0 (-4) TSEK attributable to fixed assets and -365 (-293) TSEK to IPR and capitalized expenditure for R&D. Financial assets amounted to 0 (0) 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 January to March amounted to -4 168 (-7 639) TSEK.

The company's total liabilities amounted to 7 222 (7 584) TSEK on March 31st 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 March 31st 2021 amounted to 11 526 TSEK, of which 16 155 TSEK were cash and cash equivalents. On March 31st 2020, the company had net liquid assets amounting to 13 889 TSEK of which 18 518 TSEK were cash and cash equivalents.

The company's shareholders' equity amounted to 32 670 (39 539) TSEK on March 31st 2021, and its equity ratio was 82% (84%).

Human resources

As of March 31st 2021, the company had a total number of 9 staff members, of whom 9 were employees.
As of March 31st 2020, the company had a total number of 14 staff members, of whom 14 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 diffusers 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 March 31st 2021

No significant circumstances have occurred since March 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 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

Annual General Meeting	May 20 th 2021
Interim Report as of June 30 th 2021	August 19 th 2021
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

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.

The AGM will be held on May 20th 2021. As a result of continued Covid-19 restrictions, the Board has decided that shareholders shall have the opportunity to exercise their voting rights only by postal vote before the meeting. No dividend payment will be proposed by the board of directors.

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, April 28th 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 Jan - Mar 2021	3 months Jan - Mar 2020	Full Year 2020
Net sales	-	105	107
Change in inventories of products in progress, finished goods etc.	155	40	302
Capitalized R&D expenses	244	263	988
Other operating income	802	49	3 024
Total operating income	1 201	457	4 421
Raw materials and consumables	-255	-71	-438
Other external costs	-810	-1 807	-4 891
Personnel costs	-2 868	-3 708	-11 525
Total operating costs before depreciation	-3 933	-5 586	-16 854
EBIDTA	-2 732	-5 129	-12 433
Depreciation	-1 339	-2 249	-8 224
Total operating costs	-5 272	-7 835	-25 078
Operating profit/loss	-4 071	-7 378	-20 657
<i>Operating margin %</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>
Net financial items	-29	-29	-106
Profit/loss after net financial items	-4 100	-7 407	-20 763
Tax	-	-	-
Net profit/loss for the period	-4 100	-7 407	-20 763

Summarized balance sheets, TSEK

	2021 Mar 31	2020 Mar 31	2020 Dec 31
Assets			
Intangible fixed assets	10 177	14 475	10 796
Tangible fixed assets	1 828	3 396	2 183
Shareholding	100	-	100
Total fixed assets	12 105	17 871	13 079
Products in progress/for resale	9 471	9 053	9 316
Current receivables	2 162	1 681	1 418
Cash and bank balances	16 154	18 518	20 323
Total current assets	27 787	29 252	31 057
Total assets	39 892	47 123	44 136
Equity and liabilities			
Share capital	1 524	1 401	1 524
Development fund	6 872	9 291	7 479
Total restricted equity	8 396	10 692	9 003
Share premium reserve	171 606	161 142	171 606
Retained earnings	-143 232	-124 888	-123 076
Profit (loss) for the period	-4 100	-7 407	-20 763
Total unrestricted equity	24 274	28 847	27 767
Total equity	32 670	39 539	36 770
Advance payments from customers	-	-	-
Trade accounts payable	182	772	263
Liabilities to associated companies	4 629	4 629	4 715
Other liabilities	1 128	550	832
Accrued expenses and prepaid income	1 283	1 633	1 556
Total current liabilities	7 222	7 584	7 366
Total equity and liabilities	39 892	47 123	44 136

Summarized cash flow analyses, TSEK

	3 months Jan - Mar 2021	3 months Jan - Mar 2020	Full Year 2020
Operating income	-4 071	-7 378	-20 656
Adjustments for items not included in cash flow	1 340	2 249	8 224
Interest received	-	-	9
Interest paid	-29	-29	-116
Cash flow from operating activities before change in working capital	-2 760	-5 158	-12 539
Inventory/work in progress	-155	-40	-302
Accounts receivables	-744	1 100	1 364
Accounts Payables	-81	-2 311	-2 821
Other current liabilities	-63	-933	-642
Cash flow from change in working capital	-1 043	-2 184	-2 401
Cash flow from operating activities	-3 803	-7 342	-14 940
Investments in patents	-121	-30	-343
Investments in capitalizes development costs	-244	-263	-988
Investments in machinery and equipment	-	-4	-50
Investments in financial assets	-	-	-100
Cash flow from investing activities	-365	-297	-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	-4 168	-7 639	-5 834
<i>Cash and cash equivalents, opening balance</i>	<i>20 323</i>	<i>26 157</i>	<i>26 157</i>
<i>Cash and cash equivalents, closing balance</i>	<i>16 155</i>	<i>18 518</i>	<i>20 323</i>

Data per share

	3 months Jan - Mar 2021	3 months Jan - Mar 2020	Full Year 2020
Earnings per share, SEK ¹⁾	-0,22	-0,42	-1,17
Earnings per share, SEK, diluted ²⁾	-0,22	-0,42	-1,17
Equity per share ¹⁾	1,72	2,26	1,93
Cash flow from operating activities per share, SEK ¹⁾	-0,20	-0,42	-0,84
Share price on closing day, SEK	7,70	7,20	7,96
Number of shares on balance sheet day	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
Number of shares, weighted average	19 048 047	17 508 047	17 714 222
Number of shares, weighted average, diluted ²⁾	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 quarter of 2021.

Changes in equity, TSEK

	Share capital	Share premium reserve	Retained earnings - P/L for the period	Total equity
January 1 2020	12 250	161 142	-125 446	46 946
Transfer to development fund	-558	-	558	-
Loss for the period	-	-	-7 407	-7 407
March 31 2020	10 692	161 142	-132 295	39 539
New share issues*	123	10 503	-	10 626
Issue expenses	-	-74	-	-74
Transfer to development fund	-1 812	-	1 812	-
Warrant premium	-	35	-	35
Loss for the period	-	-	-13 356	-13 356
December 31 2020	9 003	171 606	-143 839	36 770
Change in development fund	-607	-	607	-
Loss for the period	-	-	-4 100	-4 100
March 31 2021	8 396	171 606	-147 332	32 670

* 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 quarter of 2021.

Key ratios

	3 months Jan - Mar 2021	3 months Jan - Mar 2020	Full Year 2020
Operating margin, %	Neg	Neg	Neg
EBITDA	-2 732	-5 129	-12 433
Equity/assets ratio, %	82 %	84 %	83 %
Liquid assets, net (TSEK)	11 526	13 889	15 723
Market cap, at end of period, TSEK	146 670	126 058	151 622