

2016-09-05

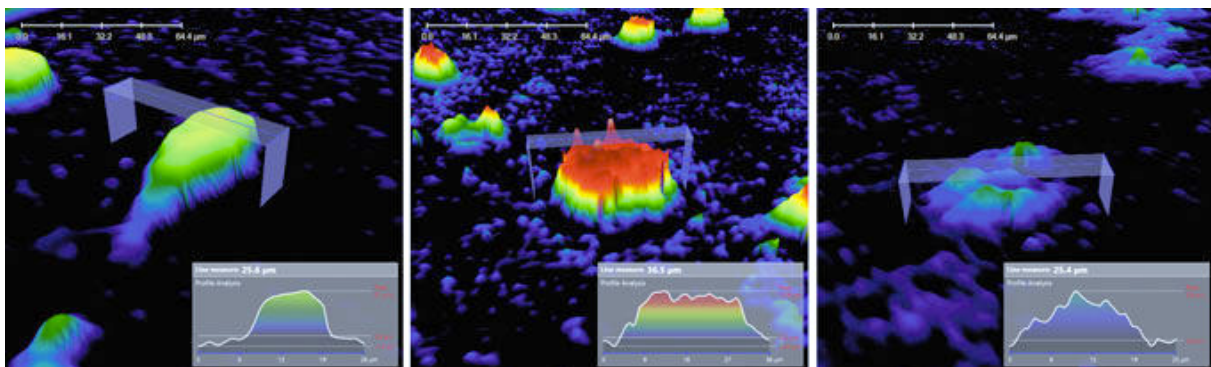
## INTERIM REPORT 1 2016-05-01 – 2016-07-31

### IN SHORT

- Net sales amounted to 832 (880) TSEK and operating result before depreciation to -686 (-933) TSEK.
- The order value of planned deliveries amounted to 1 150 TSEK on the day of the report.
- A high demand for the motorized HoloMonitor combined with a limited availability has constrained sales activities and the deployment of units.
- Production will fully move into series production during this year, which will increase production capacity and significantly improve the availability of motorized HoloMonitor units.
- The gross margin will increase as a direct consequence of that the motorized HoloMonitor transitions from single unit manufacturing to series production in larger batches, and from that the proportion of discounted demonstration units is expected to decrease.
- During the report period, additional units have been deployed at Lund University (6<sup>th</sup> and 7<sup>th</sup> unit), University of Konstanz, Griffith University in Brisbane, Gazi University in Ankara, Institute of Biomedical Sciences in Taiwan and at the German Cancer Research Center in Heidelberg (2<sup>nd</sup> unit).
- The Northeastern University – PHI Center of Excellence has published its 3<sup>rd</sup> and 4<sup>th</sup> peer reviewed article.
- Researchers at University of Regensburg published three peer reviewed articles based on HoloMonitor results. An overview of the approximately 60 scientific publications which are based on HoloMonitor results is available at [www.phiab.se/publications/articles](http://www.phiab.se/publications/articles).

### MAY-JULY 2016

Net sales	832 (880) TSEK
Operating result before depreciation (EBITDA)	-686 (-933) TSEK
Net result	-1 730 (-1 531) TSEK
Earnings per share	-0.15 (-0.16) SEK



Mouse cells imaged by HoloMonitor. The cells are strongly affected after being treated with the herbicide Roundup. Researchers at the Hungarian Academy of Sciences have with HoloMonitor shown that Roundup is significantly more toxic than glyphosate, which is the active ingredient in Roundup. The toxicity of glyphosate for humans and animals is in itself heavily debated. For additional information see [www.phiab.se/publications/articles#szekacs](http://www.phiab.se/publications/articles#szekacs).

## CEO COMMENTARY

Scientific instruments are precision devices. To date, we have manufactured and sold well over 100 HoloMonitor units. These sophisticated instruments have been shipped across the planet, thrown around by freighters and installed in remote cell laboratories to relentlessly measure invisible microscopic cells in an incubator environment which makes the Amazon rainforest seem like a dry and cool place.

After a number of design improvements, we are now ready to also transfer the motorized stage of the motorized HoloMonitor into series production. The higher priced motorized version allows customers to automatically analyze a large number of cell cultures in parallel, which is the reason why the majority of customers now purchase this version.

To date approximately 60 scientific publications based on results from HoloMonitor have been published. These customer publications prove beyond any reasonable doubt that we offer medical science something new and valuable. The publications also show that our technology offers more new possibilities than what some customer segments utilize, opening up for an encouraging product and price differentiation. An overview of the scientific publications is available at [www.phiab.se/publications/articles](http://www.phiab.se/publications/articles).

The transition to series production during the fall will result in a significantly reduced manufacturing cost and thereby lead to a substantial increase of the gross margin. Additionally, full series production will allow us to deliver and deploy units at a significantly higher pace than what has previously been possible.

Our main task is to create a product which is attractive for both the customer and for all parties in the supply chain leading to the customer. This is to reach our goal of creating one of the most appealing products on the life science tools market, both from a customer and a business perspective.



Peter Egelberg, CEO

## NET SALES AND RESULT

Net sales amounted to 832 (880) TSEK and operating result before depreciation (EBITDA) to -686 (-933) TSEK.

Net result amounted to -1 730 (-1 531) TSEK.

## GROSS MARGIN

With current pricing and manufacturing cost the Company's gross margin for distributor sales amounts to 56 % and to 71 % for end customer sales. The gross margin will increase further when the motorized HoloMonitor version is fully transferred to series production during this year.

The gross margin during the first quarter, which amounted to 42 (38) %, was affected by discounted demonstration units and volume orders.

## INVESTMENTS

During the period, the Company has invested 1 864 (1 154) TSEK in product and production development. The R&D investments in hardware and software are increasing in line with the Company's strategy.

## FINANCING

Cash and equivalents and unutilized granted credits amounted to till 29 142 (6 163) TSEK by the end of the period. The equity ratio was 80 % (57 %).

## OPTION PROGRAMS

The Company has two option programs, both with a final subscription date of October 24, 2017. The programs, directed to board members and advisors of the Company, were implemented as the Company was listed at AktieTorget. The options are market valued according to Black & Scholes. One option entitles the holder to subscribe for one share. The subscription prices are 14.00 SEK (190 000 shares) and 18.12 SEK (40 000 shares), respectively. If all 230 000 shares are subscribed, the share capital of the Company will increase by 46 000 SEK (1.95 % dilution) and the equity by 3 384 800 SEK.

## RISKS

The Company may be affected by various factors, described in the 2015/16 Annual Report. These factors may individually or jointly increase risks for the operation and result of the Company.

## STATEMENTS ABOUT THE FUTURE

Statements concerning the Company's business environment and the future in this report reflect the board of director's current view of future events and financial developments. Forward-looking statements only express the judgments and assumptions made by the board of directors on the day of the report. These statements have been carefully assessed. However, it is brought to the reader's attention that these statements are associated with an uncertainty, as all statements about the future.

## ACCOUNTING PRINCIPLES

The accounts are prepared in accordance with the Annual Accounts Act and general advice from the Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts (K3).

## REVIEW

This interim report has not been subject to review by the auditors of the Company.

The information is such that Phase Holographic Imaging PHI AB (publ) is obligated to disclose pursuant to the Swedish Securities Market Act and/or the Financial Instruments Trading Act.

## CALENDAR

- November 30 Half year report 2016/17

## ABOUT PHASE HOLOGRAPHIC IMAGING

Phase Holographic Imaging (PHI) leads the ground-breaking development of time-lapse cytometry instrumentation and software. With the first instrument introduced in 2011, the Company today offers a range of products for long-term quantitative analysis of living cell dynamics that circumvent the drawbacks of traditional methods requiring toxic stains. Headquartered in Lund, Sweden, PHI trades through a network of international distributors. Committed to promoting the science and practice of time-lapse cytometry, PHI is actively expanding its customer base and scientific collaborations in cancer research, inflammatory and autoimmune diseases, stem cell biology, gene therapy, regenerative medicine and toxicological studies.

On behalf of the Board of Directors  
Peter Egelberg, CEO

*For additional information, please contact:*

Peter Egelberg

Tel: +46 703 19 42 74

E-mail: [peter.egelberg@phiab.se](mailto:peter.egelberg@phiab.se)

Web: [www.phiab.se](http://www.phiab.se)

INCOME STATEMENT (SEK)	Q1 2016/17	Q1 2015/16	FY 2015/16
Net sales	832	880	3 706
Cost of products sold	-479	-550	-1 993
Gross profit	353	330	1 713
<i>Gross margin</i>	42 %	38 %	46 %
Selling expenses	-528	-523	-3 207
Administrative expenses	-1 066	-879	-4 204
R&D expenses	-415	-388	-3 308
Operating result	-1 656	-1 457	-9 006
<i>(Operating result before depreciation)</i>	<i>(-686)</i>	<i>(-933)</i>	<i>(-6 108)</i>
Financial net	-74	-74	-323
Result before tax	-1 730	-1 531	-9 329
Net result	-1 730	-1 531	-9 329

BALANCE SHEET (SEK)	2016-07-31	2015-07-31	2016-04-30
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	19 218	14 721	18 319
Tangible assets	78	46	83
Total non-current assets	19 296	14 767	18 402
<i>Current assets</i>			
Inventory incl. lent products	1 349	1 118	1 181
Current receivables	1 560	1 204	1 726
Cash and equivalents	27 142	4 163	29 585
Total current assets	30 051	6 485	32 492
<i>Cash and equivalents incl. unutilized credits</i>	<i>29 142</i>	<i>6 163</i>	<i>31 585</i>
Total assets	49 347	21 252	50 894
<b>EQUITY AND LIABILITIES</b>			
Equity	39 476	12 082	41 206
Financial liabilities	6 048	6 365	6 119
Operating liabilities	3 823	2 805	3 569
Total equity and liabilities	49 347	21 252	50 894
<b>CHANGES IN EQUITY</b>			
Opening balance	41 206	13 613	13 613
Equity issues, net	–	–	36 922
Net profit	-1 730	-1 531	-9 329
Closing balance	39 476	12 082	41 206
Equity ratio	80 %	57 %	81 %

CASH FLOW STATEMENT (SEK)	Q1 2016/17	Q1 2015/16	FY 2015/16
<i>Operating activities</i>			
Net result	-1 730	-1 531	-9 329
Depreciation	970	524	2 898
Operating cash flow	-760	-1 007	-6 431
Incr. (-)/decr. (+) in inventories	-168	-333	-396
Incr. (-)/decr. (+) in current receivables	166	91	-431
Incr. (+)/decr. (-) in operating liabilities	254	-217	547
Change in working capital	252	-459	-280
Cash flow from operating activities	508	-1 466	-6 711
<i>Investing activities</i>			
Capitalized development expenditure	-1 864	-1 154	-6 928
Patents and trademarks	–	-11	-198
Machinery and equipment	–	-48	-96
Cash flow after investments	-2 372	-2 679	-13 933
<i>Financing activities</i>			
Equity issues, net	–	–	36 922
Incr. (+)/decr. (-) in financial liabilities	-71	5 600	5 354
Cash flow from financing activities	-71	5 600	42 276
Cash flow for the period	-2 443	2 921	28 343
Cash and equiv, beginning of period	29 585	1 242	1 242
Cash and equivalents, end of period	27 142	4 163	29 585
<i>Incl. unutilized share of granted credits</i>	29 142	6 163	31 585

DATA PER SHARE	Q1 2016/17	Q1 2015/16	FY 2015/16
Earnings per share (SEK)	-0.15	-0.16	-0.94
Equity per share (SEK)	3.42	1.23	3.57
Number of shares, end of period	11 549 455	9 809 510	11 549 455
Average number of shares	11 549 455	9 809 510	9 914 097
Share price, end of period	24.50	11.35	26.90