

2016-06-13

Year End Report May 2015 - April 2016

IN SHORT

- 4th quarter net sales increased by 117 % to 1 212 (559) TSEK, the Company's highest quarterly sales ever.
- Full year net sales increased by 37 % to 3 706 (2 712) TSEK.
- Orders received to date and scheduled for shipments in the 2016/17 fiscal year amount to 1.7 MSEK.
- The gross margin increased to 50 (16) % for the 4th quarter and 46 (32) % for the full year. The gross margin is expected to increase further as manufacturing is fully transferred to series production.
- Full year operating result before depreciation was -6 108 (-6 279) TSEK.
- During the 4th quarter 37 MSEK was raised after issue and bridge loan expenses.

FEBRUARY - APRIL 2016

Net sales	1 212 (559) TSEK
Op. result before depreciation	-1 997 (-2 020) TSEK
Net result	-3 443 (-2 572) TSEK
Earnings per share	-0.33 (-0.26) SEK

MAY 2015 – APRIL 2016

Net sales	3 706 (2 712) TSEK
Op. result before depreciation	-6 108 (-6 279) TSEK
Net result	-9 329 (-8 536) TSEK
Earnings per share	-0.94 (-1.12) SEK

CEO COMMENTARY

Before series production, a product is successively manufactured, evaluated and improved in a number of pre-series builds where the final builds are of sufficient quality to be delivered to customers. However, pre-series manufacturing is expensive and time consuming, motivating the subsequent transfer to series production with short delivery periods and increased gross margin.

For a company with increasing sales the lack of capital is in many cases a limiting factor. The company cannot meet the rising demand due to lack of capital to invest in the often costly transition from pre-series manufacturing to series production.

In PHI's case, the previously limited amount of available capital delayed the transition to series production. This led to a shortage of instruments, which in turn led to longer delivery periods and a reduced increase of sales. The capital injection of 37 MSEK during this past spring has now allowed us to take the final steps towards full series production, but it also allow us to address the immediate need for additional motorized HoloMonitor® M4 units by expanding pre-series manufacturing of motorized stages. The HoloMonitor M4 base unit has been transferred and is currently in series production.

Additionally, the capital injection allows us to more rapidly deliver and deploy an increasing number of instruments. Close to 70 HoloMonitor instruments are now in operation at approximately 60 cell laboratories, which has resulted in three doctoral theses and 50 scientific publications. Furthermore, the capital injection enables us to dramatically expand our strategic marketing by extending our ongoing collaborations with leading scientists to establish planned Centers of Excellence at an accelerated pace.

In summary, the recent capital injection is a game changer for PHI. The capital injection has given us substantial resources to work with influential researchers to modernize and revolutionize medical research with easy to use and affordable scientific instruments which observe living cells on their terms and not the on the destructive terms of conventional instruments.

IMPORTANT EVENTS

Se www.phiab.se/contact/press-releases.

NET SALES

4th quarter net sales amounted to 1 212 (559) TSEK, an increase by 117 % and the Company's highest quarterly sales ever. For the full year, net sales increased by 37 % to 3 706 (2 712) TSEK.

Orders received to date and scheduled for shipments in the 2016/17 fiscal year amount to 1.7 MSEK.

GROSS MARGIN AND RESULT

The full year gross margin amounted to 46 (32) %. The gross margin is expected to increase further as additional products and product modules are transferred to series production.

The operating result for the full year was -6 108 (-6 279) TSEK before depreciation and -9 006 (-8 380) TSEK including depreciation.

Net result for the full year was -9 329 (-8 536) TSEK.

INVESTMENTS

Investments were primarily made in product and production development, foremost the motorized stage during the 4th quarter. The development work is conducted by in-house engineers in cooperation with external consultants.

For the full year, the Company has invested 6 928 (4 735) TSEK in product and production development, 198 (244) TSEK in asset protection of patents and trademarks, and 96 (-) TSEK in machinery and equipment.

EQUITY FINANCING

Through a rights issue and a private placement 37 MSEK was raised after issue and bridge loan expenses during the 4th quarter. The issue price in both offerings was 23.00 SEK per share

FINANCING

By the end of 2015 the Company was granted a 5.3 MSEK bridge loan, which was converted to equity in the rights issue. Cash and equivalents and unutilized granted credits amounted to 31.6 MSEK by the end of the year.

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 2014/15 Annual Report. These factors may individually or jointly increase risks for the operation and result of the Company.

CALENDAR

August 2016	Annual Report 2015/16
September 5, 2016	Interim report Q1 2016/17
September 5, 2016	Annual General Meeting 2016

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). BFNAR 2007:1 is applied in the preparation of interim reports

NEW REPORTING FORMAT

From the fiscal year May 1, 2015 – April 30, 2016, the income statement is structured according to the functional format. This change was made since the functional format is expected to provide a more transparent picture of the Company's operating result development. Aside from this, the same accounting principles have been applied as in the latest annual report.

REVIEW

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

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
Web: www.phiab.se

Income statement (TSEK)	Q4 2015/16	Q4 2014/15	FY 2015/16	FY 2014/15
Net sales	1 212	559	3 706	2 712
<i>Growth</i>	<i>117 %</i>	<i>4 %</i>	<i>37 %</i>	<i>88 %</i>
Cost of products sold	-604	-471	-1 993	-1 854
Gross profit	608	88	1 713	858
<i>Gross margin</i>	<i>50 %</i>	<i>16 %</i>	<i>46 %</i>	<i>32 %</i>
Selling expenses	-1 302	-692	-3 207	-2 431
Administrative expenses	-1 165	-1 392	-4 204	-4 016
R&D expenses	-1 500	-548	-3 308	-2 781
Operating result	-3 359	-2 544	-9 006	-8 380
<i>(Operating result before depreciation)</i>	<i>(-1 997)</i>	<i>(-2 020)</i>	<i>(-6 108)</i>	<i>(-6 279)</i>
Financial net	-84	-28	-323	-156
Result before tax	-3 443	-2 572	-9 329	-8 536
Net result	-3 443	-2 572	-9 329	-8 536
Balance sheet (TSEK)	2016-04-30	2015-04-30	2016-04-30	2015-04-30
ASSETS				
<i>Non-current assets</i>				
Intangible assets	18 319	14 078	18 319	14 078
Tangible assets	83	0	83	0
Total non-current assets	18 402	14 078	18 402	14 078
<i>Current assets</i>				
Inventory incl. lent products	1 181	785	1 181	785
Current receivables	1 726	1 295	1 726	1 295
Cash and equivalents	29 585	1 242	29 585	1 242
Total current assets	32 492	3 322	32 492	3 322
<i>Cash and equivalents incl. unutilized share of granted credits</i>	<i>31 585</i>	<i>8 944</i>	<i>31 585</i>	<i>8 944</i>
Total assets	50 894	17 400	50 894	17 400
EQUITY AND LIABILITIES				
Equity	41 206	13 613	41 206	13 613
Financial liabilities	6 119	765	6 119	765
Operating liabilities	3 569	3 022	3 569	3 022
Total equity and liabilities	50 894	17 400	50 894	17 400
Changes in equity	Q4 2015/16	Q4 2014/15	FY 2015/16	FY 2014/15
Opening balance	7 727	16 185	13 613	9 345
Equity issues, net	36 922	–	36 922	12 804
Net profit	-3 443	-2 572	-9 329	-8 536
Closing balance	41 206	13 613	41 206	13 613
Equity ratio	81 %	78 %	81 %	78 %

Cash flow statement (TSEK)	Q4 2015/16	Q4 2014/15	FY 2015/16	FY 2014/15
<i>Operating activities</i>				
Net result	-3 443	-2 572	-9 329	-8 536
Depreciation	1 362	524	2 898	2 101
Operating cash flow	-2 081	-2 048	-6 431	-6 435
Incr. (-)/decr. (+) in inventories	112	-490	-396	5
Incr. (-)/decr. (+) in current receivables	-559	-335	-431	-438
Incr. (+)/decr. (-) in operating liabilities	597	709	547	1 015
Change in working capital	150	-116	-280	582
Cash flow from operating activities	-1 931	-2 164	-6 711	-5 853
<i>Investing activities</i>				
Capitalized development expenditure	-2 833	-1 638	-6 928	-4 735
Patents and trademarks	-108	-106	-198	-244
Machinery and equipment	-	-	-96	-
Cash flow from investing activities	-2 941	-1 744	-7 222	-4 979
Cash flow after investments	-4 872	-3 908	-13 933	-10 832
<i>Financing activities</i>				
Equity issues, net	36 922	-	36 922	12 804
Incr. (+)/decr. (-) in financial liabilities	-5 336	107	5 354	-813
Cash flow from financing activities	31 586	107	42 276	11 991
Cash flow for the period	26 714	-3 801	28 343	1 159
Cash and equiv, beginning of period	2 871	5 043	1 242	83
Cash and equivalents, end of period	29 585	1 242	29 585	1 242
<i>Incl. unutilized share of granted credits</i>	31 585	8 944	31 585	8 944
Data per share	Q4 2015/16	Q4 2014/15	FY 2015/16	FY 2014/15
Earnings per share, SEK	-0.33	-0.26	-0.94	-1.12
Equity per share, SEK	3.57	1.39	3.57	1.39
Number of shares, end of period	11 549 455	9 809 510	11 549 455	9 809 510
Average number of shares	10 234 830	5 718 473	9 914 097	7 607 144
Share price, SEK	26.90	8.55	26.90	8.55