

Interim Report for the second quarter (2018-05-01 – 2018-10-31)

Market expansion

AUGUST – OCTOBER 2018

Net sales	539 (179) KSEK
Operating result before depreciation (EBITDA)	-4 593 (-2 079) KSEK
Net result	-6 035 (-3 359) KSEK
Earnings per share	-0.45 (-0.29) SEK

MAY – OCTOBER 2018 (YEAR TO DATE)

Net sales	1 395 (839) KSEK
Operating result before depreciation (EBITDA)	-7 727 (-4 012) KSEK
Net result	-10 553 (-6 574) KSEK
Earnings per share	-0.84 (-0.57) SEK

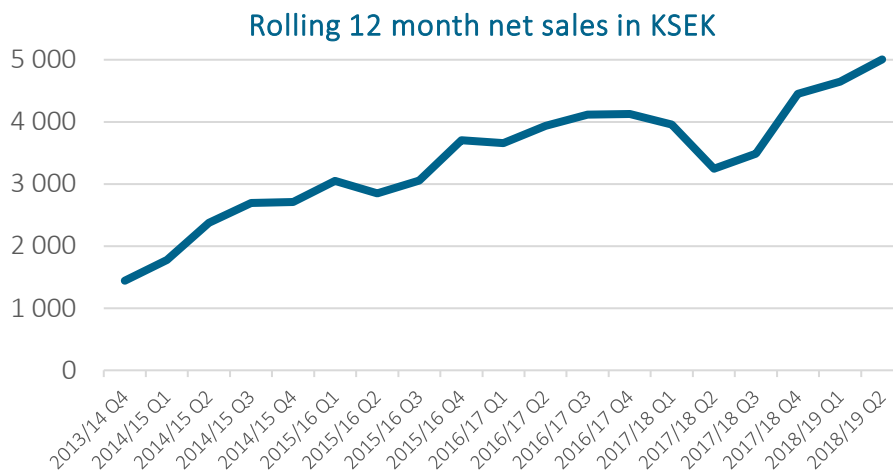
IN SHORT

- Net sales for the second quarter increased by 201 % to 539 (179) KSEK, and for year to date net sales increased by 67 % to 1 395 (839) KSEK.
- Second quarter gross margin amounted to 68 (61) %.
- For the first time, sales during the past 12 months reached 5 MSEK.
- The growing sales and marketing department has been strengthened by two application specialists and an area sales manager.
- PHI's first distributor meeting was held in Dubai together with over 20 distributor representatives.
- Development of the HoloMonitor App Suite 2.0 software is on track and scheduled for a spring market launch.
- The company recently partnered with Immunotechnology at Lund University, to develop novel methods for culturing and studying living microtumors non-invasively.

CEO COMMENTARY

For the first time, sales during the past 12 months reached 5 MSEK. Since our previous report, much effort has gone into implementing the ambitious market expansion made possible by the capital acquisition this summer. The growing sales and marketing department was recently strengthened by two application specialists and an area sales manager. In November we held our first distributor meeting. In total over 20 distributor representatives made their way to Dubai to share experiences and learn more about HoloMonitor. The meeting was a great success and without reservation reaffirmed our shared view — HoloMonitor’s substantial market potential. Moreover, the technical department has been expanded with an additional engineer. This in order to maintain a high level of service while continuing to develop new software and accessories for the HoloMonitor product line.

Read more about the distributor meeting [here](#)



The next version of our new software, HoloMonitor App Suite 2.0, is on track and scheduled for a spring market launch. Besides additional software application, App Suite 2.0 will support Software as a Service (SaaS), allowing us to offer customers to license additional applications and assays through our website.

As communicated last week, we recently entered into a partnership with the department of immunotechnology at Lund University. Based on HoloMonitor technology, the partnership aims to develop novel methods for culturing and studying living 3-dimensional microtumors non-invasively. Microtumors are particularly interesting to cancer researchers as they are the source of metastatic cancer and often resistant to chemotherapy, which is the reason why metastatic cancer is difficult to treat, today. Various market reports value the rapidly growing global 3D cell culture market to 600 – 1 400 million USD annually, with an expected annual growth rate (CAGR) of 15 – 35 %.

Read the press release [here](#)



Peter Egelberg, CEO

NET SALES AND RESULT

Net sales for the second quarter amounted to 539 (179) KSEK and operating result before depreciation (EBITDA) to -4 593 (-2 079) KSEK. Net result amounted to -6 035 (-3 359) KSEK.

The gross margin amounted to 68 (61) % for the quarter and 68 (70) % year to date.

Overhead costs increased as a result of preparation for increasing sales and marketing.

INVESTMENTS

During the second quarter, 857 (1 473) KSEK was invested in product, production and application development, emphasizing application development to further expand the company's product line.

FINANCING

Cash, cash equivalents and unutilized granted credits amounted to 35 836 (13 546) KSEK by the end of the period. The equity ratio was 84 (71) %.

RIGHTS ISSUE

During the summer 2018, the company raised 46.3 MSEK through a rights issue, before expenses of ca 5.2 MSEK. The payments have taken place in July and August.

OPTION PROGRAM

An option program (TO 2) was launched in connection to the rights issue in 2018, where each option gives the right to subscribe and purchase a new share for 28.20 SEK. TO 2 option holders may exercise their subscription right during May 23 – June 13, 2019. Fully exercised the 648 338 outstanding TO 2 options will provide the company with a capital injection of 18.2 MSEK, before expenses.

RISKS

The company may be affected by various factors, described in the 2017/18 Annual Report. These factors may individually or jointly increase risks for the operation and result of the company.

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 company's auditor.

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.

CALENDAR

March 11, 2019

Interim Report 3, 2018/19

ABOUT PHASE HOLOGRAPHIC IMAGING

Phase Holographic Imaging (PHI) leads the ground-breaking development of time-lapse cytometry instrumentation and software. With the first HoloMonitor-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

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	Q2	Q2	YTD	YTD	FY
Income statement (KSEK)	2018/19	2017/18	2018/19	2017/18	2017/18
Net sales	539	179	1 395	839	4 449
Cost of products sold	-174	-70	-451	-253	-1 558
Gross profit	365	109	944	586	2 891
<i>Gross margin</i>	<i>68%</i>	<i>61%</i>	<i>68%</i>	<i>70%</i>	<i>65%</i>
Selling expenses	-1 548	-651	-2 850	-1 389	-3 755
Administrative expenses	-1 653	-929	-2 961	-2 110	-4 378
R&D expenses	-3 146	-1 821	-5 577	-3 526	-8 599
Operating result (EBIT)	-5 982	-3 292	-10 444	-6 439	-13 841
Financial net	-53	-67	-109	-135	-277
Result before tax (EBT)	-6 035	-3 359	-10 553	-6 574	-14 118
Net Result (EAT)	-6 035	-3 359	-10 553	-6 574	-14 118

	Q2	Q2	YTD	YTD	FY
Balance Sheet (KSEK)	2018/19	2017/18	2018/19	2017/18	2017/18
ASSETS					
Non-current assets					
Intangible assets	21 540	21 671	21 540	21 671	22 296
Tangible assets	1 029	691	1 029	691	971
Total non-current assets	22 569	22 362	22 569	22 362	23 267
Current Assets					
Inventory	1 095	1 616	1 095	1 616	1 752
Short-term receivables	2 080	987	2 080	987	2 435
Cash and equivalents	33 836	11 546	33 836	11 546	1 198
Total current assets	37 011	14 149	37 011	14 149	5 385
Total assets	59 580	36 511	59 580	36 511	28 652
EQUITY AND LIABILITIES					
Equity	50 150	25 840	50 150	25 840	18 296
Financial liabilities	4 125	5 625	4 125	5 625	4 875
Operating liabilities	5 305	5 046	5 305	5 046	5 481
Total equity and liabilities	59 580	36 511	59 580	36 511	28 652

	Q2	Q2	YTD	YTD	FY
Changes in equity	2018/19	2017/18	2018/19	2017/18	2017/18
Opening Balance	17 180	28 829	18 296	31 162	31 162
Equity issues, net	39 005	370	42 407	1 252	1 252
Net profit	-6 035	-3 359	-10 553	-6 574	-14 118
Closing balance	50 150	25 840	50 150	25 840	18 296
Equity ratio	84%	71%	84%	71%	64%

	Q2	Q2	YTD	YTD	FY
Cash flow Analysis (KSEK)	2018/19	2017/18	2018/19	2017/18	2017/18
Operating activities					
Net result	-6 035	-3 359	-10 553	-6 574	-14 118
Depreciation	1 389	1 213	2 717	2 427	5 448
Operating cash flow	-4 646	-2 146	-7 836	-4 147	-8 670
Increase (-)/decrease (+) in inventories	11	-799	657	-333	-469
Increase (-)/decrease (+) in operating receivables	-183	153	355	844	-604
Increase (+)/decrease (-) in operating liabilities	635	499	-176	-1 296	-862
Change in working capital	463	-147	836	-785	-1 935
Cash flow from operating activities	-4 183	-2 293	-7 000	-4 932	-10 605
Investing activities					
Development expenses	-857	-1 473	-1 777	-2 712	-5 802
Patents	0	0	0	0	-271
Tangible assets	-242	0	-242	-139	-703
Cash flow after investments	-5 282	-3 766	-9 019	-7 783	-17 381
Financing activities					
Net proceeds from equity issues	39 005	370	42 407	1 252	1 252
Increase (+)/decrease (-) in borrowings	-375	-375	-750	-375	-1 125
Cash flow from financing activities	38 630	-5	41 657	877	127
Cash flow for the period	33 348	-3 771	32 638	-6 906	-17 254
Cash and cash equivalents at the beginning of the period	488	15 317	1 198	18 452	18 452
Cash and cash equivalents at the end of the period	33 836	11 546	33 836	11 546	1 198
<i>Incl. unutilized credits</i>	<i>35 836</i>	<i>13 546</i>	<i>35 836</i>	<i>13 546</i>	<i>3 198</i>

	Q2	Q2	YTD	YTD	FY
Data per share	2018/19	2017/18	2018/19	2017/18	2017/18
Earnings per Share, SEK	-0.45	-0.29	-0.84	-0.57	-1.21
Equity per share, SEK	3.65	2.21	3.65	2.21	1.57
Number of Shares, end of period	13 746 634	11 670 088	13 746 634	11 670 088	11 670 088
Average number of shares	13 516 633	11 655 091	12 593 361	11 630 313	11 650 073
Share price end of period	22.40	40.90	22.40	40.90	34.10