

2015-11-30

Half Year Report May-October 2015/16

SUMMARY

- Net sales and backorders amounted to 2.9 MSEK at reporting date (7 months). Net sales during 2014/15 amounted to 2.7 MSEK.
- 5.2 MSEK in credit has been granted. The funds will be used to increase production capacity to secure the delivery of backorders, resulting in that revenues during 2015/16 are expected to increase relative to 2014/15.
- Big Pharma company orders a 3rd motorized HoloMonitor M4.5 unit in follow-up order.
- Expansion into the pharmaceutical industry re-schedules implementation of fluorescence analysis.

RESULT OF THE PERIOD

Net sales	1 490 (1 355) TSEK
Operating result (EBIT)	-3 730 (-3 663) TSEK
Result before tax	-3 863 (-3 741) TSEK
Net result	-3 863 (-3 741) TSEK
Earnings per share	-0.39 (-0.69) SEK

CEO COMMENTARY

For some time, our customers can order HoloMonitor M4.5 (the M4) with a motorized stage for precise positioning of cellular samples. This has led to that the majority of customers now order the M4 with a motorized stage, even though the retail price increases with close to 70% to € 30 000 and the delivery time currently becomes considerably longer.

Unlike the base unit, the motorized stage is still individually manufactured to order. The popularity of the motorized stage and its longer delivery time has resulted in that revenues partially have been pushed forward in time, as orders are not recognized as revenues until delivery.

The motorized stage was decisive for the breakthrough order to the pharmaceutical industry and for the follow-up order we recently received from the same company. The order for a total of three units and ongoing evaluations at other Big Pharma companies clearly indicate that the motorized stage will be crucial in establishing our HoloMonitor technology within the pharmaceutical industry. For our academic customers the motorized stage is not a requirement. However, most university customers now choose to order the M4 with a motorized stage.

The motorized stage has thus over a short time attained a very central and strategic role in the Company's operations:

- The motorized stage will significantly increase the Company's revenues.
- The motorized stage is crucial in allowing the M4 to also address the pharmaceutical industry and thereby dramatically expand its market potential.
- However, the popularity and longer delivery time of the motorized stage currently results in revenues being pushed forward in time.



HoloMonitor M4.5 with motorized stage. The cell culture vessel on top the stage has six so called wells with a cell culture in each well.

Against this background and based on a thorough assessment of the sales volumes that can be achieved by the M4, the Board of Directors has decided to focus development resources on

- further adapting the M4 to the needs of the pharmaceutical industry,
- implementing features into the M4 which were originally intended for HoloMonitor M5 and
- significantly shorten the current delivery time by moving the motorized stage into volume production.

This will re-schedule the implementation of fluorescence analysis capability, but reduces the overall development time of HoloMonitor M5. A new launch date for HoloMonitor M5 will be announced when the technical specification and project timeline have been revised.

In summary, the M4 has by itself raised the market's attention far beyond our original expectations. The limited production of motorized M4 units has resulted in that Company backorders currently amount to 1.4 MSEK in total. The Company has been granted additional credit of 5.2 MSEK. The funds will be used to increase production capacity to secure the delivery of current backorders, resulting in that revenues during this fiscal year are expected to increase, relative to 2014/15.

IMPORTANT EVENTS

See www.phiab.se/contact/press-releases-2015 and www.phiab.se/commentary/commentary-151028

SALES AND RESULT

Net sales increased with 10 % to 1 490 (1 355) TSEK. The net result amounted to -3 863 (-3 741) TSEK.



Big Pharma, Big Data – A future cell laboratory

GROSS MARGIN

The M4 base unit, motorized stage and laser module will gradually be transferred to volume production. A first series of the base unit is currently manufactured in volume production by the Company's contractor manufacturer Optronic. The gross margin was 37 (31) % during the period and is expected to increase further, as components in delivered units are transferred into volume production.

INVESTMENTS

During May-October, the company has invested 2 222 (1 737) TSEK in product and production development, 90 (113) TSEK in asset protection of patents and trademarks and 48 (-) TSEK in machinery and equipment.

FINANCING

During the period the Company has reached the market acceptance goals set out prior to the IPO on AktieTorget. This means that the Company now transitions to increasingly become more market oriented. The Board has for some time been active in raising capital that aims to dramatically increase the Company's strategic marketing activities to spotlight the breakthrough potential of HoloMonitor technology. These activities aim to attract more customers, but also potential buyers of the business. Such activities include creating and developing Centers of Excellence in life science hotspots such as Boston, San Francisco and Basel.

HoloMonitor® M4
Boston • San Francisco • Basel

The company has after reporting date been granted a credit of 5.2 MSEK. If the Company's shareholders so decide, both the Company and the lenders have the right to convert the loan into shares. Cash and equivalents and unutilized granted credits thereby amounted to 6.3 MSEK as of November 29.

OPTION PROGRAMS

The Company has two option programs, both with a final subscription date on 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 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.

INVESTOR CALENDAR

March 30, 2016 Nine months report 2015/16

ACCOUNTING PRINCIPLES

From the fiscal year May 1, 2014 – April 30, 2015, the accounts are prepared in accordance with the Annual Accounts Act and the general advice of the Accounting Board BFNAR 2012:1 (K3). The application of the new regulations has not implicated any requirement to restate the comparative periods. 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

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Income statement (TSEK)	Q2 2015/16	Q2 2014/15	Acc. 2015/16	Acc. 2014/15	FY 2014/15
Net sales	610	814	1 490	1 355	2 712
Cost of products sold	-383	-575	-933	-930	-1 854
Gross profit	227	239	557	425	858
<i>Gross margin</i>	37%	29%	37%	31%	32%
Selling expenses	-503	-538	-1 026	-1 054	-2 431
Administrative expenses	-1 160	-915	-2 036	-1 747	-4 016
R&D expenses	-837	-716	-1 225	-1 287	-2 781
Operating result (EBIT)	-2 273	-1 930	-3 730	-3 663	- 8 380
Financial net	-59	-33	-133	-78	-156
Result before tax	-2 332	-1 963	-3 863	-3 741	-8 536
Net result	-2 332	-1 963	-3 863	-3 741	-8 536

Balance sheet (TSEK)	2015-10-31	2014-10-31	2015-10-31	2014-10-31	2015-04-30
ASSETS					
<i>Non-current assets</i>					
Intangible assets	15 342	11 987	15 342	11 987	14 078
Tangible assets	43	0	43	0	0
	15 385	11 987	15 385	11 987	14 078
<i>Current assets</i>					
Inventory incl. lent products	1 368	469	1 368	469	785
Current receivables	1 497	897	1 497	897	1 295
Cash and equivalents	690	7 479	690	7 479	1 242
	3 555	8 845	3 555	8 845	3 322
<i>Cash and equivalents incl. unutilized share of granted credits, Nov. 29, 2015</i>	6 291		6 291		
Total assets	18 940	20 832	18 940	20 832	17 400
EQUITY AND LIABILITIES					
Equity	9 750	18 409	9 750	18 409	13 613
Financial liabilities	7 141	1 165	7 141	1 165	765
Operating liabilities	2 049	1 258	2 049	1 258	3 022
	18 940	20 832	18 940	20 832	17 400

Changes in equity	Q2 2015/16	Q2 2014/15	Ack. 2015/16	Ack. 2014/15	FY 2014/15
Opening balance	12 082	7 568	13 613	9 345	9 345
Equity issues, net	–	12 804	–	12 804	12 804
Net profit	-2 332	-1 963	-3 863	-3 741	-8 536
Closing balance	9 750	18 409	9 750	18 409	13 613
Equity ratio	51 %	88 %	51 %	88 %	78 %

Cash flow statement (TSEK)	Q2 2015/16	Q2 2014/15	Acc. 2015/16	Acc. 2014/15	FY 2014/15
<i>Operating activities</i>					
Net result	-2 332	-1 963	-3 863	-3 741	-8 536
Depreciation	529	532	1 053	1 063	2 101
Operating cash flow	-1 803	-1 431	-2 810	-2 678	-6 435
Incr. (-)/decr. (+) in inventories	-250	-21	-583	321	5
Incr. (-)/decr. (+) in current receivables	-293	-327	-202	-39	-438
Incr. (+)/decr. (-) in operating liabilities	-756	-15	-973	-749	1 015
Change in working capital	-1 299	-363	-1 758	-467	582
Cash flow from operating activities	-3 102	-1 794	-4 568	-3 145	-5 853
<i>Investing activities</i>					
Capitalized development expenditure	-1 068	-1 136	-2 222	-1 737	-4 735
Patents and trademarks	-77	-35	-90	-113	-244
Investments	-2	-	-48	-	-4 979
Cash flow after investments	-4 249	-2 965	-6 928	-4 995	-10 832
<i>Financing activities</i>					
Equity issues, net	-	12 804	-	12 804	12 804
Incr. (+)/decr. (-) in financial liabilities	776	-3 046	6 376	-413	-813
Cash flow from financing activities	776	9 758	6 376	12 391	11 991
Total cash flow	-3 473	6 793	-552	7 396	1 159
Cash and equiv, beginning of period	4 163	686	1 242	83	83
Cash flow for the period	-3 473	6 793	-552	7 396	1 159
Cash and equivalents, end of period	690	7 479	690	7 479	1 242
<i>Incl. unutilized share of granted credits, Nov. 29, 2015</i>	6 291		6 291		

Data per share	Q2 2015/16	Q2 2014/15	Acc. 2015/16	Acc. 2014/15	FY 2014/15
Earnings per share, SEK	-0.24	-0.34	-0.39	-0.69	-1.12
Equity per share, SEK	0.99	1.88	0.99	1.88	1.39
Number of shares, end of period	9 809 510	9 809 510	9 809 510	9 809 510	9 809 510
Average number of shares	9 809 510	5 718 473	9 809 510	5 440 686	7 607 144
Share price	26.60	4.62	-	-	8.40