

March 16, 2015

Interim Report May 1, 2014 – January 31, 2015

May – January 2014/2015

Net sales	2 153 (903) TSEK
Operating result (EBIT)	-5 836 (-5 373) TSEK
Result before tax	-5 964 (-5 505) TSEK
Net result	-5 964 (-5 505) TSEK
Earnings per share	-0.86 (-1.41) SEK
Solidity by the end of the period	84 % (68 %)

November – January 2014/2015

Net sales	798 (479) TSEK
Operating result (EBIT)	-2 173 (-2 153) TSEK
Result before tax	-2 223 (-2 168) TSEK
Net result	-2 223 (-2 168) TSEK
Earnings per share	-0.23 (-0.50) SEK

Comments

- 17 sold HoloMonitor instruments gave a 138 % increase of net sales during May – January, compared to the corresponding period of previous year.
- The average price per instrument paid by the distributors rose with 67 % to 127 TSEK, compared to previous year.
- The gross margin rose to 36 % (-3%) for May – January and to 43 % (0 %) for November – January. The gross margin is expected to increase further when additional cost savings are implemented in the near future.
- Since November, HoloMonitor units have additionally been delivered and installed at:
 - Samsung General Hospital, Korea
 - School of Basic Medicine, Henan University of Traditional Chinese Medicine, China
 - Institute of Bioengineering, Zhejiang University, China
 - College of Public Health, Hebei Medical University, China
 - Biophysics Institute (IBF), Genoa, Italy
 - Graduate Institute of Basic Medicine, Fu Jen Catholic University, Taiwan
 - School of Medicine, Kyushu University, Japan

A total of 30 instruments are in operation. For a complete list see <http://www.phiab.se/publications/users>.

- Operating expenses increased primarily due to intensified sales, marketing and R&D.
- Liquid assets, including unutilized share of overdraft facility, amounted to 7 MSEK by the end of the period.

Important events during November – February

- Northeastern University and PHI has entered a strategic partnership which seeks to establish a Center of Excellence at Northeastern University in Boston, <http://www.northeastern.edu/bouve/pharmacy/pharmsci/winter-2015-newsletter/phase-holographic-imaging>. The Boston area is one of the life science hubs in which PHI aims to establish several Centers of Excellence to promote and foster the use of HoloMonitor technology.
- A scientific article was published in the highly regarded journal Nature Methods. The article describes the growing importance of being able to determine cell mass. In the article, PHI is referenced as one of the few companies who provide equipment to track changes in the mass of individual cells in a cell population.
- The official webpage of the center at Northeastern University was published, <http://www.phiab.se/centers/northeastern>.
- PHI and Prof. Pontus Aspenström at Karolinska Institutet has entered a research collaboration. Using HoloMonitor-technology, the research aims at identifying how cell communication contributes to tumor growth and spreading.
- Northeastern University scientists were selected to present research results, based on HoloMonitor technology, at three occasions during the annual meeting of the American Association for Cancer Research (AACR) in April.

CEO commentary

When traveling I have the habit of picking up Scientific American, a popular science magazine published by Nature Publishing Group. While casually browsing the first few pages of the February issue, I suddenly froze on page 5. On this page, Hamamatsu Photonics has a full page ad presenting their holographic phase imaging research.

I did not freeze because Hamamatsu is a latent threat to PHI. Hamamatsu is currently not a threat as Hamamatsu almost exclusively supplies optical components. I froze because the ad clearly shows that the leading optics company in the world is taking holographic microscopy very seriously and sees its potential as vividly as we at PHI do.



HoloMonitor M4.5

Our increasing sales in combination with independent technology promotion are clear signals that a broad acceptance of holographic microscopy technology is rapidly approaching. To address this increase in market demand, an up-graded version of HoloMonitor M4 will soon be launched, in response to customer requests.

As a precursor to the forthcoming HoloMonitor M5, the new HoloMonitor M4.5 increases production efficiency, reduces production cost and simplifies installation. To make it possible to record movies of thousands of cells in several cell cultures in parallel, the new instrument can be equipped with a newly developed high-precision motorized stage and image stitching software. This new functionality makes HoloMonitor M4.5 dramatically more versatile, which justifies the higher customer price of €30 000. Several pre-orders of HoloMonitor M4.5 have been received, confirming market demand and price acceptance.

A second batch of HoloMonitor M4.5 units is in production. These units are expected to be ready for customer deliveries in April. To accelerate market acceptance and secure future growth, a significant portion of the units have been reserved for the expanding marketing activities which include the strategic partnerships that are in the process of being established.

Links to Hamamatsu

- http://www.hamamatsu.com/resources/pdf/hamamatsu/nature_1412.pdf – ad in Scientific American and in Nature. See the upper right caption. Label-free phase imaging implies that unstained cells are imaged as imaged by HoloMonitor.
- <http://www.hamamatsu.com/us/en/technology/lifephotonics/bioscience/index.html> – bioscience research.

Information for shareholders

- March 26 Investor Presentation, Medicin Village, Lund, <http://www.sedermeradagen.se>
- June 16 Year-end Report 2014/2015

About Phase Holographic Imaging

PHI is the leader in the development of proprietary ground-breaking holographic 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 cellular 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
Peter Egelberg, CEO

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. The same accounting principles have been applied as in the latest annual report with the exception of K3 as above.

Review

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

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Income Statement (TSEK)	Q3 2014-2015	Q3 2013-2014	Acc. 2014-2015	Acc. 2013-2014	FY 2013-2014
Net sales	798	479	2 153	903	1 442
Development expenses capitalized	1 360	456	3 097	1 754	2 304
Other income	95	-	276	-	79
Total revenues	2 253	936	5 526	2 657	3 825
Raw material	-453	-478	-1 382	-926	-1 243
Other operating expenses	-1 941	-1 028	-4 824	-2 610	-3 823
Personnel expense	-1 518	-1 063	-3 577	-2 915	-3 978
Scheduled depreciation	-514	-520	-1 577	-1 580	-2 104
Total operating expenses	-4 426	-3 088	-11 360	-8 030	-11 148
Operating result (EBIT)	-2 173	-2 153	-5 836	-5 373	-7 323
Financial net	-50	-15	-128	-132	-191
Result before tax	-2 223	-2 168	-5 964	-5 505	-7 514
Net result	-2 223	-2 168	-5 964	-5 505	-7 514

Balance sheet (TSEK)	Jan 31, 2015	Jan 31, 2014	Jan 31, 2015	Jan 31, 2014	April 30, 2014
ASSETS					
<i>Non-current assets</i>					
Intangible assets	12 858	11 059	12 858	11 059	11 200
Tangible assets	0	1	0	1	0
	12 858	11 060	12 858	11 060	11 200
<i>Current assets</i>					
Inventory	295	350	295	350	790
Current receivables	960	988	960	988	858
Cash and equivalents	5,043	2,308	5 043	2 308	83
(Incl unutilized share of overdraft facility)	(7 039)	(4 308)	(7 039)	(4 308)	(1 700)
	6 298	3 611	6 298	3 611	1 730
Total assets	19 156	14 671	19 156	14 671	12 930
EQUITY AND LIABILITIES					
Equity	16 186	11 354	16 186	11 354	9 345
Financial liabilities	657	1 397	657	1 397	1 578
Operating liabilities	2 313	1 920	2 313	1 920	2 007
Total equity and liabilities	19 156	14 671	19,156	14 671	12 930

Data per share	Q3 2014-2015	Q3 2013-2013	Acc. 2014-2015	Acc. 2013-2014	FY 2013-2014
Earnings per share, SEK	-0.23	-0.50	-0.86	-1.41	-1.79
Equity per share, SEK	1.65	2.20	1.65	2.20	1.81
Number of shares, end of period	9 809 510	5 162 900	9 809 510	5 162 900	5 162 900
Average number of shares	9 809 510	4 329 442	6 896 961	3 896 771	4 203 152