

YEAR END REPORT

Phase Holographic Imaging PHI AB (publ)

Org. nr. 556542-7811



2015-06-16

Year-End Report May 1, 2014 – April 30, 2015

4TH QUARTER FEBRUARY – APRIL

Net sales	559 (539) TSEK
Operating result (EBIT)	-2 544 (-1 950) TSEK
Result before tax	-2 572 (-2 009) TSEK
Net result	-2 572 (-2 009) TSEK
Earnings per share	-0.26 (-0.39) SEK

FULL YEAR

Net sales	2 712 (1 442) TSEK
Operating result (EBIT)	-8 380 (-7 323) TSEK
Result before tax	-8 536 (-7 514) TSEK
Net result	-8 536 (-7 514) TSEK
Earnings per share	-1.12 (-1.79) SEK
Equity ratio at end of period	78 % (72 %)

CEO COMMENTARY

This past year has been a remarkable year for us. From the beginning of the period until today the company has received orders for a total value of over 4 MSEK. This led to that sales increased during the period by 88 % to a total invoice value of over 2.7 (1.4) MSEK and that 38 HoloMonitor instruments now are in operation.

To sustain a high growth rate it is, however, crucial that we continue to be successful in establishing productive collaborations with key opinion leaders. Collaborations with high profile researchers and research institutions create the visibility needed to attract additional customers and industrial partners.

Center of Excellence established

Our strategic marketing objectives have been expanded to include the establishment of six Centers of Excellence in life science hotspots. In addition to their role as key opinions leaders, Centers of Excellence create new market opportunities by developing new methods based on our HoloMonitor technology. A first center has been established at Northeastern University in Boston Massachusetts.

Market coordinator in the US

The Boston area is life science industry's Silicon Valley. During the year a US market coordinator with very long experience from the industry has been recruited. Based in Boston, the role of the market coordinator is to establish and expand the activities at the three Centers of Excellence planned in the US. The role of the market coordinator is also to work with the company's US-based advisers to expand the company's industrial partnerships, primarily in the US.

Record order

In March an order of 10 HoloMonitor units was received. These units are scheduled to be delivered to Chinese customers during the present fiscal year 2015/16.

Additional key opinion leaders

In addition to Northeastern University, collaboration agreements have been signed with Karolinska Institutet and with Germany's leading cancer center – the German Cancer Research Center in Heidelberg. University of California San Francisco can be found among our new customers. The university is entirely specialized in life science research and is with five Nobel laureates one of the top universities in the US.

New emerging market – respiratory research

The Woolcock Institute in Sydney has purchased a HoloMonitor unit to improve the understanding of the mechanisms behind asthma by investigating volume changes in respiratory muscle cells. The ability to effortlessly measure changes in cell volume is one of the unique and innovative advantages of HoloMonitor technology.

HoloMonitor M4.5 launched

A key feature of the new HoloMonitor M4.5 is that it can be upgraded to include a motorized sample stage. The motorized stage dramatically increases customer productivity by allowing the customer to run several samples in parallel. Because of the productivity increase most customers are expected to purchase HoloMonitor M4.5 with a motorized stage, which has been confirmed by recent sales.

HoloMonitor M3

The launch of HoloMonitor M4.5 has led to that HoloMonitor M3 has been discontinued. The M3's main advantage relative to older versions of the M4 was its motorized stage. Its disadvantage was that it could not be placed inside the incubator where cells are cultured. The possibility to upgrade M4 with a motorized stage has therefore led to that the M3 demand has fully shifted to HoloMonitor M4.5.

HoloMonitor M5

An essential step in the development of HoloMonitor M5 was the successful completion of the motorized stage for HoloMonitor M4.5. The second key feature of HoloMonitor M5 is fluorescence capability. The development work of this capability, which is done in collaboration with Lund University, will be presented in June at the CYTO 2015 congress in Glasgow.

Production ramp-up

Demand has exceeded production capacity. To secure sufficient production capacity HoloMonitor M4.5 will be moved into call-off series production during Q3 2015. This gives a production capacity of up to 1 000 units per year and a significantly lower production cost.

Aggressive expansion

Overall it is now clear that we will, according to plan, reach our market and production related goals and thereby the market acceptance we have strived for. This makes the company exceptionally well poised for an aggressive expansion of the business.

Private placement

During the period, the company has reached a level of growth and maturity which opens for a large private placement. To secure a rapid expansion of the organization and thereby securing continued strong growth of sales, the Board of Directors has instructed management and the company's US-advisers to promptly finalize the ongoing discussions with national and international investors.

"HoloMonitor offers unique imaging capabilities that greatly enhance our understanding of cell behavior, which was previously unachievable by other technologies."

— Ed Luther, Northeastern University, Boston

SALES AND RESULT

- Net sales increased with 88 % to 2.7 (1.4) MSEK with a gross margin of 32 % (14 %).
- The gross margin is expected to increase significantly as production transitions to call-off series production.
- New accessories like the motorized stage are expected to increase revenues per sold instrument with approx. 50 %.
- Operational expenses increased primarily due to intensified marketing and product adaptations for call-off series production.
- The net result was -8.5 (-7.5) MSEK.

INVESTMENTS

The company has during the period invested 4.7 (2.3) MSEK in product and production development. 0.2 (0.6) MSEK have been invested in asset protection of patents and trademarks.

FINANCING

- Cash and equivalents and unutilized granted credits amounted to 8.9 (1.7) MSEK at the end of the period.
- During the fiscal year the company has received 12.8 MSEK in funding, net after financing expenses.
- The equity ratio was 78 % (72 %) at the end of the period.
- On May 30, 2015, the company had over 1 100 shareholders.

YEAR END REPORT

Phase Holographic Imaging PHI AB (publ)
Org. nr. 556542-7811



RISKS

The company may be affected by various factors, which individually or jointly can increase risks for the operation and result of the company. Risk factors are described in the memorandum (p. 27-28) published in connection with the equity issue in 2014.

APPROPRIATION OF PROFIT

The Board of Directors and the President propose that the loss of the year be carried forward in the share premium account.

INVESTOR CALENDAR

- August Annual Report 2014/15
- September 7 Annual Shareholder Meeting
- September 7 Interim Report 1 2015/16
- November 30 Half Year 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 BFAR 2012:1 (K3). The application of the new regulations has not implicated any requirement to restate the comparative periods. BFAR 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.

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, CEO
Tel: +46 703 19 42 74
E-mail: peter.egelberg@phiab.se
Web: www.phiab.se

YEAR END REPORT

Phase Holographic Imaging PHI AB (publ)
Org. nr. 556542-7811



Income statement (TSEK)	Q4 2014-2015	Q4 2013-2014	FY 2014-2015	FY 2013-2014
Net sales	559	539	2 712	1 442
Capitalized development expenditure	1 638	550	4 735	2 304
Other income	86	79	362	79
Total revenues	2 283	1 168	7 809	3 825
Rae material	-471	-318	-1 854	-1 243
Other operating expenses	-2 387	-1 213	-7 211	-3 823
Personnel expense	-1 445	-1 062	-5 023	-3 978
Scheduled depreciation	-524	-525	-2 101	-2 104
Total operating expenses	-4 827	-3 118	-16 189	-11 148
Operating result (EBIT)	-2 544	-1 950	-8 380	-7 323
Financial net	-28	-59	-156	-191
Result before tax	-2 572	-2 009	-8 536	-7 514
Net result	-2 572	-2 009	-8 536	-7 514
Balance sheet (TSEK)	2015-04-30	2014-04-30	2015-04-30	2014-04-30
ASSETS				
<i>Non-current assets</i>				
Intangible assets	14 078	11 200	14 078	11 200
Tangible assets	0	0	0	0
	14 078	11 200	14 078	11 200
<i>Current assets</i>				
Inventory	785	790	785	790
Current receivables	1 295	857	1 295	857
Cash and equivalents	1 242	83	1 242	83
(Incl. unutilized share granted credits)	(8 944)	(1 700)	(8 944)	(1 700)
	3 322	1 730	3 322	1 730
Total assets	17 400	12 930	17 400	12 930
EQUITY AND LIABILITIES				
Equity	13 613	9 345	13 613	9 345
Financial liabilities	765	1 578	765	1 578
Operating liabilities	3 022	2 007	3 022	2 007
Total equity and liabilities	17 400	12 930	17 400	12 930
Changes in equity	Q4 2014-2015	Q4 2013-2014	FY 2014-2015	FY 2013-2014
Opening balance	16 185	11 354	9 345	7 511
Equity issues, net	-	-	12 804	9 348
Net profit	-2 572	-2 009	-8 536	-7 514
Closing balance	13 613	9 345	13 613	9 345

YEAR END REPORT

Phase Holographic Imaging PHI AB (publ)

Org. nr. 556542-7811



Cash flow statement (TSEK)	Q4 2014-2015	Q4 2013-2014	FY 2014-2015	FY 2013-2014
<i>Operating activities</i>				
Net result	-2 572	-2 009	-8 536	-7 514
Depreciation	524	525	2 101	2 104
Operating cash flow	-2 048	-1 484	-6 435	-5 410
Increase (-)/decrease (+) in inventories	-490	-474	5	-370
Increase (-)/decrease (+) in current receivables	-335	130	-438	-322
Increase (+)/decrease (-) in operating liabilities	709	87	1 015	79
Change in working capital	-116	-257	582	-613
Cash flow from operating activities	-2 164	-1 741	-5 853	-6 023
<i>Investing activities</i>				
Capitalized development expenditure	-1 638	-550	-4 735	-2 304
Patents	-106	-115	-244	-550
Investments	-1 744	-665	-4 979	-2 854
Cash flow from operating activities	-3 908	-2 406	-10 832	-8 877
<i>Financing activities</i>				
Equity issues, net	0	0	12 804	9 348
Increase (+)/decrease (-) in financial liabilities	107	-1 819	-813	-745
Cash flow from financing activities	107	-1 819	11 991	8 603
Total cash flow	-3 801	-4 225	1 159	-274
Cash and equivalents, beginning of period	5 043	4 308	83	357
Cash flow for the period	-3 801	-4 225	1 159	-274
Cash and equivalents, end of period (Incl. unutilized share granted credits)	1 242 (8 944)	83 (1 700)	1 242 (8 944)	83 (1 700)
Data per share				
	Q4 2014-2015	Q4 2013-2013	FY 2014-2015	FY 2013-2014
Earnings per share, SEK	-0.26	-0.39	-1.12	-1.79
Equity per share, SEK	1.39	1.81	1.39	1.81
Number of shares, end of period	9 809 510	5 162 900	9 809 510	5 162 900
Average number of shares	9 809 510	5 162 900	7 607 144	4 203 152