

2016-02-22

Interim Report May 2015 - January 2016

IN SHORT

- Net sales and planned deliveries by the end of the period (9 months) amounted to 3.2 MSEK, 16 % higher than net sales during the full fiscal year of 2014/15 which amounted to 2.7 MSEK.
- Net sales during the 3rd quarter amounted to 1.0 MSEK. The Company's highest quarterly sales ever.
- The 3rd quarter gross margin rose to 55 %. The gross margin is expected to increase further as additional products and product modules are transferred to series production. During previous fiscal year 2014/15 the gross margin amounted to 32 %.
- An extraordinary general meeting decided on a rights issue and a private placement totaling 40 MSEK.

NOVEMBER 2015 – JANUARY 2016

Net sales	1 004 (798) TSEK
Operating result (EBIT)	-1 917 (-2 173) TSEK
Result before tax	-2 023 (-2 223) TSEK
Net result	-2 023 (-2 223) TSEK
Earnings per share	-0.22 (-0.23) SEK

MAY 2015 – JANUARY 2016

Net sales	2 494 (2 153) TSEK
Operating result (EBIT)	-5 647 (-5 836) TSEK
Result before tax	-5 886 (-5 964) TSEK
Net result	-5 886 (-5 964) TSEK
Earnings per share	-0.60 (-0.86) SEK

CEO COMMENTARY

Profitability reflects how efficient a company can produce and deliver products to its customers. Seen from this perspective the Company has until now only engaged in product development. We have indeed sold close to 100 instruments, but from the greater perspective this is to be regarded as pilot sales to generate customer feedback prior to finalizing the product.

Market acceptance

The Company's instruments are today in operation in 50 cell laboratories, which has resulted in over 40 scientific publications. The Company's main product, HoloMonitor® M4.5, is now in series production. Components are manufactured and kept in stock to provide a steady flow of products from production to customers. Additionally, series production significantly lowers manufacturing cost, which is reflected by the rising gross margin.



Series production of HoloMonitor M4.5

Fund raising

Overall, we have now received the market confirmation which shows that our products are ready for an aggressive marketing effort. We therefore intend to raise funds of 40 MSEK to expand the market organization, but also to transfer an increasing number of products into series production to build the efficient flow of products which leads to profitability.

To on our own create the global distribution capacity needed to establish our products as standard equipment in cell laboratories is very time consuming and resource demanding. Our marketing efforts therefore target a limited number of key markets, and through an accelerating penetration of these markets attract leading industry players with global distribution capacity. The capital injection is crucial for an expansion of the market and will give us financial strength to in a subsequent stage and with a clear intension successfully divest the business, to a value greatly exceeding the value we see today.

IMPORTANT EVENTS

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

NET SALES

3rd quarter net sales amounted to 1 004 (798) TSEK, an increase by 26 % and the Company's highest quarterly sales ever. Year to date, net sales increased by 16 % to 2 494 (2 153) TSEK.

Most customers now order HoloMonitor M4.5 with a motorized stage, which has led to some initial delays of planned shipments. The motorized stage, however, increases customer price with close to 70 %. Future revenues per sold instrument are thereof expected to increase significantly. In total, planned shipments amounted to 745 TSEK by the end of the period.

GROSS MARGIN AND NET RESULT

The 3rd quarter gross margin rose to 55 %. The gross margin is expected to increase further as additional products and product modules are transferred to series production. During previous fiscal year 2014/15 the gross margin amounted to 32 %.

Net result for the 3rd quarter was -2 023 (2 223) TSEK and for year to date -5 886 (-5 964) TSEK.

INVESTMENTS

Investments were primarily made in product and production development, foremost the motorized stage during the 3rd quarter. The development work is conducted by in-house engineers in cooperation with external consultants.

Year to date, the Company has invested 4 095 (3 097) TSEK in product and production development, 90 (138) TSEK in asset protection of patents and trademarks, and 96 (-) TSEK in machinery and equipment.

EQUITY FINANCING

An extraordinary general meeting on February 16 decided on a rights issue and a private placement of respectively 25 069 TSEK and 14 950 TSEK, totaling 40 019 TSEK. 5.3 MSEK of rights issue is guaranteed (conversion of bridge loan). The private placement is entirely guaranteed. The issue price in both offerings is 23.00 SEK per share.

FINANCING

By the end of 2015 the Company was granted a 5.3 MSEK bridge loan, which will be converted to equity in the decided rights issue. Cash and equivalents and unutilized granted credits amounted to 4.9 MSEK by the end of the period.

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

June 13, 2016 Year-end 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)	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Net sales	1 004	798	2 494	2 153	2 712
Cost of products sold	-456	-453	-1 389	-1 382	-1 854
Gross profit	548	345	1 105	771	858
<i>Gross margin</i>	<i>55 %</i>	<i>43 %</i>	<i>44 %</i>	<i>36 %</i>	<i>32 %</i>
Selling expenses	-879	-685	-1 905	-1 739	-2 431
Administrative expenses	-1 003	-878	-3 039	-2 625	-4 016
R&D expenses	-583	-955	-1 808	-2 243	-2 781
Operating result (EBIT)	-1 917	-2 173	-5 647	-5 836	- 8 380
Financial net	-106	-50	-239	-128	-156
Result before tax	-2 023	-2 223	-5 886	-5 964	-8 536
Net result	-2 023	-2 223	-5 886	-5 964	-8 536

Balance sheet (TSEK)	2016-01-31	2015-01-31	2016-01-31	2015-01-31	2015-04-30
ASSETS					
<i>Non-current assets</i>					
Intangible assets	16 736	12 858	16 736	12 858	14 078
Tangible assets	87	0	87	0	0
	16 823	12 858	16 823	12 858	14 078
<i>Current assets</i>					
Inventory incl. lent products	1 293	295	1 293	295	785
Current receivables	1 167	960	1 167	960	1 295
Cash and equivalents	2 871	5 043	2 871	5 043	1 242
	5 331	6 298	5 331	6 298	3 322
<i>Cash and equivalents incl. unutilized share of granted credits</i>	<i>4 871</i>	<i>7 039</i>	<i>4 871</i>	<i>7 039</i>	<i>8 944</i>
Total assets	22 154	19 156	22 154	19 156	17 400
EQUITY AND LIABILITIES					
Equity	7 727	16 186	7 727	16 186	13 613
Financial liabilities	11 455	657	11 455	657	765
Operating liabilities	2 972	2 313	2 972	2 313	3 022
	22 154	19 156	22 154	19 156	17 400

Changes in equity	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Opening balance	9 750	18 409	13 613	9 345	9 345
Equity issues, net	–	–	–	12 804	12 804
Net profit	-2 023	-2 223	-5 886	-5 964	-8 536
Closing balance	7 727	16 186	7 727	16 186	13 613
Closing balance (incl. bridge loan)	12 991*	16 186	12 991*	16 186	13 613
Equity ratio (incl. bridge loan)	59 %*	84 %	59 %*	84 %	78 %

*Given value includes the 5.3 MSEK bridge loan which will be converted to equity in the decided rights issue.

Cash flow statement (TSEK)	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
<i>Operating activities</i>					
Net result	-2 023	-2 223	-5 886	-5 964	-8 536
Depreciation	483	514	1 536	1 577	2 101
Operating cash flow	-1 540	-1 709	-4 350	-4 387	-6 435
Incr. (-)/decr. (+) in inventories	75	174	-508	495	5
Incr. (-)/decr. (+) in current receivables	330	-63	128	-102	-438
Incr. (+)/decr. (-) in operating liabilities	923	1 055	-50	306	1 015
Change in working capital	1 328	1 166	-430	699	582
Cash flow from operating activities	-212	-543	-4 780	-3 688	-5 853
<i>Investing activities</i>					
Capitalized development expenditure	-1 873	-1 360	-4 095	-3 097	-4 735
Patents and trademarks	0	-25	-90	-138	-244
Investments	-48	–	-96	–	-4 979
Cash flow after investments	-2 133	-1 928	-9 061	-6 923	-10 832
<i>Financing activities</i>					
Equity issues, net	–	–	–	12 804	12 804
Incr. (+)/decr. (-) in financial liabilities	4 314	-508	10 690	-921	-813
Cash flow from financing activities	4 314	-508	10 690	11 883	11 991
Cash flow for the period	2 181	-2 436	1 629	4 960	1 159
Cash and equiv, beginning of period	690	7 479	1 242	83	83
Cash and equivalents, end of period	2 871	5 043	2 871	5 043	1 242
<i>Incl. unutilized share of granted credits</i>	4 871	7 039	4 871	7 039	8 944

Data per share	Q3 2015/16	Q3 2014/15	YTD 2015/16	YTD 2014/15	FY 2014/15
Earnings per share, SEK	-0.22	-0.23	-0.60	-0.86	-1.12
Equity per share, SEK	0.79	1.65	0.79	1.65	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	6 896 961	7 607 144
Share price	28.20	8.55	28.20	8.55	8.40