

# INTERIM REPORT 1 2017-05-01 – 2017-07-31

## Phase Holographic Imaging PHI AB (publ)

September 11, 2017

### MAY-JULY 2017

Net sales	660 (832) TSEK
Operating result before depreciation (EBITDA)	-1 933 (-686) TSEK
Net result	-3 215 (-1 730) TSEK
Earnings per share	-0.28 (-0.15) SEK

### IN SHORT

- The gross margin for the quarter was 72 (42) %.
- A first assay in a series of software assays to be launched during the fall.
- All option holders have requested to exercise all their options.
- The EU funded cancer diagnostic project Glycolmaging have started.
- Additional HoloMonitor units deployed at Malmö University (2 units) and Umeå University.
- During the period, 10 additional scientific articles based on HoloMonitor were published.
- The total value of orders received after the period amounted to 307 TSEK on the day of the report.



*Reassured by secured production and product reliability, a growing number of quotation requests and a flood of scientific publications, we look forward to future sales, although market inertia resulted in that we saleswise did not quite achieve what we wanted during the first fiscal quarter May – July.*



### Assays create additional sales

A laboratory assay describes with a protocol how a certain test should be carried out and provides the accessories specific for the test. Home delivered meal service is an assay for cooking dinner. It contains the protocol (the recipe) and the accessories (the ingredients) you are not expected to have at home. Just like a meal service, an assay is a consumable. With an assay it is only possible to perform a limited number of tests. This gives companies providing laboratory equipment two revenue sources: the instrument sale itself, but also recurring revenues by selling assays.

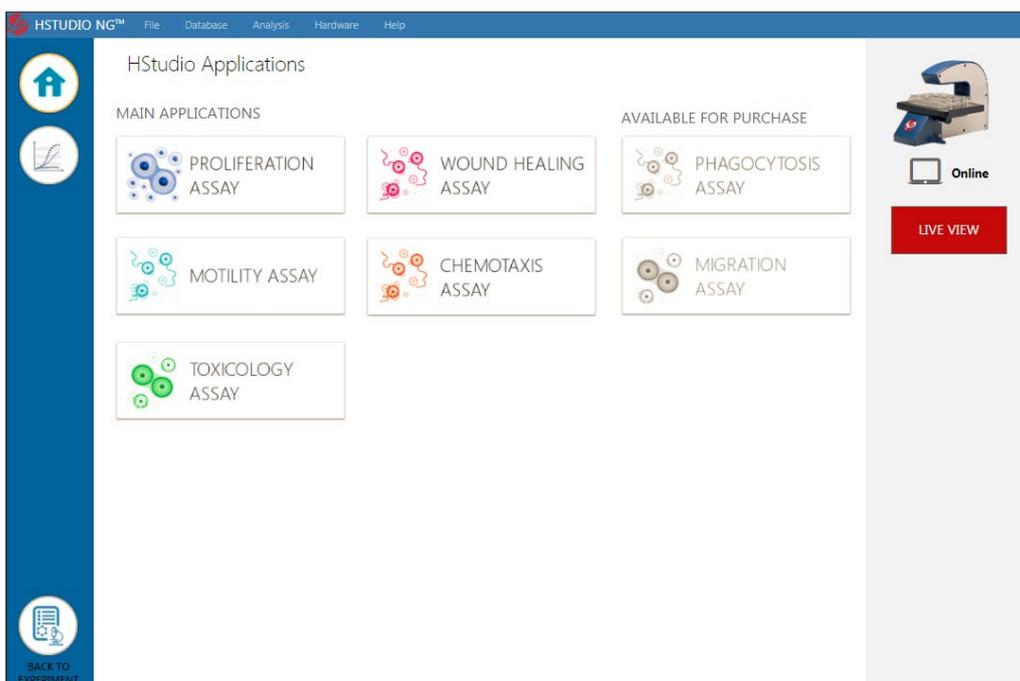


*This coming fall we will launch a first assay in a series of software assays.*

### Software assays

When a conventional assay is used, a stain is often added which destructively reacts with the cells. This results in that the cell sample cannot be reused to measure additional cellular characteristics. One of HoloMonitor competitive advantages is that it can measure cells without stains, making it possible to measure a range of cellular characteristics using the same sample. This coming fall we will launch a first assay in a series of **software assays**.

Instead of a typical paper protocol, a software assay is a software module (app) which guides the user to measure a specific characteristic. By online licensing a series of software assays HoloMonitor users can easily measure multiple cellular characteristics using the same sample, in a way conventional destructive assays do not allow.



**The new HoloMonitor software which is being developed.** As additional software assays are released, HoloMonitor users will be able to measure an increasing number of cellular characteristics by online purchasing additional software modules.

## Glycolmaging

Cancer is diagnosed by using antibodies. Antibodies are molecules created by our immune system to only fit and attach with its molecular counterpart, like Yin and Yang. On cancer cells some molecules are more common than on healthy cells. Antibodies created to attach with these specific molecules and which have been modified to become visible in a microscope are thereof used to identify cancer cells in tissue samples. However, the antibodies which are used today are produced biologically, making them expensive and limiting their ability to detect and diagnose cancer.



*If Glycolmaging succeeds, it will be possible to detect and diagnose cancer at a much earlier stage than what is possible today.*

During the fall of 2016, EU granted the Glycolmaging project 2.1 million euro. Glycolmaging is a collaboration between PHI, Malmö University and four other research institutions, aiming to develop plastic antibodies and innovative imaging techniques to identify cancer cells. If Glycolmaging achieves its ambitious goal, it will be possible to detect and diagnose cancer more cost efficiently at a much earlier stage than what is possible today, which is EU's motive for the grant.

After recruiting scientists during the spring, the project is now staffed to begin the development work. PHI's representative, Louise Sternbaek began her EU funded position at PHI now in September. More information about Glycolmaging and the collaboration with Malmö University can be read [here](#). See also the press release from November 17 2016 [here](#).



Reassured by secured production and product reliability, a growing number of quotation requests and a flood of scientific publications, we look forward to future sales, although market inertia resulted in that we saleswise did not quite achieve what we wanted during the first fiscal quarter May – July.



  
Peter Egelberg, CEO

## NET SALES AND RESULT

Net sales for the first quarter amounted to 660 (832) TSEK and operating result before depreciation (EBITDA) to -1 933 (-686) TSEK. Net result amounted to -3 215 (-1 730) TSEK.

Overhead costs increased as a result of intensified product development and marketing, compared to the same period previous year. The change in R&D expenses (see income statement) is associated with intensified R&D, a larger proportion of direct costing and increased depreciation.

The gross margin amounted to 72 (42) %. The high margin compared to the same period previous year is associated with a large proportion of direct sales and lower production costs, as production has entirely moved to serial production.

## INVESTMENTS

During the period, the Company invested 1 378 (1 864) TSEK, primarily in product, production and application development.

## FINANCING

Cash and equivalents and unutilized granted credits amounted to 17 317 (29 142) TSEK by the end of the period. The equity ratio was 73 (80) %. Through exercise of options, equity increased by 882 TSEK during the quarter.

## OPTIONS PROGRAMS

Phase Holographic Imaging (PHI) has two option programs, both with a final subscription date of October 24, 2017. The programs, directed to board members and advisors of the Company, were implemented as the Company was listed on AktieTorget. The options were market valued according to Black & Scholes.

By the end of the period, options corresponding to 93 250 shares have been exercised. Requests to exercise the remaining options, corresponding to 158 915 shares, have now been received as well. Requests to exercise all options in both programs have thus been received. The total dilution of the options programs amount 2.1 %.

## RISKS

The Company may be affected by various factors, described in the 2016/17 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 auditors of the Company.

The information is such that Phase Holographic Imaging PHI AB (publ) is obligated to disclose pursuant to the Swedish Securities Market Act and/or the Financial Instruments Trading Act.

## 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

- December 18, 2017      Q2 report, 2017/18

## 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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## INCOME STATEMENT (TSEK)

	Q1 2017/18	Q1 2016/17	FY 2016/17
Net sales	660	832	4 127
Cost of products sold	-183	-479	-1 994
Gross profit	477	353	2 133
Gross margin	72 %	42 %	52 %
Selling expenses	-738	-528	-2 685
Administrative expenses	-1 181	-1 066	-4 155
R&D expenses*	-1 705	-415	-5 408
Operating result	-3 147	-1 656	-10 115
(Operating result before depreciation)	(-1 933)	(-686)	(-6 039)
Financial net	-68	-74	-301
Result before tax	-3 215	-1 730	-10 416
Net result	-3 215	-1 730	-10 416

\*The change in R&D expenses compared to previous year is associated with intensified R&D, a larger proportion of direct costing and increased depreciation.

## BALANCE SHEET (TSEK)

	2017-07-31	2016-07-31	2017-04-30
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	21 371	19 218	21 306
Tangible assets	732	78	633
Total non-current assets	22 103	19 296	21 939
<b>Current assets</b>			
Inventory	817	1 349	1 283
Current receivables	1 140	1 560	1 831
Cash & equivalents	15 317	27 142	18 452
Total current assets	17 274	30 051	21 566
(Cash & equivalents incl. unutilized credits)	17 317	29 142	20 452
<b>Total assets</b>	<b>39 377</b>	<b>49 347</b>	<b>43 505</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	28 829	39 476	31 162
Financial liabilities	6 000	6 048	6 000
Operating liabilities	4 548	3 823	6 343
Total equity and liabilities	39 377	49 347	43 505

## CHANGES IN EQUITY (TSEK)

	Q1 2017/18	Q1 2016/17	FY 2016/17
Opening balance	31 162	41 206	41 206
Equity issues, net	882	–	372
Net profit	-3 215	-1 730	-10 416
Closing balance	28 829	39 476	31 162
Equity ratio	73 %	80 %	72 %

## CASH FLOW STATEMENTS (TSEK)

	Q1 2017/18	Q1 2016/17	FY 2016/17
<b>Operating activities</b>			
Net result	-3 215	-1 730	-10 416
Depreciation	1 214	970	4 076
Operating cash flow	-2 001	-760	-6 340
Incr. (-)/decr. (+) in inventories	466	-168	-102
Incr. (-)/decr. (+) in current receivables	691	166	-105
Incr. (+)/decr. (-) in operating liabilities	-1 795	254	2 774
Change in working capital	-638	252	2 567
Cash flow from operating activities	-2 639	-508	-3 773
<b>Investing activities</b>			
Capitalized development expenditure	-1 239	-1 864	-6 807
Patents and trademarks	-	-	-237
Machinery and equipment	-139	-	-569
Cash flow after investments	-4 017	-2 372	-11 386
<b>Financing activities</b>			
Equity issues, net	882	-	372
Incr. (+)/decr. (-) in financial liabilities	0	-71	-119
Cash flow from financing activities	882	-71	253
Cash flow for the period	-3 135	-2 443	-11 133
Cash and equiv, beginning of period	18 452	29 585	29 585
Cash and equivalents, end of period	15 317	27 142	18 452
(Incl. unutilized share of granted credits)	17 317	29 142	20 452

## DATA PER SHARE

	Q1 2017/18	Q1 2016/17	FY 2016/17
Earnings per share (SEK)		-0.15	-0.90
Equity per share (SEK)	2.48	3.42	2.69
Number of shares, end of period	11 642 705	11 549 455	11 576 939
Average number of shares	11 605 533	11 549 455	11 552 542
Share price, end of period	54.50	24.50	30.30