



INTERIM REPORT 3 (2020-11-01 – 2021-01-31)

Phase Holographic Imaging PHI AB (publ)
Lund, March 16th, 2021

NOVEMBER 2020 – JANUARY 2021

Net sales	770 (1 764) KSEK
Operating result before depreciation (EBITDA)	-3 719 (-3 906) KSEK
Net result	-5 531 (-5 858) KSEK
Earnings per share	-0.38 (-0.41) SEK
Gross margin	54 (59) %

MAY 2020 – JANUARY 2021

Net sales	1 727 (3 246) KSEK
Operating result before depreciation (EBITDA)	-11 214 (-14 103) KSEK
Net result	-16 725 (-19 775) KSEK
Earnings per share	-1.16 (-1.37) SEK
Gross margin	64 (61) %

IN SHORT

- The second wave of the pandemic restricted sales during the 3rd quarter.
- However, the situation has improved significantly since late January.
- Unless a third wave restricts sales again, it is anticipated that sales during the 4th quarter will compensate for the postponed sales of the 3rd quarter.
- Since last summer, the company has worked intensively to prepare for the post-pandemic market by developing digital sales & marketing and accelerating the development of the HoloMonitor fluorescence module.

CEO COMMENTARY

As predicted by many, the winter brought a second wave of the pandemic, which perfectly coincided with our 3rd quarter (November – January). Again, customer labs closed, and the staff was once more sent home to weather the pandemic.

Fortunately, the situation has improved considerably since the second wave began to subside in late January. Labs have now started to reopen, which has allowed us to resume onsite sales activities in the US. Unless yet another wave forces customer labs to close a third time, we anticipate that sales during our 4th and final fiscal quarter will compensate for the delayed sales due to the second wave during the 3rd quarter.

The “new normal”

The new normal will be different from the old normal. The old and familiar way of selling and marketing products between businesses through tradeshow and physical sales calls will change. It is likely that also after the pandemic, physical customer visits will be limited to demonstrations and product installations that require physical presence.

The pandemic has taught us how much more cost-effective the new normal of digital marketing and online sales are. In the new normal, a face-to-face sales call is achieved in an hour or so, no matter where the customer is located. Few will want to go back to when a sales call involved more expenses, traveling and CO₂ emissions than spending time with the customer.

Approximately 450 million additional vaccine doses need to be administered to fully vaccinate 75% of the United States population. At the current vaccination rate of 2 million doses per day, we can look forward to the beginning of the end of the pandemic and the “new normal” in the world’s largest market by fall this year.

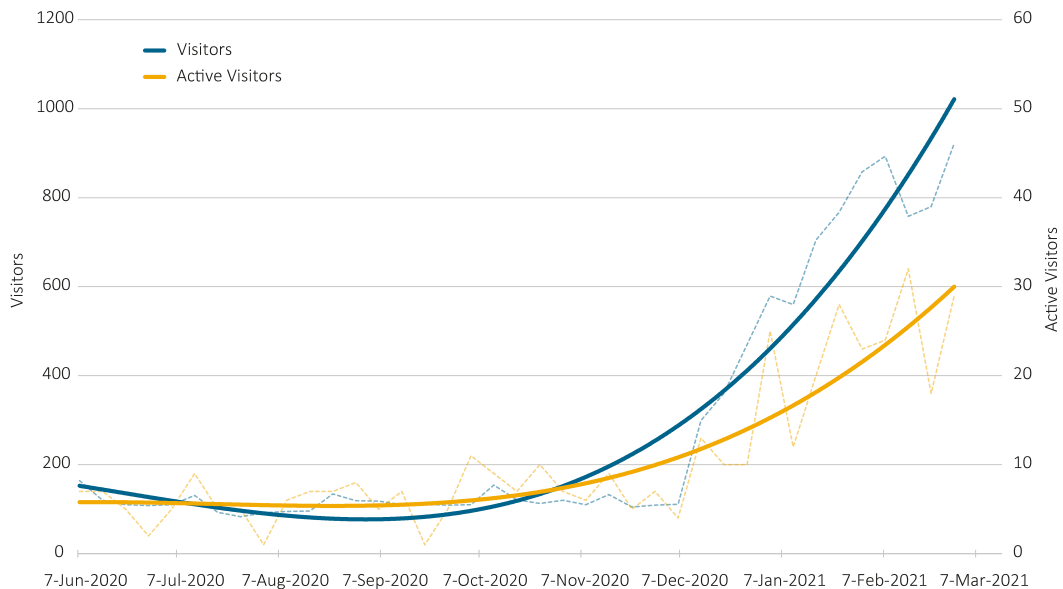
Source: covid.cdc.gov/covid-data-tracker

Since last summer, we have worked intensively to take advantage of the new normal by completely switching to digital sales and marketing, but also by accelerating the development of the sought-after fluorescence module.

Digital sales & marketing

Digital sales & marketing essentially means that everything that can be done online shall be done online — from lead generation to service. The wealth of statistical data makes it possible to predict the effect and result of marketing campaigns, which is already practiced today within e-commerce and social media.

The graph below displays the number of visits to phiab.com per week from our Google Search adverts. It also displays how many of these visitors show an interest in our products by actively interacting with the website.



Suppose it is possible to determine a relationship between the two curves and increased revenues. It would then be possible to determine the needed investment in digital advertising to achieve the desired revenue increase. The possibility of predicting future revenues through statistical data analysis is something we certainly intend to explore further.

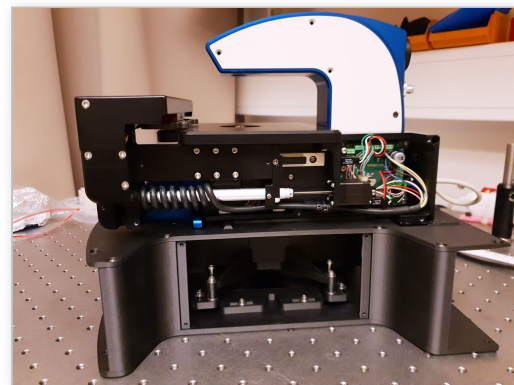
The fluorescence project

To find cures for non-infectious diseases like cancer and Alzheimer's, it is critical to understand what role our genes play in such diseases. Fluorescence labeling of cells is the go-to method to study the genetic activity of cells.

However, fluorescence labeling has a significant disadvantage. The method is toxic to the cells and thus changes the behavior that the method is intended to observe, which of course reduces the value of the research results.

To date, there has been no good solution to this problem. The integration of holographic and fluorescence microscopy in a single instrument solves this long-standing issue.

The combination of the two techniques reduces the number of fluorochromes that need to be added and the need to activate added fluorochromes, which means that the negative effect the fluorescence labeling has on the cells is reduced to a minimum.



After an initial proof-of-concept, the first prototype of such an instrument has now been manufactured using 3D-printing techniques (above). The fluorescence project now enters a phase of internal testing, technical iterations, and software development. When circumstances so permit, this will be followed by external evaluations of pre-production units at [Lund University Cancer Centre](#) and [National Institute on Aging](#) in Baltimore, among others.



Digital sales & marketing will fundamentally change the way business is done in our part of the life science industry. In the new normal, technology providers like PHI will take the front seat and control how their products are sold and marketed, which wasn't the case in the old normal.

Peter Egelberg, CEO

In the spirit of doing everything online that can be done online, this report has been written online and directly in HTML. This and future reports can be comfortably read on any device, including the financial tables. Those who prefer to print and read the report on paper can do so by pressing the button below.

NET SALES AND RESULT

Net sales for the third quarter amounted to 770 (1 764) KSEK and operating result before depreciation (EBITDA) to -3 719 (-3 906) KSEK. Net result amounted to -5 531 (-5 858) KSEK.

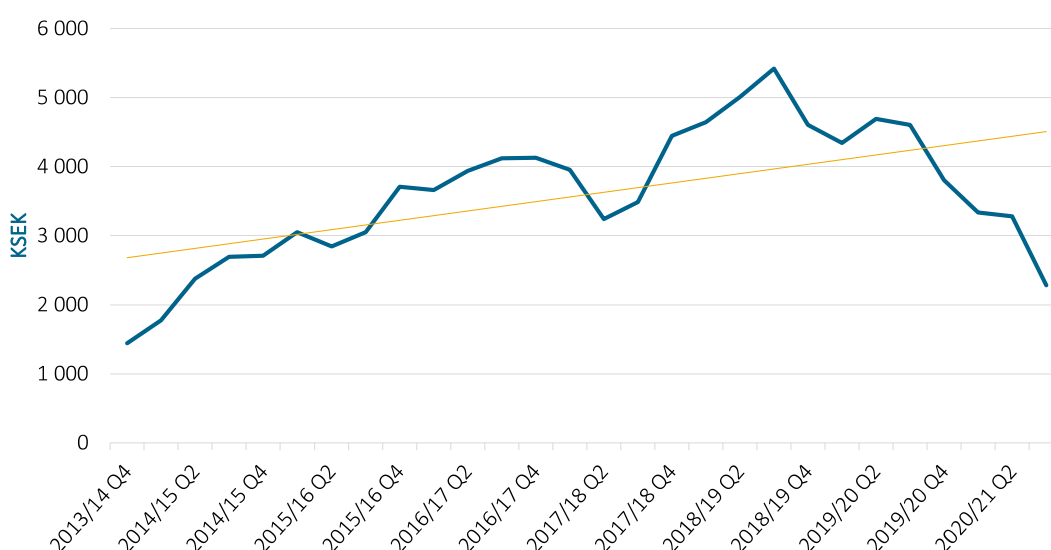
INVESTMENTS

With an emphasis on application development and development of fluorescence capability, the company invested 1 000 (862) KSEK in product, patent and application development during the period.

FINANCING

Cash, cash equivalents and unutilized granted credits amounted to 36 631 (22 663) KSEK by the end of the period. The equity ratio was 55 (82) %.

Rolling 12-month sales with trendline



RISKS

The company may be affected by various factors, described in the 2019/20 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 company's auditor.

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 uncertainty, like all statements about the future.

CALENDAR

June 24, 2021 Year-end report

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

For additional information please contact:

Peter Egelberg

Tel: +46 703 19 42 74

E-mail: ir@phiab.se

Web: www.phiab.com

CONSOLIDATED – PHI GROUP

Income statement (KSEK)

	Q3 2020/21	Q3 2019/20	YTD 2020/21	YTD 2019/20	FY 2019/20
Net sales	770	1 764	1 727	3 246	3 803
Cost of products sold	-352	-721	-699	-1 275	-1 500
Gross profit	418	1 043	1 028	1 971	2 303
<i>Gross margin</i>	<i>54%</i>	<i>59%</i>	<i>64%</i>	<i>61%</i>	<i>61%</i>
Selling expenses	-1 780	-2 395	-5 262	-6 545	-8 756
Administrative expenses	-1 450	-1 668	-5 309	-4 852	-6 428
R&D expenses	-2 988	-2 725	-9 149	-10 150	-13 538
Operating income	249		1 972		367
Operating result (EBIT)	-5 551	-5 745	-16 720	-19 576	-26 052
Financial net	20	-113	-5	-199	-261
Result before tax (EBT)	-5 531	-5 858	-16 725	-19 775	-26 313
Net Result (EAT)	-5 531	-5 858	-16 725	-19 775	-26 313

Balance sheet (KSEK)

	Q3 2020/21	Q3 2019/20	FY 2019/20
ASSETS			
Non-current assets			
Intangible assets	14 213	17 488	16 735
Tangible assets	427	817	704
Total non-current assets	14 640	18 305	17 439
Current Assets			
Inventory	1 661	1 720	1 530
Short-term receivables	2 546	2 321	2 590
Cash and equivalents	3 381	20 663	14 484
Total current assets	7 588	24 704	18 604
Total assets	22 228	43 009	36 043
EQUITY AND LIABILITIES			
Equity	12 174	35 381	28 896
Financial liabilities	4 250	750	1 125
Operating liabilities	5 804	6 878	6 022
Total equity and liabilities	22 228	43 009	36 043

Changes in equity (KSEK)

	Q3 2020/21	Q3 2019/20	FY 2019/20
Opening Balance	17 675	40 777	37 653
Equity issues, net	0	445	17 487
Net profit	-5 531	-5 858	-26 313
Translation difference	30	17	69
Closing balance	12 174	35 381	28 896
Equity ratio	55%	82%	80%

Cash flow analysis (KSEK)

	Q3 2020/21	Q3 2019/20	YTD 2020/21	YTD 2019/20	FY 2019/20
Operating activities					
Net result	-5 531	-5 858	-16 725	-19 775	-26 313
Depreciation	1 832	1 839	5 506	5 521	7 360
Translation difference	0				79
Operating cash flow	-3 699	-4 019	-11 219	-14 254	-18 896
Increase (-)/decrease (+) in inventories	-57	-569	-131	-338	-148
Increase (-)/decrease (+) in operating receivables	435	548	-35	102	-88
Increase (+)/decrease (-) in operating liabilities	-298	-79	-139	-574	-1 272
Change in working capital	80	-100	-305	-810	-1 508
Cash flow from operating activities	-3 619	-4 119	-11 524	-15 064	-20 404
Investing activities					
Development expenses	-1 000	-862	-2 707	-2 015	-2 729
Patents	0	0	0	-204	-266
Tangible assets	0	0	0	0	-175
Cash flow after investments	-4 589	-4 981	-14 231	-17 283	-23 653
Financing activities					
Net proceeds from equity issues	0	445	3	17 740	17 487
Increase (+)/decrease (-) in borrowings	-375	-375	3 125	-1 125	-750
Cash flow from financing activities	-375	70	3 128	16 615	16 737
Cash flow for the period	-4 964	-4 911	-11 103	-668	-6 847
Cash and cash equivalents at the beginning of the period	8 345	25 574	14 484	21 331	21 331
Cash and cash equivalents at the end of the period	3 381	20 663	3 381	20 663	14 484
<i>(Incl. unutilized credits)</i>	<i>36 631</i>	<i>22 663</i>	<i>36 631</i>	<i>22 663</i>	<i>16 484</i>

Data per share

	Q3 2020/21	Q3 2019/20	YTD 2020/21	YTD 2019/20	FY 2019/20
Earnings per Share, SEK	-0.38	-0.41	-1.16	-1.37	-1.83
Equity per share, SEK	1.23	2.62	1.23	1.54	2.01
Number of Shares, end of period	14 394 971	14 394 971	14 394 971	14 394 971	14 394 971
Average number of shares	14 394 971	14 392 908	14 394 971	14 383 755	14 386 521
Share price end of period	25.30	36.40	25.30	36.40	36.40

PARENT COMPANY

Income statement (KSEK)

	Q3 2020/21	Q3 2019/20	YTD 2020/21	YTD 2019/20	FY 2019/20
Net sales	449	1 764	1 586	3 159	3 716
Cost of products sold	-101	-721	-682	-1 275	-1 502
Gross profit	348	1 043	904	1 884	2 214
<i>Gross margin</i>	<i>78%</i>	<i>59%</i>	<i>57%</i>	<i>60%</i>	<i>60%</i>
Selling expenses	-1 316	-2 395	-3 719	-6 545	-8 756
Administrative expenses	-1 450	-1 616	-5 309	-4 740	-5 814
R&D expenses	-2 988	-2 725	-9 149	-10 150	-13 538
Other Income	249		1 972		367
Operating result (EBIT)	-5 157	-5 693	-15 301	-19 551	-25 527
Financial net	20	-113	-5	-199	-261
Result before tax (EBT)	-5 137	-5 806	-15 306	-19 750	-25 788
Net Result (EAT)	-5 137	-5 806	-15 306	-19 750	-25 788

Balance sheet (KSEK)

	Q3 2020/21	Q3 2019/20	FY 2019/20
ASSETS			
Non-current assets			
Intangible assets	14 213	17 488	16 735
Tangible assets	427	817	704
Financial assets	942	942	942
Total non-current assets	15 582	19 247	18 381
Current Assets			
Inventory	1 452	1 720	1 530
Short-term receivables	4 052	2 275	2 648
Cash and equivalents	2 996	19 774	13 940
Total current assets	8 500	23 769	18 118
Total assets	24 082	43 016	36 499
EQUITY AND LIABILITIES			
Equity	14 045	35 389	29 352
Financial liabilities	4 250	750	1 125
Operating liabilities	5 787	6 877	6 022
Total equity and liabilities	24 082	43 016	36 499