

# Interim Report 2 2023/24

Phase Holographic Imaging PHI AB (publ)

Lund, December 21, 2023

## AUGUST 2023 – OCTOBER 2023

Net sales	1 225 (2 732) KSEK
Operating result before depreciation (EBITDA)	-4 037 (-4 325) KSEK
Net result	-5 375 (-5 304) KSEK
Earnings per share	-0.23 (-0.26) SEK
Gross margin	71 (59) %

## MAY 2023 – OCTOBER 2023

Net sales	3 951 (4 767) KSEK
Operating result before depreciation (EBITDA)	-6 389 (-9 173) KSEK
Net result	-9 675 (-11 057) KSEK
Earnings per share	-0.47 (-0.54) SEK
Gross margin	74 (53) %

## IN SHORT

- This quarter marked a strategic shift in our global sales organization, affecting our Q2 sales.
- Post-Q2, Altium was ratified as a global PHI distributor on November 14, 2023.
- In a multi-day training in Istanbul, over 35 sales representatives were trained on HoloMonitor — a historic number and more than PHI ever had.
- Altium's intensified support as our largest investor solidifies them as a long-term partner. This is crucial for scaling our pre-clinical sales and focusing on QPI technology development for regenerative medicine.
- Our focus remains on aiming for the clinical market through ongoing GMP efforts, establishing a quality management system, and progressing rapidly at our WFIRM-based PHI development office.



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## CEO Commentary

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### Sales

#### A period of transition

The autumn quarter marked new beginnings and strengthened partnerships for PHI. Due to our strategic shift, we had to terminate some distributors and, at the same time, wait for the approval of the extraordinary shareholders meeting on November 14 to initiate our major shareholder, **Altium**, as our new global distribution partner. Unfortunately, the timing was inconvenient and impacted our Q2 sales this year, but we believe in the long-term success of this sales organization shift.


I see a trusted long-term partner in Altium who enriches us with a vast network and industry expertise, which are key to expanding our market footprint. Their commitment to opening new markets and the right to subcontract distributors directly is a testament to the strength of our collaboration.

The strategic shift of our sales to Altium's network enables our team to concentrate on what we do best: innovating with QPI technology, particularly focusing on product development for regenerative medicine. We envision that Altium's infrastructure and connections will elevate our HoloMonitor product line across various markets and support our development toward positive cash flow and financial sustainability.

## Business Development

### Advancing regenerative medicine

Our goal is clear: make QPI the gold standard in cell therapy quality control, advancing regenerative medicine to be safe, accessible, and affordable for patients. Our integral role at the Wake Forest Institute for Regenerative Medicine (WFIRM) highlights this commitment.



*WFIRM's physicians and scientists were the first in the world to engineer laboratory-grown organs that were successfully implanted into humans.*

We are proud to be a part of WFIRM's interdisciplinary landscape and our involvement with the [RegeneratOR Test Bed](#). WFIRM Director Dr. Anthony Atala emphasizes the critical role of state-of-the-art facilities like the Test Bed to support novel prototyping and commercial product development for regenerative therapies. Naturally, we endorsed WFIRM's \$160 million [NSF innovation grant](#) bid this autumn, and we're looking forward to the announcement of the winners.

Alongside our projects at WFIRM, we're developing a quality management system for PHI, aligning our strategies with the clinical market's evolving needs. This dual focus underscores our dedication to regenerative medicine and expansion to the clinical market.

Furthermore, we were proud during this quarter to present the PHI Board's proposal for a direct share issue of 9.9 MSEK to our largest investor, Altium. It strengthened our partnership with Altium and stabilized our financial footing. I welcome Altium's strong signal and the trust in the PHI team, enabling us to accelerate our GMP and regenerative medicine projects. As Goran Dubravčić, Altium CEO and PHI Chairman of the Board, highlights in the BioStock interview, "[Altium fuels PHI's forward drive](#)", their involvement is not just as an investor but as a partner with a shared vision for the future.

## Embracing PHI's transformation

We are in a transformative era at PHI, advancing steadily to the much larger clinical market and regenerative medicine. This year marks a pivotal moment, as we have secured a trusted long-term partnership and significant investment from Altium. This collaboration has injected a new level of confidence in our mission to establish HoloMonitor's QPI technology as the gold standard in cell quality control. The strategic shift in our sales approach represents a significant move for PHI. It allows us to sharpen our focus on what we do best: innovation and product development. With Altium by our side and our central involvement at WFIRM, I see us optimally positioned, even as a small company. This quarter's strategic shifts signal a transformative period for PHI, setting the stage for our future.

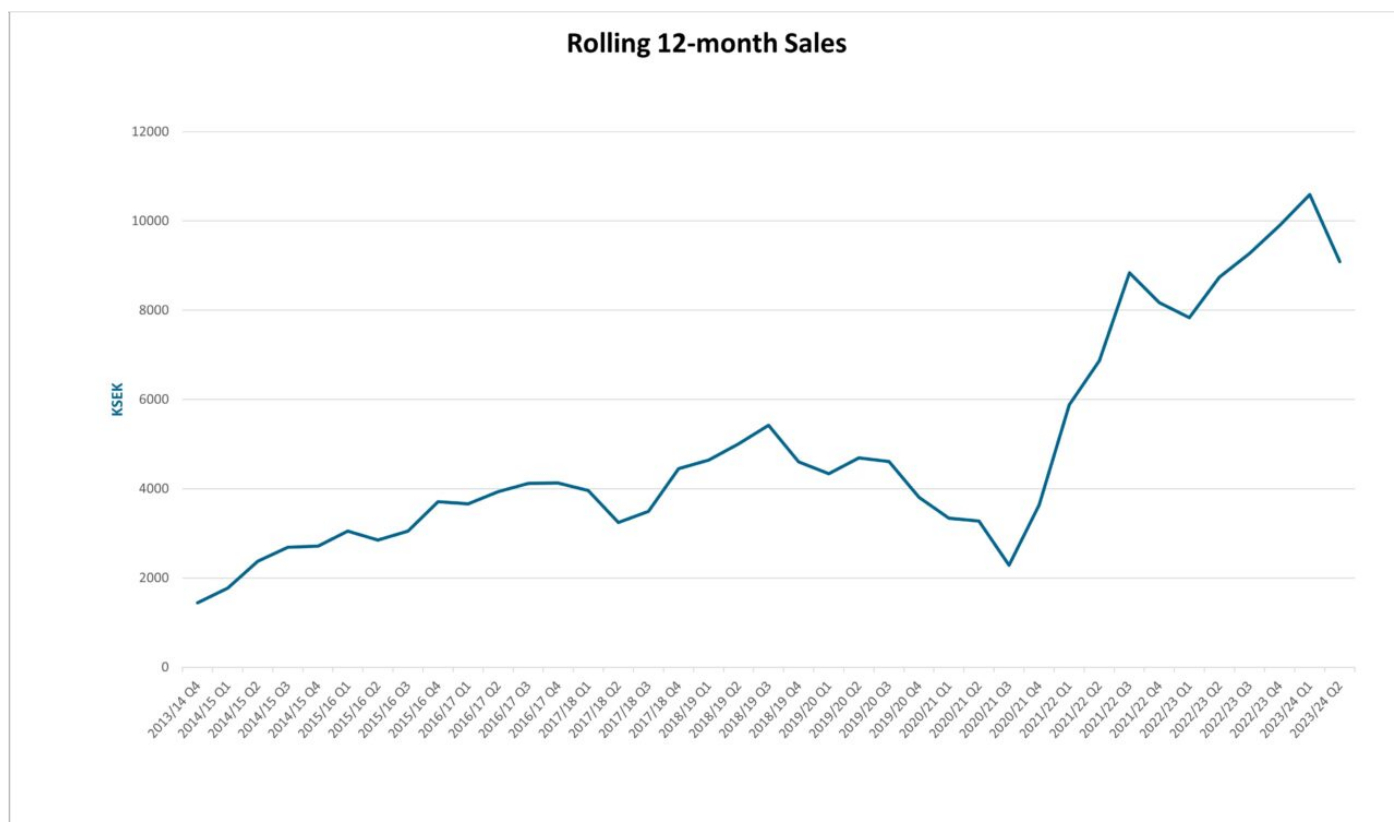
**Wishing you a joyous holiday and God Jul.**



**Patrik Eschricht, CEO**

## NET SALES AND RESULT

Net sales for the first quarter amounted to 1 225 (2 732) KSEK and operating results before depreciation (EBITDA) to -4 037 (-4 325) KSEK. The net result amounted to -5 375 (-5 304) KSEK.



## INVESTMENTS

With an emphasis on regenerative medicine and the development of fluorescence capability, the company invested 2 009 (864) KSEK in the product, patent, and application development during the period.

## FINANCING

Cash, cash equivalents, and unutilized granted credits amounted to 787 (22 415) KSEK by the end of the period. The equity ratio was 17 (34) %.

*\*Note: Cash equivalents were restored after quarter 2 closing by a direct issue to Altium.*

## Warrants of series TO 3

On 2 May 2023, the exercise period for warrants of series TO 3 ("TO 3"), which were issued in connection with Phase Holographic Imaging PHI AB's ("PHI" or the "Company") rights issue of units that were announced on 22 February 2022, ended. 3 201 739 warrants of series TO 3 were exercised, corresponding to a subscription ratio of approximately 95.1 percent. Thus, the underwriting commitment relating to TO 3, which the Company agreed on during the exercise period, was activated. The decision on a directed share issue of 163 666 shares, corresponding to the remaining approximately 4.9 percent of the warrant exercise, to the underwriter Altium SA ("Altium") was taken, with the support of the authorization given by the annual general meeting held on 31 October 2022. The proceeds of the TO 3 warrants amount to approximately SEK 12.7 million before the deduction of transaction-related costs, corresponding to a subscription rate of 100 percent.

## Warrants of series TO 4

Each warrant of series TO 4 entitles to subscribe for one (1) new share in PHI during the period from and including 12 September 2024 to and including 3 October 2024. The exercise price amounts to 70 % of the volume-weighted average price during a period prior to option redemption, within the interval 0.20 SEK as the lowest, and with 15.45 SEK per new share as the highest exercise price. Upon full exercise of warrants of series TO 4 at the highest exercise price (15.45 SEK per new share), the warrants will provide the company with approximately 20.8 MSEK before issue costs.

## Convertibles

The convertible loan to Formue Nord Fokus A/S end of October 2023 amounts to 20 230 000 SEK with the following terms:

- **Number of convertibles:** 1 700 000 convertibles, which entails the right to subscribe for 1 700 000 new shares.
- **Conversion rates:** 11.90 SEK per new share until 2 May 2023 (last day in the exercise period for warrants of series TO 3) and 15.45 SEK per new share from May 3, 2023, until October 16, 2024.
- **Conversion period:** the convertible holder is entitled during the period from the date of payment to October 16 2024 to convert the loan into shares.
- **Maturity:** in the event that the entire loan is not converted, repayment of the loan and interest must take place no later than October 16, 2024. The company has the right to repay all or part of the convertible loan at any time until the due date, after which Formue Nord has the opportunity to accept repayment or request conversion according to the above conversion rates.

- **Interest:** the convertibles run at a quarterly interest rate of 3%.

### \*Note: Change of ownership convertibles after quarter 2 closing

In November, Altium acquired the convertibles from Formue Nord A/S. On the take-over day, PHI had re-paid 6 360 KSEK on the convertible loan including accumulated interest. The convertible loan net amount that Altium took over amounted to 17 841 KSEK and the number of outstanding convertibles to 1 449 277 new shares.

## Dilution of shares

Total shares April 30, 2023	20 452 700
TO 3 (April 2023, registered at Bolagsverket May 2023)	3 365 405
TO 4 (September 2024)	1 346 162
Convertibles	1 449 277
TOTAL	26 613 544

## RISKS

The company may be affected by various factors, described in the 2021/22 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

- End of September: Publication of annual report, which will be available in our office in Lund and on [www.phiab.com](http://www.phiab.com)
- 27th of March, 2024, Interim Report 3 2023/24

## ABOUT PHI

Phase Holographic Imaging (PHI) develops and markets instrumentation for non-invasive time-lapse imaging. The company's HoloMonitor product line is used for long-term quantitative analysis of living cell cultures, particularly in preclinical research and regenerative medicine. PHI is based in Lund, Sweden and Boston, Massachusetts.

On behalf of the Board of Directors  
Patrik Eschricht, CEO

**For additional information, please contact:**

Patrik Eschricht

Tel: +46 702 69 99 61

E-mail: [ir@phiab.com](mailto:ir@phiab.com)

Web: [www.phiab.com](http://www.phiab.com)



# CONSOLIDATED – PHI GROUP

## Income statement (KSEK)

	Q2 2023/24	Q2 2022/23	YTD 2023/24	YTD 2022/23	FY 2022/23
Net sales	1 225	2 732	3 951	4 767	9 900
Cost of products sold	-351	-1 121	-1 016	-2 235	-4 832
Gross profit	874	1 611	2 935	2 532	5 068
Gross margin	71%	59%	74%	53%	51%
Selling expenses	-2 623	-2 582	-5 395	-5 660	-10 468
Administrative expenses	-671	-2 022	-1 790	-3 839	-8 170
R&D expenses	-2 149	-2 239	-3 881	-3 938	-6 782
Operating result (EBIT)	-4 569	-5 232	-8 131	-10 905	-20 352
Financial net	-806	-72	-1 544	-152	-2 833
Result before tax (EBT)	-5 375	-5 304	-9 675	-11 057	-23 185
Net Result (EAT)	-5 375	-5 304	-9 675	-11 057	-23 185

## Balance sheet (KSEK)

	Q2 2023/24	Q2 2022/23	FY 2022/23
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	23 075	17 474	19 654
Tangible assets	664	231	608
Total non-current assets	23 739	17 705	20 262
<b>Current Assets</b>			
Inventory	4 932	4 147	3 846
Short-term receivables	3 440	3 124	5 293
Cash and equivalents	122	20 415	5 308
Total current assets	8 494	27 686	14 447
 Total assets	 32 233	 45 391	 34 709
<b>EQUITY AND LIABILITIES</b>			
Equity	5 546	15 544	3 728
Financial liabilities	18 191	22 248	20 580
Operating liabilities	8 496	7 599	10 401
 Total equity and liabilities	 32 233	 45 391	 34 709

## Changes in equity (KSEK)

	Q2 2023/24	Q2 2022/23	FY 2022/23
Opening Balance	11 398	21 134	26 983
Net profit	-5 375	-5 304	-23 185
Translation difference	-477	-283	-70
Closing balance	5 546	15 547	3 728
Equity ratio	17%	34%	11%

## Cash flow analysis (KSEK)

	Q2 2023/24	Q2 2022/23	YTD 2023/24	YTD 2022/23	FY 2022/23
<b>Operating activities</b>					
Net result	-5 717	-5 303	-9 675	-11 057	-23 185
Depreciation	873	826	1 742	1 731	3 486
Translation difference	140	70	140	-87	-70
Operating cash flow	-4 703	-4 407	-7 793	-9 413	-19 644
Increase (-)/decrease (+) in inventories	-579	-149	-1 086	-1 168	-867
Increase (-)/decrease (+) in operating receivables	8 651	-524	1 982	32 937	30 639
Increase (+)/decrease (-) in operating liabilities	-1 044	625	-2 033	323	3 211
Change in working capital	7 028	-48	-1 137	32 092	32 983
Cash flow from operating activities	2 325	-4 455	-8 930	22 680	13 339
<b>Investing activities</b>					
Development expenses	-2 009	-864	-4 249	-2 130	-5 938
Patents	50		25		-179
Tangible assets					-538
Cash flow after investments	366	-5 319	-13 153	20 550	6 684
<b>Financing activities</b>					
Net proceeds from equity issues	-136	-404		-383	
Increase (+)/decrease (-) in borrowings	-3 524	-415	-3 524	-1 176	-2 801
Cash flow from financing activities	-3 660	-819	7 968	-1 559	-2 801
Cash flow for the period	-3 294	-6 138	-5 185	18 991	3 884
Cash and cash equivalents at the beginning of the period	3 416	26 553	5 307	1 424	1 424
Cash and cash equivalents at the end of the period	122	20 415	122	20 415	5 308
Incl. unutilized credits	787	22 415	787	22 415	7 307

## Data per share

	Q2 2023/24	Q2 2022/23	YTD 2023/24	YTD 2022/23	FY 2022/23
Earnings per Share, SEK	-0.23	-0.26	-0.47	-0.54	-1.16
Equity per share, SEK	0.23	0.76	0.23	0.76	0.18
Number of Shares, end of period	23 818 105	20 452 700	23 818 105	20 452 700	20 452 700
Average number of shares	23 376 740	20 452 700	20 452 700	20 452 700	20 070 980
Share price end of period, SEK	6.26	2.97	6.26	2.97	5.16

## PARENT COMPANY

### Income statement (KSEK)

	Q2 2023/24	Q2 2022/23	YTD 2023/24	YTD 2022/23	FY 2022/23
Net sales	685	2 283	3 039	4 129	9 837
Cost of products sold	-358	-1 421	-1 010	-2 497	-4 968
Gross profit	327	862	2 029	1 633	4 869
Gross margin	48%	38%	67%	40%	49%
Selling expenses	-1 284	-1 598	-2 830	-3 725	-6 076
Administrative expenses	-671	-2 022	-1 789	-3 839	-8 170
R&D expenses	-2 149	-2 239	-3 881	-3 938	-6 782
Operating result (EBIT)	-3 777	-4 997	-6 471	-9 870	-16 159
Financial net	-806	-72	-1 544	-152	-2 836
Result before tax (EBT)	-4 583	-5 069	-8 015	-10 022	-18 995
Net Result (EAT)	-4 583	-5 069	-8 015	-10 022	-18 995

## Balance sheet (KSEK)

	Q2 2023/24	Q2 2022/23	FY 2022/23
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	22 252	17 474	19 654
Tangible assets	664	231	608
Financial assets	11 416		8 795
Total non-current assets	34 332	17 705	29 057
<b>Current Assets</b>			
Inventory	4 376	3 312	3 332
Short-term receivables	2 606	8 889	4 080
Cash and equivalents		18 634	4 988
Total current assets	6 982	30 835	12 400
Total assets	41 314	48 540	41 457
<b>EQUITY AND LIABILITIES</b>			
Equity	14 623	19 490	10 518
Financial liabilities	18 191	22 380	20 580
Operating liabilities	8 500	6 670	10 359
Total equity and liabilities	41 314	48 540	41 457