CELLINK AB (publ)

559050–5052

End of Year report and Interim financial report 4

(Q1-Q4 & Q4)

1 September 2017 - 31 August 2018 (Q1-Q4)

1 June 2018 – 31 August 2018 (Q4)

Growth and increased margins

Interim Financial Report 12 months, 1 September 2017 – 31 August 2018

- Net turnover of SEK 45,337 thousand (SEK 13,159 thousand), an increase of 245% against the previous accounting year
- Operating revenues, including capitalized work for own account and changes in inventory, amounted to SEK 64,444 thousand (SEK 21,876 thousand), an increase of 196% against the previous accounting year
- Operating profit before depreciation, EBITDA amounted to SEK 2,997 thousand, which corresponds to an EBITDA margin of 4.7% (-2%)
- Operating profit summed up to SEK 372 thousand (SEK -887 thousand)
- Profit before tax amounted to SEK 1,068 thousand (SEK -728 thousand)
- Earnings per share amounted to SEK 0.15 (SEK -0.12)
- Cash flow from ongoing activities amounted to SEK -12,263 thousand (SEK -1,491 thousand)

Quarter 4 (Q4), 1 June 2018 – 31 August 2018

- Net turnover of SEK 16,465 thousand (SEK 4,711 thousand), an increase of 250% against the fourth quarter in the previous fiscal year
- Operating revenues, including capitalized work for own account and changes in inventory, amounted to SEK 23,132 thousand (SEK 8,444 thousand), an increase of 174% against the fourth quarter in previous fiscal year
- Operating profit before depreciation, EBITDA, amounted to SEK 1,069 thousand, which corresponds to an EBITDA margin of 4.6% (0.3%)
- Operating profit summed up to SEK 402 thousand (SEK -216 thousand)
- Profit before tax amounted to SEK 596 thousand (SEK 43 thousand)
- Profit per share amounted to SEK 0.07 in the quarter (SEK 0.02)
- Cash flow from ongoing activities amounted to SEK -7,085 thousand (SEK – 1,124 thousand)

Significant events during the period

Events during the fourth quarter (June 2018 – August 2018)

- On 1 June CELLINK published news on the ground-breaking 3D-bioprinting of the first human corneas by CELLINK customer and technology users at Newcastle University
- On 4 June CELLINK completed a targeted new share issue of SEK 100,259,570
- On 4 July CELLINK published research achievements involving the company´s ink
- On 16 July the company announced that they have been granted project funding of SEK 25 million from EU
- On 27 August CELLINK launched new bioink based on laminins

Events after the closing date (31st of August)

- On 4 September CELLINK published three new research achievements made with the company´s products
- On 11 September the company announced that Dr. Mina Bisell enters CELLINKS Advisory Board
- On 2 October the company announced they have been granted project funding of SEK 3 million from EU

Events during the fiscal year (September 2017 – August 2018)

- On 25 September CELLINK was awarded a registered design patent for its product BIO X
- On 27 September CELLINK announced a collaboration agreement with the Massachusetts Institute of Technology
- On 6 October a targeted new share issue of SEK 30 million was made to Handelsbanken Funds
- On 15 November CELLINK announced a collaboration on development with Takara Bio
- On 27 November the company advised that it had been granted project funding from the EU of SEK 3.5 million.
- On 8 January the company announced a collaboration agreement with CTIBIOTECH to print human cancer tumour tissues
- On 17 January the company announced its establishment of a research and development laboratory in AstraZeneca's BioVentureHub
- On 1 February CELLINK advised it would be opening an office at Kyoto University in Japan
- On 8 February CELLINK advised it would be launching CELLINK X Bioinks
- On 19 March CELLINK published an article on bioink together with researchers, the article was published in Bioprinting and dealt with the different features of bioink
- On 9 April CELLINK won the Red Dot Award for BIO X
- On 13 April CELLINK launched 7 new bioinks, 3 new kits of GelMA and enabled the 3D bioprinting of multifaceted vascular networks
- On 19 April CELLINK entered into a partnership with ARMI BioFab USA, and the UNH Manchester for events dealing with regenerative production
- On 23 April CELLINK appointed Carnegie Investment Bank AB (publ) as its financial advisor
- On 2 May CELLINK launched a new pedagogic platform for bioprinting: CELLINK GO – developed to revolutionise education

- On 3 May CELLINK changed its Certified Adviser to Erik Penser Bank AB
- On 4 May CELLINK published news of a cooperating partner that 3D bioprints human heart valve disease models with nanoindentation-based biomechanics
- On 11 May CELLINK received an order for SEK 3.5 million from a distributor
- On 1 June CELLINK published news on the ground-breaking 3D-bioprinting of the first human corneas by customer and technology users at Newcastle University
- On 4 June CELLINK completed a targeted new share issue of SEK 100,259,570
- On 4 July CELLINK published research achievements involving the company´s ink
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A MESSAGE FROM THE CEO

Increased growth with positive results, expansion and talent acquisition

It is with great joy and pride that we finished our fourth quarter and second year as a public company with growth, expansion and a positive result. During the fourth quarter sales increased to a net turnover of approximately SEK 16.5 million and a total operating income of SEK 23.1 million, resulting in a net turnover growth of 250% compared to the fourth quarter in the previous year and a profit of SEK 0.6 million for the quarter. The operating year resulted in a net turnover of approximately SEK 45.3 million and total operating income of SEK 64.4 million. The company's position in the global market has been greatly enhanced thanks to product development and new launches, effective work of the global sales team and further development of staff and company culture. CELLINK is now starting a new exciting year with validation of several application areas, a growing global market and the realization of the growth and acquisition strategy.

Growth

The demand for CELLINK's technology platform has increased globally during the fiscal year and the sales team has gained great success in the global market through conferences and fairs, and primarily through demonstrations of the products for customers. CELLINK has entered into agreements for several collaborations with strategically selected distributors and the company has reached a position where we can continue to strengthen the global position with our partners to maximize growth, awareness of CELLINK's brand and our products' customer benefit across the globe. Sales this year have grown by 245% against previous year. During the year, the company has succeeded in securing investments of SEK 130 million from investors and partners and securing project funding of approximately SEK 28 million from the EU, where the company's technology will be further developed against cancer research. We are grateful for both the investors and the European Union's support and look forward to our cooperation next year.

During the year, the company has gone from products in about 30 countries to supporting a complete range of products in 50 countries worldwide, with the United States as the largest market followed by Asia and Europe. As the installed base increases, the consumption of bioink also increases, where the company's margins are higher. CELLINK has worked hard to expand the range of bioink with tissue-specific bioink where customer benefits are high, and the margins are higher.

During the fiscal year, CELLINK has successfully established contact with several pharmaceutical companies and will continue to develop its technology platform and offer it to world-leading pharmaceutical companies. The demand for the company's 3D bioprinters and bioink has increased significantly during the year in pharmaceutical research, with the help of the new research areas and research findings developed with current academic customers and partners. We thank you for the good cooperation during the year!

Expansion

CELLINK's journey towards further expansion has been focused on global growth and has been driven with a passion for the company's customers. During the year, the company has increased from 24 full-time employees to 74 at the end of the fiscal year. It is thanks to the strong company culture and the drive by our staff as growth and expansion have been possible at this rate. The company has focused on quality, reduced lead times and increased margins, as demonstrated in the fourth quarter results. The company has expanded the production area on two occasions during the fiscal year and the delivery rate has increased while margins have improved. We thank all suppliers for the good cooperation and their ability to follow our pace.

During the fiscal year, the company has implemented two targeted new issues totalling MSEK 130 with several reputable financial institutions and partners, to strengthen the financial position and realize the acquisition strategy.

Talent and Culture

As described above, the company continues to grow in talent acquisition. The total number of employed is 74 employees in the Group, with focus on sales and product developers / researchers. I can proudly report that there are more than 27 different nationalities on the company today, which helped us create a diversified and open workplace. During the fiscal year, CELLINK has grown from an "employer branding" perspective and has achieved a position in the labour market in which thousands of applications to the respective different positions come in. CELLINK's unique corporate culture plays a vital role in growth and constant synchronization between the various departments ensures that the entire company is moving towards the same united vision.

I would like to thank the whole CELLINK team for the amazing work, the support from the Board of directors, and all shareholders and investors who has shown a continued trust in me and the company. We are now starting the next exciting fiscal year.

Gothenburg, 24 October 2018

Erik Gatenholm, CEO

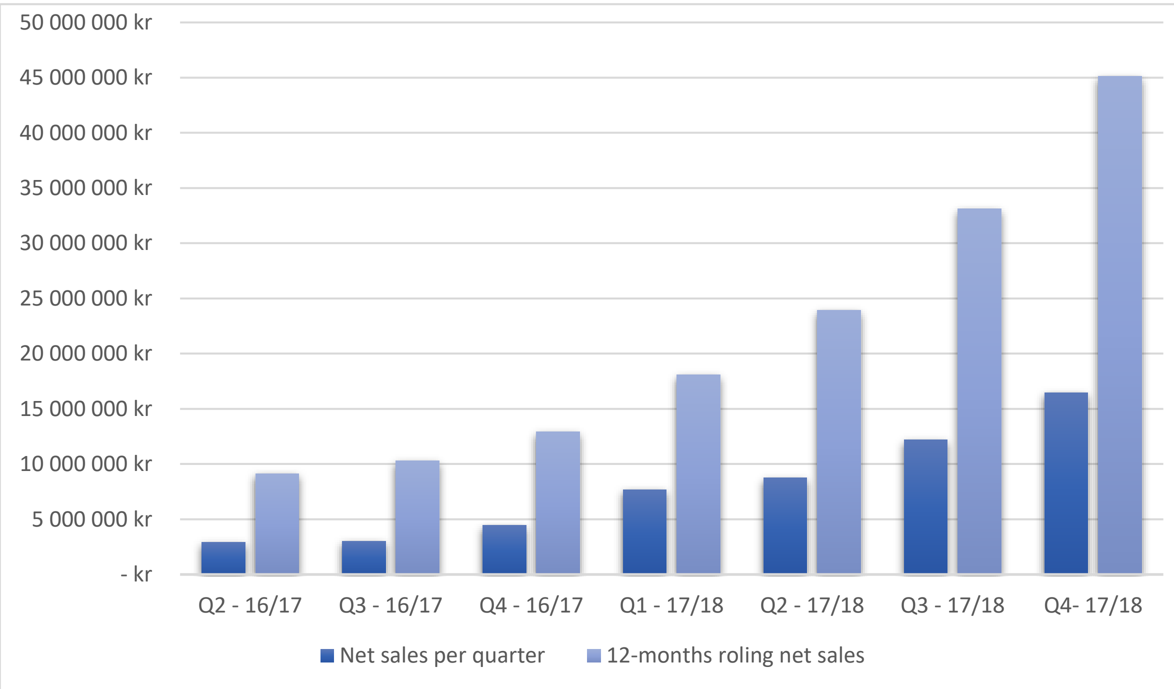
FINANCIAL INFORMATION AND COMMENTS Q4

During the fourth quarter of the company, a new rights issue of approximately 100 MSEK was completed. The rights issue was addressed to strategic and institutional investors and was made without discount at the market price. The rights issue resulted in a dilution effect of 9.1% and the company was allocated approximately 100 MSEK (95 MSEK after issue costs) to use for continued organic and acquisition-driven growth.

The group's net turnover in Q4 amounted to SEK 16,465 thousand (SEK 4,711 thousand). The group's reported total income amounted to SEK 23,132 thousand (SEK 8,444 thousand) and includes: SEK 1,976 thousand (SEK 571 thousand) in other operating income that is mainly attributable to grant-funded projects, SEK 4,284 thousand (SEK 1,747 thousand) in capitalized work for its own account and SEK 406 thousand (SEK 1,415 thousand) in inventory changes. The largest market for the quarter was the USA, followed by Asia, Europe and the rest of the world. The cost of raw materials and consumables amounted to SEK -5,026 thousand (SEK -2,346 thousand). Operating profit amounted to SEK 402 thousand (SEK -216 thousand) and the result after financial expenses amounted to SEK 596 thousand (SEK 43 thousand).

The net growth in turnover against the fourth quarter of the previous year was 250%. This growth is applicable to the increase in demand for the company's products. The company's margins improved during the quarter thanks to better costs control, more efficient production and an improved product mix.

The cash flow from ongoing activities in Q4 was SEK -7,085 thousand (SEK -1,124 thousand) and the total cash flow for the quarter was SEK 9,889 thousand (SEK 8,405 thousand). The Group had SEK 136,506 thousand (SEK 45,221 thousand) in cash and cash equivalents and short-term investments at the end of the quarter, divided in SEK 23,038 thousand in cash and cash equivalents and SEK 143,068 thousand in short-term investments.



FINANCIAL INFORMATION AND COMMENTS FULL FISCAL YEAR

Finance

During the fiscal year two new rights issues were implemented aimed at strengthening the company's financial position and allowing for strategic acquisitions. The first rights issue was conducted in October 2017, amounting to approximately 30 MSEK, the other was completed in June and amounted to approximately 100 MSEK. At the end of the fiscal year, the company had liquid assets and short-term investments to 136.5 MSEK, cash flow from operating activities for the full year amounted to MSEK -12.3 and cash flow from investing activities amounted to MSEK -97.4, which shows that the company is well-financed for continued expansion. The excess liquidity of the company is invested in short-term funds.

During the year, the company's first incentive program was rolled out. The program comprises a total of 378 338 options, each giving the right to subscribe for a Class B share at the price of SEK 177.5 in 2021.
As of August 31, 2018, the company's registered share capital amounted to SEK 832,344 (SEK 724,068) consisting of 8 323 439 shares (7 240 667 shares) of which 375 000 Class A shares (375 000 Class A shares) and 7 948 439 Class B shares (6 865 667 Class B shares) with a quota value of 0.1 SEK.

Operations

The group's net turnover for the full fiscal year amounted to SEK 45,337 thousand (SEK 13,159 thousand). The group's reported total income amounted to SEK 64,444 thousand (SEK 21,876 thousand) and includes: SEK 6,935 thousand (SEK 2,740 thousand) in other operating income that is mainly attributable to grant-funded projects, SEK 10,474 thousand (SEK 4,012 thousand) in capitalized work for its own account and SEK 1,697 thousand (SEK 1,965 thousand) in inventory changes. The largest market for the quarter was the USA, followed by Asia, Europe and the rest of the world. The cost of raw materials and consumables amounted to SEK -17,949 thousand (SEK -6,158 thousand). Operating profit amounted to SEK 372 thousand (SEK -887 thousand) and the result after financial expenses amounted to SEK 1,068 thousand (SEK -728 thousand). The cash flow from ongoing activities for the fiscal year was SEK -12,263 thousand (SEK -1,491 thousand) and the total cash flow for the fiscal year was SEK 12,141 thousand (SEK 7,669 thousand).

Growth during the year

The net growth in turnover against the previous fiscal year was 245%. This growth is applicable to the increase in demand for the company's products. The increased demand is attributable to the development of more scientist moving in direction to 3D combined with a better supply of products from the company. The company's margins improved during the fiscal year thanks to better costs control, more efficient production and an improved product mix. As the installed base increases, the consumption of ink increases, where the company´s margins are higher.
The number of employees in the Group increased from 24 full-time employees at the beginning of the fiscal year to 74 at the end of the fiscal year. The majority of the company's employees work with the development of the company's future products.

Development work during the year

The company has continued to invest in the development of new bioink, software and hardware. During the year, intangible assets increased by MSEK 16 to MSEK 30. Of this increase, SEK 10 million was reported under capitalized work. In addition to the company's capitalized development project, two EU-funded and Vinnova-funded development projects have been carried out. These projects have totaled about MSEK 5 during the fiscal year and are reported under other operating income.

Risks

CELLINK constantly works to identify, evaluate and mitigate risks related to the business and its market. This way, the company can quickly develop and at the same time be aware of both opportunities and risks.

FINANCIAL INFORMATION AND COMMENTS ABOUT THE PARENT COMPANY Q4 AND FULL FISCAL YEAR

During the fiscal year of the company, two new rights issue of approximately was completed. The first rights issue was completed in October amounting to SEK 30 million and the second rights issue was completed in June 2018 amounted to SEK 100 million. The rights issues were addressed to strategic and institutional investors and was made without discount at the market price.

The parent company´s net turnover for the fourth quarter amounted to SEK 15,937 thousand (SEK 4,449 thousand). The parent company´s reported total income amounted to SEK 20,703 thousand (SEK 7,883 thousand) and includes: SEK 1,889 thousand (SEK 547 thousand) in other operating income that is mainly attributable to grant-funded projects, SEK 2,471 thousand (SEK 1,471 thousand) in capitalized work for its own account and SEK 406 thousand (SEK 1,415 thousand) in inventory changes. The largest market for the quarter was the USA, followed by Asia, Europe and the rest of the world. The cost of raw materials and consumables amounted to SEK -5,026 thousand (SEK -2,346 thousand). Operating profit amounted to SEK 1,180 thousand (SEK -73 thousand) and the result after financial expenses amounted to SEK 1,374 thousand (SEK 186 thousand).

The net growth in turnover against the fourth quarter of the previous year was 258%. This growth is applicable to the increase in demand for the company's products. The company's margins improved during the fiscal year thanks to better costs control, more efficient production and an improved product mix.

The cash flow from ongoing activities in Q4 was SEK -5,919 thousand (SEK -1,496 thousand) and the total cash flow for the quarter was SEK 10,727 thousand (SEK 8,028 thousand). The parent company had SEK 133,083 thousand (SEK 44,618 thousand) in cash and cash equivalents and short-term investments at the end of the quarter, divided in SEK 19,615 thousand in cash and cash equivalents and SEK 113,468 thousand in short-term investments.

The parent company´s net turnover for the full fiscal year amounted to SEK 43,660 thousand (SEK 13,187 thousand). The parent company´s reported total income amounted to SEK 59,287 thousand (SEK 21,456 thousand) and includes: SEK 6,709 thousand (SEK 2,696 thousand) in other operating income that is mainly attributable to grant-funded projects, SEK 7,222 thousand (SEK 3,609 thousand) in capitalized work for its own account and SEK 1,697 thousand (SEK 1,965 thousand) in inventory changes. The largest market for the full fiscal year was the USA, followed by Asia, Europe and the rest of the world. The cost of raw materials and consumables amounted to SEK -17,949 thousand (SEK -6,158 thousand). Operating profit amounted to SEK 2,318 thousand (SEK -205 thousand) and the result after financial expenses amounted to SEK 3,014 thousand (SEK -45 thousand).

The net growth in turnover against the previous fiscal year was 231%. This growth is applicable to the increase in demand for the company's products. The company's margins improved during the fiscal year thanks to better costs control, more efficient production and an improved product mix.

The cash flow from ongoing activities for the fiscal year was SEK -14,283 thousand (SEK -2,331 thousand) and the total cash flow for the fiscal year was SEK 9,552 thousand (SEK 7,007 thousand).

CELLINK IN FIGURES

Figures for the Group (SEK thousand)	*2018-06-01 2018-08-31 Q4 (3 mon)*	*2017-06-01 2017-08-31 Q4 (3 mon)*	*2017-09-01 2018-08-31 (12 mon)*	*2016-09-01 2017-08-31 (12 mon)*
Totala income	**23 132**	**8 444**	**64 444**	**21 876**
Net sales	16 465	4 711	45 337	13 159
EBITDA	**1 069**	**24**	**2 997**	**-437**
EBITDA margin %	4,6%	0,3%	4,7%	-2,0%
Operating profit/loss (EBIT)	**402**	**-216**	**372**	**-887**
Operating margin %	1,7%	-2,6%	0,6%	-4,1%
Profit/loss for the period	**583**	**115**	**1 183**	**-707**
Net margin %	2,5%	1,4%	1,8%	-3,2%
Solidity %	95,5%	86,5%	95,5%	86,5%
Profit/loss per share SEK	0,07	0,02	0,15	-0,11
Average number of shares in the period (A&B-shares)	8 290 540	7 015 788	7 716 352	6 729 037
Number of shares at end of period (A&B-shares)	8 323 439	7 240 676	8 323 439	7 240 676
Number of employees at end of period (FTE)	74	24	74	24

The Board of directors´ proposal of dividend

The Board of directors' proposal for dividend regarding the fiscal year of 2017/2018 is SEK 0.00 per share. Decisions on appropriations of profits are taken by the Annual General Meeting, held in Gothenburg on 14 December 2018.

PROFIT AND LOSS ACCOUNT FOR THE GROUP

(SEK thousand)	2018-06-01 2018-08-31 Q4 (3 mon)	2017-06-01 2017-08-31 Q4 (3 mon)	2017-09-01 2018-08-31 (12 mon)	2016-09-01 2017-08-31 (12 mon)
Operating revenue, inventory changes, etc.				
Net sales	16 465	4 711	45 337	13 159
Changes in inventory	406	1 415	1 697	1 965
Capitalized work for own account	4 284	1 747	10 474	4 012
Other operating income	1 976	571	6 935	2 740
	23 132	**8 444**	**64 444**	**21 876**
Operating expenses				
Raw materials and supplies	-5 026	-2 346	-17 949	-6 158
Other external expenses	-8 054	-2 671	-19 045	-7 104
Personnel costs	-8 769	-3 219	-23 957	-8 439
Depreciation and impairment of fixed assets	-667	-240	-2 625	-450
Other operating expenses	-214	-184	-495	-612
Operating profit/loss	**402**	**-216**	**372**	**-887**
Total net financial items				
Income from interest and similar items of profit/loss	222	295	737	304
Interest costs and similar items of profit/loss	-28	-36	-42	-144
Profit/loss after financial items	**596**	**43**	**1 068**	**-728**
Tax for the period	**-13**	**72**	**116**	**21**
Profit/loss for the period	**583**	**115**	**1 183**	**-707**
Attributable to				
Parent Company shareholder	**583**	**115**	**1 183**	**-707**
Non-controlling interest	**0**	**0**	**0**	**0**
Result per share before dilution (SEK)	**0,08**	**0,02**	**0,16**	**-0,12**
Result per share after dilution (SEK)	**0,07**	**0,02**	**0,15**	**-0,11**
Result per share for average number of shares	**0,07**	**0,02**	**0,14**	**-0,10**
Other comprehensive income for the Group				
Profit/loss for the period	**583**	**115**	**1 183**	**-707**
Other comprehensive income that cannot be re-classified to the profit and loss account in subsequent periods				
Translation differences	**-10**	**-5**	**-86**	**60**
Other comprehensive income for the period	**573**	**110**	**1 097**	**-647**

BALANCE SHEET FOR THE GROUP

(SEK thousand)	31.08.2018	31.08.2017	01.09.2016
ASSETS			
Fixed assets			
Intangible fixed assets			
Patents and trade marks	5 991	3 894	1 858
Capitalized expenditure for development work	24 415	10 546	-
	30 406	**14 440**	**1 858**
Tangible fixed assets			
Closed expenses incurred on another person's property	65	50	-
Equipment, tools and installations	934	305	74
	998	**354**	**74**
Other fixed assets			
Deferred tax receivables	1 733	851	-
	1 733	**851**	**0**
TOTAL FIXED ASSETS	**33 137**	**15 645**	**1 932**
Current assets			
Raw materials and supplies	4 012	2 315	350
	4 012	**2 315**	**350**
Current receivables			
Account receivables	16 834	3 637	1 283
Derivative instruments	9	-	-
Other receivables	1 928	1 438	145
Prepaid expenses and accrued income	2 555	709	323
	21 327	**5 783**	**1 751**
Short-term investments, cash and bank balances			
Short-term investments	113 468	34 556	-
Cash and bank balances	23 038	10 664	3 056
	136 506	**45 221**	**3 056**
TOTAL CURRENT ASSETS	**161 845**	**53 319**	**5 158**
TOTAL ASSETS	**194 982**	**68 964**	**7 089**

BALANCE SHEET FOR THE GROUP

(SEK thousand)	*31.08.2018*	*31.08.2017*	*01.09.2016*
EQUITY AND LIABILITIES			
Equity			
Share capital	832	724	57
Other contributed capital	184 133	60 019	3 109
Translation reserve	40	-30	32
Retained profit or loss including profit/loss for the period	1 154	-1 055	-348
Equity attributable to the parent company´s shareholders	**186 160**	**59 659**	**2 851**
Non-controlling interest	**0**	**0**	**0**
TOTAL EQUITY	**186 160**	**59 659**	**2 851**
Liabilities			
Long-term liabilities			
Debts to credit institutions	600	2 700	2 700
	600	**2 700**	**2 700**
Short-term liabilities			
Debts to credit institutions	-	300	300
Advances from customers	639	683	382
Accounts payable	3 756	2 840	515
Tax liabilities	2	2	-
Other short-term liabilities	933	223	135
Accrued expenses and prepaid income	2 446	2 458	158
Other provisions	445	99	49
	8 221	**6 605**	**1 538**
TOTAL LIABILITIES	**8 821**	**9 305**	**4 238**
TOTAL EQUITY AND LIABILITIES	**194 982**	**68 964**	**7 089**

CASH FLOW ANALYSIS FOR THE GROUP

(SEK thousand)	2018-06-01 2018-08-31 Q4 (3 mon)	2017-06-01 2017-08-31 Q4 (3 mon)	2017-09-01 2018-08-31 (12 mon)	2016-09-01 2017-08-31 (12 mon)
Ongoing activities				
Operating profit/loss	402	-216	372	-887
Adjustments for items not included in the cash flow:				
Depreciation and write-downs	667	240	2 625	450
Capital gains/loss	20	-	-	-
Changes in provisions	167	10	346	50
Market valuation short-term investments	-212	-295	-727	-295
Other	-	-26	-	-
Share-based payments	189	-	335	-
Interest received	222	295	737	304
Interest paid	-28	-36	-42	-144
Tax paid	-284	50	-31	-2
CASH FLOW FOR ONGOING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL	**1 142**	**22**	**3 615**	**-524**
Cash flow from changes in working capital:				
Decrease (+) / Increase (-) of inventory	-406	-1 415	-1 697	-1 964
Decrease (+) / Increase (-) of accounts receivables, prepaid expenses and other short-term receivables	-7 240	-1 239	-15 018	-4 242
Increase (+) / Decrease (-) in accounts payables, other short-term liabilities, provisions and accrued expenses,	-582	1 508	838	5 240
CASH FLOW FROM ONGOING ACTIVITIES	**-7 085**	**-1 124**	**-12 263**	**-1 491**
Investment activities				
Acquisition of tangible fixed assets	-16	-11	-721	-380
Acquisition of intangible fixed assets	-5 533	-4 751	-18 469	-12 946
Allocation in short-term investments	-72 950	-14 860	-78 184	-34 261
CASH FLOW FROM INVESTMENT ACTIVITIES	**-78 499**	**-19 622**	**-97 374**	**-47 587**
Financing activities				
Rights issue	100 260	30 000	130 290	60 000
Rights issue costs	-5 477	-849	-6 803	-3 252
Option premiums	690	-	690	-
Borrowings	-	-	600	-
Amortization of borrowings	-	-	-3 000	-
CASH FLOW FROM FINANCING ACTIVITIES	**95 473**	**29 152**	**121 777**	**56 748**
CASH FLOW FOR THE PERIOD	**9 889**	**8 405**	**12 141**	**7 669**
Cash and cash equivalents and at the start of the period	**13 037**	**2 298**	**10 664**	**3 056**
Exchange rates difference in cash and cash equivalents	**112**	-39	**233**	**-60**
Cash and cash equivalents at the end of the period	**23 038**	**10 664**	**23 038**	**10 664**

CHANGES IN EQUITY FOR THE GROUP

Change in equity (SEK thousand)	*Share capital*	*Other contributed capital*	Translation reserve	*Retained profit or loss including profit/loss for the period*	*Total equity*
CLOSING BALANCE as at 31 August 2016	57	3 109	32	-347	**2 851**
Opening balance as at 1 September 2016	57	3 109	32	-347	**2 851**
Profit/loss for the period	-	-	-	-707	**-707**
Other comprehensive net income	**-**	**-**	-62	-	**-62**
Total changes in value	-	-	**-62**	**-707**	**-769**
Rights issue	667	59 333	-	-	**60 000**
Rights issue costs, net after taxes	-	-2 423	-	-	**-2 423**
Total transactions with owners	**667**	56 910	-	-	**57 577**
CLOSING BALANCE as at 31 August 2017	724	60 019	-30	-1 055	**59 659**
Opening balance as at 1 September 2017	724	60 019	-30	-1 055	**59 659**
Profit/loss for the period	-	-	-	1 183	**1 183**
Other comprehensive net income	**-**	**-**	70	-	**70**
Share-based payments	**-**	**-**	-	335	**335**
Option premiums	**-**	**-**	-	690	**690**
Total changes in value	**-**	**-**	**70**	**2 208**	**2 278**
Rights issue	108	130 182	-	-	**130 290**
Rights issue costs, net after taxes	-	-6 068	-	-	**-6 068**
Total transactions with owners	**108**	**124 114**	**-**	**-**	**124 222**
CLOSING BALANCE as at 31 August 2018	**832**	**184 133**	**40**	**1 154**	**186 160**

As at 31 August 2018, the company's registered share capital amounted to SEK 832,344 (SEK 724,068) consisting of 8,323,439 (7,240,676) shares of which 375,000 are A-shares and 7,948,439 B-shares with a quota value of 0.1 SEK.

PROFIT AND LOSS ACCOUNT FOR THE PARENT COMPANY

(SEK thousand)	2018-06-01 2018-08-31 Q4 (3 mon)	2017-06-01 2017-08-31 Q4 (3 mon)	2017-09-01 2018-08-31 (12 mon)	2016-09-01 2017-08-31 (12 mon)
Operating revenue, inventory changes, etc.				
Net sales	15 937	4 449	43 660	13 187
Changes in inventory	406	1 415	1 697	1 965
Capitalized work for own account	2 471	1 471	7 222	3 609
Other operating income	1 889	547	6 709	2 696
	20 703	**7 883**	**59 287**	**21 456**
Operating expenses				
Raw materials and supplies	-5 026	-2 346	-17 949	-6 158
Other external expenses	-5 557	-2 125	-13 844	-6 255
Personnel costs	-8 059	-3 074	-20 094	-8 211
Depreciation and amortization of fixed assets	-667	-228	-2 587	-415
Other operating expenses	-210	-184	-495	-621
Operating profit/loss	**1 180**	**-73**	**2 318**	**-205**
Total net financial items				
Income from interest and similar items of profit/loss	222	295	737	304
Interest costs and similar items of profit/loss	-28	-36	-42	-144
Profit/loss after financial items	**1 374**	**186**	**3 014**	**-45**
Tax for the period	-52	18	-	18
Profit/loss for the period	**1 322**	**204**	**3 014**	**-27**
Attributable to:				
Parent company shareholders	**1 322**	**204**	**3 014**	**-27**
Non-controlling interest	-	-	-	-
Other comprehensive income for the parent company				
Profit/loss for the period	1 322	204	3 014	-27
Other comprehensive income for the period	**1 322**	**204**	**3 014**	**-27**

BALANCE SHEET FOR THE PARENT COMPANY

(SEK thousand)	*31.08.2018*	*31.08.2017*
ASSETS		
Fixed assets		
Intangible fixed assets		
Patents and trade marks	5 991	3 894
Capitalized expenditure for development work	24 958	10 563
	30 949	**14 457**
Tangible fixed assets		
Closed expenses incurred on another person's property	65	50
Equipment, tools and installations	438	159
	502	**209**
Financial assets		
Shares in Group companies	1 659	1 273
	1 659	**1 273**
Other fixed assets		
Deferred tax receivables	1 613	847
	1 613	**847**
TOTAL FIXED ASSETS	**34 723**	**16 786**
Current assets		
Raw materials and supplies	4 012	2 315
	4 012	**2 315**
Current receivables		
Accounts receivable	11 930	2 232
Receivables from Group companies	8 239	1 354
Derivative instruments	9	0
Other receivables	1 798	1 000
Prepaid expenses and accrued income	2 504	709
	24 481	**5 294**
Short-term investments, cash and bank balances		
Short-term investments	113 468	34 556
Cash and bank balances	19 615	10 062
	133 083	**44 618**
TOTAL CURRENT ASSETS	**161 577**	**52 228**
TOTAL ASSETS	**196 300**	**69 013**

BALANCE SHEET FOR THE PARENT COMPANY

(SEK thousand)	*31.08.2018*	*31.08.2017*
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	832	724
Fund for development expenses	24 958	10 563
	25 790	**11 287**
Unrestricted equity		
Share premium account	184 133	60 019
Retained profit or loss	-23 141	-11 666
Profit/loss for the period	1 322	204
	162 315	**48 558**
TOTAL EQUITY	**188 106**	**59 844**
Liabilities		
Long-term liabilities		
Debts to credit institutions	600	2 700
	600	**2 700**
Short-term liabilities		
Debts to credit institutions	-	300
Advances from customers	639	683
Accounts payable	3 663	2 743
Other short-term liabilities	630	223
Accrued expenses and prepaid income	2 217	2 422
Other provisions	445	99
	7 594	**6 469**
TOTAL LIABILITIES	**8 193**	**9 169**
TOTAL EQUITY AND LIABILITIES	**196 300**	**69 013**

CASH FLOW ANALYSIS FOR THE PARENT COMPANY

(SEK thousand)	2018-06-01 2018-08-31 Q4 (3 mon)	2017-06-01 2017-08-31 Q4 (3 mon)	2017-09-01 2018-08-31 (12 mon)	2016-09-01 2017-08-31 (12 mon)
Ongoing activities				
Operating profit/loss	1 180	-274	2 318	-205
Adjustments for items not included in the cash flow:				
Depreciation and write-downs	667	228	2 587	415
Capital gains/loss	20	-	-	-
Changes in provisions	167	10	346	50
Market valuation short-term investments	-212	-295	-727	-295
Share-based payments	189	-	335	-
Interest received	222	295	737	304
Interest paid	-28	-36	-42	-144
Tax paid	-284	-	-31	-
CASH FLOW FOR ONGOING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL	**1 920**	**-72**	**5 524**	**125**
Cash flow from changes in working capital:				
Increase (-) / Decrease (+) of inventory	-406	-1 415	-1 697	-1 964
Decrease (+) / Increase (-) of accounts receivables, prepaid expenses and other short-term receivables	-3 870	-1 353	-18 986	-3 757
Increase (+) / Decrease (-) in accounts payables, other short-term liabilities, provisions and accrued expenses	-3 543	1 343	877	3 266
CASH FLOW FROM ONGOING ACTIVITIES	**-5 919**	**-1 496**	**-14 283**	**-2 331**
Investment activities				
Acquisition of tangible fixed assets	-	-	-378	-185
Acquisition of shares in subsidiaries	-189	-	-385	-
Acquisition of intangible fixed assets	-5 707	-4 767	-18 996	-12 963
Allocation in short-term investments	-72 950	-14 860	-78 184	-34 261
CASH FLOW FROM INVESTMENT ACTIVITIES	**-78 846**	**-19 627**	**-97 942**	**-47 410**
Financing activities				
Rights issue	100 260	30 000	130 290	60 000
Rights issue costs	-5 477	-849	-6 803	-3 252
Option premiums	690	-	690	-
Borrowings	-	-	600	-
Amortization of borrowings	-	-	-3 000	-
CASH FLOW FROM FINANCING ACTIVITIES	**95 473**	**29 151**	**121 777**	**56 748**
CASH FLOW FOR THE PERIOD	**10 727**	**8 028**	**9 552**	**7 007**
Cash and cash equivalents and short-term investments at the start of the period	8 888	2 036	10 062	3 056
Cash and cash equivalents at the end of the period	**19 615**	**10 062**	**19 615**	**10 062**

CHANGES IN EQUITY FOR THE PARENT COMPANY

Changes in equity (SEK thousand)	*Share capital*	*Fund for development expenses*	*Share premium account*	*Retained profit or loss*	*Profit/loss for the period*	*Total equity*
CLOSING BALANCE as at 31 August 2016	**57**	**-**	**3 109**	**-**	**-872**	**2 294**
Opening balance as at 1 September 2016	57	-	3 109	-872	-	**2 294**
Profit/loss for the period	-	**-**	**-**	**-**	**-27**	**-27**
Fund for development expenses	-	10 563	-	-10 563	-	**-**
Total changes in value	**-**	**10 563**	**-**	**-10 563**	**-27**	**-27**
Rights issue	667	-	59 333	-	-	**60 000**
Rights issue cost, net after taxes	-	-	-2 423	-	-	**-2 423**
Total transactions with owners	**667**	-	**56 910**	-	-	**57 577**
CLOSING BALANCE as at 31 August 2017	**724**	**10 563**	**60 019**	**-11 435**	**-27**	**59 844**
Opening balance as at 1 September 2017	724	10 563	60 019	-11 462	-	**59 844**
Profit/loss for the period	-	-	-	-	**3 014**	**3 014**
Fund for development expenses	-	14 395	-	-14 395	**-**	**-**
Share-based payments	-	-	-	335	**-**	**335**
Option premiums	-	-	-	690	**-**	**690**
Total changes in value	**-**	**14 395**	**-**	**-13 370**	**3 014**	**4 039**
Rights issue	108	-	130 182	-	-	**130 290**
Rights issue cost, net after taxes	-	-	-6 068	-	-	**-6 068**
Total transactions with owners	**108**	**-**	**124 114**	**-**	**-**	**124 222**
CLOSING BALANCE as at 31 August 2018	**832**	**24 958**	**184 133**	**-24 832**	**3 014**	**188 106**

ACCOUNTING PRINCIPLES AND INFORMATION

Company information

CELLINK AB, organization registration number 559050-5052, is a limited company registered in Sweden, with its registered office in Gothenburg. The address of its headquarters is Arvid Wallgrens Backe 20, SE-413 46 Gothenburg. The company's operations include the development and sale of 3D Bio-printers, Bio-ink and services in 3D Bioprinting.

In this report, CELLINK AB (publ.) is referred to by its full name, or as the 'company' or as 'CELLINK'. All amounts are expressed in SEK thousands, unless otherwise stated.

Transactions with related parties

There have not been any significant transactions with related parties.

Accounting principles

NOTE 1 Basic accounting principles

This interim annual report has been drawn up for the group in compliance with IAS 34 Interim Annual Reporting and the Swedish accounting law. The accounting principles comply with the International Financial Reporting Standards (IFRS), and the interpretations of the applicable standards, the International Financial Reporting Interpretations Committee (IFRIC) as approved by the EU.

The Parent Company applies the same accounting principles as the group except in the cases mentioned in the section 'Accounting principles of the Parent Company'. The Parent Company applies the Swedish accounting law and RFR 2 Accounting for legal persons. The deviations arising are caused by the limited opportunities to use the IFRS in the Parent Company as a consequence of the Swedish accounting law and applicable taxation regulations.

The Group has adopted the IFRS for the first time. In compliance with IFRS 1, the company has analysed the effects of the transition from K3 to the IFRS. In its analysis of the transition to the IFRS, the company has taken into consideration that the it is also the first-time group accounting is applied. Universal principles have been applied for the comparative figures. No essential differences regarding the reporting of activated development costs have been identified as the parent company has previously chosen to report such assets also as a legal person. Furthermore, there are no differences regarding the application of accounting principles to the company's income flows, i.e. sales of products and services. The company has no benefits-defined pension plans and the company's financial instruments are recognized at acquisition value, which corresponds to the fair value, taking the brief duration of short-term investments into account. As the transition to IFRS has not resulted in any recalculation effect for the calculation of the balance sheet or the profit and loss account, no presentation of the financial position as at the date of the transition to the IFRS, i.e. 1 March 2018 has been made.

1.1 Grounds for drawing up the report

The group report has been drawn up on the assumption that the group is a going concern.

Assets and liabilities are valued at their historical cost values except for derivative instrument valued at fair value. The group report is drawn up in accordance with the purchase method and all subsidiary companies in which there is a controlling influence are consolidated from the date this influence is acquired.

Drawing up reports in compliance with the IFRS requires several estimations to be made by the management for accounting purposes. The areas requiring a high degree of assessment, that are complex or such areas where the assumption and estimations are crucial for the group report are given in note 1.3. These assessments and the assumption are based on historical experiences as well as other factors which are considered to be reasonable under the present circumstances. Actual outcomes may differ from assessments made if assessments made are changed or if other conditions exist.

Gross reporting is applied thoroughly with regard to the reporting of assets and liabilities, apart from in cases where both a receivable and a liability exist in respect of the same counter-party and these are invoiceable on legal grounds and the intention is to do this. Gross reporting is also applied in regard to revenues and expenses, unless otherwise stated.

1.1.1 Classification of assets and liabilities

Fixed assets and long-term liabilities are expected to be recovered or become due for payment later than twelve months after the balance sheet date. Fixed assets and short-term liabilities are expected to be recovered or become due for payment within less than twelve months after the balance sheet date.

1.2 Summary of important accounting principles

1.2.1 Group reporting

1.2.1.1 Subsidiaries

Subsidiaries are companies that are under the controlling influence of Cellink AB. The controlling influence exists if Cellink AB has an influence over the investment object, is exposed to or is entitled to a variable return from its commitment and may use its influence over the investment to influence the return. In determining whether a controlling influence exists, potential voting rights and whether de facto control exists. Subsidiaries are consolidated from the date on which the controlling influence is achieved, and they are de-consolidated from the date on which the controlling influence ceases.

1.2.1.1.1 Subsidiaries within the Group

Subsidiary	Registered Company No.	Head Office	Capital share
Cellink LLC	81-3033020	Virginia, USA	100%
CELLINK Options AB	559144-2008	Göteborg	100%

1.2.1.2 Acquisition of subsidiaries/business combination

Business combinations are recognized in accordance with the acquisition's method. The purchase price is set at the fair value of assets and liabilities transferred and share issued. The purchase price also includes the fair value of all assets or liabilities that are a consequence of the agreed conditional purchase price. Acquisition-based costs are recognized as an expense when they arise. Identifiable acquired assets and assumed liabilities are initially valued at the fair value on the date of acquisition.

For each acquisition, the group determines whether all holdings without controlling influence in the acquired company are recognized at the fair value (so-called full goodwill) or at the holding's proportional part of the acquired company's net assets. The amount by which the purchase price, any holdings without controlling influence and the fair value of the previous shareholdings exceed the fair value of the group's share of identifiable acquired net assets is recognized as goodwill.

If the amount is lower than the fair value of the acquired subsidiary company's assets, in the event of a so-called 'bargain purchase', the difference is recognized direct in the report over comprehensive net income. Goodwill does not depreciate but is tested for depreciation at least annually.

Group-internal transactions and balance sheet items as well as unrealized profits and losses on transactions between the group companies are eliminated. The accounting principles for subsidiary companies have been changed in the present case to guarantee a consistent application of the group's principles.

1.2.1.3 Acquisition of companies that is not regarded as a business combination

When the acquisition of subsidiaries involves the acquisition of assets that do not constitute a business operation, the acquisition costs are divided up into the individual assets and liabilities based on their relative fair value at the time of acquisition. For the classification of acquisitions, see note 1.3.3.1.

1.2.2 Conversion of foreign currency

1.2.2.1 Functional currency and reporting currency

Items that are included in the financial reports for the various units of the group are recognized in the currency that is used in the primary financial environment in which the respective unit operates its main activity (functional currency). In the group report, all amounts are converted into Swedish kronor (SEK), which is the parent company's functional currency and reporting currency.

1.2.2.2 Transactions and balance sheet items

Transactions in foreign currency are converted in the respective unit to the unit's functional currency at the currency exchange rates applicable on the date of the transaction. Monetary items denominated in foreign currency are converted at the prevailing exchange rate on the balance sheet date. Non-monetary items that are valued at the fair value in a foreign currency are converted to the currency exchange rate for the date on which the fair value is determined. Non-monetary items that are valued at historical cost in a foreign currency are not converted.

Exchange rate differences are recognized in the profit and loss account for the period in which they arise, except for hedging transactions that meet the terms of hedge accounting for cash flows or net investments, as profits and losses are otherwise recognized in the comprehensive income.

In drawing up the group accounts, the assets and liabilities of a foreign subsidiary are converted into Swedish kronor at the rate applicable on the balance sheet date. Income and expense items are converted at the average rate for the period, unless the exchange rate has fluctuated significantly during the period, in which case the exchange rate applicable on the date of the transaction is used instead. Any translation differences arising are otherwise recognized in the comprehensive net income and transferred to the group's translation reserve. If a foreign subsidiary is sold off, such translation differences are recognized in the profit and loss account as part of the sales profits.

1.2.3 Revenue

Revenue is recognized at the fair value of the remuneration received or that will be received, minus VAT, discounts, returns and similar deductions. The group's revenue consists mainly of sales of 3D Bio-printers and services within 3D printing and Bio-ink.

1.2.3.1 Sale of goods

Revenues from the sale of goods are recognized when the goods have been delivered and the ownership has been transferred to the customer, whereby all the following conditions are fulfilled:

- The group has transferred the significant risks and benefits associated with the ownership of the goods.
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of the revenue can be calculated reliably.
- The financial benefits associated with the transaction are likely to go to the company, and
- The costs that are incurred or expected to be incurred as a result of the transaction can be calculated reliably.

1.2.3.2 Sale of services

Revenue from services charged at current account is recognized as revenue when the work has been performed and materials are delivered or consumed.

1.2.4 Dividends and interest income

Dividends are recognized when the owner's right to receive payment has been determined.

Interest income is recognized as distributed over the period using the effective interest rate method. The effective interest rate is the interest rate that causes the present value of all future incoming payments and outgoing payments during the fixed interest period to be equal to the recognized amount of the receivable.

1.2.5 Borrowing costs

Borrowing costs are recognized in the income statement for the period in which they arise.

1.2.6 Payments to employees

Payments to employees in the form of salaries, bonuses, paid holidays, paid sick leave, etc., as well as pensions, are recognized as they are earned. Regarding pensions and other post-employment payments, these are classified as defined-contribution or defined-benefit pension plans. The group has defined-contribution plans.

1.2.6.1 Defined-contribution plans

For defined-contribution plans, the group pays the defined contribution to a separate, independent legal entity and has no obligation to pay further fees. Expenses are charged to the group's profit as the benefits are earned, which usually coincides with the time when premiums are paid.

1.2.6.2 Share-based payments

CELLINK AB has issued equity-adjusted employee stock option plans. The program includes a maximum of 378,338 options, each of which can be redeemed against one share at a price of 177.5 SEK. The program expires in 2021.

1.2.6.2.1 Reporting of equity-regulating programmed

The fair value of the allocated personnel options and shares programmed is calculated at the time of issuance with Black & Scholes valuation model, which takes account of conditions relating to shares. The value is recognized as a personnel expense distributed over the earning period, with a corresponding increase of equity. The expense recognized corresponds to the fair value of an estimation of the number of options and shares that are expected to be earned. This expense is adjusted in subsequent periods in order to reflect the actual number of earned options and shares. There is no adjustment, however, when options and shares are forfeited because share price-related conditions are not fulfilled to an extent that gives the right to redemption.

In the case of solicitation within the framework of equity-regulating programs, delivery of shares to the employee takes place. Shares delivered are newly issued shares. At the time of payment, the payment of the redemption price from the employee in equity is recognized. Released employee stock options under the company are employee stock options and are paid free of charge. For Board members who have subscribed options, market payment is paid for the options.

1.2.6.2.2 Equity-regulated programme issued to employees

The calculated and recognized value of equity-regulated programmes issued to employees is recognized in the Parent Company as a contribution of capital to the subsidiary company. The value of shares in the subsidiary increases at the same time as the Parent Company reports an increase of equity. The costs for employees in the companies concerned are passed on to the respective subsidiary companies and regulated in cash, whereby the increase of shares in the subsidiary is neutralized.

1.2.7 Current and deferred tax

Income tax in the profit and loss account of the group report consists of current tax based on taxable income for the current period and changes relating to deferred tax. Tax is recognized in the profit and loss account with the exception of when it relates to items recognized in other comprehensive net income or direct in equity, in which case the tax cost is also recognized in other comprehensive net income or against equity.

The reasons for the calculation of current income tax are the tax rates and taxation laws that are adopted or notified on the balance sheet date. Current tax assets and tax liabilities for the present period and earlier periods are determined at the amount that is expected to be returned from or paid to the tax authorities.

Deferred tax is recognized at the balance sheet date in accordance with the balance sheet calculation method for temporary differences between the taxable and reportable values of assets and liabilities.

Deferred tax assets are recognized for all deductible temporary differences, including unused tax losses to the extent that a taxable profit is likely to be available against which the deductible temporary differences may be used.

1.2.8 Tangible fixed assets

Tangible fixed assets are physical assets that are used in the group's operations and have an expected useful life exceeding one year. Tangible fixed assets are valued at their respective purchase values and depreciate evenly during their estimated useful life. When tangible fixed assets are recognized, any residual value of the asset is considered in determining the depreciable amount. The depreciation is initiated when the asset is ready to be brought into service.

Tangible fixed assets are removed from the balance sheet when it is sold off or when it cannot be expected to bring any financial advantage in the future by being either utilized or sold. Profit and loss are calculated as the difference between the sales price and the asset's recognized value. Profit or loss is recognized in the profit and loss account for the reporting period in which the asset is sold off, such as other costs or other income.

The residual value, useful life and depreciation method of assets are examined at the end of each accounting year and adjusted prospectively, if required, at the end of each reporting period. Usual expenses for maintenance and repair are costed as they arise, but expenses for significant renovations and improvements are recognized on the balance sheet and depreciated during the remaining period of use for the underlying asset.

Estimated useful life is 5 years. Estimated useful life and depreciation methods are reconsidered if there are indications that these have changed to any significant extent compared with the estimate on the previous balance sheet date. When the company changes the assessment of useful life, the asset's residual value will also be reviewed. The effect of these changes is recognized prospectively.

1.2.9 Intangible assets

Internally generated intangible assets - Activated expenses for product development

Internally generated intangible assets attributable to the group's product development are only recognized if the following conditions are met:

- it is technically possible to complete the intangible asset and use it or sell it,
- the company intends to complete the intangible asset and use it or sell it,
- conditions exist for the use or sale of the intangible asset,

• the company shows how the intangible asset is likely to generate future financial benefits,

• adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and

• the expenses attributable to the intangible asset during its development can be reliably calculated.

If it is not possible to report any internally generated intangible asset, the expenses for development are recognized as a cost in the period in which they arise.

After the first accounting event, the internally generated intangible fixed assets are recognized at cost, minus accumulated depreciation and any accumulated impairment losses. The estimated useful life is 5-10 years. The estimated useful life and depreciation methods are reconsidered at least at the end of each quarter, and the effect of any changes in the estimation is recognized prospectively.

1.2.10 Depreciation and amortization of tangible and intangible fixed assets

The group analyses the recognized values of tangible and intangible fixed assets on each balance sheet date in order to determine whether there is any indication that these assets have decreased in value. If so, the asset's recoverable amount is calculated in order to determine the value of any write-down. Where it is not possible to calculate the recoverable amount of an individual asset, the group calculates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indeterminable useful lives and intangible assets that are not yet ready for use shall be checked annually for any need for write-down, or where there is an indication of a reduction in value.

The recoverable amount is the highest value of the fair value minus sales costs and their value in use. When calculating the value in use, the estimated future cash flow is discounted at the present value with a discount rate before tax, reflecting the current market assessment of the money's value over time and the risks associated with the asset.

If the recoverable amount of an asset (or cash-generating unit) is determined at a lower value than the recognized amount, the recognized amount of the asset (or cash-generating unit) is written down to the recoverable amount. A write-down loss shall be recognized immediately in the profit and loss account.

When a write-down is then reversed, the asset’s (the cash-generating unit’s) recognized value increased to the revalued recoverable value, but the raised recognized value may not exceed the recognized value that would be determined if no write-down has been made of the asset (the cash-generating unit) during previous years. The reversal of a write-down is recognized directly in the profit and loss account.

1.2.11 Acquisition as part of a business combination

Intangible assets that are acquired in a business combination are identified and recognized separately from goodwill when they fulfil the definition of an intangible asset and their fair values can be calculated in a reliable manner. The acquisition value for such intangible assets constitutes their fair value at the time of acquisition. The intangible assets depreciate throughout their expected useful life, which is 5-10 years.

After the first reporting occasion, intangible assets acquired in a business combination are recognized at acquisition value, minus accumulated depreciations and any accumulated impairment losses, in the same way as for separately acquired intangible assets.

1.2.12 Financial instruments

A financial instrument is each form of agreement that gives rise to a financial asset in a company and a financial liability or another company's own capital instrument.

1.2.12.1 Financial assets

The group's financial assets are divided into four categories:

- Financial assets valued at the fair value via profit/loss for the period.
    - Financial assets that are held for trade.
    - Financial assets that are identified on the first reporting occasion as an item valued at fair value.
- Loan receivables and accounts receivables valued at the accrued acquisition value according to the effective interest model.
- Financial assets that are held to maturity valued at the accrued acquisition value according to the effective interest model.
- Financial assets that can be sold valued at fair value against other comprehensive net income.

Financial instruments are initially classified based on one of the above four categories. CELLINK AB only holds financial assets in the form of accounts receivables and cash and cash equivalents, valued at the accrued acquisition amount and short-term investments valued at fair value.

Accounts receivables

Accounts receivables are financial assets that are not derived from fixed or determinable payments that are not noted on an active market. They are initially valued at fair value and thereafter at the accrued acquisition value by applying the effective interest method and after deductions for any write-down. The accrued acquisition value is calculated by taking any discounts, fees and advance payments that form part of the effective interest rate into account.

The value of the accounts receivables is tested regularly to see whether there is any objective evidence that the recognized value will not have any influence. If an accounts receivable is considered insecure, a provision is made for the difference between the recognized amount and the expected cash flow. Losses attributable to insecure accounts receivables are recognized in the profit and loss account under other operating expenses.

Cash and cash equivalents

Cash and cash equivalents include cash and balances with banks, as well as other short-term liquid investments that can easily be converted into cash and are subject to an insignificant risk of value fluctuations. Cash funds and accounts in banks are categorised as 'loan receivables and accounts receivables', which means they are valued at the accrued acquisition value. Since funds on bank accounts are payable on request, the accrued acquisition value is equivalent to a nominal amount.

Short-term investments

Short-term investments are categorised as 'holdings for trade' and are valued at fair value with changes in the value recognized in the profit and loss account. These assets are recognized at fair value at the end of each fiscal period and changes in valuation are recognized in financial result in the profit and loss accounts.

Financial liabilities

- Financial liabilities valued at fair value via the profit and loss for the period.
- Other financial liabilities valued at the accrued acquisition value.

Financial instruments are initially classified on the basis of one of the above two categories. CELLINK AB only holds financial liabilities in the form of accounts payable and debts to credit institutions, valued at the accrued acquisition value and financial derivative instruments recognized at fair value.

1.2.12.2 Inventories

Inventories are recognized at the lowest acquisition cost and net sale value, where the acquisition amount is calculated by applying the FIFO method ('first in - first out'). The inventory acquisition value includes expenses for purchase, manufacturing and other expenses to bring the goods to their current location and condition. The acquisition value of a proprietary asset includes, in addition to costs directly attributable to the production of the asset, a reasonable share of indirect manufacturing costs.

1.2.12.3 Accounts payables

Accounts payable are categorized as 'Other financial liabilities', which means they are valued at the accrued acquisition value. The expected duration of accounts payables is, however, short, which is why the liability is recognized at a nominal amount without discount.

1.2.12.4 Debts to credit institutions and other liabilities

Interest-bearing bank loans, current account credits and other loans are categorised as 'Other financial liabilities' and are valued at the accrued acquisition amount according to the effective interest rate method. Any differences between a loan amount received (net after transaction costs) and the repayment or amortisation of the loan are recognized over the loan period.

1.2.12.5 Derivative instrument

The Group includes derivative transactions with the purpose of managing currency risks. The Group does not apply hedge accounting, and all derivative instruments are therefore categorized as "Fair value through profit or loss" in the subcategory "Holdings for trading". Derivative instruments with positive fair value are recognized as assets in the "Derivative

Instrument" line. Derivative instruments with negative fair value are recognized as liabilities on the "Derivative Instrument" line. Changes in value from derivative instruments are recognized either in net financial items or in operating income depending on the purpose of the instrument.

1.2.12.6 Provisions

Provisions are recognized when the group has an existing obligation (legal or informal) as a result of an event occurring and when it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount that is set aside is the best estimate of the amount required to settle the existing obligation on the balance sheet date, considering the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the outgoing payments that are expected to be required to settle the obligation, the recognized amount must be equivalent to the current value of these payments.

Where part or all of the amount required to settle a provision is expected to be replaced by a third party, the redemption shall be recognized separately as an asset in the report on the financial situation when it is as good as certain that it will be obtained if the company settles the obligation and the amount can be reliably calculated.

1.2.13 Share capital

Ordinary shares are classified as equity. Costs that are directly attributable to issuances of new ordinary shares or options are recognized net as equity.

1.2.14 Public contributions

Revenue from public contributions that are not linked to future performance requirements is recognized as revenue when the conditions for receiving the contribution and the financial benefits associated with the transaction are likely to accrue to the company and income can be calculated reliably. Public contributions have been valued at the fair value of the asset the company has received.

Revenue from public contributions that are linked to future performance requirements is recognized as revenue when the performance is completed, and the financial benefits associated with the transaction are likely to accrue to the company and income can be reliably calculated. Public contributions have been valued at the fair value of the asset the group has received.

Contributions received before the conditions for reporting them as income have been met are recognized as liabilities

1.2.15 Reporting of cash flow

Cash and cash equivalents consist of available cash, funds on bank accounts and other cash investments with an original date of maturity of fewer than three months which are subject to insignificant fluctuation in value. Incoming and outgoing payments are recognized in cash flow analyses. Cash flow analyses are prepared in accordance with the indirect method.

1.2.16 Leasing

A finance lease is an agreement whereby the economic risks and benefits associated with ownership of an asset are essentially transferred from the lessor to the lessee. Other leases are classified as operating leases. All Group leases have been classified and recognized as operational. Leasing fees under operating leases are expensed on a straight-line basis over the lease term, unless another systematic way better reflects the user's economic benefits over time.

1.2.17 New and future standards

1.2.17.1 New and amended standards that have entered into force

A number of new and amended IFRS have entered into force. The IFRS that may have influenced the group’s or parent company’s financial reports are described below. None of the other new standards, amended standards or IFRIC interpretations is expected to have any effect on the group’s or the parent company’s financial reports.

IFRS 9 entered into force for companies with 1 January 2018 as start of the fiscal year. Amendments compared with earlier standards relate to, among other things, new views on classification and another model for write-downs, where reserves for insecure accounts receivables are not only to be based on events that have occurred but also on events that are expected to occur. CELLINK’s accounts receivables consist essentially of short-term accounts receivables without any elements of financing, and the company has historically had low customer losses. On this basis, the company has concluded that the transition, with start 1 September 2018, to the new accounting standard will not have any essential effects on the group’s financial reports.

IFRS 15 entered into force for companies with 1 January 2018 as start of the fiscal year. The vast majority of CELLINK’s sales consist of products, which clearly represents separate performance commitments. CELLINK also sells services in the form of services linked to products. The services are invoices predominantly in advance, and revenue is recognised as the service agreement progresses. Revenue from services not recognised is recognized as prepaid revenue on the balance sheet. CELLINK also considers that these services constitute a separate performance commitment. On this basis, there is not believed to be any significant differences between the current reporting and the reporting in compliance with the IFRS, and CELLINK makes the conclusive assessment that the transition, with start 1 September 2018, to IFRS will not have any significant effect on the group’s financial reports.

1.2.17.2 New and amended standards that have not entered into force

A number of new and amended IFRS have not yet entered into force and have not been pre-applied in drawing up the group’s and the parent company’s financial reports. The IFRS that may influence the group’s or parent company’s financial reports are described below. None of the other new standards, amended standards or IFRIC interpretations is expected to have any effect on the group’s or the parent company’s financial reports.

IFRS 16 Leasing was approved by the EU in 2017 and replaces the IAS 17 as of 1 January 2019. Reporting in accordance with the IFRS will mean that in principle all leasing agreements will be recognized on the balance sheet as assets and liabilities. This reporting is based on the point of view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for this right. No assessment of the effects of the standard has not yet been begun.

Other amended standards that have not yet entered into force have no effect on the group's financial reports.

1.3 Significant accounting assessments, estimations and assumptions

When the board of directors draws up financial reports in accordance with applied accounting principles, certain estimations and assumptions must be made, which affect the recognized value of assets, liabilities, revenue and costs. The areas where the estimations and assumptions are of great significance for the Group and that may affect the profit and loss account and balance sheet if they change are described below.

1.3.1 Assessment of the valuation of intangible assets.

Intangible assets are recognized at acquisition value minus accumulated depreciation and impairment. An assessment is made every closing date of whether there is any indication of a reduction in the value of the Group's intangible assets. Losses attributable to impairment are recognized in the profit and loss account under other operating expenses.

1.3.2 Assessment of insecure accounts receivables

Accounts receivables are recognized initially at fair value and thereafter at the expected realizable value. An estimation of insecure accounts receivables based on an objective evaluation of all open items is made on each closing date. Losses attributable to insecure accounts receivables are recognized in the profit and loss account under other operating expenses.

1.3.3 Assessments of the application of accounting principles

When management applies the Group´s accounting principles, assessments are made apart from those that include estimates which may have a significant effect on the amounts the group reports in its financial reports.

1.3.3.1 Classification of acquisitions

An assessment must be made as to whether it concerns a business combination or an asset acquisition. An operation consists of resources and processes that can result in production. When a company is acquired, an assessment is made as to how the reporting of the acquisition should be made on the basis of, among other things, the following criteria: whether there are any employees, the company's assets and the complexity of the internal processes. Furthermore, account is taken of the number of activities and whether there is an agreement with various grades of complexity. A high presence of these criteria means the acquisition is classified as a business combination and a low presence as an asset acquisition.

When the acquisition of subsidiaries involves the acquisition of assets that do not constitute a business operation, the acquisition costs are divided up into the individual assets and liabilities based on their relative fair value at the time of acquisition. If the assessment were to have resulted in a classification as a business combination instead, this would have led to the initially recognized value being higher, such as accrued tax liability and probably also goodwill.

1.3.3.2 Classification of public contributions

An assessment must be performed as to whether the public contribution is attributable to projects the company plans to implement as well as whether the projects are expected to generate economic benefits or not. When receiving public contributions, an assessment is made of how the accounting of the contribution for the project in question should be based on, inter alia, the following criteria: The criteria in IAS 38 (see Note 1.2.9 for the criteria's), the ownership of the final product, and if the company consider the project to be relevant to implement without public contributions.

1.3.4 Calculation of fair value of financial instruments

Financial instruments recognized at fair value are classified either as at fair value over the profit or loss for the period or as being available for sale. The valuation may be based on one of the following conditions:

- Quoted prices (unadjusted) on active markets for identical assets or liabilities (level 1)
- Other observable data for the asset or liability than quoted prices either directly (i.e. as quotations) or indirectly (i.e. attributable to quotations) (level 2).
- Data for the asset or liability that is not based on observable market data (level 3)

The fair value of financial instruments traded on an active market is based on quoted market prices on the closing date. A market is regarded as active if the quoted prices from a stock exchange, broker, industry group, pricing service or supervisory authority are easily and regularly available and these prices represent actual and regular market transactions at arm's length. The group has short-term investments in the form of interest relief funds. The group recognizes the short-term investments at fair value as level 1 valuation. Changes in the value, i.e. the unrealised profit/loss, are recognized as interest revenue/cost in the income statement.

Fair value of financial instruments that are not traded on an active market (i.e. OTC derivative) are determined by means of valuation techniques. For this purpose, market information is used as far as possible, as this is available while company-specific information is used as little as possible. If all essential input data that is required for the valuation is observable, the instruments are classified as a level 2 valuation. CELLINK AB currently reports no financial instruments belonging to this category.

In the event that one or more pieces of input data is not based on observable market information, the instrument concerned is classified at level 3. CELLINK AB currently reports derivative instruments for currency belonging to this category.

Estimated fair value of the Group's financial instruments is based on market prices and valuation methods that are described below.

Cash and cash equivalents

Fair value is assumed to be the same as the recognized value.

Interest-bearing liabilities

The Group reports interest-bearing liabilities at the accrued acquisition value. The fair value of interest-bearing liabilities is regarded as being approximate to the book value, as all interest-bearing liabilities are based on floating rates, and the Group does not see any indications that the margin has changed since borrowing.

Accounts receivables, accounts payables and other liabilities

These items are initially recognized at fair value and in the following periods at the accrued acquisition value. Discounting is not normally considered to have any significant effect on this type of assets and liabilities

1.4 Pledged collateral and contingent liabilities

The Group has no collateral or contingent liabilities.

Parent Company´s accounting principles

NOTE 2 Basic accounting principles

This interim report has been prepared for the Parent Company in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The accounting principles are in accordance with RFR 2 Accounting for Legal Entities, prepared by the Financial Reporting Board. This means that IFRS applies with the exceptions and additions as shown below.

2.1 Shares in subsidiaries

Shares in subsidiaries are recognized in the Parent Company at cost less any impairment losses. If the carrying amount of the shares exceeds its fair value, an impairment loss is written down to the fair value. The impairment loss is recognized in the income statement. In cases where the impairment is no longer required, the impairment loss is reversed over the income statement.

2.2 Summary of important accounting principles

2.2.1 Accounting of shareholder contributions

Provided shareholder contributions are recognized as an increase in the value of the share.

2.3 Significant accounting assessments, estimations and assumptions

When the board of directors draws up financial reports in accordance with applied accounting principles, certain estimations and assumptions must be made, which affect the recognized value of assets, liabilities, revenue and costs. The areas where the estimations and assumptions are of great significance for the Group and that may affect the profit and loss account and balance sheet if they change are described below.

2.3.1 Valuation of shares in subsidiaries and impairment testing requirements

To calculate any impairment requirements for shares in subsidiaries, the Company has used the net asset value of the individual subsidiary. When calculating the net asset value, the company's future earning capacity is based on the agreements and rights the company has considered and that the book value of other items in the subsidiary is comparable to the fair value. The company believes that this is a reasonable assumption when calculating the fair value of the shares in the subsidiary.

OTHER INFORMATION

Publication date for financial information

14 November 2018	Annual Report
13 December 2018	Annual General Meeting

The information in this interim report is such as CELLINK shall publish in accordance with the Securities Market Act. The information was submitted for publication on 24 October 2018. This interim report, as well as any additional information, is available on the CELLINK website, www.cellink.com.

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Audit of the Interim financial report

This interim financial report has not been the subject of an audit by the company´s auditors.

Definition of key indicators

EBITDA

Operating profit/loss before depreciation and write-downs.

Average number of shares

Weighted average of the number of outstanding shares during the period.

Net sales

Invoicing during the period.

Profit per share

Profit/loss for the period attributable to the company shareholders in proportion to the average number of shares.

Operating margin

Operating profit/loss as a percentage of the operating revenue.

Operating profit/loss (EBIT)

Profit/loss before financial items and tax.

Solidity

Adjusted equity as a percentage of the balance sheet total.