

CELLINK AB (publ)

Interim report Sept.-Aug.
2018/2019



Strategic acquisition and strong closing of the year

Fourth quarter

- Net sales amounted to SEK 31,997 (16,465) thousand, corresponding to a growth of 94%, of which 23% was organic growth, compared to the fourth quarter of the previous fiscal year.
- Operating profit before depreciation (EBITDA) amounted to SEK -2,435 (1,069) thousand, corresponding to a negative margin (6.5 %).
- Net income amounted to SEK -1,745 (583) thousand, generating earnings per share after dilution of SEK -0.19 (0.07).

Full year

- Net sales amounted to SEK 105,457 (45,337) thousand, corresponding to a growth of 133%, of which 92% was organic growth.
- Operating profit before depreciation (EBITDA) amounted to SEK 3,551 (2,997) thousand, corresponding to a margin of 3.2% (6.6%).
- Net income amounted to SEK 581 (1,183) thousand, generating earnings per share after dilution of SEK 0.07 (0.14).

The Group's key figures

SEK thousand	Jun-Aug 2018/2019	Jun-Aug 2017/2018	Full year 2018/2019	Full year 2017/2018
Net sales	31,997	16,465	105,457	45,337
Total revenue, etc.	46,673	23,132	147,613	64,444
Gross profit	22,141	11,845	75,423	29,085
Gross margin, %	69%	72%	72%	64%
Operating profit before depreciation (EBITDA)	-2,436	1,069	3,351	2,997
EBITDA margin, %	neg	6.5%	3.2%	6.6%
Operating profit (EBIT)	-4,977	402	-3,754	372
Operating margin (EBIT), %	neg	2.4%	neg	0.8%
Net profit/loss	-1,745	583	581	1,183
Cash flow from operating activities	-5,031	-7,085	-13,768	-12,263
Average number of shares *	9,291,299	8,290,540	8,726,831	7,716,352
Number of shares at closing day	9,746,194	8,323,439	9,746,194	8,323,439
Earnings per share after dilution, SEK	-0.19	0.07	0.07	0.15
Share price at closing day, SEK	265	146	265	146
Market cap at closing day, SEK million	2,612	1,215	2,612	1,215
Number of employees at closing day	157	74	157	74

*Average number of shares including potential common shares.
For definitions, see page 16

Significant events during the period

Events during the quarter (Jun. 2019-Aug. 2019)

- On June 18, CELLINK raised 148.5 mSEK in capital. The issue was directed to institutional investors as a fast and effective way to finance a potential acquisition.
- On June 24, CELLINK collaborated with a team of researchers at Uppsala University to send 3D-bioprinted neural crest stem cells to space.
- On July 11, CELLINK was granted a patent for "Clean Chamber Technology for 3D Printers and Bioprinters" from the Korean Patent Office.
- On August 5, CELLINK acquired cytena GmbH, a company that produces single-cell dispensing technology.
- On August 13, CELLINK was granted a patent for a temperature-controlled printed technology from the European Patent Office.

Events during the other financial year (Sept. 2018-May 2019)

- On October 17, CELLINK launched two new series of bioink as well as an expansion of a current series.
- On November 6, CELLINK launched a new series of bioink and extended three existing product series.
- On December 1, CELLINK completed its acquisition of German company Dispendix GmbH for a purchase price of 5 million EUR.
- On December 4, CELLINK announced a collaboration with MedImmune to use CELLINK's technology for drug discovery.
- On December 5, CELLINK signed a partnership with Prellis Biologics Inc. to commercialize holographic bioprinting technology.
- On January 28, the European Union granted CELLINK 5 mSEK in project funding.
- On February 4, CELLINK launched CELLCYTE X, a new product enabling real-time cell microscopy.
- On February 19, CELLINK was granted a patent for "3D printer and a method for 3D printing of a construct."
- On March 18, CELLINK launched Lumen X, a bioprinter that uses digital light processing.
- On May 2, CELLINK launched new tissue model kits.
- On May 27, it was announced that CELLINK would work with Umeå University and GE Healthcare to develop transplantable skin models to improve burn patients' quality of life.

Events after the end of the period

- On October 17, CELLINK launched two new series of bioink as well as an expansion of a current series.
- On September 3, CELLINK launched the BIO X6, a product designed to be the most flexible six-printhead platform on the market.
- On October 1, CELLINK was granted a design patent for BIO X.
- On October 2, it was announced that CELLINK received the Merck Innovation Award for designing technology to enhance pharmaceutical research.

Letter from the CEO

Growth, acquisitions and continuing global expansion

It's with joy and pride that I share CELLINK is finishing its fourth quarter and third year as a public company with continued growth, newly completed acquisitions and continued global expansion. During the fourth quarter, net sales increased to 32 mSEK and total operating revenue to 48 mSEK, resulting in a 94% growth in net sales compared to last year. The net sales during the fiscal year increased to 105 mSEK and total operating revenue to 149 mSEK, corresponding to a growth of 131% compared to last year. The company's position in the global market has strengthened as a result of our continued focus on product development, two strategic acquisitions and the effective work of our global sales team. Our employees do a fantastic job every day and it is rewarding to see our company culture scale up with our incredible growth the past year. CELLINK is now beginning a new and exciting year with expanded markets through acquired and developed products, the implementation of our growth and acquisition strategy and global expansion through new sales channels and active customer work.



Growth

Demand for CELLINK's products continues to grow globally. According to BCC research, the market is expected to grow 43.9% per year for the next few years. Our sales team has developed extremely well this year. Our digital presence also strengthens our impact and generates a lot of visibility.

The slightly weaker organic growth in the fourth quarter can be explained by a generally weak season and our transition from relying on distributors to focusing on direct sales for larger parts of the European market. CELLINK's future today and in the future is dependent on how well and closely we work with our customers. We have already emphasized customer relations in the way we develop products, offers and technologies that are then well received by the market. This goes best with our own sales team. We have succeeded with this in our biggest market, the United States. To reach the global market, CELLINK also works with the most reputable distributors for medical technology. In the fourth quarter, the company started building its own sales organization in Europe – we have now established our own offices in France and the United Kingdom. These offices are expected to be up and running by the first quarter of 2019/2020.

This year, direct sales make up 49% of the company's revenue, up from 40% during Q1 to 60% in Q4, and the plan is to continue to build a global sales team for strategically important markets and continue working with good distributors on the markets that are relevant to business.

This year, the company has supported a complete product portfolio in more than 50 countries around the world, with the United States as its largest market, followed by Europe and Asia. As our user base increases, so do sales of bioink, for which margins are higher. CELLINK has

worked to internally develop a large product portfolio of tissue-specific bioinks to generate high value both for CELLINK and its customers.

During the year, CELLINK and its daughter company successfully entered the pharmaceutical market and sold technology platforms to the majority of the world's 25 largest pharmaceutical companies. Demand for CELLINK's total product offering in pharmaceutical research increased significantly during the year with the help of new research areas being explored by our current academic customers and scientific publications that describe leveraging CELLINK's products. Today, pharmaceutical companies make up 15% of our global sales, compared to 5% 12 months ago. The plan is to continue expanding our work in this market, where there is a significant need for our products.

Acquisitions

In the fourth quarter, we finished acquiring the German company cytena GmbH, which produces single-cell printing technologies. The focus this quarter has been on achieving sales synergies as identified during the acquisition process. Acquiring cytena can expand the use of CELLINK's technologies in the pharmaceutical industry, which has been a communicated strategy for CELLINK since 2018. The majority of cytena's customers are pharmaceutical companies. Many of the customers who use cytena's products are also potential customers for CELLINK's products. CELLINK offers bioinks, bioprinters, fast dispensing solutions and a live-cell imaging system to enable creation and monitoring human tissues and 3D cell models. cytena's single-cell-printing platform not only enables pharmaceutical companies to develop antibodies and cell lines – it also offers an excellent complementary technology to our bioprinting platform and the workflow that pharmaceutical companies need for printing functional tissues. Profit in the fourth quarter was affected by acquisition costs around 2.1 mSEK.

Global expansion

CELLINK focuses on expanding globally, and our efforts are driven by passion for our customers and their research that is, in many cases, revolutionary. This year, the company went from 74 full-time employees to 157. This rate of growth and expansion is only possible thanks to our talented team and company culture. When delivering products, we focus on ensuring the highest quality and lowest lead times possible. The company increased the production level and production capacity during the financial year to maintain our delivery rate. We want to thank all of our suppliers for their excellent work and their ability to deliver according to our needs.

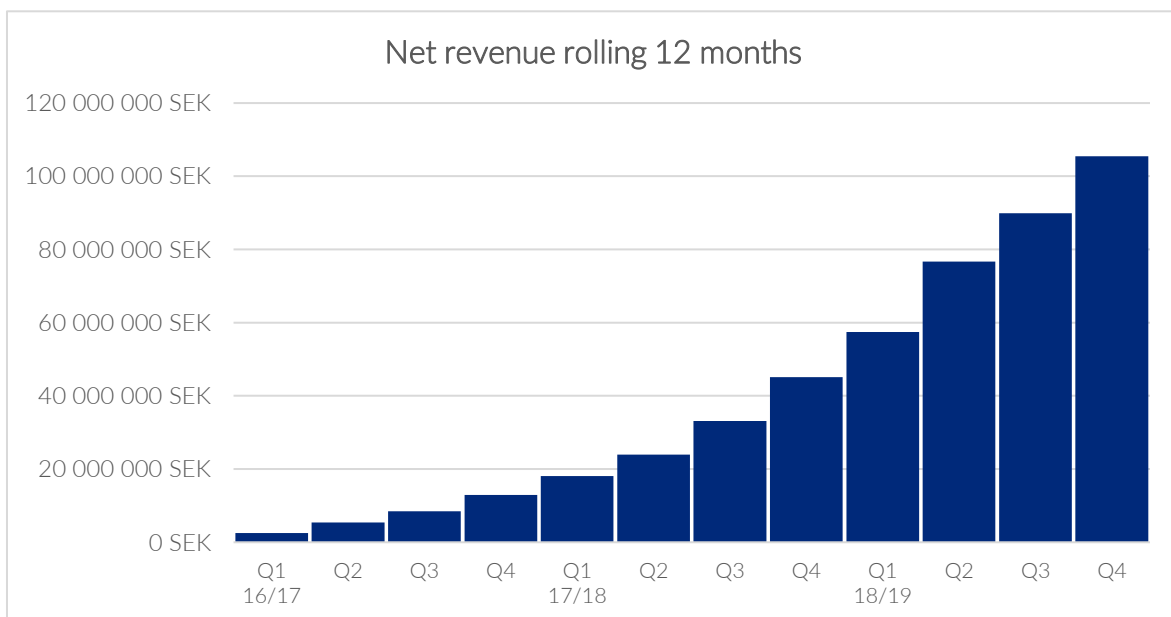
In the fourth quarter, the company continues with its talent recruitment with a strong focus on qualified sales executives and application specialists. We are a global company and we recruit the best talent from all over the world. From an employee-branding perspective, we can say that today, we have received thousands of applications to our advertised positions. We pride ourselves on sourcing top talent from all around the globe and having built a team that represents more than 30 different nationalities. We have created a diverse and open workplace where everyone can thrive, grow professionally and do their best. CELLINK's entrepreneurial company culture plays a vital role in the company's growth and success. The constant synergistic energy between the departments ensures that the entire company is working toward the same, unified vision.

I want to thank the entire CELLINK team for their fantastic work, the board for their support and all of the shareholders and investors who have showed continued confidence in the company and in me. Now it's time for the start of a new and exciting year.

Gothenburg, Sweden

October 24

Erik Gatenholm, CEO



The Group's development

Net sales

The net sales in the fourth quarter amounting to 31,997 kSEK (16,465), an increase of 94% compared to the last quarter of the last fiscal year, of which 23% was organic growth. For the full year 2018/2019, sales amounted to 105,457 kSEK (45,337), corresponding to an increase of 133% compared to the last fiscal year, of which 92% was organic growth.

The last quarter of the year is seasonally the weakest. Around 75% of CELLINK's sales go to academia, and the company's order rate is affected by the university's schedule. The same period last year showed high sales thanks to a large order backlog that was delivered during the quarter – this fiscal year got the company in the last quarter without any backlogs thanks in part to a well-functioning production with fast delivery. As well, the acquisitions of Dispindex and cytena affected net sales in Q4 positively, with around 11.6 mSEK compared to last year. The parent company's lower net sales compared to the group are partly a consequence of transfer-pricing adjustments.

The company's strategic choice to shift from distributors in larger parts of Europe to direct sales has been a negative factor in sales development this quarter. The shift is expected to have a negative effect on growth in the short run with a positive effect in the longer run, as the company expects that increasing direct sales will increase long-term growth and margins.

cytena contributed to net sales for four weeks in August. Since the majority of cytena's customer base is in the pharmaceutical industry, this acquisition will reduce seasonal variations and pave the way for other companies in the group to increase their presence in the pharmaceutical industry.

Profit

Gross profit in the fourth quarter amounted to 22,141 kSEK (11,845), representing a gross margin of 69% (72%). For the full year 2018/2019, gross margins amounted to 75,423 kSEK (29,085), representing a gross margin of 72% (64%). The improved gross margin can be attributed to cost effects, better purchase prices and a product mix with a larger share of bioinks with higher margins than the instrument sales. The newly acquired companies also positively affected the gross margin.

Operating loss for the fourth quarter amounted to -4,977 SEK (402), corresponding to a negative operating margin (2.4%). The operating profit for the full year 2018/2019 amounted to -3,754 kSEK (372). Operating loss for the full year was negatively affected by acquisition costs of around 3 mSEK for the full year, of which 2.1 mSEK was in the fourth quarter.

Profit from financial items for the full year 2018/2019 amounted to 3,808 kSEK (695), of which 3,016 kSEK (194) was in fourth quarter. Revenue is mainly attributed to the market valuation of short-term interest funds and exchange rate gains; they positively impacted earnings amounting to 3,848 kSEK (1) for the full year, of which 3,053 kSEK (1) was in the fourth quarter.

Earnings after tax for the quarter amounted to -1,745 kSEK (583), corresponding to an earnings-per-share of -0.19 SEK (0.07). Earnings after tax for the full year 2018/2019 amounted to 581 kSEK (1,183), corresponding to an earnings-per-share after dilution of 0.07 SEK (0.15).

Cash flow and investments

Cash flow from operating activities in the fourth quarter amounted to -5,031 kSEK (-7,085). As the majority of the quarter's deliveries occurred during the last month of the quarter, accounts receivable during the quarter increased to 46,796 kSEK (16,384). The increase in tied-up capital in the form of accounts receivable is expected to decrease – the decrease would be attributed to sales being more evenly distributed over the quarter with a lower proportion occurring through distribution channels, which have longer payment terms than direct sales. Cash flow from investing activities during the quarter amounted to SEK

-107,284 kSEK (-78,499), of which SEK 20,906 kSEK (-72,950) is attributed to investment and sales of short-term mutual funds during the quarter. Cash flow from financing activities amounted to SEK 140,708 kSEK (95,473), consisting mainly of cash flow from new issues. Cash flow for the quarter amounted to SEK 28,390 kSEK (9,889).

Cash flow from operating activities for the full year 2018/2019 amounted to -13,768 kSEK (-12,263). Cash flow from investing activities for the full year 2018/2019 amounted to -111,648 kSEK (-97,374). Investment and sales of short-term mutual funds amounted to 44,195 kSEK (-78,184) for the full year. Acquisitions were made of Dispindex GmbH for SEK 20,287 kSEK, BioinkIP LLC for SEK 4,000 kSEK and cytena GmbH for SEK 95,809 kSEK (net cash effect). During the full year 2018/2019, the Group invested SEK 32,150 kSEK (18,469) in intangible fixed assets in the form of patents and balanced expenses for product development. Cash flow from financing activities amounted to SEK 140,990 kSEK (121,777) and is mainly attributed to new issues. The group repaid a debt of 1,702 kSEK to former shareholders of Dispindex GmbH. Cash flow from financing operations is otherwise attributed to option premiums of 2,637 kSEK from the group's two incentive programs. Cash flow for the full year 2018/2019 amounted to 15,574 kSEK (12,141).

Listing

The company's board and leadership are actively working on preparing to list the company on Nasdaq's main list and expects that the company will be listed early 2020.

Issue

On June 18, the company raised a capital of 148.5 mSEK. The issue was aimed at institutional investors in order to quickly and effectively finance a potential acquisition. Through the issue, the company received approximately 141.5 mSEK after issue-related costs. Investors in the private placement were a mix of old and new institutional investors and private individuals. The issue was heavily oversubscribed and was implemented at a price of 270 SEK per share, corresponding to a discount to the closing price of 5.9%. The capital raised was used mainly to finance the cash portion of the acquisition of cytena GmbH (see more below.) The remaining liquidity is planned for use in the continued expansion of CELLINK.

Transactions

The company signed the agreement to acquire the company Dispindex GmbH on December 1, 2018. Dispindex specializes in nanodispensing technology that enables dispensing of small volumes of liquid, such as pharmaceuticals. The company has performed well and met expectations under CELLINK's ownership. Dispindex technology combines with both CELLINK and cytena's platforms to enable a simplified and improved workflow for the group's customers.

On August 5, cytena GmbH was transferred to CELLINK's ownership and incorporated into the consolidated accounts. The company has grown rapidly since its inception (61% CAGR in revenue 2016-2018) and is expected to earn 4.5 mEUR in the calendar year 2019. Together, cytena and CELLINK offer customers a better product range and provide complete workflow that can help drive instrument, reagent and consumable sales. cytena's customer base mainly consists of large pharmaceutical companies, which will help continue the group's growth in this market. The operating value was 27.9 mEUR and the acquisition was financed through a combination of a non-cash issue (18.85 mEUR) directed to the sellers of the target company and cash from the new share issue (EUR 11.4). The target company's net cash was approximately 2.5 mEUR. See more information in Note 4.

About the company

CELLINK created the world's first universal bioink, which is used today by many of the world's most reputable research institutions and pharmaceutical companies. The bioink mixes with living cells to print functional human tissues that can be used in preclinical research to provide better results than current methods. The company's customers work with applications that, if further research is successful, can lead to entire human organs printed in 3D bioprinters for transplant. The company was founded in 2016 and is active in more than 50 countries with the goal of changing the future of medicine.

Other information

Employees

As of August 31, the number of full-time employees at CELLINK amounted to 157 (74). The group intends to continue growing expansively and this increase in personnel is in-line with targeted growth. Seven employees were hired in connection with acquiring Dispendix and 25 in connection with Cytena.

Seasonal variations

Academic institutions comprise a large portion of the company's customers, and the company's income follows academia's budget cycles. This means that the company's fourth quarter (June-Aug) is typically the company's weakest quarter. The group expects the acquisition of Cytena to dampen this effect – Cytena has weaker seasonal variations and higher order intake, with the highest number of orders occurring at the end of the year.

Information on transactions with related parties

During the quarter, there were no transactions that significantly affected the company's earnings or financial position. For information on related parties, see the Annual Report for 2017/2018, Note 23.

Incentive programs

CELLINK has two long-term incentive programs aimed at the company's staff and board members. The purpose of these incentive programs is to encourage broad shareholding among CELLINK's employees, enhance recruitment, retain skilled employees and increase employee motivation to achieve or exceed the company's goals. In total, the options programs in the company comprise 778,338 shares. About half of the issued options may be exercised. The first program consists of approximately 150,000 options and expires in December 2020 with the right to subscribe for SEK 177.5 per share. The terms for the incentive programs are described in the Annual Report for 2017/2018 in Note 2.2.6.2 on page 31.

Risk management

The group is exposed to various types of risk through its operations. Risks can be categorized as industry- and market-related risks, business-related risks and financial risks. Industry- and market-related risks include, among other things, changes in demand resulting from a weakening economy or other macroeconomic change, a changed price point for raw materials central to production and a change in competition or price pressure. Business-related risks include the group's ability to develop and sell innovative products and solutions, its ability to attract and retain qualified employees and profitability dependent on product mix and continued growth in relation to organizational growth. The financial risks are summarized under financing risk, liquidity risk, credit risk and interest rate risk. The group's risks and uncertainties are described in the annual report for 2018/2019 on pages 17-18.

Condensed consolidated income statements

SEK thousands	Note	2019-06-01	2018-06-01	2018-09-01	2017-09-01
		2019-08-31 June-Aug (Q4)	2018-08-31 June-Aug (Q4)	2019-08-31 Full year	2018-08-31 Full year
Net sales	2	31,997	16,465	105,457	45,337
Changes in inventory		2,075	406	7,816	1,697
Capitalized work for its own account		5,484	4,284	15,938	10,474
Other operating income		7,081	1,976	18,402	6,935
Operating expenses					
Raw materials and supplies		-11,931	-5,026	-37,850	-17,949
Other external expenses		-17,403	-8,054	-45,879	-16,334
Personnel expenses		-19,447	-8,769	-59,838	-26,668
Depreciation and amortization of fixed assets		-2,542	-667	-7,105	-2,625
Other operating expenses		-290	-214	-695	-495
Operating profit/loss		-4,977	402	-3,754	372
Profit/loss from financial items					
Interest income and similar items		3,016	222	3,920	737
Interest expenses and similar items		-	-28	-112	-42
Profit/loss after financial items		-1,961	596	54	1,068
Tax for the period		216	-13	527	116
Net profit/loss for the period		-1,745	583	581	1,183
Attributable to					
Parent company's shareholders		-1,745	583	581	1,183
Earnings per share before dilution, SEK		-0.19	0.08	0.07	0.15
Earnings per share after dilution, SEK		-0.19	0.07	0.07	0.15
Average number of shares*		9,342,777	8,290,540	8,276,831	8,094,690
Number of shares at closing day		9,746,194	8,323,439	9,746,194	8,323,439

*Average number of shares including potential common shares

Condensed consolidated statements of comprehensive income

SEK thousands	2019-06-01	2018-06-01	2018-09-01	2017-09-01
	2019-08-31 Jun-Aug (Q4)	2018-08-31 Jun-Aug (Q4)	2019-08-31 Full year	2018-08-31 Full year
Net profit/loss	-1,745	583	581	1,183
<i>Other comprehensive income items that may be reclassified to the income statement</i>				
Exchange rate differences	3,594	-10	5,080	-86
Total comprehensive income	1,849	573	5,661	1,097
Attributable to				
Parent company's shareholder	1,849	573	5,661	1,097

Condensed consolidated statements of financial position

SEK thousands	Note	Aug 31, 2019	Aug 31, 2018
ASSETS	3		
Capitalized expenditure for development work		45,288	24,415
Goodwill		276,762	-
Other intangible fixed assets		67,800	5,991
Tangible fixed assets		8,584	998
Deferred tax assets		5,376	1,733
Other financial fixed assets		543	-
Inventory		28,678	4,012
Accounts receivable		46,796	16,834
Derivative instruments		-	9
Tax receivables		3,146	-
Other current assets		7,567	1,928
Prepaid expenses and accrued income		3,465	2,555
Short-term investments		69,273	113,468
Cash and cash equivalents		39,845	23,038
TOTAL ASSETS		603,123	194,981
SHAREHOLDERS' EQUITY AND LIABILITIES	3		
Shareholders' equity, attributable to the parent company's shareholders		549,642	186,160
Deferred tax liabilities		15,408	-
Long-term interest-bearing liabilities		600	600
Advance from customers		260	639
Accounts payable		14,114	3,756
Current tax liabilities		-	2
Other current liabilities		11,078	933
Accrued expenses and deferred income		11,041	2,446
Other provisions		980	445
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		603,123	194,981

Condensed consolidated cash flow statements

SEK thousands	2019-06-01 2019-08-31 Jun-Aug (Q4)	2018-06-01 2018-08-31 Jun-Aug (Q4)	2018-09-01 2019-05-31 Full year	2017-09-01 2018-08-31 Full year
Operating profit/loss	-4,977	402	-3,754	372
Adjustments for non-cash items	4,115	831	9,128	2,579
Financial items	2,358	194	2,358	695
Tax paid	433	-284	433	-31
Changes in inventory	-5,986	-406	-11,670	-1,697
Changes in trade receivables	-1,854	-7,240	-20,846	-15,018
Changes in trade payables	878	-582	10,583	838
Cash flow from operating activities	-5,031	-7,085	-13,768	-12,263
Cash flow from investing activities	-107,284	-78,499	-111,648	-97,374
Cash flow from financing activities	140,708	95,473	140,990	121,777
Cash flow for the period	28,390	9,889	15,574	12,141
Opening cash and cash equivalents	10,280	13,037	23,038	10,664
Exchange difference in cash and cash equivalents	1,175	112	1,233	233
Closing cash and cash equivalents	39,845	23,038	39,845	23,038

Consolidated changes in shareholders' equity

SEK thousands	Share capital	Other contrib- uted capital	Translation reserve	Retained earnings including net profit/ loss for the period	Total share- holders' equity
Opening balance at September 1, 2017	724	60,019	-30	-1,055	59,659
Net profit/loss for the period	-	-	-	1,183	1,183
Other comprehensive income	-	-	70	-	70
Total comprehensive income	-	-	70	1,183	1,253
Rights issue	108	130,182	-	-	130,290
Transaction costs, net after taxes	-	-6,068	-	-	-6,068
Share-based payments	-	-	-	335	335
Option payments	-	-	-	690	690
Total transactions with shareholders	108	124,114	70	2,208	126,500
Closing balance at May 31, 2018	832	184,133	40	1,154	186,160
Opening balance at September 1, 2018	832	184,133	40	1,154	186,160
Net profit/loss for the period	-	-	-	581	581
Other comprehensive income	-	-	5,040	-	5,040
Total comprehensive income	-	-	5,040	581	5,621
Issue in kind	87	211,979	-	-	212,066
Rights issue	55	148,445	-	-	148,500
Transaction cost, net after taxes	-	-5,950	-	-	-5,950
Share-based payments	-	609	-	-	609
Warrant premiums	-	2,637	-	-	2,637
Total transactions with shareholders	142	357,720	5,040	581	363,483
Closing balance at Aug 31, 2019	975	541,853	5,080	1,735	549,642

Condensed income statements for the parent company

SEK thousands	2019-06-01 2019-08-31 Jun-Aug (Q4)	2018-06-01 2018-08-31 Jun-Aug (Q4)	2018-09-01 2019-08-31 Full year	2017-09-01 2018-08-31 Full year
Net sales	13,908	15,937	77,644	43,660
Changes in inventory	3,955	406	8,078	1,697
Capitalized work for its own account	1,329	2,471	5,337	7,222
Other operating income	4,272	1,189	15,374	6,709
Operating expenses				
Raw materials and supplies	-9,955	-5,026	-32,061	-17,949
Other external expenses	-7,935	-5,557	-30,879	-13,844
Personnel expenses	-11,815	-8,059	-40,650	-22,094
Depreciation and amortization of fixed assets	-1,384	-667	-4,876	-2,587
Other operating expenses	-261	-210	-666	-495
Operating profit/loss	-7,885	1,184	-2,699	2,318
Profit/loss from financial items				
Interest income and similar items	3,070	222	3,981	737
Interest expenses and similar items	-	-28	-20	-42
Profit/loss after financial items	-4,815	1,378	1,261	3,014
Tax for the period	-469	-52	-469	-
Net profit/loss for the period	-5,286	1,326	792	3,014

Condensed balance sheets for the parent company

SEK thousands	Aug 31, 2019	Aug 31, 2018
ASSETS		
Fixed assets		
Intangible fixed assets		
Capitalized expenditure for development work	45,456	24,958
Patent	11,125	5,991
Tangible fixed assets	1,937	502
Financial fixed assets		
Shares in Group companies	364,859	1,659
Deferred tax assets	3,005	1,613
Other financial fixed assets	259	-
Total fixed assets	426,641	34,723
Current assets		
Inventory	11,913	4,012
Accounts receivables	22,214	11,930
Receivables from Group companies	20,603	8,239
Derivative instruments	-	9
Other current assets	4,833	1,798
Prepaid expenses and accrued income	2,739	2,504
Short-term investments	69,273	113,468
Cash and cash equivalents	11,707	19,615
Total current assets	143,282	161,577
TOTAL ASSETS	569,924	196,300
EQUITY AND LIABILITIES		
Equity		
Restricted equity	45,916	25,790
Unrestricted equity	500,844	162,315
Deferred tax provision	317	
Other provisions	402	445
Long-term liabilities		
Long-term interest-bearing liabilities	600	600
Current liabilities		
Advance from customers	156	639
Accounts payable	10,895	3,663
Other current liabilities	781	630
Accrued expenses and deferred income	10,013	2,217
TOTAL EQUITY AND LIABILITIES	569,924	196,300

Note 1. Accounting principles

This interim report has been prepared for the Group in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Reporting Board, Accounting for Legal Entities.

Unless otherwise stated below, the accounting principles applied to the Group and the Parent Company are consistent with the accounting principles used in the presentation of the most recent Annual Report.

IFRS 16

IFRS 16 "Leasing" entails changes in how leasing contracts are to be reported. The standard came into effect for companies with January 1, 2019 as the start of the financial year. Accounting in accordance with IFRS 16 means that in principle all leasing agreements are recognized in the balance sheet as assets and liabilities. This account is based on the 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 that right. For CELLINK, the standard will primarily have significance for the local leases in the Group. CELLINK will report the transition to IFRS 16 in accordance with the modified retroactive method, which means that an asset and liability are booked at the same value as of September 1, 2019. Subsequently, paid lease payments are allocated to depreciation and interest expense, instead of as currently other external cost. This is expected to result in a slightly higher operating profit, but a substantially unchanged profit before tax in 2019/2020, compared with previous accounting principles. The introduction of IFRS 16 is expected to affect the balance sheet total in the Group by approximately 27.9 mSEK at the transition date September 1, 2019.

IFRS 9 and IFRS 15

As of September 1, 2018, the new accounting standards IFRS 9 and IFRS 15 apply to CELLINK. As the company has previously stated, these standards have no material impact on the Group's financial reports. For information regarding IFRS 15, see Note 2. No other standards, amendments or interpretations that came into effect force during the 2018/2019 financial year are considered to have had a material impact on the Group's financial reports.

Note 2. Revenue

The great majority of CELLINK's sales are of products that clearly represent separate performance obligations. Product sales are recorded as revenue when the products have been delivered to the customer. CELLINK also sells services in the form of product servicing. Servicing is largely invoiced in advance and is recorded as revenue during the course of the servicing contract. Servicing revenues not recognized as revenue are reported as deferred income (contractual liabilities) in the balance sheet. In CELLINK's assessment these services are also clearly separate performance obligations. The table below presents the division of products and services in net sales.

CELLINK's operations consist of one business area. Products offered on the market consist of 3D bioprinters as well as bioinks and consumables.

The company's financial position is reported at an aggregated level as a segment to the chief operating decision maker on a monthly basis and therefore does not report the company's operations as separate segments in the financial reports.

	Jun-Aug 2018/ 2019	Jun-Aug 2017/ 2018	Full year 2018/ 2019	Full Year 2017/ 2018
SEK thousands				
Europe	16,165	7,382	861	17,153
North America	10,348	5,565	32,289	16,461
Asia	4,590	3,320	23,986	11,309
Rest of the world	894	198	4,321	415
Total	31,997	16,465	105,457	45,337

Net sales per products and services

	Jun-Aug 2018/ 2019	Jun-Aug 2017/ 2018	Full year 2018/ 2019	Full year 2017/ 2018
SEK thousands				
Products	31,777	16,257	104,762	44,570
Services	220	208	695	767
Total	31,997	16,465	105,457	45,337

Timing recognition of revenue

	Jun-Aug 2018/ 2019	Jun-Aug 2017/ 2018	Full year 2018/ 2019	Full year 2017/ 2018
SEK thousands				
At a certain time	31,889	16,382	105,170	45,209
Over time	108	83	287	128
Total	31,997	16,465	105,457	45,337

Note 3. Financial instruments – fair value

Fair value has been measured for all financial assets and liabilities pursuant to IFRS 13. Other financial fixed assets, accounts receivable, other current receivables, cash and cash equivalents, accounts payable, other liabilities and interest-bearing liabilities are recorded at amortized cost. Financial assets and liabilities measured at amortized cost amount to SEK 49,555 thousand (25,837) and SEK 19,900 thousand (10,698).

Classified in level 1 are short-term investments, which relate to listed short-term fixed income funds and have been valued based on quoted prices in an active market. Hence, fair value is estimated to be equal to book value. During the period, the measurement of fair value for short-term investment has generated an effect on the income statement of 911 kSEK (515), of which 715 kSEK (229) was during the third quarter. This effect is reported among financial items.

Level 1: valued at fair value based on quoted prices on an active market for identical assets.

Level 2: valued at fair value based on other observable inputs for assets and liabilities than quoted price included in level 1.

Level 3: valued at fair value based on inputs for assets and liabilities unobservable to the market.

	Fair value levels	Aug 31, 2019	Aug 31, 2018
SEK thousands			
Financial assets			
Financial derivatives	2	-	9
Short-term investments	1	69,273	113,468
Total financial assets		69,273	113,477
Financial liabilities			
Financial liabilities		-	-
Total financial liabilities		-	-

Note 4. Acquisitions of subsidiaries

Acquired entity	Country	Date	Voting share	Number of employees
Dispendix GmbH	Germany	December	100%	10

On December 1, 2018, CELLINK AB acquired 100% of the shares in the company Dispendix GmbH at an agreed company value of approximately EUR 5 million. The acquisition was made partly through cash and cash equivalents of approximately EUR 2 million and partly through a rights issue of approximately EUR 3 million to the shareholders of Dispendix GmbH.

Issue terms

The shareholders of Dispendix GmbH received shares worth approximately EUR 3 million, calculated at an average price of 10.3315; the amount in SEK amounted to SEK 30,901,815.60. The average share price in CELLINK during the calculation period was SEK 156, which resulted in the company issuing 198,077 shares for the contort property during Q2.

Effects of acquisitions

In the preliminary acquisition analysis, goodwill amounted to SEK 48,100,000. Dispendix is deemed to have high growth potential in CELLINK's ownership thanks to CELLINK's good customer relations, unique technology and a competitive offer. The acquisition is expected to achieve major synergies in the form of utilization of CELLINK's existing sales channels and customer relationships; CELLINK's customers have shown great interest and need for the technology. By using Group-wide assets, the company expects to scale operations and, above all, sales in the acquired company.

Acquisition-related expenses

All acquisition-related expenses of a material nature linked to the acquisition of Dispendix GmbH occurred Q1 amounting to approximately 1 mSEK and related to the fees for, above all, legal advice in connection with the legal review of the acquisition.

Identified assets and liabilities

kSEK	Preliminary acquisition analysis
Intangible fixed assets	6,469
Tangible fixed assets	651
Inventory	1,484
Accounts receivable	1,262
Other current receivables	61
Cash and cash equivalents	337
Provisions	553
Deferred tax liabilities	1,423
Short-term interest-bearing liabilities	1,683
Other current liabilities	3,145
Net identifiable assets and liabilities	3,460
Goodwill	48,100
Purchase price	51,560

Acquired entity	Country	Date	Voting share	Number of employees
BioinkIP LLC	USA	December	100%	0

On December 1, 2018, CELLINK AB acquired 100% of the shares in the company BioinkIP LLC. The purchase price was 4 mSEK. The acquisition was made through liquid funds. The purchase price corresponds to the net asset value of the company and hence no goodwill has arisen in connection with the acquisition. BioinkIP LLC was acquired by a person related to the CELLINK Group's CEO, Erik Gatenholm on market terms.

Effects of acquisitions

The acquired company does not conduct any business and the company's only asset in the acquisition is intellectual property rights. CELLINK has no plans to operate in the company. CELLINK has previously been the licensee for these intellectual property rights and the acquisition of these does not change CELLINK's current product range but is a change from being a licensee to owning the rights. These patents have not been critical to CELLINK's operations but strengthen the company's IP portfolio.

Acquisition-related expenses

Costs incurred in connection with the acquisition amounted to approximately 100 kSEK.

Identified assets and liabilities

kSEK	Preliminary acquisition analysis
Intangible assets	4,000
Net, identified assets and liabilities	4,000
Goodwill	0
Purchase price	4,000

Acquired entity	Country	Date	Voting share	Number of employees
cytena GmbH	Germany	August	100%	30

On August 5, 2019, CELLINK AB acquired 100% of the shares in the company cytena GmbH at an agreed company value of 30.25 mEUR. The acquisition was made partly through cash and cash equivalents of 11.4 mEUR (of which 1.25 mEUR contained purchase price) and partly through a rights issue of 18.85 mEUR to the shareholders of cytena GmbH.

Issue terms

The shareholders of cytena GmbH received 674,678 shares at an agreed value of 18.85 EUR. The share price in CELLINK at the time of acquisition was SEK 271 / share.

Effects of acquisitions

In the preliminary acquisition analysis, goodwill amounts to 225.258 kSEK. Cytena GmbH is deemed to have high growth potential in CELLINK's ownership thanks to CELLINK's good customer relations, unique technology and a competitive offer. The acquisition is expected to achieve major synergies in the form of utilization of CELLINK's existing sales channels and customer relationships that have shown great interest and need for the technology. By utilizing Group-wide assets, the company expects to scale operations and, above all, sales in the acquired company.

Acquisition-related expenses

All substantial acquisition-related expenses linked to the acquisition of cytena GmbH were charged to Q4 amounting to approximately 2,1 mSEK, and related to the fees for, above all, legal advice in connection with the legal review of the acquisition.

Identified assets and liabilities

kSEK	Preliminary acquisition analysis
Intangible fixed assets	49,123
Tangible fixed assets	4,334
Inventory	11,424
Current receivables and investments	19,865
Cash and cash equivalents	26,473
Deferred tax liabilities	-13,862
Other current liabilities	-17,497
Net, identifiable assets and liabilities	79,862
Goodwill	225,258
Purchase price	305,120

Note 5. Reconciliation with IFRS financial statements

CELLINK's financial statements include alternative performance measures, which complement the measures that are defined or specified in applicable rules for financial reporting. Alternative performance measures are presented because, as in their context, they provide clearer or more in-depth information than the measures defined in applicable rules for financial reporting. The alternative performance measures are derived from the Company's consolidated financial reporting and are not measured in accordance with IFRS.

Gross profit

SEK thousands	Jun-Aug 2018/2019	Jun-Aug 2017/2018	Full year 2018/2019	Full year 2017/2018
Net sales	31,997	16,465	105,457	45,337
Raw materials and supplies reduced with changes in inventory	-9,856	-4,620	-30,034	-16,252
Gross profit, kSEK	22,141	11,845	75,423	29,085

Gross margin, %

kSEK	Jun-Aug 2018/2019	Jun-Aug 2017/2018	Full year 2018/2019	Full year 2017/2018
Bruttoresultat	22,141	11,845	75,423	29,085
Nettoomsättning	31,997	16,465	105,457	45,337
Gross margin, %	69%	72%	72%	64%

Operating profit/loss before depreciation (EBITDA)

SEK thousands	Jun-Aug 2018/2019	Jun-Aug 2017/2018	Full year 2018/2019	Full year 2017/2018
Operating profit/loss	-4,977	402	-3,754	372
Depreciation	-2,542	-667	-7,105	-2,625
Operating profit/loss before depreciation (EBITDA)	-2,435	1,069	3,351	2,997

Equity/assets ratio, %

SEK thousands	Aug 31, 2019	Aug 31, 2018
Equity attributable to owners of the Parent Company	549,642	186,160
Total assets	603,123	194,982
Equity/assets ratio, %	91%	95%

Alternative performance measures

This interim report contains references to a number of performance measures. Some of these measures are defined in IFRS, while others are alternative measures and are not reported in accordance with applicable financial reporting frameworks or other legislation. The measures are used by CELLINK to help both investors and management to analyze its operations. The measures used in this interim report are described below, along with definitions and the reason for their use.

Alternative performance measures	Definition	Reason for use
Gross profit/loss	Net sales less raw materials and supplies, increased/decreased with changes in inventory.	Shows effectiveness of CELLINK's operations and together with EBITDA, provides a complete picture of the operating profit generation and expenses.
Gross margin	Gross profit/loss as a percentage of net sales, see note 4.	Ratio is used for analysis of the Company's effectiveness and profitability.
Operating profit/loss before depreciation (EBITDA)	Earnings before interest, tax, depreciation and amortization, see note 4.	CELLINK believes that EBITDA shows the profit generated by the operating activities. As CELLINK's operating profit/loss is impacted by the depreciations of surplus values related to the acquisition that the company has carried out, it is management's assessment that it is appropriate to illustrate the Group's profitability and earning capacity by presenting operating profit/loss before depreciation (EBITDA).
Working capital	Current assets excluding cash and cash equivalents, short-term investments and derivative instruments, less non-interest-bearing liabilities excluding current tax liabilities.	This measure shows how much net working capital is tied up in operations and can be put in relation to sales to understand how effectively working capital tied up in operations is used.
Operating profit/loss (EBIT)	Earnings before interest and similar items and tax.	CELLINK believes that operating profit/loss (EBIT) shows the profit generated by the operating activities.
Operating margin (EBIT)	Operating profit/loss (EBIT) as a percentage of net sales.	CELLINK believes operating margin (EBIT) is a useful measure together with net sales growth and working capital to monitor value creation.
Equity/assets ratio	Equity divided on total assets, see note 4.	CELLINK believes that equity-to-asset ratio is a useful measure of the Company's survival.

Consolidated income statements per quarter

SEK thousands	Jun-Aug 2018/2019	March-May 2018/2019	Dec-Feb 2018/2019	Sep-Nov 2018/2019	June-Aug 2017/2018	March-May 2017/2018	Dec-Feb 2017/2018	Sep-Nov 2017/2018
Net sales	31,997	29,624	23,837	19,971	16,465	12,202	8,689	7,362
Changes in inventory	2,075	3,432	1,521	793	406	-79	474	896
Capitalized work for its own account	5,484	3,077	3,064	4,323	4,284	2,015	1,399	1,336
Other operating income	7,081	4,761	4,507	2,114	1,976	2,238	1,495	1,087
Operating expenses								
Raw materials and supplies	-11,931	-10,891	-8,757	-6,274	-5,026	-4,806	-3,886	-4,407
Other external expenses	-17,403	-12,377	-8,012	-8,139	-8,054	-4,160	-2,306	-2,630
Personnel expenses	-19,447	-16,191	-13,193	-11,032	-8,769	-6,316	-4,463	-3,410
Depreciation and amortization of fixed assets	-2,542	-1,861	-1,787	-915	-667	-645	-645	-641
Other operating expenses	-290	-142	-102	-161	-214	-49	-152	-85
Operating profit/loss	-4,977	-569	1,078	680	402	399	605	-492
Profit/loss from financial items								
Interest income and similar items	3,016	766	155	-	222	229	179	23
Interest expenses and similar items	-	-40	-21	-64	-28	-2	-1	-24
Profit/loss after financial items	-1,961	158	1,211	616	596	626	783	-493
Tax for the period	216	131	128	51	-13	-265	172	52
Net profit/loss for the period	-1,745	289	1,339	667	583	361	955	-441
Attributable to								
Parent Company's shareholders	-1,745	289	1,339	667	583	361	955	-441



Other information

Publication date of financial information

October 24, 2019	Interim report 4 (Q4) & Year-end report
November 14, 2019	Annual report
December 18, 2019	Annual General Meeting

The information in this interim report is such as CELLINK shall publish in accordance with the Securities Market Act and Market Abuse Regulations "MAR". The information was submitted for publication on July 11, 2019. This interim report, as well as any additional information, is available on the CELLINK website; www.cellink.com. For a physical copy, contact the Company's CFO.

This is a translation of the Swedish version of the quarterly report. When in doubt, the Swedish wording prevails

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Audit of the interim report

This interim report has not been subject to an audit by the company's auditors.