

INTERIM REPORT 2 (2020-08-01 – 2020-10-31)



AUGUST 2020 – OCTOBER 2020

Net Sales	826 (888) KSEK
Operating result before depreciation (EBITDA)	-2 946 (-4 879) KSEK
Net result	-4 777 (-6 761) KSEK
Earnings per share	-0.33 (-0.47) SEK
Gross margin	77 (66) %

MAY 2020 – OCTOBER 2020

Net Sales	957 (1 482) KSEK
Operating result before depreciation (EBITDA)	-7 495 (-10 149) KSEK
Net result	-11 194 (-13 917) KSEK
Earnings per share	-0.78 (-0.97) SEK
Gross margin	64 (63) %

IN SHORT

- The relaxed COVID-19 restrictions during the 2nd quarter led to a noticeable increase in sales.
- Net sales (delivered orders) for the 2nd quarter including non-delivered signed orders amounted to 1.6 MSEK.
- The moderate restrictions during the 2nd quarter allowed travel for on-site demonstrations and evaluations, among others to Germany's top pharmaceutical company.
- The transition to more resource-efficient online sales and marketing combined with financial support from the government has year-to-date resulted in a cost savings of approximately 3 MSEK.

CEO COMMENTARY

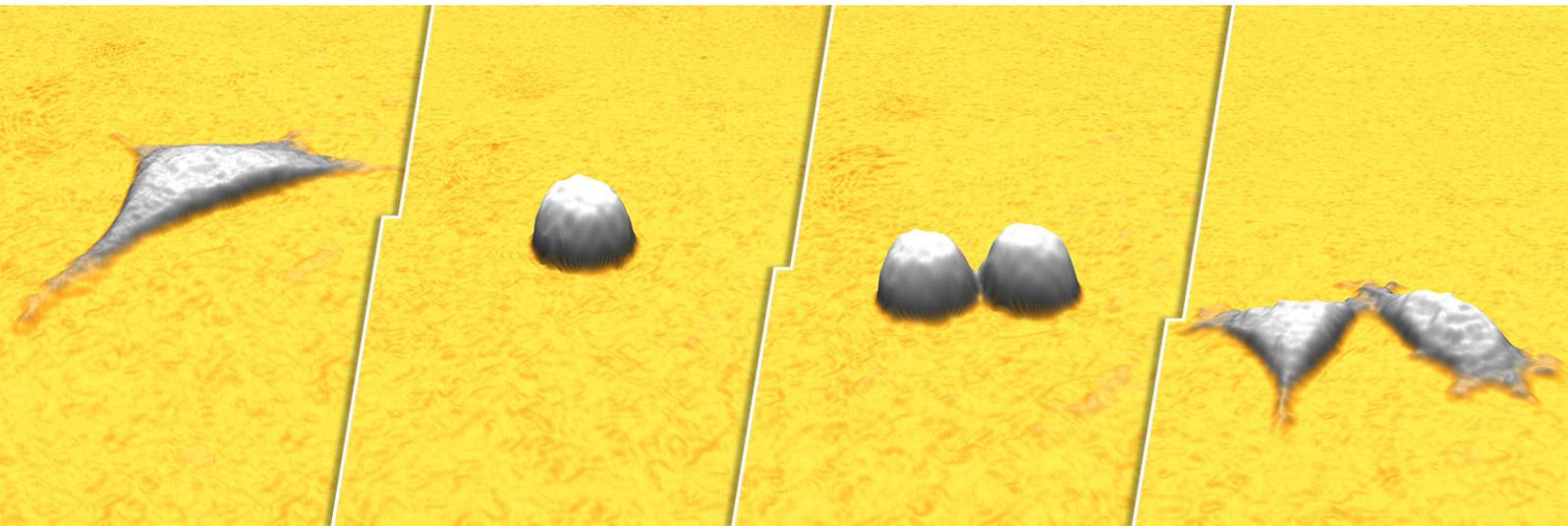
Net sales including outstanding orders amounted to 1.6 MSEK during August – October, a noticeably increase compared with the corresponding period in previous years. The brief pause of the pandemic during the fall allowed us to again travel for on-site demonstrations and evaluations, most notably to Germany's top pharmaceutical company Bayer AG.

Stem Cells

Starting with HoloMonitor, the extensive evaluation by Bayer AG was planned to involve a number of instruments from various suppliers. But after just a few days, the laboratory at Bayer was closed due to the again rising spread of infection in Germany and consequently the researchers were sent home.

Fortunately, the few days of image recording turned out to be sufficient to evaluate HoloMonitor. After providing additional licenses for the HoloMonitor software, the Bayer scientists were delighted to be able to complete the data analysis from home on their laptops. HoloMonitor's unique non-invasive functionality combined with the ability to work remotely prompted the Bayer researchers to immediately order a complete HoloMonitor system for their stem cell research.

Stem cells offer an enormous potential for medical research. See [Stem cells – The new age of medical research](#) to learn about stem cells and stem cell research at Bayer.



The [cell cycle](#) and cell differentiation are key concepts within stem cell biology.

COVID focus

Bayer is by no means unique in taking the pandemic very seriously. In general, the life science industry is closed for non-COVID-related business. Amplified by current uncertainties and practical difficulties, the industry's pre-occupation with COVID has led to that everything from technical evaluations to company mergers has been put on hold.

This focus is understandable as the world's future economy depend on the industry's ability to develop a safe and effective vaccine that is sufficiently inexpensive and practical to allow mass vaccination of close to 8 billion people. The required speed and scale make this the largest healthcare effort in human history.

PHI Inc.

Since our Boston Massachusetts subsidiary became operational, the spread of infection has severely limited our ability to visit customers in the United States. However, the lower infection rate during the fall, with temporarily eased visit and travel restrictions as a result, allowed us to secure the first US orders since PHI Inc. became operational in March.

From humble beginnings in the 1950s, cell culturing is now making its way into the food industry. One of the US orders was placed by a company aiming to create lab-grown meat. Fat makes meat tasty. HoloMonitor allows the company's scientists to non-destructively monitor and quantify the fat content in fat cells.

Cost savings

The transition to more resource-efficient online sales and marketing together with financial support from the government has year-to-date resulted in a cost savings of approximately 3 MSEK.



Two HoloMonitor systems became operational in October at Queensland University of Technology. The systems will enable researchers to investigate cells for drug development in the fields of cancer, infection and regenerative medicine.

[Learn more about HoloMonitor at QUT here.](#)



Peter Egelberg, CEO

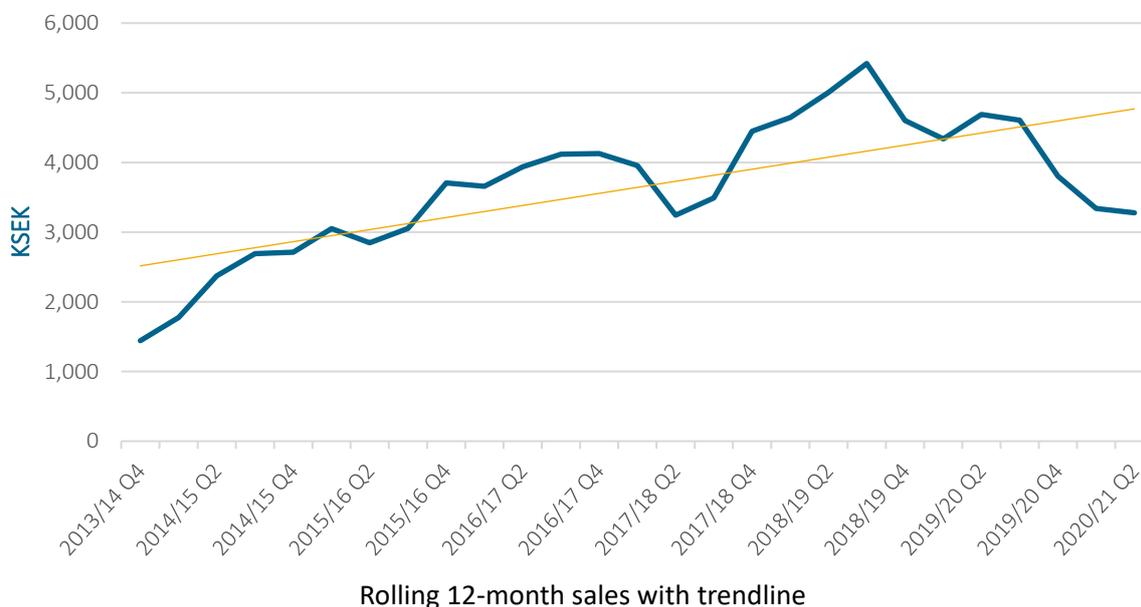
Temporarily postponed sales

As we are seeing, sales will be intermittent during the pandemic. However, sales are not lost; they are temporarily postponed.

There is reason to believe that the life science industry will emerge stronger than ever when it has delivered a vaccine to the world and return to combat and invest in the non-infectious diseases that continue to plague humanity. To come out on top when non-COVID investments resume, we will continue to improve our products and adapt our sales and marketing to the emerging online world post COVID-19.

NET SALES AND RESULT

Net sales for the second quarter amounted to 826 (888) KSEK and operating result before depreciation (EBITDA) to -2 946 (-4 879) KSEK. Net result amounted to -4 777 (-6 761) KSEK.



INVESTMENTS

During the period, the company invested 1 048 (617) KSEK in patents and product development.

FINANCING

Cash, cash equivalents and unutilized granted credits amounted to 21 595 (27 574) KSEK by the end of the period. The equity ratio was 62 (84) %.

COVID-19

PHI has received a loan facility to bridge the effects of the COVID-19 pandemic. The loan agreement between PHI and Danish Formue Nord Markedsneutral A/S allows PHI to call for loans totaling 15 MSEK at market terms. Together with additional support from the government, it is estimated that the PHI's working capital is secured throughout 2021.

RISKS

The company may be affected by various factors, described in the 2019/20 Annual Report. These factors may individually or jointly increase risks for the operation and result of the company.

ACCOUNTING PRINCIPLES

The accounts are prepared in accordance with the Annual Accounts Act and general advice from the Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts (K3).

REVIEW

This interim report has not been subject to review by the company's auditor.

STATEMENTS ABOUT THE FUTURE

Statements concerning the company's business environment and the future in this report reflect the board of director's current view of future events and financial developments. Forward-looking statements only express the judgments and assumptions made by the board of directors on the day of the report. These statements have been carefully assessed. However, it is brought to the reader's attention that these statements are associated with uncertainty, like all statements about the future.

CALENDAR

March 16, 2021 Interim Report 3

ABOUT PHASE HOLOGRAPHIC IMAGING

Phase Holographic Imaging (PHI) leads the ground-breaking development of time-lapse cytometry instrumentation and software. With the first HoloMonitor-instrument introduced in 2011, the company today offers a range of products for long-term quantitative analysis of living cell dynamics that circumvent the drawbacks of traditional methods requiring toxic stains. Headquartered in Lund, Sweden, PHI trades through a network of international distributors. Committed to promoting the science and practice of time-lapse cytometry, PHI is actively expanding its customer base and scientific collaborations in cancer research, inflammatory and autoimmune diseases, stem cell biology, gene therapy, regenerative medicine and toxicological studies.

On behalf of the Board of Directors

Peter Egelberg, CEO

For additional information please contact:

Peter Egelberg

Tel: +46 703 19 42 74

E-mail: ir@phiab.se

Web: www.phiab.com

CONSOLIDATED – PHI GROUP

Income statement (KSEK)	Q2 2020/21	Q2 2019/20	YTD 2020/21	YTD 2019/20	FY 2019/20
Net sales	826	888	957	1 482	3 803
Cost of products sold	-190	-302	-347	-554	-1 500
Gross profit	636	586	610	928	2 303
<i>Gross margin</i>	<i>77%</i>	<i>66%</i>	<i>64%</i>	<i>63%</i>	<i>61%</i>
Selling expenses	-1 874	-2 022	-3 482	-4 350	-8 756
Administrative expenses	-1 025	-1 400	-3 859	-2 884	-6 428
R&D expenses	-3 041	-3 884	-6 161	-7 525	-13 538
Operating income	523	0	1 723	0	367
Operating result (EBIT)	-4 781	-6 720	-11 169	-13 831	-26 052
Financial net	4	-41	-25	-86	-261
Result before tax (EBT)	-4 777	-6 761	-11 194	-13 917	-26 313
Net Result (EAT)	-4 777	-6 761	-11 194	-13 917	-26 313

Balance Sheet (KSEK)	Q2 2020/21	Q2 2019/20	FY 2019/20
ASSETS			
Non-current assets			
Intangible assets	14 954	18 358	16 735
Tangible assets	518	924	704
Total non-current assets	15 472	19 282	17 439
Current Assets			
Inventory	1 604	1 151	1 530
Short-term receivables	2 981	2 869	2 590
Cash and equivalents	8 345	25 574	14 484
Total current assets	12 930	29 594	18 604
Total assets	28 402	48 876	36 043
EQUITY AND LIABILITIES			
Equity	17 675	41 031	28 896
Financial liabilities	4 625	1 125	1 125
Operating liabilities	6 102	6 720	6 022
Total equity and liabilities	28 402	48 876	36 043

Changes in equity	Q2 2020/21	Q2 2019/20	FY 2019/20
Opening Balance	22 476	47 538	37 653
Equity issues, net	0	0	17 487
Net profit	-4 777	-6 761	-26 313
Translation difference	-24	254	69
Closing balance	17 675	41 031	28 896
Equity ratio	62%	84%	80%

Cash flow Analysis (KSEK)	Q2 2020/21	Q2 2019/20	YTD 2020/21	YTD 2019/20	FY 2019/20
Operating activities					
Net result	-4 777	-6 761	-11 194	-13 917	-26 313
Depreciation	1 835	1 841	3 674	3 682	7 360
Translation difference	-24	0	-27	0	79
Operating cash flow	-2 966	-4 920	-7 547	-10 235	-18 896
Increase (-)/decrease (+) in inventories	-211	323	-74	231	-148
Increase (-)/decrease (+) in operating receivables	-824	-438	-470	-373	-88
Increase (+)/decrease (-) in operating liabilities	-244	-82	159	-568	-1 272
Change in working capital	-1 279	-197	-385	-710	-1 508
Cash flow from operating activities	-4 245	-5 117	-7 932	-10 945	-20 404
Investing activities					
Development expenses	-1 048	-617	-1 707	-1 153	-2 729
Patents	0	-204	0	-204	-266
Tangible assets	0	0	0	0	-175
Cash flow after investments	-5 293	-5 938	-9 639	-12 302	-23 653
Financing activities					
Net proceeds from equity issues	0	254	0	17 295	17 487
Increase (+)/decrease (-) in borrowings	-250	-375	3 500	-750	-750
Cash flow from financing activities	-250	-121	3 500	16 545	16 737
Cash flow for the period	-5 543	-6 059	-6 139	4 243	-6 847
Cash and cash equivalents at the beginning of the period	13 888	31 633	14 484	21 331	21 331
Cash and cash equivalents at the end of the period	8 345	25 574	8 345	25 574	14 484
<i>Incl. unutilized credits</i>	<i>21 595</i>	<i>27 574</i>	<i>21 595</i>	<i>27 574</i>	<i>16 484</i>

Data per share	Q2 2020/21	Q2 2019/20	YTD 2020/21	YTD 2019/20	FY 2019/20
Earnings per Share, SEK	-0.33	-0.47	-0.78	-0.97	-1.83
Equity per share, SEK	1.23	1.54	1.23	1.54	2.01
Number of Shares, end of period	14 394 971	14 379 154	14 394 971	14 379 154	14 394 971
Average number of shares	14 394 971	14 379 154	14 394 971	14 189 052	14 386 521
Share price end of period	27.60	59.00	27.60	59.00	36.40

PARENT COMPANY

	Q2	Q2	YTD	YTD	FY
Income statement (KSEK)	2020/2021	2019/20	2020/21	2019/20	2019/20
Net sales	1 015	801	1 137	1 395	3 716
Cost of products sold	-424	-162	-581	-554	-1 502
Gross profit	591	639	556	841	2 214
<i>Gross margin</i>	<i>58%</i>	<i>80%</i>	<i>49%</i>	<i>60%</i>	<i>60%</i>
Selling expenses	-1 495	-2 022	-2 403	-4 350	-8 756
Administrative expenses	-1 025	-1 340	-3 859	-2 824	-5 814
R&D expenses	-3 041	-4 024	-6 161	-7 525	-13 538
Other Income	523		1 723		367
Operating result (EBIT)	-4 447	-6 747	-10 144	-13 858	-25 527
Financial net	4	-41	-25	-86	-261
Result before tax (EBT)	-4 443	-6 788	-10 169	-13 944	-25 788
Net Result (EAT)	-4 443	-6 788	-10 169	-13 944	-25 788

	Q2	Q2	FY
Balance Sheet (KSEK)	2020/21	2019/20	2019/20
ASSETS			
Non-current assets			
Intangible assets	14 954	18 358	16 735
Tangible assets	518	924	704
Financial assets	942	942	942
Total non-current assets	16 414	20 224	18 381
Current Assets			
Inventory	1 337	1 151	1 530
Short-term receivables	4 067	2 791	2 648
Cash and equivalents	7 998	24 669	13 940
Total current assets	13 402	28 611	18 118
Total assets	29 816	48 835	36 499
EQUITY AND LIABILITIES			
Equity	19 183	40 750	29 352
Financial liabilities	4 625	1 125	1 125
Operating liabilities	6 008	6 960	6 022
Total equity and liabilities	29 816	48 835	36 499