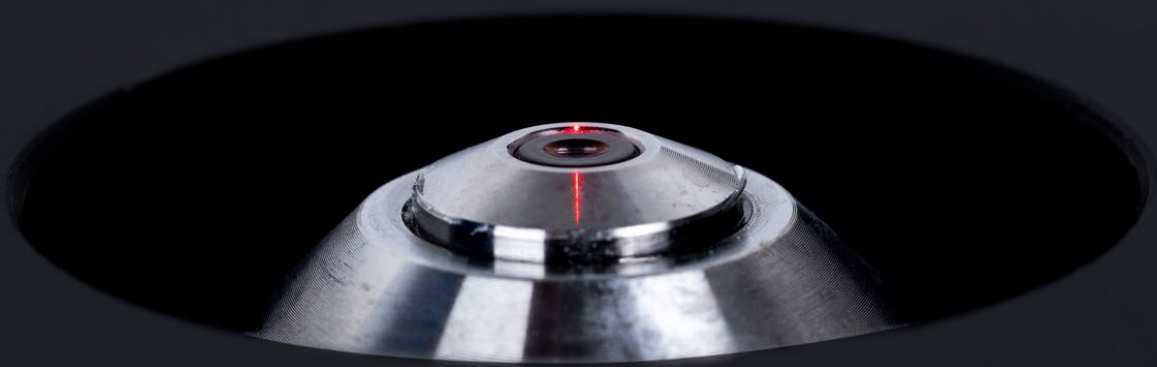


Interim Report 2 2024/25



Phase Holographic Imaging PHI AB (publ)

Lund, November 28, 2024

AUGUST 2024 – OCTOBER 2024

Net sales	2 977 (1 225) KSEK
Operating result before depreciation (EBITDA)	-2 790 (-4 037) KSEK
Net result	-3 669 (-5 375) KSEK
Earnings per share	-0.14 (-0.23) SEK
Gross margin	55 (71) %

MAY 2024 – OCTOBER 2024

Net sales	4 315 (3 951) KSEK
Operating result before depreciation (EBITDA)	-7 522 (-6 389) KSEK
Net result	-9 598 (-9 675) KSEK
Earnings per share	-0.37 (-0.47) SEK
Gross margin	63 (74) %

IN SHORT

- Sales grew significantly in Q2 vs. the same period last year, but only moderately YTD vs. the same period last year.
- Discounting on demo kits for our new distributors reduced the gross margin.
- Overall costs remain stable.
- The absolute key to transforming the company, both short-term and long-term, is a significant increase in sales, which the agreement with Altium promises to deliver.

CEO Commentary

The second quarter of our accounting year (August-October) saw a change in governance, which was perhaps the most significant event, in that I succeeded Patrik Eschricht as the CEO of Phase Holographic Imaging. As I started only in November though, my commenting on the August-October period will be rather sparse, but I will allow myself to reflect on what I find in PHI AB and why I took on the challenge.

In short, I find the QPI (*Quantitative Phase Imaging*) technology that PHI is pioneering, together with a few other small “techy” companies in the world, quite fascinating. QPI technology seems to be a quantum leap improvement on traditional microscopy in its 3D imaging capacity, non-invasiveness, and vast data collection and analysis capabilities, data that could be further mined for cell viability predictability with AI applications.

I feel confident that the technology has the potential to gain access to the market as a new level of standard for cell monitoring, much like smartphones revolutionized the mobile phone industry and eventually outperformed the older technology in use and turned virtually everybody onto the new concept with all its novel capabilities and features.

That said, technology shifts do not happen by themselves, and eventually, “cool and techy” companies must also turn themselves into commercial machinery. Although PHI has expanded its global distribution reach in the deal with Altium, there are also further improvements to be made in-house in terms of marketing strategy and prioritizing more commercial aptitude and customer satisfaction. Unlike many other biotech companies currently looking for further financing, PHI has already succeeded in bringing a product to the market. This makes a huge difference! PHI has passed the development risk stage, and it must now find its feet on the commercial stage, showing that its fascinating technology is also commercially viable. If it can do that, further partnerships with larger companies would be possible, something which could further boost the market penetration for this advantageous technology.

As was announced in November 2024, the company has resolved a fully secured rights issue to boost equity, allowing for necessary actions to be taken.



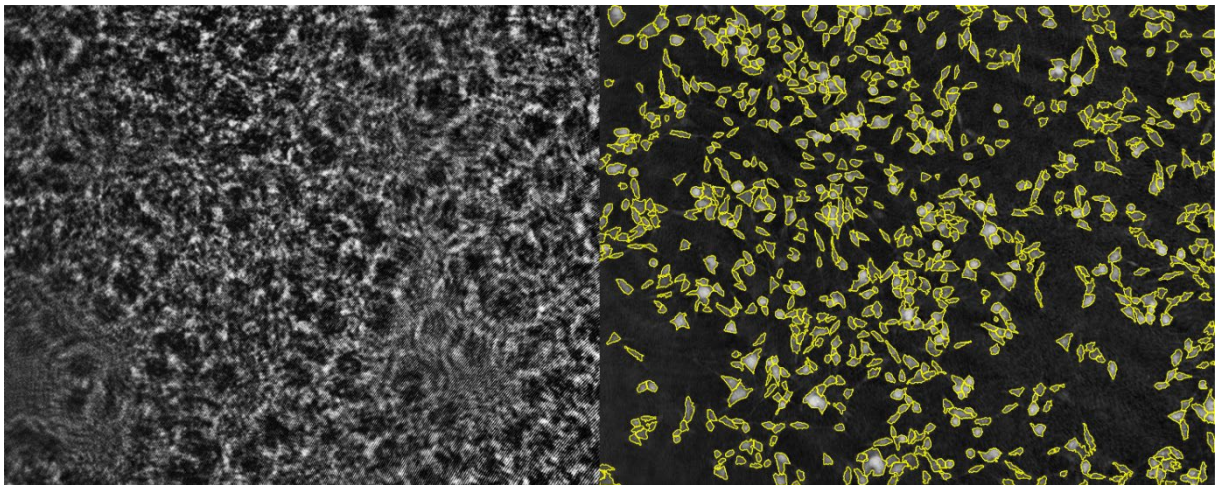
Anders Månsson, CEO

About PHI

Quantitative Phase Imaging

Phase Holographic Imaging (PHI), a leading medical technology company, develops and markets its non-invasive time-lapse imaging instruments for studying living cells.

The foundation of PHI's current commercial HoloMonitor® products is **Quantitative Phase Imaging (QPI) technology**. This technology brings an innovative approach to real-time cell quality evaluation. It offers a detailed analysis of a large number of cell health and behavior characteristics without harming or influencing living cells and thus differing from conventional measurement methods, which often jeopardize cell integrity.



The QPI miracle: The size and shape of cells provide cell biologists with valuable information on cell health and quality. As nearly all cell types are transparent, automated assessment of their morphology has been very challenging in the past. Unlike any other microscopy technology on the market, QPI acquires a hologram (left). By using sophisticated computer algorithms and mathematics, QPI transforms the hologram into an image where the morphology of each cell is robustly measured (right).

The addressable market

PHI has been active within the pre-clinical and biomedical cell research market, having established a global presence with HoloMonitor® systems and their scientific validation in both academia and industry, primarily addressing cancer, stem cell and drug development research.

PHI's HoloMonitor technology is transforming pre-clinical research by providing a foundation for better cell models, which are critical before clinical drug testing. This innovative approach, utilizing Quantitative Phase Imaging (QPI), ensures cells remain unaffected during analysis. Unlike conventional cell measurement methods that often require genetic manipulation or staining with toxic substances, QPI offers a non-invasive alternative that maintains the integrity of cell cultures. This advancement addresses the critical need for accurate, cost-efficient preclinical data to reduce the high failure rates in drug development. With 9 out of 10 drugs failing in clinical trials due to ineffective results or adverse effects, largely stemming from flawed preclinical outcomes, PHI's technology represents a significant leap forward. By enabling scientists to obtain better data without

compromising cell health, HoloMonitor sets a new standard in drug development and basic medical research, aiming for more successful patient outcomes and reduced research expenses.

PHI is strategically prepared to extend its reach into the large **clinical market** and emerging **regenerative medicine** field, which presents significant growth opportunities. By striving to achieve Good Manufacturing Practice (GMP) standards and create a company quality management system (QMS), PHI aims to penetrate these markets in the future, where its non-invasive cell analysis solutions can offer critical cell quality control assessment.

Regenerative medicine is a groundbreaking field focused on developing methods to regenerate, repair, or replace damaged cells, tissues, or organs. It integrates biology, chemistry, computer science, and engineering to develop treatments for conditions previously thought untreatable. It has already begun to transform healthcare by offering new hope to patients with conditions like cancer, Parkinson's disease, diabetes, and deafness, displaying its vast potential to improve and save lives around the globe.

Business model & strategy

PHI markets a competitive combination of sophisticated software and quality hardware, constantly evolving its offerings through in-house development in response to changing market needs. The production of the hardware and accessories is strategically outsourced to specialized subcontractors located in Sweden.

PHI's business model strategically centers around the HoloMonitor portfolio, designed to meet the specific needs of academia and industry research labs. The company prioritizes direct interactions and live product demonstrations at potential customer facilities, particularly in cell-based research environments. Combined with a digital marketing approach, this sales strategy is essential for demonstrating HoloMonitor's advantages firsthand, aiming to foster trust and enabling customers to assess its suitability for their unique research needs. The sales process at PHI is designed to align with the detailed and extended decision-making cycles often found within the scientific community. It accounts for the crucial phase of securing grant funding or other financial support for institutions looking to invest in new research equipment. As a result, sales cycles typically span 6 to 12 months.

PHI is actively expanding its global reach within its current core markets, such as North America, Europe, Asia, and Australia, while also exploring new territories. At the heart of this strategic expansion is the partnership with **Altium**, a major investor and global distributor of PHI. Altium's engagement has been transformative for PHI's operations, not only providing substantial financial backing but also significantly enhancing PHI's market presence through Altium's well-established sales channels and distribution networks. The joint efforts aim to broaden the geographic reach and adoption of the HoloMonitor system, utilizing targeted demonstrations and deeper market penetration to enhance sales performance and cash flow, positioning PHI as a key player in its field. This collaboration enables PHI to focus on its core expertise and innovation capabilities—advancing QPI technology and product development within regenerative medicine.

Achieving future goals

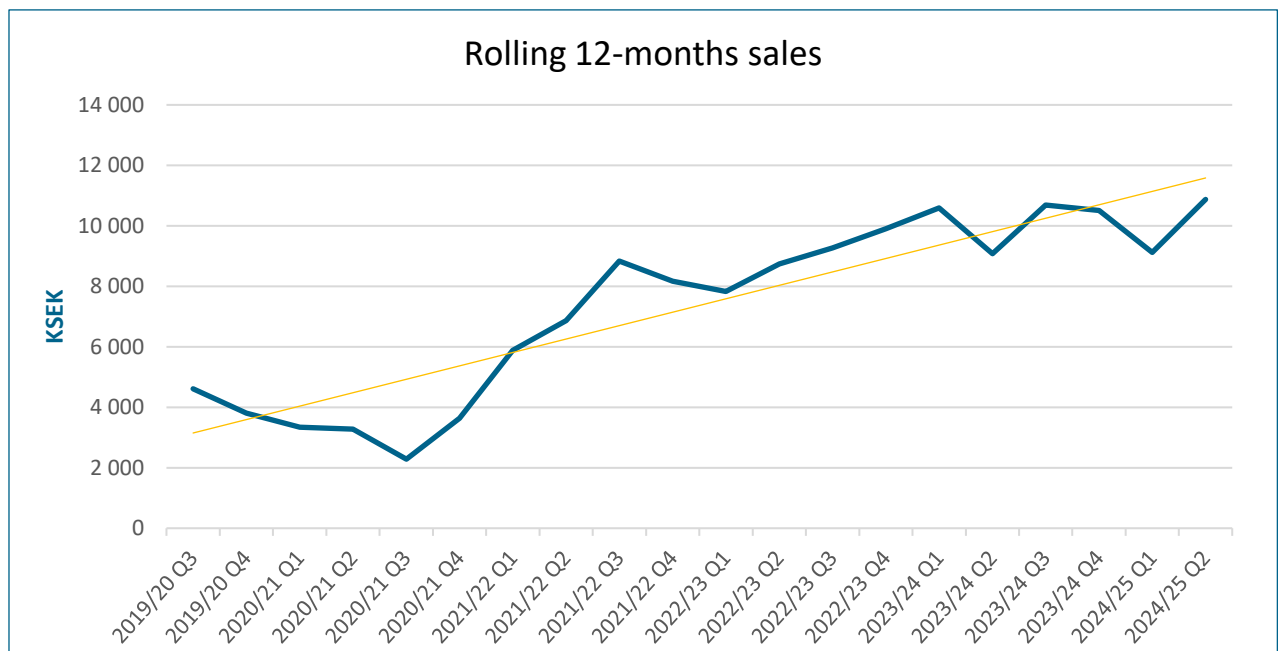
PHI is focusing on achieving important milestones in the coming years, utilizing the potential of its partnerships and collaborations. PHI has a clear focus on expanding its business to the clinical research market and positioning itself in the Regenerative Medicine field.

The collaboration with Altium is instrumental in PHI’s approach to gaining a stronger foothold in the regenerative medicine field, where PHI’s cell quality control technology can meet critical industry needs. PHI is also actively fostering **alliances with leading institutions** such as the Wake Forest Institute for Regenerative Medicine (WFIRM), renowned for its groundbreaking contributions to translating scientific research into clinical therapies. Collaborating with WFIRM enriches PHI’s initiatives, providing access to an exceptional ecosystem of expertise and innovation. This partnership bolsters PHI’s leadership in regenerative medicine, enabling the ongoing development and application of PHI’s cell quality control technology.

PHI engages in these strategic relationships to fortify the Company’s position as a thought leader in the field with the intention to accelerate progress, bolster market penetration, open new doors to new business opportunities, and enhance shareholder value.

NET SALES AND RESULT

Net sales for the second quarter amounted to 2 977 (1 225) KSEK and operating results before depreciation (EBITDA) amounted to -2 790 (-4 037) KSEK for the second quarter. The net result for the second quarter amounted to -3 669 (-5 375) KSEK.



INVESTMENTS

With an emphasis on regenerative medicine and the development of a fluorescence compatible model, the company invested 2 335 (2 009) KSEK in the product, patent, and application development during the second quarter.

FINANCING

Cash, cash equivalents, and unutilized granted credits amounted to 9 924 (987) KSEK by the end of the period. The equity ratio was 1 (17) %. As has been announced in November 2024, the company has resolved a fully secured rights issue to boost equity, allowing for a transformation of the company under new management.

Warrants of series TO 4

On 3 October 2024, the exercise period for warrants of series TO 4, which were issued in connection with PHI's rights issue of units in 2022, ended. As a result of the warrant exercise, 1,129,513 new shares have now been registered with the Swedish Companies Registration Office. The total number of shares in the Company after the exercise of warrants of series TO 4 amounts to 27,322,438 and the share capital amounts to SEK 5,464,487.60. Conversion of interim shares to ordinary shares took place on 17 October 2024.

RISKS

The company may be affected by various factors, described in the 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 BFAR 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 directors' 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 13, 2025, Interim Report 3 2024/2025

ABOUT PHI

Phase Holographic Imaging (PHI) is a medical technology company that develops and markets its non-invasive, time-lapse imaging instruments for long-term quantitative analysis of living cells. The foundation of PHI's current commercial HoloMonitor® products is Quantitative Phase Imaging (QPI) — a technology that heralds an innovative approach to cell quality evaluation. It offers a detailed analysis of cell characteristics without harming the cells, avoiding the limitations of traditional measurement methods. PHI is actively focusing on business development to expand from pre-clinical research to the clinical market and the emerging regenerative medicine field. PHI envisions transforming live cell analysis and establishing QPI as a standard for cell quality control, making our future cell therapies safe, affordable, and accessible for patients. PHI is based in Lund, Sweden, Boston, MA and Winston Salem, NC.

On behalf of the Board of Directors

Anders Månsson, CEO

For additional information, please contact:

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Web: www.phiab.com

CONSOLIDATED – PHI GROUP

Income statement (KSEK)

	Q2	Q2	YTD	YTD	FY
	2024/25	2023/24	2024/25	2023/24	2023/24
Net sales	2 977	1 225	4 315	3 951	10 510
Cost of products sold	-1 349	-351	-1 583	-1 016	-3 071
Gross profit	1 628	874	2 732	2 935	7 439
Gross margin	55%	71%	63%	74%	71%
Selling expenses	-2 443	-2 623	-4 890	-5 395	-10 898
Administrative expenses	-876	-671	-3 156	-1 789	-5 930
R&D expenses	-1 489	-2 149	-2 988	-3 881	-7 554
Operating result (EBIT)	-3 180	-4 569	-8 302	-8 130	-16 943
Financial net	-490	-806	-1 297	-1 544	-3 232
Result before tax (EBT)	-3 669	-5 375	-9 598	-9 674	-20 175
Net Result (EAT)	-3 669	-5 375	-9 598	-9 674	-20 175

Balance sheet (KSEK)

	YTD	YTD	FY
	2024/25	2023/24	2023/24
ASSETS			
Non-current assets			
Intangible assets	29 403	23 075	25 565
Tangible assets	872	664	1 011
Total non-current assets	30 275	23 739	26 729
Current Assets			
Inventory	2 314	4 932	3 732
Short-term receivables	2 198	3 440	2 374
Cash and equivalents	7 919	122	167
Total current assets	12 431	8 494	6 273
Total assets	42 706	32 233	33 002
EQUITY AND LIABILITIES			
Equity	545	5 546	4 944
Financial liabilities	18 129	18 191	17 845
Operating liabilities	24 032	8 496	10 213
Total equity and liabilities	42 706	32 233	33 002

Changes in equity (KSEK)

	YTD	YTD	FY
	2024/25	2023/24	2023/24
Opening Balance	4 988	3 728	3 728
Equity issues, net	5 154	12 120	22 617
Net profit	-9 598	-9 674	-20 175
Translation difference	0	-628	-1 182
Closing balance	544	5 546	4 988
Equity ratio	1,3%	17,2%	15,0%

Cash flow analysis (KSEK)

	Q2	Q2	YTD	YTD	FY
	2024/25	2023/24	2024/25	2023/24	2023/24
Operating activities					
Net result	-3 669	-5 717	-9 598	-9 675	-20 175
Depreciation	390	873	779	1 742	3 506
Translation difference	-3	140	56	140	-315
Operating cash flow	-3 283	-4 704	-8 764	-7 793	-16 984
Increase (-)/decrease (+) in inventories	1 336	-579	621	-1 086	621
Increase (-)/decrease (+) in operating receivables	1 225	8 651	9 717	1 982	9 717
Increase (+)/decrease (-) in operating liabilities	6 112	-1 044	629	-2 033	629
Change in working capital	8 673	7 028	10 967	-1 137	10 967
Cash flow from operating activities	5 390	2 325	2 203	-8 930	-6 017
Investing activities					
Development expenses	-2 385	-2 009	-4 381	-4 249	-9 055
Patents	0	50	0	25	-109
Tangible assets	0	0	0	0	0
Cash flow after investments	3 005	366	-2 178	-13 153	-15 181
Financing activities					
Net proceeds from equity issues	4 930	-136	5 154	11 492	13 765
Increase (+)/decrease (-) in borrowings	-28	-3 524	284	-3 524	-2 735
Cash flow from financing activities	4 902	-3 660	5 438	7 968	11 030
Cash flow for the period	7 907	-3 294	3 261	-5 185	-4 151
Cash and cash equivalents at the beginning of the period	11	3 416	168	5 307	4 318
Cash and cash equivalents at the end of the period	7 918	122	7 918	122	167
<i>Incl. unutilized credits</i>	9 918	787	9 918	787	810

Data per share

	Q2	Q2	YTD	YTD	FY
	2024/25	2023/24	2024/25	2023/24	2023/24
Earnings per Share, SEK	-0,14	-0,23	-0,37	-0,47	-0,81
Equity per share, SEK	0,02	0,23	0,02	0,23	0,19
Number of Shares, end of period	27 322 438	23 818 105	26 192 925	20 452 700	26 192 925
Average number of shares	26 364 807	23 376 740	26 278 866	20 452 700	24 808 150
Share price end of period, SEK	4,47	6,26	4,47	6,26	7,80

PARENT COMPANY

Income statement (KSEK)

	Q2	Q2	YTD	YTD	FY
	2024/25	2023/24	2024/25	2023/24	2023/24
Net sales	2 964	685	4 259	3 039	9 657
Cost of products sold	-1 347	-358	-1 570	-1 010	-3 506
Gross profit	1 617	327	2 689	2 029	6 151
Gross margin	55%	48%	63%	67%	64%
Selling expenses	-1 286	-1 284	-2 479	-2 830	-5 877
Administrative expenses	-876	-671	-3 156	-1 789	-5 929
R&D expenses	-1 489	-2 149	-2 988	-3 881	-7 554
Operating result (EBIT)	-2 033	-3 777	-5 933	-6 471	-13 209
Financial net	-490	-806	-1 297	-1 544	-3 232
Result before tax (EBT)	-2 523	-4 583	-7 230	-8 015	-16 441
Net Result (EAT)	-2 523	-4 583	-7 230	-8 015	-16 441

Balance sheet (KSEK)

	YTD	YTD	FY
	2024/25	2023/24	2023/24
ASSETS			
Non-current assets			
Intangible assets	27 109	22 252	23 986
Tangible assets	872	664	1 011
Financial assets	16 295	11 416	14 003
Total non-current assets	44 277	34 332	39 000
Current Assets			
Inventory	1 336	4 376	2 734
Short-term receivables	2 007	2 606	2 242
Cash and equivalents	7 915	0	90
Total current assets	11 258	6 982	5 066
Total assets	55 535	41 314	44 066
EQUITY AND LIABILITIES			
Equity	13 791	14 623	16 100
Financial liabilities	17 841	18 191	17 841
Operating liabilities	23 903	8 500	10 125
Total equity and liabilities	55 535	41 314	44 066