CELLINK AB (publ)

Interim report September-May 2018/2019



Continued growth and improved gross margins

Third quarter

- Net sales amounted to SEK 29,624 (12,202) thousand, corresponding to a growth of 143%, of which 109% was organic growth, compared to the third quarter of the previous fiscal year
- Operating profit before depreciation (EBITDA) amounted to SEK 1,292 (1,044) thousand, corresponding to a margin of 4.4% (8.6 %)
- Net income amounted to SEK 289 (361) thousand, generating earnings per share after dilution of SEK 0.033 (0.048)

First nine months

- Net sales amounted to SEK 73,460 (28,656) thousand, corresponding to a growth of 156%, of which 133% was organic growth, compared to the first nine months of the previous fiscal year
- Operating profit before depreciation (EBITDA) amounted to SEK 5,787 (1,914) thousand, corresponding to a margin of 7.9% (6.7%)
- Net income amounted to SEK 2,326 (29) thousand, generating earnings per share after dilution of SEK 0.274 (0.004)

The Group's key figures

SEK thousand	March-May 2018/2019	March-May 2017/2018	Sep-May 2018/2019	Sep-May 2017/2018	Full year 2017/2018
Net sales	29,624	12,202	73,460	28,656	45,337
Total revenue, etc.	40,892	16,375	100,977	39,724	64,444
Gross profit	22,164	7,317	53,283	16,848	29,085
Gross margin, %	75%	60%	73%	59%	64%
Operating profit before depreciation (EBITDA)	1,292	1,044	5,787	1,914	2,997
EBITDA margin, %	4.4%	8.6%	7.9%	6.7%	4.7%
Operating profit (EBIT)	-569	399	1,223	-88	372
Operating margin (EBIT), %	-1.9%	3.3%	1.7%	-0.3%	0.8%
Net profit/loss	289	361	2,326	29	1,183
Cash flow from operating activities	-17,199	-1,413	-8,749	-4,652	-12,263
Average number of shares *	8,658,316	7,566,763	8,503,864	7,524,957	8,094,690
Number of shares at closing day	8,521,516	7,566,763	8,521,516	7,566,763	8,323,439
Earnings per share after dilution, SEK	0.033	0.048	0,274	0.004	0.147
Share price at closing day, SEK	275	132	275	132	146
Market cap at closing day, SEK million	2,343	999	2,343	999	1,215
Number of employees at closing day	119	52	119	52	74

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

Significant events during the period

Events during the first nine months (September 2018-May 2019)

- On September 4, CELLINK published three new research achievements made with the company's products.
- On September 11, the company announced that Dr. Mina Bisell entered the CELLINK Advisory Board.
- On October 2, the company announced a project-funding grant of SEK 3 million from the European Union (EU).
- On October 17, CELLINK launched two new products – a bioink series and an extension of one existing product series.
- On November 6, CELLINK launched a new product series of bioink and an extension of three existing product series.
- On November 29, CELLINK AB acquired German company, Dispendix GmbH for approximately EUR 5 million.
- On December 1, the acquisition of Dispendix GmbH was completed.
- On December 4, CELLINK announced that the company entered a partnership with Medimmune in order to leverage CELLINK's 3D bioprinting techniques for new drug discoveries.
- On December 5, CELLINK signed a partnership with Prellis Biologics Inc. for commercialization of a holographic bioprinting technique.
- On January 28, CELLINK was granted a project-funding grant of SEK 5 million from the European Union (EU).
- On February 4, CELLINK launched a new product to bring fast and sharp live-cell imaging to every incubator.
- On February 19, CELLINK was granted a patent for "3D printer and a method for 3D printing of a construct" from the Swedish Patent and Registration Office.
- On March 18, CELLINK launched Lumen X, a new product for 3D bioprinting using digital light.
- On March 22, CELLINK announced that the company and the Adult Stem Cell Research Center at Seoul National University entered a new agreement for bioprinting research.
- On April 24, CELLINK won the Grand Award of Design 2019.
- On May 2, CELLINK launched new tissue model kits
- On May 27, CELLINK announced that the company joined a collaboration with Umeå University and GE Healthcare to develop transplantable skin constructs to give burn patients a better quality of life.

Event after closing day

- On June 18, CELLINK carried out a capital raising of SEK 148.5 million. The issue was aimed at institutional investors in order to quickly and efficiently finance a potential acquisition.
- On June 24, in collaboration with a team of scientist 24 at Uppsala University, CELLINK's 3D bioprinted boundary cap neural crest stem were sent to space.
- On June 26, the nomination committee for the Annual General Meeting in December 2019 was appointed. The nomination committee was appointed in accordance with the instructions that were adopted at the 2018 Annual General Meeting.

CEO’s comments

143% profitable growth and a successful integration of acquired technology



It is with pride that CELLINK reports the third quarter with continued profitable **growth and a successful integration of acquired technology.** During the third quarter, sales increased to a record net sale of SEK 29.6 million, with total operating income of SEK 40.5 million, resulting in a net sales growth of 143%, of which 109% was organic growth compared with the third quarter last year. We are now entering a new and exciting phase in CELLINK’s journey of global growth journey.

CELLINK's products are used today by researchers at leading institutions including Harvard, MIT, FDA, and pharmaceutical companies like Astra Zeneca, Merck and Novartis to develop new drugs and technologies that can one day treat a range of diseases and injuries. The innovative bioprinting capabilities enabled by CELLINK's BIO X, combined with CELLINK's bioink products make it possible for these researchers to intuitively print almost any tissue. Anything from cancer tumors to patient-specific organ pieces can be printed and used to test drug and treatment efficacy using various dispensing systems.

This is also where CELLINK recognized potential for continued growth and synergies through, among other things, Dispendix innovative pharmaceutical dispensing instruments. Researchers can print tissues with CELLINK’s BIO X and transfer them to the Dispendix I-DOT One system. Once loaded, the drug candidates are dispensed with high speed and reproducibility. Together, the products form a more complete solution that can save both time and money for researchers and increase the adoption speed for bioprinting technology.

Successful product integration

During the previous quarter, the company's first acquisition was carried out. CELLINK acquired German company Dispendix GmbH. Dispendix’s dispensing technology strengthens CELLINK's current product portfolio by enabling customers to enhance their labs with a more comprehensive bioprinting suite. When the products complement each other, the sales forces are also supplemented so that one can sell several products, the application specialists can broaden their expertise, and the development of future product generations can take place with increased speed and with joint customer benefit in focus.

By combining sales forces after an initial integration process, we managed to achieve growth this quarter for Dispendix over 74% more than Q2 of the current fiscal year. It is with the help of the synergies we found with each other and the culture that CELLINK contributed that created a winning spirit that permeated Dispendix.

During the previous and the current year, we have focused on product development and partnerships, and have thus launched three new instruments as well as new inks and accessories. These products have partly been delivered during the quarter but are expected to contribute primarily to first quarter sales of the next fiscal year.

Sales and customer work

During the third quarter, CELLINK's primary focus has been on continuing sales growth with the help of new recruits, sales programs and customer visits. We have created a culture at the company that praises and celebrates customer contact and where we constantly try to find new ways to take one step closer to our end-customer. This mentality has led to the growth trajectory we have had so far and has been a fundamental concept that permeated the entire organization. This concept has helped other parts of the organization prioritize their work towards end-customers and their needs. We will continue to work to shorten the distance between CELLINK and the end customer - much of that work lies ahead of us, which means that we must focus on recruiting sellers and scaling up the sales force while we maintain the culture. Through these strategies, we will continue offering the best bioprinting products in the world.

In connection with increased demand for CELLINK's and Dispendix products, we have started a new international recruitment program that focuses on getting the best, most customer-centered sellers to help us move forward with growth. These sellers are recruited based on previous experience in cell technologies and their desire to be a part of a passionate sales organization where they get the chance to continuously challenge themselves. It is the unique environment, innovative technology and culture at CELLINK that are the reasons why the best individuals are searching for the organization today. We are proud to have them on the trip.

Acquisition agenda and new share issue

On June 18, we announced that the company entered an LOI for an acquisition of a company that manufactures instruments within our niche. Through the acquisition, we hope to strengthen our position in cell cultivation and the pharmaceutical industry market. In order to finance the acquisition, we raised SEK 148.5 million in a targeted share issue on the same day as the announcement, where Swedish and international institutional investors participated. The purchase price amounts to EUR 31.5 million, of which EUR 11.5 million in cash payment and EUR 20 million through a non-cash issue. The process is scheduled to proceed during the summer.



Continued profit

During the quarter, the company focused on sales of bioinks, which has resulted in an increased gross margin, which in the quarter amounted to 75%, up from 60% the previous year. This shows that our demonstrated business model and continued interest in the products, combined with an increased installed base, result in increased demand for the company's other products and inks. CELLINK will continue to focus strongly on increasing growth and capitalizing on all opportunities in the global market.

With that, I would like to thank the whole team for the fantastic work. I'm looking forward to a new and exciting quarter.

Gothenburg, July 11

Erik Gatenholm, CEO



Karta över kontor och distributörer:

The Group's development

Net sales

Net sales in the third quarter amounted to SEK 29,624 thousand (12,202), corresponding to a sequential sales growth of 24% and an increase of 143% compared to the third quarter of the previous financial year, of which 109% was organic growth. For the interim period Sept.-May, net sales amounted to SEK 73,460 thousand (28,656), corresponding to an increase of 156% compared with the same period in the previous financial year, of which 133% was organic growth. The continued positive sales growth is mainly driven by the instrument sales of BIO X and Dispendix instrument I-Dot One. Other newly launched products such as LUMEN X, Holograph X and CELLCYTE X have contributed to a very small extent. LUMEN X is expected to contribute more substantially from the fourth quarter while CELLCYTE X is expected to contribute to a greater extent from the first quarter in the next fiscal year (Sept.-Nov). For Holograph X, the first sales are expected to enter within the next 12 months. Sales of ink and disposable items continue to grow faster than other sales thanks to the increased installed base of instruments and the increased adoption rate of customers.

Profit

Gross profit for the third quarter amounted to SEK 22,164 thousand (7,317), corresponding with a gross margin of 75% (60%). For the interim period Sept.-May, gross profit amounted to SEK 53,283 thousand (16,848), corresponding with a gross margin of 73% (59%). The increase in gross margin is attributable to reduced discounts, better prices for purchases and a product mix with a larger share of bioinks with higher margins than the instrument sales.

Operating loss for the third quarter amounted to SEK -569 thousand (399), corresponding to an operating margin of -1.9% (3.3). Operating profit for the interim period Sept.-May amounted to SEK 1,223 thousand (-88). The operating loss in the quarter is explained by increased personnel expenses and increased operating expenses.

Profit from financial items for the interim period amounted to SEK 792 thousand (502), of which SEK 726 thousand (227) related to the third quarter. Revenues are mainly attributable to the market valuation of the short-term fixed income funds during the quarter, equivalent to SEK 715 thousand (229). Exchange rate gains had a positive impact of SEK 873 thousand (347) during the interim period, of which SEK 682 thousand (210) was related to the third quarter.

Profit after tax for the quarter amounted to SEK 289 thousand (361), corresponding to earnings per share of SEK 0.033 (0.048). Profit after tax for the interim period Sept.-May amounted to SEK 2,326 thousand (29), corresponding to earnings per share after dilution of SEK 0.274 (0.004).

Cash flow and investments

Cash flow from operating activities for the quarter amounted to SEK -17,199 thousand (-1,413). Increased capital tied up in the form of increased accounts receivable is a contributing factor to the negative cash flow during the quarter. The increased accounts receivable is explained by the fact that the majority of quarterly deliveries occurred in the last month of the quarter, of which accounts receivable have not yet matured for payment. Cash flow from investing activities during the quarter amounted to SEK 13,905 thousand (-4,241), with SEK 20,906 thousand attributable to sales of short-term funds during the quarter. Cash flow from financing activities amounted to SEK -250 thousand (-393). Cash flow for the quarter was SEK -3,544 thousand (-6,047).

Cash flow from operating activities for the interim period Sept.-May amounted to SEK -8,735 thousand (-4,652). The negative cash flow from operating activities is largely attributable to increased capital binding at the end of the period. Cash flow from investing activities during the interim period amounted to SEK -4,362 thousand (-13,822). During the interim period, sales of short-term funds amounted to SEK 44,344 thousand. The acquisition of Dispendix GmbH and BioinkIP LLC has totaled SEK 24,287 thousand. During the interim period, the Group invested SEK 21,218 thousand in intangible fixed assets in

the form of balanced expenses for product development. Cash flow from financing activities amounted to SEK 282 thousand (-26,448). During the interim period, transaction costs of SEK 653 thousand have rose in connection with the non-cash issue. The Group has amortized a liability to the former shareholders of Dispendix GmbH of SEK 1,702 thousand. Also, SEK 2,637 thousand in the cash flow from financing activities are attributable to stock warrants from the two incentive programs the Group holds. Cash flow for the interim period amounted to SEK -12,816 thousand (7,975).

Listing

The company's Board of Directors and management work actively with the preparations for listing the company on Nasdaq's main list and expect to list the company late in 2019 or early 2020.

Issue

On June 18, after the end of the quarter, the company raised capital of SEK 148.5 million, the issue was aimed at institutional investors in order to quickly and efficiently finance a potential acquisition. The issue provided the company with approximately SEK 142 million after issue related costs. Investors in the targeted issue were a mix of old and new institutional investors and private individuals. The issue was heavily oversubscribed and was executed at a price of SEK 270 per share, corresponding to a discount for closing price on the same day of approximately 5.9%. The capital injected will be partly used for an acquisition that was announced in connection with the issue and the remaining cash will be used for the continued expansion for CELLINK.

Transactions

On June 18, it was announced that the company is in advanced discussions and has signed a letter of intent to acquire a fast-growing (61% CAGR in revenue 2016-2018) German laboratory equipment company operating in the same niche as CELLINK with complementary products and clear synergies between the two companies. The target company and CELLINK will be able to offer a better product range to customers and provide complete solutions that can help drive both instrument and consumable sales. The target company has a customer base that mainly consists of large pharmaceutical companies, which will be able to contribute to continued growth in this segment for CELLINK. The target company had revenues of approximately EUR 3.5 million and an EBITDA of approximately EUR 1.4 million during the 12-month period up to and including March 31, 2019 (in accordance with CELLINK's accounting principles). The purchase price is provisionally fixed at an operating value of EUR 29 million and is intended to be financed through a combination of a non-cash issue (EUR 20 million) directed to the sellers of the target company at an issue price of approximately SEK 297.17 and payment from the rights issue (SEK 11.5 million). The target company's net cash is approximately EUR 2.5 million.

The Company in brief

CELLINK commercialized the world's first universal bioink, used today by many of the world's most reputable research institutions and pharmaceutical companies. The bioink can be mixed with living cells to print functional human tissues that can be used in preclinical research to provide more reliable test results than current methods. The company's customers also work with applications that, if future research is successful, can lead to whole human organs being printed in 3D bioprinters for transplantation. 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

Personnel

The number of full-time employees in CELLINK as of May 31, 2019 was 119 (52). The Group intends to continue to grow extensively and the increase in the workforce is in-line with plan. During the first nine months, there were also seven employees in the Group in connection with the acquisition of Dispendix GmbH.

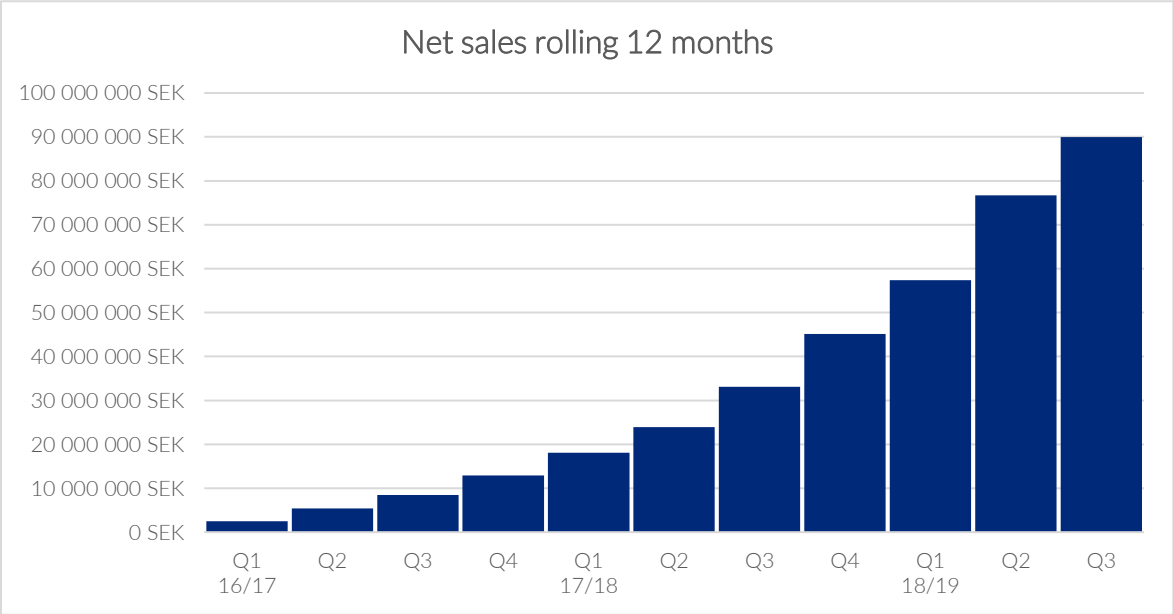
Seasonal effects
The company has a large proportion of academic institutions as customers, which means that the company's revenues to a certain extent follow the academic budget cycles. This means that the company's fourth quarter (June-Aug.) is generally the company's weakest quarter.

Information on transactions with related parties
No transactions that had a significant impact on the company's earnings and financial position were carried out with related parties during the quarter. For information on related party relationships, see the Annual Report for 2017/2018, Note 23.

Incentive program
CELLINK has a long-term incentive program for the company's staff and board members. The aim of the incentive program is to encourage a broad shareholding among CELLINK's employees, facilitate recruitment, retain competent employees and increase the motivation to achieve or exceed the company's goals. In total, the option programs in the company comprise 778,338 shares. About half of the issued options are allocated or may be redeemed. The terms of the incentive programs are described in the Annual Report for 2017/2018 in Note 2.2.6.2 on page 31.

Dividend
The company currently has no dividend policy. The company is in a strong growth phase and does not believe it will distribute any profit its shareholders in the next few years.

Risk management
Through its operations, the Group is exposed to various types of risks. The risks can be divided into industry and market-related risks, business-related risks and financial risks. Industry and market-related risks include changes in demand due to a weaker economy or other macroeconomic changes, changes in prices of raw materials that are central to CELLINK's production and changes in competition or price pressure. Business-related risks include CELLINK's ability to develop and sell new innovative products and solutions, the Group's ability to attract and retain qualified employees and CELLINK's profitability as dependent on the product portfolio and continued growth in relation to organizational growth. The financial risks are summarized under financing risk, liquidity risk, credit risk and interest rate risk. CELLINK's risks and uncertainties are described in the Annual Report for 2017/2018 on page 17-18.



Condensed consolidated income statements

SEK thousands	Note	2019-03-01 2019-05-31 March-May (Q3)	2018-03-01 2018-05-31 March-May (Q3)	2018-09-01 2019-05-31 Sep-May (Q1-Q3)	2017-09-01 2018-05-31 Sep-May (Q1-Q3)	2017-09-01 2018-08-31 Full year
Net sales	2	29,624	12,202	73,460	28,656	45,337
Changes in inventory		3,432	-79	5,742	1,291	1,697
Capitalized work for its own account		3,077	2,015	10,454	4,750	10,474
Other operating income		4,761	2,238	11,322	5,028	6,935
Operating expenses						
Raw materials and supplies		-10,891	-4,806	-25,919	-13,099	-17,949
Other external expenses		-12,377	-4,160	-28,476	-9,545	-16,334
Personnel expenses		-16,191	-6,316	-40,391	-14,880	-26,668
Depreciation and amortization of fixed assets		-1,861	-645	-4,563	-2,002	-2,625
Other operating expenses		-142	-49	-405	-286	-495
Operating profit/loss		**-569**	**399**	**1,223**	**-88**	**372**
Profit/loss from financial items						
Interest income and similar items		766	229	917	528	737
Interest expenses and similar items		-40	-2	-125	-26	-42
Profit/loss after financial items		**158**	**626**	**2,015**	**414**	**1,068**
Tax for the period		131	-265	311	-385	116
Net profit/loss for the period		**289**	**361**	**2,326**	**29**	**1,183**
Attributable to						
Parent company's shareholders		289	361	2,326	29	1,183
Earnings per share before dilution, SEK		0.034	0.048	0.275	0.004	0.148
Earnings per share after dilution, SEK		0.033	0.048	0.274	0.004	0.147
Average number of shares*		8,658,316	7,566,763	8,503,864	7,524,957	8,094,690
Number of shares at closing day		8,521,516	7,566,763	8,521,516	7,566,763	8,323,439

*Average number of shares including potential common shares

Condensed consolidated statements of comprehensive income

SEK thousands	2019-03-01 2019-05-31 March-May (Q3)	2018-03-01 2018-05-31 March-May (Q3)	2018-09-01 2019-05-31 Sep-May (Q1-Q3)	2017-09-01 2018-05-31 Sep-May (Q1-Q3)	2017-09-01 2018-08-31 Full year
Net profit/loss	**289**	**361**	**2 326**	**29**	**1 183**
Other comprehensive income items that may be reclassified to the income statement					
Exchange rate differences	1,737	51	1,486	118	-86
Total comprehensive income	**2,026**	**412**	**3,812**	**147**	**1,097**
Attributable to					
Parent company's shareholder	2,026	412	3,812	147	1,097

Condensed consolidated statements of financial position

SEK thousands	Note	May 31, 2019	May 31, 2018	Aug 31, 2018
ASSETS	3			
Capitalized expenditure for development work		44,222	21,745	24,415
Goodwill		49,470	-	-
Other intangible fixed assets		14,449	3,845	5,991
Tangible fixed assets		3,651	1,021	998
Deferred tax assets		-	665	1,733
Other financial fixed assets		634	-	-
Inventory		11,246	3,606	4,012
Accounts receivable		33,863	9,647	16,834
Derivative instruments		11	-	9
Other current assets		4,765	2,237	1,928
Prepaid expenses and accrued income		3,381	3,962	2,555
Short-term investments		70,035	40,306	113,468
Cash and cash equivalents		10,280	13,018	23,038
TOTAL ASSETS		**246,007**	**100,053**	**194,982**
SHAREHOLDERS' EQUITY AND LIABILTITIES	3			
Shareholders' equity, attributable to the parent company's shareholders		222,249	89,355	186,160
Deferred tax liabilities		671	-	-
Long-term interest-bearing liabilities		600	600	600
Short-term interest-bearing liabilities		1,702	-	-
Advance from customers		227	882	639
Accounts payable		8,573	4,808	3,756
Current tax liabilities		-	-	2
Other current liabilities		928	1,057	933
Accrued expenses and deferred income		10,083	3,072	2,446
Other provisions		974	279	445
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**246,007**	**100,053**	**194,982**

Condensed consolidated cash flow statements

SEK thousands	2019-03-01 2019-05-31 March-May (Q3)	2018-03-01 2018-05-31 March-May (Q3)	2018-09-01 2019-05-31 Sep-May (Q1-Q3)	2017-09-01 2018-05-31 Sep-May (Q1-Q3)	2017-09-01 2018-08-31 Full year
Operating profit/loss	-569	399	1,223	-88	372
Adjustments for non-cash items	2,069	969	5,013	2,684	3,274
Tax paid	-	-140	-	-203	-31
Changes in inventory	-3,354	79	-5,684	-1,291	-1,697
Changes in trade receivables	-11,238	-6,035	-18,992	-8,956	-15,018
Changes in trade payables	-4,107	3,315	9,705	3,203	838
Cash flow from operating activities	**-17,199**	**-1,413**	**-8,735**	**-4,652**	**-12,263**
Cash flow from investing activities	13,905	-4,241	-4,362	-13,822	-97,374
Cash flow from financing activities	-250	-393	282	26,448	121,777
Cash flow for the period	**-3,544**	**-6,047**	**-12,816**	**7,975**	**12,141**
Opening cash and cash equivalents	13,787	59,160	23,038	45,231	10,664
Exchange difference in cash and cash equivalents	37	212	58	118	233
Closing cash and cash equivalents	**10,280**	**53,324**	**10,280**	**53,324**	**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	24	-413	60,355
Net profit/loss for the period	**-**	**-**	**-**	**29**	**29**
Other comprehensive income	-	-	118	-	118
Total comprehensive income	**-**	**-**	**118**	**29**	**147**
Rights issue	33	29,967	-	-	30,000
Transaction costs, net after taxes	-	-1,295	-	-	-1 295
Share-based payments	-	-	-	146	146
Total transactions with shareholders	**33**	**28,673**	**-**	**146**	**28,852**
Closing balance at May 31, 2018	**757**	**88,692**	**142**	**-237**	**89,355**
Opening balance at September 1, 2018	832	184,133	40	1,154	186,160
Net profit/loss for the period	**-**	**-**	**-**	**2,326**	**2,326**
Other comprehensive income	-	-	1,486	-	1,486
Total comprehensive income	**-**	**-**	**1,486**	**2,326**	**3,812**
Non-cash issue	2	30,934	-	-	30,936
Transaction cost. net after taxes	-	-1,903	-	-	-1,903
Share-based payments	-	-	-	609	609
Warrant premiums	-	-	-	2,637	2,637
Total transactions with shareholders	**2**	**29,031**	**-**	**3,246**	**32,279**
Closing balance at May 31, 2019	**834**	**213,164**	**1,526**	**6,726**	**222,249**

Condensed income statements for the parent company

SEK thousands	2019-03-01 2019-05-31 March-May (Q3)	2018-03-01 2018-05-31 March-May (Q3)	2018-09-01 2019-05-31 Sep-May (Q1-Q3)	2017-09-01 2018-05-31 Sep-May (Q1-Q3)	2017-09-01 2018-08-31 Full year
Net sales	23,579	11,672	63,736	27,723	43,660
Changes in inventory	2,629	-79	4,122	1,291	1,697
Capitalized work for its own account	532	2,015	4,007	4,750	7,222
Other operating income	4,539	2,238	11,102	5,028	6,709
Operating expenses					
Raw materials and supplies	-8,444	-4,806	-22,107	-13,099	-17,949
Other external expenses	-10,824	-3,658	-23,063	-8,594	-13,844
Personnel expenses	-11,226	-5,851	-28,835	-13,724	-22,094
Depreciation and amortization of fixed assets	-1,357	-645	-3,492	-1,919	-2,587
Other operating expenses	-142	-49	-405	-286	-495
Operating profit/loss	**-714**	**835**	**5,067**	**1,168**	**2,318**
Profit/loss from financial items					
Interest income and similar items	820	229	969	528	737
Interest expenses and similar items	-14	-2	-78	-26	-42
Profit/loss after financial items	**91**	**1,062**	**5,958**	**1,670**	**3,014**
Tax for the period	-	-265	-	-385	-
Net profit/loss for the period	**91**	**797**	**5,958**	**1,285**	**3,014**

Condensed balance sheets for the parent company

SEK thousands	May 31, 2019	May 31, 2018	Aug 31, 2018
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development work	39,525	22,020	24,958
Patent	8,846	3,845	5,991
Other intangible fixed assets	1,419	-	-
Tangible fixed assets	2,047	558	502
Financial fixed assets			
Shares in Group companies	57,809	1,470	1,659
Deferred tax assets	361	665	1,613
Other financial fixed assets	315	-	-
Total fixed assets	**110,324**	**28,557**	**34,723**
Current assets			
Inventory	8,060	3,606	4,012
Accounts receivables	24,382	5,313	11,930
Receivables from Group companies	16,921	8,017	8,239
Derivative instruments	11	-	9
Other current assets	3,577	1,850	1,798
Prepaid expenses and accrued income	3,064	3,962	2,504
Short-term investments	70,035	40,306	113,468
Cash and cash equivalents	8,578	8,888	19,615
Total current assets	**134,628**	**71,942**	**161,577**
TOTAL ASSETS	**244,951**	**100,499**	**196,300**
EQUITY AND LIABILITIES			
Equity			
Restricted equity	40,359	22,777	25,790
Unrestricted equity	185,984	67,372	162,315
Other provisions	405	279	445
Long-term liabilities			
Long-term interest-bearing liabilities	600	600	600
Current liabilities			
Advance from customers	213	882	639
Accounts payable	7,115	4,694	3,663
Other current liabilities	711	823	630
Accrued expenses and deferred income	9,565	3,072	2,217
TOTAL EQUITY AND LIABILITIES	**244,951**	**100,499**	**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 agreements are to be reported. The standard came into effect for companies with January 1, 2019 as the start of the fiscal year. Reporting pursuant to IFRS 16 mean that in principle all leasing agreements will be reported in the balance sheet as assets and liabilities. This reporting is based on the view that the lessee has the right to use an asset for a specific period of time and at the same time a liability to pay for this right. An investigation is being carried out regarding the new standard's impact on the Group's financial statements. CELLINK's assessment is that the introduction of IFRS 16 will not have a significant impact on the Group's financial position with respect to the company's relatively low leasing cost. The company's investigation is ongoing and more detailed information on the expected transitional effects will be presented in the company's upcoming reports in 2019.

The new accounting standards IFRS 9 and 15 came into effect on September 1, 2018. In line with what the company has previously stated, these standards do not have any significant impact on the Group's financial statements. For information on IFRS 15, see note 2. No other standards, amendments or interpretations that have come into force during the fiscal year of 2018/2019 are assessed to have had a significant impact on the Group's financial statements.

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 consists 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.

SEK thousands	Mar-May 2018/ 2019	Mar-May 2017/ 2018	Sep-May 2018/ 2019	Sep-May 2017/ 2018	Full year 2017/ 2018
Europe	11,408	3,187	28,696	9,554	17,153
North America	8,796	5,585	21,941	10,896	16,461
Asia	8,145	3,430	19,396	7,989	11,309
Rest of the world	1,275	-	3,427	217	415
Total	**29,624**	**12,202**	**73,460**	**28,656**	**45,337**

Net sales per products and services

SEK thousands	Sep-May 2018/ 2019	Sep-May 2017/ 2018	Mar-May 2018/ 2019	Mar-May 2017/ 2018	Full year 2017/ 2018
Products	29,443	12,133	72,985	28,300	44,570
Services	181	69	475	356	767
Total	29,624	12,202	73,460	28,656	45,337

Timing recognition of revenue

SEK thousands	Sep-May 2018/ 2019	Sep-May 2017/ 2018	Mar-May 2018/ 2019	Mar-May 2017/ 2018	Full year 2017/ 2018
At a certain time	29,512	12,138	73,148	28,583	45,209
Over time	112	64	312	73	128
Total	29,624	12,202	73,460	28,656	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 related 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 SEK 911 thousand (515), of which SEK 715 thousand (229) 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.

SEK thousands	Fair value levels	May 31, 2019	May 31, 2018	Aug 31, 2018
Financial assets				
Financial derivatives	2	11	-	9
Short-term investments	1	70,035	40,306	113,468
Total financial assets		**70,046**	**40,306**	**113,477**
Financial liabilities				
Financial liabilities		-	-	-
Total financial liabilities		**-**	**-**	**-**

Note 4. 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 margin, %

SEK thousands	Sep-May 2018/2019	Sep-May 2017/2018	Mar-May 2018/2019	Mar-May 2017/2018	Full year 2017/2018
Net sales	29,624	12,202	73,460	28,656	45,337
Raw materials and supplies reduced with changes in inventory	-7,459	-4,885	-20,178	-11,808	-16,252
Gross margin, %	**75%**	**60%**	**73%**	**59%**	**64%**

Operating profit/loss before depreciation (EBITDA)

SEK thousands	Sep-May 2018/2019	Sep-May 2017/2018	Mar-May 2018/2019	Mar-May 2017/2018	Full year 2017/2018
Operating profit/loss	-569	399	1,223	-78	372
Depreciation	-1,861	-645	-4,563	-2,002	-2,625
Operating profit/loss before depreciation (EBITDA)	**1,292**	**1,044**	**5,787**	**1,914**	**2,997**

Equity/assets ratio, %

SEK thousands	May 31, 2019	May 31, 2018	Aug 31, 2018
Equity attributable to owners of the Parent Company	222,249	89,355	186,160
Total assets	246,007	100,053	194,982
Equity/assets ratio, %	**90%**	**89%**	**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	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	June-Aug 2017/2018
Net sales	29,624	23,837	19,971	16,465	12,202	8,724	8,064	4,711
Changes in inventory	3,432	1,521	793	406	-79	474	896	1,415
Capitalized work for its own account	3,077	3,064	4,323	4,284	2,015	1,833	1,826	1,747
Other operating income	4,761	4,507	2,114	1,976	2,238	1,495	1,325	571
Operating expenses								
Raw materials and supplies	-10,891	-8,757	-6,274	-5,026	-4,806	-3,886	-4,407	-2,346
Other external expenses	-12,377	-8,012	-8,139	-8,054	-4,160	-2,554	-3,491	-2,671
Personnel expenses	-16,191	-13,193	-11,032	-8,769	-6,316	-5,289	-4,156	-3,219
Depreciation and amortization of fixed assets	-1,861	-1,787	-915	-667	-645	-720	-641	-240
Other operating expenses	-142	-102	-161	-214	-49	-338	-85	-184
Operating profit/loss	**-569**	**1,078**	**680**	**402**	**399**	**260**	**-669**	**-216**
Profit/loss from financial items								
Interest income and similar items	766	155	-	222	229	179	120	295
Interest expenses and similar items	-40	-21	-64	-28	-2	-1	-24	-36
Profit/loss after financial items	**158**	**1,211**	**616**	**596**	**626**	**-81**	**-573**	**43**
Tax for the period	131	128	51	-13	-265	136	52	72
Net profit/loss for the period	**289**	**1,339**	**667**	**583**	**361**	**54**	**-521**	**115**
Attributable to								
Parent Company's shareholders	289	1,339	667	583	361	54	-521	115

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.

For additional information, contact:

Erik Gatenholm, CEO
Phone (EU): +46 73 267 00 00
Phone (US): +1 (650) 515-5566
Email: eg@cellink.com

Gusten Danielsson, CFO
Phone (EU): +46 70 991 86 04
Phone (US): +1 (857) 332-2138
Email: gd@cellink.com

Certified Adviser

Erik Penser Bank AB is the company's Certified Adviser.
Phone: +46 8 463 80 00
E-mail: info@penser.se

Audit of the interim report

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