

# CELLINK AB (publ)

Interim report September-February  
2018/2019



# Continued growth and improved margins

## Second quarter

- Net sales amounted to SEK 23,837 thousand (SEK 8,724 thousand), which corresponds with a growth of 173%, of which 150% was organic growth, compared to the second quarter of the previous fiscal year
- During the quarter, the company acquired 100% of the shares in German company, Dispendix GmbH. The purchase price amounts to approximately EUR 5 million
- Operating profit before depreciation (EBITDA) amounted to SEK 2,865 thousand (SEK 460 thousand), corresponding to a margin of 8,7% (3,7%)
- Net income amounted to SEK 1,339 thousand (SEK 54 thousand), generating an earnings per share of SEK 0.16 (SEK 0.007) after dilution

## First six months

- Net sales amounted to SEK 43,874 thousand (SEK 16,821 thousand), corresponding to a growth of 161% of which, 149% was organic growth, compared to the first six months of the previous fiscal year
- Operating profit before depreciation (EBITDA) amounted to SEK 4,466 thousand (SEK 432 thousand), corresponding to a margin of 7,4% (1,8%)
- Net income amounted to SEK 2,015 thousand (SEK -467 thousand), generating an earnings per share of SEK 0.24 (SEK -0.06) after dilution

## The Group's Key Figures

SEK thousand	18/19 (Q2)	17/18 (Q2)	18/19 (Q1-Q2)	17/18 (Q1-Q2)	17/18 (full year)
Net sales	23 837	8 724	43 874	16 821	45 337
Total revenue etc.	32 929	12 527	60 135	24 636	64 444
Gross margin, %	70%	61%	71%	59%	64%
EBITDA	2 865	460	4 466	432	2 997
EBITDA margin, %	8.7%	3.7%	7.4%	1.8%	4.7%
Net income	1 339	54	2 015	-467	1 183
Net income margin, %	4.1%	0.4%	3.4%	-1.9%	1.8%
Cash flow from operating activities	11 135	245	6 913	-4 359	-12 263
Solidity, %	89%	93.3%	89%	93.3%	95.5%
Average number of shares*	8 594 762	7 566 763	8 459 101	7 504 054	7 716 352
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	0,16	0,007	0,24	-0,06	0,15
Share price at closing day, SEK	315	152	315	152	146
Market cap at closing day, SEK million	2 684	1 150	2 684	1 150	1 215
Number of employees at closing day	101	47	101	47	74

\*Average number of shares including potential common shares.

## Significant events during the period

### Events during the second quarter (December 2018 – February 2019)

- 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 project funding 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.

### Events after closing day

- On March 18, CELLINK launched a new product, Lumen X for digital light processing 3D bioprinting.
- On March 22, CELLINK announced that the company and the Adult Stem Cell Research Centre at Seoul National University entered a new agreement for bioprinting research.

### Events during the first six months (September 2018 – February 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 the 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 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.
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## CEO's- COMMENTS

### **Increased net sales, profit, acquisition and launching of new products.**

It is with joy and pride- that CELLINK presents the second quarter of fiscal year 2018/2019 with improved net sales, new product launched, development, acquisition and continued profit. In the second quarter, net sales amounted to SEK 23.8 million and total revenue amounted to SEK 32.9 Million, resulting in 173% net sales increase compared to the same period in the previous fiscal year.

#### **Sales and market work**

CELLINK has, worked on sales at a global level during the quarter, resulting in continued sales growth and increased visibility in new and exciting application areas. Sales have improved continuously thanks to our bigger and active sales team spending time with customers, products and application specialists. As well, actively recruiting new sellers has been vital for the expansion and also, to manage the new products launched during the period in the best possible way. The Boston office has grown significantly as a sales manager for North America was appointed to manage sales in the entire US region.

Recruiting work has also focused on hiring application specialists with a good background in biology, biomaterials, and bioprinting. Several of these application specialists have been recruited from leading research institutions around the world and will spend time with customers to improve application development. We think that these will generate to more and recurring orders.

#### **Launch of new products and acquisition**

In the second quarter, the focus has been to expand the product portfolio with complementary products that add value for our new and existing customers. CELLINK started by offering a few printer systems and bioinks – we now offer technology platform enabling real-time microscopy monitoring of human cells, preparation for the bioprinting process, improved bioprinting and cell-dispensing platforms, and assay methods to validate printed tissues. This has provided an expanded market potential for the company's product portfolio, as well as new markets where the company can grow.

During the quarter, the company's first acquisition occurred when it acquired German company Dispendix GmbH. Dispendix's platform enables single cell printing and compound dispensing, complementing CELLINK's printer portfolio. Direct sales synergies have already been realised in the quarter as the product was sold to current customers in the pharmaceutical industry.

The new real-time microscope, CELLCYTE X, was developed internally and launched by CELLINK's team for microscopy. New IP has been defined, and it has been patent-pending to protect products on the market. CELLCYTE X has been very well received by the market. The product enables customers to view and study the human cell growth in preparation for the actual bioprinting process. Once the bioprinting process is complete, the tissues can be placed in the microscope and analyzed in real time to validate tissue growth.

In the quarter, CELLINK also partner with American technology company Prellis Biologics. The partnership consist of, a new bioprinter with groundbreaking and patented technologies that enables printing of capillaries and vascular tissues. The Holograph X technology platform is sold exclusively by CELLINK and has been launched for USD 1.2 million. The customer group is core-labs and centralized research institutes that work with advanced bioprinting.

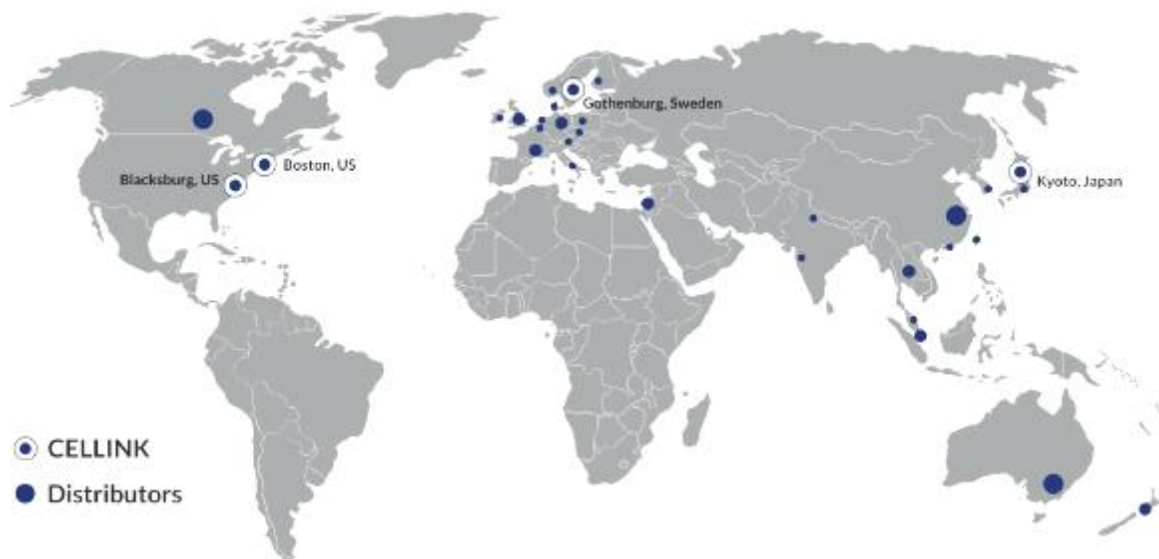
### Continued positive result

During the quarter, the company focused on continuing to improve margins and profit-generating businesses. This has resulted in a gross margin of 70% - an increase of 14.8% compared to the same quarter in the previous fiscal year - and a net income of SEK 1.3 million, which is a result of the business model and positive cooperation throughout the Group.

With that I want to thank the whole team for their fantastic work, I am looking forward to a new exciting quarter.

Gothenburg, April 10, 2019

Erik Gatenholm, CEO



## FINANCIAL INFORMATION AND COMMENTS Q2

### Acquisition of Dispendix GmbH

CELLINK acquired German company, Dispendix GmbH for a purchase price of approximately EUR 5 million. The acquisition was financed by cash of approximately EUR 2 million and by a non-cash issue of shares amounting to approximately EUR 3 million (198,077 shares). The non-cash issue generated a dilution of 2.3%. The subsidiary has been consolidated in the second quarter as the controlling influence was transferred to CELLINK AB on December 1, 2018. All transaction costs occurred in the first quarter of the current fiscal year. In the current quarter, Dispendix contributed net sales amounting to SEK 1,986 thousand to the Group (8.3% of the Group's net sales), corresponding with a growth of 60% compared to the same period of the previous fiscal year for Dispendix and a sequential net sales growth of 30% compared to Q1.

### Q2 in figures

The Group's net sales in Q2 amounted to SEK 23,837 thousand (SEK 8,724 thousand). The growth in net sales compared to the second quarter in previous fiscal year amounted to 173% of which 150% was attributable to organic growth. The growth is mainly attributable to the increase in demand on the BIO X. Other newly launched products such as Holograph X, CELLCYTE X and LUMEN X have not contributed to the growth, as the first delivery has not yet happened. The largest geographic market for the quarter was Europe, followed by North America, Asia and the rest of the world.

The Group's total revenue amounted to SEK 32,929 thousand (SEK 12,527 thousand) including: SEK 4,507 thousand (SEK 1,495 thousand) in other operating income that is mainly attributable to grants received for projects; SEK 3,064 thousand (SEK 1,833 thousand) in capitalized work for its own account and SEK 1,521 thousand (SEK 474 thousand) in inventory change. The cost of raw materials amounted to SEK -8,757 thousand (SEK -3,886 thousand). The operating profit amounted to SEK 1,078 thousand (SEK -260 thousand) and profit or loss after financial items amounted to SEK 1,211 thousand (SEK -81 thousand).

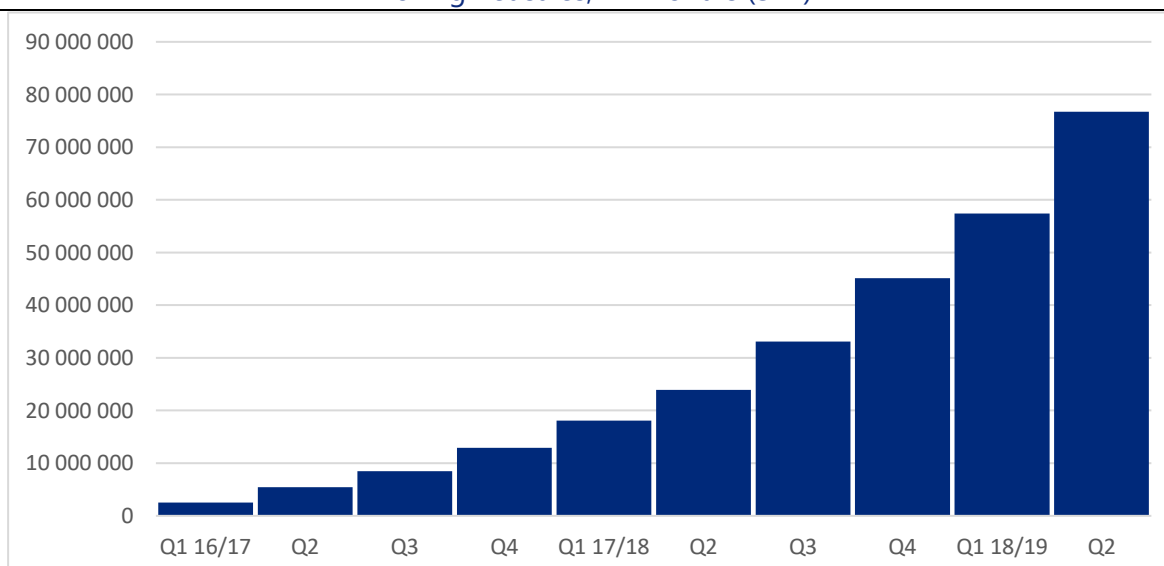
In funded projects, we intend to develop new products and solutions that CELLINK can commercialize at a later stage. Today, approximately 50 employees make up the company's development team, as the company is focused on product development.

The company's gross margin has maintained on good level during the quarter. The gross margin is primarily dependent on product mix structure and discount levels. The company plans to reduce existing discounts slightly in upcoming quarters, which will result in a positive effect on net sales and the gross margin in the long term but may slow down the growth rate slightly in the short term, as sales cycle tend to be a bit longer.

Cash flow from operating activities in Q2 amounted to SEK 11,135 thousand (SEK 245 thousand) and total cash flow for the quarter to SEK -8,484 thousand (SEK -3,824 thousand). The Group's cash and cash equivalents and short-term investments amounted to SEK 104,013 (SEK 59,212 thousand), divided into SEK 13,787 thousand in cash and cash equivalents, and SEK 90,226 thousand in short-term investments.

The rolling net sales over 12 months amount to SEK 77 million – an increase of 220% compared to same period last year, which was SEK 24 million. With an increased installed base, a larger proportion of future revenue in the future is expected to be comprised of recurring revenue from inks and consumables.

Rolling net sales, 12 months (SEK)



### **First six months in figures**

In the first six months, the Group's net sales amounted to SEK 43,874 thousand (SEK 16,821 thousand). The Group's total revenue etc. amounted to SEK 60,135 thousand (SEK 24,636 thousand). The cost of raw materials amounts to SEK -15,038 thousand (SEK - 8,293 thousand). Operating profit amounted to SEK 1,763 thousand (SEK -930 thousand) and profit or loss after financial items to SEK 1,835 thousand (SEK -655 thousand).

Cash flow from operating activities during the first six months was SEK 6,913 thousand (SEK -4,359 thousand) and total cash flow for the quarter was SEK -9,261 thousand (SEK 26,811 thousand).

### **Information on transactions with related parties**

No transactions that have substantially affected the company's earnings and financial position have been carried out with related parties during the period. For information on related parties, see the Annual Report 2017/2018, note 23. During the quarter, CELLINK AB acquired two patents in the acquisition of BioinkIP LLC. The purchase price amounted to approximately SEK 4 million on market-based conditions ("arm's length principle"). The seller was a related party to CELLINK's CEO, Erik Gatenholm.

### **Seasonal effects**

The company's largest customer groups today are universities and research institutions, and these groups are dependent on university semesters and budgets linked to them. This means that order intake fluctuates with the semesters. This is partly offset by a diversified customer group in the industry, where order bookings are more evenly distributed during the period.

## CONDENSED CONSOLIDATED INCOME STATEMENT

(SEK thousands)	NOTE	2018-12-01 2019-02-28 Dec-Feb (Q2)	2017-12-01 2018-02-28 Dec-Feb (Q2)	2018-09-01 2019-02-28 Sep-Feb (Q1-Q2)	2017-09-01 2018-02-28 Sep-Feb (Q1-Q2)	2017-09-01 2018-08-31 Full year
<b>Operating income, changes in inventory, etc.</b>						
Net sales	2,3	23 837	8 724	43 874	16 821	45 337
Changes in inventory		1 521	474	2 313	1 371	1 697
Capitalised work for its own account		3 064	1 833	7 385	3 658	10 474
Other operating income		4 507	1 495	6 563	2 787	6 935
		<b>32 929</b>	<b>12 527</b>	<b>60 135</b>	<b>24 636</b>	<b>64 444</b>
<b>Operating expenses</b>						
Raw materials and supplies		-8 757	-3 886	-15 038	-8 293	-17 949
Other external expenses		-8 012	-2 554	-16 148	-6 044	-16 334
Personnel expenses		-13 193	-5 289	-24 220	-9 445	-26 668
Depreciation and amortisation of fixed assets		-1 787	-720	-2 702	-1 361	-2 625
Other operating expenses		-102	-338	-263	-423	-495
<b>Operating profit/loss</b>	<b>3</b>	<b>1 078</b>	<b>-260</b>	<b>1 763</b>	<b>-930</b>	<b>372</b>
<b>Result from financial items</b>						
Interest income and similar items of profit/loss	3	155	179	157	299	737
Interest expenses and similar items of profit/loss	3	-21	-1	-85	-24	-42
<b>Result after financial items</b>		<b>1 211</b>	<b>-81</b>	<b>1 835</b>	<b>-655</b>	<b>1 068</b>
Tax for the period	3	128	136	179	188	116
<b>Profit/loss for the period</b>	<b>3</b>	<b>1 339</b>	<b>54</b>	<b>2 015</b>	<b>-467</b>	<b>1 183</b>
<b>Attributable to</b>						
Parent Company's shareholders		1 339	54	2 015	-467	1 183
Earnings per share before dilution, SEK		0,16	0,007	0,24	-0,06	0,15
Earnings per share after dilution, SEK		0,16	0,007	0,24	-0,06	0,15
Average number of shares*		8 594 762	7 566 763	8 459 101	7 504 054	7 716 352
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						
<b>Statements of comprehensive income</b>						
<b>Profit/loss for the period</b>		<b>1 339</b>	<b>54</b>	<b>2 015</b>	<b>-467</b>	<b>1 183</b>
<i>Items that may be reclassified to the income statement</i>						
Translation differences		-12	-1	-35	-5	-86
<b>Total comprehensive income</b>		<b>1 327</b>	<b>53</b>	<b>1 980</b>	<b>-472</b>	<b>1 097</b>



## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(SEK thousands)	NOTE	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
<b>ASSETS</b>				
Capitalised expenditure for development work	3	40 788	16 437	24 415
Goodwill	3	48 100	0	0
Other intangible fixed assets	3	12 470	4 838	5 991
Tangible fixed assets	3	3 534	948	998
Deferred tax receivables		0	1 080	1 733
Other financial fixed assets		702	0	0
Inventory		7 850	3 685	4 012
Accounts receivable		24 528	5 926	16 834
Derivative instruments	5	0	0	9
Other current receivables		3 486	1 932	1 928
Prepaid expenses and accrued income		2 165	1 429	2 555
Short-term investments	5	90 226	46 843	113 468
Cash and cash equivalents		13 787	12 369	23 038
<b>TOTAL ASSETS</b>		<b>247 636</b>	<b>95 488</b>	<b>194 982</b>
<b>EQUITY AND LIABILITIES</b>				
Equity, attributable to Parent Company's shareholders		220 455	89 083	186 160
Deferred tax liabilities		756	0	0
Long-term interest-bearing liabilities		600	0	600
Short-term interest-bearing liabilities		1 683	0	0
Advance from customers		622	632	639
Accounts payable		8 453	2 820	3 756
Tax liabilities		0	2	2
Other current liabilities		803	774	933
Accrued expenses and deferred income		13 301	1 995	2 446
Other provisions		963	182	445
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>247 636</b>	<b>95 488</b>	<b>194 982</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(SEK thousands)	2018-12-01 2019-02-28 Dec-Feb (Q2)	2017-12-01 2018-02-28 Dec-Feb (Q2)	2018-09-01 2019-02-28 Sep-Feb (Q1-Q2)	2017-09-01 2018-02-28 Sep-Feb (Q1-Q2)	2017-09-01 2018-08-31 Full year
Operating profit/loss	1 078	-260	1 763	-930	372
Adjustments for non-cash items	1 783	750	2 913	1 434	3 275
Tax paid	0	0	0	0	-31
Changes in inventory	-1 522	-474	-2 314	-1 370	-1 697
Changes in trade receivables	12 165	598	-7 058	-3 377	-15 018
Changes in trade payables	-2 369	-368	11 608	-116	838
<b>Cash flow from operating activities</b>	<b>11 135</b>	<b>245</b>	<b>6 913</b>	<b>-4 359</b>	<b>-12 263</b>
Cash flow from investing activities	-22 156	-4 019	-18 408	-20 782	-97 374
Cash flow from financing activities	2 537	-50	2 234	26 811	121 777
<b>Cash flow for the period</b>	<b>-8 484</b>	<b>-3 824</b>	<b>-9 261</b>	<b>1 670</b>	<b>12 141</b>
<b>Opening cash and cash equivalents</b>	<b>22 226</b>	<b>16 188</b>	<b>23 038</b>	<b>10 664</b>	<b>10 664</b>
Exchange difference in cash and cash equivalent	46	4	12	33	233
<b>Closing cash and cash equivalents</b>	<b>13 787</b>	<b>12 369</b>	<b>13 787</b>	<b>12 369</b>	<b>23 038</b>

## CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY

(SEK thousands)	Share capital	Other contributed capital	Translation reserve	Retained earnings	Total shareholders' equity
Opening balance at September 1, 2017	724	60 019	-30	-1 055	59 659
<b>Profit/loss for the period</b>	-	-	-	<b>1 183</b>	<b>1 183</b>
Other comprehensive income	-	-	70	-	70
Share-based payments	-	-	-	335	335
Warrant premiums	-	-	-	690	690
<b>Total comprehensive income</b>	-	-	<b>70</b>	<b>2 208</b>	<b>2 278</b>
Rights issue	108	130 182	-	-	130 290
Transaction costs, net after taxes	-	-6 068	-	-	-6 068
<b>Total transactions with shareholders</b>	<b>108</b>	<b>124 114</b>	-	-	<b>124 222</b>
<b>Closing balance at August 31, 2018</b>	<b>832</b>	<b>184 133</b>	<b>40</b>	<b>1 154</b>	<b>186 160</b>
Opening balance at September 1, 2018	832	184 133	40	1 154	186 160
<b>Profit/loss for the period</b>	-	-	-	<b>2 015</b>	<b>2 015</b>
Other comprehensive income	-	-	-26	-	-16
Share-based payments	-	-	-	381	381
Warrant premiums	-	-	-	2 637	2 637
<b>Total comprehensive income</b>	-	-	<b>-26</b>	<b>5 033</b>	<b>5 007</b>
Non-cash issue	2	30 934	-	-	30 936
Transaction costs, net after taxes	-	-1 648	-	-	-1 648
<b>Total transactions with shareholders</b>	<b>2</b>	<b>29 287</b>	-	-	<b>29 289</b>
<b>Closing balance at February 28, 2019</b>	<b>834</b>	<b>213 420</b>	<b>14</b>	<b>6 187</b>	<b>220 455</b>

## CONDENSED INCOME STATEMENTS AND BALANCE SHEETS FOR PARENT COMPANY

(SEK thousands)	2018-12-01 2019-02-28 Dec-Feb (Q2)	2017-12-01 2018-02-28 Dec-Feb (Q2)	2018-09-01 2019-02-28 Sep-Feb (Q1-Q2)	2017-09-01 2018-02-28 Sep-Feb (Q1-Q2)	2017-09-01 2018-08-31 Full year
<b>Operating income, changes in inventory, etc.</b>					
Net sales	21 200	8 689	40 158	16 051	43 660
Changes in inventory	700	474	1 493	1 371	1 697
Capitalised work for its own account	803	1 399	3 475	2 736	7 222
Other operating income	4 507	1 495	6 563	2 787	6 709
	<b>27 210</b>	<b>12 058</b>	<b>51 689</b>	<b>22 944</b>	<b>59 287</b>
<b>Operating expenses</b>					
Raw materials and supplies	-7 389	-3 886	-13 663	-8 293	-17 949
Other external expenses	-5 476	-2 217	-12 239	-4 686	-13 844
Personnel expenses	-8 922	-4 552	-17 608	-8 124	-22 094
Depreciation and amortisation of fixed assets	-1 254	-645	-2 135	-1 275	-2 587
Other operating expenses	-102	-338	-263	-423	-495
<b>Operating profit/loss</b>	<b>4 068</b>	<b>420</b>	<b>5 781</b>	<b>145</b>	<b>2 318</b>
Financial income and expenses	149	178	85	275	695
<b>Profit/loss after financial items</b>	<b>4 217</b>	<b>598</b>	<b>5 867</b>	<b>420</b>	<b>3 014</b>
Tax for the period	0	0	0	52	0
<b>Profit/loss for the period</b>	<b>4 217</b>	<b>598</b>	<b>5 867</b>	<b>472</b>	<b>3 014</b>

(SEK thousands)	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
<b>ASSETS</b>			
Capitalised expenditure for development work	35 679	17 070	24 958
Other intangible fixed assets	8 422	4 838	5 991
Tangible fixed assets	2 174	546	502
Shares in Group companies	57 581	1 326	1 659
Deferred tax receivables	368	941	1 613
Other financial fixed assets	437	0	0
Inventory	5 505	3 685	4 012
Accounts receivable	19 422	3 485	11 930
Receivables from Group companies	12 959	4 008	8 239
Derivative instruments	0	0	9
Other current assets	2 934	1 386	1 798
Prepaid expenses and accrued income	2 092	1 429	2 504
Short-term investments	90 226	46 843	113 468
Cash and cash equivalents	10 547	10 571	19 615
<b>TOTAL ASSETS</b>	<b>248 347</b>	<b>96 129</b>	<b>196 300</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	226 280	90 171	186 106
Long-term interest-bearing liabilities	600	0	600
Advance from customers	617	632	639
Accounts payable	7 024	2 680	3 663
Other current liabilities	614	469	630
Accrued expenses and deferred income	12 812	1 995	2 217
Other provisions	400	182	445
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>248 347</b>	<b>96 129</b>	<b>196 300</b>

## DISCLOSURES AND INFORMATION

### Corporate information

CELLINK AB, organization number 559050–5052, is a limited company registered in Sweden with headquarters in Gothenburg. The address for the headquarters is Arvid Wallgrens Backe 20, 413 46 Gothenburg. The company's operations include the development and sale of 3D bioprinters, bioinks and services in 3D bioprinting.

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

### NOTE 1 Accounting principles

This interim report has, for the Group, been prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Report, 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.

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, unless otherwise stated below.

### IFRS 16

IFRS 16 "Leasing" entails changes in how leasing agreements are to be reported. The standard came into force for companies with January 1, 2019 as the start of the fiscal year. Reporting pursuant to IFRS 16 will 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 significant impact on the Group's financial position. The company's investigation is ongoing and more detailed information on the expected transitional effects will be presented in the company's upcoming interim reports in 2019.

### NOTE 2 Revenue

The great majority of CELLINK's sales are of products that clearly represent separate performance obligations. Sales of products are recorded as revenue when they have been delivered to the customer. CELLINK also sells services in the form of the servicing of products, primarily in the time-lapse business unit, and also in the form of the recharging of freight. Servicing is largely invoiced in advance and recorded as revenue during the course of the servicing contract. Servicing revenues not recognized as revenue are reported as deferred income 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.

#### Net sales divided by products and services

SEK thousands	Dec-Feb 18/19	Dec-Feb 17/18	Sep-Feb 18/19	Sep-Feb 17/18	Full year 2017/2018
Products	23 712	8 461	43 557	16 533	44 570
Services	125	263	317	288	767
<b>Total</b>	<b>23 837</b>	<b>8 724</b>	<b>43 874</b>	<b>16 821</b>	<b>45 337</b>

CELLINK is divided into two segments: CELLINK and Dispendix. The company's products are within the same segment but are measured as two separate profit units. CELLINK is controlled by a management team in Sweden and Dispendix is controlled by the company's CEO and management. Targeted earnings and sales are set on an individual level and individual markets are measured as separate segments.

The table below presents the division of net sales per geographic region for each segment.

**Net sales per geographic region for each segment\***

Dec-Feb 18/19 SEK thousands	CELLINK	Dispendix	Total
Sweden	628	569	1 197
Rest of Europe	10 001	1 419	11 420
North America	7 576	0	7 576
Asia	3 273	0	3 273
Rest of the world	371	0	371
<b>Total</b>	<b>21 849</b>	<b>1 988</b>	<b>23 837</b>

Dec-Feb 17/18 SEK thousands	CELLINK	Dispendix	Total
Sweden	6	-	6
Rest of Europe	3 559	-	3 559
North America	2 960	-	2 960
Asia	2 195	-	2 195
Rest of the world	4	-	4
<b>Total</b>	<b>8 724</b>	<b>-</b>	<b>8 724</b>

Sep-Feb 18/19 SEK thousands	CELLINK	Dispendix	Total
Sverige	1 166	569	1 735
Rest of Europe	14 130	1 419	15 549
North America	13 262	0	13 262
Asia	11 199	0	11 199
Rest of the world	2 129	0	2 129
<b>Total</b>	<b>41 886</b>	<b>1 988</b>	<b>43 874</b>

Sep-Feb 17/18 SEK thousands	CELLINK	Dispendix	Total
Sverige	6	-	6
Rest of Europe	6 358	-	6 358
North America	5 909	-	5 909
Asia	4 543	-	4 543
Rest of the world	4	-	4
<b>Total</b>	<b>16 821</b>	<b>-</b>	<b>16 821</b>

Sep-Aug 17/18 SEK thousands	CELLINK	Dispendix	Total
Sverige	1 194	-	1 194
Rest of Europe	13 907	-	13 907
North America	16 461	-	16 461
Asia	13 361	-	13 361
Rest of the world	415	-	415
<b>Total</b>	<b>45 337</b>	<b>-</b>	<b>45 337</b>

\*As Dispendix was acquired in the second quarter of the fiscal year 2018/2019, figures have not been presented for previous periods for the entity.



## NOTE 3 Segment

Dec-Feb 18/19				
SEK thousands	CELLINK	Dispendix	Eliminations/adjustments	Total
Net sales	21 850	2 509	-522	28 387
Operating profit/loss	1 079	1 812	-1 813	1 078
Financial income	155	0	0	155
Financial expenses	0	-21	0	-21
Profit/loss after financial items	1 233	1 791	-1 813	1 211
Tax	57	0	71	128
Profit/loss for the period	1 290	1 791	-1 742	1 339
Fixed assets**	49 810	837	54 245	104 892

Dec-Feb 17/18				
SEK thousands	CELLINK	Dispendix*	Eliminations/adjustments	Total
Net sales	8 724	-	-	8 724
Operating profit/loss	-260	-	-	-260
Financial income	179	-	-	179
Financial expenses	-1	-	-	-1
Profit/loss after financial items	-81	-	-	-81
Tax	136	-	-	136
Profit/loss for the period	54	-	-	54
Fixed assets**	22 223	-	-	22 223

Sep-Feb 18/19				
SEK thousands	CELLINK	Dispendix	Eliminations/adjustments	Total
Net sales	41 887	2 509	-522	43 874
Operating profit/loss	1 767	1 812	-1 816	1 763
Financial income	157	0	0	157
Financial expenses	-64	-21	0	-85
Profit/loss after financial items	1 860	1 791	-1 816	1 835
Tax	108	0	71	179
Profit/loss for the period	1 968	1 791	-1 744	2 015
Fixed assets**	49 810	837	54 245	104 892

Sep-Feb 17/18				
SEK thousands	CELLINK	Dispendix*	Eliminations/adjustments	Total
Net sales	16 821	-	-	16 821
Operating profit/loss	-930	-	-	-930
Financial income	299	-	-	299
Financial expenses	-24	-	-	-24
Profit/loss after financial items	-655	-	-	-655
Tax	188	-	-	188
Profit/loss for the period	-467	-	-	-467
Fixed assets**	22 223	-	-	22 223

Full year 17/18 SEK thousands	CELLINK	Dispendix*	Eliminations/adjustments	Total
Net sales	45 337	-	-	45 337
Operating profit/loss	372	-	-	372
Financial income	737	-	-	737
Financial expenses	-42	-	-	-42
<b>Profit/loss after financial items</b>	<b>1 068</b>	-	-	<b>1 068</b>
Tax	116	-	-	116
<b>Profit/loss for the period</b>	<b>1 183</b>	-	-	<b>1 183</b>
Fixed assets**	31 404	-	-	31 404

\* As Dispendix was acquired in the second quarter of the fiscal year 2018/2019, figures have not been presented for previous periods for the entity.

\*\*Fixed assets refer to intangible and tangible fixed assets, i.e. excluding financial instruments and deferred tax receivables and other financial fixed assets.

## NOTE 4 Business combinations

Acquired unit	Country	Period of acquisition	Percentage of votes	No. of employees
Dispendix GmbH	Germany	December	100%	10

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

### Issue terms

The shareholders in Dispendix GmbH received shares at a value of approximately EUR 3 million, calculated at an average exchange rate of 10.3315, amounting to SEK 30,901,815.60. The average share price in CELLINK during the reference period was SEK 156, which thus resulted in the company issuing 198,077 shares for the capital contributed in kind.

### Effects of acquisition

In the preliminary acquisition analysis goodwill amounts to SEK 48,100 thousand. Dispendix is believed to have high growth potential in CELLINK ownership in regard to CELLINK's good customer relations, unique technology and competitive offering. Through the acquisition, large synergies are expected to be realized through CELLINK's existing sales channels and customer relations that have shown great interest and need for the technology. By using Group-wide assets, CELLINK expects to be able to scale the business, and in particular the sales of the acquired company.

### Expenses related to acquisition

All material expenses attributable to the acquisition of Dispendix GmbH amounting to approximately SEK 1 million occurred in the first quarter of the current fiscal year and relate to fees for legal advice in connection with the legal review of the acquisition.

*Identified assets and liabilities*

SEK thousands	Preliminary acquisition analysis
Intangible fixed assets	6 469
Tangible fixed assets	651
Inventory	1 484
Accounts receivable	1 262
Other current assets	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
<b>Net, identified assets and liabilities</b>	<b>3 460</b>
Group goodwill	48 100
<b>Purchase price</b>	<b>51 560</b>

Acquired unit	Country	Period of acquisition	Percentage of votes	No. of employees
BioinkIP LLC	USA	December	100%	0

On December 1, 2018 CELLINK AB acquired 100% of the shares in BioinkIP LLC. The purchase price amounted to SEK 4 million. The acquisition was made by liquid funds. The purchase price corresponds to the net asset value in the company, hence no goodwill arises in connection with the acquisition. BioinkIP LLC was acquired from a related party to CELLINK-Group CEO, Erik Gatenholm on marked-based conditions ("arm's length principle").

**Effects of acquisition**

The acquired company, BioinkIP LLC, does not have operation and the company's only asset at the time of the acquisition was intangible fixed assets. CELLINK does not plan to run any operation in the company. CELLINK was previously a licensee of these intangible fixed assets, hence the acquisition will not have any effect on CELLINK's current supply of products other than being the owner of the rights instead of a licensee. These patents have not been critical to CELLINK's operation, but they strengthen the company's IP portfolio.

**Expenses related to acquisition**

Expenses attributable to the business combination amounted to approximately SEK 100 thousand.

*Identified assets and liabilities*

SEK thousands	Preliminary acquisition analysis
Intangible fixed assets	4 000
<b>Net, identified assets and liabilities</b>	<b>4 000</b>
Group goodwill	0
<b>Purchase price</b>	<b>4 000</b>

## NOTE 5 Financial instruments – Fair value

The table below shows the allocated levels for financial assets and financial liabilities recognised at fair value in the Group's balance sheet. Measurement of fair value is based on a three-level hierarchy;

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.

For a description of how fair value has been calculated, see the Annual Report 2017/2018 note 2.2.12 and note 16. The fair value of financial assets and liabilities are estimated to be, in principle, the same as their recognized values.

SEK thousands	Fair value levels	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
<b>Financial assets</b>				
Financial derivative	2	0	0	9
Short-term investments	1	90 226	46 843	113 468
<b>Total financial assets</b>		<b>90 226</b>	<b>46 843</b>	<b>113 477</b>
<b>Financial liabilities</b>				
Financial liabilities		0	0	0
<b>Total financial liabilities</b>		<b>0</b>	<b>0</b>	<b>0</b>

## OTHER INFORMATION



### Publication date for financial information

July 11, 2019	Interim report 3 (Q3)
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 April 10, 2019. This interim report, as well as any additional information, is available on the CELLINK website; [www.cellink.com](http://www.cellink.com). For a physical copy, contact the company's CFO.

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### Audit of the interim report

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



## Definitions

### EBITDA

Operating income before depreciation and amortisation.

### Average number of shares

Weighted average number of outstanding shares during the period.

### Net sales

Invoicing during the period.

### Earnings per share

Income for the period in relation to the average number of outstanding shares for the period.

### Gross margin

Gross income less changes in inventory as a percentage of net sales for the period.

### Operating margin

Operating income as a percentage of total revenue for the period.

### Operating profit (EBIT)

Income before financial items.

### Net income

Income after taxes.

### Solidity

Adjusted equity as a percentage of total assets.