Q3

CellaVision Interim report January-September 2020

Market clearance for CellaVision DC-1 in the US and good profitability in the quarter

Organic sales growth:
Q3, 2020: -24% (8)

EBITDA margin:
Q3, 2020: 28% (27)

	Jul-Sep		Jan-Sep		Jan-Dec
(MSEK)	2020	2019	2020	2019	2019
Net sales	88.0	95.6	340.5	311.9	461.8
Gross profit	57.0	72.8	227.2	236.9	336.7
EBITDA	24.6	25.6	102.1	105.2	146.7
EBITDA margin, %	28	27	30	34	32
Profit/loss before tax	15.9	21.5	75.8	94.2	129.2
Total cash flow	-21.2	27.7	-8.3	48.9	-67.3
Equity ratio, %	62	75	62	75	54

"The general market situation improved during the latter part of the period and we are now seeing a situation where the number of installations is increasing in most of our main markets."

Zlatko Rihter, CEO

1 July-30 September 2020
- Net sales decreased by 8% to SEK 88.0 million (95.6).
- Sales decreased organically by 24% (+8).
- EBITDA amounted to SEK 24.6 million (25.6).
- EBITDA margin amounted to 28% (27).
- Profit before tax amounted to SEK 15.9 million (21.5).
- Earnings per share before and after dilution were SEK 0.56 (0.72).
- Cash flow from operating activities amounted to SEK -3.9 million (32.5).

1 January-30 September 2020
- Net sales increased by 9% to SEK 340.5 million (311.9).
- Sales decreased organically by 12% (+18).
- EBITDA amounted to SEK 102.1 million (105.2).
- EBITDA margin amounted to 30% (34).
- Profit before tax amounted to SEK 75.8 million (94.2).
- Earnings per share before and after dilution were SEK 2.55 (3.14).
- Cash flow from operating activities amounted to SEK 45.6 million (101.0).

Significant events after the periods close
- CellaVision DC-1 received market clearance by the authorities in the US, which means that the product is now commercially available in USA.
- Zlatko Rihter will leave the position as CEO on November 28. Pending the appointment of the new CEO of CellaVision, Magnus Blixt, CFO, will be appointed acting CEO.
- The Chairman of the Board, Sören Mellstig, has informed the Nomination Committee that he is not available for re-election at the 2021 Annual General Meeting.

CELLAVISION

CEO's comments

The COVID-19 pandemic had a negative impact on sales in the year's third quarter, while at the same time we could see signs of recovery in demand on most of our markets. Sales in the quarter were SEK 88.0 million (95.6), corresponding to negative organic growth of 24 percent (+8). Including sales of RAL Diagnostics products, growth was negative three percent. There was substantial variation in development in our different regions. Exchange rate impact was negative, at five percent in the quarter.

CellaVision reacted early to the COVID-19-pandemic and implemented a series of measures on the cost side. In combination with our effective and scalable indirect business model, this has meant that despite negative organic growth, we continue to be a profitable company. Profitability is somewhat lower than in the corresponding period last year, but in the present circumstances we are satisfied with the outcome. CellaVision has shown a great capacity to rapidly adapt its business to unexpected challenges and we are now well-equipped to quickly accelerate our operations when the market situation normalizes. EBITDA was SEK 24.6 million (25.6) in the quarter, corresponding to an EBITDA margin of 28 percent (27) and the Group's total cash flow for the quarter was SEK -21.2 million (27.7).

After the close of the quarter CellaVision received market clearance for the CellaVision DC-1, for small and mid-size laboratories, in response to the 510 k application submitted to the U.S. Food & Drug Administration, FDA. This is an important milestone for CellaVision, which can now take the next step and sell the CellaVision DC-1 in the USA, our most important market.

Effects of the COVID-19-pandemic

The effect of the COVID-19-pandemic in the hematology segment was considerable in the third quarter of the year, both for CellaVision and our partners. CellaVision's system consists of installation products, which means that our partners need access to hospitals and laboratories to be able to install our products, which has only been possible to a limited extent in the second quarter and part of the third quarter.

Positive signals from the market

The general market situation improved during the period and we now see a situation where the number of installations is increasing in most of our main markets. Our systems that were installed earlier are being used more than ever, which is probably an effect of the remote access possibilities offered by CellaVision that have become even more important in the ongoing pandemic. During the pandemic we have noted that the percentage of laboratories choosing digital analysis continues to be high. Just as expected, sales of reagents were affected by the pandemic to a considerably lower extent than the installation related analyzer sales. The underlying need for digital morphology is the same as before the pandemic.

Market development

The Americas were severely impacted by the COVID-19-pandemic in the third quarter as well, with a 32 percent decrease in sales. Sales were SEK 31.5 million (46.4). The shutdown in the USA and Canada in the second quarter of the year meant that the systems held in inventories at our distributors were not installed, which has had a negative impact on sales in the third quarter. Installation activities have resumed in the third quarter, which is a positive sign. Digital morphology is standard in many of our important markets in the region and we expect to see a normalization of sales as hematology installations are resumed.

EMEA's sales were on a level with the corresponding period in the previous year, with organic growth of four percent. Including sales of RAL's reagents, growth was 90 percent. A clear normalization was seen in the quarter as regards installations. We could also note that sales of the CellaVision DC-1 increased after a few months of weak demand. Just as in North America, digital morphology is standard in large parts of EMEA, primarily Western Europe, which means that we expect normalization of sales as hematology installations are resumed.

After two strong quarters, APAC had a weaker quarter with sales declining by 42 percent and amounting to SEK 16.1 (28.0). The weak quarter is related to the build-up of inventories that took place at our distributors in the second quarter of the year and is

thus not due to any significant impact of COVID-19. For the first three quarters of the year, growth in the region was 31 percent. Our main markets, China and Japan, have a high level of activity and are developing according to plan, while markets such as Australia and India are still negatively affected by restrictions.

Careful evaluation of activities and investments

CellaVision follows the development of the COVID-19-pandemic carefully and we will adjust our operations as necessary on the basis of global economic development. Just now our focus is on giving priority to the activities we can accelerate. CellaVision's scalable business model allows rapid adjustment of our costs and we continue to invest in innovation. Cost savings have been possible without diminishing any of our organization and our investments in research and development in the quarter amounted to 18 percent of sales, which is higher than ever before.

RAL/Reagents

The acquisition of RAL was completed on October 1, 2019 and since then RAL is an integral part of CellaVision. During the quarter we signed a global distribution agreement for RAL's reagents with Sysmex. This means that the reagents are now commercially available in all main markets. In other respects, too, the commercial integration of RAL has gone according to plan and we continue to introduce reagents in new countries, while concurrently working further to optimize staining protocols. The previously communicated objectives of acquiring RAL, in the form of a broadened product offer and larger market, effective sales expansion of RAL's hematology products to new markets and expansion to related analysis areas outside hematology, remain.

Geographical expansion

CellaVision will wait before further establishment of local organizations for market support until the effects of the COVID-19-pandemic have subsided. Establishment of a local organization in Russia is now fully operative and CellaVision currently has local market organizations in 18 countries that deliver a direct presence in 40 countries. Our local market organizations are an important part of the sales successes we have had in recent years.

Innovation

The CellaVision DC-1 received market clearance after the close of the quarter, which means that the product will now be commercially available to the American market. This is an important step in the global commercialization process of the CellaVision DC-1, which is intended for small and mid-size laboratories. The process for market clearance of the CellaVision DC-1 in China is also going to plan.

Our long-term strategy remains firm

Geographical expansion and innovation are CellaVision's core areas. We will continue to increase investments in innovation and geographical expansion to secure our future position in our market segment and to maintain strong growth as soon as the effects of COVID-19 have abated, and the world returned to a more normalized state.

In accordance with our long-term strategy, CellaVision was reorganized into divisions per product area, Reagents and Devices & Software. The reorganization increases the effectiveness in each product area but retains the strength of addressing the same customer in the hematology area with a global marketing and sales function.

This is my 24th and last quarterly report for CellaVision. Pending the appointment of a new President/CEO, CellaVision's CFO, Magnus Blixt, will take on the role of acting President/CEO, which I see as a very good solution in which I feel great confidence. I have been part of an incredibly inspiring and exciting journey that without doubt will continue in the future. CellaVision is a fantastic company with a strong international marketing organization, a gradually increased development organization and an experienced and skilled management team. It is with great pride that I hand over the baton to the next leadership.

Zlatko Rihter,
President and CEO

Effects of the COVID-19 pandemic

The outbreak of the COVID-19 pandemic affects people and businesses around the world and is a challenge for all businesses. CellaVision is closely monitoring the development and effects of the pandemic and will adjust its operations accordingly in the coming quarters.

Effects on CellaVision's operations in the third quarter of 2020

The COVID-19 pandemic has a substantial impact on CellaVision's operations, not least in a reduction in the number of blood tests in most markets as healthcare resources are temporarily transferred to COVID-19 patients, but also since CellaVision's systems are installation products that require the company's partners to have physical access to hospitals and laboratories, which is currently difficult in many markets.

Sales. The ongoing COVID-19 pandemic had a significant impact on CellaVision's sales during the third quarter of the year. Sales decreased in Americas by 32 percent due to several countries being locked down for major parts of quarter. EMEA was also impacted negatively but a couple countries in the region have reopened.

CellaVision grew, excluding structural effects, by four percent in EMEA, and the company sees a slow return to a more normalized state in the market. Despite this, it is clear that the pandemic had a significant negative impact on sales in the quarter in this region. APAC was also negatively impacted indirectly by the pandemic with a decrease in sales by 42 percent due to inventory buildup at the company's distributions partners occurring in second quarter. There are large differences between individual countries in the region where China, Japan and also Korea have a high level of activity but where India and Australia are still very much affected by the pandemic. Reagent sales were also negatively affected, but to a far lesser extent than system sales.

Production. During the quarter, CellaVision had no material disruptions in its supply chain and its delivery capacity remained intact during the quarter.

Profitability. CellaVision continued to have good profitability in the quarter. The EBITDA margin was 28 percent (27) after taking a number of measures on the cost side early.

Expected future effects

The outlook for the remaining quarter of the year is extremely difficult to assess, but the company foresees an underlying demand in the regions and a normalization in the coming months. The company sees no significant challenges in terms of supply chain or production.

Several countries have begun to open up but have also registered a second wave of pandemics. CellaVision has taken a number of measures to protect the company's operations and curb the spread of the virus. The company's assessment is that the pandemic's effects on sales and earnings will be normalized in the coming months.

Unchanged need for CellaVision solutions. The underlying need for digital morphology is the same as before as the treatment of patients with blood-related diseases such as leukemia, lymphoma and myeloma is a high priority. The company's assessment is that the market will normalize to previous levels when the COVID-19 pandemic has subsided and when markets in North America and Europe, where CellaVision has a strong position, can return to a more normal situation and the company's distribution partners can regain sales.

Further focus on digitization. One of the effects of the COVID-19 pandemic may be that the digitization, that has been going on for a long time, accelerates further. The pandemic has drastically highlighted the great opportunities and benefits of digitalization, which could eventually have positive effects on CellaVision's operations, as the company's solutions enable healthcare professionals such as pathologists and biomedical analysts to work remotely.

Measures to nurture the company's cash flow and liquidity

CellaVision has an efficient, scalable indirect business model with distribution and manufacturing partners, which means that the company's fixed costs for sales and production are limited. Due to the uncertain long-term effects of the COVID-19 pandemic, and how far-reaching the economic impact will be, CellaVision has decided to put extra focus on nurturing the company's cash flow and liquidity. CellaVision has therefore implemented several carefully balanced activities to reduce costs, expenses and payments.

Measures to protect staff and limit the spread of the infection

The COVID-19 outbreak poses a huge challenge to people's lives and health worldwide. CellaVision has in all parts of its operations implemented the COVID-19-related security measures prescribed by the authorities. This means, among other things, that the company operates to a large extent in a virtual working environment with work from home and digital meetings.

Sales, earnings and investments

Sales and exchange effects

Net sales for the Group decreased by eight percent to SEK 88.0 million (95.6) in the third quarter. CellaVision's sales often show fluctuations between different quarters for both individual regions and for the Group as a whole.

CellaVision invoices over 90 percent of sales in euros and US dollars, which means that exchange rate fluctuations have an impact on the company's sales and earnings. In addition, RAL was acquired on October 1, 2019, which has a positive structural effect on sales. Adjusted for negative currency effects of five percent and a structural effect (acquisition) of 21 percent, sales organically decreased by 24 percent compared to the corresponding quarter of 2019. For the period January 1st to September 30 2020, Net sales increased by nine percent but organically the sales decreased by 12% compared with the same period last year.

Gross profit and gross margin

Gross profit decreased by 22 percent to SEK 57.0 million (72.8) in the third quarter, corresponding to a gross margin of 65 percent (76%).

The gross margin is mainly affected by the product mix, depreciation of capitalized development expenses and currency effects.

Through the acquisition of RAL, the product group Reagents was added. About 90 percent of RAL's sales consist of reagents. The gross margin on RAL's sales amounted to 35 percent in the third quarter, which is lower than CellaVision's average.

Depreciation on capitalized development expenses is recognized as the cost of goods sold. Depreciation of capitalized development expenses increased to SEK 2.7 million (1.5) in the third quarter. The increase is due to the completion of the CellaVision DC-1 development project and the start of depreciation from September 2019 and the addition of RAL.

Amortization of surplus values for the acquisition of RAL is reported as the cost of goods sold, which amounted to SEK 0.7 million (0).

Operating expenses

Operating expenses decreased by 21 percent to SEK 40.4 million (50.9) in the third quarter. Adjusted for a structural effect (acquisition) of 12 percent, operating expenses organically decreased by 33 percent compared to the corresponding quarter in 2019. The organic cost reduction is mainly the result of temporary cost reductions due to the COVID-19 pandemic, adjustment of reserve for incentive programs and the share of capitalized development expenditure has increased compared to the corresponding period of the previous year. The reserve for incentive programs has been reduced by SEK 6.6 million. Maintaining a focus on priority projects and good cost control during the pandemic means that the company is well equipped in the future and can quickly accelerate when the world situation is normalized.

The Group continuously capitalizes expenses for product development. Capitalized expenses related to development projects increased by 83 percent during the quarter to SEK 5.5 million (3.0). Total research and development costs, before activation, amounted to SEK 16.0 million (18.9). The majority of the capitalized expenses are related to application development, but also clinical trials that will form the basis for registration of CellaVision DC-1 in the US and China.

EBITDA and EBITDA-margin

EBITDA decreased by four percent to SEK 24.6 million (25.6) in the third quarter, corresponding to an EBITDA margin of 28 percent (27%). For the period of January 1st to September 30, 2020, EBITDA amounted to 102.1 (105.2), which corresponds to an EBITDA margin of 30% (34).

Net financial items

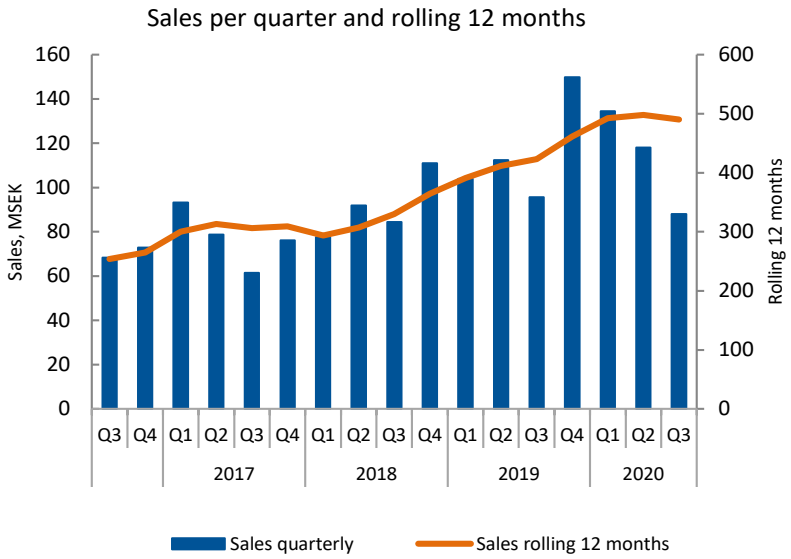
The Group's interest-bearing liabilities in the form of bank loans amounted to SEK 122.4 million (0.0). Interest expenses from bank loans amounted to SEK 0.5 million (0.0). In addition to interest expenses from bank loans, net financial income is attributable to foreign exchange gain/loss on acquisition loans included in Euro and intercompany assets and interest on leasing debt in accordance with IFRS 16.

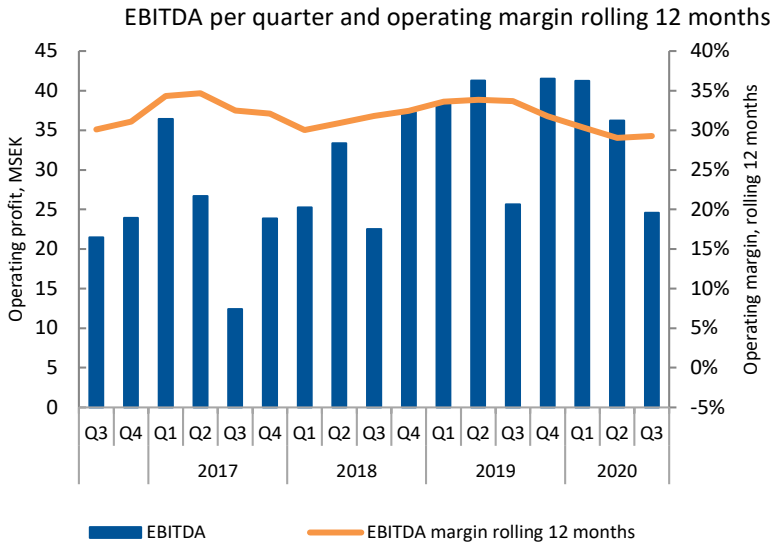
Cash flow

The Group's cash and cash equivalents at the end of the quarter amounted to SEK 95.4 million (218.2). The Group's total cash flow for the quarter amounted to SEK -21.2 million (27.7). The deterioration compared to the previous year is mainly explained by a lower result, negative effect from working capital and that, unlike last year, the company amortizes on loans.

The Group's cash flow from operating activities for the quarter amounted to SEK -3.9 million (32.5). The negative effect from working capital is mainly explained by increased capital tied up in inventories. For the period 1 January to 30 September 2020

The Group's cash flow amounted to SEK -8.3 million (48.9). The company has not had a dividend during the current year, unlike last year.





Development in the geographical markets

Americas: 31.5 MSEK (46.4)

Sales decreased by 32 percent in Americas, to SEK 31.5 million (46.4) compared to the same period last year. Due to COVID-19 several countries continued to be closed down during the quarter, with limited opportunities for system installation and customer visits. Digital morphology has become standard in North America, and a normalization of sales is expected as soon as hematology installations are resumed. It is important to note that sales activities have been limited for many months and procurement has been postponed in the light of the pandemic. Activities for launching RAL Diagnostic (RAL) products in the Americas has progressed in the quarter.

CellaVision sent supplemental responses to the authorities in USA (FDA) regarding the application for market clearance (510k) for CellaVision DC-1 during the quarter and received market clearance after the close of the period. The CellaVision DC-1 will now be available for sales in the important US market and the preparations for the commercialization are proceeding according to plan.

APAC: 16,1 MSEK (28.0)

Sales decreased by 42 percent in APAC to SEK 16.1 million (28.0) compared to last year's quarter. CellaVision primarily sells installation products in APAC and sales fluctuate between quarters and regions. There was a high level of activity, especially in China, in the quarter and CellaVision was present at the annual NCLM Congress in Qingdao. For more, RAL´s device "Stainer" was displayed together with CellaVision for the first time at the congress. The market in China has had the most positive development towards normalization in the light of the COVID-19 pandemic in the region. Korea and several countries in APAC have also been improved during the quarter. The registration process of CellaVision DC-1 with the Chinese authorities, NMPA, for market clearance in the Chinese market proceeded according to plan.

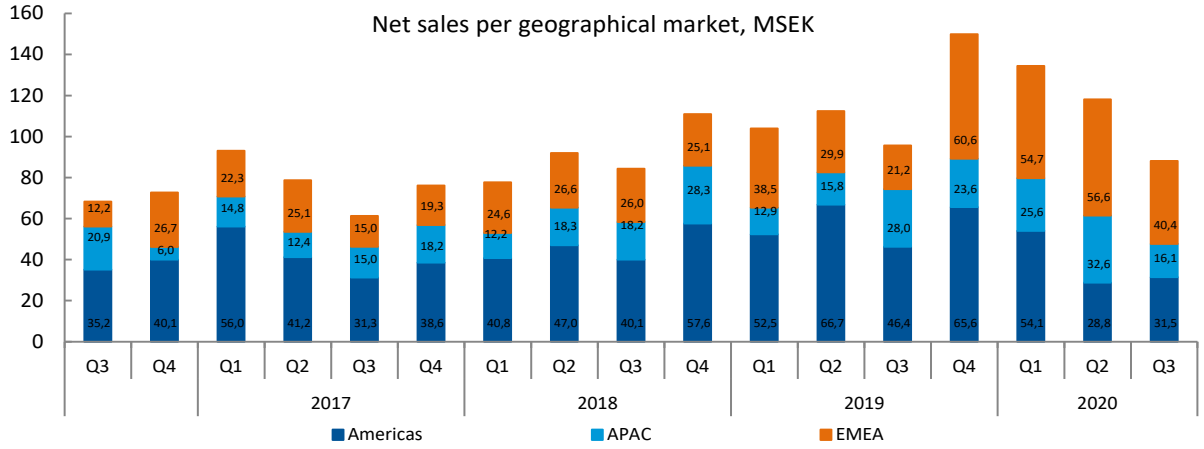
During the quarter, a CellaVision DC-1 Vet was sold for the first time to Japan.

EMEA: 40.4 MSEK (21.2)

EMEA's net sales grew organically by four percent and amounted to SEK 22.1 million (21.2) compared to last year's quarter. With reagent sales from RAL, growth was above 90 percent.

In the light of COVID-19, several countries have gradually opened up and are again possible to visit. Worth noting is that the development of the pandemic still has a large impact on counties opening up and closing down with a negative effect on sales activities. Limited possibilities to visit laboratories has had a negative impact on the rate of installations, and thus the sales in the region during the quarter. However, CellaVision's distribution partners have been able to engage in more the activities and physical meetings have been resumed to a more normalized level also for the company's local market support.

The company's establishment in Russia is now operational and registrations have begun.



Other information

Research and development

CellaVision conducts a number of development projects to strengthen the offer to the company's customers. The work aims to further develop CellaVision's hardware platforms and to develop new applications for both new and old instruments.

For the period and year's expenses see page 5, operating expenses.

At the end of the period, CellaVision's patent portfolio contained 20 patent inventions and 78 registered patents.

Personnel

The number of employees in the Group, converted into full-time positions, was 180 (136) at the end of the quarter. Of the employees, 110 were men (87) and 70 were women (48).

Information concerning risks and uncertainties

Reduced demand, currency fluctuations and production disruptions are uncertainties but not material risks. However, as mentioned earlier, this may be affected by COVID-19. For a more detailed description of the risks and uncertainties facing CellaVision, please refer to the risk analysis and Notes 2 and 5 in the 2019 Annual Report.

New tax rates

The corporate tax rate will be decreased to 20.6 percent from the financial year starting on January 1, 2021.

The company has made an assessment of when temporary differences will be reversed and the effect on deferred tax liabilities and deferred tax assets. The company applies 20.6 percent to the temporary differences reversed or exercised from 2021.

The Nomination Committee and the Annual General Meeting in 2021

The Nomination Committee for the Annual General Meeting in 2021

In accordance with a resolution of the 2020 Annual General Meeting the Nomination Committee shall consist of representatives of each of the four largest shareholders terms of voting rights at the end of July 2020. The Chairman of the Board, Sören Mellstig, convenes the Nomination Committee and may participate in the work as an adjunct.

Ahead of the Annual General Meeting in 2021, the Nomination Committee consists of: Christer Fåhraeus, (appointed by Christer Fåhraeus with Companies) Nicklas Hansen (appointed by William Demant Invest A / S), Daniel Klint (appointed by SEB Investment funds) and Joel Eklund (appointed by Grenlunden CEVI AB). Christer Fåhraeus has been appointed chairman of the Nomination Committee.

The Nomination Committee of CellaVision has been convened in accordance with the guidelines adopted at the Annual General Meeting 2020. In connection with this, the Chairman of the Board, Sören Mellstig, has announced that he is not available for re-election.

Shareholders wishing to submit proposals to the Nomination Committee can send an email to ir@cellavision.com, or ordinary mail to: The Nomination Committee, CellaVision AB, Mobilvägen 12, 223 62 Lund.

Annual General Meeting 2021

CellaVision's Annual General Meeting in 2021 will be held in Lund at three o´clock CET, on April 29, 2021. Shareholders wishing to have matters considered at the Annual General Meeting can send a written request by email to:
bolagsstamma@cellavision.se,
or ordinary mail addressed to:
The Board of Directors, CellaVision AB, Mobilvägen 12,
223 62 Lund.

The request must have been received at the latest seven weeks before the Annual General Meeting in order to be included in the notice to attend and thus the agenda of the Annual General Meeting

Declaration by the Board of Directors and President/CEO

The Board of Directors and the Presisdent/Chief Executive Officer certify that the interim report provides a true and fair view of the parent company´s and the Group´s business, financial position and performance and describes material risks and uncertainties to which the parent company and the companies in the group are exposed.

Lund, October 23, 2020

Sören Mellstig
Chairman of the Board

Christer Fåhraeus
Member of the Board

Åsa Hedin
Member of the Board

Gunnar B. Hansen
Member of the Board
Employee representative

Anna Malm Bernsten
Member of the Board

Niklas Prager
Member of the Board

Jürgen Riedl
Member of the Board

Markus Jonasson Kristoffersson
Member of the Board
Employee representative

Stefan Wolf
Member of the Board

Mikael Worning
Member of the Board

Zlatko Rihter
President/CEO

The Interim report has been subject to review by the company's auditors

Consolidated Income Statement in Summary

All amounts in ' 000 SEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	87,977	95,599	340,453	311,938	461,772
Cost of goods sold	-30,952	-22,845	-113,248	-75,063	-125,038
Gross profit	**57,025**	**72,754**	**227,205**	**236,875**	**336,734**
Sales and marketing expenses	-19,973	-24,388	-73,489	-71,073	-102,348
Administration expenses	-9,955	-10,673	-37,075	-30,241	-51,394
R&D expenses	-10,488	-15,824	-38,239	-40,810	-56,417
Operating profit	**16,610**	**21,870**	**78,402**	**94,751**	**126,576**
Interest income and financial exchange rate gains	3,302	564	11,082	1,799	5,989
Interest expense and financial exchange rate losses	-3,966	-956	-13,695	-2,317	-3,344
Profit/loss before tax	**15,946**	**21,478**	**75,789**	**94,233**	**129,220**
Tax	-2,598	-4,307	-14,912	-19,446	-30,048
Profit/loss for the period	**13,348**	**17,171**	**60,877**	**74,787**	**99,172**
Other comprehensive income:					
Components not to be reclassified to net profit:					
Effect on revaluation of pensions	-20	0	-36	0	-511
Tax effect on revaluation of pensions	6	0	10	0	143
Sum of Components not to be reclassified to net profit:	-15	0	-26	0	-368
Components to be reclassified to net profit:					
a) Financial assets at fair value					
Reclassified to operating result	367	1,384	3,221	3,274	4,546
Revaluation of financial assets	439	-2,890	149	-8,544	-2,825
Income tax relating to financial assets	-172	322	-721	1,128	-368
b) Translation difference					
Translation difference in the group	764	1,043	1,564	1,715	-6,382
Sum of Components to be reclassified to net profit:	1,397	-140	4,213	-2,428	-5,029
Sum of other comprehensive income:	1,383	-140	4,187	-2,428	-5,397
Comprehensive result for the period	**14,731**	**17,030**	**65,064**	**72,359**	**93,775**

Per share data

Per share data	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Earnings per share, before and after dilution, SEK */	0.56	0.72	2.55	3.14	4.16
Equity per share, SEK	17.33	13.71	17.33	13.71	14.61
Number of shares outstanding	23,851,547	23,851,547	23,851,547	23,851,547	23,851,547
Average number of shares outstanding	23,851,547	23,851,547	23,851,547	23,851,547	23,851,547
Stock exchange rate, SEK	359.20	381.50	359.20	381.50	319.50
Dividend per share	0.00	0.00	0.00	1.50	1.50

* Based on the profit/loss for the period divided by the average number of shares in issue

Quarterly earnings trend

All amounts in ' 000 SEK	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net sales	87,977	118,046	134,430	149,834	95,599	112,448
Gross profit	57,025	77,870	92,310	99,859	72,754	87,095
Gross margin in %	65	66	69	67	76	78
Expenses	-40,415	-49,591	-58,797	-68,035	-50,885	-49,158
EBITDA	24,648	36,221	41,221	41,510	25,642	41,291
Net profit	13,348	27,252	20,277	24,385	17,171	30,279
Cash flow	-21,184	18,097	-5,209	-116,215	27,734	-23,845

Consolidated Balance Sheet in Summary

All amounts in ' 000 SEK	09/30/2020	09/30/2019	06/30/2020	12/31/2019
Assets				
Intangible assets	306,037	75,058	304,475	299,668
Tangible assets	49,260	32,556	51,668	54,494
Deferred tax assets	0	0	0	0
Financial assets	22,542	3,612	22,434	22,295
Inventory	85,565	37,426	69,825	54,808
Trade receivables	64,907	57,931	65,456	88,922
Other receivables	42,921	12,715	35,510	19,208
Cash and bank	95,357	218,185	115,492	102,312
Total assets	**666,587**	**437,483**	**664,860**	**641,709**
Equity and liabilities				
Equity	413,437	326,956	398,706	348,373
Deferred tax liability	41,473	9,183	41,242	38,539
Other provisions	3,505	2,458	5,353	6,007
Long-term debt, interest-bearing	98,849	20,384	108,339	122,927
Short-term debt, interest-bearing	47,333	6,794	47,632	37,137
Short-term debt, non interest-bearing	38,772	49,371	42,045	65,108
Trade payables	21,232	20,375	19,450	21,716
Warranty provisions	1,988	1,962	2,093	1,903
Total equity and liabilities	**666,587**	**437,483**	**664,858**	**641,709**

Consolidated statement of changes in equity

All amounts in ' 000 SEK	09/30/2020	09/30/2019	06/30/2020	12/31/2019
Balance at the beginning of the year	348,373	290,375	348,373	290,375
Dividend	0	-35,777	0	-35,777
Net profit for the year	60,877	74,787	47,529	99,172
Comprehensive result for the period	4,187	-2,428	2,804	-5,397
Balance at the end of the year	**413,437**	**326,956**	**398,706**	**348,373**

Cash Flow Analysis in Summary

All amounts in ' 000 SEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Result before taxes	15,946	21,478	75,789	94,233	129,220
Adjustment for items not included in cash flow	241	11,619	11,447	15,216	25,839
Taxes	-2,704	-8,754	-13,027	-18,354	-28,063
Cash flow from operations before changes in working capital	**13,483**	**24,343**	**74,208**	**91,095**	**126,997**
Changes in working capital	-17,424	8,197	-28,657	9,877	-2,037
Cash flow from operations	**-3,941**	**32,540**	**45,551**	**100,972**	**124,960**
Acquisitions	0	0	-1,269	0	-247,575
Capitalization of development costs	-5,486	-3,044	-18,404	-10,894	-16,012
Acquisitions of intangible non-current assets	-23	0	-64	0	0
Acquisitions of financial non-current assets	-4	-12	-62	-33	-40
Acquisitions of tangible non-current assets	-1,078	-432	-4,987	-990	-2,672
Cash flow from investment activities	**-6,591**	**-3,488**	**-24,786**	**-11,917**	**-266,299**
Acquired loans	220	0	2,047	0	123,413
Amortization of loans	-8,484	0	-24,136	0	-6,963
Amortization of leasing debts	-2,388	-1,318	-6,971	-4,388	-6,661
Dividend	0	0	0	-35,777	-35,777
Cash flow from financing activities	**-10,652**	**-1,318**	**-29,060**	**-40,166**	**74,012**
Total cash flow	**-21,184**	**27,734**	**-8,295**	**48,889**	**-67,326**
Liquid funds at beginning of period	115,492	190,196	102,312	169,057	169,057
Exchange rate fluctuations in liquid funds	1,048	256	1,339	239	581
Liquid funds at end of period	95,357	218,185	95,357	218,185	102,312

Disclosures regarding interest expense:

Interest expenses for Jan-Sept 2020 amount to SEK 1,984 thousand whereof SEK 587 thousand is attributable to leasing in accordance with IFRS 16

Income Statement - Parent Company

All amount in ' 000 SEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	67,630	93,878	267,140	307,359	433,854
Cost of goods sold	-15,668	-29,536	-64,199	-96,257	-137,880
Gross profit	**51,962**	**64,342**	**202,941**	**211,102**	**295,973**
Sales and marketing expenses	-16,478	-16,910	-60,066	-49,141	-67,749
Administration expenses	-8,137	-10,621	-29,092	-30,081	-43,129
R&D expenses	-15,196	-18,868	-53,672	-51,705	-71,737
Operating profit	**12,150**	**17,943**	**60,112**	**80,176**	**113,359**
Interest income and financial exchange gains	3,114	560	10,686	1,699	5,861
Interest expense and financial exchange losses	-3,446	-697	-12,392	-1,564	-2,652
Profit before income tax	**11,818**	**17,806**	**58,405**	**80,311**	**116,568**
Taxes	-2,529	-3,810	-12,499	-17,187	-26,529
Net profit	**9,289**	**13,995**	**45,907**	**63,125**	**90,038**

Statement of Comprehensive Income					
Net profit for the period	9,289	13,995	45,907	63,125	90,038
Other comprehensive income	0	0	0	0	0
Sum of other comprehensive income	0	0	0	0	0
Comprehensive profit for the period	**9,289**	**13,995**	**45,907**	**63,125**	**90,038**

Balance Sheet - Parent Company

All amounts in ' 000 SEK	09/30/2020	09/30/2019	06/30/2020	12/31/2019
Assets				
Intangible assets	6,138	8,507	6,694	7,806
Tangible assets	5,493	5,939	6,035	6,034
Deferred tax assets	3,678	2,844	3,678	3,678
Financial assets	263,014	3,582	263,014	261,567
Inventory	52,092	31,159	36,212	27,746
Trade receivables	45,573	52,518	44,039	64,804
Receivables from group companies	4,516	455	5,159	6,320
Other receivables	41,549	12,232	34,656	17,835
Cash and bank	69,038	208,629	89,872	75,214
Total assets	**491,091**	**325,865**	**489,361**	**471,003**
Equity and liabilities				
Equity	326,423	253,602	317,133	280,516
Other provisions	0	2,458	1,868	2,538
Long-term debt, interest-bearing	72,100	0	77,660	89,207
Short-term debt, interest-bearing	24,033	0	23,895	23,789
Short-term debt, non interest-bearing	27,354	34,900	28,606	37,580
Trade payables	18,066	20,030	15,006	14,886
Liabilities to group companies	21,128	12,913	23,099	20,585
Warranty provisions	1,988	1,962	2,093	1,903
Total equity and liabilities	**491,091**	**325,865**	**489,361**	**471,003**

Notes

NOTE 1. ACCOUNTING POLICIES

Accounting policies

The Group applies International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Nasdaq Stockholm Rule Book for Issuers. Disclosures in accordance with IAS 34 p. 16A appear not only in the financial statements and their accompanying notes but also in other parts of the interim report. The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Accounting for Legal Entities. The accounting policies and calculation methods applied are consistent with those described in the annual report for 2019.

NOTE 2. SEGMENT REPORTING

CellaVision's operations only comprise one operating segment; automated microscopy systems in the field of hematology, and therefore reference is made to the income statement and balance sheet regarding operating segment reporting.

NOTE 3. ALLOCATION OF SALES

	Jul-Sep 2020			Jul-Sep 2019		
All amount in ' 000 SEK	**Instruments**	**Reagents**	**Other**	**Instruments**	**Reagents**	**Other**
Americas	16,862	332	14,278	24,377	0	22,013
APAC	14,198	368	1,577	24,910	0	3,110
EMEA	15,847	16,609	7,905	15,775	0	5,413
Total	**46,907**	**17,309**	**23,760**	**65,062**	**0**	**30,537**

	Jan-Sep 2020			Jan-Sep 2019		
All amount in ' 000 SEK	**Instruments**	**Reagents**	**Other**	**Instruments**	**Reagents**	**Other**
Americas	66,285	1,534	46,490	102,228	0	63,366
APAC	66,303	1,051	7,062	50,043	0	6,640
EMEA	63,349	59,456	28,923	65,183	0	24,477
Total	**195,937**	**62,041**	**82,475**	**217,454**	**0**	**94,484**

NOTE 4. FINANCIAL INSTRUMENTS

	Jan-Sep 2020		Jan-Sep 2019	
All amount in ' 000 SEK	**Reported value**	**Fair value**	**Reported value**	**Fair value**
Financial assets				
Derivative assets	266	266	4	4
Financial liabilities				
Derivative liabilities	-726	-726	-10,826	-10,826

Derivative assets are included in other current recivables in the statement of financial position and derivative liabilities are included in short-term debt. The derivatives refer to forward exchange contracts held for currency hedging.

The forward exchange contracts are valued in level 2 of the valuation hierarchy, financial instruments where fair value is determined based on valuation model based on other observable data for the asset or liability than quoted prices included in level 1, either directly (ie as price quotes) or indirectly (ie derived from price quotaions). The currency forwards are valued on the basis of observable information regarding exchange rates prevailing on the balance sheet date and market interest rates for the remaning maturity.

For other financial assets and liabilities, the carrying amount is considered a reasonable approximation of fair value.

NOTE 5. TANGIBLE FIXED ASSETS

All amount in ' 000 SEK	Jan-Sep 2020	Jan-Sep 2019
Right of use assets		
Land and buildings	22,091	24,972
Inventories	2,260	1,353
Total right of use assets	**24,351**	**26,325**
Tangible fixed assets that are not right of use assets		
Land and buildings	14,488	0
Inventories	10,421	6,232
Total tangible fixed assets that are not right of use assets	**24,909**	**6,232**
Total tangible fixed assets	**49,260**	**32,556**

The tangible fixed assets amounted to SEK 49.3 milion on the balance sheet date. The majority of the right of use assets consists of leases for office premises. For all leases for which the Group is lessee (which are not short term leases or low value assets), the Group recognizes a right of use asset and a corresponding lease liability.

When valuating the right of use asset, the acquisition method is used, i.e the right of use asset is calculated at acquisition cost, adjusted for any revaluation of the lease liability less depreciation.

The right of use asset is reported as a tangible fixed asset, while leasing liability is reported separately in the Group's statement of financial position as long-term debt, interest-bearing and short-term debt, interest-bearing.

Reconciliation tables KPIs, non-IFRS measures

The company presents certain financial measures in the interim report which are not defined according to IFRS. The company considers these measures to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. CellaVision's definitions of these measures may differ from other companies' definitions of the same terms. These financial measures should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. Definitions of measures which are not defined according to IFRS and which are not mentioned elsewhere in the interim report are presented below. Reconciliation of these measures is shown in the tables below.

Key performance indicators not defined according to IFRS

Currency effect. Exchange rate effects on sales growth for the period.
Equity/assets ratio. Shareholders' equity including non-controlling interests as a percentage of total assets.
Gross margin. Gross profit as a percentage of net sales.
Gross profit. Net sales less cost of goods sold.
Shareholders' equity per share. Shareholders' equity attributable to Parent Company shareholders divided by the number of outstanding shares at the end of the period.
Operating margin (EBIT), %. Operating profit (EBIT) as a percentage of net sales for the period.
Operating profit (EBIT). Earnings before interest and tax

Net earnings per share

KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Profit/loss for the period	13,348	17,171	60,877	74,787	99,172
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547	23,851,547
Net earnings per share	0.56	0.72	2.55	3.14	4.16

Equity per share

KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Equity	413,437	326,956	413,437	326,956	348,373
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547	23,851,547
Equity per share	17.33	13.71	17.33	13.71	14.61

Equity-asset ratio

KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Equity	413,437	326,956	413,437	326,956	348,373
Balance sheet total	666,587	437,483	666,587	437,483	641,709
Equity ratio	62%	75%	62%	75%	54%

Gross margin

KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	87,977	95,599	340,453	311,938	461,772
Gross profit	57,025	72,754	227,205	236,875	336,734
Gross margin	65%	76%	67%	76%	73%

Reconciliation tables KPIs, non-IFRS measures, cont'd

Operating margin

KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Net sales	87,977	95,599	340,453	311,938	461,772
Operating profit	16,610	21,870	78,402	94,751	126,576
Operating margin	19%	23%	23%	30%	27%

EBITDA

KSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Operating profit	16,610	21,870	78,402	94,751	126,576
Depreciation	8,039	3,772	23,688	10,469	20,155
EBITDA	24,648	25,642	102,090	105,220	146,731

Net sales

KSEK	Jul-Sep 2020 (%)	Jul-Sep 2020 MSEK	Jul-Sep 2019 (%)	Jul-Sep 2019 MSEK
Last period		95,599		84,337
Organic growth	-24%	-22,588	8%	6,747
Currency effect	-5%	-4,569	5%	4,515
Structural growth	21%	19,535	0%	0
Current period	-8%	87,977	13%	95,599

Review Report

To the Board of Directors and the President of CellaVision AB
Corporate identity number 556500-0998

Introduction

We have performed a review of the interim report for CellaVision AB (publ.) as per September 30, 2020 and the nine-month period ending on that date. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of the Review

We conducted our review in accordance with the Standard on Review Engagements 2410 ***"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".*** A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report does not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company, with the Annual Accounts Act.

Lund, October 23, 2020

Deloitte AB

Jeanette Roosberg
Authorized Public Accountant

This is CellaVision

Vision
Our vision is global digitization and automation of blood analyses for both the human and veterinary segments. Our method contributes to improved patient diagnostics, streamlining and reduced healthcare costs.

Business concept
CellaVision develops and sells products for sample preparation and digital solutions for medical microscopy. We replace manual microscopes with analyzers based on digital image analysis technology, artificial intelligence and IT. Our systems contribute to more effective workflows and higher quality in laboratory medicine, an important part of the health care sector.

CellaVision´s core activities
CellaVision's core activities are development of innovative products for sample preparation and digital image analysis of blood and other body fluids. Innovation is an important part of CellaVision's mission and its employees are the company's main resource. The company's coordinated competence transforms customers' needs into effective solutions for healthcare services.

CellaVision's employees have a high level of education and sound experience of the biomedical sector. Our employees' broad competence in product development, quality assurance, market establishment and market support is crucial to the company's development. The company has core technological expertise in image analysis, artificial intelligence and automated microscopy.

Company culture
CellaVision's corporate culture is characterized by understanding of the customer, quality awareness and ability to take action with responsibility, which is reflected in CellaVision's value-creating core values: Customer in focus, Initiative and Responsibility and Simplicity and Quality. Along with objectives, vision and guidelines, the core values inform the daily work and form a profitable corporate culture.

Offer to end customers
CellaVision offers products for sample preparation and digital solutions for medical microscopy in hematology. The end customers are large hospital laboratories and commercial laboratories. CellaVision's unique concept replaces manual microscopes and improves the blood analysis process. In that way more patients can receive faster care of better quality while healthcare services can use their resources better.

Strategic partnerships
CellaVision collaborates with strategic partners in order to gain scalability in manufacturing and sales.

Suppliers
CellaVision's analyzers are manufactured in Sweden by contract manufacturers. The company has direct agreements with selected sub-contractors for key components.

Distribution via suppliers of cell counters
CellaVision's solution is the last step in a blood analysis process, in which the cell counter is central. Agreements with the foremost suppliers of cell counters are therefore strategically important so as to reach end customers cost effectively. CellaVision partners have a broad range of products and global salesforces with local knowledge. CellaVision's own organization supports its partners in the sales process.

Financial targets
Our objective is to create a global standard for digital microscopy in the sub-field hematology. The objective is broken down into important financial targets.

- Sales growth
  ≥15% Increase sales over an economic cycle by an average of at least 15 percent per year.
- EBITDA margin
  >20 % The operating margin is to exceed 20 percent over an economic cycle

CellaVision completed the acquisition of RAL Diagnostics (RAL) on October 1, 2019
On October 1, CellaVision AB acquired the French company RAL Diagnostics (RAL), which manufactures sample preparation products in hematology, pathology, cytology and microbiology.

RAL´s reagents enhance the identifcation of cell and tissue morphology, parasites and bacteria necessary to diagnose many illnesses. RAL supplies innovative products and solutions for standardized laboratory diagnostics and improved performance for cellular image processing. The company is placed in Bordeaux, France, and includes a production facility with current annual production of reagents.

The acquisition of RAL gives CellaVision the ability to further improve the quality of sample preparation, which is of great importance for the result of the blood analysis. The quality of the sample preparation is important for optimal functioning of CellaVision's systems, and there is a great need in both large, small and mid-size laboratories for standardized solutions.

CellaVision's and RAL's products are used together by several laboratories and constitute separate but interdependent steps in a complete blood analysis chain. CellaVision and RAL together create an increased customer value in digital morphology by offering a complete and integrated solution for the hematology laboratory.

In addition to RAL's offering in hematology, a segment amounting to 50 percent, RAL's product portfolio includes the areas of microbiology, amounting to 40 percent, and cytology and pathology which together amount to ten percent. The acquisition thus opens new future opportunities to apply CellaVision's technology beyond hematology.

Questions concerning the report can be addressed to:

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Publication

This information constitutes information that CellaVision AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 8:20 a.m. CET on October 23, 2020.

CellaVision is listed on the Nasdaq Stockholm , Mid Cap list. The company is traded under the ticker symbol CEVI and ISIN code SE0000683484.

Financial calendar

Activity	Date
Year-end bulletin 2020	4 February
Interim Report January-March	28 April
Annual General Meeting	29 April
Interim Report January-June	20 July
Interim Report January-September	22 October
Year-end bulletin 2021	4 February 2022

CellaVision in the world

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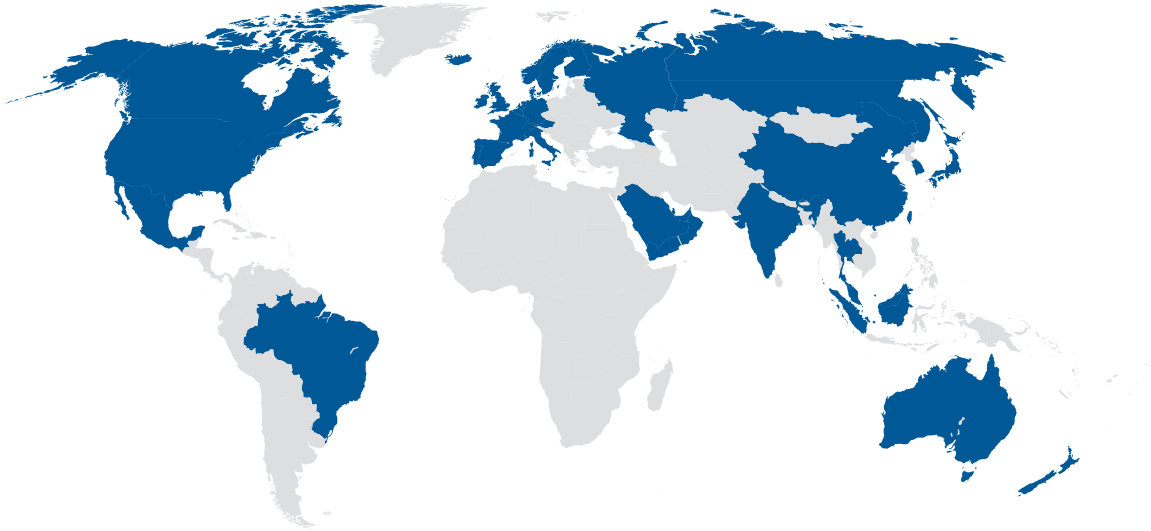

With the 18 organizations for local market support CellaVision has direct presence more than 40 countries.