



Q4

## CellaVision Interim report Year-end bulletin 2020

# Good profitability and stabilization in two regions ended a year characterized by COVID-19

### Organic sales growth:

Q4, 2020: -6% (7)

### EBITDA margin:

Q4, 2020: 31% (28)

(MSEK)	Oct-Dec		Full year	
	2020	2019	2020	2019
Net sales	131.0	149.8	471.4	461.8
Gross profit	85.8	99.9	313.0	336.7
EBITDA	40.8	41.5	142.9	146.7
EBITDA margin, %	31	28	30	32
Profit/loss before tax	36.4	35.0	112.2	129.2
Total cash flow	9.2	-116.2	0.9	-67.3
Equity ratio, %	64	54	64	54

*"Our solutions in digitization and automation are in line with the accelerated digitization trend caused by the ongoing pandemic."*

Magnus Blixt, Acting President & CEO

### 1 October-31 December 2020

- Net sales decreased by 13% to SEK 131.0 million (149.8).
- Sales decreased organically by 6% (+7).
- EBITDA amounted to SEK 40.8 million (41.5).
- EBITDA margin amounted to 31% (28).
- Profit before tax amounted to SEK 36.4 million (35.0).
- Earnings per share before and after dilution were SEK 1.20 (1.02).
- Cash flow from operating activities amounted to SEK 25.6 million (24.0).

### 1 January-31 December 2020

- Net sales increased by 2% to SEK 471.4 million (461.8).
- Sales decreased organically by 10% (+15).
- EBITDA amounted to SEK 142.9 million (146.7).
- EBITDA margin amounted to 30% (32).
- Profit before tax amounted to SEK 112.2 million (129.2).
- Earnings per share before and after dilution were SEK 3.75 (4.16).
- Cash flow from operating activities amounted to SEK 71.1 million (125.0).
- The Board of Directors proposes a dividend of SEK 0.75 per share for 2020 (0.00).

## CEO's comment



The COVID-19 pandemic also had a negative impact on sales during the fourth quarter of the year, meanwhile we could see continued signs of recovery in several of our markets. Sales during the quarter amounted to SEK 131.0 M (149.8), corresponding to a negative organic growth of six percent (7). The development varied greatly between our different regions compared with the fourth quarter of 2019. In the Americas, the development was weak with negative growth of 43 percent, while we saw good growth in APAC, increasing by 23 percent. In EMEA, the development was positive with a growth of six percent. The currency impact was negative by six percent in the quarter. EBITDA in the quarter amounted to SEK 40.8 M (41.5), corresponding to an EBITDA margin of 31 percent (28) and the Group's total cash flow for the quarter amounted to SEK 9.2 M (-116.2).

For the full year 2020, sales amounted to SEK 471.4 million (461.8), corresponding to a negative organic growth of ten percent. The currency effect for the full year was negative by three percent and the structural effect from the acquisition of RAL was 15 percent EBITDA amounted to SEK 142.9 M (146.7), which corresponds to an EBITDA margin of 30 percent (32).

### Effects of the COVID-19 pandemic

The effect of the COVID-19 pandemic in the hematology segment was significant also during the fourth quarter of the year, both for CellaVision and our partners. CellaVision's product portfolio largely consists of products requiring installation, which means that our partners need access to hospitals and laboratories. The access has been possible to a limited extent during the fourth quarter. In addition to installation products, the product portfolio consists of reagents that have not been affected to the same extent. Travel restrictions have negatively affected the sales process to new customers. It has been particularly clear that the lack of physical meetings has limited the launch of the new product, CellaVision® DC-1 (DC-1).

### Well-equipped to accelerate the business

CellaVision responded quickly to the COVID-19 pandemic and implemented several measures on the cost side early on.

Despite the cost savings, priority projects have continued with undiminished activity and we have not initiated any short-term allowance for our employees during the year. With the good profitability of 2020, given the circumstances, we will in 2021 be able to accelerate operations as soon as the market situation stabilizes.

Furthermore, DC-1 received market clearance in the USA, meaning that the product is now commercially available. Since 2019, CellaVision has developed the product portfolio, resulting in addition to systems for large laboratories, also includes systems for small and medium-sized laboratories as well as products for sample preparation and reagents, positioning us well for the future.

### Positive signals from the market

Due to the pandemic, in 2020 it has been difficult for our partners to gain access to hospitals and laboratories to carry out installations of new hematology systems, which has affected sales. The impact of the COVID-19 pandemic remains clearly negative, but the market has improved during the last quarter of the year.

Our solutions in digitization and automation are in line with the accelerated digitization trend caused by the ongoing pandemic. During the pandemic, we see that the proportion of laboratories choosing digital analysis remains high. The underlying need for digital morphology is the same as before the pandemic because our technology is used to diagnose severe and high-priority blood-related diseases such as leukemia and myeloma. The market is difficult to assess in the near future, but as soon as the ongoing vaccination programs have an effect on the spread of infection, normalization of sales should follow.

### Market development

Our sales in the Americas were negatively impacted by the second wave of the COVID-19 pandemic. In combination with challenging comparative figures, sales decreased by 43 percent and sales amounted to SEK 37.6 million (65.6). At the end of the quarter, vaccination of COVID-19 began in the United States, but

we expect a continued difficult situation during the beginning of 2021. For the full year 2020, sales decreased by 34 percent.

Growth in EMEA amounted to six percent and sales increased to SEK 64.4 M (60.6) in the quarter. The region is still affected by the COVID-19 pandemic, even though we saw an improvement in the market during the quarter with an increased number of installations compared with previous quarters. For the full year 2020, sales growth amounted to 44 percent. Excluding structural effects, sales decreased by four percent.

APAC had a strong development in the quarter, after a weaker third quarter, with growth of 23 percent compared to the same period last year. Sales increased to SEK 29.0 M (23.6) and it is primarily the key markets China and Japan that have driven the positive development. In other parts of the region, including Australia and India, activities continued to be limited by the COVID-19 pandemic. For the full year 2020, sales growth amounted to 29 percent.

### Careful prioritization of activities and investments

CellaVision closely monitors the development of the COVID-19 pandemic and, if necessary, we will adjust our operations based on how the global economy recovers in the coming quarters. Despite the pandemic, in 2020 we will continue our consistent investments in research and development to be able to accel-

erate when the world situation stabilizes. In order to accelerate quickly, we have chosen to keep our organization intact with clearly described goals and priorities instead of initiating short-term allowance. During the final quarter of the year, investments in R&D amounted to 15 percent of sales. Our investments are important to ensure that we are at the forefront of development and are equipped to meet future demands and challenges.

### RAL / Reagents

The commercial integration of RAL is going according to plan and we continue to launch reagents in new countries while we continue to work on optimizing staining protocols. Our objectives with the acquisition of RAL, with a broadened product range, a larger market, efficient expansion of sales of RAL's hematology products to new markets and expansion to nearby analysis areas outside hematology remain. During the quarter, we worked, among other things, on calibrating and integrating our reagents and associated products according to the protocol standard that prevails in Asia.

### Geographical expansion

CellaVision is awaiting further establishments of local market support organizations until the effects of the COVID-19 pandemic subside. CellaVision currently has local marketing 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

During the quarter, DC-1 received market clearance in the US, which means that the product is now commercially available for the US market. This is an important step in the global commercialization process of the DC-1, aimed for small and medium-sized laboratories. The registration process for market clearance of the DC-1 in China is proceeding according to plan.

### Our long-term strategy remains unchanged

Geographical expansion and innovation are CellaVision's core areas. We will continue to invest in innovation and geographical expansion to secure our position and establish strong growth as soon as the effects of COVID-19 subside.

Since Zlatko Rihter left CellaVision, I have temporarily taken over the role of President and CEO and can state that our new organization with two product divisions and a sales organization is working as planned. I would also like to take this opportunity to welcome Simon Østergaard as the new President and CEO of CellaVision. Simon will take up his position in March 2021.

*Magnus Blixt,*  
Acting 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 adjust its operations accordingly.

## Effects on CellaVision's operations in the last quarter of 2020

The COVID-19 pandemic has a negative 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 negative impact on CellaVision's sales also during the fourth quarter of the year. The possibilities of installing new systems are still limited, which affects sales for both CellaVision and the company's various distribution partners. Reagent sales were also negatively affected, but to a far lesser extent than system sales. Limited sales activities during the quarter have affected the company's sales accordingly.

**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 31 percent (28) after taking several measures on the cost side early.

## Expected future effects

The outlook for the sales process in the upcoming quarter is extremely difficult to assess, but the company foresees an underlying demand in the regions and a normalization in the coming months. Furthermore, the company estimates that as soon as the vaccination program takes effect, sales will be normalized as the underlying demand for digital morphology is the same as before the pandemic. However, sales activities have been limited for many months implying that full sales effect may be delayed before it is regained.

The company sees no significant challenges in terms of supply chain or production.

CellaVision has taken a number of measures to protect the company's operations and curb the spread of the virus. The company's continued assessment is that the pandemic's effects on sales and earnings will be normalized during 2021.

**Underlying need unchanged.** 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 and CellaVision's solutions.** 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 opportuni-

ties 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. The activities have included a strict prioritization of projects and staffing. The company has not initiated short-term allowance and has been restrictive with new recruitments.

## 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 13 percent to SEK 131.0 million (149.8) during the fourth 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. Adjusted for negative currency effects of six percent, sales organically decreased by six percent compared to the corresponding quarter of 2019.

Net sales for the Group increased by two percent to SEK 471.4 million (461.8) for the 12-month period. Adjusted for negative currency effects of three percent and a structural effect (acquisition in October 2019), this corresponds to an organic decrease of ten percent compared to the full year 2019.

## Gross profit and gross margin

Gross profit decreased by 14 percent to SEK 85.8 million (99.9) in the fourth quarter, corresponding to a gross margin of 66 percent (67). For the full year, gross profit decreased to SEK 313.0 million (336.7) corresponding to a gross margin of 66 percent (73).

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 42 percent for the full year 2020, which is lower than CellaVision's average for other product categories. Since RAL was acquired on October 1, 2019 comparison of the gross margin between the full years 2020 and 2019 is affected.

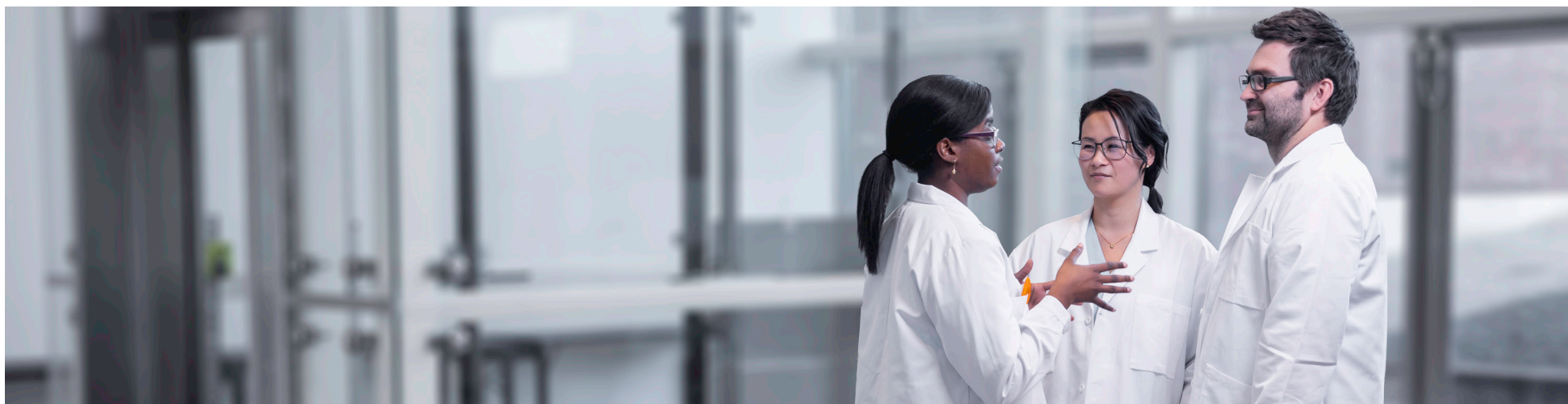
Depreciation on capitalized development expenses is recognized as cost of goods sold. Depreciation of capitalized develop-

ment expenses decreased to SEK 2.6 million (4.4) in the fourth quarter and increased to SEK 10.6 million (8.0) for the 12-month period. The increase for the 12-month period is due to the completion of the CellaVision DC-1 and the start of depreciation from the end of the third quarter 2019 and the addition of RAL in the fourth quarter 2019. The depreciation period for DC-1 has changed from 5 to 10 years from January 2020.

Amortization of surplus values for the acquisition of RAL is reported as cost of goods sold, which amounted to SEK 0.7 million (0.7) for the quarter and SEK 2.7 (0.7) for the 12-month period.

## Operating expenses

Operating expenses decreased by 21 percent to SEK 54.0 million (68.0) during the fourth quarter. In the 12-month period, operating expenses decreased by four percent to SEK 202.8 million (210.2). Adjusted for structural effect of twelve percent and a currency effect of one percent, operating expenses decreased by 14 percent for the 12-month period. The organic cost reduc-



tion is mainly the result of temporary cost reductions due to the COVID-19 pandemic.

In addition, the share of capitalized development expenditure has increased compared to the corresponding period of the previous year. 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 39 percent during the quarter to SEK 7.1 million (5.1). Total research and development costs, before activation, amounted to SEK 20.0 million (20.7).

Capitalized expenses relating to development projects increased for the 12-month period to SEK 25.5 million (16.0). The total research and development costs, before capitalization, amounted to SEK 76.8 million (72.4). The majority of the capital-

ized 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 two percent to SEK 40.8 million (41.5) in the fourth quarter, corresponding to an EBITDA margin of 31 percent (28). For the full year 2020, EBITDA amounted to SEK 142.9 million (146.7) which corresponds to an EBITDA margin of 30 percent (32).

### Net financial items

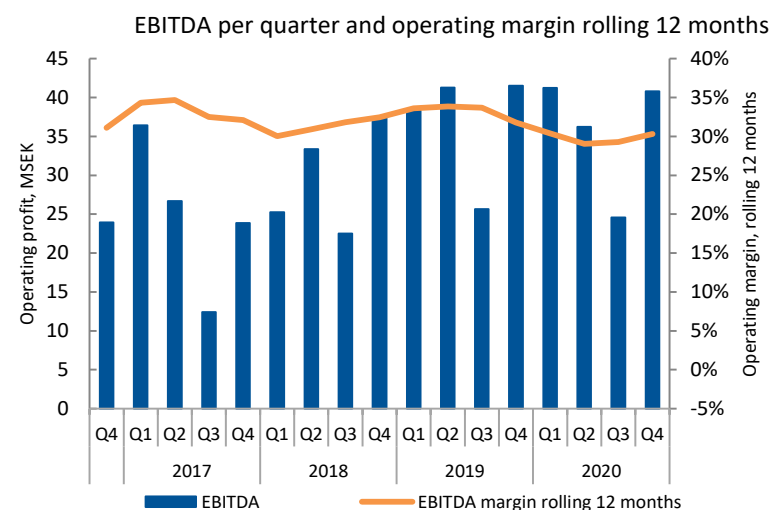
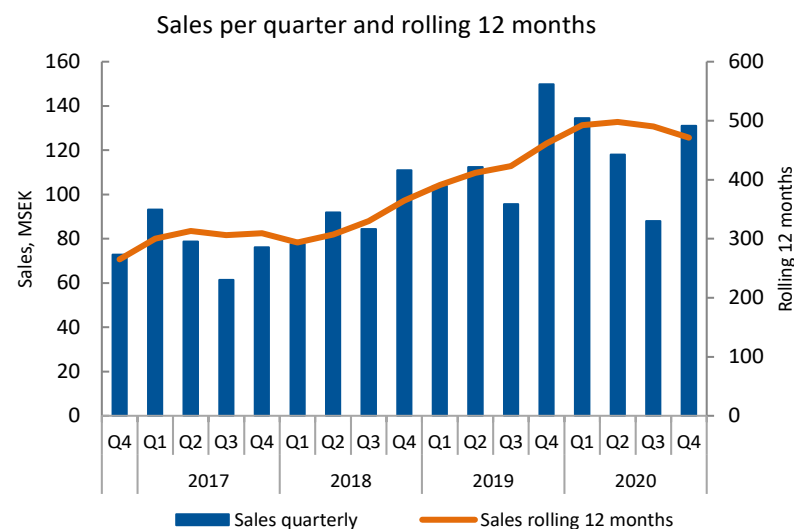
The Group's interest-bearing liabilities in the form of bank loans amounted to SEK 101.2 million (131.4). Interest expenses from bank loans amounted to SEK 0.4 million (0.4). In addition to interest expenses from bank loans, net financial income is attributable to foreign exchange gain/loss on acquisition 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 102.3 million (102.3). The Group's total cash flow for the quarter amounted to SEK 9.2 million (-116.2).

Major changes affecting cash flow compared to the previous year are the acquisition of RAL (last quarter 2019) and that the company since the acquisition, amortizes on loans raised for the acquisition of RAL. In addition, no dividend has been paid to shareholders, unlike in the previous year.

The Group's cash flow from operating activities for the quarter amounted to SEK 25.6 million (24.0). For the full year 2020, the cash flow from operating activities for the Group amounted to SEK 71.1 million (125.0). The decrease compared to the previous year is explained by a decreased in profit before tax and increased capital tied up in inventories.



# Development in the geographical markets

## Americas: 37.6 MSEK (65.6)

Sales decreased by 43 percent in Americas, to SEK 37.6 million (65.6) compared to the strong period last year. The COVID-19 restrictions have been relieved to some extent in the countries across the region. In particular, the situation has improved in the U.S, where it has been possible to pursue activities to a greater extent than in the previous quarter. Digital morphology is a standard in North America, and a normalization of sales is expected as soon as hematology installations can be resumed. However, sales activities have been limited for many months and procurement has been postponed in the light of the pandemic, which implies that the full sales effect may be delayed before it is regained. Activities for launching RAL Diagnostics (RAL) products in the Americas has progressed in the quarter.

CellaVision® DC-1 (DC-1), received market clearance in the quarter, and the reaction from the market has been promising. The prioritized segment globally, and in the U.S, is to complement the Digital morphology networks with DC-1. This implies that laboratories that currently use CellaVision's larger systems can establish networks with smaller laboratories to digitalize the workflow, with the effect of reduced response time and quicker initiation of treatment. CellaVision's various distribution partners have finalized the preparations for the launch in the US during the quarter.

## APAC: 29.0 MSEK (23.6)

APAC developed well and grew by 23 percent, to SEK 29 million (23.6), primarily driven by strong sales in the key markets in China, Japan and SEA. The registration process of DC-1 with the Chinese authorities, NMPA, for market clearance in the Chinese market proceeded according to plan. Despite restrictions in the wake of the pandemic, many activities could be pursued in China, such as a morphology class in Xi'an with 200 participants on site and 12,300 laboratory directors and biomedical analysts participating digitally.

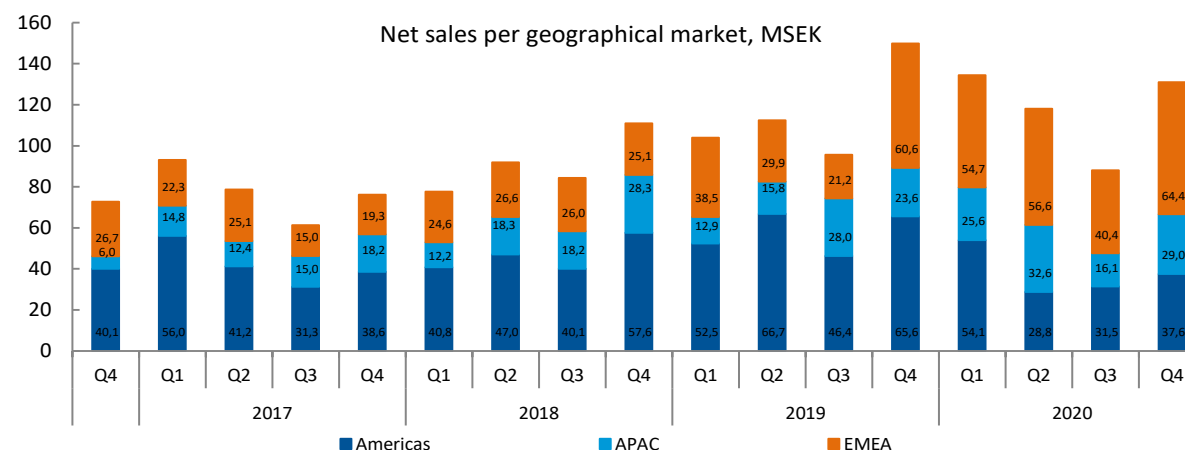
During the quarter, the demand in Japan increased, driven by replacement of old generation hematology instruments to the newest CellaVision technology. Australia, Korea and India continue to be heavily affected by the restrictions of the pandemic, which limits the short-term development.

The launch of the DC-1 and reagents have been delayed in light of the pandemic, but the company sees a strong underlying need for the products in the region. In Australia and Indonesia especially, the company sees a need in the market for the smaller instruments.

## EMEA: 64.4 MSEK (60.6)

Sales in EMEA grew by 6 percent and amounted to SEK 64.4 million (60.6). The development was mainly driven by instrument sales for both large and small instruments (DC-1). The company's distribution partners won a couple larger tenders with both large and small instruments included, which compensated for the challenging climate in general due to the COVID-19 pandemic. The focus for DC-1 in EMEA is to complement the already established networks, and thereby increasing access to CellaVision's technology with possibilities of performing digital analysis and remote review.

EMEA suffered a second lockdown during the latter part of the quarter, which limited the possibility of sales activities. The underlying demand for CellaVision solutions remains unchanged, but the COVID-19 pandemic tends to turn the focus from prioritizing new hematology equipment in the short-term. The company's establishment in Russia is fully operative 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.

CellaVision® DC-1, the system for small and medium-sized laboratories, received FDA clearance in October and sales in the important U.S market has been initiated.

An updated version of CellaVision® Proficiency Software has been completed during the quarter and final testing will take place in early 2021. Today, hundreds of laboratories, universities and external quality organizations choose to educate staff and students through this web-based software. In the coming release, the appearance of the software has been modernized and the functionality updated. For the period and year's expenses see page 5, operating expenses.

At the end of the period, CellaVision's patent portfolio contained 18 patent inventions and 76 registered patents.

### Personnel

The number of employees in the Group, converted into full-time positions, was 177 (177) at the end of the quarter. Of the employees, 108 were men (107) and 69 were women (70).

### Dividend

CellaVision proposes to the 2021 Annual General Meeting a dividend of SEK 0,75 per share (0.00). The company's dividend policy means that the dividend shall correspond to 30 to 50 percent of net earnings, but always take into account the Company's and the Group's financial position, capital structure, acquisition requirements and long-term financing requirements

### 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.

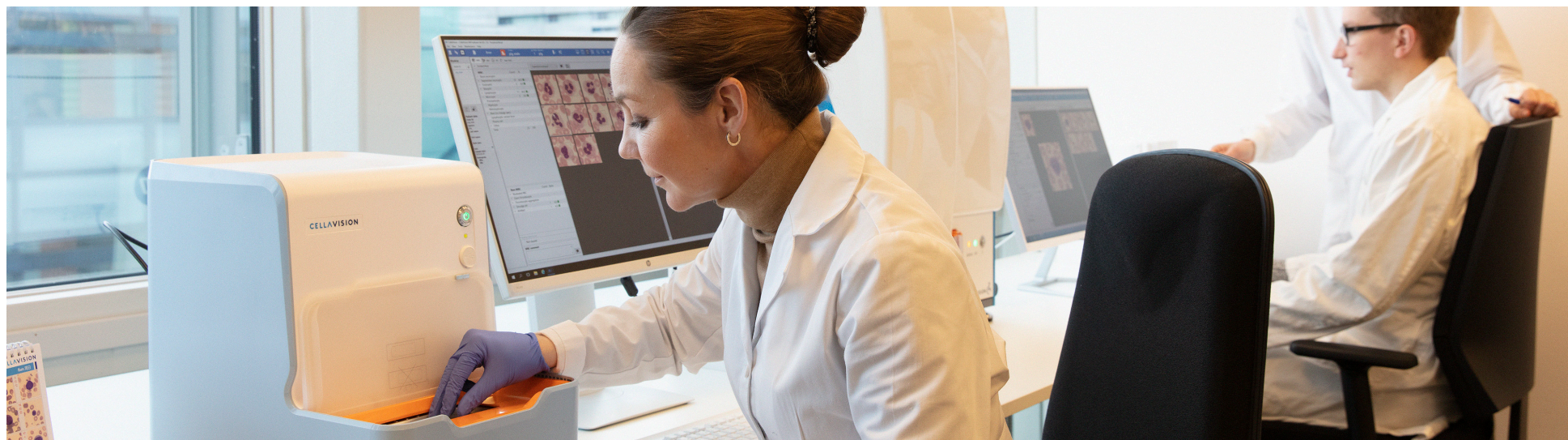
### New tax rates

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.

### Review

The year-end bulletin has not been reviewed by the company's auditors.





# 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.

## 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](mailto: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

## Annual Report 2020

CellaVision's Annual Report will be available on the company's web page by April 8, 2021

# Declaration by the Board of Directors and President/CEO

The Board of Directors and the President/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, February 4, 2021

Sören Mellstig  
*Chairman of the Board*

Christer Fåhraeus  
*Member of the Board*

Åsa Hedin  
*Member of the Board*

Gunnar 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*

Magnus Blixt  
*Acting President/CEO*

*The Interim report has not been subject to review by the company's auditors*

## Consolidated Income Statement in Summary

Amounts in ' 000 SEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	130 990	149 834	471 443	461 772
Cost of goods sold	-45 154	-49 974	-158 402	-125 038
<b>Gross profit</b>	<b>85 836</b>	<b>99 859</b>	<b>313 041</b>	<b>336 734</b>
Sales and marketing expenses	-27 060	-31 275	-100 549	-102 348
Administration expenses	-13 891	-21 153	-50 966	-51 394
R&D expenses	-13 014	-15 606	-51 253	-56 417
<b>Operating profit</b>	<b>31 871</b>	<b>31 824</b>	<b>110 273</b>	<b>126 576</b>
Interest income and financial exchange rate gains	5 570	4 190	7 118	5 989
Interest expense and financial exchange rate losses	-1 002	-1 026	-5 163	-3 344
<b>Profit/loss before tax</b>	<b>36 439</b>	<b>34 988</b>	<b>112 228</b>	<b>129 220</b>
Tax	-7 836	-10 602	-22 748	-30 048
<b>Profit/loss for the period</b>	<b>28 603</b>	<b>24 385</b>	<b>89 480</b>	<b>99 172</b>
<b>Other comprehensive income:</b>				
Components not to be reclassified to net profit:				
Effect on revaluation of pensions	-135	-511	-171	-511
Tax effect on revaluation of pensions	38	143	48	143
Sum of Components not to be reclassified to net profit:	-98	-368	-123	-368
Components to be reclassified to net profit:				
<i>a) Financial assets at fair value</i>				
Reclassified to operating result	813	1 272	4 034	4 546
Revaluation of financial assets	1 044	5 720	1 193	-2 825
Income tax relating to financial assets	-396	-1 496	-1 117	-368
<i>b) Translation difference</i>				
Translation difference in the group	-13 787	-8 097	-12 223	-6 382
Sum of Components to be reclassified to net profit:	-12 325	-2 601	-8 112	-5 029
Sum of other comprehensive income:	-12 423	-2 969	-8 236	-5 397
<b>Comprehensive result for the period</b>	<b>16 180</b>	<b>21 416</b>	<b>81 244</b>	<b>93 775</b>

## Per share data

Per share data	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Earnings per share, before and after dilution, SEK */	1,20	1,02	3,75	4,16
Equity per share, SEK	18,01	14,61	18,01	14,61
Number of shares outstanding	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
Stock exchange rate, SEK	312,40	319,50	312,40	319,50
Dividend per share	0,00	0,00	0,00	1,50

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

## Quarterly earnings trend

Amounts in ' 000 SEK	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Net sales	130,990	87,977	118,046	134,430	149,834	95,599
Gross profit	85,836	57,025	77,870	92,310	99,859	72,754
Gross margin in %	66	65	66	69	67	76
Expenses	-53,965	-40,415	-49,591	-58,797	-68,035	-50,885
EBITDA	40,805	24,648	36,221	41,221	41,510	25,642
Net profit	28,603	13,348	27,252	20,277	24,385	17,171
Cash flow	9,242	-21,184	18,097	-5,209	-116,215	27,734

## Consolidated Balance Sheet in Summary

Amounts in ' 000 SEK	12/31/2020	12/31/2019
<b>Assets</b>		
Intangible assets	300,883	299,668
Tangible assets	47,428	54,494
Deferred tax assets	-0	0
Financial assets	21,648	22,295
Inventory	83,660	54,808
Trade receivables	71,030	88,922
Other receivables	41,114	19,208
Cash and bank	102,262	102,312
<b>Total assets</b>	<b>668,025</b>	<b>641,709</b>
<b>Equity and liabilities</b>		
Equity	429,617	348,373
Deferred tax liability	43,377	38,539
Other provisions	3,982	6,007
Long-term debt, interest-bearing	86,904	122,927
Short-term debt, interest-bearing	45,874	50,766
Short-term debt, non interest-bearing	35,531	51,479
Trade payables	20,865	21,716
Warranty provisions	1,875	1,903
<b>Total equity and liabilities</b>	<b>668,025</b>	<b>641,709</b>

## Consolidated statement of changes in equity

Amounts in ' 000 SEK	12/31/2020	12/31/2019
Balance at the beginning of the year	348,373	290,375
Dividend	0	-35,777
Net profit for the year	89,480	99,172
Comprehensive result for the period	-8,236	-5,397
<b>Balance at the end of the year</b>	<b>429,617</b>	<b>348,373</b>



## Cash Flow Analysis in Summary

Amounts in ' 000 SEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Result before taxes	36,439	34,988	112,228	129,220
Adjustment for items not included in cash flow	4,183	10,623	15,630	25,839
Taxes	-7,904	-9,709	-20,931	-28,063
<b>Cash flow from operations before changes in working capital</b>	<b>32,718</b>	<b>35,902</b>	<b>106,926</b>	<b>126,997</b>
Changes in working capital	-7,145	-11,914	-35,802	-2,037
<b>Cash flow from operations</b>	<b>25,573</b>	<b>23,988</b>	<b>71,124</b>	<b>124,960</b>
Acquisitions	0	-247,575	-1,269	-247,575
Capitalization of development costs	-7,120	-5,118	-25,524	-16,012
Acquisitions of intangible non-current assets	-0	0	-64	0
Acquisitions of financial non-current assets	29	-7	-33	-40
Acquisitions of tangible non-current assets	-3,082	-1,682	-8,069	-2,672
<b>Cash flow from investment activities</b>	<b>-10,173</b>	<b>-254,382</b>	<b>-34,959</b>	<b>-266,299</b>
Acquired loans	993	123,413	3,041	123,413
Amortization of loans	-4,585	-6,963	-28,721	-6,963
Amortization of leasing debts	-2,566	-2,272	-9,537	-6,661
Dividend	0	0	0	-35,777
<b>Cash flow from financing activities</b>	<b>-6,158</b>	<b>114,178</b>	<b>-35,218</b>	<b>74,012</b>
<b>Total cash flow</b>	<b>9,242</b>	<b>-116,215</b>	<b>948</b>	<b>-67,326</b>
Liquid funds at beginning of period	95,357	218,185	102,312	169,057
Exchange rate fluctuations in liquid funds	-2,337	342	-998	581
Liquid funds at end of period	102,262	102,312	102,262	102,312

### Disclosures regarding interest expense:

Interest expenses for Jan-Dec 2020 amount to SEK 2,546 thousand whereof SEK 755 thousand is attributable to leasing in accordance with IFRS 16

## Income Statement - Parent Company

Amounts in ' 000 SEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	105 247	126 495	372 387	433 854
Cost of goods sold	-26 478	-41 624	-90 677	-137 880
<b>Gross profit</b>	<b>78 770</b>	<b>84 871</b>	<b>281 711</b>	<b>295 973</b>
Sales and marketing expenses	-18 462	-18 608	-78 528	-67 749
Administration expenses	-11 754	-13 048	-40 846	-43 129
R&D expenses	-18 386	-20 032	-72 057	-71 737
<b>Operating profit</b>	<b>30 167</b>	<b>33 183</b>	<b>90 279</b>	<b>113 359</b>
Interest income and financial exchange gains	12 033	4 161	13 185	5 861
Interest expense and financial exchange losses	-547	-1 088	-3 406	-2 652
<b>Profit before income tax</b>	<b>41 653</b>	<b>36 256</b>	<b>100 058</b>	<b>116 568</b>
Taxes	-7 598	-9 342	-20 097	-26 529
<b>Net profit</b>	<b>34 055</b>	<b>26 914</b>	<b>79 962</b>	<b>90 038</b>

### Statement of Comprehensive Income

Net profit for the period	34 055	26 914	79 962	90 038
Other comprehensive income	0	0	0	0
Sum of other comprehensive income	0	0	0	0
<b>Comprehensive profit for the period</b>	<b>34 055</b>	<b>26 914</b>	<b>79 962</b>	<b>90 038</b>

## Balance Sheet - Parent Company

Amounts in ' 000 SEK	12/31/2020	12/31/2019
<b>Assets</b>		
Intangible assets	5,707	7,806
Tangible assets	5,138	6,034
Deferred tax assets	668	3,678
Financial assets	263,014	261,567
Inventory	56,009	27,746
Trade receivables	55,176	64,804
Receivables from group companies	3,525	6,320
Other receivables	40,383	17,835
Cash and bank	72,958	75,214
<b>Total assets</b>	<b>502,578</b>	<b>471,003</b>
<b>Equity and liabilities</b>		
Equity	360,477	280,516
Other provisions	0	2,538
Long-term debt, interest-bearing	62,935	0
Short-term debt, interest-bearing	22,886	0
Short-term debt, non interest-bearing	26,070	37,580
Trade payables	16,075	14,886
Liabilities to group companies	12,260	20,585
Warranty provisions	1,875	1,903
<b>Total equity and liabilities</b>	<b>502,578</b>	<b>471,003</b>

# 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

Amounts in ' 000 SEK	Oct-Dec 2020			Oct-Dec 2019		
	Instruments	Reagents	Other	Instruments	Reagents	Other
Americas	27,626	599	9,341	46,909	703	17,975
APAC	26,566	1,525	937	23,355	280	14
EMEA	34,329	20,413	9,655	28,234	21,346	11,018
<b>Total</b>	<b>88,521</b>	<b>22,537</b>	<b>19,933</b>	<b>98,498</b>	<b>22,329</b>	<b>29,007</b>

Amounts in ' 000 SEK	Jan-Dec 2020			Jan-Dec 2019		
	Instruments	Reagents	Other	Instruments	Reagents	Other
Americas	93,911	2,133	55,831	152,411	723	78,020
APAC	92,869	2,575	7,999	74,650	287	5,386
EMEA	97,678	79,869	38,578	94,260	21,146	34,890
<b>Total</b>	<b>284,458</b>	<b>84,578</b>	<b>102,407</b>	<b>321,320</b>	<b>22,156</b>	<b>118,296</b>

Other refers to software, spare parts and consumables

## NOTE 4. FINANCIAL INSTRUMENTS

Amounts in ' 000 SEK	12/31/2020		12/31/2019	
	Reported value	Fair value	Reported value	Fair value
<b>Financial assets</b>				
Derivative assets	1,388	1,388	329	329
<b>Financial liabilities</b>				
Derivative liabilities	0	0	-4,159	-4,159

Derivative assets are included in other current receivables 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 quotations). 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 remaining maturity.

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



**NOTE 5. TANGIBLE FIXED ASSETS**

<b>Amounts in ' 000 SEK</b>	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Right of use assets</b>		
Land and buildings	19,767	26,867
Inventories	2,760	2,658
<b>Total right of use assets</b>	<b>22,527</b>	<b>29,525</b>
<b>Tangible fixed assets that are not right of use assets</b>		
Land and buildings	15,592	14,424
Inventories	9,309	10,545
<b>Total tangible fixed assets that are not right of use assets</b>	<b>24,901</b>	<b>24,969</b>
<b>Total tangible fixed assets</b>	<b>47,428</b>	<b>54,494</b>

The tangible fixed assets amounted to SEK 47.4 million 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	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Profit/loss for the period	28,603	24,385	89,480	99,172
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547
Net earnings per share	1.20	1.02	3.75	4.16

### Equity per share

KSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Equity	429,617	348,373	429,617	348,373
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547
Equity per share	18.01	14.61	18.01	14.61

### Equity-asset ratio

KSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Equity	429,617	348,373	429,617	348,373
Balance sheet total	668,025	641,709	668,025	641,709
Equity ratio	64%	54%	64%	54%

### Gross margin

KSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	130,990	149,834	471,443	461,772
Gross profit	85,836	99,859	313,041	336,734
Gross margin	66%	67%	66%	73%

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

### Operating margin

KSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	130,990	149,834	471,443	461,772
Operating profit	31,871	31,824	110,273	126,576
Operating margin	24%	21%	23%	27%

### EBITDA

KSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Operating profit	31,871	31,824	110,273	126,576
Depreciation	8,934	9,686	32,622	20,155
EBITDA	40,805	41,510	142,895	146,731

### Net sales

KSEK	Oct-Dec 2020 (%)	Oct-Dec 2020 MSEK	Oct-Dec 2019 (%)	Oct-Dec 2019 MSEK
Last period		149,834		110,965
Organic growth	-6.1%	-9,186	7.1%	7,852
Currency effect	-6.4%	-9,658	5.1%	5,666
Structural growth	0.0%	0	22.8%	25,350
Current period	-12.6%	130,990	35.0%	149,834

# 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 identification 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 February 4, 2021.

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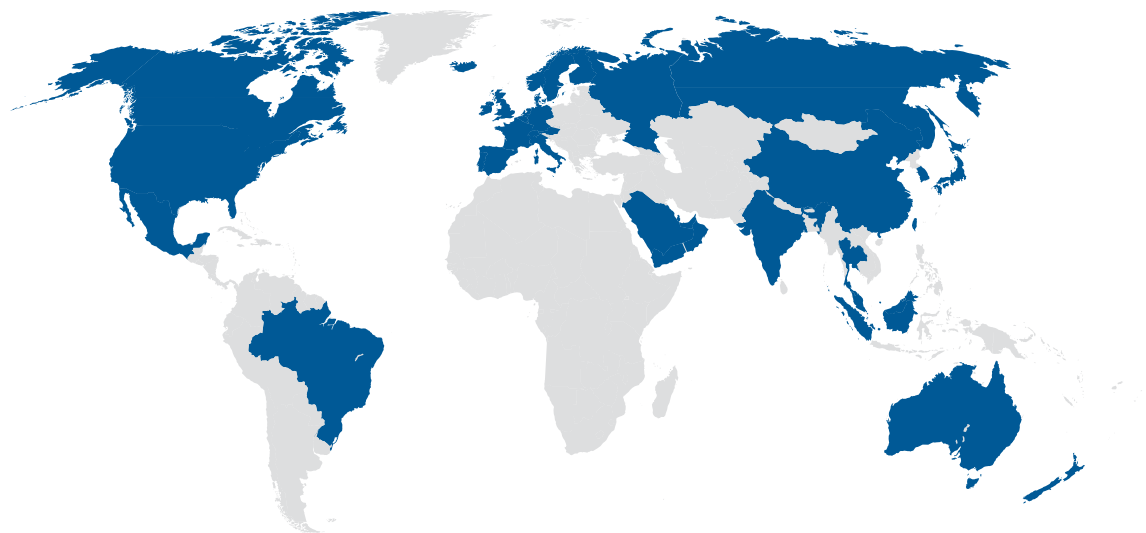
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With the 18 organizations for local market support CellaVision has direct presence more than 40 countries.