

# Interim report

## January-June 2019

**Organic sales growth**  
Q2, 2019: 18% (15)

**Operating margin**  
Q2, 2019: 33.7% (34.4)

(MSEK)	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	112.4	91.9	216.3	169.5	364.8
Gross profit	87.1	69.0	164.1	126.7	270.9
EBITDA	41.3	33.4	79.6	58.6	118.4
Operating profit	37.9	31.6	72.9	54.8	111.6
Operating margin, %	33.7	34.4	33.7	32.3	30.6
Profit/loss before tax	37.9	31.8	72.8	55.4	112.1
Total cash flow	-23.8	-9.7	21.2	-12.1	14.4
Equity ratio, %	74.2	77.4	74.2	77.4	77.9

## CellaVision's strongest quarter ever with continued growth

### April 1–June 30, 2019

- Net sales increased by 22% to SEK 112.4 million (91.9).
- Net sales increased organically by 18% (15).
- Operating profit increased to SEK 37.9 million (31.6).
- The operating margin amounted to 33.7% (34.4).
- Profit before tax increased to SEK 37.9 million (31.8).
- Earnings per share before and after dilution increased to SEK 1.27 (0.98).
- Cash flow from operating activities was SEK 17.3 million (28.9).

### January 1–June 30, 2019

- Net sales increased by 28% to SEK 216.3 million (169.5).
- Net sales increased organically by 24% (3).
- Operating profit increased to SEK 72.9 million (54.8).
- The operating margin increased to 33.7% (32.3).
- Profit before tax increased to SEK 72.8 million (55.4).
- Earnings per share before and after dilution increased to SEK 2.42 (1.78).
- Cash flow from operating activities was SEK 68.4 million (35.2).



# CEO's comments



The second quarter of 2019 was yet another strong quarter for Cellavision, with organic growth of 18 percent. Sales amounted to SEK 112.4 million (91.9), which makes this quarter Cellavision's best ever. Growth was strong in the Americas and EMEA, while APAC had negative growth in the quarter. It is worth noting that there is no single major order behind the positive performance. We now have four strong quarters behind us, with growth above 30 per cent on a rolling twelve-month basis.

Profitability progressed well in the quarter, with an operating profit of SEK 37.9 million (31.6), corresponding to an operating margin of 33.7 percent (34.4). The favorable profitability growth is a result of Cellavision's effective indirect business model and good gross margins. Cash flow from operating activities for the quarter amounted to SEK 17.3 million (28.9). Worth mentioning in the light of the good growth is that cash flow from operating activities for the first half-year amounted to SEK 68.4 million (35.2).

## Market development

The Americas had strong growth in the quarter and sales grew by 42 percent to SEK 66.7 million (47.0). The positive trend in the USA and Canada continues, with an increasing number of installations at end customers. Brazil, where we established our own organization for local market support in 2017, is now also reporting rising sales.

EMEA also reported a good second quarter and sales grew by 13 percent to SEK 29.9 million (26.6). Growth is above all a result of our local market support organizations now starting to be fully operational.

APAC had 14 percent negative growth in the quarter. Sales amounted to SEK 15.8 million (18.3). We see a continued high level of number of customer installations and derive the slightly weak result from changes in inventory among our distribution partners. We are conducting a lot of market activities in all our markets, not least in China, Japan and Australia.

## Geographical expansion

Geographical expansion is crucial to Cellavision's growth. In the second quarter of the year we did not establish any new organizations for local market support, but we are now fully operative in our latest establishments in South East Asia, India, Italy and Spain/Portugal. We are currently evaluating the prospects of expanding to more markets. We are also reviewing the need to strengthen the current organization in some of our main markets.

Altogether Cellavision now has 17 local organizations offering market support in more than 30 countries.

## Innovation

The Cellavision® DC-1, our new product for small and mid-size laboratories, was CE marked in February and is now in production. The reception from our various distribution partners has been positive and most of them have now launched the Cellavision® DC-1 in their own sales channels. We have delivered a number of units during the quarter, but it is important to remember that 2019 is a launch year in which sales and production will be intensified step-by-step.

During the quarter the Cellavision® DC-1 was commercially approved in several important markets in addition to the EU countries, including Australia, Singapore, Japan and Canada. We also initiated the necessary activities to prepare for applications to the American and Chinese authorities. A clearance to sell the Cellavision® DC-1 in the USA and China is expected to be available in 2020.

Compared with the previous year, we have grown the organization of innovation by 27 percent and the cost for research and development, after capitalization, has effected the earnings in the quarter by 13.8 (8.8). We will continue to increase our investments going forward, by recruiting talents in this area, to secure our short- and long-term innovation capacity and growth potential.

*Zlatko Rihter,  
President and CEO*

# Sales, performance and investments

## Sales and exchange rate effects

Net sales for the Group in the second quarter were SEK 112.4 million (91.9), an increase of 22 percent compared with the corresponding period in 2018. Cellavision's sales often fluctuate between different quarters, both for individual regions and for the Group as a whole.

Cellavision invoices more than 90 percent of its net sales in euro or US dollars, which means that exchange rate fluctuations have a major impact on the company's reported net sales and earnings. Adjusted for positive exchange rate effects of four percent, net sales increased organically by 18 percent compared with the corresponding quarter in 2018.

Net sales for the Group during the first two quarters of the year amounted to SEK 216.3 million (169.5). Adjusted for positive currency effects of four per cent, this corresponds to an organic increase of 24 per cent compared with the corresponding period in 2018.

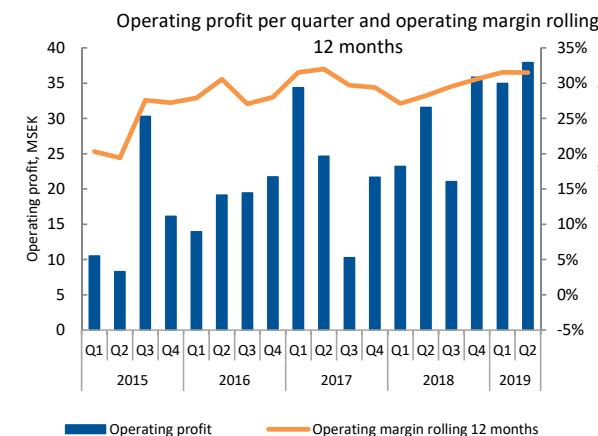


## Operating expenses

Total operating expenses in the first quarter increased to SEK 49.2 million (37.4). The increase is due to planned initiatives to broaden the product portfolio and increase market presence.

Cellavision is running several development projects aimed at strengthening the company's product offer. Total research and development costs increased to SEK 17.6 million (13.5), of which SEK 3.8 million (4.7) has been capitalized. The main part of the capitalized expenditure is related to development projects for the new system, Cellavision® DC1.

The project is in completion phase and the system has received CE marking, which makes it available for sale in the countries accepting the CE mark. The first systems have been delivered and the production rate is gradually increased. Depreciation for Cellavision® DC1 starts during the third quarter. Clinical studies where the results are to be used for registration in the US and China have begun.



## Operating profit and operating margin

Operating profit for the quarter was SEK 37.9 million (31.6), with an operating margin of 33.7 percent (34.4). Operating profit for the first two quarters of the year amounted to SEK 72.9 M (54.8), with an operating margin of 33.7 percent (32.3). The improved performance is due to an increased sales volume with retained strong gross margin.

## Net financial income

Cellavision has no interest-bearing liabilities. Net financial items are mainly attributable to foreign exchange gains / losses on intra-group transactions and interest on leasing liabilities in accordance with IFRS 16.

## Cash flow

The Group's cash and cash equivalents at the close of the quarter amounted to SEK 190.2 million (142.8). The quarter's total cash flow, including dividends of SEK 35.8 million to shareholders, amounted to SEK -23.8 million (-9.7). Strong sales have led to increased accounts receivable, which is the main reason why working capital has increased and cash flow decreased compared with the previous year.

# Development in geographical markets

## Americas: SEK 66.7 million (47.0)

Sales in the Americas increased by 42 percent to SEK 66.7 million (47.0) compared with the same period in the previous year. The American market continues to do well, including the emerging replacement market. The company's North American organization is continuing to address the laboratories that have not yet converted to Cellavision's solution. There is increasing interest in the company's products in Latin America, where Brazil in particular has got well under way.

Software sales made a strong contribution in the quarter. Sales of the Cellavision® Advanced RBC Application developed well after sales approval from the American authorities, and the Cellavision® Remote Review also made a contribution in the quarter.

In the quarter, Cellavision exhibited at the regional ASCLS fair in New Jersey and held a presentation on hematology. Cellavision® DC-1 is now cleared for sale in Canada. The company was also at the annual ISLH Congress in Vancouver and showed the instrument and held a workshop.

## APAC: SEK 15.8 million (18.3)

Sales in APAC decreased by almost 14 percent to SEK 15.8 million (18.3) compared with the same period in the previous year. In the two main markets of Japan and China, China developed in line with the previous year and Japan somewhat less well, but the company sees continued sound underlying demand in both countries. South East Asia and Australia reported slightly weaker growth than in the same period of the previous year.

A course in morphology was held for 250 participants in the company's relatively new region of Chengdu in China and Cellavision attended both a laboratory congress in Guangzhou, China and the JAMT Congress in Shimonoseki, Japan.

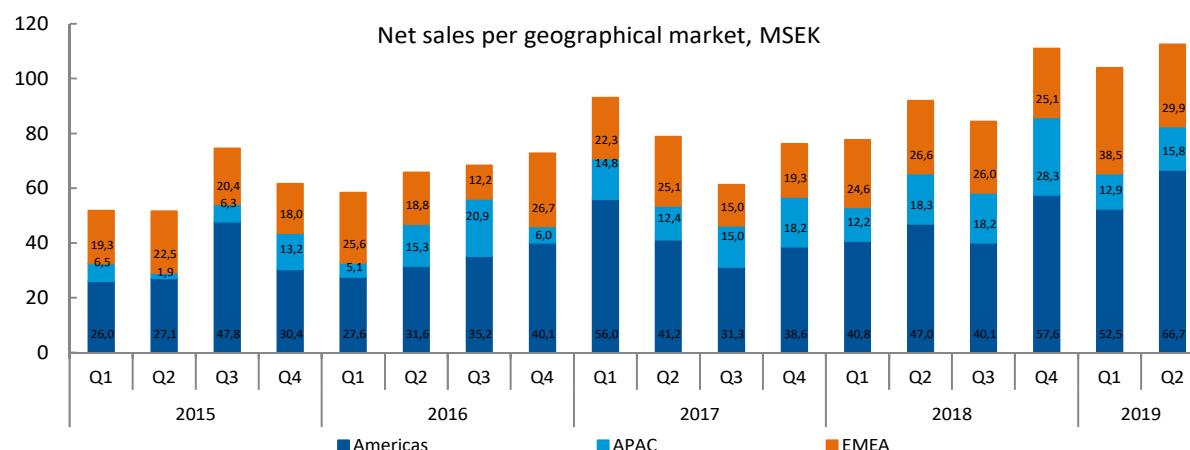
During the quarter, installation and evaluation of the first systems in New South Wales, Australia began in accordance with the communication of the procurement contract previously announced. In total, 60 systems are included, with planned installation over the next two years.

## EMEA: SEK 29.9 million (26.6)

Sales in EMEA increased by 13 percent to SEK 29.9 million (26.6), compared with the same period in the previous year. The company's consistent strategy of investing in local organizations for market support is effective. Western Europe was the main contributor to growth in the region and the market share is steadily increasing. Moreover, during the quarter Cellavision sold and delivered an analyzer to a veterinary laboratory in Germany.

Software sales have contributed to growth, in particular the Cellavision® Proficiency training tool and the Cellavision® Advanced RBC Application. The launch of the Cellavision® DC-1 continued during the quarter and was presented to the European market at EuroMedlab in Barcelona in May. During the quarter both application and technical training was provided for various distribution partners on the Cellavision® DC-1 in Lund.

The company's two organizations for local market support in Madrid, for the Iberian Peninsula, and in Naples for Italy, are now fully operational.



# Other information

## Research and development

The production rate of Cellavision's new system for small and mid-size laboratories, the Cellavision® DC1, will gradually increase during the year, with a focus on streamlining and improving efficiency in production. Cellavision is running several development projects aimed at strengthening the offer to the company's customers, in which the work on the Cellavision® DC1 has led to technological advances that in the long term may be used in new analyzers. In addition, work is being carried out to develop new applications for both older and newer analyzers.

One patent family, not used in any of Cellavision's products, comprising two patents expired during the quarter. At the close of the period Cellavision's patent portfolio contained 19 patented inventions and 59 registered patents.

The Group continuously capitalizes expenditure on new development. Capitalized expenditure for development projects decreased during the quarter to SEK 3.8 million (4.7).

Total research and development costs, before capitalization, amounted to SEK 17.6 million (13.5).

## Personnel

The number of employees of the Group, restated as full-time equivalents, was 129 (102) at the close of the quarter. Of these, 85 were men (69) and 44 women (33).

## Information concerning risks and uncertainties

Reduced demand and changes in exchange rates constitute uncertainties but not material risks. 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 Annual Report for 2018.

## New tax rates

In stage one the corporate tax rate will be reduced from 22 percent to 21.4 percent for financial years starting on or after January 1, 2019. In stage two the corporate tax rate will be decreased to 20.6 percent from the financial year starting on January 1, 2021.

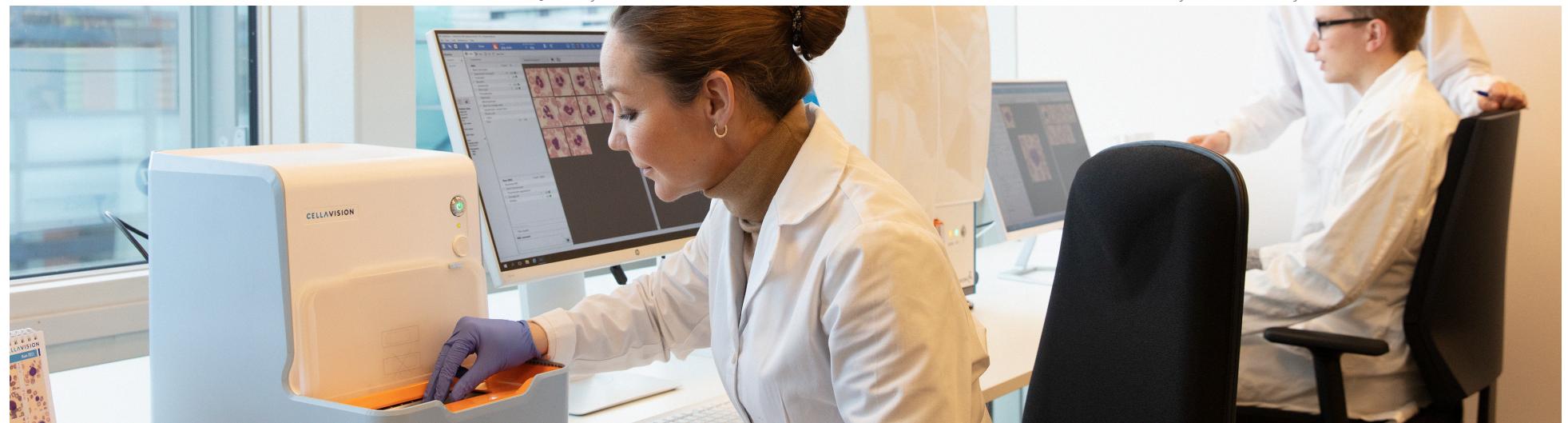
The company has made an assessment of when temporary differences will be reversed and the effect on deferred tax liabilities and deferred tax assets. The company applies 21.4 percent to the temporary differences to be reversed or utilized in 2019 and 2020 and 20.6 percent on others to be reversed or utilized as of 2021.

The effects of the new tax rates have meant a decrease in deferred tax liabilities in the Group of SEK 0.6 million and in the parent company the effect has been negligible.

## Implementation of IFRS 16

As of January 1, 2019, Cellavision applies IFRS 16 Leases. Cellavision has lease agreements for office premises and leasing agreements for cars which, with the introduction of IFRS 16, are reported in the balance sheet.

The implementation of IFRS 16 has resulted in an increased balance sheet total of SEK 31.6 million. For more information on the effect of the introduction of IFRS 16, see Note 1 and the Group's cash flow analysis in summary.



# Declaration by the board of directors and president and 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, July 16 2019

Sören Mellstig  
*Chairman of the Board*

Christer Fåhraeus  
*Member of the Board*

Åsa Hedin  
*Member of the Board*

Anna Malm Bernsten  
*Member of the Board*

Niklas Prager  
*Member of the Board*

Jurgen Riedl  
*Member of the Board*

Stefan Wolf  
*Member of the Board*

Zlatko Rihter  
*President/CEO*

## Consolidated Income Statement in Summary

All amount in '000 SEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	112,448	91,899	216,339	169,510	364,812
Cost of goods sold	-25,354	-22,918	-52,219	-42,806	-93,946
<b>Gross profit</b>	<b>87,095</b>	<b>68,981</b>	<b>164,121</b>	<b>126,704</b>	<b>270,866</b>
Sales and marketing expenses	-25,002	-19,745	-46,685	-38,176	-82,362
Administration expenses	-10,334	-8,841	-19,568	-17,376	-37,644
R&D expenses	-13,821	-8,823	-24,986	-16,394	-39,253
<b>Operating profit</b>	<b>37,937</b>	<b>31,572</b>	<b>72,882</b>	<b>54,758</b>	<b>111,607</b>
Interest income and financial exchange rate gains	712	651	1,234	1,308	2,010
Interest expense and financial exchange rate losses	-704	-427	-1,361	-668	-1,520
<b>Profit/loss before tax</b>	<b>37,944</b>	<b>31,796</b>	<b>72,755</b>	<b>55,398</b>	<b>112,097</b>
Tax	-7,665	-8,475	-15,139	-13,057	-23,408
<b>Profit/loss for the period</b>	<b>30,279</b>	<b>23,321</b>	<b>57,616</b>	<b>42,341</b>	<b>88,688</b>

### Other comprehensive income:

Components not to be reclassified to net profit:	0	0	0	0	0
<hr/>					
Components to be reclassified to net profit:					
<i>a) Financial assets at fair value</i>					
Reclassified to operating result	524	7	1,890	-564	-374
Revaluation of financial assets	-695	-5,381	-5,654	-12,221	-4,947
Income tax relating to financial assets	37	1,182	806	2,813	1,137
<i>b) Translation difference</i>					
Translation difference in the group	39	751	672	545	797
Sum of Components to be reclassified to net profit:	-95	-3,441	-2,287	-9,427	-3,387
Sum of other comprehensive income:	-95	-3,441	-2,287	-9,427	-3,387
<b>Comprehensive result for the period</b>	<b>30,183</b>	<b>19,880</b>	<b>55,328</b>	<b>32,914</b>	<b>85,302</b>

## Per share data

Per share data	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Earnings per share, before and after dilution, SEK */	1.27	0.98	2.42	1.78	3.72
Equity per share, SEK	12.99	9.98	12.99	9.98	12.17
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	318.50	179.00	318.50	179.00	191.50
Dividend per share	1.50	1.50	1.50	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 amount in '000 SEK	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net sales	112,448	103,891	110,965	84,337	91,899	77,611
Gross profit	87,095	77,026	81,955	62,207	68,981	57,723
Gross margin in %	77.5	74.1	73.9	73.8	75.1	74.4
Expenses	-49,158	-42,081	-46,131	-41,182	-37,409	-34,537
Operating profit	37,937	34,945	35,824	21,024	31,572	23,186
Net profit	30,279	27,337	29,548	16,800	23,321	19,020
Cash flow	-23,845	45,001	4,287	22,223	-9,660	-2,415

## Consolidated Balance Sheet in Summary

All amount in '000 SEK	06/30/2019	06/30/2018	03/31/2019	12/31/2018
<b>Assets</b>				
Intangible assets	73,500	61,865	70,809	67,818
Tangible assets	6,484	4,350	6,848	6,815
Right of use assets	27,926	0	29,819	0
Deferred tax assets	0	0	0	0
Financial assets	3,600	2,627	3,590	3,579
Inventory	35,000	32,576	27,819	34,454
Trade receivables	66,782	49,265	53,804	75,813
Other receivables	14,304	13,867	11,832	15,246
Cash and bank	190,196	142,822	214,346	169,057
<b>Total assets</b>	<b>417,792</b>	<b>307,372</b>	<b>418,867</b>	<b>372,782</b>
<b>Equity and liabilities</b>				
Equity	309,926	237,988	315,520	290,375
Deferred tax liability	9,012	6,376	8,048	8,059
Other provisions	2,458	2,826	2,458	2,458
Leasing debt, long-term	21,990	0	23,596	0
Leasing debt, short-term	6,506	0	6,508	0
Short term debt	45,065	38,726	41,374	43,385
Trade payables	20,897	20,088	19,494	26,753
Warranty provisions	1,938	1,368	1,869	1,752
<b>Total equity and liabilities</b>	<b>417,792</b>	<b>307,372</b>	<b>418,867</b>	<b>372,782</b>

## Consolidated statements of changes in equity

All amount in '000 SEK	06/30/2019	06/30/2018	03/31/2019	12/31/2018
Balance at the beginning of the year	290,375	240,851	290,375	240,851
Dividend	-35,777	-35,777	0	-35,777
Net profit for the year	57,616	42,341	27,337	88,688
Comprehensive result for the period	-2,287	-9,427	-2,192	-3,387
<b>Balance at the end of the year</b>	<b>309,926</b>	<b>237,988</b>	<b>315,520</b>	<b>290,375</b>

## Cash Flow Analysis in Summary

All amount in '000 SEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Result before taxes	37,944	31,796	72,755	55,398	112,097
Adjustment for items not included in cash flow	7,611	7,740	3,597	4,290	14,499
Taxes	-4,391	-8,105	-9,600	-11,850	-16,075
<b>Cash flow from operations before changes in working capital</b>	<b>41,164</b>	<b>31,431</b>	<b>66,752</b>	<b>47,838</b>	<b>110,521</b>
Changes in working capital	-23,826	-2,553	1,680	-12,600	-36,452
<b>Cash flow from operations</b>	<b>17,337</b>	<b>28,878</b>	<b>68,432</b>	<b>35,238</b>	<b>74,069</b>
Capitalization of development costs	-3,775	-4,732	-7,850	-11,198	-18,419
Aquisitions in intangible non-current assets	0	0	0	0	-900
Aquisitions in financial non-current assets	-10	2,018	-21	-10	-962
Aquisitions in tangible non-current assets	-12	-47	-558	-328	-3,576
<b>Cash flow from investment activities</b>	<b>-3,798</b>	<b>-2,761</b>	<b>-8,429</b>	<b>-11,536</b>	<b>-23,857</b>
Amortization of leasing debts	-1,608	0	-3,070	0	0
Dividend	-35,777	-35,777	-35,777	-35,777	-35,777
<b>Cash flow from financing activities</b>	<b>-37,385</b>	<b>-35,777</b>	<b>-38,848</b>	<b>-35,777</b>	<b>-35,777</b>
<b>Total cash flow</b>	<b>-23,845</b>	<b>-9,660</b>	<b>21,156</b>	<b>-12,075</b>	<b>14,434</b>
Liquid funds at beginning of period	214,346	152,072	169,057	154,546	154,546
Exchange rate fluctuations in liquid funds	-305	410	-17	351	77
Liquid funds at end of period	190,196	142,822	190,196	142,822	169,057

### Disclosures regarding IFRS 16:

- \* Interest regarding leasing debt amounts to SEK 463 thousand
- \* Amortization of leasing debt amounts to SEK 3,070 thousand

## Income Statement - Parent Company

All amount in '000 SEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	109,929	89,444	213,481	164,634	358,349
Cost of goods sold	-33,637	-29,561	-66,721	-48,647	-118,335
<b>Gross profit</b>	<b>76,292</b>	<b>59,883</b>	<b>146,760</b>	<b>115,987</b>	<b>240,014</b>
Sales and marketing expenses	-17,453	-13,127	-32,231	-24,951	-55,552
Administration expenses	-10,280	-8,841	-19,459	-17,376	-37,573
R&D expenses	-17,597	-13,490	-32,836	-27,527	-57,672
<b>Operating profit</b>	<b>30,962</b>	<b>24,425</b>	<b>62,233</b>	<b>46,133</b>	<b>89,217</b>
Interest income and financial exchange gains	622	646	1,139	1,302	1,991
Interest expense and financial exchange losses	-457	-416	-867	-649	-1,485
<b>Profit before income tax</b>	<b>31,128</b>	<b>24,655</b>	<b>62,505</b>	<b>46,786</b>	<b>89,722</b>
Taxes	-6,661	-5,424	-13,376	-10,293	-19,439
<b>Net profit</b>	<b>24,466</b>	<b>19,231</b>	<b>49,129</b>	<b>36,493</b>	<b>70,284</b>

### Statement of Comprehensive Income

Net profit for the period	24,466	19,231	49,129	36,493	70,284
Other comprehensive income	0	0	0	0	0
Sum of other comprehensive income	0	0	0	0	0
<b>Comprehensive profit for the period</b>	<b>24,466</b>	<b>19,231</b>	<b>49,129</b>	<b>36,493</b>	<b>70,284</b>

## Balance Sheet - Parent Company

All amount in '000 SEK	06/30/2019	06/30/2018	03/31/2019	12/31/2018
<b>Assets</b>				
Intangible assets	9,021	12,457	10,105	11,189
Tangible assets	6,126	3,648	6,408	6,310
Deferred tax assets	2,844	2,078	2,844	2,844
Financial assets	3,582	2,629	3,582	3,582
Inventory	29,097	27,238	22,065	28,848
Trade receivables	62,099	38,772	51,009	70,676
Receivables from group companies	1,537	13,922	3,346	5,067
Other receivables	13,539	12,822	10,429	12,960
Cash and bank	181,649	129,951	203,533	160,664
<b>Total assets</b>	<b>309,494</b>	<b>243,517</b>	<b>313,322</b>	<b>302,140</b>
<b>Equity and liabilities</b>				
Equity	239,607	192,464	250,918	226,255
Other provisions	2,458	2,826	2,458	2,458
Short term debt	32,091	21,855	29,242	32,386
Trade payables	20,483	19,692	18,783	26,161
Liabilities to group companies	12,916	5,312	10,052	13,129
Warranty provisions	1,938	1,368	1,869	1,752
<b>Total equity and liabilities</b>	<b>309,494</b>	<b>243,517</b>	<b>313,322</b>	<b>302,140</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. 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 2018, with the exclusion of what is stated below regarding the implementation of IFRS 16 Leases.

### New standards applied as of January 1, 2019

As of January 1, 2019 Cellavision applies IFRS 16 Leases. IFRS 16 means that the former classification into operating and finance leases is replaced by a model in which assets and liabilities for virtually all leases is recognized as right of use assets in the statement of financial position. Cellavision has lease contracts for office premises and lease agreements for cars that are recognized as right of use assets in the statement of financial position as of January 1, 2019.

Cellavision has applied the simplified transition method (modified retrospective approach) upon transition. The method implies that the comparative year of 2018 has not been restated in accordance with the new standard, instead the effect of IFRS 16 is reported to its full extent in the opening balance as of January 1, 2019.

The effect of the transition to IFRS 16 has meant that right of use assets and a leasing debt of 31.6 MSEK is reported in the statement of financial position as of January 1, 2019. The majority of the right of use assets consist of premises, which amount to 29.9 MSEK. The value of right of use assets has been determined by the present value of the lease debts as of this date. For premises, Cellavision has used the company's estimated incremental borrowing rate of 3 % when discounting the remaining lease debt. For car leasing agreements, the implicit interest rate for each agreement has been used for calculation. For all right of use assets, the term of the agreements has been used for the assessment of the depreciation period applied.

The balance sheet total for the Group has thus increased upon implementation and reconciliation tables, non-IFRS measures, solvency and EBITDA, and earnings per share have been affected.

## NOTE 2. SEGMENT REPORTING

### 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

All amount in ' 000 SEK	Apr-Jun 2019		Apr-Jun 2018	
	Instruments	Other	Instruments	Other
Americas	44,738	22,010	31,565	15,440
APAC	14,004	1,763	16,190	2,144
EMEA	19,736	10,197	18,883	7,678
<b>Total</b>	<b>78,478</b>	<b>33,970</b>	<b>66,638</b>	<b>25,261</b>

All amount in ' 000 SEK	Jan-Jun 2019		Jan-Jun 2018	
	Instruments	Other	Instruments	Other
Americas	78,046	41,159	58,283	29,566
APAC	25,133	3,530	26,731	3,803
EMEA	49,454	19,017	36,915	14,211
<b>Total</b>	<b>152,633</b>	<b>63,706</b>	<b>121,929</b>	<b>47,580</b>

## NOTE 4. FINANCIAL INSTRUMENTS

All amount in ' 000 SEK	Jan-Jun 2019		Jan-Jun 2018	
	Reported value	Fair value	Reported value	Fair value
Financial assets				
Derivative assets	380	380	0	0
Financial liabilities				
Derivative liabilities	-9,696	-9,696	-13,015	-13,015

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.

## 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	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Profit/loss for the period	30,279	23,321	57,616	42,341	88,688
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547	23,851,547
Net earnings per share	1.27	0.98	2.42	1.78	3.72

#### Equity per share

KSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Equity	309,926	237,988	309,926	237,988	290,375
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547	23,851,547
Equity per share	12.99	9.98	12.99	9.98	12.17

#### Equity-asset ratio

KSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Equity	309,926	237,988	309,926	237,988	290,375
Balance sheet total	417,792	307,372	417,792	307,372	372,782
Equity ratio	74.2%	77.4%	74.2%	77.4%	77.9%

#### Gross margin

KSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	112,448	91,899	216,339	169,510	364,812
Gross profit	87,095	68,981	164,121	126,704	270,866
Gross margin	77.5%	75.1%	75.9%	74.7%	74.2%

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

### Operating margin

KSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Net sales	112,448	91,899	216,339	169,510	364,812
Operating profit	37,937	31,572	72,882	54,758	111,607
Operating margin	33.7%	34.4%	33.7%	32.3%	30.6%

### EBITDA

KSEK	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Operating profit	37,937	31,572	72,882	54,758	111,607
Depreciation	3,354	1,790	6,697	3,856	6,807
EBITDA	41,291	33,362	79,579	58,614	118,414

### Net sales

KSEK	Apr-Jun 2019 (%)	Apr-Jun 2019 MSEK	Apr-Jun 2018 (%)	Apr-Jun 2018 MSEK
Last period		91,899		78,686
Organic growth	18%	16,542	15%	11,803
Currency effect	4%	4,007	2%	1,410
Current period	22%	112,448	17%	91,899

# 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 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 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 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.
- Operating margin  
>20% The operating margin is to exceed 20 percent over an economic cycle



With Cellavision's system, the result from the automated differential analysis is clearly presented on the computer screen, checked and signed off by the laboratory technician. All steps in the analysis chain are digitally documented, stored, easily shared and fully searchable. That's what we call work flow.

## Questions concerning the report can be addressed to:



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### Publication

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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-September	23 October
Year-end bulletin 2019	5 February 2020
Interim Report January-March	22 April
Annual General meeting	23 April
Interim Report January-June	16 July
Interim Report January- September	23 October
Year-end bulletin 2020	29 January 2021

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With the 17 organizations for local market support CellaVision has direct presence more than 30 countries.