

Year-end bulletin Jan-Dec 2019

Organic sales growth
Q4, 2019: 7% (44)

EBITDA margin
Q4, 2019: 27.7% (33.6)

(MSEK)	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales	149.8	111.0	461.8	364.8
Gross profit	99.9	82.0	336.7	270.9
EBITDA	41.5	37.3	146.7	118.4
Operating profit	31.8	35.8	126.6	111.6
Operating margin, %	21.2	32.3	27.4	30.6
Profit/loss before tax	35.0	36.0	129.2	112.1
Total cash flow	-116.2	4.3	-67.3	14.4
Equity ratio, %	54.3	77.9	54.3	77.9

Stable quarter including earnings from RAL Diagnostics

October 1 - December 31, 2019

- Net sales increased by 35 % to SEK 149.8 million (111.0).
- Sales grew organically by 7 % (44).
- EBITDA was SEK 41.5 million (37.3).
- EBITDA margin was 27.7 % (33.6).
- Profit before tax was SEK 35.0 million (36.0).
- Earnings per share before and after dilution were SEK 1.02 (1.24).
- Cash flow from operating activities increased by SEK 24.0 million (12.8).

January 1 - December 31, 2019

- Net sales increased by 27 % to SEK 461.8 million (364.8).
- Sales grew organically by 15 % (15).
- EBITDA increased to SEK 146.7 million (118.4).
- EBITDA margin was 31.8 % (32.5).
- Profit before tax increased to SEK 129.2 million (112.1).
- Earnings per share before and after dilution were SEK 4.16 (3.72).
- Cash flow from operating activities increased by SEK 125.0 million (74.1).
- The Board of Directors proposes a dividend of SEK 1.50 per share for 2019 (1.50).

CEO's comments

The fourth quarter of 2019 was CellaVision's best quarter ever despite challenging comparative figures. Including sales from the newly acquired company RAL Diagnostics (RAL), total sales grew by 35 percent to SEK 149.8 million (111.0). CellaVision completed the acquisition of RAL on October 1, 2019, and consequently RAL is financially integrated into the full quarter. The quarter includes external acquisition costs of about SEK 4 million. The acquisition of RAL drives some initial cost increases linked to integration between CellaVision and RAL started in the quarter. The quarter was also charged with initial ramp-up costs for production and depreciation for the new product CellaVision® DC-1 (DC-1). All in all, it was a good quarter for CellaVision, with organic growth of seven percent. Exchange rate impact in the quarter was positive and amounted to about five percent. Profitability was good during the quarter, with an EBITDA of SEK 41.5 million (37.3), corresponding to an EBITDA margin of 27.7 percent (33.6).

Full year 2019

For the full year sales were SEK 461.8 million (364.8) after growth of 27 percent, corresponding to organic growth of 15 percent. EBITDA was SEK 146.7 million (118.4), corresponding to an EBITDA margin of 31.8 (32.5) percent. Cash flow from operating activities was SEK 125.0 million (74.1).

Market development

The Americas reported a good fourth quarter. Sales were SEK 65.6 million (57.6), corresponding to growth of 14 percent. Sales of analyzers continue to be good in North America and we also see continuously stronger sales of applications and software. For the full year, growth in the Americas was 24.6 percent.

EMEA had a strong quarter, including RAL sales, with a growth of 141 percent, amounting to SEK 60.6 million (25.1). In recent years we have established our own market support organizations in the Middle East, France, the German-speaking countries of Europe, the United Kingdom/Ireland, Spain/Portugal and Italy. They are now fully operative, and we are now seeing continuous sales growth in the region. During the quarter we also saw the

first sales impact of the DC-1, which was launched earlier in the year. For the full year, growth in EMEA was 47 percent.

APAC reported a weaker quarter, with sales of SEK 23.6 million (28.3), a decrease of 16 percent. We see a continued high activity level in the region, with important marketing initiatives on all our key markets, not least China, Japan and Australia. For the full year, growth in APAC was four percent.

The acquisition of RAL is a natural step in CellaVision's strategy

The acquisition of RAL was completed on October 1, 2019 and since then the company as a whole has been part of CellaVision. With RAL's sample preparation products, CellaVision is establishing a recurring revenue stream and we have the opportunity to improve the quality of sample preparation, which is of great significance for the final results of blood analysis.

We have started a series of activities to realize synergies. The now integrated product range and potential to standardize workflows at laboratories the world over means an increase in CellaVision's addressable market in hematology to a total of about six billion SEK.

The initial focus is on integrating RAL financially and commercially. The commercial integration means that step-by-step RAL's offer will be marketed jointly on the markets where CellaVision has its own representation and an integrated product offer will be established to offer optimum staining protocols for digital morphology. This work will continue throughout 2020.

All in all, the acquisition of RAL strengthens our business in several different ways: we broaden our product offer and gain access to a larger market than before. Through our market support organizations, we will be able to expand sales of RAL's hematology products to new markets, and we will expand our operations to new areas such as microbiology, cytology and pathology, opening up new future opportunities to apply CellaVision's technology beyond hematology.

Geographical expansion

We are now fully operative in our latest establishments in Thailand, India, Spain/Portugal and Italy. During the quarter we started an establishment in Russia and in 2020 we will also strengthen the organization in some of our current markets, including India, to meet growing demand. Altogether CellaVision now has 18 local organizations offering market support in more than 40 countries.

Innovation

The DC-1, our new product for small and mid-size laboratories, was CE marked in February 2019. The reception from our various distribution partners has been very positive and most of them have now launched the DC-1 in their own sales channels. In 2019 we gradually increased the rate of production and in 2020 will have the capacity to meet the demand from our customers. In 2019 we obtained commercial approval for the DC-1 in a number of important markets in addition to the EU countries. We have also initiated the action required to take the next step in the application process for sales approval of the DC-1 in the USA and China in 2020.

In the coming quarter CellaVision will launch a complete upgrade of the veterinary portfolio. The Sysmex system, DI-60 Vet, and CellaVision®DC-1 Vet will be launched, while the current CellaVision® DM1200 Vet and CellaVision® DM9600 Vet will be upgraded to the latest software generation. All systems will be able to analyze canine and feline blood. In addition, the DC-1 Vet will also have an application for avian blood analysis.

Geographical expansion and R&D are CellaVision's core areas and we will continue to accelerate investments, primarily within innovation, to secure our growth and future position in our market segment.

Zlatko Rihter,
President and CEO

Sales, performance and investments

Sales and exchange rate effects

Net sales for the Group increased in the fourth quarter by 35 percent to SEK 149.8 million (111.0). 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 an impact on the company's sales and earnings. On October 1, 2019 the acquisition of RAL was completed, resulting in a positive structural impact on sales. Adjusted for positive exchange rate effects of five percent, and a structural effect (acquisition) of 23 percent, net sales increased organically by seven percent compared with the corresponding quarter in 2018.

Net sales for the Group increased by 27 percent to SEK 461.8 million (364.8) for the 12-month period. Adjusted for positive exchange rate effects of five percent, and a structural effect (acquisition) of seven percent, this corresponds to an organic

increase of 15 percent compared with the corresponding period in 2018.

Gross profit and gross margin

The gross profit increased by 21.8 percent to SEK 99.9 million (82.0) in the fourth quarter, corresponding to a gross margin of 66.6 percent (73.9). For the full year, the gross profit increased to SEK 336.7 million (270.9), corresponding to a gross margin of 72.9 percent (74.2).

The gross margin is mainly affected by the product mix, depreciation on capitalized development expenditure and exchange rate effects.

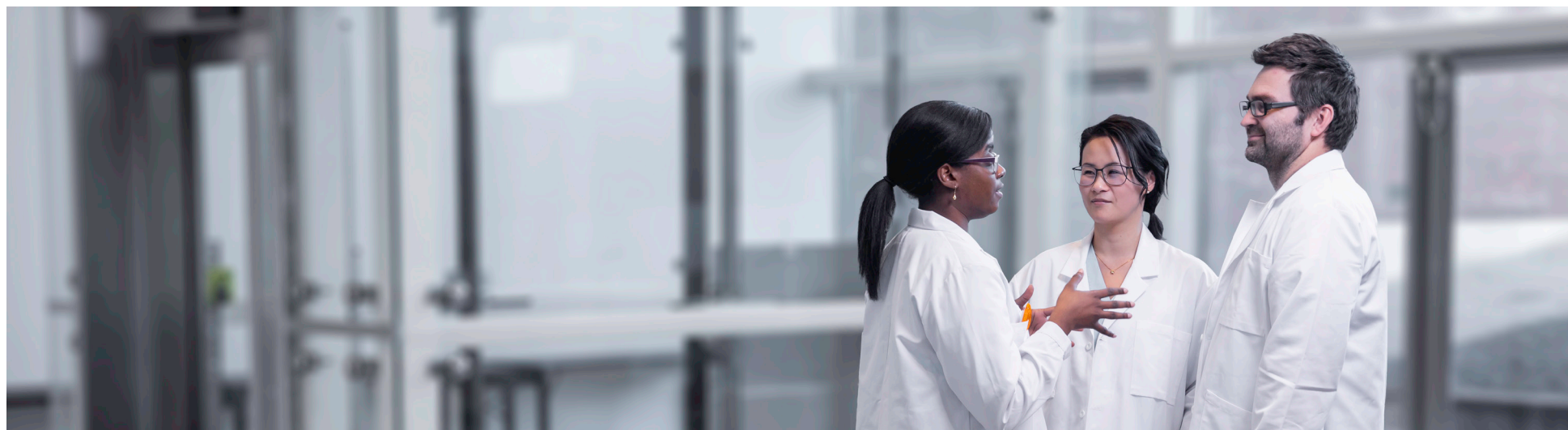
Through the acquisition of RAL on October 1, 2019 the product group Reagents was added. Reagents constitute about 90 percent of RAL's sales. The gross margin on RAL's sales was 51 percent in the fourth quarter, which is lower than CellaVision's average.

Depreciation on capitalized development expenditure is recognized as a cost of goods sold. The depreciation on capitalized development expenditure increased to SEK 4.4 million (1.1) for the quarter and to SEK 8.0 million (5.2) for the 12-month period. The increase is because the DC-1 development project is completed, and depreciation started from September 2019.

Operating expenses

Operating expenses increased by 47 percent to SEK 68.0 million (46.1) in the fourth quarter. Adjusted for a structural effect (acquisition) of 20 percent, operating expenses increased organically by 27 percent compared with the corresponding quarter in 2018.

In the 12-month period, operating expenses increased by 32 percent to SEK 210.2 million (159.3). Adjusted for a structural effect (acquisition) operating expenses increased by 26 percent.



Apart from the acquisition, initiatives to broaden the product portfolio and increase market presence contributed to the cost increase.

The Group continuously capitalizes expenditure on new development. Capitalized expenditure for development projects increased during the quarter by 16 percent to SEK 5.1 million (4.4). Total research and development costs, before capitalization, amounted to SEK 20.7 million (16.4).

Capitalized expenditure on development projects decreased for the twelve-month period to SEK 16.0 million (18.4). Total research and development expenditure, before activation, amounted to SEK 72.4 million (57.7). The main part of the capitalized expenditure is related to application development, but also clinical trials that form the basis of the DC-1 system's registration for sales in the USA and China.

EBITDA and EBITDA margin

EBITDA increased by 11 percent to SEK 41.5 million (37.3) in the fourth quarter, corresponding to an EBITDA margin of 27.7 percent (33.6). For the full year EBITDA increased to SEK 146.7 million (118.4), corresponding to an EBITDA margin of 31.8 percent (32.5).

A contributory reason for the earnings improvement is the acquisition of RAL on October 1. RAL contributed SEK 5.8 million to EBITDA. The acquisition also meant increased overhead expenses. Direct acquisition costs of SEK 4 million and non-recurrent costs for integration of SEK 1 million were expensed in the quarter. The industrialization of the new product DC-1 has also entailed higher costs for production and quality control.

Net financial income

The Group's interest-bearing liabilities in the form of bank loans amounted to SEK 131.4 million (0.0). Interest expense from bank loans amounted to SEK 0.4 million (0.0). Apart from interest expense from bank loans, net financial income is attributable to exchange rate gains/losses on intra-group transactions and interest on lease liabilities in accordance with IFRS 16.

Cash flow

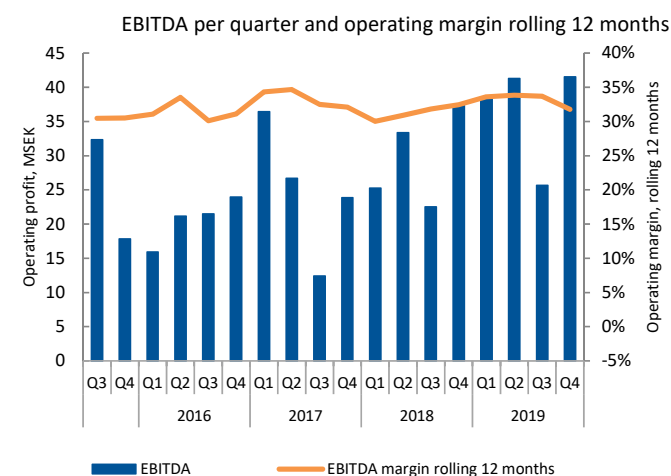
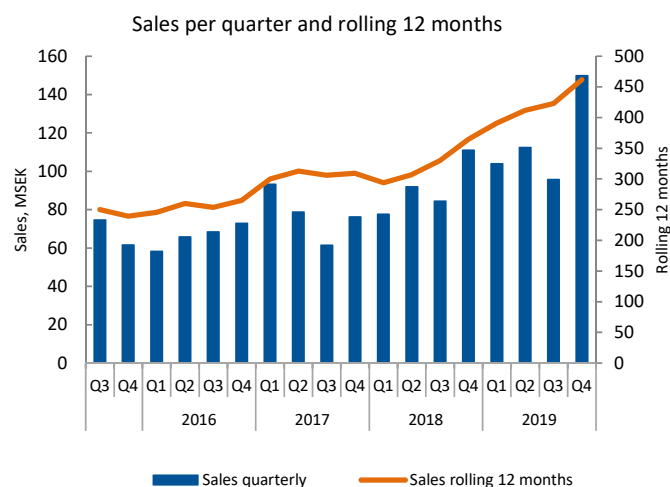
The Group's cash and cash equivalents at the close of the quarter amounted to SEK 102.3 million (169.1). The Group's total cash flow for the quarter was SEK -116.2 million (4.3). For the full year cash flow was SEK -67.3 million (14.4). The net cash flow from the acquisition of RAL Diagnostics on October 1 was SEK -247.6 million and was financed through a combination of CellaVision's

own liquid assets and bank loans of EUR 11.4 million arranged by Skandinaviska Enskilda Banken AB.

The Group's cash flow from operating activities for the quarter was SEK 24.0 million (12.8). The full year's cash flow from operating activities was SEK 125.0 million (74.1). The improvement compared to the previous year is mainly driven by stronger pre-tax earnings and favorable development of working capital.

Acquisition of RAL Diagnostics

During the quarter CellaVision completed the acquisition of RAL. RAL manufactures products for sample preparation in hematology, pathology, cytology and microbiology. In 2018 RAL had sales of about SEK 87 million and an EBITDA margin of about 15 percent. The cash purchase price for RAL is set at SEK 254.4 million on a cash and debt-free basis and is financed through a combination of CellaVision's own liquid assets and bank loans. RAL is located in Bordeaux, France, and has over 40 employees.



Development in geographical markets

Americas: SEK 65.6 million (57.6)

Sales in the Americas increased by 14 percent to SEK 65.6 million (57.6) compared with the same period in the previous year. The American market continues to report positive growth with increased penetration and an incipient 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 positive contribution in the quarter. Sales of the CellaVision® Advanced RBC Application developed well, and the CellaVision® Remote Review also made a contribution to sales in the quarter. Interest in the company's new analyzer for small and mid-size laboratories, the CellaVision® DC-1, is great in Canada and in Latin America and the quarter included a number of orders and deliveries.

In addition, CellaVision exhibited at the North East Lab Conference in Portland, Maine as well as implementing several training programs for the company's various distribution partners in both Latin America and North America during the quarter.

APAC: SEK 23.6 million (28.3)

Sales in APAC decreased by 16 percent to SEK 23.6 million (28.3) compared with the same very strong period in the previous year. China experienced a weaker quarter compared with the country's best quarter in the previous year. Sales will continue to fluctuate between regions and individual quarters. Japan reported a strong quarter and the remaining markets in the region have also had a favorable quarter. The effect of CellaVision's strategy with an organization for local market support is showing good results.

Interest in the company's new analyzer for small and mid-size laboratories, the DC-1, is great and a number of analyzers has been delivered in the region to the markets that accept CE marking.

Several morphology seminars were held in different parts of China during the quarter.

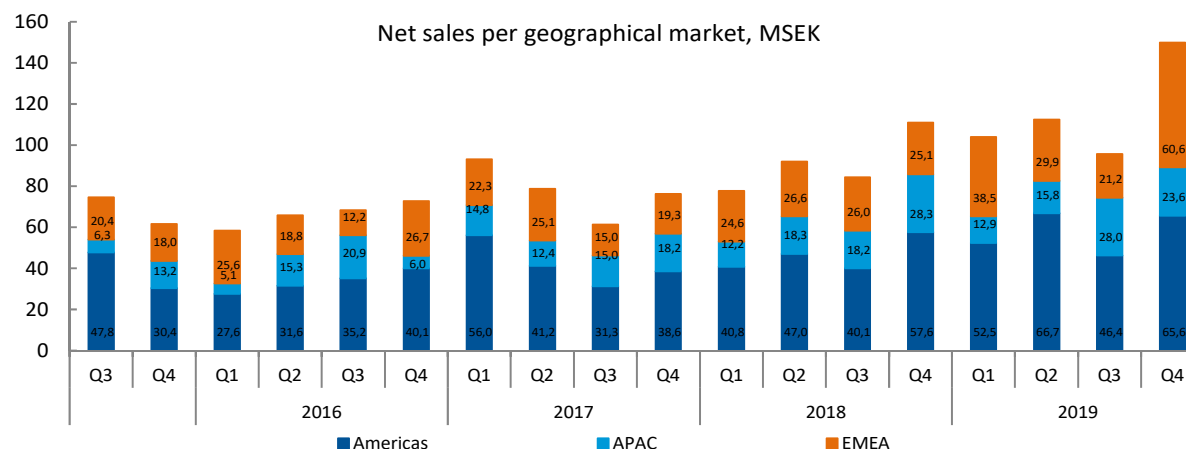
In Japan CellaVision was presented at the JSLM hematology congress in Okayama and the company's analyzers were exhibited by distribution partners at Hematocon in New Delhi, India.

EMEA: SEK 60.6 million (25.1)

Sales in EMEA increased by 141 percent to SEK 60.6 million (25.1), compared with the same period in the previous year. Sales include RAL, with its main sales in the EMEA region. Growth without including RAL was 45 percent. Sales fluctuate between regions and individual quarters. Interest in the company's solutions is great, with good potential for continued penetration. The company's consistent strategy of investing in local organizations for market support is effective. The company's latest markets in Italy and Iberia are fully operational.

Software sales were strong in the quarter. Interest in and sales of the DC-1 have got under way and most of the analyzers have been installed at end customers.

The annual global sales meeting was held this year in Bordeaux, where CellaVision's and RAL's commercial organizations gathered for four days of introduction, training, factory visits and strategic planning. RAL exhibited at Medica in Düsseldorf and the company's new sampling device SmearBox aroused great interest. CellaVision initiated an establishment of local market support in Russia during the quarter.



Other information

Research and development

CellaVision is conducting several development projects, to strengthen the offer to the company's customers. The work aims to both further develop CellaVision's hardware platforms and to produce new applications for both new and older analyzers.

During the quarter the development of a new version of CellaVision's software for the veterinary market entered its final phase and a release is planned for the first half of 2020. The new software will enable the veterinary application to be run on the CellaVision® DC-1 Vet (DC-1 Vet) and the Sysmex DI-60. A unique feature of the DC-1 Vet released with this software is the possibility to also classify avian blood, which is expected to open up new business opportunities. In addition, the software will include workflow improvements for all systems.

At the close of the period the combined patent portfolio contained 20 (22) patented inventions and 78 (62) registered patents. In connection with the acquisition of RAL, CellaVision's total patent portfolio was increased by five patent families comprising 23 patents.

For expenditure in the period and the year, please refer to page 3, operating expenses.

Personnel

The number of employees of the Group, restated as full-time equivalents, was 177 (117) at the close of the quarter. Of these, 107 were men (79) and 70 women (38). The number of employees has increased by 41, of which 19 men and 22 women, due to the acquisition of RAL Diagnostics.

Dividend

CellaVision proposes to the 2020 Annual General Meeting a dividend of SEK 1.50 per share (1.50). 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 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.

Review

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



The Nomination Committee and the Annual General Meeting in 2020

The Nomination Committee for the Annual General Meeting in 2020

In accordance with a resolution of the 2019 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 August 2019. 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 2020, the Nomination Committee consists of: Christer Fåhraeus, (appointed by Christer Fåhraeus with Companies) Nicklas Hansen (appointed by William Demant Invest A / S), Bo Lundgren (appointed by Swedbank Robur Funds) and Joel Eklund (appointed by Grenlunden CEVI AB)

Annual General Meeting 2020

CellaVision's Annual General Meeting in 2020 will be held in Lund at three o'clock CET, on April 23, 2020. 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

Annual Report 2019

CellaVision's Annual Report will be available on the company's web page by April 2, 2020

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, February 5, 2020

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	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	149,834	110,965	461,772	364,812
Cost of goods sold	-49,974	-29,010	-125,038	-93,946
Gross profit	99,859	81,955	336,734	270,866
Sales and marketing expenses	-31,275	-22,777	-102,348	-82,362
Administration expenses	-21,153	-11,370	-51,394	-37,644
R&D expenses	-15,606	-11,984	-56,417	-39,253
Operating profit	31,824	35,824	126,576	111,607
Interest income and financial exchange rate gains	4,190	755	5,989	2,010
Interest expense and financial exchange rate losses	-1,026	-600	-3,344	-1,520
Profit/loss before tax	34,988	35,980	129,220	112,097
Tax	-10,602	-6,432	-30,048	-23,408
Profit/loss for the period	24,385	29,548	99,172	88,688
Other comprehensive income:				
Components not to be reclassified to net profit:				
Effect on revaluation of pensions	-511	0	-511	0
Tax effect on revaluation of pensions	143	0	143	0
Sum of Components not to be reclassified to net profit:	-368	0	-368	0
Components to be reclassified to net profit:				
<i>a) Financial assets at fair value</i>				
Reclassified to operating result	1,272	43	4,546	-374
Revaluation of financial assets	5,720	2,477	-2,825	-4,947
Income tax relating to financial assets	-1,496	-588	-368	1,137
<i>b) Translation difference</i>				
Translation difference in the group	-8,097	56	-6,382	797
Sum of Components to be reclassified to net profit:	-2,601	1,988	-5,029	-3,387
Sum of other comprehensive income:	-2,969	1,988	-5,397	-3,387
Comprehensive result for the period	21,416	31,536	93,775	85,302

Per share data

Per share data	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Earnings per share, before and after dilution, SEK */	1.02	1.24	4.16	3.72
Equity per share, SEK	14.61	12.17	14.61	12.17
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	319.50	191.50	319.50	191.50
Dividend per share	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 amount in '000 SEK	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Net sales	149,834	95,599	112,448	103,891	110,965	84,337
Gross profit	99,859	72,754	87,095	77,026	81,955	62,207
Gross margin in %	66.6	76.1	77.5	74.1	73.9	73.8
Expenses	-68,035	-50,885	-49,158	-42,081	-46,131	-41,182
Operating profit	31,824	21,870	37,937	34,945	35,824	21,024
Net profit	24,385	17,171	30,279	27,337	29,548	16,800
Cash flow	-116,215	27,734	-23,845	45,001	4,287	22,223

Consolidated Balance Sheet in Summary

All amount in ' 000 SEK	12/31/2019	12/31/2018
Assets		
Intangible assets	299,668	67,818
Tangible assets	54,494	6,815
Deferred tax assets	0	0
Financial assets	22,295	3,579
Inventory	54,808	34,454
Trade receivables	88,922	75,813
Other receivables	19,208	15,246
Cash and bank	102,312	169,057
Total assets	641,709	372,782
Equity and liabilities		
Equity	348,373	290,375
Deferred tax liability	38,539	8,059
Other provisions	6,007	2,458
Long-term debt, interest-bearing	122,927	0
Short-term debt, interest-bearing	37,137	0
Short term debt	65,108	43,385
Trade payables	21,716	26,753
Warranty provisions	1,903	1,752
Total equity and liabilities	641,709	372,782

Consolidated statement of changes in equity

All amount in ' 000 SEK	12/31/2019	12/31/2018
Balance at the beginning of the year	290,375	240,851
Dividend	-35,777	-35,777
Net profit for the year	99,172	88,688
Comprehensive result for the period	-5,397	-3,387
Balance at the end of the year	348,373	290,375

Cash Flow Analysis in Summary

All amount in ' 000 SEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Result before taxes	34,988	35,980	129,220	112,097
Adjustment for items not included in cash flow	10,623	2,439	25,839	14,499
Taxes	-9,709	778	-28,063	-16,075
Cash flow from operations before changes in working capital	35,902	39,197	126,997	110,521
Changes in working capital	-11,914	-26,442	-2,037	-36,452
Cash flow from operations	23,988	12,755	124,960	74,069
Acquisitions	-247,575	0	-247,575	0
Capitalization of development costs	-5,118	-4,347	-16,012	-18,419
Acquisitions in intangible non-current assets	0	-900	0	-900
Acquisitions in financial non-current assets	-7	-380	-40	-962
Acquisitions in tangible non-current assets	-1,682	-2,841	-2,672	-3,576
Cash flow from investment activities	-254,382	-8,468	-266,299	-23,857
Acquired loans	123,413	0	123,413	0
Amortization of loans	-6,963	0	-6,963	0
Amortization of leasing debts	-2,272	0	-6,661	0
Dividend	0	0	-35,777	-35,777
Cash flow from financing activities	114,178	0	74,012	-35,777
Total cash flow	-116,215	4,287	-67,326	14,434
Liquid funds at beginning of period	218,185	164,422	169,057	154,546
Exchange rate fluctuations in liquid funds	342	349	581	77
Liquid funds at end of period	102,312	169,057	102,312	169,057

Disclosures regarding interest expense:

Interest expenses amount to SEK 1,312 thousand whereof SEK 844 thousand is attributable to leasing in accordance with IFRS 16

Income Statement - Parent Company

All amount in ' 000 SEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	126,495	108,929	433,854	358,349
Cost of goods sold	-41,624	-40,851	-137,880	-118,335
Gross profit	84,871	68,078	295,973	240,014
Sales and marketing expenses	-18,608	-15,929	-67,749	-55,552
Administration expenses	-13,048	-11,299	-43,129	-37,573
R&D expenses	-20,032	-16,398	-71,737	-57,672
Operating profit	33,183	24,451	113,359	89,217
Interest income and financial exchange gains	4,161	745	5,861	1,991
Interest expense and financial exchange losses	-1,088	-584	-2,652	-1,485
Profit before income tax	36,256	24,611	116,568	89,722
Taxes	-9,342	-5,114	-26,529	-19,439
Net profit	26,914	19,497	90,038	70,284

Statement of Comprehensive Income

Net profit for the period	26,914	19,497	90,038	70,284
Other comprehensive income	0	0	0	0
Sum of other comprehensive income	0	0	0	0
Comprehensive profit for the period	26,914	19,497	90,038	70,284

Balance Sheet - Parent Company

All amount in ' 000 SEK	12/31/2019	12/31/2018
Assets		
Intangible assets	7,806	11,189
Tangible assets	6,034	6,310
Deferred tax assets	3,678	2,844
Financial assets	261,567	3,582
Inventory	27,746	28,848
Trade receivables	64,804	70,676
Receivables from group companies	6,320	5,067
Other receivables	17,835	12,960
Cash and bank	75,214	160,664
Total assets	471,003	302,140
Equity and liabilities		
Equity	280,516	226,255
Other provisions	2,538	2,458
Long-term debt, interest-bearing	89,207	0
Short-term debt, interest-bearing	23,789	0
Short term debt	37,580	32,386
Trade payables	14,886	26,161
Liabilities to group companies	20,585	13,129
Warranty provisions	1,903	1,752
Total equity and liabilities	471,003	302,140

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. Accounting policy for IFRS 16 will be communicated in the Annual report for 2019.

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 marginally 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	Oct-Dec 2019			Oct-Dec 2018		
	Instruments	Reagents	Other	Instruments	Reagents	Other
Americas	46,909	703	17,975	38,630	0	18,940
APAC	23,355	280	14	26,518	0	1,774
EMEA	28,234	21,346	11,018	18,110	0	6,993
Total	98,498	22,329	29,007	83,258	0	27,707

All amount in ' 000 SEK	Jan-Dec 2019			Jan-Dec 2018		
	Instruments	Reagents	Other	Instruments	Reagents	Other
Americas	152,411	723	78,020	123,410	0	62,102
APAC	74,650	287	5,386	70,473	0	6,579
EMEA	94,260	21,146	34,890	75,680	0	26,569
Total	321,320	22,156	118,296	269,563	0	95,250

NOTE 4. FINANCIAL INSTRUMENTS

All amount in ' 000 SEK	Jan-Dec 2019		Jan-Dec 2018	
	Reported value	Fair value	Reported value	Fair value
Financial assets				
Derivative assets	329	329	1,105	1,105
Financial liabilities				
Derivative liabilities	-4,159	-4,159	-6,656	-6,656

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. ACQUISITIONS

Acquisition of subsidiaries

On October 1, 2019, CellaVision AB acquired 100% of the share capital in RAL Diagnostics (RAL) for SEK 254.4 million (EUR 23.7 million), on cash-debt free basis. RAL is a French company, located just outside of Bordeaux with 45 employees. The company manufactures sample preparation products in hematology, pathology, cytology and microbiology. The acquisition of RAL is a step in the Group's strategic direction to be a leader in global digitalization and automation of blood analyses for both the human and veterinary segments. Combining CellaVision's and RAL's core technologies enables improved diagnostics outcome. The combination of CellaVision's and RAL's technologies improve quality in areas such as image quality, cell classification and lab workflow. The acquisition is financed through a combination of CellaVision's own cash and cash equivalents and a bank loan arranged by Skandinaviska Enskilda Banken of EUR 11.4 million.

As of the reporting date, the accounting for the acquisition has only been provisionally determined since the valuation of some assets has not yet been completed.

The fair value of acquired receivables (which mainly consist of trade receivables or other receivables) amounts to SEK 36.2 million. Contractual gross amount amounts to the same amount as there is no risk of loss assessed.

Goodwill arose from the acquisition of RAL Diagnostics because the acquisition value for the company included a control premium. The transferred compensation also included amounts attributable to the benefits of expected synergies, revenue growth, development of future markets and the overall workforce of the companies. The acquisition of RAL Diagnostics also improves the quality of sample preparation, which can create added value for customers who buy CellaVision's existing instruments. These benefits have not been reported separately from goodwill as they do not meet the criteria for accounting for identifiable intangible assets.

No part of the goodwill that arose in connection with the acquisition is expected to be tax deductible.

All amount in ' 000 SEK	RAL Diagnostics
Net cash flow at acquisition	
Cash paid compensation	254,359
Acquired cash and cash equivalents	-6,784
Net cash flow	247,575

The acquisition's impact on the Group's earnings

Of the Group's revenue, 25,350 kSEK is attributable to RAL Diagnostics. RAL Diagnostics has contributed 5,765 kSEK to the Group's EBITDA. If the acquisition had taken place on January 1, 2019, the Group's revenues would have amounted to 531,708 kSEK and the Group's EBITDA to 151,496 kSEK.

All amount in ' 000 SEK	RAL Diagnostics
Compensation transferred	
Cash and cash equivalents	254,359
Total transferred compensation	254,359

Acquisition-related expenses amount to SEK 3.6 million during the fourth quarter and are reported as administration expenses in the consolidated income statement.

All amount in ' 000 SEK	RAL Diagnostics
Reported amounts per date of acquisition for net assets acquired	
Non-current assets	
Trademark	26,105
Customer relationships	58,070
Technology	30,484
Tangible assets	25,844
Financial assets	19,214
Current assets	
Inventories	20,746
Trade receivables	21,206
Other receivables	15,009
Prepayments and accrued income	1,011
Cash and cash equivalents	6,784
Non-current liabilities	
Interest-bearing non-current liabilities	18,785
Other non-current liabilities	515
Deferred tax liability	29,095
Other provisions	3,036
Current liabilities	
Interest-bearing current liabilities	21,643
Trade payables	10,156
Other current liabilities	3,017
Accrued expenses and deferred income	2,302
Identifiable assets and liabilities, net	135,924
Tranferred compensation	254,359
Goodwill	118,435

NOTE 6. TANGIBLE FIXED ASSETS

All amount in ' 000 SEK	Jan-Dec 2019	Jan-Dec 2018
Right of use assets		
Inventories	2,658	0
Land and buildings	26,867	0
Total right of use assets	29,525	0
Tangible fixed assets that are not right of use assets		
Inventories	10,545	6,815
Land and buildings	14,424	0
Total tangible fixed assets that are not right of use assets	24,969	6,815
Total tangible fixed assets	54,494	6,815

The tangible fixed assets amounted to 54.5 MSEK 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 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit/loss for the period	24,385	29,548	99,172	88,688
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547
Net earnings per share	1.02	1.24	4.16	3.72

Equity per share

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Equity	348,373	290,375	348,373	290,375
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547
Equity per share	14.61	12.17	14.61	12.17

Equity-asset ratio

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Equity	348,373	290,375	348,373	290,375
Balance sheet total	641,709	372,782	641,709	372,782
Equity ratio	54.3%	77.9%	54.3%	77.9%

Gross margin

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	149,834	110,965	461,772	364,812
Gross profit	99,859	81,955	336,734	270,866
Gross margin	66.6%	73.9%	72.9%	74.2%

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

Operating margin

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Net sales	149,834	110,965	461,772	364,812
Operating profit	31,824	35,824	126,576	111,607
Operating margin	21.2%	32.3%	27.4%	30.6%

EBITDA

KSEK	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Operating profit	31,824	35,824	126,576	111,607
Depreciation	9,686	1,485	20,155	6,807
EBITDA	41,510	37,309	146,731	118,414

Net sales

KSEK	Oct-Dec 2019 (%)	Oct-Dec 2019 MSEK	Oct-Dec 2018 (%)	Oct-Dec 2018 MSEK
Last period		110,965		76,130
Organic growth	7%	7,852	44%	33,117
Currency effect	5%	5,666	2%	1,718
Structural growth	23%	25,350	0%	0
Current period	35%	149,834	46%	110,965

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

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.

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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-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

CellaVision in the world

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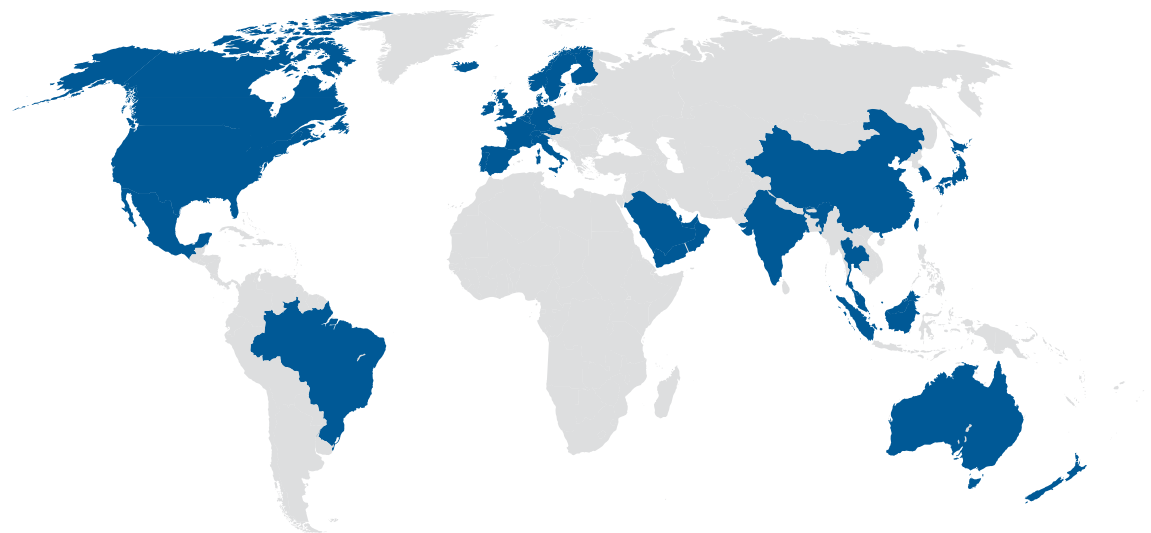
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With the 17 organizations for local market support CellaVision has direct presence more than 40 countries.