

Good profitability despite negative COVID-19-effect

Organic sales growth:

Q2, 2020: -15% (+18)

EBITDA margin:

Q2, 2020: 31% (37)

(MSEK)	Apr-Jun		Jan-Jun		Jan-Dec
	2020	2019	2020	2019	2019
Net sales	118,0	112,4	252,5	216,3	461,8
Gross profit	77,9	87,1	170,2	164,1	336,7
EBITDA	36,2	41,3	77,4	79,6	146,7
EBITDA margin, %	31	37	31	37	32
Profit/loss before tax	34,4	37,9	59,8	72,8	129,2
Total cash flow	18,1	-23,8	12,9	21,2	-67,3
Equity ratio, %	60	74	60	74	54

"The development of the ongoing pandemic is difficult to predict. The negative effects of the pandemic in Americas is currently our biggest challenge. We initiated measures on the cost side early on to secure CellaVision's opportunities to accelerate as soon as the world situation normalizes."

Zlatko Rihter, CEO

1 April -30 June 2020

- Net sales increased by 5% to SEK 118.0 million (112.4).
- Sales decreased organically by 15% (+18).
- EBITDA amounted to SEK 36.2 million (41.3).
- EBITDA margin amounted to 31% (37).
- Profit before tax amounted to SEK 34.4 million (37.9).
- Earnings per share before and after dilution were SEK 1.14 (1.27).
- Cash flow from operating activities amounted to SEK 34.1 million (17.3).

1 January-30 June 2020

- Net sales increased by 17% to SEK 252.5 million (216.3).
- Sales decreased organically by 8% (+24).
- EBITDA amounted to SEK 77.4 million (79,6).
- EBITDA margin amounted to 31% (37).
- Profit before tax amounted to SEK 59.8 million (72.8).
- Earnings per share before and after dilution were SEK 1.99 (2.42).
- Cash flow from operating activities amounted to SEK 49.5 million (68.4).

Significant events related to COVID-19

- The company expects the COVID-19 pandemic to have a significant negative impact on CellaVision's sales and earnings for a number of months to come.
- The Annual General Meeting resolved that no dividend for the 2019 financial year be paid.
- Several measures on the cost side were implemented resulting in good profitability despite negative organic growth in the quarter.

CEO comment's



Sales in the second quarter of 2020 amounted to SEK 118.0 million (112.4), corresponding to negative organic growth of 15 percent (+18). Including sales of RAL Diagnostics (RAL) products, growth amounted to five percent. Sales varied considerably between our different regions. EMEA grew by seven percent excluding sales of RAL's products, including RAL, which has about 90 per cent of its sales in EMEA, growth amounted to 89 percent. Americas had a weak development in the wake of the COVID-19 pandemic with negative growth of 57 percent. APAC's development was the reverse with growth of 106 percent. Currency effects were negative by three percent in the quarter.

CellaVision responded early to the COVID-19 pandemic and implemented a series of cost-related measures that had a major impact in the quarter. The Annual General Meeting followed the Board's proposal and decided that no dividend should be paid for 2019, which secured liquidity in the company. The impact on the Group's total cash flow for the quarter was strong and increased to SEK 18.1 million (-23.8).

Furthermore, we have prioritized our efforts and thus managed to maintain good profitability in the quarter despite negative organic growth. EBITDA amounted to SEK 36.2 million (41.3) in the quarter, corresponding to an EBITDA margin of 31 percent (37). The EBITDA margin is slightly lower than before, but given the current situation, we are satisfied with the outcome and our ability to quickly reposition the business to meet current challenges. With the measures taken we are well equipped for the future and can accelerate when the situation in the world normalizes.

Effects of the COVID-19 pandemic

Our end-customers in the Americas and EMEA were heavily affected by the extensive lockdowns in the quarter, and very few installations have been carried out in the USA and France in the last three months. In countries such as China and Korea, which were hit early by restrictions due to the COVID-19 pandemic, the situation has improved during the quarter and the markets are now on the path to a more normalized situation.

CellaVision has not implemented any short-time work or laid off any staff due to the COVID-19 pandemic, but as part of the cost-cutting measures, we have postponed planned recruitments.

Market development

Americas was heavily affected by the COVID-19 pandemic in the second quarter of the year with a growth amounting to negative 57 percent. Americas is normally CellaVision's largest region, but during the second quarter of the year, Americas was the region with the lowest sales. Sales amounted to SEK 28.8 million (66.7). The lockdown in the region has resulted in limited possibilities to install, which also affected our distribution partners. The focus for CellaVision has instead been on conducting training and marketing through digital channels, which has increased significantly. We have developed a new methodology to reach our customers in the wake of the pandemic that we will benefit from in the future.

EMEA grew with seven percent excluding structural effect from the acquisition of RAL. Including sales of RAL's reagents, growth amounted to 89 percent. Although the possibility of installations was clearly limited due to the COVID-19 pandemic, sales of large systems were relatively good. Just like in North America we have become a standard in large parts of Western Europe, meaning that when a laboratory replaces its instruments and systems, CellaVision's solutions are included in the installation. This means that we will see a normalization of sales as soon as hematology installations can be resumed. CellaVision DC-1 has been launched in most European markets, but the restrictions caused by the pandemic have meant that many smaller laboratories have been closed, which has significantly delayed the commercialization process.

APAC had a strong quarter with sales of SEK 32.6 million (15.8), corresponding to an increase of 106 percent. The COVID-19 situation in APAC is more mixed than in other regions.

China performed well in the quarter, in Korea we see a more normalized situation, while other countries such as Japan, Australia and India have been completely closed down during parts of the second quarter.

RAL/Reagents

The acquisition of RAL was formally completed on October 1, 2019 and RAL has since been part of CellaVision. Sales of reagents developed well during the quarter and contributed to sales growth, primarily in EMEA. We continue to launch reagents in new markets while advancing the important work of optimizing the so-called staining protocols. The acquisition has implied that CellaVision now has a wider product range and a larger market. Reagents become an integral part of the customer offering and complement previous capital goods with consumables. We work intensively to expand sample preparation products in hematology to new markets through CellaVision's comprehensive organization for local market support. In the long term, we also expect the acquisition of RAL to enable us to expand to adjacent analysis areas outside hematology.

Geographic expansion

During the quarter we became operational in Russia. Overall, CellaVision now has 18 local organizations that offer market

support in more than 40 countries. We will wait for further establishments until the COVID-19 pandemic has subsided.

In addition, a global agreement was established during the quarter for CellaVision's instruments for the veterinary market as well as a global agreement for reagents with one of our distribution partners.

Innovation

CellaVision DC-1 has now entered full-scale series production after a step-by-step ramping up of production in 2019. As an effect of the ongoing pandemic, demand for CellaVision DC-1 has been limited during the second quarter of the year.

During the first quarter of the year, we submitted our application to the FDA (510k) for market clearance in the US for CellaVision DC-1 and preparations for the launch in 2021 are in full swing. The process of market approval in China for CellaVision DC-1, initiated in the first quarter of the year, is also proceeding according to plan.

The new software for the veterinary market was completed and released to the market during the quarter. The software makes it possible to run the veterinary application on CellaVision DC-1 Vet and Sysmex DI-60. A unique function for

CellaVision DC-1 Vet included in the software, is the ability to also classify avian blood. This feature is expected to open up new business opportunities. In addition, the software will also contain workflow improvements for all systems.

Our long-term strategy remains

Geographic expansion and innovation are CellaVision's core areas and we continue to increase investment to secure our future position in our market segment and maintain strong growth as soon as the effects of COVID-19 subside and the world returns to a more normalized state.

In May, I informed the Board of Directors that I wish to leave CellaVision. The recruitment process to find my successor is initiated and I will continue in my current role during the notice period and leave on November 28, 2020 at the latest. The decision to leave CellaVision was difficult on many levels. CellaVision is a fantastic company, in a very strong momentum, with a strong international marketing organization, a gradually expanded development organization and an experienced and skilled management team.

Zlatko Rihter,
President and CEO

Effects of the COVID-19 pandemic

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

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

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

Sales. The ongoing COVID-19 pandemic had a significant impact on CellaVision's sales during the second quarter of the year. Sales decreased in Americas by 57 percent due to several countries being locked down for major parts of quarter. In EMEA several countries also carried out significant shutdowns of society. CellaVision grew, excluding structural effects, by seven percent in EMEA, but despite the positive development, the company estimates that the current pandemic had a significant negative impact on sales in this region. In APAC, which grew excluding structural effects of 103 percent in the quarter, there were large differences between individual countries. China had a very strong quarter, and in Korea the situation normalized during the quarter, while other countries such as India and Australia were closed down for major parts of the quarter. Reagent sales were also negatively affected, but to a far lesser extent than system sales.

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

Profitability. CellaVision continued to have good profitability in the quarter. The EBITDA margin was 31 percent (37) after taking a number of measures on the cost side early.

Expected future effects

It is currently difficult to assess the continuing effects of the current pandemic. Several countries have begun to open up, but it is still difficult to predict with any great certainty how the pandemic will develop. However, the company expects the COVID-19 pandemic to have a significant negative impact on the company's sales and earnings for a number of months to come.

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

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

Measures to nurture the company's cash flow and liquidity

CellaVision has an efficient, scalable indirect business model with distribution and manufacturing partners, which means that the company's fixed costs for sales and production are limited. Due to the uncertain long-term effects of the COVID-19 pandemic, and how far-reaching the economic impact will be, CellaVision has decided to put extra focus on nurturing the company's cash flow and liquidity. CellaVision has therefore implemented several carefully balanced activities to reduce costs, expenses and payments, including withdrawing the original proposal for dividend and instead proposing that no dividend be paid for 2019. A proposal the Annual General Meeting decided in accordance with on June 16.

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 homework and digital meetings.

The outlook for the remaining two quarters of the year is extremely difficult to assess. The company sees no significant challenges in terms of supply chain or production.

Sales, earnings and investments

Sales and exchange rate effects

Net sales for the Group increased by five percent to SEK 118.0 million (112.4) in the second 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 or US dollars, which means that exchange rate fluctuations have an impact on the company's sales and earnings. In addition, RAL was acquired on October 1, 2019, which has a positive structural effect on sales. Adjusted for negative currency effects of three percent and a structural effect (acquisition) of 23 percent, sales organically decreased by 15 percent compared to the corresponding quarter of 2019.

Gross profit and gross margin

Gross profit decreased by 11 percent to SEK 77.9 million (87.1) in the second quarter, corresponding to a gross margin of 66 percent (78).

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

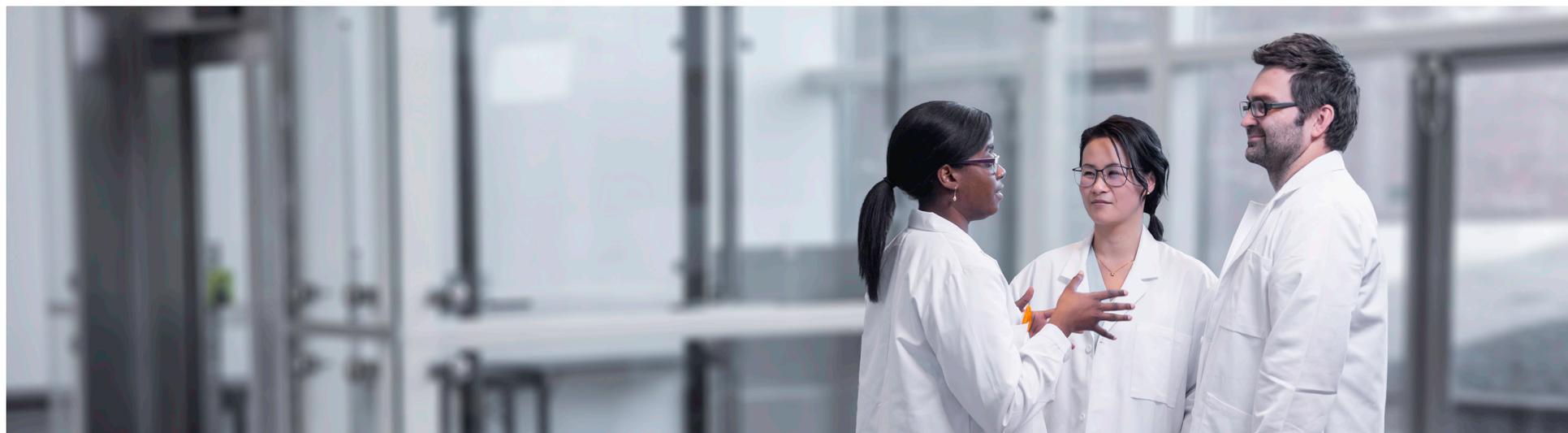
Through the acquisition of RAL, the product group Reagents was added. About 90 percent of RAL's sales consist of reagents. The gross margin on RAL's sales amounted to 45 percent in the second quarter, which is lower than CellaVision's average.

Depreciation on capitalized development expenses is recognized as cost of goods. Depreciation of capitalized development expenses increased to SEK 2.7 million (1.1) for the second quarter.

The increase is due to the completion of the CellaVision® DC-1 development project and the start of depreciation from September 2019 and the addition of RAL. Amortization of surplus values for the RAL acquisition reported as cost of sold items amounted to SEK 0.7 million (0).

Operating expenses

Operating expenses increased by one percent to SEK 49.6 million (49.2) during the second quarter. Adjusted for a structural effect (acquisitions) of 17 percent, operating expenses decreased organically by 16 percent compared with the corresponding quarter in 2019. The organic cost reduction is mainly the result of temporary cost reductions due to the COVID-19 pandemic and in addition the proportion of capitalized development expenses has increased compared to corresponding period last year. Maintained focus on priority projects and good cost control during the pandemic means that the company is well equipped in the future and can accelerate quickly when the world situation normalizes.



The Group continuously capitalizes expenses for product development. Capitalized expenses relating to development projects increased during the quarter by 74 percent to SEK 6.6 million (3.8). The total research and development costs, before capitalization, amounted to SEK 19.5 million (17.6). The majority of the capitalized expenses are related to application development but also clinical trials that will form the basis for registration of CellaVision DG-1 in the USA and China.

EBITDA and EBITDA margin

EBITDA decreased by 12 percent to SEK 36.2 million (41.3) during the second quarter, corresponding to an EBITDA margin of 31 percent (37).

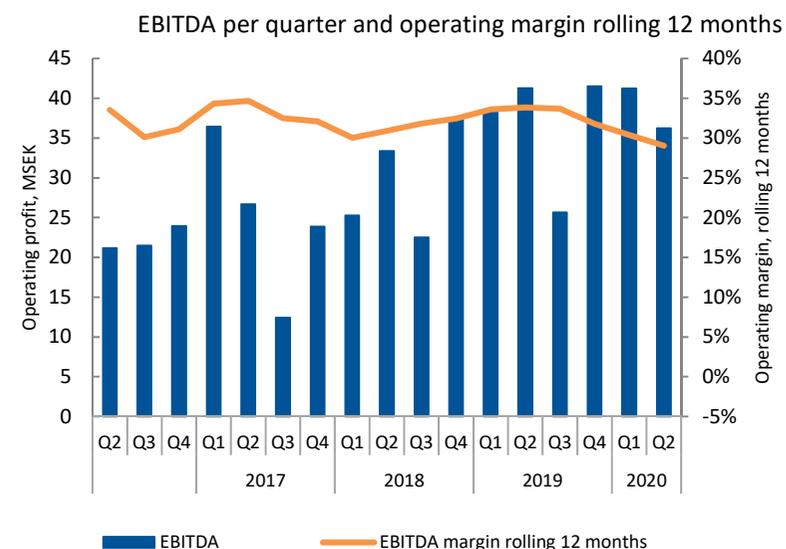
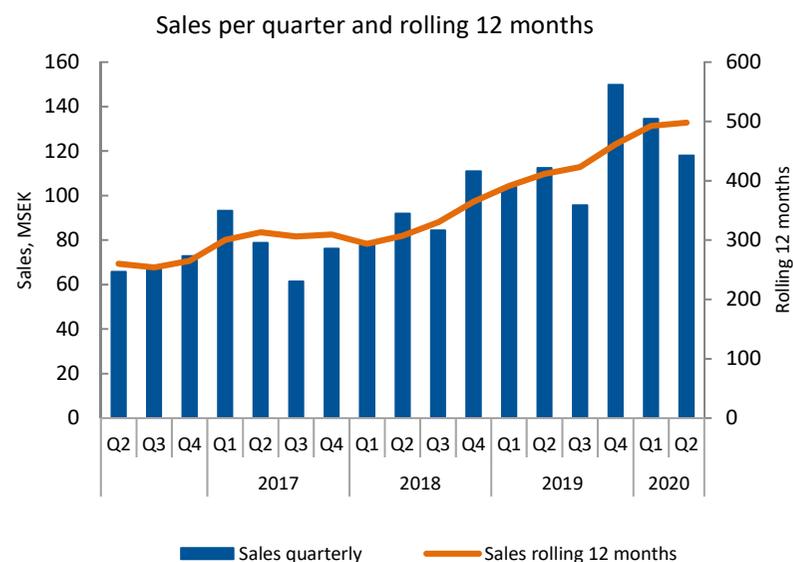
Net financial income

The Group's interest-bearing liabilities in the form of bank loans amounted to 130.0 MSEK (0.0). Interest expenses from bank loans amounted to SEK 0.3 million (0.0). In addition to interest expenses from bank loans, net financial items are attributable to foreign exchange gain/losses on acquisition loans raised in Euro and intra-group transactions 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 115.5 million (190.2). The Group's total cash flow for the quarter increased to SEK 18.1 million (-23.8). The improvement compared to the previous year is mainly explained by the company not paying dividend for the financial year 2019, and a positive effect from working capital. The dividend for the financial year 2019 was eliminated as a measure to meet the effects of COVID-19.

The Group's cash flow from operating activities for the quarter amounted to SEK 34.1 million (17.3). The change from the previous year is mainly explained by the fact that accounts receivable were high in the corresponding period last year.



Development in geographical markets

Americas: 28.8 MSEK (66.7)

Sales decreased in Americas by 57 percent to SEK 28.8 million (66.7) compared to last year's strong quarter. The region faced complete lock down for most of the quarter, eliminating system installations which also affected the company's distribution partners. Only service has been carried out on CellaVision's instruments during the period. Since digital morphology is standard in North America, a normalization of sales is expected as soon as hematology installations resume. In response to the COVID-19 pandemic, the company's meetings and trade fairs were cancelled and instead the company has developed new ways of conducting presentations and training digitally. As a result, the company intensified operations with both distribution partners and end customers in the quarter. Several activities to prepare for the launch of RAL Diagnostics (RAL) in Americas were completed during the quarter.

During the quarter, a number of questions were received and answered regarding the application for market clearance (510k) from the FDA in the USA for CellaVision DC-1. Preparations for the launch in 2021, which follows a market clearance, are in full swing.

APAC: 32.6 MSEK (15.8)

Sales increased in APAC by 106 percent to SEK 32.6 million (15.8) compared with the relatively weak quarter of the previous year. CellaVision primarily sells installation products and sales fluctuate between quarters and regions. China performed well in the quarter and contributed most to sales growth in the region where sales continued to develop. The registration process with the Chinese authorities, NMPA, for CellaVision DC-1 in order to make the product commercially available progressed according to plan. CellaVision's market support staff in China were able to resume travel to visit distribution partners and end-customers during the quarter. The same applies to South Korea and a couple of other countries in APAC. However, India remains closed.

Intensive work with several presentations and training has been conducted digitally throughout the quarter, resulting in a new way of working. The preparation for the launch of RAL's reagents continued in the markets where the company has its own organization for local market support.

EMEA: 56.6 MSEK (29.9)

EMEA's net sales increased by 89 percent to SEK 56.6 million (29.9), excluding structural effects, EMEA grew by seven percent. The large systems have had good sales in the quarter, despite the fact that the possibility of installations has been clearly limited due to the COVID-19 pandemic. CellaVision DC-1 also contributed to sales in EMEA during the quarter.

All events, fairs and customer meetings were cancelled in the quarter due to the COVID-19 pandemic. In principle, the entire EMEA has been in a state of lock down without the possibility to travel and conduct physical meetings for training or promotion. Like other regions, EMEA's staff for market support have rearranged and conducted a number of trainings and presentations digitally. Opportunities for regional travels in a number of countries in Europe opened up by the end of the quarter.

The company's staff for market support are now fully trained on RAL's products and plan for continued penetration and development in the region of reagents to laboratories as soon as physical meetings are possible.



Other information

Research and development

CellaVision conducts a number of development projects to strengthen the offer to the company's customers. The work aims both to further develop CellaVision's hardware platforms and to develop new applications for both new and older instruments. For the period and year's expenses see page 5, operating expenses.

CellaVision's new software for the veterinary market was completed during the quarter and the product has been released to the market. The new software will allow the veterinary application to run on CellaVision DC-1 Vet and Sysmex DI-60. A unique feature for CellaVision DC-1 Vet released with this software is the ability to classify avian blood, which is expected to open up new business opportunities. In addition, the software will contain workflow improvements for all systems.

During the quarter CellaVision was granted a Swedish patent for a new invention. The patent describes a method for inserting global information into neural networks, thereby increasing classification accuracy. Furthermore, a previously patented invention for color adjustment of images has been granted to patents in Germany, France and the United Kingdom. At the end of the period, CellaVision's patent portfolio contained 21 patent inventions and 82 registered patents.

Personnel

The number of employees in the Group, converted to full-time positions, was 182 (129) at the end of the quarter. Out of the employees there were 110 men (85) and 72 women (44).

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 risk analysis and Notes 2 and 5 of the 2019 Annual Report.

New tax rates

The corporate tax rate will be reduced to 20.6 per cent from the beginning of the financial year beginning January 1, 2021.

The Company has assessed when temporary differences will be reversed and the effect on deferred tax liability and deferred tax asset. The company applies 20.6 percent to the temporary differences reversed or exercised from 2021.

Review

The interim report has not been audited by the company's auditors.



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, 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

Jürgen Riedl
Member of the Board

Stefan Wolf
Member of the Board

Mikael Worning
Member of the Board

Zlatko Rihter
President/CEO

Markus Jonasson Kritsoffersson
Member of the Board
Employee representative

Gunnar B. Hansen
Member of the Board
Employee representative

Consolidated Income Statement in Summary

All amounts in ' 000 SEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	118 046	112 448	252 476	216 339	461 772
Cost of goods sold	-40 176	-25 354	-82 296	-52 219	-125 038
Gross profit	77 870	87 095	170 180	164 121	336 734
Sales and marketing expenses	-24 694	-25 002	-53 516	-46 685	-102 348
Administration expenses	-11 957	-10 334	-27 120	-19 568	-51 394
R&D expenses	-12 940	-13 821	-27 752	-24 986	-56 417
Operating profit	28 279	37 937	61 792	72 882	126 576
Interest income and financial exchange rate gains	7 157	712	7 779	1 234	5 989
Interest expense and financial exchange rate losses	-1 086	-704	-9 729	-1 361	-3 344
Profit/loss before tax	34 351	37 944	59 842	72 755	129 220
Tax	-7 099	-7 665	-12 314	-15 139	-30 048
Profit/loss for the period	27 252	30 279	47 529	57 616	99 172
Other comprehensive income:					
Components not to be reclassified to net profit:					
Effect on revaluation of pensions	200	0	-16	0	-511
Tax effect on revaluation of pensions	-56	0	4	0	143
Sum of Components not to be reclassified to net profit:	144	0	-11	0	-368
Components to be reclassified to net profit:					
<i>a) Financial assets at fair value</i>					
Reclassified to operating result	1 007	524	2 854	1 890	4 546
Revaluation of financial assets	4 679	-695	-289	-5 654	-2 825
Income tax relating to financial assets	-1 215	37	-549	806	-368
<i>b) Translation difference</i>					
Translation difference in the group	-16 056	39	800	672	-6 382
Sum of Components to be reclassified to net profit:	-11 586	-95	2 815	-2 287	-5 029
Sum of other comprehensive income:	-11 442	-95	2 804	-2 287	-5 397
Comprehensive result for the period	15 810	30 183	50 333	55 328	93 775

Per share data

Per share data	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Earnings per share, before and after dilution, SEK */	1,14	1,27	1,99	2,42	4,16
Equity per share, SEK	16,72	12,99	16,72	12,99	14,61
Number of shares outstanding	23 851 547	23 851 547	23 851 547	23 851 547	23 851 547
Average number of shares outstanding	23 851 547	23 851 547	23 851 547	23 851 547	23 851 547
Stock exchange rate, SEK	281,00	318,50	281,00	318,50	319,50
Dividend per share	0,00	1,50	0,00	1,50	1,50

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

Quarterly earnings trend

All amounts in ' 000 SEK	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net sales	118 046	134 430	149 834	95 599	112 448	103 891
Gross profit	77 870	92 310	99 859	72 754	87 095	77 026
Gross margin in %	66	69	67	76	78	74
Expenses	-49 591	-58 797	-68 035	-50 885	-49 158	-42 081
EBITDA	36 221	41 221	41 510	25 642	41 291	38 288
Net profit	27 252	20 277	24 385	17 171	30 279	27 337
Cash flow	18 097	-5 209	-116 215	27 734	-23 845	45 001

Consolidated Balance Sheet in Summary

All amounts in ' 000 SEK	06/30/2020	06/30/2019	03/31/2020	12/31/2019
Assets				
Intangible assets	304 475	73 500	315 959	299 668
Tangible assets	51 668	34 410	54 307	54 494
Deferred tax assets	0	0	0	0
Financial assets	22 434	3 600	23 649	22 295
Inventory	69 825	35 000	66 585	54 808
Trade receivables	65 456	66 782	80 129	88 922
Other receivables	35 510	14 304	37 657	19 208
Cash and bank	115 492	190 196	99 305	102 312
Total assets	664 860	417 792	677 591	641 709
Equity and liabilities				
Equity	398 706	309 926	382 896	348 373
Deferred tax liability	41 242	9 012	40 892	38 539
Other provisions	5 353	2 458	5 812	6 007
Long-term debt, interest-bearing	108 339	21 990	119 841	122 927
Short-term debt, interest-bearing	47 632	6 506	52 192	37 137
Short-term debt, non interest-bearing	42 045	45 065	48 356	65 108
Trade payables	19 450	20 897	25 511	21 716
Warranty provisions	2 093	1 938	2 093	1 903
Total equity and liabilities	664 860	417 792	677 591	641 709

Consolidated statement of changes in equity

All amounts in ' 000 SEK	06/30/2020	06/30/2019	03/31/2020	12/31/2019
Balance at the beginning of the year	348 373	290 375	348 373	290 375
Dividend	0	-35 777	0	-35 777
Net profit for the year	47 529	57 616	20 277	99 172
Comprehensive result for the period	2 804	-2 287	14 246	-5 397
Balance at the end of the year	398 706	309 926	382 896	348 373

Cash Flow Analysis in Summary

All amounts in ' 000 SEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Result before taxes	34 351	37 944	59 842	72 755	129 220
Adjustment for items not included in cash flow	4 401	7 611	11 206	3 597	25 839
Taxes	-6 170	-4 391	-10 323	-9 600	-28 063
Cash flow from operations before changes in working capital	32 582	41 164	60 725	66 752	126 997
Changes in working capital	1 496	-23 826	-11 233	1 680	-2 037
Cash flow from operations	34 078	17 337	49 492	68 432	124 960
Acquisitions	0	0	-1 269	0	-247 575
Capitalization of development costs	-6 563	-3 775	-12 918	-7 850	-16 012
Acquisitions of intangible non-current assets	110	0	-41	0	0
Acquisitions of financial non-current assets	180	-10	-58	-21	-40
Acquisitions of tangible non-current assets	-2 330	-12	-3 909	-558	-2 672
Cash flow from investment activities	-8 603	-3 798	-18 195	-8 429	-266 299
Acquired loans	1 518	0	1 827	0	123 413
Amortization of loans	-6 575	0	-15 652	0	-6 963
Amortization of leasing debts	-2 320	-1 608	-4 583	-3 070	-6 661
Dividend	0	-35 777	0	-35 777	-35 777
Cash flow from financing activities	-7 378	-37 385	-18 408	-38 848	74 012
Total cash flow	18 097	-23 845	12 889	21 156	-67 326
Liquid funds at beginning of period	99 305	214 346	102 312	169 057	169 057
Exchange rate fluctuations in liquid funds	-1 910	-305	291	-17	581
Liquid funds at end of period	115 492	190 196	115 492	190 196	102 312

Disclosures regarding interest expense:

Interest expenses for Jan-Jun 2020 amount to SEK 1,240 thousand whereof SEK 407 thousand is attributable to leasing in accordance with IFRS 16

Income Statement - Parent Company

All amount in ' 000 SEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	93,235	109,929	199,511	213,481	433,854
Cost of goods sold	-23,404	-33,637	-48,531	-66,721	-137,880
Gross profit	69,831	76,292	150,980	146,760	295,973
Sales and marketing expenses	-20,432	-17,453	-43,588	-32,231	-67,749
Administration expenses	-9,126	-10,280	-20,954	-19,459	-43,129
R&D expenses	-18,446	-17,597	-38,476	-32,836	-71,737
Operating profit	21,827	30,962	47,961	62,233	113,359
Interest income and financial exchange gains	6,950	622	7,572	1,139	5,861
Interest expense and financial exchange losses	-782	-457	-8,946	-867	-2,652
Profit before income tax	27,996	31,128	46,587	62,505	116,568
Taxes	-5,991	-6,661	-9,970	-13,376	-26,529
Net profit	22,005	24,466	36,617	49,129	90,038

Statement of Comprehensive Income

Net profit for the period	22,005	24,466	36,617	49,129	90,038
Other comprehensive income	0	0	0	0	0
Sum of other comprehensive income	0	0	0	0	0
Comprehensive profit for the period	22,005	24,466	36,617	49,129	90,038

Balance Sheet - Parent Company

All amounts in ' 000 SEK	06/30/2020	06/30/2019	03/31/2020	12/31/2019
Assets				
Intangible assets	6 694	9 021	7 250	7 806
Tangible assets	6 035	6 126	6 011	6 034
Deferred tax assets	3 678	2 844	3 678	3 678
Financial assets	263 014	3 582	263 014	261 567
Inventory	36 212	29 097	34 100	27 746
Trade receivables	44 039	62 099	52 642	64 804
Receivables from group companies	5 159	1 537	6 274	6 320
Other receivables	34 656	13 539	35 772	17 835
Cash and bank	89 872	181 649	76 662	75 214
Total assets	489 361	309 494	485 404	471 003
Equity and liabilities				
Equity	317 133	239 607	295 128	280 516
Other provisions	1 868	2 458	2 127	2 538
Long-term debt, interest-bearing	77 660	0	88 444	89 207
Short-term debt, interest-bearing	23 895	0	25 270	23 789
Short-term debt, non interest-bearing	28 606	32 091	29 383	37 580
Trade payables	15 006	20 483	21 872	14 886
Liabilities to group companies	23 099	12 916	21 088	20 585
Warranty provisions	2 093	1 938	2 093	1 903
Total equity and liabilities	489 361	309 494	485 404	471 003

Notes

NOTE 1. ACCOUNTING POLICIES

Accounting policies

The Group applies International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Annual Accounts Act and the Nasdaq Stockholm Rule Book for Issuers. 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

All amounts in ' 000 SEK	Apr-Jun 2020			Apr-Jun 2019		
	Instruments	Reagents	Other	Instruments	Reagents	Other
Americas	14,317	788	13,665	44,738	0	22,010
APAC	32,508	280	-160	14,004	0	1,763
EMEA	28,070	21,232	7,346	19,736	0	10,197
Total	74,895	22,300	20,851	78,478	0	33,970

All amounts in ' 000 SEK	Jan-Jun 2020			Jan-Jun 2019		
	Instruments	Reagents	Other	Instruments	Reagents	Other
Americas	49,423	1,202	32,212	78,046	0	41,159
APAC	52,105	683	5,485	25,133	0	3,530
EMEA	47,502	42,847	21,018	49,454	0	19,017
Total	149,030	44,732	58,714	152,633	0	63,706

NOTE 4. FINANCIAL INSTRUMENTS

All amounts in ' 000 SEK	Jan-Jun 2020		Jan-Jun 2019	
	Reported value	Fair value	Reported value	Fair value
Financial assets				
Derivative assets	359	359	380	380
Financial liabilities				
Derivative liabilities	-1 623	-1 623	-9 696	-9 696

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

All amounts in ' 000 SEK	Jan-Jun 2020	Jan-Jun 2019
Right of use assets		
Inventories	2 357	1 307
Land and buildings	24 247	26 619
Total right of use assets	26 604	27 926
Tangible fixed assets that are not right of use assets		
Inventories	10 871	6 484
Land and buildings	14 192	0
Total tangible fixed assets that are not right of use assets	25 064	6 484
Total tangible fixed assets	51 668	34 410

The tangible fixed assets amounted to 51.7 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	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Profit/loss for the period	27,252	30,279	47,529	57,616	99,172
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547	23,851,547
Net earnings per share	1.14	1.27	1.99	2.42	4.16

Equity per share

KSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Equity	398,706	309,926	398,706	309,926	348,373
Number of shares	23,851,547	23,851,547	23,851,547	23,851,547	23,851,547
Equity per share	16.72	12.99	16.72	12.99	14.61

Equity-asset ratio

KSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Equity	398,706	309,926	398,706	309,926	348,373
Balance sheet total	664,860	417,792	664,860	417,792	641,709
Equity ratio	60%	74%	60%	74%	54%

Gross margin

KSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	118,046	112,448	252,476	216,339	461,772
Gross profit	77,870	87,095	170,180	164,121	336,734
Gross margin	66%	77%	67%	76%	73%

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

Operating margin

KSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	118,046	112,448	252,476	216,339	461,772
Operating profit	28,279	37,937	61,792	72,882	126,576
Operating margin	24%	34%	24%	34%	27%

EBITDA

KSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating profit	28,279	37,937	61,792	72,882	126,576
Depreciation	7,942	3,354	15,650	6,697	20,155
EBITDA	36,221	41,291	77,442	79,579	146,731

Net sales

KSEK	Apr-Jun 2020 (%)	Apr-Jun 2020 MSEK	Apr-Jun 2019 (%)	Apr-Jun 2019 MSEK
Last period		112,448		91,899
Organic growth	-15%	-17,316	18%	16,542
Currency effect	-3%	-3,214	4%	4,007
Structural growth	23%	26,128	0%	0
Current period	5%	118,046	22%	112,448

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.

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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 2020	29 January 2021

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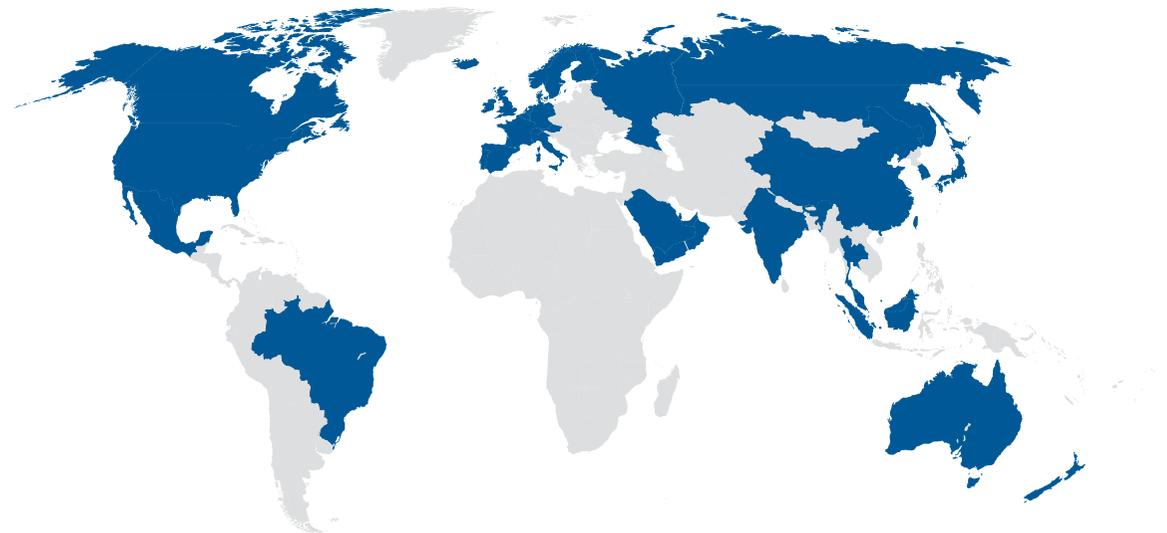
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With the 18 organizations for local market support CellaVision has direct presence more than 40 countries.