CELLAVISION

Annual and sustainability report 2020

Net sales
SEK 471 m 2020
SEK 462 m 2019

EBITDA
SEK 143 m 2020
SEK147 m 2019

EBITDA margin
30% 2020
32% 2019

2020 is unlike any other year. Therefore, we have made extra efforts to explain how the COVID-19 pandemic has affected us in terms of reduced sales, but with continued good profitability, we have kept the organization intact with continued investments to be able to accelerate when the global situation has normalized.

2020 is unlike any other year. The challenges and strains on countries, authorities, businesses and individuals are not like anything we have experienced in the past.

CellaVision reacted quickly when the COVID-19 pandemic began to spread around the world and implemented a number of measures to reduce costs. With reduced travel and by being restrictive with new recruitments, we managed to maintain good profitability with an EBITDA margin of 30 percent. Early on, it was decided not to pay any dividend for the financial year 2019, which had a positive impact on cash flow and the company's financial position. We are particularly pleased that we have been able to secure CellaVision's financial strength without any layoffs. This provides us the ability to accelerate rapidly when the world goes back to a more normal situation.

Looking ahead, we see as much opportunity as before for CellaVision. Early on, we were an important force in the ongoing digitization of healthcare, and through the launch of CellaVision DC-1, we have enabled small and remote laboratories to work in large networks in an effective way. We will now build on the new habits and opportunities that arise in the wake of the pandemic. Our solutions will be needed more than ever in the coming years.

CELLAVISION GROUP

STRATEGIC AGENDA AND SUSTAINABILITY REPORT

Business Objectives

Sustainability Objectives

ANNUAL REPORT

NOTE: This is an unofficial translation of the original Annual Report for 2020, which is in Swedish. In case of discrepancies, the Swedish version shall prevail.

Annual General Meeting, dividend and calendar

Annual General Meeting
In light of the extraordinary situation due to the COVID-19 pandemic, CellaVision's AGM will be conducted through advance voting (postal voting) in accordance with temporary legislation.

No meeting will be held that allows attendance in person or by proxy. CellaVision welcomes all shareholders to exercise their voting rights at the Annual General Meeting through advance voting as described in the notice to attend the Annual General Meeting.

Information about the decisions taken at the Annual General Meeting will be published on April 29, 2021, as soon as the outcome of the voting is finally compiled.

The full notice to attend is available at:
http://www.cellavision.com/sv/agm

Participation
Those entitled to participate in the Annual General Meeting through advance voting are those who were registered as shareholders in the share register kept by Euroclear Sweden AB as of April 1, 2021, and who give notice of participation by April 28, 2021 by casting their advance vote and sending it to the company at the following address: CellaVision AB (publ), c/o Fredersen Advokatbyrå, Lästmakargatan 18, SE 111 44 Stockholm, or by email to: http://www.cellavision.com/sv/agm

If the shareholder votes in advance through a proxy, a power of attorney must be attached to the form. If the shareholder is a legal person a copy of the certificate of registration or other authorization document must be attached to the form. The shareholder may not provide the advance vote with special instructions or conditions. If this is done the vote (i.e. the advance vote in its entirety) is invalid. Further guidelines and conditions are specified on the advance vote form.

Nominee registered holdings
In order to participate in the Annual General Meeting, shareholders whose shares are nominee registered holdings, i.e. kept in a depository, must temporarily re-register the shares in their own name in the share register kept by Euroclear Sweden AB. This registration must have been effected at the latest by April 23, 2021 and should be requested in good time before that date from the nominee.

Dividend
The Board of Directors proposes to the 2021 Annual General Meeting that a dividend of SEK 0.75 per share be distributed for the 2020 financial year.

Financial calendar
- Interim report Q2, July 20
- Interim report Q3, October 22
- Year-end bulletin 2021, February 4, 2022

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Financial information and other relevant company information is published on the company's website. To subscribe and have access to the information automatically via email, register at: http://www.cellavision.com/sv/agm

Magnus Blixt, CFO
magnus.blixt@cellavision.se

Financial summary 2020

CellaVision's sales grew in 2020 by two percent to SEK 471.4 million (461.8). Adjusted for negative exchange rate effects of three percent and a structural effect (acquisition) of 15 percent, this corresponds to an organic decrease of ten percent compared to the corresponding period in 2019.

The COVID-19 pandemic has had a negative impact on CellaVision's sales operations, above all in the Americas. In the Americas, sales were SEK 151.9 million (231.2), corresponding to a decrease of 34 percent. In EMEA, sales were SEK 216.1 million (150.3), corresponding to growth of 44 percent. Sales in EMEA include RAL Diagnostics as of October 1, 2019, whose sales are for the most part in EMEA. Without RAL Diagnostics, there was a decrease in growth in EMEA of four percent. APAC reported a strong increase, as sales grew to SEK 103.4 million (80.3), corresponding to growth of 29 percent.

CellaVision's operating expenses were SEK 202.8 million (210.2), which corresponds to a four percent decrease. Adjusted for a structural effect (acquisition) of 12 percent and an exchange rate effect of one percent, operating expenses decreased by 15 percent. The organic decrease is mainly the result of temporary cost cuts referring to the COVID-19 pandemic.

EBITDA decreased somewhat in 2020, to SEK 142.9 million (146.7) and the EBITDA margin was 30 (32) percent. The gross margin was 66 percent (73). The decrease is due to a changed product mix. Through the acquisition of RAL Diagnostics in the last quarter of 2019 the "Reagents" product group, which has a lower gross margin than CellaVision's average, was added.

The year's investments amounted to SEK 35.0 million (266.3). The great difference compared to the previous year relates to the acquisition of RAL Diagnostics. Most of the year's investments consist of capitalized development costs and property, plant and equipment. Cash flow from operating activities in 2020 amounted to SEK 71.1 million (125.0). The decrease compared to the previous year can be explained by lower pre-tax profit and a temporary increase in capital tied up in inventories of components. The proposed dividend amounts to SEK 17.9 million (35.8). The total cash flow for the year is SEK 0.9 million (-67.3).

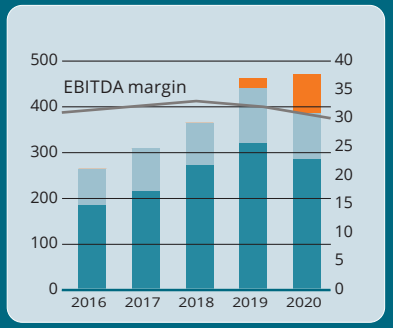
KEY FIGURES

SEK millions	2020	2019	2018	2017	2016
Net sales	471.4	461.8	364.8	309.3	265.0
Gross profit	313.0	336.7	270.9	223.2	188.9
EBITDA	142.9	146.7	118.4	99.3	82.4
Profit before tax	112.2	129.2	112.1	90.3	75.8
Cash flow	0.9	-67.3	14.4	22.4	24.7
Number of employees	177	177	117	99	84

NET SALES GROWTH PER REGION

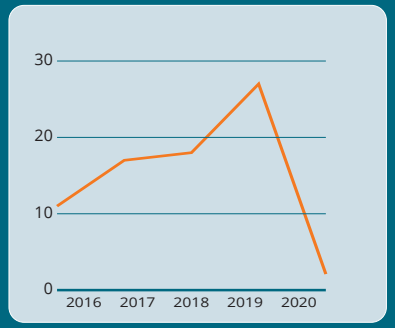
Americas	EMEA	APAC
-34%	+44%	+29%

NET SALES, SEKm EBITDA MARGIN, %



EBITDA, SEKm

NET SALES GROWTH, %



NUMBER OF MARKET SUPPORT ORGANIZATIONS BY YEAR END

Effects of the COVID-19 pandemic

The outbreak of the COVID-19 pandemic affected people and businesses around the world and was a challenge for all businesses in 2020. CellaVision closely monitored the development and effects of the pandemic and adjusted operations in accordance with developments in 2020. As the effects of the pandemic have not abated, the company continues to analyze its operations based on the continued effects of the pandemic in 2021.

Effects on CellaVision's operations in 2020

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

Sales. The ongoing COVID-19 pandemic had a negative impact on CellaVision's sales, mainly towards the end of the second half of 2020. The possibilities of installing new systems were limited, which affected sales for both CellaVision and the company's various distribution partners. Reagent sales were also negatively affected, but to a far lesser extent than system sales. Limited sales activities during the year affected the company's sales accordingly.

Production. CellaVision suffered no material disruptions to its supply chain in 2020 and delivery capacity remained intact during the year.

Profitability. CellaVision's profitability was good in 2020 and the EBITDA margin was 30 per cent (32) for the financial year. The sound profitability was a result of a series of measures taken early on the cost side.

Expected future effects

The outlook for the first part of 2021 is extremely difficult to assess, but the underlying demand for digital morphology in the regions is the same as before the pandemic and normalization in the coming months seems likely. The company sees no significant challenges concerning supply chain or production, and as soon as the vaccination program takes effect a normalization of sales to previous levels is expected. The company's sales cycles are long, which means that as sales activities were restricted in the later part of 2020, it will take a number of months after their resumption before the full sales effect is regained.

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

Unchanged need for CellaVision's 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, will accelerate further. The pandemic has drastically highlighted the great opportunities and benefits of digitization, which could eventually have positive effects on CellaVision's operations, as the company's solutions enable healthcare professionals such as pathologists and biomedical analysts to work remotely.

Measures to nurture the company's cash flow and liquidity

CellaVision has an efficient, scalable indirect business model with distribution and manufacturing partners, which means that the company's fixed costs for sales and production are limited. Due to the uncertain long-term effects of the COVID-19 pandemic, and how far-reaching the economic impact will be, CellaVision has decided to put extra focus on nurturing the company's cash flow and liquidity. CellaVision has therefore implemented several carefully balanced activities to reduce costs, expenses, and payments. The activities have included a strict prioritization of projects and staffing. The company has not laid off any staff and has been restrictive with new recruitments.

Measures to protect staff and limit the spread of infection

The COVID-19 outbreak posed a huge challenge to people's lives and health worldwide in 2020 and this continues in 2021. In all parts of its operations CellaVision has implemented the COVID-19 related safety measures prescribed by the authorities. This has meant, for example, that the company has conducted its operations to a large extent in a virtual work environment, working from home and meeting digitally.

CEO's comments

Let me start these comments by saying that I am extremely happy to take up the role of President and Chief Executive Officer of CellaVision. The company is in an exciting phase, with the growth potential offered by the new reagents product line and the new product, the CellaVision DC-1. With the reagents CellaVision is adding a completely new product area, with good growth potential in the Americas and APAC, in addition to the strong position already established in EMEA. As regards the CellaVision DC-1, we have opened up for sales to small and mid-size laboratories, not least satellite laboratories. CellaVision's traditional market, which is large medical laboratories, continues to have significant growth potential in all parts of the world.

After a challenging 2020, with vaccination programs now being rolled out all over the world we can look to the future with confidence. By taking rapid action on the cost side early in the pandemic, CellaVision retained sound profitability and a strong financial position. This means that we are well-positioned to continue developing our markets and to re-establish sound growth in all regions.

Effects of the COVID-19 pandemic

The COVID-19-pandemic had a negative impact on sales during 2020. For the full year 2020, sales amounted to SEK 471.4 million (461.8), corresponding to a negative organic growth of ten percent. The exchange rate effect for the full year was negative, at three percent, and the structural effect of the acquisition of RAL was 15 percent. EBITDA was SEK 142.9 million (146.7), corresponding to an EBITDA margin of 30 percent (32).

CellaVision's product portfolio largely consists of products requiring installation, which means that our partners need access to hospitals and laboratories. For large parts of 2020 this was only possible to a limited extent, which has had a considerable impact on sales of our installation products. The impact on sales of reagents, which are consumables, was more limited.

Well-equipped to accelerate the business

CellaVision reacted quickly to the COVID-19-pandemic and implemented a series of measures on the cost side. Despite cost savings, priority projects continued with undiminished activity and the company did not lay off any employees during the year. With the good profitability in 2020, given the circumstances, in 2021 we will be able to quickly adapt the company to accelerate operations as soon as the world returns to normal.

In 2020 the CellaVision DC-1 received market clearance in the US, meaning that the product is now commercially available in all parts of the world apart from China, where we expect clearance in 2021.

Positive signals from the market

Our solutions in digitization and automation are in line with the accelerated digitization trend that was further augmented by the ongoing pandemic. The percentage of laboratories that choose digital analysis continues to be high and the underlying need for digital morphology is the same as before the pandemic. The market is difficult to assess in the near future, but as soon as the ongoing vaccination programs have an effect on the spread of infection, we expect sales to normalize. However, sales activities have been limited for a long time, implying that recovery of the full sales effect may be delayed for another couple of months before it is regained.

Market development

Americas was the region most impacted by the COVID-19 pandemic, with a 34 percent decline in full year sales for 2020. EMEA's development was more stable during the year, with a sales increase of 44 percent. This strong growth is explained by the acquisition of RAL Diagnostics (reagents) in October 2019. Excluding structural effects, sales decreased by four percent. APAC was the region first affected by the COVID-19 pandemic, but after a strong performance in China and Japan, sales growth in the region was 29 percent.

RAL / Reagents

The commercial integration of RAL is going according to plan and we continue to launch reagents in new countries while we continue to work on optimizing staining protocols. Our objectives in acquiring RAL remain: a broadened product range, a larger market, efficient expansion of sales of RAL's hematology products to new markets and expansion to nearby analysis areas outside hematology.

Geographical expansion

CellaVision currently has local market support organizations in 18 countries that deliver a direct presence in 40 countries. Our local market organizations are an important part of the sales

successes we have had in recent years. CellaVision is waiting until the effects of the COVID-19 pandemic have subsided before establishing more local organizations for market support.

Continued focus on geographical expansion and innovation

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

I close my comments in the same spirit as I started them; it is a fantastic pleasure to be a part of this company, considering what our technology achieves out in the field every day. It is also inspiring to see the commitment of our employees, whose efforts make CellaVision a world-leading company ready to take the next step.

Simon Østergaard,
President and CEO

This is CellaVision

CellaVision was formed in 1994 in Lund by the entrepreneur Christer Fåhraeus to develop an analyzer for automizing blood analysis. In 2001 the first analyzer was sold in Europe. Since 2001 CellaVision has continually improved its product offer and expanded sales to an increasing number of markets, establishing digital blood analysis as a global standard.

Vision

CellaVision's vision is to replace traditional microscopes in laboratories through global digitalization and automation of blood analyses for both the human and veterinary segments. The company's method contributes to improved patient diagnostics, streamlining and reduced healthcare costs.

Mission

CellaVision offers products in sample preparation, which primarily consist of reagents, as well as digital solutions for medical microscopy that replace microscopes with analyzers based on digital image analysis, artificial intelligence and IT. CellaVision's solutions contribute to more effective workflows and improved diagnostics with higher quality in laboratory medicine at a lower cost.

Corporate culture focusing on the end customer

CellaVision's core values are ***Customer in Focus***, ***Initiative and Responsi***bility and ***Simplicity and Quality***. The corporate culture is characterized by understanding of the company's customers, quality awareness and ability to take action with responsibility. Along with objectives, vision and guidelines, these core values inform the daily work and form a profitable corporate culture.

Customer comes first Customers' perceived relation to us as supplier impacts all parts of the company. Consequently, their needs drive all we do, from product development to delivery, service and relations. Our knowledge of our customers gives us the power of innovation to produce solutions that improve their operations.

Initiative and responsibility Good ideas, competence and independent work with responsibility are required to drive CellaVision's business forward. All employees of CellaVision have the task of continually developing their areas of work to the extent necessary to achieve the company's objectives.

Simplicity and quality CellaVision strive to maintain a high and long-term level of quality in all we do, an ambition that permeates the entire business. At the same time, it implies an aspiration towards renewal and development, using smart and simple solutions.

CellaVision delivers unique solutions for Digital Cell Morphology (DCM)

CellaVision offers products and solutions to hematology laboratories that enable an efficient process for routine analysis of blood. The product offer consists of stains, blood smearing and staining devices, analyzers, applications and software. The solutions from CellaVision enable laboratories to automate, standardize and digitalize their workflow.

Blood analysis plays an important and vital role in offering a high-quality healthcare. Complete blood count is one of the world's most common diagnostic tests and is routinely used to obtain an overall status of the blood cells. The driving force and objective for CellaVision is to equip laboratory staff with the best tools and solutions available on the market to handle differential blood counts of blood cells. This is the reasons behind the acquisition of RAL diagnostics in 2019. RAL diagnostics have strengthened CellaVision's position by providing instruments and reagents that, used together with CellaVision digital analyzers and software, ensures a consistency for every blood analysis made.

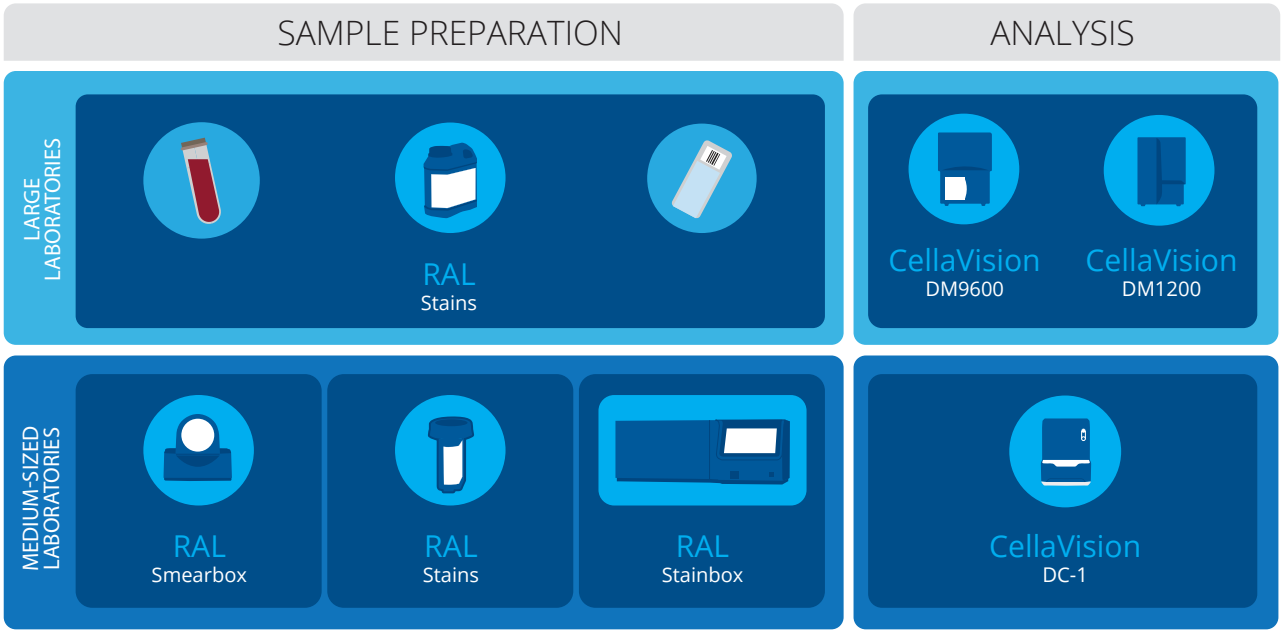
Routine analysis by cell counter

A complete blood count is one of the most fundamental and useful analyses conducted in healthcare to determine the health of a patient. The result may indicate several different diseases.

It is estimated that about four billion tests are carried out around the world every year. In about 15 percent of cases, the cell counter indicates the need for more in-depth microscopic examination of the blood cells with a differential blood count. The same analysis can also be used for determining if an ongoing treatment is having the effect intended. Blood analysis and other pieces of the puzzle form the basis of making a diagnosis and possible treatment for the patient.

Sample preparation

Before a microscopic examination can begin, a drop of blood is smeared on a microscope slide followed by staining. At most large laboratories the smear is prepared automatically, while



the same process at smaller laboratories is handled manually. Smearing and staining carried out manually are difficult to standardize. Achieving a good smear is a skill that takes a long time to learn.

Manual microscopy

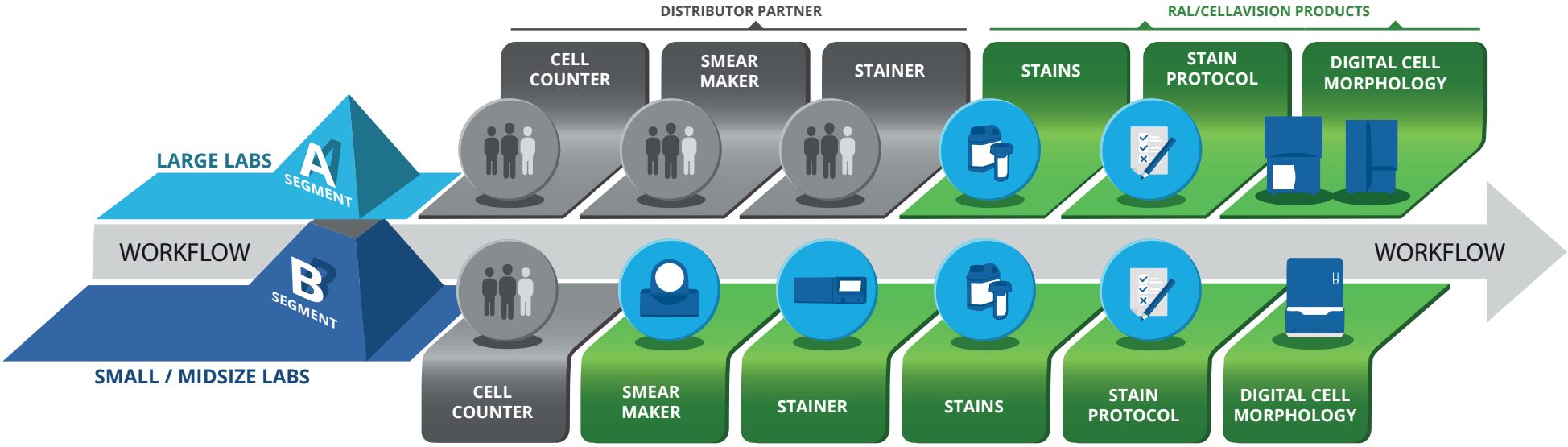
Differential blood counts using a microscope is a technique that has been the same for the past hundred years. The Medical Technologist forms a general sense of the stained smear and identifies the optimum area for further analysis.

The chosen area is examined systematically to discover and morphologically assess 100 - 200 white blood cells. The process can be time-consuming, and the result depends on the qualification and experience of the biomedical analyst. When further medical assessment is needed the smear must be transported to another laboratory – which affects the response time considerably.

Automated Digital Cell Morphology (DCM)

Through digital image analysis and artificial intelligence CellaVision has redefined the process of differentiating blood cells. The innovative solutions enable standardized and faster analysis.

CellaVision analyzers automatically find the correct area of examination and pre-classify the cells. The result is shown digitally on a screen. The pre-classification is reviewed and assured by a Medical Technologist who makes necessary adjustments if necessary. Using the digital process, the results can quickly and simply be shared with colleagues and morphology experts in other places.



Overview of CellaVision's solutions

The vision behind products and solutions from CellaVision is simple. The company wants to replace a hundred-year old manual method with automated, digital, intelligent solutions and fitting reagents that facilitate the work of laboratories. With the help of analyzers, software and staining solutions from CellaVision, laboratories can standardize and improve the efficiency of their work to better meet modern demands.

Historically CellaVision have been addressing the large laboratory segment with DCM (Digital Cell Morphology) analyzers. With the acquisition of RAL Diagnostics and the launch of the CellaVision DC-1 in 2019 CellaVision now address nearly all steps in the hematology workflow.

SOLUTIONS

CellaVision offers a scalable solution depending on the customer's needs regarding analysis capacity, analysis type, sample preparation solutions, centralization of data and monitoring of workflow. As the customer's needs change, CellaVision offer compatible analyzers for DCM, applications, software solutions, staining and blood smearing solutions.

Sample preparation

Sample preparation is an important part of qualitative analysis. CellaVision provide various stains and devices that ensure blood smears are optimally prepared for reading by DCM.

Apart from traditionally formulated classic stains, the company now offer a unique methanol-free product, RAL MCDh (Micro Chromatic Detection for hematology). The RAL MCDh stain is more environmentally friendly and safer to handle in the laboratory.

Stain Protocol

RAL stains comes with a specific protocol for the samples to be optimally prepared for reading by DCM. This ensures a standardized result every time.

Large laboratories

Analyzers in this segment were the starting point and traditionally the core business for CellaVision.

The CellaVision DM1200 and CellaVision DM9600 are designed to automate and simplify the process of performing blood and body fluid differentials using DCM. The system leverages high-speed robotics and digital imaging to automatically locate and capture high-quality images of cells.

In this market segment CellaVision also offer a portfolio of RAL stains for use in large automated blood smearing and staining instruments.

Mid-size and small laboratories

In this market segment sample preparation is a greater challenge as the steps often rely on manual methods. Here CellaVision offer a semi-automated package solution consisting of the RAL Smearbox, the RAL Stainbox and the CellaVision DC-1 together with RAL MCDh stains and a stain protocol specially adapted to the CellaVision DC-1.

CellaVision also offers RAL stains in the areas of microbiology, pathology and cytology, which enables future market development.

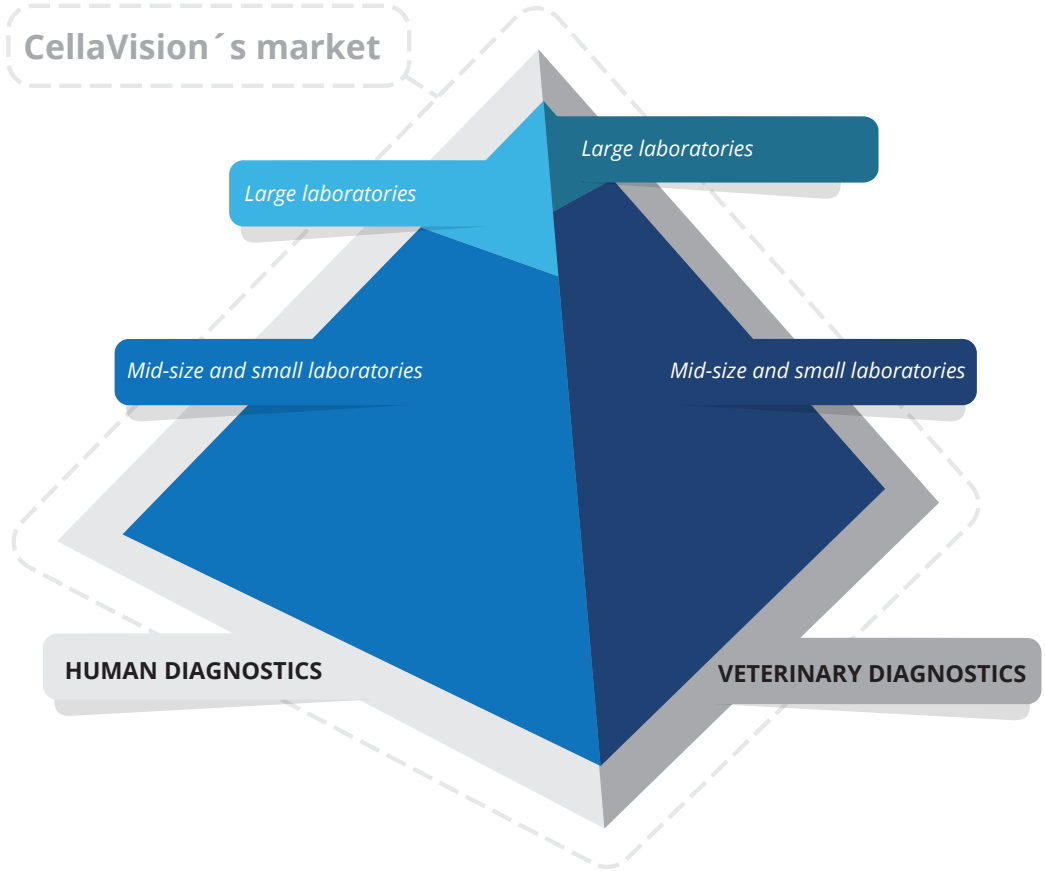
Market segments for CellaVision

The main markets for CellaVision are human diagnostics and veterinary diagnostics within hematology.

HUMAN DIAGNOSTICS
CellaVision is the global market leader with a large installed base. The market is divided into two segments depending on the amount of blood analysis performed.

Large laboratories
The market for large laboratories has an estimated annual market value of SEK 1.4 billion and consists of about 17,000 laboratories. The market segment represents most of the company's sales, with market penetration of 21 percent at the close of 2020.

Mid-size and small laboratories
CellaVision is at yet an early stage of creating a presence in this market segment with high expectations of future long-term growth. Being able to offer a complete solution for blood smearing, staining and digital cell morphology will support accelerating the growth in this segment. The estimated number of laboratories in this segment is 100,000.



VETERINARY DIAGNOSTICS
The market is divided into two market segments, testing of animals for production and testing of pet animals. Globally, testing of pet animals accounts for the largest market share, 70 percent. The aim for CellaVision is to establish a presence in this market segment and therefore this should be looked upon as a long-term investment.

Large laboratories
The large laboratory market consists of commercial reference laboratories, medical centers and large veterinary hospitals. The global market is estimated to be about 500 reference laboratories in North America and Europe.

Mid-size and small laboratories
The market segment is fragmented and made up of regional and national laboratories for small independent veterinary clinics.

CellaVision's business model

CellaVision's business model combines focus on the core innovation and market support activities with strong partnerships in manufacturing and sales. Development of hardware and software and local market support takes place in house, while manufacturing and sales are done by selected partners. A production facility, producing reagents, was also included in the acquisition of RAL Diagnostics, located outside of Bordeaux, France.

Through CellaVision's indirect business model, the company has been able to implement rapid geographical expansion combined with good cost control which has resulted in a positive development of the profitability. The company currently has distribution agreements with all relevant hematology companies in the world, while local market support is provided by CellaVision's own organizations. Market support has expanded rapidly in recent years and at the close of 2020 CellaVision had 18 local organizations with direct presence in more than 40 countries.

INNOVATION	MANUFACTURING	MARKET SUPPORT	SALES & DISTRIBUTION	BLOOD ANALYS
CELLAVISION	*PARTNERSHIP*	*CELLAVISION*	*PARTNERSHIP*	*END CUSTOMER*
CellaVision's innovative products have revolutionized the digital microscopy. Innovation is at the core of CellaVision's operations and value creation.	CellaVision does not manufacture its own instruments, but has chosen to work with subcontrators. In this way, a large scalability in production is created, while CellaVision avoids large investments in production equipment. The company manufactures reagents in-house.	CellaVision continuously strives to strengthen its position in the market by establishing regional market support organizations. The support is aimed at both the company's distribution partners and end customers.	CellaVision's products for digital microscopy are included as an integrated final step in the blood analysis chain. The company therefore has sales and distribution collaborations with the world's leading cell counter manufacturers.	CellaVision's solutions for digital microscopy are used by medical laboratories around the world and have meant that blood tests can be performed with greater certainty at lower costs.

The CellaVision share

CellaVision's share has been listed on Nasdaq Stockholm, Mid Cap since 2018. Before that the share was listed on Small Cap from May 2010. At the close of 2020 the market value was SEK 7,322 million and the number of shareholders was 9,094. The Board of Directors proposes to the Annual General Meeting a dividend of SEK 0.75 per share.

Price trend and share trading

The price of the CellaVision share decreased during the year by 4.2 percent, from SEK 320.0 at the start of the year to SEK 307.0 at year-end. In the same period the index increased by 12.9 percent (Nasdaq Stockholm PI). The highest price paid during the year was SEK 388.50 (January 20, 2020), and the lowest was SEK 201.0 (March 18, 2020). The company's market value at year-end was SEK 7,322,425 million (7,620,569). In 2020 a total of 13.0 million shares (10.4) were traded for a value of SEK 3,776 million (3,221).

Share structure

Share capital in CellaVision AB at the close of 2020 amounted to SEK 3,577,732, distributed among 23,851,547 shares. The quotient value per share is SEK 0.15. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented. All shares confer an equal right to share in the company's assets and profits.

Ownership structure

The number of shareholders at year-end was 9,094 (9,286), which is an increase of just over two percent during the year. Of these, three shareholders, William Demant Invest A/S, State Street Bank and Trust CO, and Grenlunden CeVi AB, have direct and indirect holdings representing at least ten percent of the votes. The ten largest shareholders controlled 63.3 percent of the company's shares on the balance sheet date. Swedish ownership was 47.6 percent of the votes. The total Swedish institutional ownership was 30.0 percent. The Board of Directors and the management together owned, privately and through companies, about 9.7 percent of the shares.

Dividend

In 2020, no dividend was paid due to the COVID-19 pandemic. The Board of Directors proposes to the Annual General Meeting 2021 that a dividend of SEK 0.75 per share be paid for 2020, which corresponds to 20 percent of net profit. The dividend means an increase from the previous year, but is still lower than what the company's dividend policy allows. The company's dividend policy states that the dividend shall correspond to 30 to 50 percent of the net profit, taking into account the company's capital structure, acquisition needs and long-term financing needs. A lower dividend is proposed by the company to the AGM, on account of the continued uncertainty in the world due to the COVID-19 pandemic.

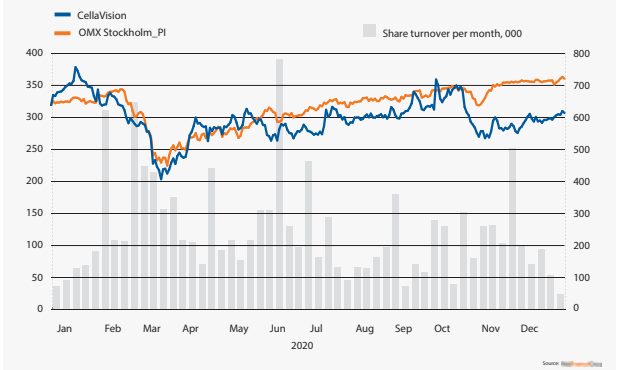
Analyses

During the year analyses of CellaVision have been made by:
Carnegie (ulrik.trattner@carnegie.se)
Pareto Securities (Christian.Lee@paretosec.com)
Redeye (mats.hyttinge@redeye.se, filip.einarsson@redeye.se)
Berenberg (Carl-Oscar.Bredengen@berenberg.com)

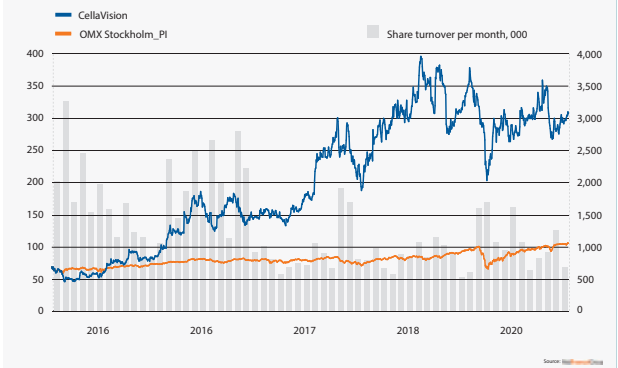
OWNER STRUCTURE 31/12/2020

Size	# Shareholders	%
1–500	7,977	87.7
501–1,000	504	5.5
1,001–5,000	432	4.8
5,001–10,000	62	0.7
10,001–15,000	29	0.3
15,001–20,000	20	0.2
20,001-	70	0.8
Total	**9,094**	**100**

SHARE PERFORMANCE AND TURNOVER 2020



SHARE PERFORMANCE AND TURNOVER 2016-2020



CELLAVISIONS 10 LARGEST OWNERS PER 31/12/2020

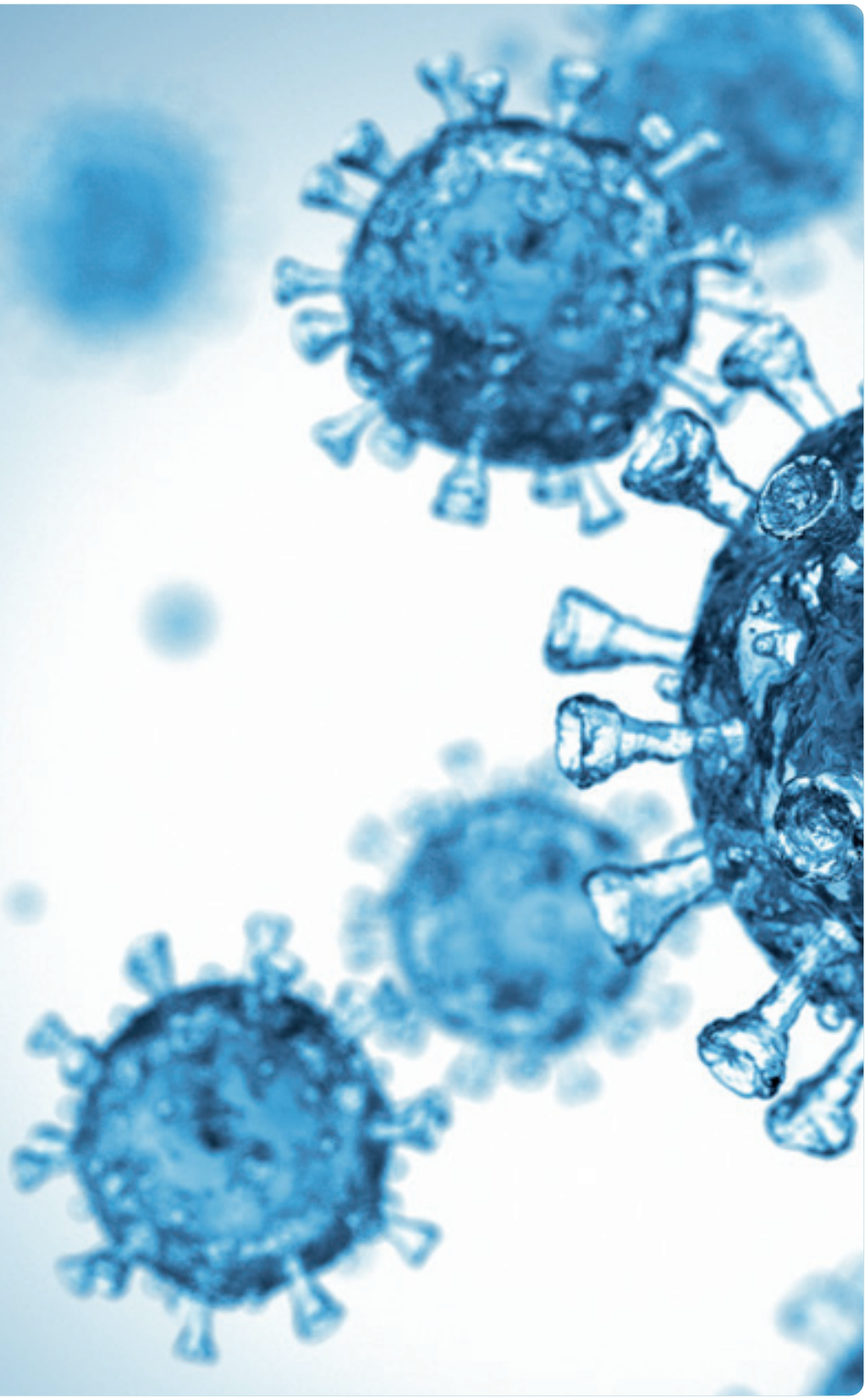
Shareholders	Shares	Ownership %
William Demant Invest A&S	3,770,799	15.8
State Street Bank and Trust Co, W9	3,146,147	13.2
Grenlunden CEVI AB	2,391,000	10.0
Christer Fåhraeus & companies	2,296,000	9.7
SEB Investment Managament	1,271,638	5.3
Caceis Bank, Luxembourg Branch	921,978	3.9
The Northern Trust Company	845,985	3.5
AMF, Insurances and Funds	511,476	2.1
Swedbank Robur Funds	475,869	2.0
Andra AP-fonden	446,726	1.9

Market 2020

New ways of working to meet the challenges of the pandemic

When the COVID-19 pandemic hit with full force at the end of the first quarter of 2020, CellaVision quickly switched to a digital way of working in terms of training and support of the company's distribution partners. The e-learning platform CellaVision Academy, established several years ago, grew rapidly in importance in 2020. Due to restrictions and closures worldwide, interest in digital education and support increased very quickly and CellaVision adapted its offering and ability to meet the growing demand. The number of completed training courses went from 2000 in January to 5,155 December.

The COVID-19 pandemic has had a major negative impact on market activities in 2020, especially in the Americas region, but the company believes that CellaVision Academy, together with other digital solutions, has meant a lot to maintain a positive contact with the distribution partners and end customers.



Market

For the full year 2020, CellaVision's sales amounted to SEK 471.4 million (461.8), corresponding to an organic decrease in sales of ten percent. The first quarter of the year was left relatively unaffected by the COVID-19 pandemic. In the following two quarters, the markets were affected by shutdowns, which meant that the opportunities for sales activities and installations were limited. During the last quarter of the year, EMEA and APAC stabilized, while Americas with the important North American market continued to be severely impacted by the COVID-19 pandemic. In 2020, CellaVision DC-1 received market clearence in the US, which means that the product is now launched in all markets except in China. Launch in the Chinese market is planned for 2021.

Development by market area

All the regions were severely impacted by the COVID-19-pandemic in 2020. In the Americas sales decreased by 34 percent. For EMEA, sales growth was 44 percent, excluding the acquisition of RAL, sales decreased by four percent. APAC, which was first to be affected by the COVID-19-pandemic, made a strong recovery in the last quarter of the year, mainly driven by China and Japan, and progressed well, with sales growth of 29 percent. Countries that developed particularly well during the year were Japan and China, which reported their best years ever. The Americas continues to be an important region for CellaVision and the negative effects on its sales due to COVID-19 therefore had a major impact on CellaVision's full year profit. The underlying demand for digital morphology continues to be strong in all regions, which indicates that sales will recover as the effects of the pandemic subside.

Geographical expansion

CellaVision established a new organization for local market support in Russia at the beginning of 2020. As part of the company's measures in response to COVID-19, the company decided not to establish further organizations for market support in 2020, but instead to consolidate existing organizations to be able to accelerate when the situation has normalized. CellaVision's organizations for market support are working intensively together with CellaVision's distributors to convert customers from manual to digital solutions. At year-end CellaVision had 18 local organizations that together offer market support in more than 40 countries.

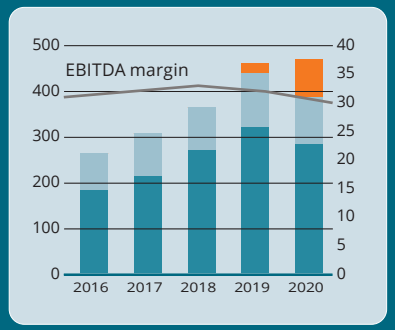
Launch of the CellaVision DC-1

The launch of the CellaVision DC-1 was adversely affected in 2020 by the COVID-19 pandemic. Sales of a completely new product system require physical product demonstrations, which was not possible during large parts of 2020. Despite this, the CellaVision DC-1 has reported positive sales growth in Canada and South America. In the US the product received market clearence for sale towards the end of the year and will be launched on this market in 2021. In EMEA the focus has been on establishing sales structures for the CellaVision DC-1, which among other things resulted in a significant order in England. The CellaVision DC-1 was also launched in APAC in 2020, with the exception of China, where the product is expected to be market cleared in 2021.

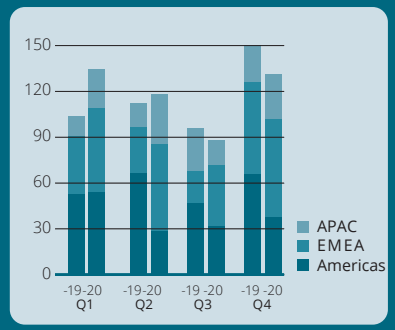
Acquisition of RAL Diagnostics

In 2019, RAL Diagnostic was acquired, whose reagents product line holds a strong position in EMEA, but has a limited presence in the in the Americas and APAC markets, where CellaVision has established a strong position in recent years. Thus, there are good conditions through CellaVision's market support organization to successfully expand sales of RAL Diagnostics solutions globally. In 2020, a number of activities were carried out to create favorable conditions for expanding sales of the reagents product line in the coming years. The work has included internal training and training of partners, cooperation with leading opinion makers and developed sales structures. In APAC, CellaVision has also carried out work to adapt the company's reagents and associated products to the protocol standard that prevails in Asia.

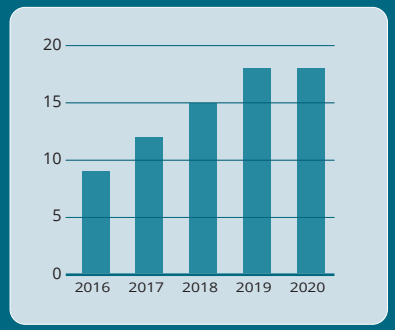
NET SALES, SEKm
EBITDA MARGIN, %



NET SALES PER QUARTER AND GEOGRAFIC REGION 2019-2020, SEKm



NUMBER OF MARKET SUPPORT ORGANIZATIONS BY YEAR END



MARKET SUPPORT ORGANIZATIONS BY YEAR END

With 18 organizations for local marked support
CellaVision has direct presence in more then 40 countries.

Americas

2020 was a difficult year for the Americas in general and the US in particular. Due to the COVID-19-pandemic, opportunities to carry out installations of systems already ordered were closed and a large proportion of current projects were postponed due to the highly uncertain situation. This situation was most obvious in the USA, which is the world's largest healthcare market, as well as CellaVision's single largest market. As a result of the difficult market situation, sales decreased by 34 percent to SEK 151.9 million (231.2).

Continued strategic development

CellaVision has a clear strategy in which the company, along with its distribution partners, consistently addresses the areas of the USA and Canada where the company's market penetration is relatively low. In 2020 the strategic initiatives also included establishing sales and distribution of the CellaVision DC-1, which was developed for small and mid-size laboratories, a clearer focus on the replacement market and initiatives to step by step establish the new reagents product line to further strengthen sales of consumables.

Important activities

The CellaVision DC-1 received market clearance in the USA during the year and will be fully launched in 2021. The sales potential in the USA is assessed to be very good and CellaVision has signed an agreement with a global partner that is particularly focused on the segment small and mid-size laboratories. The CellaVision DC-1 already has clearance in Canada and South America and, given the difficult market situation, has reported good sales growth during the year.

In 2020 extensive work was also carried out to introduce the new reagents product line. The work included internal training and cooperation with leading opinion makers.

Development of the market organization and geographical expansion

Due to the COVID-19 pandemic, the expansion to new markets, for example in South America, was put on temporary hold, but will be resumed when the effects of the pandemic have abated. During the year the organizations for local market support in North America were strengthened to be able to successfully manage the introduction of the reagents product line and the launch of the CellaVision DC-1. The "satellite laboratories" that are common in Canada due to the country's vast geography is a particularly interesting segment for the CellaVision DC-1. In recent years CellaVision has established local organizations for market support in Brazil and Mexico. Both these markets are relatively immature and require persistent marketing activities to achieve significant sales volumes.

A vision to bring 13 laboratories closer together with technology

"The VIHA region is very spread out. We have a large island and 15 hospitals, 13 of which have laboratories, and it takes six or seven hours to drive from tip to tip. We've got hospitals at either end and scattered through the middle. Our vision is to bring the island closer together with technology. We want patients living all across the island and in remote communities to have access to the same quality and standard of care: not just those in the larger centers," says **Brian Berry**, Director of Hematopathology at Vancouver Health Administration, Canada.

"Following the success of the DCM technology at their metropolitan hubs, we were keen to explore the possibilities it could bring to their entire network. So, we trialed a CellaVision DC-1, a lower volume analyzer designed for smaller hematology laboratories, at a rural laboratory that lacked an on-site hematopathologist. Efficiency soared, and turnaround times dropped drastically," Brian Berry continues.

Turnaround times for slides referred to a larger laboratory used to be over 24 hours. The CellaVision DC-1 trial reduced this to just 3.8 hours.

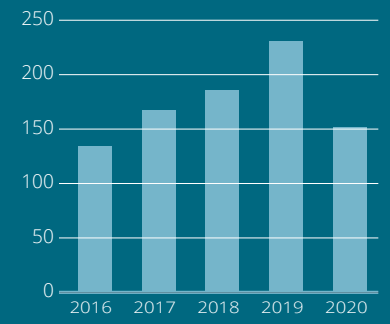
Net sales, SEKm
152 (231)

Share of Group sales
32%

Growth
-34%

Number of employees
12 (12)

Net sales 2016-2020, SEKm



EMEA

With the acquisition of RAL on October 1, 2019, which added approximately SEK 98.4 million in sales in the form of reagents and associated products, EMEA's sales amounted to SEK 216.1 million (150.3). Growth thus amounted to 44 percent in 2020. As in other parts of the world, the region was hit hard by the COVID-19 pandemic, which severely limited the opportunities to demonstrate and install products and systems. For the full year, this means that sales excluding the product line reagents decreased by four percent.

Strategic focus on digital morphology

In recent years CellaVision has established organizations for local market support in several countries within EMEA. In 2020 the main focus was on the long-term work of converting manual morphology to digital morphology, completing the establishment of the distribution and sales structure for the CellaVision DC-1 and integrating the reagents product line into the customer offer in all markets.

Geographical expansion

Geographical expansion continued, with the establishment of an organization for local market support in Russia at the start of the year before the pandemic struck. In 2020 the expansion focus has mainly been on establishing sales structures for the reagents product line, both for CellaVision's large systems and the new smaller CellaVision DC-1 system.

Important activities

CellaVision participated in the Medlab exhibition in Dubai, which took place just before the pandemic struck. In other respects the year was characterized by the considerable challenges posed by the COVID-19 pandemic. Prolonged shutdowns have made it difficult to demonstrate and install products. A large part of communication with customers has been digital, which to some extent has worked well, but in principle has made it impossible to adequately demonstrate new products and solutions, such as the CellaVision DC-1 and the reagents product line.

Despite the challenges that existed in 2020 there were some bright spots. Towards the close of the year a large order was received that CellaVision and its partner had been working on for two and a half years, and from the north of England came orders for both CellaVision's large systems and the smaller CellaVision DC-1 system, for delivery in the coming years.

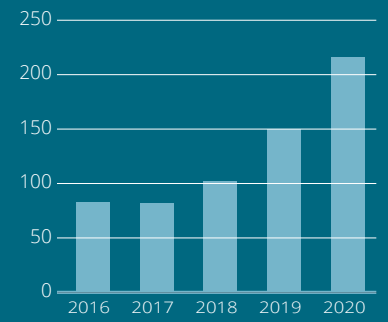
Net sales, SEKm
216 (150)

Share of Group sales
46%

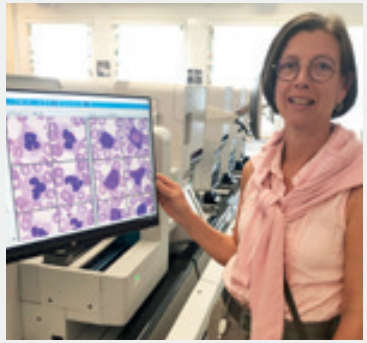
Growth
44%

Number of employees
153 (153)

Net sales 2016-2020, SEKm



Malmö University Hospital, was the very first hospital in the world to choose CellaVision



"Malmö University Hospital, was the very first hospital in Sweden to, in 2001, introduce their DCM system of choice: CellaVision. Since then, the network has equipped many more sites with advanced DCM instruments. Overall, Region Skåne have three—soon to be four— systems, four DC-1s, and have installed remote review systems at all 10 of their laboratories. They also have CellaVision Proficiency software at all nine of their laboratories that perform cell morphology, to enable them to assess staff proficiency and promote competency amongst their technicians," says **Camilla Streimer** at Region Skåne.

Due to their heightened familiarity with digital interfaces, younger technicians find DCM an especially appealing way to work, making Region Skåne's laboratories are attractive to recent graduates.

"Right now, for the past five years and the coming five, we'll be switching all of the personnel in our laboratories all over Skåne – it's a generation shift. We're putting a lot of effort into education to 'future-proof' our operations. This would be impossible without CellaVision," Camilla Streimer continues.

APAC

APAC was the region that was least affected by the COVID-19 pandemic. China had a relatively short shutdown, but countries such as Australia and India were severely affected. Travel and meeting restrictions have been in force for most of the year. Sales in 2020 amounted to SEK 103.4 million (80.3), corresponding to a growth of 29 percent. During the year the region accounted for 22 percent of CellaVision's total sales. Strong growth in China and Japan, which both reported their best years ever, meant that the region as a whole also achieved its best sales performance to date – despite the challenges that COVID-19 posed.

Strategic initiatives

During the year CellaVision focused on increasing penetration of the Group's larger systems for digital morphology. Many markets are still immature and require long-term work with a large element of product demonstrations to increase awareness of the advantages of digital solutions. In 2020 CellaVision also worked intensively to create the conditions for establishing the reagents product line in the region's markets. This work includes training the local organizations for market support, training partners and adapting CellaVision's reagents and associated products to the protocol standard that prevails in Asia.

Geographical expansion

CellaVision is represented by its own organizations for local market support in six of the region's markets. Due to the COVID-19-pandemic, expansion has been further postponed, but the long-term strategy of expanding operations to new markets in South East Asia remains unchanged. CellaVision will also gradually strengthen the local organizations to utilize the major potential offered by the reagents product line.

Important activities

There has been great focus during the year on introducing the reagents product line to partners and end customers. This work has been made more difficult due to current restrictions. Most of the year's congresses and events were cancelled or held digitally due to the pandemic. A large congress in China, the NCLM (National Conference of Laboratory Medicine), was held as planned and gave CellaVision the opportunity to demonstrate the reagents product line for the first time in the region.

Notable among the year's other activities were the launch activities for the CellaVision DC-1, which was developed for small and mid-size laboratories. The product was registered during the year in Indonesia and the work of registration in China progressed according to plan. In 2020 the Group's complete offer was introduced to veterinary laboratories.

When digital cell morphology captured the attention of both Dr. Jayaram and Dr. Prasad

Established in 1974, Anand Diagnostic Laboratory provides specialized and routine diagnostic services to patients in Bangalore, India, with a strong focus on patient care and quality of results. After exploring possible routes forward, the potential of digital cell morphology (DCM) captured the attention of both Dr. Jayaram and Dr. Prasad and fired them with enthusiasm. They installed DCM technology from CellaVision at their laboratory in Bangalore, which has been up and running since late 2018.

Once the system was fully installed and ready to use, **Dr. Ananthvikas Jayaram** immediately noticed a difference in the laboratory. Systems became integrated, workflows became streamlined, cross-consultation became easier—and pressure on staff eased off.

"The system made an impact in just a couple of days," enthuses Dr. Jayaram. "It was revolutionary: the change was almost instantaneous," says Dr. Ananthvikas Jayaram at Anand Diagnostic Laboratory, India.

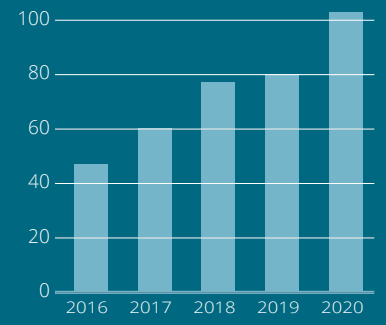
Net sales, SEKm
103 (80)

Share of Group sales
22%

Growth
29%

Number of employees
12 (12)

Net sales 2016-2020, SEKm



Organization

To integrate RAL, which was acquired in October 2019, and create a clearly customer-focused organization, in 2020 CellaVision established an organization based on clear areas of responsibility and integrated communication with the Group's market partners and end customers. The new organization consists of four central functions: two product divisions responsible for defined parts of the product range, a marketing organization and a sales organization.

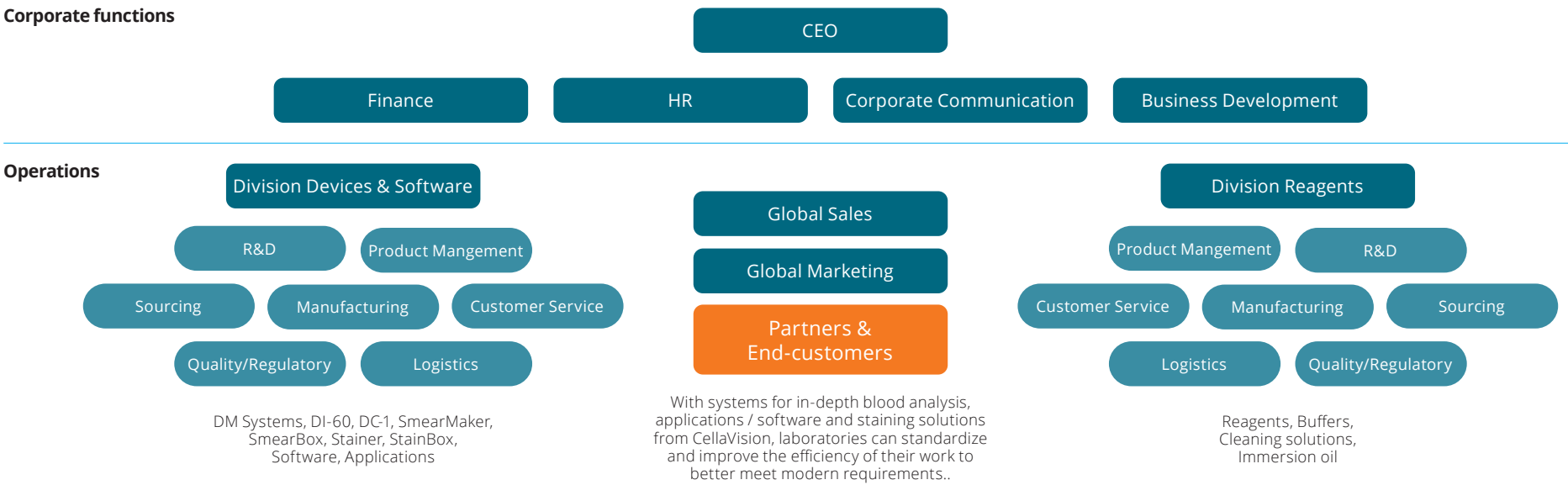
Global sales organization
CellaVision's global sales organization is responsible for building up the Group's organization for local market support and for developing collaboration with global and regional market partners, which is so important in the indirect business model used by CellaVision in the hematology market. For sales outside the hematology segment, CellaVision currently sells directly to end customers.

Global organization for marketing
All marketing is handled by a global organization. The organization's responsibilities include the CellaVision Academy (a digital training platform for market partners and end customers), production of marketing material and trade fairs.

Two product divisions
CellaVision has two product divisions: Devices & Software and Reagents. The Devices & Software Division is based in Lund and is responsible for the Group's range of hardware, software and applications. The Reagents Division is based in Bordeaux, France and is responsible for the Group's range of reagents and associated products.

Responsibility for each division covers research and development, sourcing, manufacture, quality assurance and regulatory issues, customer service, logistics and product management.

Company-wide functions
CellaVision's company-wide functions consist as before of President/CEO, Finance & IT, HR, Corporate Communications and Business Development



Strategic agenda and Sustainability Report

Strategic agenda

CellaVision's strategic agenda aims, through five initiatives – geographical expansion, expansion to new market segments, innovation, developed partnership and improved supply chain – to create conditions for the company's continued growth in pace with its financial targets. The five strategic initiatives are designed to fit the company's indirect business model, which together with CellaVision's unique innovation, has laid the foundation for its strong performance, both in terms of sales and profitability.

TARGET: Organic growth
CellaVision aims to have annual sales growth, over an economic cycle, of at least 15 percent. Organically, in 2020 sales decreased by ten percent and for the past five-year period average annual growth was seven percent.

15%
ORGANIC GROWTH

TARGET: Profitability
CellaVision aims to have an EBITDA margin, over an economic cycle, of at least 20 percent. For 2020 the margin was 23 percent and for the past five-year period the average EBITDA margin was 28 percent.

20%
PROFITABILITY

1 UNIQUE INNOVATION

CellaVision continually develops the software and hardware systems to further simplify and improve work at hematology laboratories. The technological advances and innovations from the CellaVision DC-1 form the basis of the next generation of analyzers, as well as further development of new applications.

2 SEGMENT EXPANSION

With the launch of the product CellaVision DC-1 for small and medium-sized laboratories, a decisive step was taken into a new market segment. Furthermore, the acquisition of RAL Diagnostics broadened the market in hematology to include sample preparation. The company's developed offer for the veterinary market is aimed at a market with good potential.

3 STREAMLINED SUPPLY CHAIN

CellaVision works continually on component supply and lifecycle management of key components. The objective is to tie up less capital and increase efficiency and productivity.

4 DEVELOPED PARTNERSHIP

CellaVision's products are an integral final step in the blood analysis chain. Therefore the company cooperates on sales and distribution with leading global manufacturers of cell counters. CellaVision continually develops its capacity to provide professional support to both partners and end customers.

5 GEOGRAFIC EXPANSION

One of the most important success factors for CellaVision is establishing local organizations for market support in countries with great potential. In 2019 three new local organizations were established, which means that the number has grown from five organizations in 2015 to 18 organizations with direct presence in more than 40 countries in 2020.

Agenda 2030

CellaVision's unique solutions contribute to human health on a global level. Through digitalization and automation of blood tests, treatment of seriously ill people can be initiated more quickly, saving lives. The company puts high demands on the level of education and works continuously with competence development.

CellaVision's investments in continuous development resulted in the new product CellaVision DC-1. With the company's segment expansion into small and medium-sized laboratories with digitalization of the workflow in hematology laboratories, basic care is made available regardless of where you live, which contributes to sustainable societies.

The company works continuously with RoHs and REACH to ensure all handling and purchase of components from an environmental and chemical perspective. Furthermore, CellaVision requires its partners to be certified according to current ISO standards.

CellaVision only works with partners who comply with the UN Human Rights Charter. Furthermore, the company conducts a number of training courses both for the company's end customers and for its partners, which contributes to increased competence and increased level of education. CellaVision Academy, for example, completed 5,155 courses in 2020.

With CellaVision's establishment of local marketing organizations, the company can affect health and well-being locally. Furthermore, the company applies fair employment conditions and works actively against discrimination.

Strategic agenda

1 UNIQUE INNOVATION

CellaVision develops solutions that simplify and improve the work of hematology labs around the world.

Division Devices

Innovation in the Devices & Software division is based at CellaVision's head office in Lund. The focus of the work is on the development of hardware, software and applications for CellaVision's digital morphology system. The development work is carried out by independent teams. In total, more than 65 people are working to develop tomorrow's solutions.

Division Reagentsr

Innovation in the Reagents' division is based at CellaVision's plant in Martillac, outside Bordeaux, France. The focus of the work is on the development and improvement of reagents. In total, more than five people are working to develop tomorrow's solutions in this area.

Continued focus on innovation

CellaVision conducts intensive development work to increase its products' functionality and to broaden its product offer to new, interesting markets and market segments. The work also includes developing new applications for existing products and CellaVision applies considerable resources to being at the forefront of research and development. In 2020 the equivalent of 16 percent of sales was invested innovation.

The extensive development work takes place in the company's two divisions: Devices & Software and Reagents. The Devices & Software Division is responsible for developing system software, hardware and applications, while the Reagents Division focuses on developing the sample preparation offer. The quality of sample preparation is important for optimal functioning of CellaVision's systems and there is a great need for standardized solutions.

The number of employees in R&D grew during the year by about eight percent and at the turn of the year 2020/2021 was 71 people.

Innovation in the Devices & Software Division

The Devices & Software Division conducts a number of development projects aimed at further improving existing products and developing new analyses. The CellaVision DC-1, which was developed for small and mid-size laboratories and launched in earnest at the beginning of 2020, has opened up a new market segment for CellaVision, thus improving the opportunities to launch new products.

In 2020 an updated version was completed of the CellaVision Proficiency Software, which is an innovative tool developed to help laboratory managers to assess and promote their staff proficiency in cell morphology. The updated version was launched in early 2021. CellaVision's training software was also modernized during the year. Since its introduction in 2013, this software has been used at hundreds of laboratories, universities and external quality organizations to train staff and students.

Environmental considerations are integrated into the Division's development model, focusing on compliance with standards and regulations such as ISO 14001:2015, REACH, RoHS and 3TG. CellaVision's solutions also contribute to increased digitization, which is positive from an environmental perspective, through limited transport and the opportunity to work remotely.

Innovation in the Reagents Division

Through the acquisition of RAL Diagnostics in autumn 2019, CellaVision could establish the Reagents Division with solutions in staining and sample preparation. Since the acquisition CellaVision has worked to create integrated solutions for hematology laboratories in a growing number of markets.

Different parts of the world use different protocols for blood sample preparation. RAL already previously held a very strong position in the European market, with reagents that are adapted to the protocols on that market. In 2020 CellaVision worked intensively to broaden RAL's sales to more geographies and an important part of this work has been to adapt RAL's reagents to the protocols in CellaVision's other main markets, not least the markets in Asia.

In 2020 the Reagents Division completed development work on the RAL Smearbox (for smears) and the RAL Stainer (for staining), that is the products included in CellaVision's sample preparation offer. The responsibility for these products was then transferred to the Devices Division.

As regards environmental issues, the Division focuses in particular on work environment questions and safety, by using less harmful materials in its reagents. The division mainly uses local suppliers to limit transport and create a stable supply chain. A lifecycle perspective is used when developing new products.

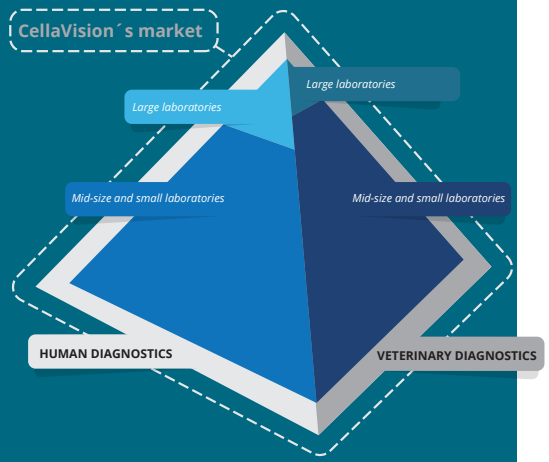
Patent portfolio

Over the years, CellaVision has built up unique technological knowledge that forms the basis of the company's product development. The technologies are patented and at the close of the year the patent portfolio comprised 18 patent families and 76 registered patents.

Strategic agenda

2 SEGMENT EXPANSION

Expansion into new segments can be achieved by developing innovative products and through acquisitions.



CellaVision has in recent years expanded from large human laboratories to also process small and medium-sized labs. The company has also expanded into the veterinary market, which is interesting in the long-term. Through the acquisition of RAL Diagnostics, CellaVision has also established a strong position in sample preparation.

Significant growth opportunities in all market segments

CellaVision's technology, through its digital flows and unique analysis methods, has revolutionized the work of large hematology laboratories in healthcare. CellaVision has long held a strong position in this market. After the launch of the CellaVision DC-1 in 2019 the company also has a competitive offer for small and mid-size laboratories. In 2020 the product offer was further broadened with leading solutions for sample preparation and reagents through the acquisition of the French company RAL. CellaVision has also been active on the veterinary market for several years.

The market for large laboratories continues to offer sound opportunities

Large laboratories is the market where CellaVision first established itself and here the company has been building up strong positions for a long time. In the geographical markets where the company first established itself there can now be seen an emerging replacement market that will grow in significance in coming years. The market is estimated to consist of about 17,000 large laboratories, of which about 22 percent work with digital morphology solutions from CellaVision. This market segment thus offers continued growth opportunities, and CellaVision is working continuously to convert the laboratories still working with manual microscopy to digital solutions.

CellaVision is expanding to the market for small and mid-size laboratories

There are about 100,000 small and mid-size laboratories globally. In 2019 the CellaVision DC-1 was launched, which was specifically developed to meet the needs and conditions found in this type of laboratory. At "satellite laboratories" the CellaVision DC-1 can be connected to the larger lab's network. In that way images can be transferred digitally and analyzed by experts at the larger laboratory. The CellaVision DC-1 thus meets a great need in the market. The CellaVision DC-1 showed promising development at the beginning of 2020, but when the COVID-19 pandemic struck with full force the opportunities for central sales activities such as customer meetings were heavily curtailed. Despite this, the CellaVision DC-1 reported satisfactory sales growth in the EU, given the circumstances. Towards the end of 2020 the CellaVision DC-1 was market cleared for sale in the USA. The product is thereby cleared for sale in all main markets apart from China, where it is expected to be cleared for sales in 2021.

Sample preparation offers major growth opportunities

The acquisition of RAL in October 2019 gave CellaVision at a stroke a completely new product line for sample preparation and reagents. Since then, CellaVision has carried out extensive work to integrate the new product line into the Group's overall offer. RAL's products already previously held a strong position in Europe and in 2020 CellaVision implemented a number of measures to be able to accelerate future sales, for example by signing global agreements with the company's partners and through internal and external training, as well as adapting sample preparation products and reagents to existing protocols in Asia.

Large veterinary laboratories – broadened portfolio and more analyses

The global market for large veterinary laboratories is estimated to be about 500 in North America and Europe. The veterinary market is fragmented and CellaVision's ambition to establish a strong presence in this market should be seen as a long-term investment. In the first quarter of 2020 solutions for the veterinary market were launched on all CellaVision's product platforms, which means that all systems will be able to analyze canine and feline blood. In addition, the CellaVision DC-1 will also have an application for avian blood analysis.

Strategic agenda

3 STREAMLINED SUPPLY CHAIN

CellaVision works continuously to drive down tied-up capital and improve productivity.

Division Devices & Software – overview

- *Approximately 120 component suppliers; one third in the Americas, one third in Asia and one third in Europe*
- *About 15 prototype suppliers*
- *Manufacture of systems and spare parts is handled by third-party manufacturers in Sweden*
- *Customer service, tactical and strategic sourcing is handled by CellaVision in Lund*
- *Logistics is handled by a third-party supplier in Sweden*

Division Reagenser – overview

- *All production takes place at the company's three plants just outside Bordeaux in Martillac, France*
- *Production includes the manufacture of dyes and solutions, packaging of the products as well as quality control and logistics*
- *Manufacturing places great demands on knowledge regarding all types of handling and distribution of combustible and dangerous goods*

Managing the challenges of the COVID-19 pandemic and future initiatives

Manufacturing at CellaVision's two divisions in 2020 was to a large extent marked by the challenges posed by the COVID-19 pandemic. Despite a periodically very difficult situation, production and deliveries could be maintained without significant disruption during the year. Both divisions also carried out several measures to reduce costs and strengthen long-term profitability.

The Devices Division

The Devices Division is responsible for production and logistics of CellaVision's systems for digital morphology. In 2020 the focus was on implementation of cost-reducing measures such as digitization and automation of manual processes, as well as continued improvements in production, focusing on value creation. During the year, the strategic purchasing focused on obtaining new suppliers to optimize quality and cost and ensure that CellaVision has access to central electronic components that are in high demand globally.

The COVID-19 pandemic led to major uncertainties concerning both demand and supply of material and components. The initially lower demand that came in the wake of the pandemic meant that CellaVision reduced manufacturing volumes for all systems. At the beginning of 2020 air freight was used to a greater extent than normal to secure access to components. The organization handled the suddenly changed conditions successfully and production could be maintained without significant disruptions to the supply chain.

CellaVision attaches great value to supplying systems, single-use products and spare parts in accordance with customers' wishes. The service level to customers was more than 96 percent in 2020, despite the challenges posed by the pandemic. Fluctuations in needs are carefully handled to optimize logistics and production flows. The basis for optimization lies in good knowledge of customer needs through sound forecasts and close cooperation with the treasury function and suppliers.

Reagents Division

The Reagents Division manufactures a dozen strategic substances and produces more than 100 different solutions. The stages of production include different types of reactors, filtering systems and automated and half-automated packing systems. The production at the Division's facilities in France is designed to meet extremely high requirements in terms of safety for both employees and the physical buildings.

In 2020 the division invested in a new and automated production process for filling reagent containers of five to ten liters. Other important activities include the implementation started of a new version of the division's ERP system to strengthen the production process and digitization of purchase-related documentation flows.

During the year the division also defined its global manufacturing strategy for coming years and in 2021 will invest in more facilities and capacity in France, as well as focus on developing profitability in the product range.

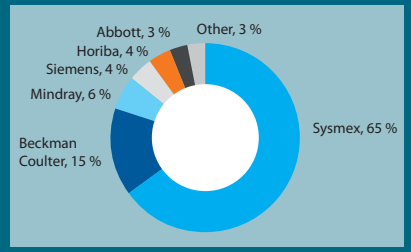
The COVID-19 pandemic put a heavy strain on the division. Restrictions and close-downs led to limited access to labor, uncertain deliveries from sub-contractors and challenges for the entire logistics chain. Despite the great challenges, the division succeeded in maintaining production and deliveries. Through being able periodically to build up inventories of reagents, all deliveries to customers were maintained during the year, proof of the organization's great flexibility and determination.

Strategic agenda

4 DEVELOPED PARTNERSHIP

CellaVision continuously works with component supply and lifecycle management of key components.

The Reagents product line has been part of CellaVision's overall product range since the acquisition of RAL Diagnostics. In 2020, the reagents product line has been integrated into CellaVision and global sales agreements have been concluded with CellaVision's network of partners.



CellaVision's distribution partner's market share in hematology for large laboratories

Global agreements for the reagents product line, transition to digital working methods and launch of the CellaVision DC-1

CellaVision's products in the form of systems for digital morphology and reagents with associated products are included as integrated steps in the blood analysis chain. Therefore the company cooperates on sales and distribution with leading global manufacturers of cell counters. This indirect sales model means that CellaVision has access to a far greater sales force than the company could build up by itself. At the same time, the model makes high requirements of CellaVision's ability to provide professional support to both partners and customers.

Established distributor partnerships

CellaVision cooperates with the majority of the leading manufacturers of cell counters and has global distribution agreements with all relevant hematology suppliers for large as well as small and mid-size laboratories. In 2020 CellaVision negotiated and signed agreements that also include the new reagents product line with all partners, as well as helping them to register the products on relevant markets.

Impact of the COVID-19 pandemic

The COVID-19 pandemic has to a great extent characterized work in 2020. Physical meetings with partners and end customers, just as many planned development meetings, were replaced by digital solutions. For established contacts this largely worked well, but new partnerships were difficult to develop remotely. The same applies to contacts with end customers. In particular the introduction of the new product, the CellaVision DC-1, was made more difficult since physical product demonstrations could not be held. The fact that market penetration in general was limited in 2020 will probably also impact sales in 2021.

Continual work to strengthen collaboration with distributors and customers

Good relations with partners are crucial to CellaVision's successes. The company is continually strengthening its support in different parts of the sales process, through training in the company's solutions for digital morphology and helping end customers to get the maximum benefit from their investments in CellaVision's solutions.

Part of this work is CellaVision's expansion of local market support organizations. The possibility of supporting the company's distributors on site is crucial to utilizing the opportunities offered by the market. Apart from supporting CellaVision's various partners locally, CellaVision's local organizations develop networks with end customers. This provides both important information about the market to enable penetration and sales via the indirect business model, as well as giving an insight into the needs of end customers, which is of great importance for future product development. This work has been challenging in 2020, but the company expects to again intensify contacts with partners and end customers as soon as the pandemic situation allows.

Strategic agenda

5 GEOGRAFIC EXPANSION

CellaVision establishes local market support organizations in countries with great potential.

CELLAVISION'S GLOBAL PRESENCE

MARKET SUPPORT ORGANIZATIONS BY YEAR END

Continued expansion of CellaVision's market support

One of the most important success factors for CellaVision is establishing local organizations for market support in markets with great potential. In 2020 the company established a new support organization in Russia at the start of the year. Major focus during the year has been on establishing a sound sales structure for the reagents product line, which since the acquisition of RAL in October 2019 is part of CellaVision's overall product offer.

Continued expansion in 2019

The strategy of investing in local organizations for market support in selected markets was put on temporary hold in 2020, after the establishment in Russia that was completed before the COVID-19 pandemic struck with full force. Instead, during the year focus has been on negotiating and signing agreements on the new reagents product line with the company's global partners. This work was in all essentials completed during the year.

Building up the new organizations for local market support will resume when the pandemic situation is improved, and the world normalized. Establishment of new organizations will also continue to be step by step and initially consist of a limited number of employees. This limits the initial costs and expansion will continue at the rate justified by the market and developments. Altogether CellaVision now has 18 local organizations offering market support in more than 35 countries.

Training and support

The task of the local organizations is to provide support in training and sales to CellaVision's distributors. This is done both through personal contacts and through the CellaVision® Academy, a digital training program launched in 2015 that is continually expanding its content.

In 2019 great effort has been put into training CellaVision's distributors in the new product, the CellaVision® DC-1. This work will continue in 2020 and 2021 as the product is expected to be market cleared in the USA and China.

The local organizations also act as support to CellaVision's end customers, who can receive help in implementing the new digital working method in their operations and training laboratory staff in using CellaVision's solutions. For end users CellaVision has developed the digital platform, the CellaVision User Club.

Considering that a majority of the company's distributors and customers are in North America and Asia, the investment in digital knowledge solutions for distributors and end users is crucial in providing satisfactory support in all parts of the world.

CellaVision's sustainability work

CellaVision's unique solutions contribute to the improved health of people worldwide. Through digitization and automation of blood analysis, treatment of the seriously ill can be initiated more quickly, which saves lives. With streamlining of the workflow in the laboratories, CellaVision contributes to better health care at a lower cost while digitalization increases the availability of better healthcare. Altogether, the company has a positive effect on the benefit to society and contributes to improved health globally.

Activities

CellaVision develops and sells products in sample preparation, including reagents and sample preparation equipment, and digital solutions for blood and body fluids analysis. CellaVision replaces manual microscopes with analyzers based on digital image analysis technology, artificial intelligence and IT. The solutions contribute to more efficient workflows and higher quality in laboratory medicine, which leads to a better diagnostic basis and ultimately better care at a lower cost. The company's digital solutions enable healthcare providers to initiate treatment for seriously ill patients more quickly as workflows are streamlined.

Business model

CellaVision has its head office in Sweden and local organizations for market support in a total of 18 countries, with a direct presence in more than 40 countries. The company's supply chain comprises third-party manufacturers located in Sweden for CellaVision's instruments and the company has its own production of reagents in Martillac, France. The company's products are sold in collaboration with various selected, globally established partners and CellaVision continuously monitors their work and policies as regards key sustainability issues.

Environment, Social conditions, Personnel and Human Rights and Corruption

Working together with CellaVision should imply a stamp of quality for customers, partners and employees. CellaVision's Code of Conduct describes values and guidelines for how the company's employees are to behave in various business situations. The Code is based on the UN Universal Declaration of Human Rights and together with CellaVision's core values and policies constitutes the foundation of how the company works. The fundamental principles of the Code of Conduct are justice, honesty and legal compliance. CellaVision's sustainability work, which is reported in the coming pages, includes Environment, Social Conditions, Personnel and Human Rights and work to prevent Corruption.

Development 2020

During the year, CellaVision continued to develop the company towards a more sustainable business in terms of environmental responsibility and social impact. CellaVision's goal is that the business should always be managed in a responsible manner with continuous improvements in sustainability work. In connection with the acquisition of RAL Diagnostiscs, the demands on sustainability work increased due to the acquired company's production of sample preparation products.

Agenda 2030

The UN Agenda 2030 with 17 global Sustainable Development Goals is a framework to meet the world's challenges and opportunities. CellaVision's business contributes primarily to goal three: Good health and well-being. In addition, the company contributes to goal four; Quality education, goal five; Gender equality, goal eight; Decent work and economic growth and goal nine; Sustainable industry, innovations and infrastructure. CellaVisions also contributes through various initiatives to achieve goal ten; Reducing inequality and, goal eleven; Sustainable cities and communities.

AGENDA 2030

CellaVision has analyzed its operations in relation to the 17 goals according to Agenda 2030. The company's contribution to a sustainable future, sustainable entrepreneurship and sustainable societies includes, among other things, the following goals under agenda 2030:

3 Good health and well-being: Good health is a fundamental prerequisite for people's ability to reach their full potential and to contribute to the development of society
5 Gender equality: Gender equality between women and men is a prerequisite for sustainable and peaceful development. Gender equality is about a fair distribution of power, influence and resources.
8 Decent working conditions and economic growth: By creating good conditions for innovation and entrepreneurship as well as ensuring decent working conditions for all, sustainable economic growth that includes the whole of society benefits.
9 Sustainable industry, innovations and infrastructure: A functioning and stable infrastructure is the basis for all successful societies. Innovation and technological progress are the key to finding sustainable solutions to both economic and environmental challenges**.**

Sustainability:
Environmental objectives

CellaVision's environmental work is regulated by the company's environmental management system. The company complies with the standards RoHs and REACH. The RoHS Directive aims to reduce risks to human health and the environment by replacing and limiting hazardous chemical substances in electrical and electronic equipment. The Directive will also improve the possibility of profitable and sustainable recycling from waste from electrical and electronic equipment. RoHS stands for Restriction of the use of certain Hazardous Substances in electrical and electronic equipment.

The REACH Regulation contains, among other things, rules on the registration of substances, prohibitions or other restrictions on substances, requirements for authorisations for particularly dangerous substances and rules on informing customers. CellaVision sells goods and chemical products in the EU/EEA according to the rules that apply to the company's operations.

Goal-oriented active environmental work

CellaVision has been working with environmental issues in accordance with the international standard ISO 14001 since late 2013. In brief, the certification means that the company's environmental work must be well organized, lead to continuous improvements, that applicable laws and regulations are complied with and internal environmental audits are carried out regularly. CellaVision, thus conducts active and goal-oriented environmental work in the selection of suppliers and resources in product development. The company does not conduct any notifiable operations in accordance with the Environmental Code in Sweden.

Devices & Software Division

The Devices & Software Division conducts its operations at CellaVision's facility in Lund. In 2020 the Division was certified under the environmental standard ISO14001:2015, which means among other things that the Division's environmental work is audited every year. This year's audit resulted in zero non-conformances. In 2020 a sustainability group was established, tasked with evaluating and proposing improvements to the Division's environmental work.< In 2020 the Division also initiated a project aimed at strengthening ongoing work on compliance with environmental directives and regulations such as REACH, RoHS and Conflict Minerals.

Environmental objectives 2020

In 2020 three detailed environmental objectives were set for CellaVision in Lund: 1) to establish a group to evaluate the Division's sustainability work, 2) to carry out a pre-study to evaluate digital meetings as an alternative to physical meetings and 3) to reduce environmental impact for purchases of all types of goods.

Manufacturing with selected partner

The Devices & Software Division does not manufacture its analyzers at its own facilities but works together with a selected partner that is responsible for assembly and quality assurance. The Division also has suppliers of central components such as microscopes and software. When selecting, suppliers with certified environmental management systems are preferred. Suppliers are also required to comply with the requirements of the REACH Regulation and the RoHS Directive.

Reagents Division

The Reagents Division was established as a result of the acquisition of RAL Diagnostics in autumn 2019. The Division conducts its operations at CellaVision's facility in Bordeaux in France. The Division complies with local legislation on the environment, health and safety, has an environmental management system based on ISO14001 and is considering future environmental certification under ISO14001:2015.

Logistics

The ambition is to transport products in as environmentally friendly way as possible. For transport to customers in the Americas and APAC this means that as far as possible the Division will use sea transport, but use air transport in cases where customers so require. In 2020, 34 percent of shipments were by land (of which one percent by train), three percent by sea and 63 percent were by air.

Climate compensation for carbon emissions

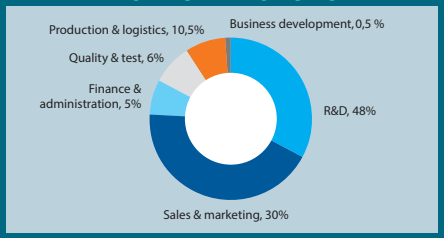
Since the company applies an indirect business model, it is the company's various distribution partners that decide on shipping alternatives for the company's products, which is why these are not compensated for by CellaVision. However, CellaVision recommends its distribution partners to always choose the shipping option with the least environmental impact. Carbon emissions caused by CellaVision's operations are mainly from business trips by air. The company conducts an annual survey to obtain information about travelers. For 2020, 101 employees out of 177 answered the survey, which is why the company chose to calculate an average of carbon dioxide emissions per employee and then compensate for all the Group's 177 employees. Due to the COVID-19 pandemic, the company's travel decreased sharply in 2020 and thus also the compensation for the company's carbon dioxide emissions. The company's total carbon dioxide emissions for 2020 amounted to 191 tons, meaning a compensation of SEK 34,500 (69,500).To compensate for these emissions, CellaVision decided in 2020, just as in previous years, to support a Clean Development Mechanism (CDM) project, which is a central part of the implementation of the Kyoto Protocol. The CDM project scheme has well-developed control mechanisms with independent authorized auditors that report directly to the UN. CellaVision supports a wind power project that meets the environmental movement's "Gold Standard" quality label, which means that the project contributes to sustainable development in a broader perspective.

Risks

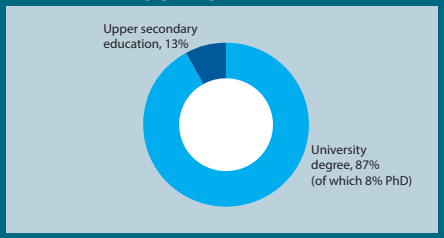
Environmental Management Systems in the Reagents Division
Continued investments in the production facility are required to ensure a good level of environmental work with an environmental certification according to ISA14001: 2015 so that this does not constitute a risk for the company.

Third party manufacturer of instruments
In the event of an increased number of third-party manufacturers, CellaVision must ensure that the requirements for being a partner are met in the environmental area. To ensure compliance, CellaVision should therefore also carry out environmental audits.

EMPLOYEES PER FUNCTION



EDUCATIONAL LEVEL



Employees, social conditions and human rights

CellaVision's strong corporate culture is an important factor behind the company's successes. The core values – Customer in focus, Initiative and responsibility, and Simplicity and quality – guide our employees in their daily work. Along with objectives, vision and guidelines they constitute CellaVision's corporate culture and form the basis of how work is carried out, the quality delivered and open and respectful treatment of customers, partners, investors and employees.

Responsible employer

CellaVision has a decentralized and flexible organizational structure, characterized by competence, entrepreneurship, management by objectives and short decision lines. CellaVision's ambition is to offer a secure, stimulating and fulfilling workplace with opportunities to contribute skills and commitment to the company's continued development. The company believes that an even gender distribution enhances competence and creates dynamic in working groups, which is positive both for the work climate and for the company's long-term competitiveness. When recruiting, the company's ambition is to meet as many women as men. In 2020 a total of 12 new employees were recruited to CellaVision. Of the 12 new employees, eight were women and four were men. At year-end the total number of women was 69 (70), equivalent to 39 (40) percent of the workforce. The number of employees at year end was 177 (177) and staff turnover was 6.2 percent (3.1 excluding RAL Diagnostics). Sick leave 1–13 days was 2.4 percent (1.9). In 2020 CellaVision globally had nine reported incidents and four reported accidents. None of the accidents were regarded as serious. The company investigates all accidents in accordance with applicable regulations and takes preventive measures to avoid similar accidents in the future.

Work environment, talent, performance and targets

All employees have annual appraisals and target discussions with their line manager. The purpose of the target discussions is to create the conditions for the company's employees to develop and be stimulated to achieve positive work input, which contributes to increased productivity, efficiency and profitability. Individual development plans are linked to the targets to ensure continual competency development. CellaVision conducts an annual employee survey and quarterly measurements of the employee Net Promoter Score (eNPS). The results show pervading strong commitment, strong faith in the future and great confidence in colleagues. The survey, together with performance reviews, form the basis of how CellaVision is to work to retain and improve the work environment, employees' well-being, performance and commitment.

Attractive employer, recruitment and digitization

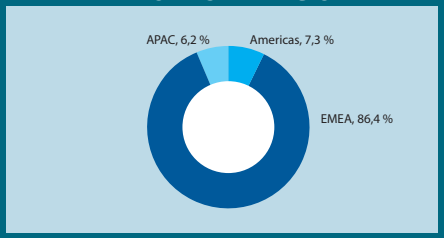
In 2020 CellaVision continued the work of building its brand as an attractive employer by means of a number of targeted initiatives, mainly in relation to universities and other higher education institutions. The company's geographical location, with many attractive employers in engineering professions in the region, means that the company has had to develop its strategy to attract the right skills. In 2020 CellaVision was once again the main sponsor for Lund Technical University's F-Guild. In response to the COVID-19 pandemic all activities were conducted digitally. The company also offers various extra work opportunities and participates in networks and mentor programs. Altogether, the initiatives have had a positive effect on recruitment, as well as on linking the right competencies to the company in the long term. Further, the company has continued to digitalize HR processes in both recruitment and management of talent and performance to create transparency and efficiency.

Effects of the COVID-19 pandemic on staff

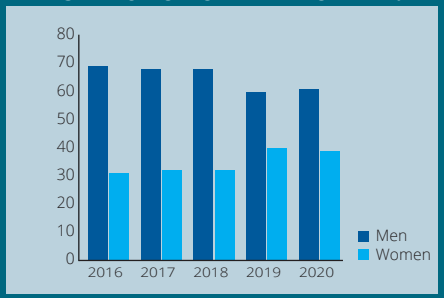
CellaVision established a contingency group in March, consisting of people in leading positions, to enable fast response to situations linked to the COVID-19 pandemic. One focus of the group was to protect CellaVision's employees, and a decision was quickly taken to carry out a large part of the work from home for staff whose jobs allowed this. The company conducted activities and meetings digitally, which meant that operations continued and that social interaction in a digital environment has also had positive results. For employees in the Martillac production facility, an extra shift was introduced to ensure that staff could keep a safe distance from each other. In addition, extended cleaning was introduced to reduce the spread of infection. The company's efforts delivered results and few of the company's employees fell ill from COVID-19 in 2020.

Sustainability:
Employees, Social conditions and Human rights

EMPLOYEES PER REGION



DISTRIBUTION OF MEN/WOMEN %



Employees, social conditions and human rights, cont'd

Social conditions and human rights

With regards to social conditions and human rights, the company has established that the most important areas for the company's operations are linked to personnel and to the company's products that contribute to better care and health, but also to the global economy.

CellaVision products

CellaVision manufactures and sells products aimed at healthcare. The company's products make better healthcare available through improved diagnosis, which has a decisive effect on health and well-being globally. Furthermore, the company's products have an effect on the overall economy as the company's instruments reduce healthcare costs. In these respects, the company is a direct contributor to the UN's goals of Good Health and Well-being.

Good employment conditions

CellaVision's personnel are employed in the parent company in Lund, Sweden, the subsidiary in Martillac, France, as well as in the company's other subsidiaries and via Business Sweden. The staff employed at the parent company in Lund and the subsidiary in Martillac amount to 141 employees out of a total of 177 for whom collective agreements have been established. This means that 80% of the company's staff are covered by collective agreements that regulate employment conditions and working conditions at workplaces. For other employees, the company ensures the working environment and working conditions through its collaboration with Business Sweden. All employees under the auspices of CellaVison have employment agreements in accordance with applicable local laws and regulations. Furthermore, the company has an established framework with a code of conduct based on the UN's human rights as a complement to local laws and regulations.

Supply chain

CellaVision conducts manufacturing via third-party manufacturers with production in Sweden and in-house in Martillac, France. Working conditions at the third-party manufacturer in Sweden are regulated by collective agreements, which ensures the terms of employment at the workplace. The same applies to the company's own production in Martillac in France, which is also covered by collective agreements with local trade union cooperation to regulate the terms of employment.

Distribution

The company conducts sales via global partners, most of which are public companies with their own work for sustainability, which also includes working and employment conditions, taking into account human rights and working conditions.

Risks

Uneven gender distribution in senior positions

The company still has an uneven gender distribution in the board and management. The risk is that the company is not perceived as an equal, attractive employer and thus may have difficulty attracting skills.

Supply chain

Today, the company works with a third-party manufacturer with production in Sweden for the manufacture of instruments. If CellaVision decides on additional or other third-party manufacturers, the company must ensure established employment relationships and compliance with the new manufacturer.

Local working conditions at the distributor level

As the company expands its relationships with new local distribution partners, the company can not rely on these distribution partners meeting the requirements for good employment conditions locally. The company must therefore continuously check how new and smaller distribution partners meet the requirements.

Sustainability:
Work against corruption

CellaVision's Code of Conduct is designed to provide guidance on expected behavior both internally and externally. The Company's Code of Conduct covers the following areas:

- *Act according to CellaVision values*
- *Act ethically, truthfully and follow all laws*
- *Respect the rights of all employees*
- *Avoid conflicts of interest*
- *Ensure the health, safety and safety of employees and work environment*
- *Protect confidential business information*
- *Maintain high ethics and morals in all business relationships*
- *Act responsibly on social media*
- *Follow financial reporting and accounting standards*
- *Report abuse!*

Code of Conduct and anti-corruption

Legal compliance forms the basis of CellaVision's actions in all areas in which the company operates. The scope covers many areas, and the work is led by employees with expertise and knowledge within the Group. The company's Code of Conduct is an authoritative document that, in addition to a number of policy documents, regulates how the company's employees are to act beyond the local legislation at global level.

Compliance with legislation

The company's Code of Conduct describes for example how the company is to compete fairly, based on the merits of our products and services, and not participate in or promote any corrupt activity. The Code of Conduct describes anti-corruption specifically and that employees may not offer customers, potential customers, suppliers, consultants, governments, agencies of governments, or any representative of such entities, any rewards of benefits in violation of applicable laws or established business practices, in order to obtain or retain business. These compliance principles were implemented at CellaVision some years ago and the company conducts annual training to ensure that all employees understand and comply with these principles. The company has established a number of policies and guidelines, as well as offering ongoing advisory services and support to assure compliance. Moreover, a number of reviews and audits, both internal and external, are conducted to identify irregularities and systematize the work of improvement.

Monitoring compliance

Compliance with the Code of Conduct is largely an issue of leadership and of having well-established procedures, processes and functions to prevent deviation. The Code of Conduct describes the whistle-blower function, which encourages all employees to report suspected violations to their managers or other representatives of the leadership. If it is not feasible or possible to report to a superior, or if it is not taken seriously, it is possible to escalate the suspected violations to the Board of Directors or ultimately to CellaVision's Board Chair, and, where the law permits, to remain anonymous. CellaVision does not tolerate reprisals against any person who in good faith presents complaints or suspicions of violation of the Code of Conduct. In 2020, no cases were reported to management according to the whistle-blower function in the Code of Conduct, nor did any cases related to corruption come to the management's knowledge during the financial year.

Risks associated with corruption and non-compliance with competition law

Risks of corruption are primarily linked to operations of CellaVision's business partners (distributors and third-party manufacturers), for which the company may be held liable, as well as behaviors of employees in relation to public officials and other customer representatives. The overall risk level is also influenced by the fact that CellaVision conducts business activities in many markets considered to be high-risk in terms of corruption.

Potential risks of non-compliance with competition law (for example price collusion, market sharing, illegal exchange of information, abuse of a dominant position) are primarily linked to employee behavior when they interact with competitors external stakeholders in various situations. Violations of anti-corruption and competition legislation may entail serious negative consequences for business operations, including reputational damage to the Group, fines or imprisonment for employees. The Group may also be affected by claims brought by individuals or businesses impacted by alleged non-compliance.

Risk management and anti-corruption

Corruption-related risks are managed through a number of different activities to reduce the risks of corruption, including reviews of partners from a corruption perspective. This is done to ensure that the Group selects the right partners to prevent corruption in connection with the sale of products and services. Moreover, CellaVision's business model enables natural constraints on the establishment of corruption. As the company's sales are via the company's head office to various partners, the payment flows can be controlled effectively. Further, the company has established administrative support in local markets through cooperation with Business Sweden, which handles local administration of salaries and other payments to the company's employees. All payment flows are checked and approved centrally, which significantly reduces the risk of corruption.

As regards employees and sub-contractors, the Code of Conduct makes it clear that CellaVision's employees and sub-contractors may not participate in or promote corruption. The Code of Conduct also states that the Group competes on the basis of the advantages of its products and services and does not take measures that are illegal under competition law, for example illegal collusion with competitors. In addition, regular anti-corruption training is provided in connection with the annual training in the Code of Conduct. In 2020, 162 of the company's 177 employees, 92 percent, completed the online training in the Code of Conduct.

The auditor's opinion on the statutory sustainability report

TO THE ANNUAL GENERAL MEETING OF CELLAVISION AB (PUBL), CORPORATE IDENTITY NUMBER 556500-0998

Assignments and division of responsibilities

The Board is responsible for the sustainability report for the year 2020-01-01-2020-12-31 on pages 26-30 and for the fact that it has been prepared in accordance with the Annual Accounts Act..

The focus and scope of the review

Our review has taken place in accordance with FAR's recommendation RevR 12 Auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our statement.

Statement

A sustainability report has been prepared.

Malmö, April 7, 2021

Deloitte AB

Jeanette Roosberg
Authorized public accountant

Annual Report

Administration report

The Board of Directors and the President of CellaVision AB (publ), corporate identity number 556500- 0998, hereby submit the annual accounts and consolidated accounts for the financial year January 1, 2020 to December 31, 2020. Figures in parentheses refer to the previous year. All amounts are in millions of Swedish kronor (SEKm) unless otherwise stated. The corporate governance report is part of the administration report.

Activities

CellaVision develops and sells products in sample preparation and digital solutions for blood and body fluids analysis. The company replaces manual microscopes with analyzers based on digital image analysis technology, artificial intelligence and IT. The solutions contribute to more effective workflows and higher quality in laboratory medicine. CellaVision applies an indirect business model that means the company's customers consist of medical device companies that supply hospital laboratories with equipment. Thus, the end customers are hospital laboratories and commercial laboratories. CellaVision also sells to the considerably smaller veterinary market. The product offer consists of products for sample preparation and systems for digital microscopy in hematology, consisting of reagents, analyzers and supplementary software and peripheral equipment. Since 2019, RAL Diagnostics has been part of the Group and provides products and solutions for standardized laboratory diagnostics and improved performance for cellular image processing. RAL Diagnostics is based in Bordeaux, France, constituting a complete facility including a production plant producing reagents.

Sales

CellaVision's products are sold globally via suppliers of blood analysis equipment. CellaVision's own market office supports the respective partners' marketing. The revenues mainly come from sales of analyzers equipped with software and products for sample preparation. Other software, spare parts, consumables and service account for a minor but increasing part of the company's total sales.

Product development

CellaVision is continually conducting development projects in the morphology field to strengthen its customer offer. The company primarily uses its internal resources to develop, but the strategy also includes development through cooperation with partners.

In 2020 the focus was on commercialization and production of the finished product, the CellaVision® DC-1, for small and mid-size laboratories, which was launched in early 2019.

The CellaVision DC-1 is a cost-effective solution in digital morphology that meets the needs of small and mid-sized hematology laboratories. The image and analysis quality, as well as the ability to connect to a network, are the same as for CellaVision's large systems, while the automation level is somewhat lower. The product can be used both as a stand-alone, or as part of a large network.

The technical challenges in the project have been considerable, and the development work has generated much knowledge and broken new ground in several important areas. One of the most important advances is the proprietary camera, which is more competent and powerful than the cameras previously used by CellaVision. The new camera is integrated into the control technology, which gives great cost and performance benefits.

CellaVision conducts continual product care of both hardware and software. In 2020, this meant, among other things, improvements in the manufacturing process for CellaVision® DC-1, the product intended for small and medium-sized laboratories and cost reductions for the manufacturing of the company's large systems. The company implemented software updates for current software.

CellaVision devotes considerable resources to being at the forefront of research and development. In 2020 the equivalent of 16 (16) percent of sales was invested in the company's innovation activities. CellaVision is organized in a divisional structure with development departments within both the reagent division and the Devices & Software division, but different responsibilities for developing products in their respective areas.

Patents

CellaVision's innovations are protected by 18 (20) patented inventions, which at the close of the year had generated 76 (78) national patents. Most of the company's patents are in the technology fields of image analysis as well as precision mechanics, reagents and sample preparation.

Product supply and manufacture

Manufacture of CellaVision's analyzers is carried out by contract manufacturers. The company does not have its own manufacturing or assembly in terms of instruments, but owns a production plant with production of reagents in Bordeaux, France, since October 1, 2019.

Legal structure

CellaVision is a Group consisting of the parent company CellaVision AB and the five wholly-owned subsidiaries RAL Diagnostics (Bordeaux, France), CellaVision Inc. (Durham, USA), CellaVision Canada Inc. (Toronto, Canada), CellaVision Japan K.K. (Yokohama, Japan) and CellaVision International AB. Apart from RAL Diagnostics that covers a complete production facility, producing reagents, the function of the subsidiaries is primarily market support to partners in the regional markets. For markets where there is no local invoicing CellaVision has decided to employ staff through Business Sweden and in that way can operate on these markets without starting up subsidiaries.

Employees

The number of employees of the Group, restated as full-time positions, was 177 (177) at the year-end. Of these, 108 (106) were men and 69 (70) women. There is more information under the heading "Employees" in the sustainability section on page 28.

Competition

In the healthcare sector manual microscopy is the most common method for blood and body fluid analysis. The market for digital microscopy is continually growing. Commercial competition in digital microscopy is limited to a few products and companies. Competition in sample preparation and reagents consists of several competing companies and the market can be regarded as mature, unlike the digital microscopy market.

Environment

CellaVision's manufacture and sale of products is in collaboration with selected, globally established partners and CellaVision continually follows up their work and policies regarding central sustainability issues. During the year CellaVision continued to develop the company towards more sustainable enterprise as regards environmental responsibility, human rights and social impact. The company's products contribute to improve people's health on a global level and CellaVision's goal is for the business to always be managed responsibly with continuous improvements in sustainability work. Furthermore, the company climate compensates for its total travel (previously this was only done for employees in Sweden). The company's activities are not subject to licensing or reporting under Chapter 9, Section 6 of the Environmental Code (1998:808). More information can be found in the sustainability report on pages 26-30.

Significant events during the year

- CellaVision's Annual General Meeting re-elected Sören Mellstig as Chair of the Board of Directors and Christer Fåhraeus, Åsa Hedin, Anna Malm Bernsten, Niklas Prager, Jürgen Riedl and Stefan Wolf as Board Members. Furthermore, Mikael Worning was elected as new Board Member.
- During the second quarter, CellaVision's investment in local presence in Russia became fully operational. CellaVision announced that the company is awaiting further market establishments until the COVID-19 pandemic has subsided.
- During the second quarter, CellaVision's President and CEO, Zlatko Rihter, announced to the Board that he wishes to resign as President of the company. The recruitment process to find his successor was initiated immediately.
- The new software for the veterinary market was completed and released to the market during the second quarter. With the software, it became possible to run the veterinary application on CellaVision DC-1 Vet and Sysmex DI-60. A unique feature of the CellaVision DC-1 Vet included in the software, is the ability to also classify avian blood. The function is expected to open up for new business opportunities.
- Zlatko left his position as President and CEO of CellaVision on November 28. Magnus Blixt, CFO, was appointed Acting President and CEO.
- The company communicated that Chair of the Board, Sören Mellstig, had informed the Nomination Committee that he was not available for re-election at the 2021 Annual General Meeting.
- CellaVision's product for small and medium-sized laboratories, CellaVision® DC-1, received market clearance at the beginning of the fourth quarter by the US authorities, which means that the product became commercially available in the USA.
- The Board of CellaVision appointed Simon Østergaard as the new President and CEO of CellaVision, starting in March 2021. Until Simon Østergaard took office, Magnus Blixt was acting CEO and then returned to his regular role as CFO.

The Group's financial development

Fluctuations in sales

CellaVision's operations may experience considerable fluctuations in sales between individual quarters and between different geographical regions. In 2020, the COVID-19 pandemic had a negative effect on sales during the last three quarters.

Sales, performance and investments

Sales in international markets are mainly in USD and EUR, which means that the company's sales and earnings are impacted by changes in these currencies.

Net sales for the Group increased by two percent to SEK 471.4 million (461.8) for 2020. Adjusted for negative currency effects of three percent and a structural effect (acquisition in October 2019), this corresponds to an organic decrease of ten percent compared to the full year 2019, see table under alternative key figures on page 84. The gross margin during the year amounted to 66 percent (73). The Group's EBITDA for the year amounted to SEK 142.9 million (146.7). The total operating expenses for the year amounted to SEK 202.8 million (210.2). Adjusted for a structural effect of 12 percent and a currency effect of one percent, operating expenses decreased by 15 percent organically for 2020. The year's total cash flow amounted to SEK 0.9 million (-67.3).

Total expenditure for research and development amounted to SEK 76.8 million (72.4), corresponding to 16 percent (16) of sales. Capitalized expenditure for development projects during the year was SEK 25.5 million (16.0), corresponding to five percent (3) of sales. Investments in property, plant and equipment amounted to SEK 8.0 million (2.7).

Sales development in the geographical markets

In the Americas sales were SEK 151.9 million (231.2), corresponding to a decrease of 34 percent. Sales in EMEA were SEK 216.1 million (150.3), corresponding to an increase of 44 percent including structural effect. Sales in Asia and the Pacific increased to SEK 103.4 million (80.3), corresponding to an increase of 29 percent.

Liquidity and cash flow

The funds at the disposal of the Group at the end of the year were SEK 102.3 million (102.3). The year's cash flow from operating activities was SEK 71.1 million (125.0). Total cash flow for the year was SEK 0.9 million (-67.3).

Parent company

Parent company sales were SEK 372.4 million (433.9). Profit before tax was SEK 100.1 million (116.6). The parent company's investments in property, plant and equipment amounted to SEK 1.2 million (1.5) and the cash flow was SEK -1.3 million (-85.2). In other respects, please refer to the information for the Group.

Risks and risk management

External risks such as changes in exchange rates and reduced demand due to increased competition or deterioration in the investment climate constitute factors of uncertainty but not material risks to CellaVision's operations. CellaVision is exposed to exchange rate fluctuations through its international operations and structure. The exposure mainly arises through costs in Swedish kronor against income in US dollars and euros. In the short term the effect of currency movements is dampened by forward cover. For a more detailed description of the operational, financial and external risks and uncertainties facing CellaVision, please refer to the risk analysis in Note A2.

Outlook for 2021

CellaVision has five strategic initiatives – geographical expansion, segment expansion, innovation, developed partnerships and improved supply chain – that together aim to ensure the company achieves its financial targets of average organic growth of 15 percent over an economic cycle and an EBITDA margin of more than 20 percent.

CellaVision is affected by several external factors. During the first quarter of 2020, COVID-19 broke out and CellaVision took a number of measures to protect the company's operations and curb the spread of the virus. The company continuously monitors the development of the pandemic to take appropriate measures and expects that the negative effect of sales attributable to COVID-19 will subside in conjunction with the normalization of the situation. The underlying demand for digital morphology in the regions is the same as before the pandemic and a normalization in conjunction with the vaccination program taking effect is seen as plausible. The need for digital morphology is the same as before, as treatment of patients with blood-related diseases such as leukemia, lymphoma and myeloma is a high priority.

The company does not see any significant challenges in terms of supply chain or production in 2021, and as soon as the vaccination program takes effect, a normalization of sales to previous levels is expected. The company's sales cycles are long, which means that as sales activities have been limited during the latter part of 2020, it will take a few months after they are resumed before the full sales effect is regained in 2021.

The pandemic has drastically clarified the great potential and benefits of digitalization, which in the long run could have positive effects on CellaVision's operations as the company's solutions make it possible for healthcare professionals such as pathologists and biomedical analysts to work remotely.

Proposed distribution of profit

The company's dividend policy is that the dividend is to correspond to 30 to 50 percent of net earnings, taking into account the company's capital structure, acquisition requirements and long-term financing requirements. In light of the general uncertainty and the measures introduced to reduce the spread of COVID-19 and its impact on CellaVision, the company's Board of Directors decided to propose to the 2021 Annual General Meeting that a dividend of 0.75 per share be paid for 2020.

Appropriation of profits (SEK)

The following are at disposal of the AGM	
Profit brough forward	266 157 947
Net profit/loss of the year	79 961 594
Total	**346 119 541**

The Board of Directors proposes that disposable earnings to be made available to the Annual General Meeting as follows (the amounts are in SEK):	
Dividend to shareholders SEK 0,75 per share	17 888 660
On new account is transferred	328 230 881
Total	**346 119 541**

Statement by the Board of Directors on the proposed dividend

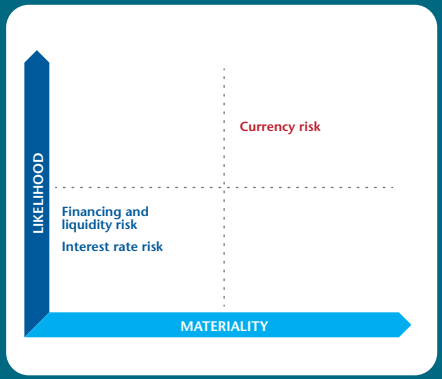
In assessing the size of the dividend, the Board of Directors has taken into account the Group's investment needs, consolidation needs and financial position in other respects, as well as the Group's ability to develop in the future while retaining financial strength and maintaining sound freedom of action. Following the proposed dividend, the Group's equity ratio and liquidity are reassuring and means that all the Group's companies can fulfill their commitments in the short and long term. The proposed dividend can thus be defended taking into account the precautionary rule stated in the Swedish Companies Act (2005: 551), Chapter 17, Section 3, Paragraphs 2-3.

In accordance with CellaVision's Code of Conduct, the company undertakes that all financial reporting and accounting shall be maintained and reported in accordance with administrative guidelines for CellaVision.

CellaVision must follow local generally accepted accounting principles and correctly describe CellaVision's actual financial position. CellaVision must also comply with International Financial Reporting Standards and all other rules that apply to listed companies.

CellaVision is required to provide a complete, fair, accurate and comprehensible presentation of periodic financial statements, other documents submitted to applicable regulators and authorities and other public communications.

FINANCIAL RISKS



Risks and risk management

CellaVision is exposed to a number of risks, which may impact the Group's development to a greater or lesser extent. The risks are measured mainly in terms of the extent to which they affect CellaVision's ability to achieve goals set. Several of the risks may have either a negative or a positive impact on the company.

A good example of this is the currency risk that CellaVision is exposed to. Favorable development of the currencies that CellaVision trades in, primarily USD and EUR, impacts sales and earnings positively. Conversely, negative development of the currencies has a dampening effect on the company's financial key figures.

CellaVision's global position, with sales in large parts of the world, in itself implies some risk reduction, since companies in different parts of the world, at least to some extent, exist under different cyclical conditions. CellaVision currently has global agreements with its distributors, meaning that sales are made in many parts of the world. Apart from this, CellaVision has established 18 organizations for market support covering more than 40 countries.

A production facility in Bordeaux was included in connection with the acquisition of RAL Diagnostics in Martillac, outside of Bordeaux, France. CellaVision invests in maintenance and equipment to ensure high efficiency as well as high quality in its own production of reagents and to meet EHS requirements. The company regularly monitors production bottlenecks to ensure long-term production and quality.

CellaVision's Board decides on the Group's strategic focus. The responsibility for the long-term and overall management of risks of a strategic nature follows the company's delegation scheme, from Board of Directors to President/CEO. All invoicing to CellaVision's sales and distribution partners is from the head office in Lund, which limits the risk of corruption in the local markets.

Financial risks are managed in accordance with the Group's financial policy, as adopted by the Board of CellaVision. The risks are identified and monitored on a continuous basis to ensure compliance with these guidelines.

The diagrams and texts below give a picture of the assessment made by CellaVision of the various risks the Group is exposed to and how they are offset.

FINANCIAL RISKS

Currency risk

Exchange rate fluctuations may have a negative impact on the Company's earnings when income from sales and costs of production and purchasing are in different currencies (transaction risk). There may also be a negative impact on the Company's earnings on translation of foreign subsidiaries' earnings to SEK and on the Company's equity when foreign subsidiaries' net assets are translated into SEK (translation risk).

Counteracting factors

The Company's financial policy, adopted by the Board, includes guidelines for dealing with financial risks in the Company. The transaction risk is limited in the short term in that the Company applies forward cover to currency flows. The translation risks are limited by the fact that the subsidiaries' balance sheet totals are not significant.

Interest rate risk

Interest rate risk refers to how changes in market interest rates impact cash flow and earnings as well as the value of financial instruments.

Counteracting factors

Monitoring of capital structure and interest costs in relation to profitability.

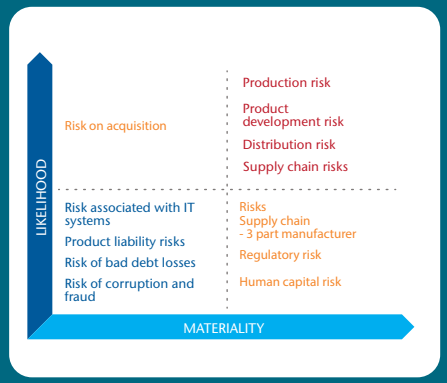
Financing and liquidity risk

Financing risk refers to the risk that refinancing of loans due will be more difficult and that the Company has insufficient liquidity to meet its payment obligations.

Counteracting factors

The financing risk is currently low as the company has strong operating cash flow, good liquidity and a low loan-to-value ratio.

OPERATIONAL RISKS



OPERATIONAL RISKS

Product development risk

CellaVision's sustained earnings and competitiveness depends on the ability to develop new and innovative products and solutions for which there is demand from customers.

Counteracting factors

Investments in product development in accordance with the Company's strategy. Regular monitoring of HW and SW roadmaps.

Technical risk

Through improved machine learning applications, artificial intelligence (AI) has undergone rapid development in recent years and advanced algorithms are generally available.

Counteracting factors

In recent years the Company has accumulated skills in the latest machine learning applications and these are used as a natural part of development work.

Distribution risk

CellaVision sells via distributors and is dependent in the long term on the distributors' ability to sell the Company's products.

Counteracting factors

Development of an indirect sales model in accordance with the Company's strategy.

Supply chain risks

The Company is dependent on the effectiveness and quality of third party manufacturers for production of analyzers and spare parts. Production of analyzers and spare parts is dependent on access to critical components.

Counteracting factors

CellaVision has considerable knowledge of production and quality control of the Company's products, which reduces dependency on third-party manufacturers. CellaVision monitors availability of critical components in general and of LTB in particular.

Production risk

The Company is dependent on the effectiveness and quality of in house production of reagents. Production of reagents is dependent on an efficient production facility and compliance with regulations for EHS.

Counteracting factors

CellaVision invests in maintenace and equipent for the production environment. The Company regularly monitors production bottle necks to ensure a long-term output and quality. The company cooperates with union representatives and local authorities to ensure compliance with EHS regulations.

Human capital risk

CellaVision is dependent on access to competent engineers to ensure innovation and technological leadership in products and services.

Counteracting factors

CellaVision offers commercial terms and works with "employer branding". The Company forges links with higher education institutions and students for participation in project work.

Regulatory risks

Approval is required for sales in each respective market. The approval may be withdrawn if the Company does not meet applicable quality requirements. Delays in approval of new products entail income losses.

Counteracting factors

The Company regularly evaluates the resources available to maintain quality requirements and effectiveness in "regulatory affairs".

Risk of bad debt losses

Credit losses have a negative impact on the Company's earning capacity.

Counteracting factors

Credit risk is minimized in that the Company has a small number of large customers with long-term business relations. The business model is simple and the products maintain good quality, which minimizes the risk of disputes.

Risk of corruption and fraud

The Company may suffer financial loss and reputational damage if employees act unethically.

Counteracting factors

The Company communicates internal rules clearly to all employees to prevent corruption and fraud. The "Code of conduct" is signed annually by all employees and new recruits

Risk on acquisition

Acquisitions may entail unforeseen costs and increased business risk.

Counteracting factors

The Company has developed procedures for analysis, implementation, monitoring and integration of acquisitions, including due diligence.

Risk associated with IT systems

CellaVision has identified three areas of risk associated with IT systems:

Operational security – availability of IT systems and data

Data security – risk of loss of data

Protection from breaches – by employees and external parties

Counteracting factors

Operation of the central IT environment is outsourced to a third-party supplier that ensures high operational security and data security.

CellaVision has procedures for data access and authorizations that ensure compliance with data integrity requirements.

Continuous updating of IT security protection and IT security awareness training of personnel.

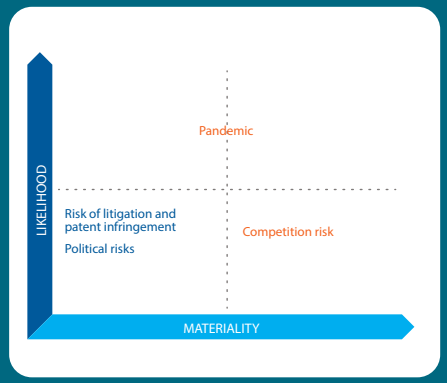
Product liability risks

CellaVision can incur costs for rectifying faults in products supplied.

Counteracting factors

CellaVision limits product liability risks by following procedures for quality assurance and by carrying out extensive tests of the Company's products.

EXTERNAL RISKS



EXTERNAL RISKS

Competition risk

CellaVision holds a dominant position in the market for digital image processing in hematology. The main competition is still from the manual microscope. CellaVision's earning capacity may decrease if the company is exposed to competition in the field of digital image analysis.

Counteracting factors

CellaVision invests in product development to meet customers' needs for new innovative products and technical solutions. This is one of the most important conditions for the Company's future competitiveness.

Risk of litigation and patent infringement

This risk applies to the costs the Company may incur as a consequence of bringing legal action, costs in connection with settlement and costs for damages awarded.

Counteracting factors

Existing patents are monitored in connection with product development to avoid involuntary patent infringement.

Political risks

Political decisions can affect demand both positively and negatively.

Counteracting factors

CellaVision is mainly active in countries where the risk of political decisions that drastically change market conditions is assessed to be relatively low.

Extensive pandemic

A worldwide pandemic can result in limited access to hospitals and laboratories, this can result in reduced sales.

Counteracting factors

The company's financial risks are reduced in the short term by reducing costs and adjusting cash flow. The work can continue by enable the staff to work digitally remotely. There is no long-term risk for the company due to CellaVisions product technology since the need for the products does not decrease with a pandemic.

Five year summary

Income statement, Amounts in SEK thousands	2020	2019	2018	2017	2016
Revenues	471,443	461,772	364,812	309,312	265,038
Cost of goods sold	-158,402	-125,038	-93,946	-86,092	-76,102
Gross profit	313,041	336,734	270,866	223,220	188,936
Selling expenses	-100,549	-102,348	-82,362	-69,977	-56,859
Administrative expenses	-50,966	-51,394	-37,644	-35,565	-28,670
Research and development costs	-51,253	-56,417	-39,253	-26,786	-29,239
Operating profit/loss	110,273	126,575	111,607	90,892	74,168
Profit/loss from financial items	1,955	2,645	490	-549	1,607
Tax	-22,748	-30,048	-23,408	-20,620	-15,975
Net profit/loss for the year	89,480	99,172	88,688	69,723	59,800

Balance sheet, Amounts in SEK thousands	2020	2019	2018	2017	2016
Assets			-1	-1	-1
Intangible assets	300,883	299,668	67,818	53,731	34,724
Tangible fixed assets	47,428	54,494	6,815	4,814	3,270
Financial assets	21,648	22,295	3,579	2,617	2,025
Deferred tax assets	0	0	0	0	0
Current assets	298,066	265,251	294,570	239,435	216,426
Total assets	668,025	641,709	372,782	300,597	256,445
Equity and liabilities					
Shareholders' equity	429,617	348,373	290,375	240,851	206,175
Non-current liabilities	134,263	167,472	10,517	8,620	1,251
Current liabilities	104,145	125,863	71,890	51,126	49,019
Total equity and liabilities	668,025	641,709	372,782	300,597	256,445

As of 2019, the balance sheet total has increased with rights of use assets and short- and long-term lease liabilities. The right of use assets are reported as tangible fixed assets, while the leasing liabilities are reported as long-term debt, interest-bearing and short-term debt are reported as interest-bearing.

COMMENTS TO THE FIVE YEAR SUMMARY

CellaVision's development over the past five years is primarily a result of the company's five strategic initiatives. During the past five-year period, CellaVision's sales have increased from SEK 265 million to SEK 471 million, corresponding to an annual average growth of 15 percent, of which two percent is attributable to positive currency effects. During the same period, EBITDA strengthened from SEK 82 million to SEK 143 million, which corresponds to an EBITDA margin of 31 percent in 2016 and 30 percent in 2020. The strong development of profitability is an effect of the scalability built into CellaVision's indirect business model. The average number of employees has grown from 79 people in 2016 to 182 people in 2020.

Geografic expansion

During the period, CellaVision has expanded the organization of its own sales companies and marketing offices from six to 18 and the number of countries where the company has its own presence has thus grown to more than 40. Establishment of new organizations for market support requires limited investments. In the case of a new establishment, CellaVision usually starts with one or two employees in order to increase the number of employees over time and in line with increased sales. CellaVision currently has its own legal entities in Japan, Canada, the USA and France. Other markets have their administration via Business Sweden, which is a cost-effective solution.

Segment expansion

The first market segment CellaVision began to process were large human laboratories and this is a market that continues to offer good growth opportunities. Over the past five years, CellaVision has also developed an offering aimed at large veterinary laboratories, which, among other things, resulted in large sales in North America during the period. In 2019, CellaVision DC-1 was launched for small and medium-sized laboratories for both the human and veterinary markets. The company has also received market clearance of CellaVision DC-1 in the US in 2020 and the process for market clearance in China is expected to be completed in 2021.

Five year summary

Key ratios	2020	2019	2018	2017	2016
Equity, SEK '000	429,617	348,373	290,375	240,851	206,175
Operating Capital, SEK '000	438,672	418,094	117,739	83,688	71,696
Liabilities to credit institutions, SEK '000	132,778	173,693	0	0	0
Net investments, SEK '000	33,593	18,314	22,895	29,101	13,960
Cash flow for the year, SEK '000	948	-67,326	14,434	22,428	24,710
Net debt/equity ratio	0.07	0.20	-0.58	-0.64	-0.64
Equity-assets ratio, %	64	54	78	80	80
Return on equity, %	23	31	33	31	31
Return on operating capital, %	25	47	111	117	108
Average number of employees	182	125	106	92	79
Additional employees through acquisition	0	41	0	0	0
Number of employees at close of period	177	177	117	99	84

Data per share	2020	2019	2018	2017	2016
Net result before and after dilution, SEK	3.75	4.16	3.72	2.92	2.51
Equity before dilution, SEK	18.01	14.61	12.17	10.10	8.64
Equity after dilution, SEK	18.01	14.61	12.17	10.10	8.64
Average weighted number of shares before dilution, thousands	23,852	23,852	23,852	23,852	23,852
Average weighted number of shares after dilution, thousands	23,852	23,852	23,852	23,852	23,852
Number of shares at end of period before dilution	23,852	23,852	23,852	23,852	23,852
Number of shares at end of period after dilution	23,852	23,852	23,852	23,852	23,852

Innovation

Innovation is one of CellaVision's absolute core operations and an operation in which CellaVision continuously makes significant investments. In 2016, SEK 41.5 million was invested in the company's innovation operations and in 2020 the corresponding amount was SEK 76.8 million. As a percentage of sales, this corresponds to 16 percent. From 2016 to 2020, the number of employees in the innovation business has increased from 31 to 63 (incl. RAL Diagnostics). The launches over the past five years consist of both software and hardware.

Developed partnerships

During the period, CellaVision discontinued all direct sales and is now working with an indirect business model that is based on far-reaching collaborations with leading manufacturers of equipment for hematology laboratories. The main advantage of this model is that CellaVision has access to its various partners' sales organizations, which makes the company's sales cost-effective. During the period, the number of partners increased from five partners in 2016 to eleven partners in 2020. To create an effective way to train their partners worldwide in CellaVision's digital analysis method, CellaVision Academy was launched in 2015. CellaVision Academy largely consists of various e-learning modules, but also includes traditional training and is aimed at both partners and end users

Streamlined supply chain

CellaVision has chosen to focus on its core business innovation and market support. As a consequence of this, the company has chosen to use third-party manufacturers for all production and installation of systems. This means that production, composition and quality control and shipping to CellaVision's various distribution partners take place from third-party manufacturers. This has resulted in reduced capital tied up and reduced transport.

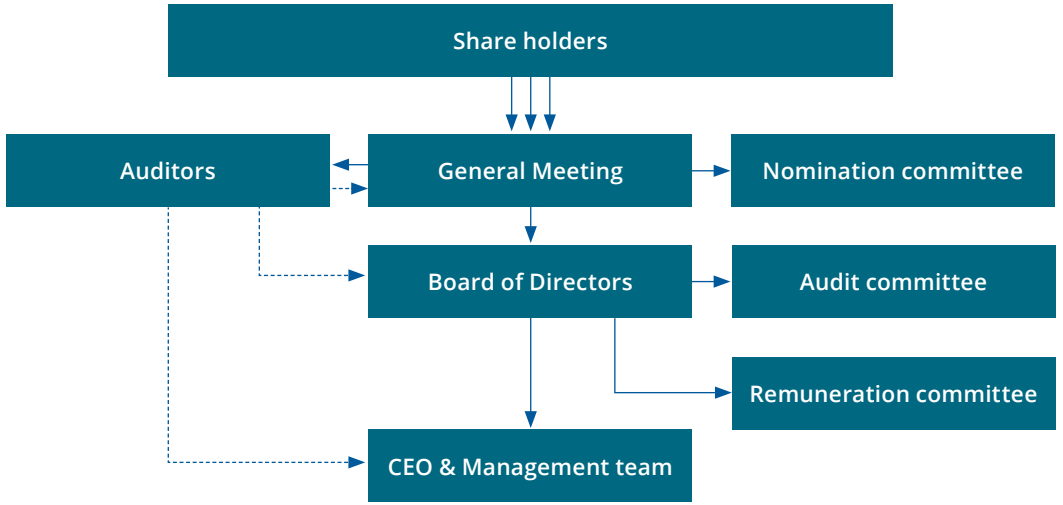
The acquisition of RAL Diagnostics included a fully operational reagent production facility outside Bordeaux, France. CellaVision invests in maintenance and equipment to monitor bottlenecks and ensure high efficiency.

Corporate governance

CellaVision is a Swedish public limited liability company with its registered office in Lund. Apart from the parent company, the Group consists of five wholly-owned subsidiaries in Sweden, the USA, Canada, Japan and France, as well as offices for local market support in the USA, Canada, Brazil, China, Japan, South Korea, Australia, Sweden, United Arab Emirates, France, Germany, the United Kingdom, Mexico, India, Thailand, Spain, Italy and Russia. The company's share is listed on NASDAQ Stockholm. CellaVision applies the Swedish Code of Corporate Governance (the Code) since its shares were admitted to trading in May 2010 and reports no deviations from the Code for 2020.

The term corporate governance normally refers to the rules and structure built up to govern and direct a limited liability company in an effective and controlled manner. Governance and control of CellaVision is divided between the shareholders at the Annual General Meeting, the Board of Directors and the President/CEO, and is regulated in legislation (including the Companies Act), the Articles of Association, the Nasdaq Stockholm rule book for issuers and the Swedish Code of Corporate Governance. The code is available at www.bolagsstyrning.se.

Overall governance structure for CellaVision



In addition to legal control and governance principles, CellaVision is also influenced by several internal policy documents, including instructions and rules of procedure for the President/CEO and Board of Directors, as well as internal policies and guidelines.

Shareholders

The share capital on December 31, 2020 was SEK 3,577,732, distributed among 23,851,547 shares. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented by her or him without limit to the voting right. All shares confer an equal right to share in the company's assets and profits. CellaVision had 9,094 (9,286) shareholders on the closing date. Of these, three shareholders have direct and indirect holdings constituting at least ten percent of the votes and capital: William Demant Invest A/S, State Street Bank and Grenlunden CeVi AB. No shares are held by the company itself. For further information about the CellaVision share and shareholders please refer to page 12 and CellaVision's website.

Articles of Association

The Articles of Association of CellaVision stipulate that the company shall develop, market and sell products in sample preparation and systems for automated digital microscopy, specializing in software applications for the medical market. The registered office of the Board is in Lund and the company's financial year is a calendar year. In other respects the Articles of Association contains provisions concerning the number of shares, number of board members and auditor and the Annual General Meeting. The Articles of Association contain no separate provisions concerning the appointment or removal of Members of the Board or concerning amendments to the Articles of Association. The complete Articles of Association can be downloaded from www.cellavision.se.

General Meeting of Shareholders

Shareholders exercise their influence over CellaVision at the General Meeting of Shareholders, which is the highest decision-making body in CellaVision. The General Meeting is called at least once a year and among other things passes resolutions on the treatment of the company's and Group's balance sheet and income statement including the appropriation of the company's profits, discharge from liability of the Board of Directors and President/CEO, election of the Board of Directors and auditor, fees to the Board of Directors and auditor and appointment of the Nomination Committee. Amendments to the Articles of Association require a resolution by the General Meeting of Shareholders. To participate in the General Meeting the shareholder must be entered under his or her own name in the register of shareholders at least five business days before the Meeting and notify the intention to attend to the company at the latest on the date specified in the notice to attend. At the General Meeting the shareholder must attend either in person or via a representative.

The Annual General Meeting is held in Lund during the first half of every year. In connection with the third quarterly report CellaVision's shareholders are informed of the time and place of the Annual General Meeting and of their right to bring a matter before the Meeting. A notice to attend the Annual General Meeting is published no earlier than six and no later than four weeks before the Meeting. An extraordinary general meeting may be held if the Board of Directors considers it necessary or if the company's auditors or shareholders holding at least ten percent of the shares so requests.

Annual General Meeting 2020

CellaVision's Annual General Meeting was held on Wednesday, June 16, 2020 at CellaVision's address, Mobilvägen 12 in Lund. The Meeting was attended by 79 (44) shareholders, in person or through representatives. They represented 39 (55) percent of the total votes. The Board of Directors, Nomination Committee and auditor of the company were present at the Meeting. Essentially, the following resolutions were passed:

- The parent company and consolidated income statements and balance sheets were adopted. It was further resolved that dividends for the 2019 financial year, would not be distributed.
- Discharge from liability of the members of the Board of Directors and the President.
- Mikael Worning was elected as Board Member and Christer Fåhraeus, Åsa Hedin, Anna Malm Bernsten, Sören Mellstig, Niklas Prager, Jürgen Riedl and Stefan Wolf were re-elected as board members. Sören Mellstig was re-elected as Chair of the Board. Re-election of Deloitte AB as auditor.
- Fee to the Board of Directors, presented in the table on page 43 and in Note B6 of the annual report.
- Guidelines for remuneration to senior management
- Principles for the Nomination Committee.

The minutes of the Annual General Meeting were presented on the website within a week of the Meeting. Material from the Meeting, such as the notice to attend, the minutes and information on the Nomination Committee is available on CellaVision's website. The full resolutions of the Meeting as above are available from the Company at the address Mobilvägen 12 in Lund and will be sent to any shareholder who so requests.

Nomination Committee

The main task of the Nomination Committee is to propose to the Annual General Meeting the composition of the Board of Directors, which is then decided by the Annual General Meeting. The work of the Nomination Committee starts by studying the evaluation of the work of the Board of Directors commissioned by the Board of Directors. The work of the Nomination Committee is characterized by transparency and discussion to achieve a well-balanced Board. The Nomination Committee then nominates members to the Board for the next term of office and submits proposals for remuneration to the Board of Directors and auditors and, where applicable, also for election of auditor.

Nomination Committee for the Annual General Meeting in 2021

In accordance with a resolution of the 2020 Annual General Meeting, CellaVision's Nomination Committee ahead of the 2021 Annual General Meeting shall consist of one representative of each of the four largest shareholders in terms of voting rights at the end of July 2020. The Chair of the Board convenes the first meeting of the Nomination Committee and is co-opted to the meetings of the Nomination Committee. The composition of the Nomination Committee was announced on October 23 in connection with the interim report for January-September 2020. The members of the Nomination Committee and the shareholders who appointed them is presented in the table below. The chair of the Nomination Committee ahead of the 2021 Annual General Meeting is Christer Fåhraeus.

In 2020 the Nomination Committee held three meetings as well as a number of email and telephone contacts. The Nomination Committee proposals are presented, in addition to the press release, in the notice to attend the 2021 Annual General Meeting and are also available on the company's website together with an explanatory statement concerning the proposed Board of Directors.

The Nomination Committee has applied Rule 4.1 in the Swedish Code of Corporate Governance as a policy, which sets the principles for diversity on the Board. All nominations of board members are based on merit, the main purpose being to maintain and improve the board's overall efficiency. It is CellaVision's goal to have a fair, equal and balanced representation of different genders and other diversifying factors on the board as a collective. Furthermore, the board members appointed by the general meeting as a group must present diversity and breadth in terms of opinions, qualifications and experience.

The assessment is that the board as a whole possesses the necessary knowledge and experience of the social and business conditions that prevail where the company's main operations are conducted, and that it exhibits sufficient diversity and breadth in terms of characteristics and competence. The gender distribution of the board is still uneven. A balance between the interest in continuity and the interest in an even gender distribution leads the Nomination Committee to the conclusion that an equalization of the gender distribution in the Board must take place over time.

Name/Representing	Voting share (31/12 2020)
Sören Mellstig, in cap of Board Chair co-opted.	
Nicklas Hansen, William Demant Invest A/S	15.8 %
Joel Eklund, Grenlunden CEVI AB	10.0 %
Christer Fåhraeus, Christer Fåhraeusand comp.	9.7 %
Daniel Klint, SEB Investment Management	5.3 %
Total	**40.8 %**

Board of Directors

The Board of Directors and ultimately the President/CEO administers the affairs of the company on behalf of the shareholders. The Board of Directors appoints the President/CEO, who is responsible for the day-to-day management of the company. The division of duties and responsibilities between the Board of Directors and the President/CEO is clarified in the Board's Rules of Procedure and the Instructions to the President/CEO.

The Board of Directors is appointed by the shareholders at the Annual General Meeting with a term of office up to and including the next Annual General Meeting. The Board of Directors manages the company on behalf of the owners by establishing goals and strategy, evaluating the operative management and ensuring that there is an effective system for follow-up and control of the established goals. It is also the responsibility of the Board to ensure that the company's information provision is correct, relevant and reliable.

The Board of Directors forms a quorum when more than half of its members are present. Under CellaVision's Articles of Association the Board of Directors must consist of a minimum of three and a maximum of nine members with a maximum of two alternates. The Board holds an inaugural meeting directly after the Annual General Meeting.

Chair of the Board

CellaVision's Board of Directors has been chaired since 2016 by Sören Mellstig. The Chair of the Board is appointed by the Annual General Meeting. The Chair of the Board organizes and leads the work of the Board, ensures that the Board regularly develops its knowledge of the company, communicates share-

holders' views to the Board and is a support to the President/CEO. The Chair of the Board and the President/CEO prepare proposed agendas for the Board meetings. It is the responsibility of the Chair of the Board to verify that the Board's decisions are effectively implemented and that the work of the Board is evaluated annually and that the Nomination Committee is informed of the results of this evaluation.

The Board's Rules of Procedure

The Board of Directors adopts rules of procedure for its work annually. The current rules of procedure were adopted on July 16, 2020. In addition to that, the Rules of Procedure are revised as necessary. The Rules of Procedure include a description of the responsibilities and duties of the Board, the duties of the Chair of the Board, audit issues and specify the reports and financial information that the Board must receive before each ordinary Board meeting.

Evaluation of the work of the Board

Under the leadership of the Chair, the Board conducts an annual evaluation of its work. The evaluation refers to forms of work and work climate, emphasis of the Board's work and access to and need for special competence in the Board. The evaluation is used as an aid for developing the work of the Board. In accordance with the Swedish Code of Corporate Governance, relevant parts of the results are made available to the Nomination Committee.

Composition of the Board of Directors in 2020

In 2020 the Board of Directors consisted of ten members, of which two were employee representatives, with no alternates. At the 2020 Annual General Meeting Mikael Worning was elected as Board Member and Christer Fåhraeus, Åsa Hedin, Anna Malm Bernsten, Sören Mellstig, Niklas Prager, Jürgen Riedl and Stefan Wolf were re-elected as Board Members. Sören Mellstig was re-elected as Chair of the Board. In 2020, the Board was expanded with two Board Members appointed by the unions, Gunnar B Hansen and Markus Jonasson Kristoffersson.

The members of the Board have great experience and competence in medicine and technology as well as business and international operations. The composition of the Board complies with the requirements of the Code regarding independent members. The information that is to be provided under point 10.2 of the Code concerning members of the Board can be found on page 47.

Work of the Board in 2020

In 2020 CellaVision's Board of Directors held a total of 12 minuted meetings, 11 of which by telephone. Four of the meetings were held in connection with the approval of the year-end bulletin and the interim reports. On occasions when any member has been prevented from attending the Chair of the Board has obtained views concerning the decision in advance. Important questions during the year included recruitment of a new President and CEO, strategy, market assessments and significant risks.

The company's President/CEO and CFO participate regularly in the Board meetings. Other senior executives participate in the Board meetings as necessary. The company's auditor participated in the February Board meeting when the year-end bulletin was approved and in the October Board meeting.

Audit Committee

Risks concerning CellaVision's financial reporting are monitored and evaluated by the Board's Audit Committee, whose main task is to support the Board in quality assurance of the financial reporting. The Audit Committee has no decision-making authority, it prepares and reports matters to the Board as a whole.

The Audit Committee consists of three members who are all independent in relation to the company and its management as well as being independent in relation to the company's major shareholders: Sören Mellstig, Anna Malm Bernsten and Niklas Prager, where Niklas Prager chairs the Committee. During the year the Committee met twice. Questions dealt with are mainly internal control in the subsidiaries, risks, audit planning and governance and follow-up of operations. The company's auditor and CFO participate regularly at the Audit Committee meetings.

Remuneration Committee

The Board of Directors also has a Remuneration Committee, whose main task is to propose principles for remuneration and other conditions of employment for the President/CEO and other senior management in the Group. Ahead of each Annual General Meeting the Committee submits its proposals, in accordance with Chapter 8, Section 51 of the Swedish Companies Act.

In 2020 the Remuneration Committee consisted of members of the Board Sören Mellstig, Christer Fåhraeus and Åsa Hedin, who are all independent of the company and the company management. Sören Mellstig chairs the Committee. During the year the Committee held three minuted meetings, and conducted several telephone and email contacts. In addition to guidelines and principles of remuneration to the President/CEO and other senior management during the year the Committee discussed the company's incentive program for the President/CEO, management and other staff.

Attendance and renumeration of the Board 2020

Name	Independent of the company	Independent of major shareholder	Audit Committee	Remuneration Committee	Board fees, SEK t	Attendance at Board meetings
Sören Mellstig	Yes	Yes	Member	Chairman	560	11/12
Christer Fåhraeus	Yes	No		Member	245	11/12
Mikael Worning*	Yes	Yes			131	5/5
Anna Malm Bernsten	Yes	Yes	Member		245	11/12
Niklas Prager	Yes	Yes	Chairman		265	11/12
Åsa Hedin	Yes	Yes		Member	245	10/12
Jürgen Riedl	Yes	Yes			225	11/12
Stefan Wolf	Yes	Yes			225	10/12
Gunnar Hansen**	Yes	Yes			-	4/5
Markus Jonasson Kristoffersson**	Yes	Yes			-	3/5
Totalt					**2,141**	

*Mikael Worning was elected Board member at the Annual General Meeting on June 16, 2020. ** Non-paid employee representative, elected in 2020.A more detailed presentation of the Board members can be found on page 47 and on the company's website www.cellavision.se

President/CEO and Executive Group Management

The President/CEO is appointed by and receives instructions from the Board of Directors. CellaVision's President and Chief Executive Officer until November 28, 2020, Zlatko Rihter and for the time thereafter Magnus Blixt as Acting President and CEO; was responsible for the day-to-day management of the company as well as strategic and operative issues, in accordance with the Board's guidelines and directions. The current Instruction to the President/CEO was adopted by the Board on June 16, 2020. The President/CEO prepares information and decision-making data for the Board meetings and is presenter at the meetings. The Board of Directors continuously evaluates the work of the President/CEO through monitoring against goals set. Once a year a formal evaluation is made, which is discussed with the President/CEO.

Composition of the management in 2020

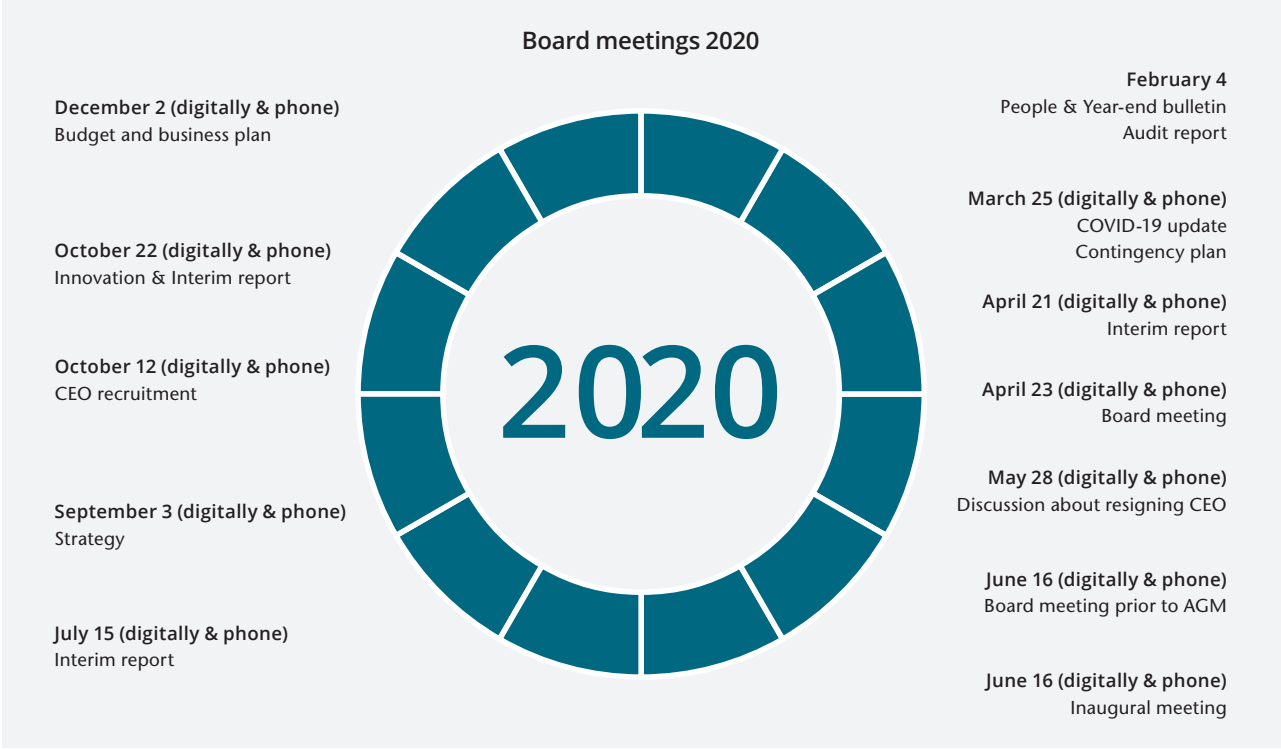
The President/CEO has appointed a management team to be responsible for various parts of CellaVision's business. At the end of the year, the Executive Group Management consisted of seven people besides the President/CEO:

- Chief Financial Officer (CFO)
- VP Business Development
- VP Human Resources & Corporate Communications
- VP Global Sales
- VP Global Marketing
- VP Devices & Software
- VP Reagents

Apart from VP Reagents, all the members of the Executive Group Management are at the company's head office in Lund, Sweden. The Executive Group Management holds minuted meetings at which operative issues are discussed. The Executive Group Management draws up a business plan annually, which is adopted by the Board. A more detailed presentation of the President/CEO and the management team can be found on page 48. The information on the President/CEO stipulated in item 10.2 of the Code can also be found there.

Auditor

The administration of the Board of Directors and the President/CEO and financial reporting is examined by the external auditor elected by the Annual General Meeting. The auditor is proposed by the Nomination Committee and elected by the Meeting for one year. At the 2020 Annual General Meeting Deloitte was re-elected as auditor up to and including the 2021 Annual General Meeting.



The auditor in charge is authorized public accountant Jeanette Roosberg. The task of the auditor is to audit CellaVision's annual accounts, accounting records and the administration by the Board of Directors and President/CEO on behalf of the shareholders. Besides the annual audit, the auditor reviews at least one interim report per year. Remuneration to the auditor is payable in accordance with the approved invoice. For amounts please see Note B7.

Remuneration

Salaries, remuneration and other benefits to the Board of Directors, President/CEO and other senior management are reported in Note B6 in the annual report. Remuneration to the Board of Directors can also be followed in the table on page 43.

Guidelines for remuneration to senior management in 2020

The Annual General Meeting 2020 resolved to approve the Board's proposal with guidelines for remuneration to senior executives in CellaVision AB as follows: "The company is to offer commercially based total remuneration that enables the recruitment and retention of senior management. The remuneration to company management is to consist of fixed salary, benefits in kind, variable remuneration and pension. Fixed salary plus variable salary together constitute the individual's target salary.

The fixed salary is to take account of the individual's areas of responsibility and experience and be reviewed annually. The distribution between the fixed salary and variable remuneration must be in proportion to the responsibility and authority of the person holding the position. The variable remuneration must always be subject to predetermined limits and be linked to predetermined and measurable performance criteria. The variable remuneration to the President/CEO must be based on individual targets established by the Board. These targets shall be linked to the company's overall targets including earnings, sales and/or cash flow. For other senior management variable

remuneration is to be based on equivalent targets and targets within their own area of responsibility.

Pension conditions must be commercial in relation to market conditions applicable to others holding equivalent positions and must be based on defined contribution plan solutions. The retirement age is to be 65 years. Severance pay for a member of the management can be payable in an amount equivalent to a maximum of 12 months' salary. The total of the fixed salary during the period of notice and severance pay may not exceed an amount equivalent to two years' fixed salary for the member of management. No separate board fee is payable to a member of management holding a position as member or alternate in a group company board of directors.

The Board of Directors may deviate from these guidelines if there are special grounds for this in an individual case.

Long-term incentive program for senior management
CellaVision currently has three long-term programs from the years 2018, 2019 and 2020.

The company's program from 2018, which was reported in the annual report for 2018, and which ended on December 31, 2020, did not materialize, which is why no costs were paid for this program.

Furthermore, the company has a previously ongoing program from 2019 which is reported in the annual report for 2019. The program ends on December 31, 2021 and any payment will be made in 2022. At maximum outcome, the company's costs for the program are estimated at SEK 1.8 million (excluding social security contributions) based on that seven senior executives are included in the program, which was the number of senior executives at the beginning of the program.

In line with the AGM's decision on remuneration guidelines from June 16, 2020, the Board decided on an incentive program for company management during 2020/2022. In the event of a maximum outcome, the company's costs for the incentive program, which runs from January 1, 2020 to December 31, 2022, would amount to SEK 3.6 million (excluding social costs), based on an unchanged salary level and that ten senior executives participate in the incentive program, which was the number of senior executives at the time of the decision. However, the company has not reserved any cost for the program as the threshold values for the program to materialize have not been reached.

Principles for long-term incentive program for senior management
According to the AGM resolution from 2020 regarding the principles for a long-term incentive program for senior management, the outcome of the program depends on how the annual average growth of the company's earnings per share develops. Maximum remuneration is paid if the annual average growth of the company's earnings per share over a period of three years starting on January 1, year one and ending on December 31, year three amounts to at least 15% annually.

The costs for any future incentive program are calculated according to the same principles as the incentive program which runs from January 1, 2020 to December 31, 2022. To take part in the outcome of an incentive program, the senior executive must be employed by the company as of December 31, year three. Any payment will be made in the fourth year (for example, if the incentive program runs from January 1, 2020 to December 31, 2022, then any payment will be made in 2023).

The decision means that the company, given that the profitability and sales targets set by the Board at the beginning of the year have been achieved, allocates 30 percent of yearly salary for the CEO, 2 monthly salary for VP Global Sales and 3 monthly salaries for other senior executives participating in the incentive program during the period.

Staff incentive program
The Board approved an incentive program for staff in 2019 that ran from January 1, 2020 to December 31, 2020. Eligible staff were those who were not senior management, or covered by other incentive programs and who consequently were not eligible for the incentive program for senior management resolved by the 2020 Annual General Meeting.

The decision meant that the employee will receive 0.5 of a monthly salary in the case of maximum outcome. The size of the share depended on the company's performance and sales in 2020. To participate in the incentive program the employee had to have been employed for at least six months in 2020 and be employed on December 31, 2020. For the 2020 program, the threshold values in the established profitability and sales targets were not reached, hence no bonus payment is made. Thus, the bonus program has not entailed any costs for the year.

Proposed guidelines for remuneration to senior management in 2021

The Board of Directors proposes the following guidelines for remuneration to senior management in 2021, as in last year's proposal: "The company is to offer commercially based total remuneration that enables the recruitment and retention of senior management. The remuneration to company management is to consist of fixed salary, benefits in kind, variable remuneration and pension. Fixed salary plus variable salary together constitute the individual's target salary.

The fixed salary is to take account of the individual's areas of responsibility and experience and be reviewed annually. The distribution between the fixed salary and variable remuneration must be in proportion to the responsibility and authority of the person holding the position. The variable remuneration must always be subject to predetermined limits and be linked to predetermined and measurable performance criteria. The variable remuneration to the President/CEO must be based on individual targets established by the Board. These targets shall be linked to the company's overall targets including earnings, sales and/or cash flow. For other senior management variable remuneration is to be based on equivalent targets and targets within their own area of responsibility.

Pension conditions must be commercial in relation to market conditions applicable to others holding equivalent positions and must be based on defined contribution plan solutions. The retirement age is to be 65 years.

Severance pay for a member of the management can be payable in an amount equivalent to a maximum of 12 months' salary. The total of the fixed salary during the period of notice and severance pay may not exceed an amount equivalent to two years' fixed salary for the member of management. No separate board fee is payable to a member of management holding a position as member or alternate in a group company board of directors.

The Board of Directors may deviate from these guidelines if there are special grounds for this in an individual case.

The Board's report on internal controls and risk management referring to financial reporting

This report on internal control referring to financial reporting is submitted by the Board of CellaVision and has been drawn up in accordance with the Swedish Code of Corporate Governance.

Background
Under the Companies Act and the Swedish Code of Corporate Governance the Board is responsible for internal control.

Control environment
The basis of internal control is the overall control environment. A good control environment builds on an organization with clear decision lines where responsibility and authority is clearly defined. In CellaVision there are policies, guidelines and process descriptions for the different parts of the business flow from transaction management to bookkeeping and preparing external reports.

In the company's financial and accounting manual, Administrative Guidelines, which is updated annually, these process descriptions are presented in all essentials.

Risk assessment
The Board and Audit Committee are responsible for identifying and managing all material financial risks and risks of misstatements in the external reporting. The Audit Committee evaluates the risk management requirements annually and draws up written principles both for overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk and investment of surplus liquidity. These principles are then adopted by the Board.

Control activities
The main purpose of control activities is to prevent and discover errors as soon as possible in order to rectify any deficiencies. Procedures and activities have been designed to discover and deal with the most material risks related to financial reporting. Group companies are followed up by the CEO and CFO through regular reports and personal meetings with the management of the respective subsidiary. The Board receives monthly reports in which the CEO and CFO give an account of the past period regarding the Group's and each respective business area's results and financial position. The work on monthly closings and annual accounts is well-defined and reporting is in accordance with standardized reporting templates including comments regarding all material income and balance sheet items. There are CFOs and controllers with functional responsibility for accounting, reporting and analysis at both parent company and subsidiaries. In this way the company's financial reports are checked several times, which reduces the risk of error.

At present neither the size of the company nor its risk exposure warrant a separate internal audit function. The Board assesses that with the procedures in place for follow-up and control there is currently no necessity for this.

Information and communication
CellaVision's procedures and systems for provision of information are aimed at supplying the market with relevant, reliable, correct and current information about the company's development and financial position. The Board has adopted an information policy that specifies what is to be communicated, by whom and in what way the information is to be published, to ensure that external information is correct and complete. Financial information is published regularly in the form of interim reports, annual report and press releases on price-sensitive news. The material is published in Swedish and English on the company's website.

Follow-up
Compliance and effectiveness of internal controls are followed up regularly. The company's financial situation and strategy regarding its financial position is dealt with at each Board meeting, when the Board receives detailed monthly reports regarding the financial position and development of operations. Each interim report is analyzed by the Audit Committee, discussed with the CFO and then approved by the Board before publication.

Activities in 2020
CellaVision works constantly to minimize risks by removing superfluous manual steps from the company's processes. During 2020, the finance departments in the parent company and in RAL Diagnostics were expanded with a new controller, respectively, as part of refining the integration of RAL Diagnostics in the company's financial and economic processes to deliver a joint result for the Group.

Board of Directors & Auditors

SÖREN MELLSTIG
Elected and Chairman of the Board since 2016
Year of birth: 1951
Other directorships: Humana AB (publ), Impilo Holding AB, Remeo AB and ordinary member in Julins stiftelse. Former senior positions at AkzoNobel, CFO and vice president at Incentive, CFO, business area manager and CEO of Gambro 2000-2006.
Education: MBA.
Shares: 42 944

CHRISTER FÅHRAEUS
Founder and Member of the Board since 1994
Year of birth: 1965
Other directorships: President/CEO of EQL Pharma AB. Chairman Respiratorius AB, Umansense AB, Bionamic AB. Ordinary member in Flatfrog Laboratories AB, Reccan AB, EQL Pharma AB, Scandidos AB, Serstech AB and Gasporox AB. Founder of Anoto Group AB, AB, Agellis Group AB, EQL Pharma AB and Flatfrog Laboratories AB among other things. Education: B Sc Medicine, M Sc. Bioengineering, B Sc Mathematics, PhD Neurophysiology, PhD engineering (hc)
Shares: 2,316,000 (inc.comp).

GUNNAR HANSEN
Board member appointed by the unions 2020
Year of birth: 1979
Employed in 2005. Current position, Manager of Product Care.
Education: MSc Engineering Physics
Shares: -

ANNA MALM BERNSTEN
Member of the Board since 2010
Year of birth: 1961
Other directorships: Consulting activities in business development and management in own company; Bernsten Konsult AB. Formerly President and CEO of Carmeda AB and senior positions in Pharmacia & Upjohn and GE Healthcare Life Sciences among other things. Member of the Board Pågengruppen AB.
Education: M Sc. Chemical.
Shares: –

NIKLAS PRAGER
Member of the Board since 2014
Year of birth: 1970
Other directorships: Chariman of the Board in Qbtech AB, and member of the Board Adero AB. Former positions include CEO/President Medivir AB, Envirotainer AB, Qbtech AB och Pfizer AB.
Education: MBA
Shares: 8,720

MARKUS JONASSON KRISTOFFERSSON
Board member appointed by the unions 2020
Year of birth: 1980
Employed in 2006. Current position, mechanical engineering in the department of Product care.
Education: MSc Mechanical Engineering
Shares: -

STEFAN WOLF
Member of the since Board 2018
Year of birth: 1964
Other directorships: Division President of Clinical Diagnostic Division at Thermo Fisher Scientific. Former experience include CEO for Hemostasis, Hematology and Speciality Diagnostics at Siemens Healthineers.
Education: Biological Laboratory Science
Shares: -

JURGEN RIEDL
Member of the Board since 2018
Year of birth: 1977
Other directorships: Jürgen has a strong background in clinical laboratory work and is an internationally recognized expert in hematology. Jürgen has experience from several senior positions at Albert Schweitzer Hospital in Dordrecht, Beatrix Hospital in Gorinchem and Ikazia Hospital in Rotterdam in clinical chemistry and hematology. He is also involved in several start-up companies in laboratory diagnostics and medicine (Labonovum, Vitestro).
Education: Post-doc & PhD
Shares: -

MIKAEL WORNING
Member of the Board since 2020
Year of birth: 1962
Other directorships: Many years of experience from company management positions in global sales of medical technology products, primarily in diagnostics and hearing aids (incl. Implants). In 2020, Mikael Worning was Regional CEO of Demant's operations in North and South America.
Education: Cand. Polit., Economics
Shares: 2,360

ÅSA HEDIN
Member of the Board since 2015
Year of birth: 1962
Other directorships: Chairman of the Board Artificial Solutions AB and member of the board Nolato AB, Industrifonden AB, Crad AB, Tobii AB and Biotage AB. Former senior positions at Elekta AB, Siemens Healthcare and Gambro.
Education: MSc Biophysics
Shares: –

AUDITOR
The Annual General Meeting elects an auditor in CellaVision for one year's term of office. At the 2020 Annual General Meeting, Deloitte was re-elected as auditor until the 2021 Annual General Meeting.

Jeanette Roosberg
Authorized public accountant
Auditor in CellaVision since 2020

AUDIT COMMITTEE
In 2011, the Board established an audit committee. From 2018, the audit committee consists of the board members
Niklas Prager (Chariman)
Sören Mellstig
Anna Malm Bernsten

REMUNERATION COMMITTEE
In 2011, the Board established a remuneration committee which currently consists of the Board members
Sören Mellstig (Chairman)
Åsa Hedin
Christer Fåhraeus

Management

SIMON ØSTERGAARD
President and CEO.
Employed in 2021
Year of birth: 1971
Previous experience: More than 20 years of experience from the medical technology industry in various senior positions at Agilent Technologies and Radiometer (Danaher Corp.) in commercial and research and development positions. He most recently held the position as Vice President and Subsidiary Manager of the Division of Pathology at Agilent Technologies, Denmark.
Education: Master of Science in Chemistry, PhD Biotechnology and MBA
Shares: -

MAGNUS BLIXT
CFO.
Employed in 2013
Year of birth: 1966
Previous experience: Extensive experience of developing small and medium sized companies focusing on business performance and process improvements, within the SKF Group and Rotaform AB among others. He most recently held the position as Business Demand Manager at SKF AB.
Education: M. Sc. Finance
Shares: 8,000

JEPPE BRANDSTRUP
VP Business Development
Employed in 2016
Year of birth: 1984
Previous experience: Many years of experience in business development and acquisitions in the life sciences industry. He most recently held the position as Senior Acquisition Manager at Novozymes in Copenhagen.
Education: M. Sc Finance.
Shares: 2,500

ADAM MORELL
VP Innovation & Engineering.
Employed: 2001-2003, 2006
Year of birth: 1976
Previous experience: Many years of experience as R&D Manager at CellaVision. Extensive expertise in the field of digital imaging and and has been a co-inventor on several patents.
Education: Lic. of Engineering Mathematics, M.Sc. Engineering Physics
Shares: –

MARIA MORIN
VP HR & Corporate Communications
Employed in 2009
Year of birth: 1974
Other directorships: Member of the Board ProstaLund AB and Monivent AB
Previous experience: Extensive experience from various positions and companies within the field of human resources, most recent position was at Gambro.
Education: B Sc Economics and Business Administration and B.Sc. Human Resources.
Shares: –

YVE VAN THORENBURG
Acting VP Global Sales.
Employed in 2015
Year of birth: 1958
Previous experience: Many years of experience from the medical technology industry in various management positions in sales and marketing and most recently came from the role of subsidiary manager at Origio China. Yve holds the position of Director APAC In Global Sales at CellaVision.
Education: M Sc Sports Science & Biology.
Shares: -

JULIEN VEYSSY
Managing Director RAL Diagnostics
Employed in 2019 (2018 RAL Diagnostics)
Year of birth: 1983
Previous experience: More than 13 years of experience in the IVD-industry and specifically in the hematology market. Most recent position Marketing manager at Sysmex, EMEA.
Shares: –

PETER WILSON
VP Global Marketing.
Employed in 2000
Year of birth: 1967
Previous experience: Many years experience of global launching of new technologies and new products. Former positions include Foss, among others. Peter Wilson was head of CellaVisions subsidiary in North America in the years 2012- 2014.
Education: M. Sc. Chemistry Shares
Shares: 3,000

Income statement and consolidated statement of comprehensive income, Group

SEK thousands	Note	2020	2019
Net sales	B1	471,443	461,772
Cost of goods sold	B9	-158,402	-125,038
Gross profit		**313,041**	**336,734**
Selling expenses		-100,549	-102,348
Administrative expenses		-50,966	-51,394
Research and development expenditure		-51,253	-56,417
Operating profit/loss	B2, B4-B10, C1, C2	**110,273**	**126,576**
Profit/loss from financial items			
Interest income and other financial gains	B11	7,118	5,989
Interest expense and other financial losses	B12	-5,163	-3,344
Profit/loss before tax		**112,228**	**129,220**
Income tax	B13	-22,748	-30,048
Net profit for the year		**89,480**	**99,172**
Other comprehensive income:			
Components not to be reclassified to net profit:			
Effect on revaluation of pensions		-171	-511
Tax effect on revaluation of pensions		48	143
Sum of Components not to be reclassified to net profit:		**-123**	**-368**
Components to be reclassified to net profit:			
a) Cash flow hedges			
Reclassified to operating profit		4,034	4,546
Revaluation of financial assets		1,193	-2,825
Tax effect on cash flow hedges		-1,117	-368
b) Translation differences			
Exchange rate differences on translation of subsidiaries		-12,223	-6,382
Total components to be reclassified to net profit:		**-8,112**	**-5,029**
Total other comprehensive income		-8,236	-5,397
Total comprehensive income for the year		**81,244**	**93,775**
Earnings per share, before and after dilution (SEK)		3.75	4.16
Number of shares in issue (thousands)		23,852	23,852
Average number of shares in issue (thousands)		23,852	23,852

Net profit for the year is in total attributable to the parent company's shareholders
Total comprehensive income for the year is in total attributable to the parent company's shareholders

Balance sheet, Group

SEK thousands	Note	2020	2019
ASSETS			
Non-current assets			
Capitalised expenditure for development	C1	94,269	75,459
Goodwill	C1	111,972	115,121
Trademarks, customer relationships and other intangible assets	C1	94,642	109,088
Land and buildings	C2	35,359	41,291
Plant and machinery	C2	4,591	6,034
Equipment, tools, fixtures and fittings	C2	7,477	7,169
Deferred tax assets	B13	0	0
Financial assets	C4	21,648	22,295
Total non-current assets		**369,959**	**376,458**
Current assets			
Inventories	C3	83,660	54,808
Current receivables			
Trade receivables	C6	71,030	88,922
Current tax receivables		11,698	1,437
Other receivables		23,479	12,744
Prepayments and accrued income	C7	5,937	5,028
Total current receivables		**112,144**	**108,130**
Cash and cash equivalents	-1	102,262	102,312
Total current assets		**298,066**	**265,251**
TOTAL ASSETS		**668,025**	**641,709**

Balance sheet, Group

SEK thousands	Note	2020	2019
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	C8	3,578	3,578
Other contributed capital		10,800	10,800
Reserves		-14,596	-6,361
Accumulated profit/loss including profit for the year		429,835	340,355
Total equity attributable to the parent company's shareholders		**429,617**	**348,373**
Non-current liabilities			
Deferred tax liability	B13	43,377	38,539
Long-term debt, interest-bearing	C9	86,904	122,927
Other provisions	C10	3,982	6,007
Total non-current liabilities		**134,263**	**167,472**
Current liabilities			
Short-term debt, interest-bearing	C9	45,874	50,766
Trade payables		20,865	21,716
Warranty provisions	C10	1,875	1,903
Current tax liabilities		187	2,712
Other current liabilities		1,973	1,419
Accrued expenses and deferred income	C11	33,371	47,348
Total current liabilities		**104,145**	**125,863**
TOTAL EQUITY AND LIABILITIES		**668,025**	**641,709**

Cash flow statement, Group

SEK thousands	Note	2020	2019
Operating activities	A1		
Profit/loss before tax		112,228	129,220
Paid tax		-20,931	-28,063
Adjustments for non-cash items	C13	15,630	25,839
Cash flow from operating activities before changes in working capital		**106,926**	**126,997**
Change in inventories		-29,752	522
Change in operating receivables		-6,292	8,333
Change in operating liabilities		242	-9,858
Cash flow from changes in working capital		**-35,802**	**-1,004**
Cash flow from operating activities		**71,124**	**125,993**
Investing activities			
Acquisitions	D1	-1,269	-247,575
Capitalisation of development expenditure	C1	-25,524	-16,012
Purchase of intangible assets	C1	-64	0
Purchase of tangible fixed assets	C2	-8,069	-2,672
Acquisition of financial assets		-33	-40
Cash flow from investing activities		**-34,959**	**-266,299**
Financing activities			
Acquired loans	C9	3,041	123,413
Amortization of loans	C9	-28,721	-6,963
Amortization of leasing debts	C9	-9,537	-7,694
Dividend to shareholders		0	-35,777
Cash flow from financing activities		**-35,218**	**72,979**
Cash flow for the year		948	-67,326
Cash and cash equivalents (opening balance)		102,312	169,057
Exchange rate fluctuations in cash and cash equivalents		-998	581
Cash and cash equivalents (closing balance)		**102,262**	**102,312**
Supplementary disclosures, cash flow statement			
Interest received during the year	B11	416	128
Interest paid during the year	B12	-2,546	-1,495

Changes in equity, Group

SEK thousands	Share capital	Other contributed capital	Other reserves	Translation reserve	Hedging reserve	Retained earnings	Total shareholders' equity
Opening balance at 1 January 2019	3,578	10,800	0	3,474	-4,438	276,961	290,375
Comprehensive Income							
Net profit for the year						99,172	99,172
Other Comprehensive Income							
Revaluation of pensions after tax			-368				-368
Cash flow hedges, after tax					1,353		1,353
Exchange rate differences, after tax				-6,382			-6,382
Total Other Comprehensive Income			**-368**	**-6,382**	**1,353**	**0**	**-5,397**
Total Comprehensive Income			**-368**	**-6,382**	**1,353**	**99,172**	**93,775**
Dividend to Parent Company's shareholders						-35,777	-35,777
Closing Balance at 31 December 2019	**3,578**	**10,800**	**-368**	**-2,908**	**-3,085**	**340,355**	**348,373**
Opening balance at 1 January 2020	3,578	10,800	-368	-2,908	-3,085	340,355	348,373
Comprehensive Income							
Net profit for the year						89,480	89,480
Other Comprehensive Income							
Revaluation of pensions after tax			-123				-123
Cash flow hedges, after tax					4,111		4,111
Exchange rate differences, after tax				-12,223			-12,223
Total Other Comprehensive Income			**-123**	**-12,223**	**4,111**	**0**	**-8,236**
Total Comprehensive Income			**-123**	**-12,223**	**4,111**	**89,480**	**81,244**
Dividend to Parent Company's shareholders						0	0
Closing Balance at 31 December 2020	**3,578**	**10,800**	**-491**	**-15,131**	**1,026**	**429,835**	**429,617**

Income statement, Parent company

SEK thousands	Note	2020	2019
Net sales	B1, B3	372,387	433,854
Cost of goods sold	B9	-90,677	-137,880
Gross profit		**281,711**	**295,973**
Selling expenses		-78,528	-67,749
Administrative expenses		-40,846	-43,129
Research and development expenditure		-72,057	-71,737
Operating profit/loss	B3-B9, C1, C2	**90,279**	**113,359**
Profit/loss from financial items			
Interest income and other financial gains	B11	13,185	5,861
Interest expense and other financial losses	B12	-3,406	-2,652
Profit/loss before tax		**100,058**	**116,568**
Income tax	B13	-20,097	-26,529
Net profit for the year	C14	**79,962**	**90,038**
Statement of Comprehensive Income			
Net profit for the year		**79,962**	**90,038**
Other Comprehensive Income		0	0
Sum of Other Comprehensive Income		**0**	**0**
Total Comprehensive Income for the year		**79,962**	**90,038**

Balance Sheet, Parent Company

SEK thousands	Note	2020	2019
ASSETS			
Non-current assets			
Capitalised expenditure for development	C1	4,807	6,906
Other intangible assets	C1	900	900
Equipment	C2	5,138	6,034
Shares in subsidiaries	C5	259,361	258,091
Deferred tax assets	B13	668	3,678
Deposits	C4	3,653	3,476
Total non-current assets		**274,527**	**279,085**
Current assets			
Inventories	C3	56,009	27,746
Current receivables			
Trade receivables		55,176	64,804
Receivables from group companies		3,525	6,320
Current tax receivables		11,161	0
Other receivables		23,065	11,919
Prepayments and accrued income	C7	6,157	5,916
Total current receivables		**99,084**	**88,959**
Cash and cash equivalents		72,958	75,214
Total current assets		**228,051**	**191,918**
TOTAL ASSETS		**502,578**	**471,003**

Balance Sheet, Parent Company

SEK thousands	Note	2020	2019
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	C8	3,578	3,578
Statutory reserve		10,780	10,780
Non-restricted equity			
Profit brought forward		266,158	176,119
Net profit for the year		79,962	90,038
Total shareholders' equity		**360,477**	**280,516**
Non-current liabilities			
Long-term debt, interest-bearing	C9	62,935	89,207
Other provisions	C10	0	2,538
Total non-current liabilities		**62,935**	**91,745**
Current liabilities			
Short-term debt, interest-bearing	C9	22,886	23,789
Trade payables		16,075	14,886
Liabilities to group companies		12,260	20,585
Warranty provisions	C10	1,875	1,903
Current tax liabilities	B13	0	1,916
Other current liabilities		1,880	1,568
Accrued expenses and deferred income	C11	24,190	34,096
Total current liabilities		**79,165**	**98,742**
TOTAL EQUITY AND LIABILITIES		**502,578**	**471,003**

Cash flow statement, Parent company

SEK thousands	Note	2020	2019
Operating activities	A1		
Profit/loss before tax		100,058	116,568
Paid tax		-17,086	-27,363
Adjustments for non-cash items	C13	-10,684	8,736
Cash flow from operating activities before changes in working capital		**72,288**	**97,941**
Change in inventories		-28,263	1,101
Change in operating receivables		-11,056	-758
Change in operating liabilities		-8,741	-4,628
Cash flow from changes in working capital		**-48,059**	**-4,285**
Cash flow from operating activities		**24,229**	**93,656**
Investing activities			
Acquisitions	D1	-1,269	-257,985
Purchase of intangible assets	C1	0	0
Acquisition of financial assets	C4	-178	0
Purchase of tangible fixed assets	C2	-1,206	-1,498
Cash flow from investing activities		**-2,653**	**-259,483**
Financing activities			
Acquired loans	C9	0	122,307
Amortization of loans	C9	-22,886	-5,947
Dividend to shareholders		0	-35,777
Cash flow from financing activities		**-22,886**	**80,583**
Cash flow for the year		-1,310	-85,244
Cash and cash equivalents (opening balance)		75,214	160,664
Exchange rate fluctuations in cash		-947	-206
Cash and cash equivalents (closing balance)		**72,958**	**75,214**
Supplementary disclosures, cash flow statement			
Interest received during the year		0	0
Interest paid during the year	B12	-1,101	-416

Changes in equity, Parent company

SEK thousands	Share capital	Other contributed capital	Retained earnings	Total shareholders' equity
Opening balance at 1 January 2019	3,578	10,780	211,897	226,255
Net profit for the year			90,038	90,038
Other Comprehensive Income				
Other Comprehensive Income			0	0
Total Other Comprehensive Income			**0**	**0**
Total Comprehensive Income			**90,038**	**90,038**
Dividend to Parent Company's shareholders			-35,777	-35,777
Closing Balance at 31 December 2019	**3,578**	**10,780**	**266,158**	**280,516**
Opening balance at 1 January 2020	3,578	10,780	266,158	280,516
Net profit for the year			79,962	79,962
Other Comprehensive Income				
Other Comprehensive Income			0	0
Total Other Comprehensive Income			**0**	**0**
Total Comprehensive Income			**79,962**	**79,962**
Dividend to Parent Company's shareholders			0	0
Closing Balance at 31 December 2020	**3,578**	**10,780**	**346,120**	**360,477**

Note A1. General information, accounting policies and valuation principles

ACCOUNTING POLICIES

CellaVision AB's consolidated accounts were prepared in accordance with the Annual Accounts Act (ÅRL), International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee approved for use within the EU. The Swedish Financial Reporting Board recommendation RFR 1 "Supplementary accounting rules for groups" has also been applied. The parent company's annual accounts were prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 "Accounting for legal entities". The consolidated and annual accounts are stated in SEK thousands and refer to the period January 1 - December 31 for income statement related items and December 31 for balance sheet related items. Assets and liabilities are recorded in accordance with the historical cost method with the exception of certain financial assets and liabilities recorded at fair value via the Group's statement of comprehensive income.

New and amended standards and interpretations in 2020

New and amended standards and improvements that came into force in 2020 have not had any impact on the Group's financial reporting for the financial year.

New and amended standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued a number of new and amended standards which have not yet come into force. None of these have been applied prematurely and are not expected to have any material impact on the Group's financial reporting.

CONSOLIDATION PRINCIPLES

Consolidated accounts

CellaVision is a Swedish public limited liability company with its registered office in Lund at the address Mobilvägen 12. The consolidated accounts include the parent company CellaVision AB 556500–0998 and the wholly-owned subsidiaries CellaVision Inc., USA, CellaVision Canada Inc., CellaVision Japan K.K., CellaVision International AB and RAL Diagnostic SAS in France (RAL). RAL was acquired on October 1, 2019 and has been included in the consolidated accounts since then. The consolidated accounts were prepared in accordance with the acquisition accounting method. This implies that consolidated subsidiaries' identifiable assets, liabilities and contingent liabilities are recognized at fair value at the time of acquisition. If the cost of acquisition exceeds net assets recorded as above, the difference constitutes goodwill. Internal invoicing and internal transactions within the Group are eliminated in the consolidated accounts.

Translation of foreign operations

The functional currency is determined for each foreign operation. The foreign subsidiaries which have a functional currency different from CellaVision's functional currency, which is Swedish kronor, are translated at the closing day rate for all balance sheet items and at the average rate for income statement items. The translation differences thereby arising are an effect partly of the net profit/loss being translated at different rates in the income statement and balance sheet respectively, and partly of the net assets being translated at a different rate at the end of the year than at the beginning of the year. Translation differences are reported in "Other comprehensive income". For other exchange rate differences please see under the heading "Exchange rate gains and losses".

Revenue recognition

CellaVision applies IFRS15 for revenue recognition that is based on when significant risks and rewards associated with a product or service have been transferred to the customer. For sales of analyzers and/or software the revenue includes both the analyzer and/or the software. The entire revenue referring to the system, analyzer plus software, is recognized when the significant risks and rewards associated with the analyzer are transferred to the customer, which normally coincides with delivery to the customer. The same principles are applied for revenue recognition of reagents. For services to end consumers the revenue constitutes payment for servicing the analyzer. This revenue is accrued over the period of the service agreement. This may refer to one occasion or run for a longer period of time. When upgrading software (new functions, technologies or applications) for end customers, the revenue constitutes payment for upgrading of software and is recognized in revenue at the time of delivery or distribution of license key.

Interest income is recognized on a time-proportion basis using the effective interest method. Effective interest is the interest rate that makes the present value of the total future cash flows during the interest rate fixing period equal to the carrying amount of the receivable.

Operating segments

An operating segment is a component of a company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the company's chief operating decision-maker, and for which discrete financial information is available. The company's reporting of operating segments is in line with the internal reports submitted to the chief operating decision maker. The chief operating decision maker is the function that assesses the performance of the operating segments and decides on allocation of resources. The company's assessment is that the President and CEO is the chief operating decision maker. CellaVision's operations only comprise one operating segment; automated microscopy systems and reagents in the field of hematology, and therefore reference is made to the income statement and balance sheet regarding operating segment reporting. More information on segment reporting is provided in Note A6.

Expenditure on research and development

Research expenditure is expensed as it is incurred. Expenditure for development of future products is expensed up to and including the prototype stage. Expenditure thereafter and until commercialization is capitalized, to the extent it is probable that the product will be commercially viable. Expenditure for developing already existing applications and hardware platforms is expensed as it arises. In order to handle this effectively, the company applies a project accounting system in which all research and development expenditure is allocated to projects. Examples of such expenditure are:

- Goods and materials
- Consultant fees for conception and design
- Salaries and payroll overheads

Depreciation on equipment and computer equipment is not capitalized. Any borrowing costs for qualified assets for newly started projects are capitalized. As the company has not incurred any borrowing costs, none have been capitalized. The financial expenses reported in the Group are not attributable to development activities and their financing.

Exchange rate gains and losses

Realized and unrealized exchange rate differences attributable to operating costs and transactions are reported among other operating income or expenses. Exchange rate differences referring to short-term and long-term financial transactions are recorded as financial items.

Leases

CellaVision applies IFRS 16 as of January 1, 2019, meaning that the Group reports, with the exception of assets of lower value and short-term contracts of less than 12 months, all right of use assets and leasing liabilities in the balance sheet. The right of use assets are reported in the balance sheet under the heading Tangible fixed assets and is amortized on a straight-line basis over the shorter of the asset's expected useful life and the length of the leasing agreement. Leasing liabilities are reported under the headings Long-term financial liabilities or Short-term financial liabilities. The lease liability is valued at accrued acquisition value according to the effective interest method. Leasing fees attributable to the agreements that are not reported in the balance sheet are expensed in the income statement on a straight-line basis over the leasing period. The Group's leasing agreements refer mainly to premises, vehicles, computers and certain office equipment. For more information on leasing, see note B8.

Employee benefits
Employee benefits in the form of salaries, bonus, paid holiday, paid sick leave etc., are recognized as they are earned. Pensions and other post-employment benefits are classified as defined contribution or defined benefit pension plans. Only a small part of the Group's pensions are classified and recognized as defined benefit plans.

Defined contribution pension plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligation to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits associated with the employees' service in the current or prior periods. The Group's payments for defined contribution pension plans are recognized as an expense in the income statement for the period they refer to.

Defined benefit pension plans
A defined benefit pension plan is a plan that defines an amount of pension benefit that an employee will receive on retirement, based on factors such as age, years of service and salary. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Regarding defined benefit plans, the liability is calculated using the "projected unit credit method" in a way that allocates the cost over the employee's working lifetime. The calculation is made by actuaries, who also revalue the pension plans' commitments. These commitments are measured at the present value of the expected future payments using a discount rate that corresponds to the interest rate on first-class corporate bonds or government bonds with a remaining maturity approximately equivalent to the commitments in question. Actuarial gains and losses as a result of experience adjustments and changes in actuarial assumptions are reported in other comprehensive income in the period in which they arise.

Part of the ITP plans in Sweden are financed through insurance premiums to Alecta. This is a defined benefit plan that covers several employers. As the Group has not had access to such information as will make it possible to report this plan as a defined benefit plan it is therefore reported as a defined contribution plan.

Other incentive programs
Long-term incentive program
The Group has a long-term incentive program for the company's senior executives based on the growth of earnings per share. Any compensation is paid in the year after the program closes. At the close of each reporting period the company reviews the fair value of the debt including provision for social security contributions. The change in the debt corresponding to the incremental amount at the close of each reporting period is recognized in the income statement. The following programs have been adopted and refer to:

Maturity	Refers to
2019–2021	Executive Group Management
2021–2023	Executive Group Management

Short-term incentive program
Apart from the long-term programs, the Group has a bonus program covering all employees in which any payment is made the year after the vesting period. At the close of each reporting period the company evaluates the debt including provision for social security contributions. The debt corresponding to the incremental amount at the close of each reporting period is recognized in the income statement.

Income taxes
Income tax recognized in revenue includes tax to be paid or received for the current year, adjustments of previous years' current tax and changes in deferred tax. The valuation of all tax liabilities/assets is at nominal amounts and is done in accordance with the tax regulations and tax rates that have been adopted. Deferred tax is estimated in accordance with the balance sheet method on all temporary differences existing between the reported and tax base values for assets and liabilities. Deferred tax assets referring to loss carry forwards or other future tax-related deductions are only reported to the extent that it is probable that they can be applied in the future.

Intangible assets
Intangible assets consist of capitalized expenditure for development, goodwill and trademarks, customer relations and other intangible assets.

Capitalized expenditure for development
Capitalized expenditure for development is recognized at cost of acquisition less accumulated amortization. Development expenditure recognized as an asset is amortized over the estimated useful life of five to ten years. CellaVision's products are replaced by new models at intervals of about five to ten years. Depreciation is started when the respective product is introduced into the market.

Goodwill
Goodwill is the part of the purchase price on acquisition of the shares of a subsidiary that exceeds the market value of the identifiable net assets less liabilities and reported contingent liabilities. The reported goodwill has an indefinite useful life, and therefore it is tested at least once a year to identify any impairment loss. Any impairment loss on goodwill is recognized in the income statement

Trademark, customer relations and other intangible assets
The trademark is recognized at cost of acquisition and has an indefinite useful life and in the same way as goodwill is tested once a year for impairment loss. Customer relations are recognized at cost of acquisition less accumulated amortization. Amortization is proportionate over the expected useful life. Other intangible assets consist of acquired technology and internally generated technology. Amortization is proportionate over the expected useful life.

An intangible asset is removed from the statement of financial position on retirement or disposal or when no future economic benefit is expected from the use or retirement/disposal of the asset. The gain or loss arising when an intangible asset is removed from the statement of financial position, consisting of the difference between the net disposal proceeds and the asset's carrying amount, is recognized in the income statement when the asset is removed from the statement of financial position.

Property, plant and equipment
Property, plant and equipment, consisting of machinery, analyzers, equipment and computer equipment, is reported at cost of acquisition less accumulated depreciation.

The carrying amount of an item of property, plant and equipment is removed from the statement of financial position on retirement or disposal, or when no future economic benefit is expected from the use or retirement/sale of the asset. The gain or loss arising on retirement or disposal of the asset, consisting of the difference between any net disposal proceeds and its carrying amount, is recognized in the income statement in the period when the asset is removed from the statement of financial position.

Depreciation/amortization
Depreciation on right-of-use assets corresponds to the maturity of the leases. Depreciation for non-right-of-use assets is based on the assets' cost of acquisition and estimated useful life as follows:

- Development projects 5-10 years
- Technology 5 years
- Customer relations 14 years
- Analyzers 5 years
- Buildings and land improvements 5-30 years
- Plant and machinery 5 years
- Equipment, tools, fixtures and fittings 5 years
- Computer equipment 3 years

Impairment of property, plant and equipment and intangible assets
On each balance sheet date, the Group analyzes the carrying amounts for property, plant and equipment and intangible assets to establish whether there is any indication of value impairment. If this is the case, the asset's recov-

erable amount is calculated in order to establish the value of any impairment loss. Where it is not possible to calculate the recoverable amount for an individual asset, the Group calculates the recoverable amount for the cash generating unit to which the asset belongs.

Intangible assets with an indefinite useful life and intangible assets not yet ready for use must be tested for impairment annually, or when there is an indication of impairment.

The recoverable amount is the higher of fair value less selling costs and value in use. When calculating value in use estimated cash flows are discounted to present value using a discount rate before tax that reflects the current market assessment of the time value of money and the risks associated with the asset.

If the recoverable amount of an asset (or cash generating unit) is established as a lower value than the carrying amount, the carrying amount of the asset (or cash generating unit) is written down to the recoverable amount. An impairment loss must be recognized immediately in the income statement.

When an impairment loss is subsequently reversed, the carrying amount of the asset (cash generating unit) is increased to the revalued recoverable amount, but the increased carrying amount may not exceed the carrying amount that would have been determined if no impairment loss had been recorded for the asset (cash generating unit) in previous years. A reversal of an impairment loss is recognized immediately in the income statement.

Inventories
Inventories are recorded at the lower of cost of acquisition/ production according to the first-in, first-out method (FIFO) and net realizable value (lower of cost or market). The value of own production includes raw materials, direct labor, other direct costs and production-related costs. Inventories include raw materials, semi-finished products and finished products.

Statement of cash flows
The cash flow statement is prepared in accordance with the indirect method. Cash and bank balances are counted as cash and cash equivalents.

Classification of assets and liabilities
Non-current assets and liabilities consist in all essentials only of amounts expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and liabilities consist in all essentials only of amounts expected to be recovered or paid within twelve months of the balance sheet date.

Provisions
A provision is recognized when an obligation exists as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate can be made of the amount. Warranty provisions are made for products sold. The warranty period is one year. Warranty costs are reported under "Cost of goods sold".

Related party transactions
For reporting any transactions with related parties please refer to Note B3.

Financial instruments
The Group's financial instruments mainly comprise trade receivables, cash and cash equivalents, Long-term interest-bearing debt, trade payables, other current liabilities and financial derivatives in the form of an option to buy a property and currency forwards.

A financial asset or financial liability is recognized on the balance sheet when the company becomes a party to the contractual provisions of the instrument. A financial asset or part of a financial asset is to be removed from the balance sheet when the contractual rights are realized, expire or when the company loses control over it. A financial liability or part of a financial liability is to be removed from the balance sheet when the obligation in the contract is discharged or otherwise cancelled.

Fair value of financial instruments
The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions traded on an active market is determined with reference to the quoted market price (level 1).
- The fair value of other financial assets and liabilities is determined in accordance with generally accepted valuation models based on data obtained from observable current market transactions (level 2).
- The fair value is determined on the basis of valuation models in which material inputs are based on non-observable data (level 3). The Group has no financial instruments classified at level 3.

For all financial assets and liabilities, the carrying amount is assessed to be a good approximation of its fair value, unless otherwise stated in subsequent notes.

Amortized cost
Amortized cost refers to the amount at which the asset or liability was initially recognized less principal repayments, plus or minus cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the initial carrying amount of the financial asset or financial liability.

Offset of financial assets and liabilities
Financial assets and liabilities are offset and recognized net in the balance sheet when there is a legally enforceable right to set off the recognized amounts and an intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Classification and measurement, IFRS 9
Financial assets are classified on the basis of the business model in which the asset is managed, and the nature of the cash flows generated by the asset. If the financial asset is held in the context of a business model aimed at collecting its contractual cash flows (hold to collect) and the agreed terms of the financial asset at certain times give rise to cash flows consisting solely of payments of principal and interest on the outstanding principal the asset is recognized at amortized cost.

If the objective of the business model is instead achieved by both collecting the contractual cash flows and selling financial assets (hold to collect and sell) and the agreed terms of the financial asset at certain times give rise to cash flows consisting solely of payments of principal and interest on the outstanding principal the asset is recognized at fair value via other comprehensive income.

All other business models (other) where the purpose is speculation, held for trading or where the cash flow characteristics rule out other business models, recognition is at fair value through the income statement.

Impairment, IFRS 9
The Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost. As at every balance sheet date the Group recognizes the change in expected credit losses since initial recognition in income.

For all financial assets the Group measures the loss allowance in an amount equivalent to 12 months expected credit losses. For financial instruments for which there have been significant increases in credit risk since initial recognition, a provision is recognized based on credit losses for the entire life of the asset (the general model).

For trade receivables and contract assets there are simplifications that mean the Group recognizes expected credit losses for the remaining life of the asset (the simplified approach).

The Group defines default as the assessment that it is improbable that a counterparty will meet its commitments on the basis of indicators such as financial difficulties and missed payments. The Group writes off a receivable when it is estimated that no possibilities exist for further cashflows.

Financial assets, IFRS 9
Cash and cash equivalents
Cash and cash equivalents include cash funds and bank balances and other short-term investments that can easily be converted to cash and that are subject to an insignificant risk of changes in value. For classification as cash and cash equivalents the original maturity may not exceed three months. Cash funds and bank balances are held within the hold to collect business model and thus measured at amortized cost. Since bank balances are payable on demand the amortized cost is equivalent to the nominal amount. Cash and cash equivalents are covered by the general model for impairment. For cash and cash equivalents the exemption for low credit risk is applied. An impairment reserve for credit risk in cash and cash equivalents is considered immaterial. Short-term investments are categorized as "Held for trade" and measured at fair value with value changes recognized in the income statement. At the close of 2020 the Group had no short-term investments.

Trade receivables
Trade receivables are held within the hold to collect business model and measured at amortized cost. However, the expected maturity of trade receivables is short and therefore the value has been recognized at the nominal amount without discounting. Trade receivables are covered by the simplified approach for impairment. The expected credit losses for trade receivables are calculated using the provision matrix based on earlier events, current circumstances and forecasts of future economic conditions and the time value of money if applicable.

Financial liabilities, IFRS 9
Trade payables
Trade payables are categorized as "Financial liabilities measured at amortized cost". However, the expected maturity of trade payables is short, and therefore the value has been recognized at the nominal amount without discounting.

Amounts owed to credit institutions
At the close of 2020 the Group had pledged trade receivables to the value of SEK 9,592 thousand. The total loans from credit institutions were SEK 132,778 thousand, of which SEK 21,970 thousand refers to liabilities attributable to leases under IFRS 16. The Group has a guaranteed credit facility of SEK 30,000 thousand, which is unused.

Derivative instruments and hedge accounting, IFRS 9
The currency forwards used for hedging future cash flows and forecast sales in foreign currency are recognized in the balance sheet at fair value, in accordance with level 2 above. The effective portion of the changes in value are reported in other comprehensive income until the hedged flow affects the income statement, when the hedging instrument's accumulated changes in value are recognized in the income statement, where they meet and match the effects on earnings of the hedged transaction. The ineffective portion of the value changes is recognized directly in the income statement.

PARENT COMPANY'S ACCOUNTING POLICIES
The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board Recommendation RFR 2 Accounting for legal entities. Application of RFR 2 means that the parent company as far as possible applies all the IFRS adopted by the EU within the framework of the Annual Accounts Act and the Act on Safeguarding Pension Obligations, taking into account the relationship between accounting and taxation. There is an exemption from application IFRS 16 in legal entities in RFR 2.

The differences between the accounting policies of the parent company and Group are described below:

Classification and formats
The parent company's income statement and balance sheet follow the format of the Annual Accounts Act schedules. The difference in relation to IAS 1 Presentation of Financial Statements applied when preparing the Group's financial statements mainly concerns reporting of equity and the existence of provisions under a separate heading.

Intangible assets
Before January 1, 2016 expenditure for product development was capitalized in the parent company, but as of January 2016 this is expensed in accordance with applicable accounting recommendations.

Leased assets
The Parent Company applies the exemption in RFR 2 on IFRS 16 for leased assets. Utilization rights and lease liabilities are not recognized in the balance sheet as these are recognized as a cost on a straight-line basis over the lease period.

Participations in group companies
Participations in group companies are recorded at cost of acquisition in the parent company's financial statements. Acquisition related costs for group companies that are recognized in the consolidated accounts, are included as part of the cost of acquisition of participations in group companies.

Amendments to RFR 2 and the Annual Accounts Act that have not yet come into force
Approved amendments to RFR 2 that have not yet come into force are not expected to have any material impact on the parent company's financial statements on initial application.

Note A2. Financial risk management

In its operations, the Group is exposed to various types of financial risk such as market risk, liquidity risk and credit risk. Market risk mainly consists of currency risk when interest rate risk is limited. The Board of Directors of the company is ultimately responsible for exposure, management and follow-up of the Group's financial risks.

CellaVision works continually to balance its capital and financing risk by means of timely establishment of sufficient credit facilities for the needs that can be foreseen, monitoring cash flows, and working to optimize working capital. The overall goal is to ensure a capital structure that supports long-term profitable growth. Given that the company's operations have good profitability, the company's financial position is satisfactory. In the view of the Board, the company's financing and capital structure does not prevent the company from meeting its commitments in the short and long term, nor from implementing necessary investments.

MARKET RISKS

Currency risk

Currency risk refers to the risk that fair value or future cash flows will fluctuate as a result of changed exchange rates. Exposure to currency risk mainly derives from payment flows in foreign currency, called transaction exposure, and from translation of balance sheet items in foreign currency as well as translation of foreign subsidiaries' income statements and balance sheets to the Group's presentation currency, which is Swedish kronor, called balance sheet exposure.

The Group operates internationally and is exposed to currency risk from various currency exposures, mainly in USD and EUR. The company's purchases are mainly in SEK and EUR. Sales are predominantly in USD and EUR. The Group uses currency forwards to hedge contracted inflows of foreign currency. Derivatives held for foreign currency hedging are valued at level 2, financial instruments where fair value is determined on the basis of valuation models based on other observable data for the asset or liability than listed prices included in level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Currency forwards are valued on the basis of observable information referring to exchange rates on the balance sheet date and market rates for remaining maturities. The amount referring to ineffectiveness of cash flow hedges recognized in the income statement is SEK 0 (0). In accordance with CellaVision's risk management strategy 0–70 per cent of currency exposure in net flows 12 months forward and a further 0–40 per cent for months 13–24 continuously hedges. Balance sheet exposure is not hedged.

Currency exchange rate fluctuations in euro and dollar is calculated to affect the groups revenue and operating profit according to the table below (SEKm):

		Euro			
		9.4	**9.7**	**10.0**	**10.3**
USD	**7.6**	443/93	452/98	461/104	470/109
	7.9	448/96	457/102	466/107	475/112
	8.2	453/100	462/105	471/110	481/116
	8.5	458/103	467/108	477/114	486/119

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will vary due to changes in market interest and that the Group's interest expense will increase as a consequence of increased market rates. The Group's financial assets mainly consist of call option property and deposits provided. A low risk is considered to exist since the demand for properties in the area is high and the deposits provided are of less value. The Group has interest-bearing liabilities in the form of a bank loan denominated in EUR.

Interest rates

kSEK	**2020**	**12/31/2020**	**2019**	**12/31/2019**
	Impact on earnings	**Impact on equity**	**Impact on earnings**	**Impact on equity**
Financial expenses +1%	-871	-871	-1,140	-1,140
Financial expenses -1%	871	871	1,140	1,140
Financial income +1%	0	0	0	0
Financial income -1%	0	0	0	0
Revaluation effect +1%	0	2	0	38
Revaluation effect -1%	0	-2	0	-38

Interest rate risk refers to the risk that fair value or future cash flows fluctuate as a result of changed market interest rates. The Group is mainly exposed to interest rate risk through its loan financing. The loans run at variable interest rates, which means that the Group's future financial costs are affected by changes in market interest rates. The Group is also affected by changed market rates as a result of the derivative instruments held to hedge transaction exposure (see above). The fair value of forward contracts is immediately affected by changes in market interest rates, which in turn affects the Group's report on total profit.

According to the Group's financial policy, interest rate risk should not be hedged.

The sensitivity anslysis for interest rate risk shows the Group's sensitivity to an increase and a decrease of 1 percent of the market interest rate, respectively. Interest rate sensitivity is based on the effect on profit after tax of a change in market interest rates, both in terms of interest income and costs and unrealized value changes in derivatives.

Liquidity and financing risk

Prudence in management of liquidity risk entails holding sufficient liquid assets and realizable securities or agreed lines of credit to be able to fulfil obligations. CellaVision minimizes this risk by holding sufficient cash. At present the liquidity risk is deemed to be reasonably low, mainly due to the Group's liquidity. There is also an unused overdraft of SEK 30 million.

Maturity structure of the Group

Nominal amounts,	**0-12 months**		**1-5 years**	
kSEK	**2020**	**2019**	**2020**	**2019**
Liabilities to credit institutions	36,097	41,741	74,711	103,294
Financial leasing liabilities	9,777	9,025	12,193	19,633
Trade payables	20,865	21,716	0	0
Other liabilities	5,933	8,290	0	0
Total financial liabilities	**72,671**	**80,772**	**86,904**	**122,927**

Credit and counterparty risk

Credit risk refers to the risk that the counterparty in a transaction will cause loss to the Group by not fulfilling its contractual obligations. The Group's exposure to credit risk mainly refers to trade receivables and liquid funds. CellaVision collaborates with triple A distributors and established hematology companies. In the Nordic countries the customers are publicly funded hospitals. There is some concentration of credit risk relating to trade receivables but historically these customers have not had any payment difficulties.

The credit risk in liquid funds is limited because the Group's counterparties are banks with high credit rating.

The Group's and the parent company's maximum exposure to credit risk is assessed to correspond to book values of all financial assets.

Classification of financial instruments

Classification of financial assets and liabilities and their fair value is presented below. There have been no reclassifications between the valuation categories above during periods.

Fair value measurement of financial instruments

Financial liabilities measured at fair value in the balance sheet consist only of currency forwards and a bank loan denominated in EUR. The currency forwards mature within 2 months and are recorded as other receivables in the balance sheet.

2020	Derivatives held for hedging	Interest bearing debts and trade receivables	Financial liabilities at accrued acquisition value	Total carrying value	Fair value
Trade receivables	0	71,030	0	71,030	71,030
Other receivables	1,388	23,429	0	24,817	24,817
Cash and cash equivalents	0	102,262	0	102,262	102,262
Total financial assets	**1,388**	**196,721**	**0**	**198,109**	**198,109**
Liabilities to credit institutions	0	0	110,807	110,807	110,807
Lease liability	0	0	21,970	21,970	21,970
Trade payables	0	0	20,865	20,865	20,865
Other liabilities	0	0	5,933	5,933	5,933
Total financial liabilities	**0**	**0**	**159,575**	**159,575**	**159,575**

2019	Derivatives held for hedging	Interest bearing debts and trade receivables	Financial liabilities at accrued acquisition value	Total carrying value	Fair value
Trade receivables	0	88,922	0	88,922	88,922
Other receivables	329	5,878	0	6,207	6,207
Cash and cash equivalents	0	102,312	0	102,312	102,312
Total financial assets	**329**	**197,112**	**0**	**197,441**	**197,441**
Liabilities to credit institutions	0	0	145,035	145,035	145,035
Lease liability	0	0	28,658	28,658	28,658
Trade payables	0	0	21,716	21,716	21,716
Other liabilities	4,159	0	4,131	8,290	8,290
Total financial liabilities	**4,159**	**0**	**199,540**	**203,698**	**203,698**

For other financial assets and financial liabilities the carrying amounts are assessed to be a good approximation of the fair values because the maturity and/or interest rate fixing is less than three months, which means that a discount based on current market conditions is not expected to have any material effect.

Financial assets and financial liabilities measured at fair value in the balance sheet are classified into one of three levels based on the information used to establish the fair value. The Group's hedging instruments are measured at fair value in accordance with Level 2 below. During the periods there have been no transfers between levels.

Level 1 – Quoted prices in an active market. The Group has no financial instruments measured at fair value at Level 1.

Level 2 - Financial instruments, where fair value is determined on the basis of valuation models based on other observable data for the asset or liability than quoted prices included in Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Group's currency forwards are classified at Level 2 via the Group's statement of comprehensive income and recorded as other current liabilities in the Group's statement of financial position.

Level 3 – Financial instruments where fair value is determined on the basis of valuation models in which material inputs are based on non-observable data. The Group has no financial instruments measured at fair value at Level 3.

Note A3. Important estimates and assumptions for accounting purposes

Establishment of reports and application of different accounting policies are often based on management's estimates or assumptions considered to be reasonable under the current circumstances. These assumptions and estimates are often based on experience but also on other factors, including expectations of future events. For CellaVision, the following areas are worth noting:

CAPITALIZED DEVELOPMENT EXPENDITURE
The recoverable amount of capitalized development costs is determined based on the estimated economic life and volume. This calculation is based on estimated future cash flow based on financial forecasts approved by management and reflects product lifecycles.

TRADEMARKS
The carrying value of a brand is contingent on future profitability of the products the brand refers to and the value is tested annually. If it has not been possible to test the impairment requirement for an individual brand, the recoverable amount has been calculated on the cash-generating unit to which the brand is allocated. Calculating the cash-generating unit's recoverable value for assessing possible impairment of the brand, several assumptions about future conditions and estimations of parameters are made.

GOODWILL
The carrying amount of goodwill is contingent on future profitability of the cash-generating unit to which goodwill is allocated and the value is tested annually. For the assessment of possible impairment of goodwill several assumptions about future conditions and estimates of parameters are made when calculating the recoverable amount of cash-generating units.

RESERVED AMOUNT FOR LONG-TERM INCENTIVE PROGRAM
Calculation of the reserved amount for long-term incentive programs depends on the development of earnings per share over the term of the incentive program.

IMPAIRMENT
The recoverable amount for the cash-generating units is determined based on value-in-use calculations. These calculations are based on estimated future cash flows based on financial budgets approved by the operational management for the coming year. Thereafter, estimates have been made covering a five-year period. Cash flows beyond the five-year period are calculated based on retained profitability and limited growth. The most important variables in calculating the value in use are operating margin, growth and the discount rate.

The operating margin has been forecast to reach the average for the most recent business cycle in five years. The transition from the current level to the level has been assumed to be linear. Customs duties have been considered in the company's assessments of capacity utilization. The forecast is in line with previous experience and external information sources.

Demand for products has historically followed the economic trend. Expected market growth is based on a transition from the current economic situation to the expected long-term growth. Current market share has been assumed for future periods. The forecast is in line with previous experience and external information sources.

The discount rate after tax has been determined using standard tools for calculating the return requirement on equity valued at market value and a weighted average of the return requirement for the company's total capital. The discount rate is based on the interest rate on the 10-year French government bond as of end of the financial year, market risk premium for France, beta and capital structure in line with a selected group of comparable listed companies and a specific risk premium.

Note A4. Capital structure

CellaVision defines managed assets as the sum of the Group's net debt and equity. At the end of 2020 managed assets were 460,133 thousand (406,125).

The Group's objectives regarding capital structure are to secure the Group's ability to continue operations to generate returns for shareholders and benefits to other stakeholders and to ensure that the capital structure is optimal considering the cost of capital.

When managing the capital, the Group follows up on metrics such as sales growth and operating margin. The objective is to increase sales by an average of 15 percent per year with an operating margin exceeding 20 percent over a business cycle. In 2020 the company achieved sales growth of 2 percent (27) and the operating margin was 23 per cent (27).

CellaVision has a strong financial position that allows investment in product development as well as geographic market expansion. The dividend policy states that the dividend must correspond to 30-50 percent of net income, but always consider the Company's and the Group's financial position, capital structure, acquisitions and long-term financing needs.

Note A5. Operational risk factors

DISTRIBUTORS
CellaVision's strategy is to establish strategic alliances with global players in medical technology. CellaVision operates through distributors in all markets. This means that CellaVision's future expansion depends on successful distributors. The company mainly distributes its products through the primary hematology companies in the world; Sysmex, Beckman Coulter, Siemens Healthcare Diagnostics, Abbott, Horiba, Biospecifix and Boule. CellaVision is dependent on their successes in the field of hematology, where CellaVision's products are marketed. Even though CellaVision has well-functioning and extensive contractual relationships with its distributors, these partnerships can be terminated. There is no guarantee that the distributor will sign a new agreement with CellaVision. Discontinued cooperation with a major distributor could have a negative impact on CellaVision's sales and earnings. All contracts are non-exclusive and run for 2–3 years.

SUPPLIERS
The company's strategy is to enter into strategic partnerships, in which the partners handle the manufacturing of the products. This means that CellaVision will be dependent on a number of suppliers of key components such as cameras, microscopes and control equipment as well as companies that manage the assembly and final inspection of the systems. The company has collaborated with a contract manufacturer since 2006 and has long-term cooperation and contracts with its most important subcontractors. Despite this, contracts can be terminated. There is no guarantee that the suppliers will subsequently decide to sign a new agreement with the company. Suspension of deliveries due to terminated contracts or discontinued cooperation with a subcontractor may have a negative impact on CellaVision's sales and earnings.

DEPENDENCE ON KEY PERSONNEL
CellaVision has a distinct high-tech specialization and is therefore dependent on being able to recruit and retain highly qualified employees.

COST SAVINGS IN HEALTH CARE
For economic and political reasons, measures are being taken to reduce costs in the health care sector in Western Europe and the US, for example. Ongoing changes and rationalization, despite CellaVision's efforts at developing cost-effective solutions, may have a negative impact on the company's future sales and earnings.

PRODUCT DEVELOPMENT
Continued development of existing and new products and solutions is of great importance to CellaVision. If the company's ability to develop products ceases, or if products cannot be introduced in accordance with established schedules, or if the market reception is worse than expected, this may result in a negative impact on CellaVision's sales and earnings.

COMPETITION
There is a risk that new competitors with a greater resource base in terms of skills and capital may establish themselves in CellaVision's market and offer better methods and more effective products than CellaVision. Increased competition could result in price pressure on CellaVision products. In order to counteract this, the company constantly monitors competition.

PRODUCT LIABILITY
Testing, marketing and selling medical devices and solutions entails a risk of claims for damages and there is no guarantee that claims for compensation linked to product liability will not be made against CellaVision. The company has extensive insurance coverage for such claims.

PATENTS AND RIGHTS
CellaVision conducts an active patent strategy to protect investments in core technology by applying for patents for new inventions. However, it cannot be guaranteed that current or future patent applications will lead to patents or that approved patents will offer sufficient protection against competitors. In addition, there is always a risk that disputes referring to patent infringement and other intellectual property rights may be started against or by CellaVision. The company has extensive insurance coverage for such claims.

LEGISLATION AND REGULATORY FRAMEWORK
Manufacturing, marketing and distribution of medical devices and equipment takes place on a regulated market where such bodies as the FDA (US Food and Drug Administration) and the EU have rules for clinical evaluation, approval and quality testing. CellaVision meets the current requirements in Europe and USA for CellaVision DM. If CellaVision's operations were to be subject to restrictions by government agencies or if the company did not receive necessary future official approval, it could have a negative impact on CellaVision commercially and financially.

Note A6. Information on operating segments

CellaVision's operations comprise only one segment; analyzers for microscopy systems and production of reagents in the field of hematology, and therefore reference is made to the consolidated statement of comprehensive income and financial statement regarding segment reporting. CellaVision sells analyzers in which software is included and reagents for sample preparation. The software does not function as stand-alone products and the reagents are sold to the same customer base as the instruments. Other sales such as spare parts, service etc. is each less than 10% of total sales. CellaVision has a centralized business model. Most of the business is linked to the parent company through global customer contracts. One subsidiary produces reagents and the role of the other subsidiaries is only of a marketing nature and their business is small and not a subject for cost allocation. Follow-up of sales by geographical region and product line is of interest to the company, but overheads and operating margin are monitored at the central level.

Note A7. Information on major customers

CellaVision's products are sold globally through partners, and in selected markets also through its own sales companies. CellaVision has three customers that each account for more than ten percent of the company's total sales. The largest customer with sales of SEK 103 (155) million and the others with sales of SEK 93 (103) million and SEK 68 (62) million, respectively.

Note A8. Employees

		2020		2019
Average number of employees	**Average number of employees**	**Of whom men**	**Average Number of employees**	**Of whom men**
Parent company, Sweden	126	82	114	76
Subsidiary, USA	7	4	7	4
Subsidiary, Canada	2	1	2	1
Subsidiary, Japan	2	2	2	2
Subsidiary, France - as of October 1, 2019	45	21	41	19
Total	**182**	**110**	**166**	**102**

		2020		2019
Number of women in senior management:	**Board of Directors**	**Other positions**	**Board of Directors**	**Other positions**
Parent company	2	1	2	1
Share of the total	20%	14%	29%	10%
Subsidiaries	0	0	0	0
Total	**2**	**1**	**2**	**1**

Note A9. Disputes in the Group

There are no disputes within the Group with third parties.

Note A10. Events after the balance sheet date

Simon Østergaard started March 1, 2021 as President and CEO of CellaVision. Magnus Blixt, who was acting President until Simon Østergaard took office, will return to his regular role as CFO.

As of April 6, 2021, CellaVision has signed an agreement to acquire the exclusive rights to a patent portfolio on Fourier Ptychographic Microscopy, a novel microscopy technology from Clearbridge BioPhotonics. The acquisition gives CellaVision access and control of an interesting future technology. The acquisition has a cash purchase price of SEK 28,7 million (USD 3,3M). The acquisition is seen as a long-term investment aiming to strengthen CellaVision's innovation opportunities and will have no material impact on sales or EBITDA over the next five to seven years. The acquired patent rights provide exclusive protection in CellaVision's key markets for more than 12 years. The acquisition is expected to be completed during the second quarter of 2021.

The Annual Report was adopted by the board and approved for publication on April 7th, 2021.

Note B1. Income by geographical area

			Group			Parent company
2020	**Instruments**	**Reagents**	**Other**	**Instruments**	**Reagents**	**Other**
Sweden	0	0	310	0	0	0
EMEA	97,678	79,869	38,268	94247	0	32,462
Americas	93,911	2,133	55,831	94813	0	52,635
APAC	92,869	2,575	7,999	91374	0	6,856
Total	**284,458**	**84,578**	**102,407**	**280,435**	**0**	**91,953**

			Group			Parent company
2019	**Instruments**	**Reagents**	**Other**	**Instruments**	**Reagents**	**Other**
Sweden	292	0	489	292	0	0
EMEA	93,968	21,146	34,400	94,055	0	32,934
Americas	152,411	723	78,020	153,893	0	73,617
APAC	74,650	287	5,386	75,178	0	3,885
Total	**321,321**	**22,156**	**118,295**	**323,418**	**0**	**110,436**

Sales at a given time in the Group were SEK 465,169 thousand (455,860) and revenues distributed over time were SEK 6,274 thousand (5,912). Revenues distributed over time refer to pre-paid service contracts. The value of accrued income attributable to revenue distributed over time amounted to SEK 3,174 thousand (3,207).

Note B2. Expenses classified by nature of expense

	2020	**2019**
Depreciation, amortization and impairment (Note B9, C1)	32,622	20,155
Costs for remuneration to employees (Note B4, B5, B6)	137,015	125,029
Changes in inventories of finished goods and work in progress	-444	1,426
Raw materials	121,150	110,262
Transport costs	7,630	3,291
Capitalized expenses	-25,524	-16,012
Premises costs	2,389	1,779
Travel expenses	4,966	13,167
External services	21,270	23,551
Other expenses	60,096	52,548
Total cost of goods sold, sales, administrative and R&D expenses	**361,170**	**335,196**

As of 2019, IFRS 16 will be applied to the Group and most of the costs for rents end up as depreciation.

Note B3. Intra-Group and related party transactions

Of the parent company's invoicing, SEK 3,543 thousand (4,176) refers to subsidiaries. SEK 526 thousand (1,304) refers to instruments, SEK 2,508 thousand (2,310) refers to spare parts and SEK 510 thousand (562) refers to software. Invoicing from subsidiaries to parent company refers to market support and amounted to SEK 25,539 thousand (31,635) on market terms. For information on subsidiaries, see Note C5. The remuneration paid to senior executives is stated in Note B6. We have not had any related party transactions in 2020 other than those described above.

Note B4. Salaries and other remunerations, distributed

		2020		**2019**
Salaries and other remuneration:	**Board, CEO**	**Others**	**Board, CEO**	**Others**
Parent company	4,255	56,105	6,783	59,009
Subsidiaries	0	34,297	0	21,385
Total	**4,255**	**90,402**	**6,783**	**80,394**

Note B5. Social security and pension costs

Social security and pension costs:	2020 Social security costs	2020 Of which pension costs	2019 Social security costs	2019 Of which pension costs
Parent company	29,888	11,955	32,526	10,670
Subsidiaries	12,470	753	5,326	510
Total	**42,358**	**12,708**	**37,852**	**11,180**

Pension obligation corresponds to 30 percent of base salary for the CEO. For other employees in Sweden the pension obligations of the defined benefit ITP 2 Plan for old-age and family pension (or family pension) are vested through insurance with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR10 Classification of ITP Plans financed through insurance in Alecta, this is a defined benefit plan covering several employers. For the 2020 financial year the company has not had access to information that makes it possible to report its proportionate share of the plan obligations, plan assets and costs, which means that it is not possible to report the plan as a defined benefit plan. The ITP 2 pension plan, which is vested through insurance with Alecta, is therefore reported as a defined contribution plan. The premium for the defined benefit old-age and family pension is calculated individually and depends among other things on salary, accrued pension and expected remaining working life. Expected contributions in the next reporting period for ITP 2 insurance with Alecta amount to SEK 3.4 million (3.7).

The collective solvency level comprises the market value of Alecta's assets as a percentage of its insurance commitments calculated in accordance with Alecta's actuarial methods and assumptions, which do not comply with IAS 19. Normally the collective solvency level should be allowed to vary between 125 and 155 percent. If Alecta's collective solvency level falls short of 125 percent or exceeds 155 percent measures must be taken to allow the solvency level to return to its normal interval. If the solvency level is low, one measure could be to increase the agreed price for writing of new business and increasing existing benefits. If the solvency level is high one measure could be to introduce premium reductions. At the end of 2020 Alecta's surplus in the form of the collective solvency level was 148 percent (148).

There are defined benefit pensions in France and the liability recognized in the balance sheet for this is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The calculations are made by actuaries, who also re-evaluate the pension plans' commitments. The debt amounts to SEK 4.0 million (3.5), where the majority of the debt falls due for payment in excess of 5 years and no part for the next 12 months.

Note B6. Remuneration to senior management

Salaries, remuneration and other benefits:	Fixed salary	Variable renumeration	Other benefits	2020 Pension
Board of Directors:				
Sören Mellstig	560	0	0	0
-1	131	0	0	0
Christer Fåhraeus	245	0	0	0
Åsa Hedin	245	0	0	0
Anna Malm Bernsten	245	0	0	0
Niklas Prager	265	0	0	0
Jurgen Riedl	225	0	0	0
Stefan Wolf	225	0	0	0
CEO	2,818	-655	0	800
Other senior management	9,892	-1,937	638	3,482
Total	**14,851**	**-2,592**	**638**	**4,282**

Salaries, remuneration and other benefits:	Fixed salary	Variable renumeration	Other benefits	2019 Pension
Board of Directors:				
Sören Mellstig	539	0	0	0
Christer Fåhraeus	226	0	0	0
Åsa Hedin	235	0	0	0
Torbjörn Kronander	92	0	0	0
Anna Malm Bernsten	235	0	0	0
Niklas Prager	255	0	0	0
Jurgen Riedl	215	0	0	0
Stefan Wolf	215	0	0	0
CEO	2,795	1,666	3	859
Other senior management	8,417	2,952	458	3,132
Total	**13,224**	**4,618**	**461**	**3,991**

In accordance with a resolution of the Annual General Meeting, remuneration is payable to the Board of Directors of SEK 2,075 thousand (2,010), of which SEK 500 thousand (500) to the Chairman of the Board and SEK 225 thousand (225) to each of the other board members. In addition, the boardmembers receive 40 KSEK (40) for being chariman and 20 KSEK (20) for participationg in the renumumeration or audit committee. No other remunerations have been paid. There are no agreements on pensions, severance pay or other benefits. During the year the Board of Directors comprised of 10 members (8) of which 2 employee representatives (0).

The President/Chief Executive Officer's period of notice is twelve months for termination by the company and six months for termination by the President/ Chief Executive Officer. For termination by the company, or by the President/Chief Executive Officer for material breach of contract by the company, the President/Chief Executive Officer is entitled to severance pay equivalent to twelve months' salary. No further severance pay is payable.

Note B6. Remuneration to senior management, cont'd

There is an incentive program for senior management consisting of a earnings per share related program and an annual individual program. The outcome is capped to 60 percent of yearly salary for the CEO whereof half goes into the annual individual program and the other half goes towards the program related to earnings per share where it can be doubled if the growth in earnings per share over a three-year period exceeds 15 percent per year. The CEO also has a guaranteed annual bonus of SEK 1,867 thousand, which falls due during the years 2021-2023. For other members of senior management, the outcome is capped at 5 months' salary whereof 40 percent goes into the annual individual program and 60 percent goes to the earnings per share related program where it can be doubled if the growth of earnings per share price over a three year period exceeds 15 percent per year. During the year, provisions for incentive programs for senior management were dissolved by SEK -2,592 thousand (4,618) and reduced personnel costs for the year. See also the description in the corporate governance report.

In 2020 the CEO was paid a fixed salary including remuneration for paid leave of SEK 2,818 thousand (2,795), plus benefits valued at SEK 0 thousand (3). In addition to a fixed salary, variable remuneration of SEK -655 thousand (1,666) was expensed. Other senior executives in the management group were during 2020 paid total fixed salaries of SEK 9,892 thousand (8,417) plus benefits mainly comprising car benefits valued at SEK 638 thousand (458). In addition to a fixed salary, a reservation for variable remuneration of -1,937 kSEK has been dissolved (2,952). There were 9 (8) other members of senior management for part of the year. The Remuneration Committee prepares questions of remuneration and other conditions of employment for the company management. Decisions are made by the Board.

Note B7. Audit fees

		2020		2019
Fees to the company's auditors, Deloitte	**Group**	**Parent company**	**Group**	**Parent company**
Audit	894	611	509	290
Addition to the audit engagement	0	0	0	0
Tax advisory	70	43	11	11
Other engagements	99	99	99	99
Total	**1,064**	**753**	**618**	**400**

		2020		2019
Fees to the company's auditors, Hastings	**Group**	**Parent company**	**Group**	**Parent company**
Audit	0	0	235	0
Addition to the audit engagement	0	0	0	0
Tax advisory	0	0	0	0
Other engagements	0	0	0	0
Total	**0**	**0**	**235**	**0**

The audit assignment includes review of the annual report and accounts, as well as administration of the board and the chief executive officer. The audit assignment also includes other tasks that is the responsibility of the company's auditor to perform, as well as advice or other assistance that is caused by obervations in such auditing or implementation of such other tasks.

Note B8. Leasing

	2020	2019
Amounts recognized in the income statement	**-1**	**-1**
Depreciation on right of use	9,537	7,694
Interest expenses for leasing liabilities	755	844
Costs attributable to short-term and leasing contracts of low value	3,236	1,368

As of December 31, 2020, the Group has obligations regarding short-term and leasing agreements of low value of kSEK 2,913 (2,971).

	2020	2019
Cash flow	**-1**	**-1**
Amortization of leasing liabilities	9,537	7,694
Interest expense leasing liabilities	755	844
Short-term leasing and low value leasing	3,236	1,368
Total cash flow	**13,529**	**9,906**

The weighted average marginal loan rate was 3%.

The lease period for the Group's rental premises varies between 1-5 years. Extension of the lease at the end of the lease period may be at what the Group considers to be a fair market value rent. In some cases, the rent is index-adjusted according to the CPI and the majority of lease agreements are extended with existing terms unless the agreement has been terminated for change of terms. The leasing period for various office equipment varies between 1-3 years. The total of the year's expensed leasing fees for operating leases amounts to SEK 13,529 thousand (9, 906) in the Group. The parent company's leasing fees for the year amounted to SEK 8,777 thousand (8,559).

Opening-closing balance sheet analysis of right of use assets are presented in note C2.

The Group leases a number of assets, primarily buildings, machinery and cars. The average lease term is 3 years (3).

An estimated one quarter of the leases for buildings, machines and cars expired during the current financial year. The expired leases were replaced by new leases for the underlying assets. New acquisitions for the year amounted to SEK 3.0 million (7.6).

	2019
Contracted future lease charges	**Parent company**
- Within one year	7,344
- Later than one but within five years	18,378
- Later than within five years	0
Total	**25,722**

Note B9. Depreciation

	2020		2019	
	Group	Parent company	Group	Parent company
Intangible assets	17,589	2,099	9,801	3,382
Property, plant and equipment	14,449	2,101	10,354	1,774
Total	**32,038**	**4,200**	**20,155**	**5,156**

Note B9. Depreciation per function

	2020		2019	
	Group	Parent company	Group	Parent company
Cost of goods sold	16,318	2,099	9,375	3,382
Selling expenses	7,830	524	4,223	443
Administrative expenses	2,553	527	1,917	443
Research and development expenses	5,337	1,050	4,640	888
Total	**32,038**	**4,200**	**20,155**	**5,156**

Note B10. Exchange rate effects

	2020		2019	
	Group	Parent company	Group	Parent company
Exchange rate effects have been reported in the income statement as follows				
Exchange rate gain in operating profit	0	0	1,134	1,134
Exchange rate loss in operating profit	-13,341	-13,341	-6,771	-6,771
Total	**-13,341**	**-13,341**	**-5,637**	**-5,637**

Note B11. Interest income and other similar profit/loss items

	2020		2019	
	Group	Parent company	Group	Parent company
Interest income	416	0	128	0
Exchange differences, Group loan	6,702	13,185	5,861	5,861
Total	**7,118**	**13,185**	**5,989**	**5,861**

No part of the parent company's interest income/expenses is intra-group. All interest income is attributable to instruments that are reported at amortized cost.

Note B12. Interest expenses and other similar profit/loss items

	2020		2019	
	Group	Parent company	Group	Parent company
Interest expenses	2,546	1,101	1,495	416
Exchange differences, Group loan	2,617	2,305	1,849	2,236
Total	**5,163**	**3,406**	**3,344**	**2,652**

No part of the interest expense is directly attributable to development activities and their costs. All interest expenses refer to financial debts that are valued at acquisition value.

Note B13. Taxes

	2020		2019	
Tax on result for the year	**Group**	**Parent company**	**Group**	**Parent company**
Current tax	-17,880	-17,086	-28,063	-27,363
Deferred tax expenses	-4,868	-3,011	-1,986	834
Total tax on result for the year	**-22,748**	**-20,097**	**-30,048**	**-26,529**
Deferred tax				
Utilization of tax losses	-1,611	0	-1,326	0
Temporary differences:				
Provisions	-3,011	-3,011	834	834
Inventory	-127	0	145	0
Capitalised expenditure for development	-3,636	0	-2,378	0
Other immaterial assets	1,659	0	601	0
Leasing	86	0	247	0
Customer relationships	1,015	0	258	0
Other temporary differences	757	0	-367	0
Total deferred tax	-4,868	-3,011	-1,986	834
Deferred tax asset/liability				
Deferred tax asset, loss carry-forwards	0	0	1,597	0
Temporary differences				
Provisions	2,196	668	3,678	3,678
Inventory	109	0	236	0
Capitalised expenditure for development	-17,905	0	-14,225	
Other immaterial assets	-5,340	0	-6,814	0
Leasing	333	0	247	0
Trademarks	-6,103	0	-6,344	0
Customer relationships	-12,360	0	-13,859	0
Other temporary differences	-4,307	0	-3,056	0
Total carrying amount for deferred tax liability/asset	**-43,377**	**668**	**-38,539**	**3,678**
Unrecognized deferred tax assets	22	0	723	0

There are accumulated loss carry forwards in Japan. The time limit for the carry forwards is seven years. No part of loss carry forwards in Japan has been recognized in the accounting. In Japan the tax deficit is SEK 63 thousand that can be utilized at the latest in 2023.

	2020		2019	
Reconciliation, taxation	**Group**	**Parent company**	**Group**	**Parent company**
Accounting profit/loss before tax	112,228	100,058	-1 129,220	116,568
Tax at current tax rate	-24,017	-21,412	-1 -27,653	-24,946
Tax effect of:				
-Effect of different tax rates in foreign subsidiaries	-242	0	-624	0
-Non taxable income	736	1,391	1	0
-Non-deductible expenses	-118	-54	-1,063	-296
-Utilization of tax loss defecits where deferred tax assets is not recognized	706	0	409	0
Total	**-22,935**	**-20,075**	**-28,930**	**-25,242**
Adjustments current year due to prior year current tax	-38	0	-1,279	-1,279
Changed tax rate on deferred tax asset	225	-22	161	-8
Reported tax expense for the year	**-22,748**	**-20,097**	**-30,048**	**-26,529**

Income tax amounts in other comprehensive income refers entirely to cash flow hedges.

Note C1. Intangible assets

		2020		2019
Capitalized expenditure for development	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	114,054	41,612	98,242	41,612
Capitalized during the year	25,524	0	16,012	0
Acquisiton of business	0	0	0	0
Reclassification	1,226	0	0	0
Disposals	0	0	-200	0
Closing accumulated cost of acquisition	**140,804**	**41,612**	**114,054**	**41,612**
Opening depreciation	-38,595	-34,706	-31,323	-31,323
Depreciation for the year	-7,940	-2,099	-7,272	-3,383
Closing accumulated depreciation	**-46,535**	**-36,805**	**-38,595**	**-34,706**
Closing carrying amount	**94,269**	**4,807**	**75,459**	**6,906**

		2020		2019
Goodwill	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	115,121	0	0	0
Acquisition during the year	0	0	0	0
Acquisiton of business	1,269	0	118,435	0
Translation difference	-4,418	0	-3,314	0
Closing accumulated cost of acquisition	**111,972**	**0**	**115,121**	**0**
Closing carrying amount	**111,972**	**0**	**115,121**	**0**

		2020		2019
Trademarks, customer relationships and other intangible assets	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	111,592	900	900	900
Acquisition during the year	64	0	0	0
Acquisiton of business	0	0	114,660	0
Disposals	-584	0	0	0
Translation difference	-4,631	0	-3,968	0
Closing accumulated cost of acquisition	**106,441**	**900**	**111,592**	**900**
Opening depreciation	-2,504	0	0	0
Depreciation for the year	-9,648	0	-2,529	0
Acquisiton of business	0	0	0	0
Translation difference	353	0	25	0
Closing accumulated depreciation	**-11,799**	**0**	**-2,504**	**0**
Closing carrying amount	**94,642**	**900**	**109,088**	**900**

Capitalized expenditure for development

Expenditure on research and development was SEK 76,777 thousand (72,429), which corresponds to 16 percent (16) of net sales. Of this expenditure SEK 25,524 thousand (16,012) has been capitalized and the remaining SEK 51,253 thousand (56,417) has been charged to the result for the year. The reported value of capitalized development costs not yet subject to depreciation amounts to SEK 33,320 thousand (14,106). The year's development work refers to development aimed at strengthening the product portfolio in relation to customers in the sub-field of hematology.

Goodwill

Goodwill attributable to the acquisition of RAL Diagnostics amounted to SEK 118.4 million at the time of acquisition. An adjustment of the acquisition amount with a supplement of SEK 1.3 million was made during the first quarter of 2020. At the end of the period, the carrying amount of goodwill amounted to SEK 112.0 million (115,1) at the end of the period. There has been no write-down of goodwill during the financial year.

Trademarks, customer relationships and other intangible assets

The reported value of trademarks with an indefinite useful life amounted to SEK 24.4 million (25.4) at the end of the period and are attributable to the acquisition of RAL Diagnostics. There has been no write-down of brands during the financial year.

The closing reported value for customer relationships for the period amounts to SEK 49.4 million (55.4) and is attributable to the acquisition of RAL Diagnostics. Depreciation for the period has been done according to plan.
Other intangible assets mostly relate to acquired technology attributable to RAL Diagnostics and have a closing book value of SEK 20.8 million (28.3). Depreciation has taken place in accordance with the plan and a write-down of SEK 0.6 million (0) is attributable to an individual project that was scrapped during the year.

Impairment testing goodwill and treademarks

The company management has set budgeted gross margins based on its expectations of market developments. The weighted average rate of growth used is in line with forecasts in industry reports. The management's assessment is that no reasonable changes in the important assumptions will result in the estimated total recoverable value of the cash-generating unit being lower than the brand's total carrying value. Taking the above into account, the company management considers that no impairment loss exists.

The sensitivity analysis shows a certain margin between value in use and book value. The sensitivity analysis shows that an increase in the discount rate of 0.5 percentage points gives a margin between the value in use and the book value of 6 percent (-6). A change in the operating margin by -1 percentage point gives a margin of 7 percent (-5).

Used discount rate (WACC, Weighted Average Cost of Capital) amounts to 10,4 percent (12,8 percent before tax). Terminal growth rate of two percent has been used in the test and corresponds to a long-term assumption of real growth of 1 percent and inflation of 1 percent.

Note C2. Tangible fixed assets

Right of use assets		2020		2019
Land and buildings	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	33,953	0	0	0
As of January 1 2019, IFRS 16	0	0	29,913	0
Change of valuation principle	0	0	570	0
Year's acquisitions	1,359	0	0	0
Acquisiton of business	0	0	3,456	0
Disposals/ retirements	0	0	0	0
Translation difference	-198	0	15	0
Closing accumulated cost of acquisition	**35,114**	**0**	**33,953**	**0**
Opening depreciation	-7,086	0	0	0
Depreciation for the year	-8,363	0	-7,091	0
Acquisiton of business	0	0	0	0
Reversal of acc. depreciation on disposals/retirements	0	0	0	0
Translation difference	103	0	5	0
Closing accumulated depreciation	**-15,346**	**0**	**-7,086**	**0**
Closing carrying amount	**19,768**	**0**	**26,867**	**0**

Right of use assets		2020		2019
Plant and machinery	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	1,709	0	0	0
Change of valuation principle	0	0	-631	0
Year's acquisitions	0	0	0	0
Acquisiton of business	0	0	2,360	0
Disposals/ retirements	0	0	0	0
Translation difference	-202	0	-20	0
Closing accumulated cost of acquisition	**1,507**	**0**	**1,709**	**0**
Opening depreciation	-126	0	0	0
Depreciation for the year	-683	0	-124	0
Acquisiton of business	0	0	0	0
Reversal of acc. depreciation on disposals/retirements	0	0	0	0
Translation difference	37	0	-2	0
Closing accumulated depreciation	**-772**	**0**	**-126**	**0**
Closing carrying amount	**735**	**0**	**1,583**	**0**

Right of use assets		2020		2019
Equipment, tools, fixtures and fittings	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	1,399	0	0	0
As of January 1 2019, IFRS 16	0	0	1,654	0
Change of valuation principle	0	0	-1,838	0
Year's acquisitions	1,789	0	216	0
Acquisiton of business	0	0	1,531	0
Disposals/ retirements	-190	0	-157	0
Translation difference	-127	0	-7	0
Closing accumulated cost of acquisition	**2,871**	**0**	**1,399**	**0**
Opening depreciation	-325	0	0	0
Depreciation for the year	-728	0	-479	0
Acquisiton of business	0	0	0	0
Reversal of acc. depreciation on disposals/retirements	190	0	157	0
Translation difference	17	0	-3	0
Closing accumulated depreciation	**-846**	**0**	**-325**	**0**
Closing carrying amount	**2,025**	**0**	**1,074**	**0**

Tangible fixed assets that are not right of use assets		2020		2019
Land and buildings	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	19,852	0	0	0
Year's acquisitions	1,067	0	0	0
Acquisiton of business	0	0	19,987	0
Disposals/ retirements	0	0	0	0
Reclassification	3,828	0	0	0
Translation difference	-1,157	0	-135	0
Closing accumulated cost of acquisition	**23,590**	**0**	**19,852**	**0**
Opening depreciation	-5,428	0	0	0
Depreciation for the year	-672	0	-200	0
Acquisiton of business	0	0	-5,148	0
Reversal of acc. depreciation on disposals/retirements	0	0	0	0
Reclassification	-2,503	0	0	0
Translation difference	604	0	-80	0
Closing accumulated depreciation	**-7,999**	**0**	**-5,428**	**0**
Closing carrying amount	**15,591**	**0**	**14,424**	**0**

Note C2. Tangible fixed assets, cont'd

Tangible fixed assets that are not right of use assets	2020		2019	
Plant and machinery	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	15,109	1,982	3,844	1,982
Year's acquisitions	2,406	630	123	0
Acquisiton of business	0	0	11,149	0
Disposals/ retirements	0	0	-13	0
Reclassification	-3,828	0	0	0
Translation difference	373	0	6	0
Closing accumulated cost of acquisition	**14,060**	**2,612**	**15,109**	**1,982**
Opening depreciation	-10,659	-1,519	-2,933	-1,508
Depreciation for the year	-1,705	-75	-367	-11
Acquisiton of business	0	0	-7,384	0
Reversal of acc. depreciation on disposals/retirements	0	0	13	0
Reclassification	2,503	0	0	0
Translation difference	-343	0	12	0
Closing accumulated depreciation	**-10,204**	**-1,594**	**-10,659**	**-1,519**
Closing carrying amount	**3,855**	**1,018**	**4,449**	**463**

Tangible fixed assets that are not right of use assets	2020		2019	
Equipment, tools, fixtures and fittings	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	12,186	11,329	9,831	9,831
Year's acquisitions	1,853	576	1,600	1,498
Acquisiton of business	0	0	771	0
Disposals/ retirements	0	0	0	0
Reclassification	1,306	0	0	0
Translation difference	-593	0	-16	0
Closing accumulated cost of acquisition	**14,752**	**11,905**	**12,186**	**11,329**
Opening depreciation	-6,091	-5,758	-3,994	-3,994
Depreciation for the year	-2,298	-2,027	-2,093	-1,764
Acquisiton of business	0	0	-3	0
Reversal of acc. depreciation on disposals/retirements	0	0	0	0
Reclassification	-1,306	0	0	0
Translation difference	396	0	-1	0
Closing accumulated depreciation	**-9,299**	**-7,785**	**-6,091**	**-5,758**
Closing carrying amount	**5,453**	**4,120**	**6,095**	**5,571**

	2020	2019
Tangible fixed assets by geographical area based on the assets physical location	**Group**	**Group**
EMEA	47,084	53,553
Americas	0	191
APAC	344	750
Total	**47,428**	**54,494**

Note C3. Inventories

		2020		2019
Inventories	**Group**	**Parent company**	**Group**	**Parent company**
Raw materials and consumables	8,284	1,946	8,645	906
Finished goods	75,376	54,063	46,164	26,840
Total	**83,660**	**56,009**	**54,808**	**27,746**

Inventories recognized as an expense during the year amount to SEK 121,150 (110,262) thousand in the Group and SEK 88,136 (102,004) thousand in the parent company. Impairment loss on inventories during the year amounted to SEK 374 (-472) thousand in the Group and SEK 274 (-268) thousand in the parent company. Of the inventory value, no part has been recognized at net sales value.

Note C4. Financial assets

		2020		2019
Favorable contract real estate	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	17,925	0	0	0
Additional options	0	0	18,441	0
Translation differences for the year	-680	0	-516	0
Closing carrying amount	**17,244**	**0**	**17,925**	**0**

Call option real estate refers to the difference between the right to acquire property at a fixed price and the market value.

		2020		2019
Deposits	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	3,940	3,476	3,579	3,476
Recovered deposit	-9	0	0	0
Additional deposits	210	178	356	0
Translation differences for the year	-24	0	5	0
Closing carrying amount	**4,117**	**3,653**	**3,940**	**3,476**

		2020		2019
Other financial assets	**Group**	**Parent company**	**Group**	**Parent company**
Opening cost of acquisition	430	0	0	0
Additional other financial assets	0	0	443	0
Divested asset	-133	0	0	0
Translation differences for the year	-11	0	-13	0
Closing carrying amount	**286**	**0**	**430**	**0**

		2020		2019
	Group	**Parent company**	**Group**	**Parent company**
Total financial assets	**21,648**	**3,653**	**22,295**	**3,476**

Note C5. Shares and participations in subsidiaries

Company	**Corporate identity number**	**Registered office**	**Number of participations**	**Share of equity (%)**	**Book value**
CellaVision International AB	556573-4299	Lund, Sweden	1,000	100	100 kSEK
CellaVision Inc., Canada	1724445	Toronto, Canada	1,000	100	6 kSEK
CellaVision Inc., USA	06-1624895	Delaware, USA	10	100	1 SEK
CellaVision Japan K.K.	0104-01-074862	Yokohama, Japan	200	100	1 SEK
RAL Diagnostics SAS	449 261 403	Martilllac, France	901,515	100	259,255 kSEK

Note C6. Trade receivables

Trade receivables overdue but not written down:

	2020	**2019**
1–30 days overdue	1,665	9,352
31–60 days overdue	1,246	3,252
61–90 days overdue	233	128
91–120 days overdue	1,037	539
More than 121 days overdue	629	5
Total	**4,809**	**13,277**

As at December, 31 2020 trade receivables of SEK 4,809 thousand (13,277) were due for payment in the Group, but no impairment loss is identified. These trade receivables are for the most part related to a few partners. The company's assesment is that there are no significant credit risks for these partners who previously have not had any payment difficulties. The age analysis for the Group relating to these trade receivables is illustrated above. Of these receivables SEK 3,727 thousand were settled at the end of February 2021. Reserve for doubtful trade receivables have been calculated based on historical data. The calculation model is shown in the table below. The provision for doubtful trade receivables was SEK 0 thousand (0) as at December, 31 2020. There are no pledges as collateral for receivables.

Risk matrix						
All amount in ' 000 SEK	**1-30**	**31-60**	**61-90**	**91-120**	**>120**	**Total**
Aging accounts receivable	1,665	1,246	233	1,037	629	4,809
Percent at risk	0%	0%	0%	0%	3%	3%
Amount at risk	**0**	**0**	**0**	**0**	**18**	**18**

Note C7. Prepaid expenses and accrued income

	2020		2019	
	Group	Parent company	Group	Parent company
Office rent	0	2,011	277	1,911
Pension premiums	359	359	358	358
Insurance premiums	843	838	717	712
Market activity costs	251	251	244	244
License fees	2,000	2,000	1,895	1,895
Other	2,484	697	1,537	796
Total	**5,937**	**6,157**	**5,028**	**5,916**

Note C8. Share capital

The registered share capital in the parent company was distributed, as at December 31, 2020, among 23,851,547 shares with a quotient value of SEK 0.15 (0.15) each. The number of shares in issue is unchanged compared with the same period in the previous year. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented by her or him without limit to the voting right. All shares confer an equal right to share in the company's assets and profits. No shares are held by the company itself.

Note C9. Reconciliation of liabilities attributable to financing activities

The table below presents this year's change in the Group's liabilities linked to financing the business. The table includes current and non-current liabilities. The part that falls due for payment within: 1 year amounts to SEK 45,874 thousand(50,766), 1-5 years SEK 83,365 thousand (120,144) and after 5 years SEK 3,539 thousand (2,782).

	Liabilities to			
Group	credit institutions	Lease liability	Factoring	Total
As of December 31, 2019	**131,405**	**28,658**	**13,629**	**173,692**
Cash items				
New loans	0	0	0	0
Amortization of loans	-28,721	0	0	-28,721
Amortization of leases	0	-9,537	0	-9,537
Change in factoring debt	0	0	-4,037	-4,037
Non-cash items				
Leases at the start of the year	0	3,041	0	3,041
Effect of changes in exchange rates	-1,469	-191	0	-1,659
As of December 31, 2020	**101,215**	**21,970**	**9,592**	**132,778**

Note C9. Reconciliation of liabilities attributable to financing activities, cont'd

The table below presents this year's change in the Parent company's liabilities linked to financing the business. The table includes current and non-current liabilities. The part that falls due for payment within: 1 year amounts to SEK 22,886 thousand (23,789) and 1-5 years SEK 62,935 thousand (89,207). No part is due for payment exceeding 5 years.

	Liabilities to			
Parent company	credit institutions	Lease liability	Factoring	Total
As of December 31, 2019	**112,996**	**0**	**0**	**112,996**
Cash items				
Borrowing of loans	0	0	0	0
Amortization of loans	-22,886	0	0	-22,886
Amortization of leases	0	0	0	0
Change in factoring debt	0	0	0	0
Non-cash items				
Leases at the start of the year	0	0	0	0
Effect of changes in exchange rates	-4,290	0	0	-4,290
As of December 31, 2020	**85,821**	**0**	**0**	**85,821**

Note C10. Provisions, guarantees and bonuses

	2020		2019	
Long-term provisions	Group	Parent company	Group	Parent company
Opening amount	6,007	2,538	2,458	2,458
Allocated during year	645	0	1,765	1,765
Acquisiton of business	0	0	3,469	0
Reclassified to short provision	0	0	-1,685	-1,685
Reversed provisions	-2,538	-2,538	0	0
Translation difference	-132	0	0	0
Total	**3,982**	**0**	**6,007**	**2,538**
Provisions fall due for payment				
- Within one year	0	0	0	0
- Later than one but within five years	0	0	2,620	2,538
- Later than five years	3,982	0	3,387	0
Total	**3,982**	**0**	**6,007**	**2,538**

Note C10. Provisions, guarantees and bonuses, cont'd

	2020		2019	
Warranty provisions	**Group**	**Parent company**	**Group**	**Parent company**
Opening amount	1,903	1,903	1,752	1,752
Allocated during year	1,875	1,875	1,903	1,903
Reversed provisions	-1,203	-1,203	-1,549	-1,549
Utilized	-700	-700	-203	-203
Total	**1,875**	**1,875**	**1,903**	**1,903**

Provisions fall due for payment				
- Within one year	1,875	1,875	1,903	1,903
- Later than one but within five years	0	0	0	0
Total	**1,875**	**1,875**	**1,903**	**1,903**

Long-term provisions for the Parent Company as a whole consist of bonus reimbursement to the company's management. Provisions for pensions will also be added for the Group. The pension provision is based on actuarial calculations that are based on assumptions about discount rates, future salary increases and expected inflation.

Note C11. Accrued expenses and deferred income

	2020		2019	
	Group	**Parent company**	**Group**	**Parent company**
Holiday liability	13,444	9,078	10,695	7,407
Board fee	470	470	601	601
Social security contributions	9,745	7,686	14,070	11,450
Staff costs	1,496	984	400	400
Incentive program	1,858	1,039	11,905	10,042
Deferred income	3,174	3,174	3,360	3,207
Other	3,185	1,760	6,316	989
Total	**33,371**	**24,190**	**47,348**	**34,096**

Deferred income mainly consists of deferred software licenses from customers. Contract liabilities in the form of deferred income are reported until performance commitments are fulfilled or expires for the customer to use and are reported as income over time.

	2020		2019	
	Group	**Parent company**	**Group**	**Parent company**
Opening balance deferred income	3,360	3,207	3,468	3,057
Recognized revenue during the year	-3,360	-3,207	-3,468	-3,057
Debited during the year	3,174	3,174	3,360	3,207
Closing balance deferred income	**3,174**	**3,174**	**3,360**	**3,207**

Closing debt is expected to be recognized in 2021.

Note C12. Pledged assets and contingent liabilities

	2020		2019	
Pledged assets	**Group**	**Parent company**	**Group**	**Parent company**
Pledged liquid funds	1,200	1,200	9,754	9,754
Floating charge	27,932	12,500	28,581	12,500
Total	**29,132**	**13,700**	**38,335**	**22,254**

Contingent liabilities	None	None	None	None

Pledged liquid funds refer to bank guarantees.

Note C13. Non-cash items

Group	**2020**	**2019**
Depreciation	32,038	20,155
Change in accruals and provisions	-12,828	8,028
Unrealized price differences	-3,580	-2,345
Total	**15,630**	**25,839**

	-1	
Parent company	**2020**	**2019**
Depreciation	4,201	5,157
Change in accruals and provisions	-12,712	5,924
Unrealized price differences	-2,173	-2,345
Total	**-10,684**	**8,736**

Note C14. Appropriation of company profits

	2020
	Parent company
The following profits are at disposal at the AGM	
Profit brought forward	266,158
Net profit/loss for the year	79,962
Total	**346,120**
The Board of Directors proposes the AGM the following	
Dividend to shareholders SEK 0,75 per share	17,889
To be carried forward	328,231
Total	**346,120**

Note D1 Acquisition of subsidiaries 2019

All information in this note is related to the 2019 financial statements.

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 tranferred 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**

Approval of the annual report

Approval of the annual report

The annual accounts and consolidated accounts were approved by the Board of Directors on April 7, 2021. The Group's statement of comprehensive income, statement of financial position and the parent company's income statement and balance sheet will be submitted to the Annual General Meeting for approval on April 29, 2021.

The Board of Directors and President/CEO hereby certify that the annual accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation, RFR 2 and give a true and fair view of the company's financial position and performance and that the administration report gives a fair review of the development of the company's business, financial position and performance and describes material risks and uncertainties to which the company is exposed.

The Board of Directors and President/CEO hereby certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 1, and give a true and fair view of the Group's financial position and performance and that the administration report for the Group gives a fair review of the development of the Group's business, financial position and performance and describes material risks and uncertainties to which the companies in the Group are exposed.

Annual General Meeting

The Annual General meeting will be held on April 29, 2021. Due to the ongoing COVID-19 pandemic, the Company applies a postal voting meeting to minimize spread of infection.

Dividend per share

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 0.75 per share be distributed for 2020.

Lund, April 7, 2021

Sören Mellstig
Chairman of the Board of Directors

Anna Malm Bernsten
Member of the Board

Stefan Wolf
Member of the Board

Markus Jonasson Kristoffersson
Member of the Board
Employee representative

Our audit report was submitted on April 7, 2021
Deloitte AB

Jeanette Roosberg
Authorized public accountant

Christer Fåhraeus
Member of the Board

Niklas Prager
Member of the Board

Mikael Worning
Member of the Board

Simon Østergaard
President and CEO

Åsa Hedin
Member of the Board

Jürgen Riedl
Member of the Board

Gunnar Hansen
Member of the Board
Employee representative

Auditor's Report

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF CELLAVISION AB (PUBL) CORPORATE IDENTITY NUMBER 556500-0998

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of CellaVision AB (publ) for the financial year 2020-01-01 - 2020-12-31 except for the corporate governance report on pages 41-48 and the sustainability report on pages 26-30. The annual accounts and consolidated accounts of the company are included on pages 32-80 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Identification and valuation of capitalized development expenditure

Description of the risk

- CellaVision reported in the balance sheet of 31 December 2020 capitalized development expenditures of 94 million SEK (75).
- Identification of research and development phase is essential to ensure these expenditures are activatable.
- The value of the assets is contingent on future returns on products related to development expenditure. The company makes impairment testing per product group.
- Incorrect assessment and assumptions can produce an effect on the Group's results and financial position.

For further information we refer to note A1 the Group's accounting policies, note A3 of critical accounting estimates and judgements and note C1 on capitalized development expenditure in the annual report.

Our audit procedures

- We have audited the company's capitalized expenditues to ensure that these comply with current accounting rules.
- We have audited the company's assumptions and methods used in the impairment test to ensure that assumptions are reasonable and that the procedures are applied consistently and with integrity in the model.

Valuation of goodwill and trademark with indefinitive useful life

Description of the risk

- CellaVision reported in the balance sheet of 31 December 2020 goodwill and trademark with indefinitive useful life of 136 million SEK (141). These refer to surplus values that have arisen in connection with acquisitions.
- The value of the reported assets depends on future returns and profitability in the cash-generating unit the assets refer to. The valuation is based on a number of assumptions such as estimated future cash flows, discount rates and growth.
- Incorrect assessment and assumptions can produce an effect on the Group's results and financial position.

For further information we refer to note A1 the Group's accounting policies, note A3 of critical accounting estimates and judgements and note C1 on intangible assets in the annual report.

Our audit procedures

- We have, with the help of a valuation expert, examined the company's prepared impairment test to ensure that the reported values of the assets are justiafable and that made assupmtions are resonable, that the routines are consistently applied and that integrity is included in the calculations made.
- We have reviewed the accuracy and completeness of the relevant notes in the financial statements.

Other information than the annual accounts and consolidated accounts

The other information contains the remuneration report and pages 2-25, 84-88 in this document that also contains other information than the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revsiornsansvar. This description is a part of the Auditor´s report.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of CellaVision AB (publ) for the financial year 2020-01-01 - 2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revsiornsansvar. This description is a part of the Auditor´s report.

Deloitte AB, was appointed auditor of CellaVision AB by the general meeting of the shareholders on the June 16, 2020 and has been the company's auditor since May 5, 1997. CellaVision AB has been a public company since 2010.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 41-48 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö April 7, 2021
Deloitte AB

Siganute on Swedish orginial

Jeanette Roosberg
Authorized public accountant

Reconciliation tables KPIs, non-IFRS measures

The company presents certain financial measures in the annual 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 annual report are presented below. Reconciliation of these measures is shown in the tables below.

Net sales

KSEK	Jan-Dec 2020 (%)	Jan-Dec 2020 MSEK	Jan-Dec 2019 (%)	Jan-Dec 2019 MSEK
Last period		461,772		364,812
Organic growth	-10%	-47,388	15%	54,754
Currency effect	-3%	-14,209	5%	16,856
Structural growth	15%	71,268	7%	25,350
Current period	**2%**	**471,443**	**21%**	**461,772**

EBITDA

KSEK	Jan-Dec 2020	Jan-Dec 2019
Operating profit	110,273	126,576
Depreciation	32,622	20,155
EBITDA	**142,895**	**146,731**

Gross margin

KSEK	Jan-Dec 2020	Jan-Dec 2019
Net sales	471,443	461,772
Gross profit	313,041	336,734
Gross margin	**66.4%**	**72.9%**

Operating margin

KSEK	Jan-Dec 2020	Jan-Dec 2019
Net sales	471,443	461,772
Operating profit	110,273	126,576
Operating margin	**23.4%**	**27.4%**

Return on equity

KSEK	Jan-Dec 2020	Jan-Dec 2019
Profit/loss for the period	89,480	99,172
Average equity	388,995	319,374
Return on equity	23%	31%

Return on operating capital

KSEK	Jan-Dec 2020	Jan-Dec 2019
Operating profit/loss	110,273	126,576
Average operating capital	437,006	267,917
Return on operating capital	**25%**	**47%**

Equity-asset ratio

KSEK	2020	2019
Equity	429,617	348,373
Balance sheet total	668,025	641,709
Equity ratio	**64.3%**	**54.3%**

Net investments

KSEK	Jan-Dec 2020	Jan-Dec 2019
Tangible assets	8,069	2,672
Intangible assets	25,524	16,012
Disposals	0	-370
Net investments	**33,593**	**18,314**

Equity per share

KSEK	2020	2019
Equity	429,617	348,373
Number of shares	23,851,547	23,851,547
Equity per share	**18.01**	**14.61**

Net debt/equity ratio

KSEK	2020	2019
Liabilities to credit institutions, interest-bearing	132,778	173,693
Cash and bank	102,262	102,312
Equity	429,617	348,373
Net debt/equity ratio	**0.07**	**0.20**

Operating capital		
KSEK	**2020**	**2019**
Balance sheet total	668,025	641,709
Cash and bank	102,262	102,312
Deferred tax assets	0	0
Other long-term receivables	21,648	4,371
Other current liabilities, not interest-bearing	1,973	1,419
Trade payables	20,865	21,716
Warranty provisions	1,875	1,903
Accrued expenses and deferred income	33,371	47,348
Other provisions	3,982	6,007
Defferred tax liability	43,377	38,539
Operating capital	**438,672**	**418,094**

EBITDA: Operating profit before write-downs and depreciation.
Gross margin: Gross profit as a percentage of net sales for the period.
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.
Equity/assets ratio: Shareholders' equity including non-controlling interests as a percentage of balance sheet total.
Currency effect: Exchange rate effects on sales growth for the period.
Net investments: Tangible and intangible investments adjusted for disposals.
Net debt/equity ratio: Net debt, which is calculated as liabilities to credit institutions, interest-bearing less cash and bank at the end of the period, in relation to equity.
Return on equity: Profit/loss for the period in relation to average equity.
Return on operating capital: Operating profit/loss in relation to average operating capital.
Operating capital: Balance sheet total less cash and bank, financial assets, deferred tax assets and non-interest-bearing liabilities.

Glossary

Algorithm
A systematic procedure in mathematics and data processing that specifies in a finite number of steps how a calculation is performed or solves a given problem.

Anemia
Deficiency of red blood cells. Too low a count of hemoglobin, the blood's oxygen carrier, which is found in red blood cells.

Artificial intelligence/Artificial neural networks
Mathematical model that mimics the brain's method of learning.

Biomedical analyst
A licensed professional category working at laboratories and physiological units. Biomedical analysts specialized in laboratory medicine perform various types of laboratory analysis, such as of blood or tissue. The analysis is done for example to make a diagnosis, monitor the course of an illness or assess treatment.

Blood platelets
Colloquial term for thrombocytes. Their main purpose is to stop bleeding in the body's blood vessels by plugging open wounds that have arisen. If that does not stop the bleeding the thrombocytes activate blood coagulation.

Cerebrospinal fluid
Clear fluid that surrounds the brain and spinal cord.

Cell counter
When a hematological disease is suspected a complete blood count is the first test ordered by healthcare services. A complete blood count is routinely used to obtain an overall status of different cells in the blood. Most of the samples are analyzed using a cell counter. Samples showing any type of abnormality are sent on for further examination in CellaVision's analyzer, where the blood is smeared and stained on a microscope slide. Without access to CellaVision's analyzers, the sample is examined manually in a microscope.

Cytology
The science of cells. Examination mainly of liquid-based samples, such as from spinal fluid, lung fluid and synovial fluid, for the purpose of finding bacteria, cancer cells and blood cells. Perhaps the most frequent cytology test is a Pap smear test from the cervix, which is used to detect malignant or premalignant cell changes.

Food and Drug Administration (FDA)
The authority in the USA that regulates food and drugs.

Hematology
Means "the science of blood and its diseases" and is a medical specialty that researches and treats diseases of the blood and blood-forming organs.

In vitro
The branch of medical technology that refers to samples analyzed outside the body.

Clinical chemistry
Medical specialty with the task of producing, further developing and providing healthcare services with chemical analyses of blood or other bodily fluids, cell analyses and immunological analyses.

Leukemia/blood cancer
Leukemia is a general term for several cancer-like blood disorders in the blood-building bone marrow where the white blood cells change and multiply in an uncontrolled way in the bone marrow and blood.

Neural networks
Mathematical theory that mimics the brain's method of learning.

Pathology
The science of the cause and development of diseases, in particular with reference to structural changes in the morphological structure of cells, tissues and organs. Microscopic studies of tissue sections and biopsies, which can be paraffin-embedded or frozen. Examples of pathology analyses are biopsies of suspected breast cancer tissue.

Red blood cells (erythrocytes)
Have the task of carrying oxygen to the cells, and carbon dioxide from them to the lungs. Normally the most abundant cell type in the blood.

State Food and Drug Administration of the People´s Republic of China (SFDA)
The authority in China that regulates food and drugs.

White blood cells (leucocytes)
Their most important task is to defend the body against infections. In a healthy person there are normally five classes of white blood cells: neutrophils, eosinophils, basophils, monocytes and lymphocytes.

Financial definitions

Average number of employees
The number of employees at the end of each month, divided by twelve.

Equity per share
Equity divided by the number of shares at the end of the year.

Equity per share after full dilution
Equity after dilution divided by the number of shares at year-end, as though full dilution had taken place.

Net investments
Investments in property, plant and equipment and intangible assets adjusted for disposals.

Earnings per share
Profit/loss divided by average weighted number of shares.

Earnings per share after full dilution
Profit/loss for the year divided by the average weighted number of shares plus the additional number for full dilution.

Equity-assets ratio
Equity as a percentage of the balance sheet total.

Net debt/equity ratio
Net loan liability in relation to equity. (Net loan liability is calculated as loan liability minus cash at the end of the period.)

Return on equity
Net earnings divided by average equity.

Return on operating capital
Profit/loss before financial income and financial expenses divided by average operating capital.

Interest coverage ratio
Operating profit plus interest income divided by interest expense.

Operating capital
Balance sheet total less cash and cash equivalents, financial assets, deferred tax assets and non-interest-bearing liabilities.

Cash flow for the year
Profit/loss after financial items plus amortization/depreciation and other non-cash items, less tax paid, adjusted for decrease/increase in working capital excluding cash and cash equivalents and less net investment in non-current assets, change in loans raised/repaid and dividend paid.

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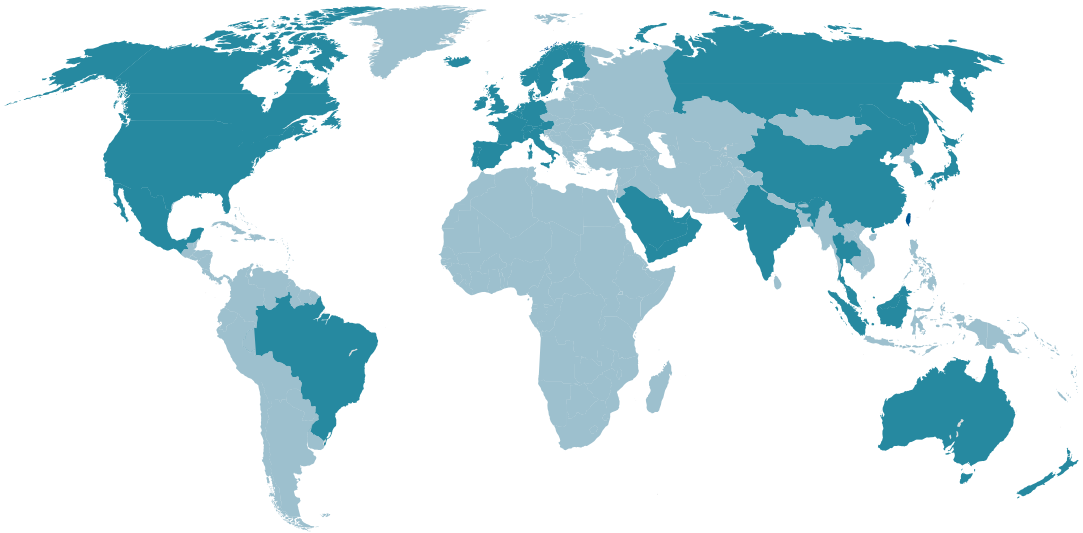

With 18 organizations for local marked support, CellaVision has direct presence in more then 40 countries.