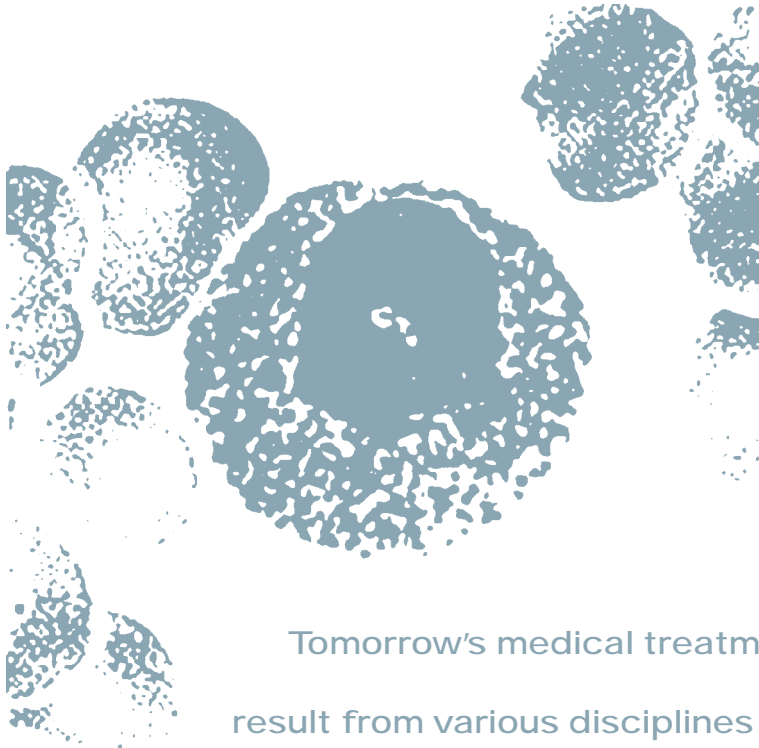


2000 ANNUAL REPORT





Tomorrow's medical treatments will  
result from various disciplines meeting  
and creating a new reality. Our objective is to  
be the world leader in cell and tissue analysis  
using digital image-processing technology.

Today, 2–3 billion microscopy analyses are performed each year by health-care professionals worldwide. Of these, more than 200 million are manual classifications of white blood cells.

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# IT meets medical diagnostics

► Just as IT is simplifying interaction in society at large, digital image analysis is becoming an increasingly vital tool in health care. Time-consuming manual tasks in microscopy can be automated to free skilled staff for other work. Test results can be forwarded to the exact spot on the globe where the expertise happens to be. This is CellaVision in a nutshell.

## Business idea

Our business idea is to develop systems for medical microscopy analysis. These systems are based on cell databases, software for digital image processing, automated microscopy, and Internet-based communications.

## Vision

Our vision is to create a new global standard for digital microscopy analysis and thus contribute to higher-quality and more cost-effective health care. For our users, this means a reliable shortcut in their daily work.

## Business activities

CellaVision is a medical technology enterprise based at Ideon in Lund, Sweden. Today two products are under

development, both based on the Company's cell database. One is DiffMaster™, a system for automatic differential count of white blood cells. The other is CellAtlas™, a web-based tool that simplifies cell analysis and diagnosis and provides effective training in this area.



## Human resources

CellaVision has 39 employees, most of them engaged in the development of software products.

For a young knowledge-based firm, the staff is a key resource, and to date their efforts have produced a total of 17 inventions on which patents have been sought. Two patents have been granted.

## History

The company was founded in 1994 to develop the concept of automated microscopy analysis. The idea came from Christer Fåhræus, then a doctoral candidate in neurophysiology at the University of Lund. Fåhræus also founded C-Technologies AB, whose subsidiaries are Anoto and Wespot, and Precise Biometrics. Image analysis is the basis of all these enterprises. On July 1, 1998, Fåhræus left the post of CEO to be succeeded by Yvonne Mårtensson.



Our products can help boost efficiency  
and simplify time-consuming routines.  
For our users, this means a reliable  
shortcut in their daily work.

## Message from the CEO

**“Electronic communications make  
it possible to engage expertise  
spread around the world. This is a  
vision of the future that has also  
reached the health care field.”**

► Different scientific disciplines converge, and the frontier of the possible is pushed back. In our activities, image processing and artificial intelligence come together with medical diagnostics. CellaVision can provide a laboratory with expertise, quality, and time. All together they add up to cost-effectiveness.

The year 2000 was an important year for CellaVision. Our products DiffMaster™ and CellAtlas™ were introduced in the market, starting in the Nordic countries and Germany. This will be followed by initiatives in the United States, which we estimate represents 50%–60% of the world market.

### **FDA application**

#### **submitted for DiffMaster**

DiffMaster attracted intense interest at the meeting of the Swedish Society for Clinical Chemistry (SFKK) in the spring, and further confirmation was received when the product was shown at Medicin Scandinavia in Gothenburg, Sweden, and Medica in Düsseldorf, Germany, at the end of

November. The Swedish clinical trials of the DiffMaster system were completed in July. These were the basis for the FDA application submitted in mid-October. FDA approval will be a crucial step in the introduction of DiffMaster internationally, especially in the vast U.S. market.

### **Promising reactions to CellAtlas**

In the spring, CellAtlas moved a step closer to users when the product was presented at the meeting of the SFKK. At the end of August, it was introduced for the first time outside Sweden, at a conference for hematologists in Toronto, Canada. The product was received quite well. We decided to focus future efforts on quality assurance and training. An exciting market would open up if CellAtlas could satisfy the training needs of laboratory staff and students. The web site will continue to be accessible free of charge a bit longer. The purpose is to attract more users internationally and in our domestic market.



### New capital

During the year, the Company bolstered its capital base by issuing new shares that raised SEK 75 million. The venture capital firm H&B Capital became a new major shareholder by subscribing for the greater part of the issue (SEK 50 million). Launching and developing products will demand further increases in capital in the future. Consequently, CellaVision intends to apply for a listing on the O-list of the OM Stockholm Exchange in 2001.

### New skills

The annual shareholders' meeting was held in Stockholm on June 21, and two people were elected to the Board for the first time: Lars Gatenbeck (H&B Capital) and Christer Pettersson (Metallica). In 2000, a decision was made to form a scientific advisory board, to be chaired by Arne Lundblad, professor of clinical chemistry at Linköping University and a former member of the Board.

### Focus on human resources

In 2000, two new employees were recruited to the management team. Johan Ericsson, former development director at Axis Communications, was named to the same position at CellaVision. The marketing and sales department is now headed by Ulf G. Andersson, whose previous position was marketing director at DAKO A/S

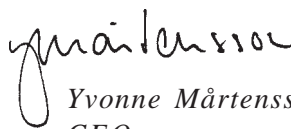
in Copenhagen. During the year, the number of employees increased, from 23 to 39, seven of whom are in the marketing department.

### Outlook

All trends indicate that the market for microscopy analysis will become automated in the long run. The cost of computing power and speed is declining. Options for storing and compressing information are improving. Electronic communications make it possible to engage expertise from around the world. This is a vision of the future that has also reached health care.

We see ourselves as a knowledge-intensive medical-technology company that uses IT in our applications. Hematology is an important field for automated microscopy, which comprises blood and bone marrow tests. But it is limited. The next step will be to develop applications for hospital labs specializing in histopathology and cytology. That is a challenge for CellaVision, as this market is many times larger.

Finally, allow me to thank all of my capable associates at CellaVision. It is your dedicated efforts that have created our success.

  
Yvonne Mårtensson,  
CEO



"All trends indicate  
that microscopy analysis  
will become automated  
in the long run."

# DiffMaster™

► CellaVision develops systems for cell counting and cell classification. The first product in the market is called DiffMaster Octavia. The system can perform automatic differential analysis (classification of blood cells) using automated microscopy and sophisticated image processing. It was released in autumn 2000.

## New perspective

The system supplies results comparable to those a trained operator can achieve at the microscope, in terms of accuracy, reproducibility, and speed. Thus, CellaVision must command technological know-how in optics, precision mechanics, and sophisticated image processing. In the long run, this also demands innovative thinking in terms of sample preparation, staining, and materials science for sample carrier technology out in laboratories.

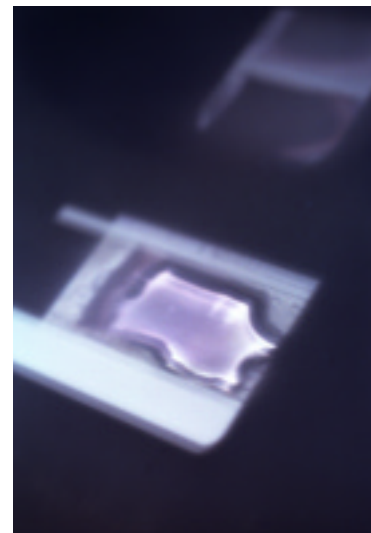
## Efficiency

DiffMaster consists of an automated microscope that locates cells on a blood smear on its own. All the operator has to do is put the glass in position and press Start. For every blood cell that DiffMaster finds, an image is taken that is then analyzed and sorted into relevant cell class. In the first system, an operator can insert up to eight samples at a time, hence the name “Octavia.”

## Availability

The results are presented clearly on a computer monitor, and all cells of the same class can be studied at the same time. Two different classes can be displayed simultaneously, and an individual cell can be studied more closely in the virtual microscope. The operator always verifies manually the classifications suggested by the system. After that, the

Differential cell counting  
is one analysis that is still  
performed manually at laboratories  
around the world. The analysis is  
resourceintensive, and automation  
should be a top priority.





digital images of the cells can be stored on the computer, and the slide need not be saved. This saves storage space and makes it easy to go back and look at a patient's previous test results. The digital format also offers new possibilities, such as following how a patient responds to a particular treatment.

### Ergonomics

The work environment is an important factor in the purchase of equipment. Sitting and looking into a microscope is a strain on the shoulders, back, and eyes. Sitting or standing in front of the DiffMaster's display makes this work more comfortable. It is also possible to study cells that are difficult to assess with colleagues, which is not practical with a traditional microscope.

### Telemedicine

DiffMaster's classifications are based on a huge cell database. The results are reliable, and the image quality is as high as with traditional microscopes. The images of the cells

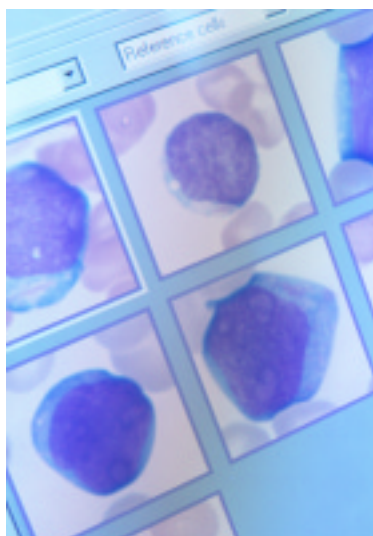
are saved in a standard format, so they can be sent via e-mail within the organization or to colleagues around the world for comment and assessment.

### Marketing

The market for DiffMaster™ is estimated to consist of 25,000-30,000 large and medium-sized laboratories around the world. All of these would benefit from automating the manual analysis process. CellaVision's product development will result in new applications in new fields of medicine for other types of laboratory.

### Competition

There are few companies in the world today with systems that compete with CellaVision's. We expect that market acceptance will strengthen when other organizations with similar concepts begin contacting users. Our relative market share will depend on the quality of our products and the benefits they provide customers.



Traceability is one characteristic that makes DiffMaster™ highly suited to a quality-assurance system. Digital standardization will lead to more reliable diagnoses and better health care in the long run.



# WELCOME TO CELLATLAS

gateway into the world of  
THE INTERNET TOOL FOR BLOOD CELL MORPHOLOGY

...ent tool for cell analysis and diagnosis

CellAtlas™ is a reference library,  
a training tool, and a forum for  
biomedical experts. Get there  
through [www.cellatlas.com](http://www.cellatlas.com)

# CellAtlas™

► There are few practical aids for helping medical technicians and hematologists analyze blood cells. Now there is CellAtlas, which is distributed directly over the Internet. The product provides access to a comprehensive database of cell images that serves as a reference book. With the help of a computer, microscopy is more effective and easier. The database is also updated continually with new images and functions.

## Training

CellAtlas contains lectures and tests written by hematology experts. In collaboration with universities the world over, CellaVision continuously evaluates and enhances the training portion. Customized training is also produced in cooperation with universities, colleges, and hospitals, for exclusive use in their own courses.

## Reference library

Users can perform sophisticated searches in the database. Here there are thousands of images, of normal

and abnormal (pathological) cells. The cell images are displayed on-screen where they can be studied easily using the virtual microscope. Interesting reference images can then be saved in the user's own image atlas for future analyses.

## Quality assurance

Through CellAtlas, laboratories are offered high-quality cell images with matching classification. The upshot should be higher quality and the possibility of standardization in a field where at present assessments can be subjective.

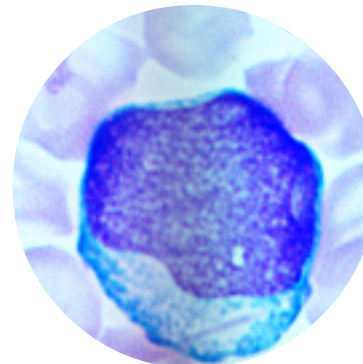
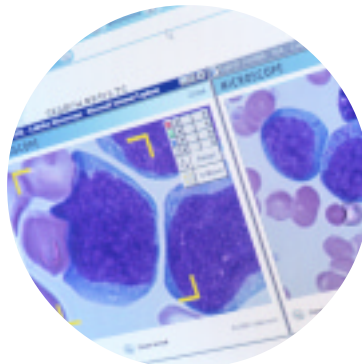
## Marketing

CellAtlas is intended for the same kinds

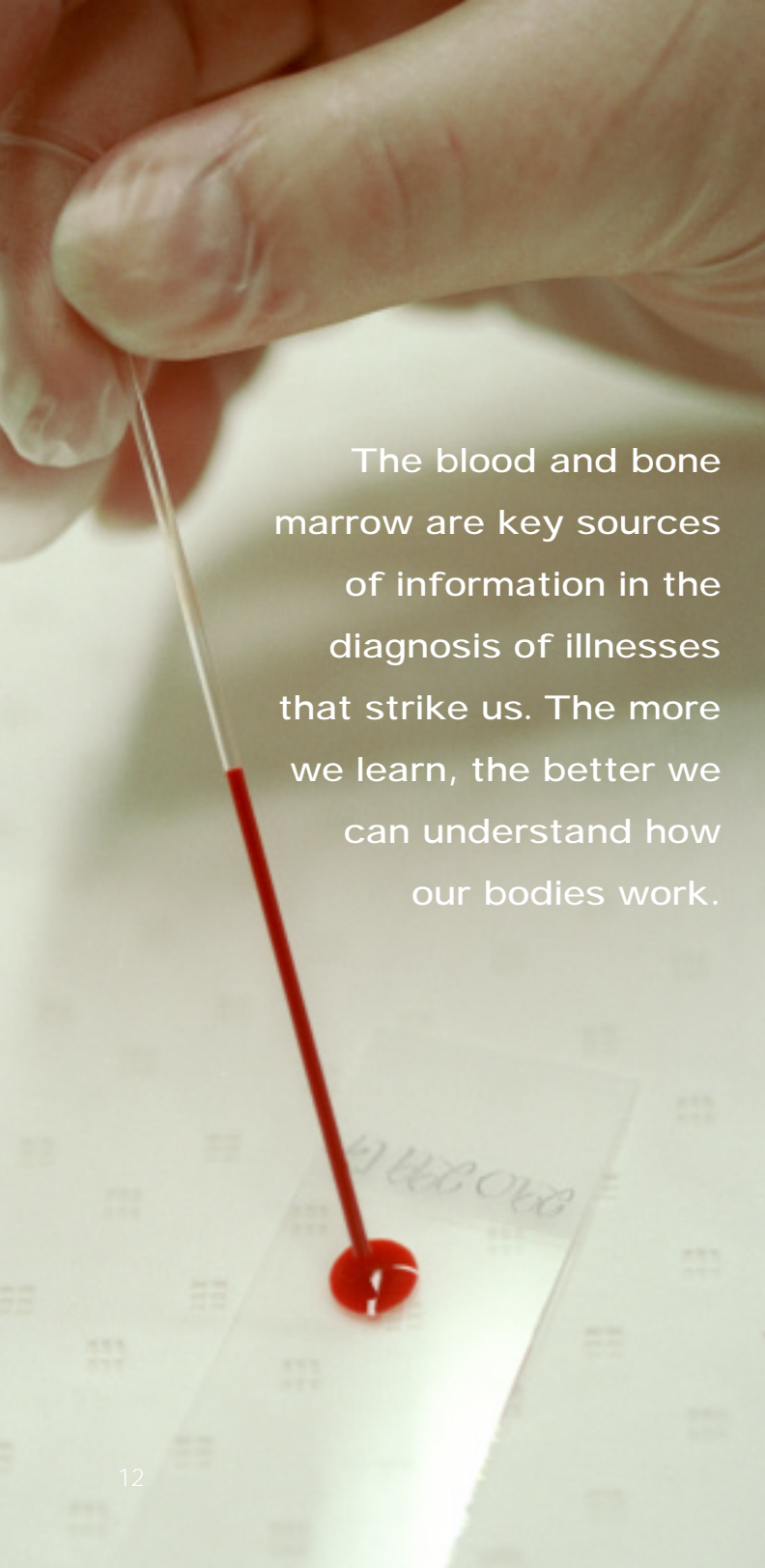
of laboratory as DiffMaster™, but not only those who would benefit from the automation of the manual analysis process. There are numerous small laboratories and training units, so the market measured as the number of potential customers is substantially greater for CellAtlas than for DiffMaster.

## Competition

The competition in Internet-based medical databases and services consists primarily of traditional media, such as books and CD-ROMs. There are also some simple, non-commercial web sites that are managed by universities or colleges.







The blood and bone marrow are key sources of information in the diagnosis of illnesses that strike us. The more we learn, the better we can understand how our bodies work.

## Blood school

► Hematology, or the science of blood, is a broad and significant area within health care. The blood and bone marrow are the source of life and the illnesses that strike us. The more we learn, the better we can understand how our bodies work. When we analyze blood, we can derive vital information that can help us in our diagnosis, such as the health of the liver, kidneys, and heart.

**Blood — The means of transport in the body**  
Blood consists of four important parts: plasma, red blood cells, platelets, and white blood cells. The flowing plasma transports salts, nutrients, and waste products. Through the plasma, we can see how well our vital organs are functioning. The red blood cells (erythrocytes) carry oxygen around and remove waste products. So it is important that there are many of them and that they are working smoothly. The platelets (thrombocytes) stop bleeding. By sticking together with one another and the surrounding tissue, they form natural dressings for the body. The white blood cells (leukocytes) are important to our immune system, as they protect the body against the attack of disease. They form specific antibodies and eat up (as phagocytes) foreign bacteria that try to enter the body.

**Bone marrow — A cell is born**

A blood sample from a healthy person contains 4-20 million white blood cells, from five different classes, per milliliter. All classes of cell originate in the bone marrow. Here we

find our “embryo cells” (pluripotent stem cells) that give rise to all blood cells that circulate in our veins and arteries. When they mature (become differentiated), their appearance and content change. After having been cells with a big, porous nucleus (blastocytes), they successively change into mature cells that contain a smaller nucleus with a compact structure. Immature cells are normally found only in the bone marrow, but in some cases they can also be found in the blood.

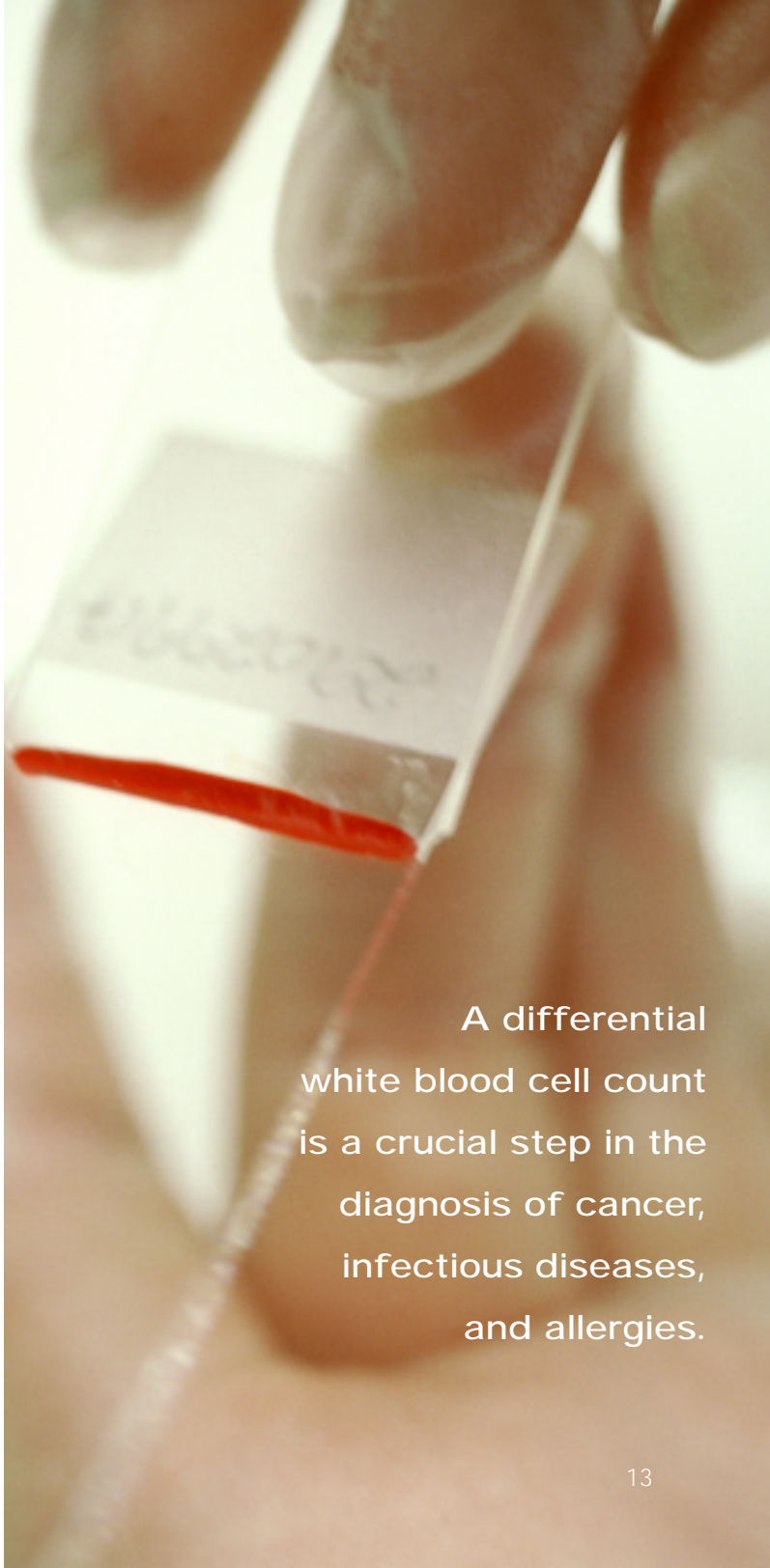
#### **Differential analysis — The path to knowledge**

It's important to be able to differentiate immature cells from mature ones, to recognize the different classes of mature cells, and to spot changes in the appearance of cells. The safest way to do that is to study them through a microscope at high magnification. Then it is possible to study with precision the various types of cells and their subdivisions. This is called differential count and is a decisive step in the diagnosis of infectious diseases, allergies, and serious types of cancer such as leukemia and lymphoma.

#### **Diagnosis — Requirements for precision**

Manual differential counts cannot be performed on all blood samples today because it is a time-consuming analysis. Rather, a preliminary screening is performed with an instrument that automatically recognizes abnormal (pathological) changes in a sample based on various parameters. These might be abnormal relationships between the cell classes or that there are immature cells in the blood. These samples are then chosen for manual differential count.

200 white blood cells are evaluated one after another, and because the red blood cells and platelets can change in different situations, it is important also to study these under a microscope. The analysis demands extensive experience. Many factors should be taken into account, and the patient's illness, if any, must be evaluated. It is easy to see how important it is for the differential count to be correct. All of us should consider automating this task a high priority.



A differential  
white blood cell count  
is a crucial step in the  
diagnosis of cancer,  
infectious diseases,  
and allergies.

## CellaVision share data

### Share capital

At December 31, 2000, the share capital in CellaVision totaled SEK 763,430.40, distributed among 5 089,536 shares with a par value of SEK 0.15 each. Of this total, funds had been received as settlement for 102,500 shares that had not yet been registered with the Patent and Registration Office (PRV) at December 31, 2000. All shares carry equal rights to participate in the assets and profits of the Company. One share in CellaVision entitles the owner to one vote. At a general meeting of shareholders, each person entitled to vote can vote the full number of shares he or she owns or represents without limitation on the number of votes.

### Changes in share capital

Since the Company was founded on December 14, 1994, the share capital has changed as shown in the table.

### Warrants

As part of efforts to spread ownership in CellaVision to employees and members of the board, three warrant programs

have been introduced. These serve the overriding purpose of strengthening employees' feelings of participation in the development of CellaVision while giving them an opportunity to share in the financial appreciation of the Company. In these cases, the warrants are issued in conjunction with the issue of a loan based on the provisions in chapter

		<i>Par value SEK</i>	<i>Change in no. of shares</i>	<i>Total no. of shares</i>	<i>Increase in share capital SEK 000s</i>	<i>Total capital SEK 000s</i>	<i>Issue price SEK</i>
<b>Year</b>	<b>Transaction</b>						
1994	Company registered	100	500	500	50	50	100
1996	New share issue	100	150	650	15	65	10 000
1996	New share issue	100	110	760	11	76	13 637
1997	1:1 split	100	760	1 520	76	152	0
1997	1000:1 split	0.10	1 518 480	1 520 000	0	152	0
1997	New share issue	0.10	75 000	1 595 000	8	160	20
1997	New share issue	0.10	122 000	1 717 000	12	172	33
1998	New share issue	0.10	100 000	1 817 000	10	182	45
1998	New share issue	0.10	158 000	1 975 000	16	198	55
1999	New share issue	0.10	1 296 750	3 271 750	130	327	20
1999	New share issue	0.10	333 332	3 605 082	33	361	30
2000	Bonus issue	0.15	0	3 605 082	180	541	0
2000	New share issue	0.15	1 354 454	4 959 536	203	744	55
2000	New share issue	0.15	2 500	4 962 036	0	744	60
2000	New share issue	0.15	1 000	4 963 036	0	744	40
2000	New share issue	0.15	2 000	4 965 036	0	745	40
2000	New share issue	0.15	22 000	4 987 036	3	748	50
2000	New issue not registered	0.15	88 000	5 075 036	13	761	50
2000	New issue not registered	0.15	3 000	5 078 036	1	762	40
2000	New issue not registered	0.15	11 500	5 089 536	1	763	60



5 of the Swedish Companies Act. The warrants have then been detached from the debentures.

**The first program.** In September 1998, 159,500 debentures were issued, each with a par value of SEK 0.01, coupled with 159,500 detachable warrants, for SEK 0.99. The issue was placed with employees in the Company. Each warrant entitles its owner to subscribe for one new share at a subscription price of SEK 60. Warrant holders notified the Company of their intention to subscribe during the period ending January 1, 2001. At December 31, 2000, 119,500 warrants had been repurchased from employees by CellaVision International AB (a wholly owned subsidiary). The remaining 40,000 warrants are held by people who are no longer employed by the Company. At December 31, 2000, 26,000 warrants were on issue.

**The second program.** In September 1999, a debenture was issued with a par value of SEK 10,000, coupled to 260,000 detachable warrants. The issue was placed with the wholly owned subsidiary CellaVision International AB. The detachable warrants were placed with employees in the parent company. Each warrant entitles its owner to subscribe for one new share at a subscription price of SEK 40. Warrant holders can notify the Company of their intention to subscribe for shares until June 1, 2002. At December 31, 2000, all 260,000 warrants had been subscribed for by employees. The SEK 10,000 debenture was repaid in 1999.

**The third program.** In June 2000, a debenture was issued with a par value of SEK 10,000, coupled to 400,000 detachable warrants. The issue was placed with the wholly owned subsidiary CellaVision International AB. The detachable warrants were placed with employees in the parent company (300,000 warrants) and members of the board (100,000 warrants). Each warrant entitles its owner to subscribe for one new share at a subscription price of SEK 83. Warrant holders can notify the Company of their intention to subscribe for

shares until June 8, 2003. At December 31, 2000, all 122,500 of the 400,000 warrants had been subscribed for by employees (92,500) and board members (30,000). The SEK 10,000 debenture had been repaid at December 31, 2000.

The price of each warrant was calculated at the time of sale using the Black and Scholes model.

### Share exchange listing

The board of directors intends to apply for a listing on the O-list of the OM Stockholm Exchange in 2001 if conditions are favorable.

### Shareholder structure

The Company's largest shareholders are H&B Capital (Health and Brand Capital) (18%), Christer Fåhraeus (17%), Atle Företagskapital Kompanjonfond KB (12%), Förvaltnings AB Metallica (11%), and Centrecourt including Tillväxtdepå nr 1 KB (3%). These owners represent a total of 61% of the Company's total number of shares.

A list of the Company's shareholders is provided in the table below.

Shareholders	No. of shares	Capital and votes, %
H&B Capital	909 000	17.9
Christer Fåhraeus	847 495	16.7
Atle Företagskapital Kompanjonfond KB	607 575	11.9
Förvaltnings AB Metallica	526 166	10.3
Teknoseed AB	110 000	2.2
Tillväxtdepå nr 1 KB	100 000	2.0
Länsförsäkringar Wasa Liv Försäkring	75 000	1.5
Lars Fåhraeus	70 680	1.4
Börje Andersson	70 500	1.4
Central Board, Swedish Red Cross	70 000	1.4
Centrecourt AB	65 500	1.3
Others	1 637 620	32.0
<b>Total</b>	<b>5 089 536</b>	<b>100.0</b>

# Directors' report

The board of directors and chief executive officer of CellaVision AB (publ), company registration number 5565000998, submits the following report for the fiscal year January 1-December 31, 2000, the Company's sixth year of operations.

## Business

CellaVision is a young company, founded in 1994 by Christer Fåhræus, with cutting-edge expertise in digital image analysis. The business is conducted at Ideon in Lund, Sweden. The Company's business concept is to develop systems for medical microscopy analysis in health care.

Operations focus currently on two products: DiffMaster™ and CellAtlas™. DiffMaster is a system for automated differential count of white blood cells. The Company's first system is called DiffMaster Octavia, and handles eight slides at a time. CellAtlas is an Internet-based tool that simplifies cell analysis and classification. In the short run, CellAtlas will focus on training and quality assurance. CellAtlas is also a powerful marketing tool for the product DiffMaster.

An application for a permit to market and sell DiffMaster in the U.S. market was submitted in mid-October 2000.

## Cash flow and financing

The Group's cash and cash equivalents, including short-term investments, at December 31, 2000, totaled SEK 60.7 million (12.9). Consolidated cash flow from operating activities before changes in working capital equaled SEK -26.1 million (-11).

On January 18, 2000, the first SEK 7 million tranche was paid of the SEK 15 million loan granted by Industrifonden (the Swedish Industrial Development Fund). The Company bolstered its capital base in the spring by issuing new shares for SEK 75 million. The venture capital firm H&B Capital became a new major shareholder by subscribing for the greater part of the issue (SEK 50 million). This issue boosted share capital SEK 203 168 and was registered with the Patent and Registration Office (PRV) on August 11, 2000.

At December 31, 2000, consolidated shareholders' equity totaled SEK 66.7 million (21.7), and equity per share was SEK 13.10 (excluding warrants on issue).

## Financial policy and foreign currency policy

On September 13, 2000, the board of directors of CellaVision adopted a financial policy and foreign currency policy that entailed the following, in brief: After securing sufficient funds for business operations, estimated surplus funds, taking into account a sufficient margin for unforeseen events, should be invested in interest-bearing paper with the highest possible rating or should be deposited in Swedish bank(s).

All investments of surplus funds must be made in Swedish kronor. No investment in any single security can exceed SEK 100 million. Contracted net flows of foreign currencies within six months will be hedged 100%. Forecast net flows within three months will be hedged 50%. Here, "net flow" refers to flows denominated in currencies other than Swedish kronor as well as those in Swedish kronor for which there is a contractual

association with a foreign currency. The net exposure as described above must be at least SEK 200,000 for an individual currency before foreign exchange hedging is undertaken.

### **Market**

Both DiffMaster™ and CellAtlas™ were presented at Medica in Düsseldorf and at Medicin Scandinavia in Gothenburg, Sweden, in the second half of November 2000 with an excellent response.

CellAtlas had been released internationally in August at a hematology conference in Toronto. The product received a warm reception, and the Company's continued efforts for CellAtlas will focus on training and quality assurance. CellAtlas can satisfy a need for training among laboratory staff and students. CellAtlas was used in the autumn of 2000 for training biomedical analysts at Malmö University. This learning package was welcomed by the teachers responsible as well as the students.

In the fourth quarter of 2000, a letter of intent was signed with Sysmex, one of the world's top five vendors of diagnostic instruments for hematology. The purpose of this agreement is to discuss the distribution of CellaVision's products in Europe and technical cooperation between CellaVision and Sysmex Japan.

### **Organization and staff**

CellaVision is a corporate group with one subsidiary, CellaVision International AB. All personnel are currently

employed by the parent company. In 2000, resources were added to the organization in all areas. Management was reinforced with people responsible for development, marketing, and sales. A marketing and sales organization for the Nordic market was set up in Lund. Development resources were added to the Company in key areas. During the year, the average number of employees increased 63%. The number of employees at year-end was 39.

### **Board of directors**

During the year, the board of directors held 13 official meetings, including two by phone and two by correspondence. Minutes were taken for these meetings. The annual general meeting in June elected Lars Gatenbeck and Christer Pettersson to the Company's board. Lars Gatenbeck is a director in H&B Advisors. Jonas Brambeck, from Industrifonden, has been co-opted to the board. The board has dealt with issues such as the Company's long-term business focus, financing, and product commercialization. The board of directors has appointed a subcommittee of its members that deals solely with financing. Each month, the board receives reports on activities in the Company, funds, earnings, and financial position. The Chairman of the board is also in regular contact with the CEO and other senior managers at the Company.

### **Scientific advisory board**

In 2000, a scientific advisory board was formed. The chairman of this board is Professor Arne Lundblad, Linköping

University Hospital. Arne Lundblad has extensive experience in the field of clinical chemistry.

### Investment

During the year, the Group capitalized development expenditure totaling SEK 4.5 million (8). These expenses were for the development of the product DiffMaster™ Octavia. Consolidated investment in fixed assets equaled SEK 1.1 million (0.3). These investments included items such as computer and office equipment.

### Proposed appropriation of retained losses in the parent company

Losses brought forward	-7 791 238
Loss for the year	-29 954 966
<b>Total, SEK</b>	<b>-37 746 204</b>

The board of directors and CEO propose that retained losses, SEK -37 746,204, be netted against additional paid-in capital, to be reduced by the same amount. Consolidated retained losses totaled SEK -37 956,102 at December 31, 2000.

### Annual general meeting

The annual general meeting will be held at 5:00 PM on April 17, 2001, at the Grand Hotel, Bantorget 1, Lund, Sweden. *(For more information, please refer to page 36.)*



2000 Accounts

## Income statements

INCOME STATEMENTS	Amounts in Swedish kronor	Notes	Group		Parent company	
			Jan 1–Dec 31	Jan 1–Dec 31	Jan 1–Dec 31	Jan 1–Dec 31
			2000	1999	2000	1999
Operating revenues						
Other operating revenues	1	0	1 598 500	0	1 598 500	
Operating expenses						
Other external costs	3	-13 324 237	-6 352 568	-13 324 237	-6 343 911	
Costs of personnel	2	-16 303 069	-5 796 220	-16 303 069	-5 796 220	
Depreciation on tangible fixed assets	5	-730 193	-538 310	-730 193	-538 310	
Operating income		-30 357 499	-11 088 598	-30 357 499	-11 079 941	
Profit/Loss on financial investments						
Interest income	6	1 450 585	461 875	1 406 561	221 775	
Interest expense		-1 004 028	-711 009	-1 004 028	-592 704	
Income/Loss after financial items		-29 910 942	-11 337 732	-29 954 966	-11 450 870	
Tax on net profit/loss	7	-295 241	-67 228	0	0	
Loss for the year		-30 206 183	-11 404 960	-29 954 966	-11 450 870	
Earnings per share		-7.04	-3.76	-6.98	-3.77	
Diluted earnings per share		-6.50	-3.61	-6.44	-3.62	



BALANCE SHEETS	Amounts in Swedish kronor	Notes	Group		Parent company	
			Dec 31 2000	Dec 31 1999	Dec 31 2000	Dec 31 1999
ASSETS						
Fixed assets						
Intangible assets						
Capitalized development expenditure	4	17 214 828	12 730 094	17 214 828	12 730 094	
Total intangible assets		17 214 828	12 730 094	17 214 828	12 730 094	
Tangible fixed assets						
Equipment	5	1 757 995	1 369 702	1 757 995	1 369 702	
Total tangible fixed assets		1 757 995	1 369 702	1 757 995	1 369 702	
Long-term financial assets						
Shares in Group companies	8	0	0	100 000	100 000	
Total long-term financial assets		0	0	100 000	100 000	
Total fixed assets		18 972 823	14 099 796	19 072 823	14 199 796	
Current assets						
Inventory						
Finished products and goods for resale		2 534 413	560 003	2 534 413	560 003	
Current receivables						
Accounts receivable		0	1 902 490	0	1 902 490	
Other receivables		1 757 849	344 291	1 757 849	344 291	
Prepaid expenses and accrued revenues	9	939 996	721 553	924 530	721 553	
Total current receivables		2 697 845	2 968 334	2 682 379	2 968 334	
Cash and bank balances		60 680 315	12 902 659	57 989 877	12 689 521	
Total current assets		65 912 573	16 430 996	63 206 669	16 217 858	
TOTAL ASSETS		84 885 396	30 530 792	82 279 492	30 417 654	

## Balance sheets — Assets

## Balance sheets — Shareholders' equity and liabilities

SHAREHOLDERS' EQUITY AND LIABILITIES		Group		Parent company	
		Dec 31 2000	Dec 31 1999	Dec 31 2000	Dec 31 1999
Amounts in Swedish kronor	Notes				
SHAREHOLDERS' EQUITY	10				
<i>Restricted equity</i>					
Share capital		748 055	360 508	748 055	360 508
Share capital not yet registered		15 375	0	15 375	0
Legal reserve		2 956 812	3 132 475	2 952 221	3 132 475
Other restricted reserves		100 908 610	53 535 712	98 426 910	53 535 712
Total restricted equity		104 628 852	57 028 695	102 142 561	57 028 695
<i>Retained losses</i>					
Profit/Loss brought forward		-7 749 919	-23 933 003	-7 791 238	-23 933 003
Loss for the year		-30 206 183	-11 404 960	-29 954 966	-11 450 870
Total retained losses		-37 956 102	-35 337 963	-37 746 204	-35 383 873
TOTAL SHAREHOLDERS' EQUITY		66 672 750	21 690 732	64 396 357	21 644 822
<i>Long-term liabilities</i>					
Liabilities to credit institutions	11	6 304 222	3 724 739	6 304 222	3 724 739
Other liabilities		0	1 595	0	1 595
Total long-term liabilities		6 304 222	3 726 334	6 304 222	3 726 334
<i>Current liabilities</i>					
Liabilities to credit institutions	11	5 000 000	479 550	5 000 000	479 550
Accounts payable		3 312 162	2 510 003	3 312 162	2 510 003
Tax liabilities	7	329 511	67 228	0	0
Other liabilities		532 239	307 353	532 239	307 353
Accrued expenses and prepaid revenues	12	2 734 512	1 749 592	2 734 512	1 749 592
Total current liabilities		11 908 424	5 113 726	11 578 913	5 046 498
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		84 885 396	30 530 792	82 279 492	30 417 654
Collateral pledged		None	None	None	None
<i>Contingent liabilities</i>					
Royalty commitments	13	See note	See note	See note	See note

## CASH-FLOW STATEMENTS

Amounts in Swedish kronor

	Group		Parent company	
	Dec 31 2000	Dec 31 1999	Dec 31 2000	Dec 31 1999
<b>OPERATING ACTIVITIES</b>				
Operating income	-30 357 499	-11 088 598	-30 357 499	-11 079 941
<b>ADJUSTMENTS FOR NON-CASH ITEMS</b>				
Depreciation on tangible fixed assets	730 193	538 310	730 193	538 310
Changes in accrued expenses	943 162	-189 887	943 162	-189 887
Capital losses on equipment sold	0	21 575	0	21 575
Tax paid	-32 958	0	0	0
Interest income received	3 572 725	461 875	1 062 467	221 775
Interest paid	-1 004 028	-711 009	-1 004 028	-592 704
<b>Cash flow from operating activities before changes in working capital</b>	<b>-26 148 405</b>	<b>-10 967 734</b>	<b>-28 625 705</b>	<b>-11 080 872</b>
<b>CHANGES IN WORKING CAPITAL</b>				
Increase in inventory	-1 974 411	-560 003	-1 974 411	-560 003
Increase/Decrease in other current receivables	498 526	-1 625 883	498 526	-1 625 883
Increase in accounts payable	802 159	1 134 528	802 159	1 134 528
Increase in other current receivables	396 514	81 565	396 514	81 565
<b>Cash flow from operating activities</b>	<b>-26 425 617</b>	<b>-11 937 527</b>	<b>-28 902 917</b>	<b>-12 050 665</b>
<b>INVESTING ACTIVITIES</b>				
Sales of tangible fixed assets	0	46 375	0	46 375
Capitalized development expenditure	-4 484 734	-8 045 762	-4 484 734	-8 045 762
Acquisitions of tangible fixed assets	-1 118 486	-312 740	-1 118 486	-312 740
Acquisitions of long-term financial assets	0	0	0	-100 000
<b>Cash flow from investing activities</b>	<b>-5 603 220</b>	<b>-8 312 127</b>	<b>-5 603 220</b>	<b>-8 412 127</b>
<b>FINANCING ACTIVITIES</b>				
New share issue	81 074 970	35 934 960	81 074 970	35 934 960
Costs of fundraising	-8 368 470	-1 100 000	-8 368 470	-1 100 000
Loans raised	7 579 543	508 617	7 579 543	508 617
Loans repaid	-479 550	-229 500	-479 550	-229 500
<b>Cash flow from financing activities</b>	<b>79 806 493</b>	<b>35 114 077</b>	<b>79 806 493</b>	<b>35 114 077</b>
<b>Changes in cash and cash equivalents (including bank overdraft facilities)</b>	<b>47 777 656</b>	<b>14 864 423</b>	<b>45 300 356</b>	<b>14 651 285</b>
Cash and cash equivalents, January 1	12 902 659	-1 961 764	12 689 521	-1 961 764
<b>CASH AND CASH EQUIVALENTS</b>	<b>60 680 315</b>	<b>12 902 659</b>	<b>57 989 877</b>	<b>12 689 521</b>

## Cash-flow statements

# Notes to the accounts

## Accounting principles

The annual report was prepared in accordance with the Swedish Annual Accounts Act and Swedish generally accepted accounting principles.

## Consolidated accounts

The consolidated accounts include the parent company CellaVision AB and the wholly owned subsidiary CellaVision International AB. There were no intercompany transactions. The consolidated accounts were prepared based on the purchase method.

## Receivables and liabilities

Receivables have been reported in the amount expected to be paid. Liabilities have been reported at nominal value. Receivables and liabilities denominated in currencies other than the Swedish krona were valued at the balance date rate.

## Foreign exchange gains and losses

Realized and unrealized gains or losses on foreign exchange for costs in the regular course of business were reported among other external operating expenses. The amounts are not material.

## Leasing

The Group has not entered into any financial leases. Operating leases concern primarily computer equipment and vehicles.

## Intangible assets

The Company follows recommendation RR 15 of the Swedish Financial Accounting Standards Council. The Company changed its accounting policy in 2000 and has restated its accounts accordingly from the first year of operations forward. The changes were made based on RR 5 and are disclosed in note 10, changes in shareholders' equity.

**Development expenditures.** A depreciation schedule based on a useful economic life of five years commences when a product developed is released in the market. Expenses in research are expensed as they arise. Expenditure on the development of future products is expensed up to and including the prototype stage. Expenses after that and until commercialization are capitalized. Expenditure on the development of existing applications and hardware platforms is expensed as it arises.

The Company uses a project accounting system in which all development expenses are allocated to projects.

Examples of such expenses are

- Goods and materials attributable to a development project.
- Instruments used in development work.
- Consulting fees for technology and design.
- Salaries and payroll expenses for employees working on development projects.

Depreciation on computers and other equipment is not capitalized.

### **Tangible fixed assets**

Tangible fixed assets, consisting of equipment, are reported at purchase cost less deductions for accumulated depreciation.

Equipment includes a demonstration instrument that will be used by future customers for evaluation and scientific studies. The instrument is reported at purchase cost and depreciated over five years.

### **Depreciation and amortization according to plan**

Depreciation and amortization according to plan are based on the purchase cost of the assets and estimated useful economic life.

Depreciation schedules:

- Equipment 5 years
- Computer equipment 3 years

### **Inventory**

Inventories are valued at the lesser of purchase cost (FIFO) and fair value. The inventory contains DiffMaster™ Octavia units ready for sale and components for additional instruments.

### **Cash-flow statements**

The cash-flow statements were prepared based on the indirect method. “Cash and cash equivalents” includes cash, bank balances, and short-term investments.



Amounts in Swedish kronor

### Note 1. Other operating revenues

The sale of rights to OCR source code with accompanying consulting hours equaled SEK 1 598,500 in 1999.

### Note 2. Personnel

#### a. Average number of employees

	2000		1999	
	<i>No. of employees</i>	<i>of which men</i>	<i>No. of employees</i>	<i>of which men</i>
Parent company	31	26	19	14
Subsidiary	0	0	0	0
Group total	31	26	19	14

#### b. Salaries and other remuneration

	2000		1999	
	<i>Board and CEO</i>	<i>Other employees</i>	<i>Board and CEO</i>	<i>Other employees</i>
Parent company	1 399 638	11 394 977	1 191 241	6 668 168
Subsidiary	0	0	0	0
Group total	1 399 638	11 394 977	1 191 241	6 668 168

*Comments: 2000 includes bonuses*

#### Senior managers

As decided by the annual general meeting, directors' fees to be paid until the next annual meeting were SEK 280,000, 80,000 of which is to be paid to the chairman of the board. This amount has not yet been paid.

Salaries and remuneration, including pension premiums, were paid to the CEO in the parent company in fiscal 2000 totaling SEK 1 289,229 (of which 200,000 was a bonus).

#### c. Social security and pension expenses

	2000		1999	
	<i>Social security expenses</i>	<i>Pension expenses</i>	<i>Social security expenses</i>	<i>Pension expenses</i>
Parent company	5 333 116	1 221 832	3 435 197	835 312
Subsidiary	0	0	0	0
Group total	5 333 116	1 221 832	3 435 197	835 312

#### d. Capitalized development expenditure

Of the costs in items B and C above, the amounts below have been capitalized as expenditure on development work.

	2000	1999
Parent company	3 935 204	5 495 467
Subsidiary	0	0
Group total	3 935 204	5 495 467



### Note 3. Audit fees

Fees paid to the Company's auditors were as follows.

	2000		1999	
	Group	Parent company	Group	Parent company
Audits	70 000	70 000	50 000	50 000
Other assignments	11 500	11 500	19 000	19 000
Total	81 500	81 500	69 000	69 000

### Note 4. Intangible assets

Capitalized development expenditure

	Development			
	2000		1999	
	Group	Parent company	Group	Parent company
Opening balance, cumulative purchase costs	12 730 094	12 730 094	4 684 332	4 684 332
Acquisitions	4 484 734	4 484 734	8 045 762	8 045 762
Closing balance, cumulative purchase costs	17 214 828	17 214 828	12 730 094	12 730 094

### Note 5. Tangible fixed assets

<i>Equipment</i>	2000		1999	
	Group	Parent company	Group	Parent company
Accumulated purchase costs, opening balance	2 482 215	2 482 215	2 267 855	2 267 855
Acquisitions	1 118 486	1 118 486	312 740	312 740
Divestments	0	0	-98 380	-98 380
Accumulated purchase costs, closing balance	3 600 701	3 600 701	2 482 215	2 482 215
Accumulated depreciation, opening balance	-1 112 513	-1 112 513	-604 632	-604 632
Depreciation for the year	-730 193	-730 193	-538 310	-538 310
Reversal of accumulated depreciation on divested assets	0	0	30 429	30 429
Accumulated depreciation, closing balance	-1 842 706	-1 842 706	-1 112 513	-1 112 513
Residual value, closing value	1 757 995	1 757 995	1 369 702	1 369 702

## Notes 3-5

## Notes 6–9

### Note 6. Interest income

	2000		1999	
	Group	Parent company	Group	Parent company
Interest income	1 450 585	1 406 561	221 775	221 775
Warrant premiums	0	0	240 100	0
<b>Total interest income</b>	<b>1 450 585</b>	<b>1 406 561</b>	<b>461 875</b>	<b>221 775</b>

### Note 7. Taxes

	2000		1999	
	Group	Parent company	Group	Parent company
Provisions in previous years	67 228	0		0
Tax paid	-32 958	0		0
Provisions	-329 511	0	-67 228	0
<b>Tax reported</b>	<b>-295 241</b>	<b>0</b>	<b>-67 228</b>	<b>0</b>

Loss carry-forwards	66 276 505 <sup>1)</sup>	66 276 505 <sup>1)</sup>	28 331 679	28 331 679
Deferred tax benefit not reported (currently 28%)	18 557 421	18 557 421	7 932 870	7 932 870

<sup>1)</sup> Of which total, 7 791,238 refers to the effect of changes in accounting policies.

### Note 8. Shares in Group companies

Company	Co. reg. no.	Reg'd. office	No. of shares	Par value per share	Pctg. capital and votes	Book value Dec 31, 2000
CellaVision International AB	556573-4299	Lund	1 000	SEK 100	100%	100 000

### Note 9. Prepaid expenses and accrued revenues

	Dec 31, 2000		Dec 31, 1999	
	Group	Parent company	Group	Parent company
Office rent	323 145	323 145	278 450	278 450
Fundraising <sup>1)</sup>	0	0	267 331	267 331
Pension premiums	59 260	59 260	44 644	44 644
Accrued interest income	389 918	374 452	30 358	30 358
Other	167 673	167 673	100 770	100 770
<b>Total</b>	<b>939 996</b>	<b>924 530</b>	<b>721 553</b>	<b>721 553</b>

<sup>1)</sup> These costs referred to the new share issue in spring 2000. After the shares were issued, these costs were charged directly to equity and deducted from the proceeds for the issue.

### Note 10. Changes in shareholders' equity

Group	Share capital	Legal reserve	Additional paid-in capital	Retained losses	Total
Opening balance: equity based on balance sheet adopted preceding year	360 508	3 132 475	53 535 712	-27 546 725	29 481 970
Effect of changes in accounting policies <sup>1)</sup>	0	0	0	-7 791 238	-7 791 238
Opening balance: equity based on new accounting policies	360 508	3 132 475	53 535 712	-35 337 963	21 690 732
Bonus issue	180 254	-180 254	0	0	0
New share issue, August 2000	203 168	0	74 291 802	0	74 494 970
Fundraising costs for the above	0	0	-8 368 469	0	-8 368 469
Appropriation of losses	0	4 591	-27 592 635	27 588 044	0
New shares issued	19 500 <sup>2)</sup>	0	6 560 500	0	6 580 000
Warrant premiums	0	0	2 481 700	0	2 481 700
Loss for the year	0	0	0	-30 206 183	-30 206 183
Closing balance, December 31, 2000	763 430	2 956 812	100 908 610	-37 956 102	66 672 750

<sup>1)</sup> The accounting policy was changed to comply with RR 15, on intangible assets. See also "Accounting principles."

<sup>2)</sup> Of that total, 15,375 refers to paid-in capital not yet registered.

Parent company	Share capital	Legal reserve	Additional paid-in capital	Retained losses	Total
Opening balance: equity based on balance sheet adopted preceding year	360 508	3 132 475	53 535 712	-27 592 635	29 436 060
Effect of changes in accounting policies <sup>1)</sup>	0	0	0	-7 791 238	-7 791 238
Opening balance: equity based on new accounting policies	306 508	3 132 475	53 535 712	-35 383 873	21 644 822
Bonus issue	180 254	-180 254	0	0	0
New share issue, August 2000	203 168	0	74 291 802	0	74 494 970
Fundraising costs for the above	0	0	-8 368 469	0	-8 368 469
Appropriation of losses	0	0	-27 592 635	27 592 635	0
New shares issued	19 500 <sup>2)</sup>	0	6 560 500	0	6 580 000
Loss for the year	0	0	0	-29 954 966	-29 954 966
Closing balance, December 31, 2000	763 430	2 952 221	98 426 910	-37 746 204	64 396 357

<sup>1)</sup> The accounting policy was changed to comply with RR 15, on intangible assets. See also "Accounting principles."

<sup>2)</sup> Of that total, 15,375 refers to paid-in capital not yet registered.

### Note 11. Liabilities to credit institutions

Long-term liabilities	Dec 31, 2000		Dec 31, 1999	
	Group	Parent company	Group	Parent company
County council fund for technology procurement and product development	4 304 222	4 304 222	3 724 739	3 724 739
Swedish Industrial Development Fund	2 000 000	2 000 000		
Total	6 304 222	6 304 222	3 724 739	3 724 739

## Notes 10–11

## Notes 11–13

<i>Current liabilities</i>	<i>Dec 31, 2000</i>		<i>Dec 31, 1999</i>	
	<i>Group</i>	<i>Parent company</i>	<i>Group</i>	<i>Parent company</i>
Swedish Industrial Development Fund	5 000 000	5 000 000	479 550	479 550

On March 9, 1999, Industrifonden (the Swedish Industrial Development Fund) approved a loan to the Company for a total of SEK 15 million. Interest on the loan is market rate. Industrifonden has also received 60,000 warrants to subscribe for new shares in the Company. The warrants are valid January 1, 2001–January 1, 2004. The loan will be paid in three tranches. The first tranche of SEK 7 million was paid on January 18, 2000.

The second tranche, SEK 4 million, will be paid when the Company requests but not before the Company has submitted an application to the FDA. The third tranche, SEK 4 million, will be paid when the Company launches its system in the U.S. market. The repayment plan is: SEK 5 million at December 30, 2001, SEK 5 million at March 30, 2002, and SEK 5 million at June 30, 2003.

### Note 12. Accrued expenses and prepaid revenues

	<i>Dec 31, 2000</i>		<i>Dec 31, 1999</i>	
	<i>Group</i>	<i>Parent company</i>	<i>Group</i>	<i>Parent company</i>
Vacation pay liability	774 488	774 488	562 966	562 966
Directors' fees	379 619	379 619	319 611	319 611
Social security expenses	845 436	845 436	252 527	252 527
Other	734 969	734 969	614 488	614 488
<b>Total</b>	<b>2 734 512</b>	<b>2 734 512</b>	<b>1 749 592</b>	<b>1 749 592</b>

### Note 13. Contingent liabilities

To finance the start of the Company's development projects, a contribution of SEK 310,000 was received from the Trygghetsfonden SAF-LO. A contribution of 310,000 was received and reported in the period 1995–1996. Consideration for this will be a royalty equal to 3.1% of the Company's sales revenues during the period January 1, 1997–March 31, 2001. The royalty will be no more than the amount received, that is, SEK 310,000.

Lund, March 14, 2001

Hans Harvig  
*Chairman of the board*

Christer Fähræus

Peter Benson

Christer Pettersson

Lars Gatenbeck

Christer Nilsson

Yvonne Mårtensson  
*Chief executive officer*

Our audit report was submitted on March 15, 2001.

ARTHUR ANDERSEN AB  
Per-Arne Pettersson  
*Authorized public accountant*

# Audit report

To the Annual General Meeting in CellaVision AB  
*Company registration number 556500-0998*

We have examined the annual report, consolidated financial statements, accounts, and administration by the board of directors and CEO of CellaVision AB for the fiscal year January 1–December 31, 2000. The board of directors and CEO are responsible for the accounting records and administration of the Company. Our responsibility is to express an opinion on the annual report, consolidated financial statements, and administration of the Company based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. This means that we planned and performed our audit to obtain reasonable assurance that the annual report and consolidated financial statements do not contain any material misstatements. An audit entails examining a selection of the underlying documentation to verify amounts and other information reported in the accounting records. An audit also includes evaluating the accounting principles and their application by the board of directors and CEO in addition to an overall appraisal of the information compiled in the annual report and consolidated financial statements. As a basis for our opinion on liability, we have examined material decisions, actions, and circumstances in the Company to determine whether or not the CEO or any member of the board could be liable to the

Company for damages. We have also examined whether or not the CEO or any member of the Board in some other way has acted in contravention of the Companies Act, the Annual Accounts Act, or the Company's articles of incorporation. We believe that our audit has provided a reliable basis for the following statements.

The annual report and consolidated financial statements were prepared in accordance with the Annual Accounts Act and thus provide a true and fair view of the Company's and the Group's earnings and financial position in accordance with generally accepted accounting principles in Sweden.

We recommend that the annual general meeting adopt the income statements and balance sheets of the parent company and the Group, appropriate the loss by the parent company according to the proposal in directors' report, and discharge the CEO and board members from liability for fiscal 2000.

Malmö, March 15, 2001

ARTHUR ANDERSEN AB

Per-Arne Pettersson  
Authorized public accountant

## Five-year summary

<b>INCOME STATEMENTS</b> <i>Amounts in Swedish kronor</i>	<b>2000</b>	<b>1999</b>	<b>1998<sup>1)</sup></b>	<b>1997<sup>1)</sup></b>	<b>1996<sup>1)</sup></b>
Revenues	0	1 598 500	0	16 800	170 000
Other external costs	-13 324 237	-6 352 568	-11 512 192	-3 784 255	-616 066
Costs of personnel	-16 303 069	-5 796 220	-5 019 394	-1 671 911	-170 465
Depreciation	-730 193	-538 310	-377 979	-164 572	-71 063
Profit/Loss on financial investments	446 557	-249 134	-550 475	-183 969	3 538
Taxes	-295 241	-67 228	0	0	0
<b>Loss</b>	<b>-30 206 183</b>	<b>-11 404 960</b>	<b>-17 460 040</b>	<b>-5 787 907</b>	<b>-684 056</b>

<b>BALANCE SHEETS</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
<b>Assets</b>					
Intangible assets	17 214 828	12 730 094	4 684 332	1 533 938	0
Tangible fixed assets	1 757 995	1 369 702	1 663 223	664 289	284 252
Current assets	65 912 573	16 430 996	911 939	5 332 060 <sup>2)</sup>	2 270 989
<b>Total assets</b>	<b>84 885 396</b>	<b>30 530 792</b>	<b>7 259 494</b>	<b>7 530 287</b>	<b>2 555 241</b>
<b>Shareholders' equity and liabilities</b>					
Shareholders' equity	66 672 750	21 690 732	-1 739 268	2 296 367	2 365 014
Long-term liabilities	6 304 222	3 726 334	3 926 768	3 373 708	0
Current liabilities	11 908 424	5 113 726	5 071 994	1 860 212	190 227
<b>Total shareholders' equity and liabilities</b>	<b>84 885 396</b>	<b>30 530 792</b>	<b>7 259 494</b>	<b>7 530 287</b>	<b>2 555 241</b>

<sup>1)</sup> The Group was formed in 1999, so the figures for 1998, 1997, and 1996 refer to CellaVision AB only.

<sup>2)</sup> Of the total, 4 216 330 refers to subscribed capital unpaid.



## Definitions of financial ratios

### Capital employed

Total assets less non-interest-bearing liabilities including deferred tax liabilities.

### Net investments

Investments adjusted for divestitures.

### Interest coverage rate

Income/Loss after financial items plus financial expenses, divided by financial expenses.

### Net indebtedness

Net borrowings divided by shareholders' equity.

### Proportion shareholders' funds

Total of shareholders' equity and deferred tax liabilities, divided by total assets.

### Equity/assets ratio

Shareholders' equity divided by total assets.

### Return on shareholders' equity

Net loss/income divided by average shareholders' equity.

### Return on capital employed

Loss/Income after financial items plus financial expenses, divided by average capital employed.

FINANCIAL RATIOS	2000	1999	1998	1997	1996
Shareholders' equity, SEK 000s	66 673	21 691	-1 739	2 296	2 365
Capital employed, SEK 000s	77 977	25 895	3 930	5 346	2 365
Interest-bearing liabilities, SEK 000s	11 304	4 204	5 669	3 050	0
Net investments, SEK 000s	5 603	8 260	4 518	2 079	355
Cash flow, SEK 000s	-32 029	-20 250	-20 349	-6 704	-979
Interest coverage rate, multiple	-28.79	-14.95	-30.30	-27.71	-161.33
Net indebtedness, multiple	-0.74	-0.40	-3.25	1.24	-0.85
Equity/assets ratio, %	79%	71%	-24%	30%	93%
Proportion shareholders' funds, %	79%	71%	-24%	30%	93%
Return on equity, %	neg.	neg.	neg.	neg.	neg.
Return on capital employed, %	neg.	neg.	neg.	neg.	neg.
Average number of employees	31	23	15	5	1
Number of employees at end of period	39	19	20	7	1

PER SHARE DATA <sup>1)</sup>	2000	1999	1998	1997	1996
------------------------------	------	------	------	------	------

### Net loss

Undiluted, SEK	-7.04	-3.76	-9.33	-3.69	-0.57
Diluted, SEK	-6.50	-3.61	-8.70	-3.52	-0.57

### Shareholders' equity

Undiluted, SEK	13.10	6.02	-0.88	1.51	1.56
Diluted, SEK	19.70	8.83	7.50	3.44	1.56

### Weighted average number of shares

Undiluted	4 290 059	3 030 896	1 871 000	1 569 250 <sup>2)</sup>	1 205 000 <sup>2)</sup>
Diluted	4 650 059	3 160 896	2 005 750	1 645 750	1 205 000

### Number of shares at end of period

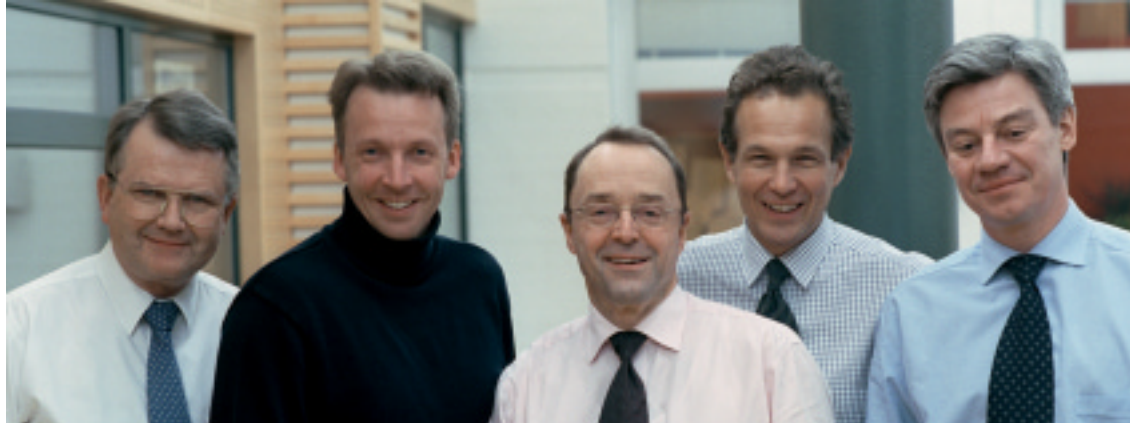
Undiluted	5 089 536	3 605 082	1 975 000	1 520 000 <sup>3)</sup>	1 520 000 <sup>2)</sup>
Diluted	5 815 036	3 905 082	2 593 500	1 826 000	1 520 000

<sup>1)</sup> Figures that specify balance sheet items in relation to the number of shares are calculated based on the number of shares and, where applicable, the number of warrants outstanding at year-end. Items from the income statement are calculated in relation to the number of shares before dilution, based on the weighted average number of shares and diluted based on the number adjusted for warrants outstanding at year-end.

<sup>2)</sup> The number of shares specified under 1996 has been restated taking into account a split in 1997 (1:1) and a split in 1998 (1000:1).

<sup>3)</sup> The number of shares specified under 1997 has been restated taking into account a split in 1998 (1000:1).

## Board of directors



**Hans Harvig**

Värmdö, born 1944.  
Chairman of the board.  
Also on the boards  
of Seco Tools AB,  
Försäkringsgirot  
Information Services AB,  
and Centrecourt AB.  
*Shareholdings: 25,000*  
*Warrants: 15,000.*

**Christer Fåhræus**

Lund, born 1965.  
CellaVision's founder  
and CEO until July 1998.  
Also on the boards of  
Precise Biometrics AB,  
NetMage AB,  
C-Technologies AB,  
and Centrecourt AB.  
*Shareholdings: 847,495*

**Christer Nilsson**

Täby, born 1952.  
President of Atle  
Ventures AB.  
Also on the boards  
of Synchron Supply  
International AB,  
COX AB,  
Bolånebörsen AB,  
NeoPharma AB,  
Biosurface Pharma AB,  
Accra AB,  
and Neoventa AB.

**Lars Gatenbeck**

Djursholm, born 1956.  
Director of H&B  
Advisors AB.  
Also on the boards of  
Investment AB Öresund,  
Perbio Science AB,  
Karo Bio AB,  
Pyrosequencing AB,  
and Profdoc ASA.

**Peter Benson**

Djursholm, born 1955.  
President of Optovent AB.  
Also on the boards  
of Ortivus AB,  
Biogaia Biologics AB,  
Reach In Technologies AB,  
and Attraction AB.  
*Shareholdings: 6,600*  
*Warrants: 15,000.*

**Christer Pettersson** *Not shown in photo*

Kista, born 1950.  
Investment manager at Förvaltnings AB Metallica.  
Also on the boards of BestWood AB,  
STT Holding AB, and Elektron ESI AB.

## Executive management



**Ulf G. Andersson**, born 1960. Employee since October 2000. Sales and marketing director. Has 15 years' experience from international marketing and sales in medical technology, in management and board positions. Andersson joined CellaVision from DAKO A/S's head office in Copenhagen, where he worked as the international marketing director for four years.  
*Warrants: 15,000.*

**Lotta Brangmo-Ljungberg**, born 1966. Employee since September 1999. Quality assurance manager. Joined CellaVision from HemoCue AB, where she worked as assistant quality assurance manager and international product manager.  
*Warrants: 15,000.*

**Johan Ericsson**, born 1958. Employee since March 2000. Development manager. Has more than 10 years' experience from software and hardware development, the past six years in management positions. He joined CellaVision from Axis Communications AB, where he was director of development.  
*Warrants: 20,000.*

**Yvonne Mårtensson**, born 1953. CEO since July 1, 1998. Has 20 years' experience in international marketing and sales. Joined CellaVision from HemoCue AB, where she served her last two years as U.S. head of marketing and sales. Member of the board of ProLight Diagnostics AB.  
*Warrants: 60,000.*

**Peter Åkerlund**, born 1961. Employee since September 1998. Chief financial officer. Has 15 years' experience in accounting, most recently in the position of group accounting controller for the Gambro group.  
*Warrants: 15,000.*

## Annual general meeting 2001

The board of directors of CellaVision AB intends to call shareholders in CellaVision AB (publ), company registration number 556500-0998, to its annual meeting, starting at 5:00 PM on April 17, 2001, at the Grand Hotel, Bantorget 1, Lund, Sweden.

Shareholders who wish to attend the meeting: 1) must be entered in the share register maintained by VPC AB (the securities register centre) Saturday, April 7, 2001 (the closing date for VPC is Friday, April 6, so shareholders should make sure that they are registered by April 6) and 2) notify the Company by mail at Ideon Research Park, Scheelevägen 15, SE-223 70 Lund, Sweden, Attention: Peter Åkerlund, or by fax at +46 (0)46 286-5818, or by e-mail at [peter.akerlund@cellavision.se](mailto:peter.akerlund@cellavision.se), no later than noon on Monday, April 9. Those who wish to attend should similarly notify the Company of the number of assistants accompanying them (no more than two). Please include name, address, telephone number (daytime), personal identification number or company registration number, and the number of shares in the notification.

Any shareholder with shares registered in the name of a trustee must have the trustee temporarily register the share with VPC in the shareholder's own name to be entitled to participate in the annual meeting. Consequently, shareholders must notify their trustees well in advance of Friday, April 6, 2001.



*Graphic design:*

*Photos:*

*Repro & printing:*

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Lars Strandberg

Ljungbergs tryckeri, Klippan





