

2003 annual report  
CellaVision AB (publ)  
Corporate ID 556500-0998



# 2003 annual report

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## IMPORTANT EVENTS IN 2003

- Net sales reached SEK 15.0 million (13.7). The company sold 21 (16) systems and signed 3 (6) new rental contracts.
- Operating costs were reduced 26% to SEK 39.9 million (54.0).
- Operating loss amounted to SEK 39.4 million (-49.4). Net loss amounted to SEK 39.8 million (-49.1). Loss per share amounted to SEK 2.95 (SEK -3.76).
- In December, the company signed distribution contracts with Sysmex Europe and Sysmex America for CellaVision™ DM96, a new product. In conjunction with the contracts, the company received orders worth SEK 13.5 million.
- CellaVision received an SEK 33 million capital injection from a new share issue in January 2004.
- In December, the company submitted an application for CellaVision™ DM96 to the FDA, which gave its clearance to the product on 10 February 2004.

Key data and ratios All amounts in KSEK	2003	2002	2001	2000	1999
Net sales	14 974	13 669	8 043	0	0
Operating loss	-39 838	-49 433	-53 037	-30 357	-11 089
Cash flow	-33 844	-44 635	-65 593	-32 029	-20 250
Shareholders' equity	8 069	48 664	82 604	66 673	21 691
Cash	5 068	39 239	49 654	60 680	12 903
Equity/assets ratio	26%	66%	72%	79%	71%
Number of employees	40	46	49	39	23

## SHARE CAPITAL AND OWNERSHIP STRUCTURE

### Ownership structure

This table presents the CellaVision ownership structure on 31 December 2003, when CellaVision had about 600 shareholders.

Shareholders	Number of shares	Capital and votes, percent
H & B Capital LP	2 276 182	16,9
Christer Fåhraeus	1 827 445	13,5
Företagskapital Kompanjonfond KB (3i)	1 578 786	11,7
Förvaltnings AB Metallica	1 387 105	10,3
Life Equity Sweden KB	909 091	6,7
Swedish Industrial Development Fund	545 455	4,0
Other	4 981 143	36,9
<b>TOTAL</b>	<b>13 505 207</b>	<b>100,0</b>

### Warrants

At year-end, CellaVision had two warrant programs; one is an employee warrant program with subscription rights. In total the company shares can increase by 720,000 and add another SEK 21.6 million in cash, of which SEK 108,000 will be share capital. The table below presents subscription rates and warrant distribution between the programs.

Warrant program	Number of outstanding	Number of shares when fully exercised	Subscription rate per share	Liquid assets when fully subscribed	Program expires
2001/2004	60 000	120 000	30 kr	3,6 MSEK	2004-01-01 <sup>1</sup>
2002/2005	600 000	600 000	30 kr	18,0 MSEK	2005-05-15

<sup>1</sup> Non of the warrants exercised as per due date.

### Shareholder agreement

H&B, Christer Fähræus, Företagskapital, Metallica, and Swedish Industrial Development Fund have entered a consortium agreement that regulates board-member election and limitations on transferability of shares that are held by the above-mentioned parties. The agreement will expire when the company's share is quoted on the stock exchange.

### Share capital

On 31 December 2003, CellaVision has 13,505,207 shares to a nominal value of SEK 0.15 per share, in total a share capital of SEK 2,026,000. Regardless of the number of shares held by one shareholder, each share gives the shareholder the right to one vote. Each vote may be used at the AGM. All shares have equal right to shares in the company's assets and profit. This table illustrates the development since the inception of CellaVision:

All amounts in KSEK

Year	Transaction	Number of new shares	Acc. number of shares	Increase in share capital	Acc. share capital	Funds from new share issue	Acc. funds from share issues
1994	New issue	500	500	50	50	50	50
1996	New issue	150	650	15	65	1 500	1 550
1996	New issue	110	760	11	76	1 500	3 050
1997	Bonus issue	760	1 520	76	152	-	3 050
1997	Split 1000:1	1 518 480	1 520 000	0	152	-	3 050
1997	New issue	122 000	1 642 000	12	164	4 066	7 116
1997	New issue	75 000	1 717 000	8	172	1 500	8 616
1998	New issue	100 000	1 817 000	10	182	4 500	13 116
1998	New issue	158 000	1 975 000	16	198	8 690	21 806
1999	New issue	1 296 750	3 271 750	130	327	25 935	47 741
1999	New issue	333 332	3 605 082	33	361	10 000	57 741
2000	Bonus issue	0	3 605 082	180	541	-	57 741
2000	New issue	1 354 454	4 959 536	203	744	74 495	132 236
2000	Warrants	2 500	4 962 036	0	744	150	132 386
2000	Warrants	1 000	4 963 036	0	744	40	132 426
2000	Warrants	2 000	4 965 036	0	745	80	132 506
2000	Warrants	22 000	4 987 036	3	748	1 100	133 606
2000	Warrants	88 000	5 075 036	13	761	4 400	138 006
2000	Warrants	3 000	5 078 036	0	762	120	138 126
2000	Warrants	11 500	5 089 536	2	763	690	138 816
2001	Warrants	15 000	5 104 536	2	766	900	139 716
2001	Bonus issue	5 104 536	10 209 072	766	1 531	-	139 716
2001	New issue	2 656 070	12 865 142	399	1 930	73 042	212 758
2002	Warrants	94 610	12 959 752	14	1 944	1 892	214 650
2002	New issue	545 455	13 505 207	82	2 026	15 000	229 650
2003	-	-	13 505 207	-	2 026	-	229 650

# THE BOARD'S REPORT

The board and CEO of CellaVision AB (publ), corporate ID 556500-0998, submit this report for the 1 January 2003 to 31 December 2003 financial year.

## **The operation**

Christer Fåhraeus launched CellaVision in 1994. The company's expertise is in digital image analysis. Its business concept is to develop and market software solutions for medical microscopy analyses.

The company currently concentrates on these products: DiffMaster, MICRO21, CellaVision DM96, and CellAtlas (all are trademarks or registered trademarks of CellaVision). CellaVision DM96, DiffMaster, and MICRO21 facilitate blood-cell analyses. CellAtlas is a Web-based tool that's used for education and quality assurance. MICRO21 is sold exclusively in the United States; in 2004, CellaVision DM96 will replace it.

## **Sales, results, and investments in 2003**

The company sold 21 (16) systems and signed 3 (6) rental contracts. Net sales reached SEK 15.0 million—somewhat higher than in 2002 (13.7). Average net income per sold system is lower in 2003 compared to 2002, because of a sales mix that includes distributors and direct sales and because of currency exchange rates.

In December, orders totaled SEK 14.0 million, and the company delivered its first CellaVision DM96 order (for SEK 3.5 million) to Sysmex Europe. CellaVision entered 2004 with orders worth SEK 10.5 million, of which SEK 6.5 million will be delivered to Sysmex Europe, 3.5 million to Sysmex America, and 0.5 million to IZASA in Spain.

Total expenses amounted to SEK 39.9 million (54.0), excluding extraordinary items, financial expenses, and tax. During 2003, development expenses were capitalized for a total of SEK 0.6 million (1.0). Capitalized development write-offs of SEK 3.5 million (3.4) affected income for the period.

Goodwill has been amortized with SEK 1.3 million (1.6) and written-off by SEK

2.5 million. The company has also written-off the MICRO21 inventory in CellaVision Inc entirely in 2003 with SEK 1.2 million.

Tangible fixed-asset investments, such as computers, amounted to SEK 2.7 million (2.0), and depreciation of tangible fixed assets was SEK 2.0 (1.7). Before changes in working capital, the company's average monthly operating cash flow was SEK -2.4 million (-3.4).

## **Liquid assets and financing**

On 31 December 2003, liquid assets were SEK 5.1 million (39.2), including current investments. Before changes in operating capital, cash flow from running operations amounted to SEK -29.1 million (-41.1). On 31 December 2003, shareholders' equity in the company reached SEK 8.1 million (48.7), and shareholders' equity per share was SEK 0.60 (SEK 3.61), excluding outstanding warrants.

## **Financial and currency policy**

The company's financial and currency policy states:

- Once all expenses for running operations are accounted for, and there is a sufficient margin for unexpected events, then the surplus must be invested in highly rated interest-bearing securities and/or the surplus must be deposited in Swedish banks.
- All investment of surplus must be made in Swedish crowns. No investments in individual securities may exceed SEK 100 million. Contracted net flows in foreign currencies must be hedged to 100% within 6 months. Forecasted net flows must be hedged to 50% within 3 months.

## **The market during 2003**

Marketing and sales activity level for DiffMaster was continuously high in the European market. Six of the nine university hospitals in Sweden are currently using the CellaVision DiffMaster™ system in their routine analysis. In the Nordic countries this figure adds up to 14 hospitals.

The product launch and sales of CellaVisionDM96 in Europe started in Q4

2003. The DM96 was demonstrated at the Medica trade show in Düsseldorf and the Bio-tech show in Stockholm. During a US roadshow, the product was demonstrated for about 40 selected customers, and responses from the labs were very positive. The new product was primarily developed to fulfill capacity and speed requirements from high-volume labs. The DM96 will replace the MICRO21 in the United States; consequently, in December, CellaVision submitted an application to the FDA for DM96 approval.

CellaVision expanded and extended its partnership with Sysmex Europe, a Japanese company. Now, the exclusive-rights agreement is extended for another three years and covers the newly launched CellaVision DM96. CellaVision expanded into further European markets to cover Austria, Benelux, Germany, Greece, Switzerland, and Turkey.

In December, Sysmex Europe submitted an order worth SEK 10 million. Delivery started at year-end, with call-offs scheduled for 2004.

CellaVision signed an exclusive agreement regarding CellaVision DM96 for the US-market with Sysmex America Inc. Launch in the United States is expected to occur during 2Q 2004 after FDA clearance. At that time the first order, received when the contract was signed (worth SEK 3.5 million), will be delivered.

During the year, CellaVision's US subsidiary continued to market, sell, and provide direct support to CellaVision's customer base in the United States.

In all markets CellaVision has received full acceptance for the automated-microscopy and image-processing concepts and very positive response to CellaVision's products. But lead times are long (6–18 months), primarily because of customer need for new-technology evaluations and customers' financing processes.

#### **R&D**

Next-generation product development resulted in a rollout of the new DM96 in Europe. Now development is concentrated on adding new functions to the DiffMaster and DM96. At

year-end, the company's patent portfolio included 16 patents.

R&D expenses reached SEK 16.7 million (21.8). Of this amount, the company capitalized SEK 0.6 million (0.1) in 2003.

#### **Organization and employees**

The CellaVision Group consists of CellaVision AB, the parent company, and two subsidiaries: CellaVision International AB and Cella Vision Inc. At year-end, the Group employed 40 (46) persons in CellaVision AB and Cella Vision Inc. CellaVision International AB has no employees.

#### **The board**

The board held nine, minuted meetings in 2003; two were teleconferences. The board has appointed a committee to deal with financing issues. Each month, the board receives reports on the company's activities, cash flow, profit/loss, and financial position.

#### **Important events after year-end**

CellaVision concluded a new share issue on 23 January 2004. The issue was almost fully subscribed, and it brought SEK 33 million into the company. After the issue, 3i (Kompanjonfonden) became the second largest owner after H&B Capital. The Swedish Industrial Development Fund increased its shareholding from 4.0% to 7.7%. And SF, a new large owner, holds 4.5%. CellaVision has about 600 shareholders; 300 smaller shareholders subscribed for shares worth SEK 8 million.

The new issue was implemented without preferential rights for shareholders and was directed to the public, including existing shareholders in the company.

The basis of the board's decision on dividends was that existing shareholders that participated in the new issue would receive shares in proportion to the number of shares that they already owned. The new issue would be fully subscribed and would generate SEK 35 million before issue expenses. The proceeds should be used to:

- Finance continued commercialization of the company's products in the United States through distribution agreements and support via CellaVision Inc. In Europe,

through continued expansion and support of the distribution network.

- Continue product development within hematology.
- Improve the margin by lowering production costs.
- Develop the business model to be able to fill the market window and increase the proportion of recurring business.
- Increase sales to enable positive cash flow in 2005.
- Develop new product areas, alone or with partners, after achieving positive cash flow.

Besides the above items, the proceeds would be used to cover the company's operating capital needs up to the end of 2005.

The FDA cleared CellaVision DM96 in February 2004. The clearance was issued a month earlier than expected.

In February, the board of CellaVision AB decided to implement additional restructuring to cut operating costs, consequently, CellaVision AB in Lund notified five

employees of lay-off. Restructuring was done to achieve positive cash flow in 2005.

#### **Proposed treatment of loss—parent company**

Balance brought forward	0
The year's loss	42 138 881
<b>Total</b>	<b>42 138 881</b>

The board and CEO propose that accumulated loss of SEK 42,138,881 be balanced against the share premium reserve, which will be reduced by an equivalent amount. On 31 December 2003, the Group's accumulated loss was SEK 53,305,355. Appropriation of restricted reserves in the Group company is unnecessary.

#### **Annual general meeting (AGM)**

The AGM will be held on 22 April 2004 at 4 PM in CellaVision's offices at Ideon in Lund: Delta 5, Scheelevägen 19A, 3 tr.

# INCOME STATEMENT

Amount in KSEK	Note	Group		Parent company	
		1 JAN-31 DEC 2003	1 JAN-31 DEC 2002	1 JAN-31 DEC 2003	1 JAN-31 DEC 2002
Net sales	1	14 974	13 669	12 378	7 626
Cost of goods sold	8	-10 077	-8 762	-9 545	-7 042
<b>Gross profit</b>		<b>4 897</b>	<b>4 907</b>	<b>2 833</b>	<b>584</b>
Selling expenses		-13 301	-20 918	-6 522	-10 475
Administrative expenses		-10 512	-12 278	-10 512	-12 270
Research and development expenses		-16 094	-20 792	-16 094	-20 792
Extraordinary items <sup>1</sup>		-3 722	0	0	0
Other operating expenses		-626	-352	-626	-352
<b>Operating loss</b>	2, 3, 4, 5, 6, 7, 8	<b>-39 358</b>	<b>-49 433</b>	<b>-30 921</b>	<b>-43 305</b>
<i>Income/loss from financial investments</i>					
Interest income	9	304	1 799	1 350	5 797
Write-down of financial assets	11	0	0	-11 475	0
Interest expenses		-1 093	-1 425	-1 093	-1 496
<b>Loss after financial items</b>		<b>-40 147</b>	<b>-49 059</b>	<b>-42 139</b>	<b>-39 004</b>
Tax	10	309	-49	0	0
<b>Net loss</b>		<b>-39 838</b>	<b>-49 108</b>	<b>-42 139</b>	<b>-39 004</b>
Earnings per share		-2,95	-3,76	-3,12	-2,98
Diluted earnings per share		-2,95	-3,76	-3,12	-2,98

<sup>1</sup> Represent write-down of goodwill with 2,5 MSEK and MICRO21 inventory with 1,2 MSEK.

## BALANCE SHEET – ASSETS

Amount in KSEK	Note	Group		Parent company	
		31 DEC 2003	31 DEC 2002	31 DEC 2003	31 DEC 2002
<b>Fixed assets</b>					
<i>Intangible fixed assets</i>					
Capitalized development expenditures	5	8 409	11 332	8 409	11 332
Goodwill	6	0	5 060	0	0
<b>Total intangible fixed assets</b>		<b>8 409</b>	<b>16 392</b>	<b>8 409</b>	<b>11 332</b>
<i>Tangible fixed assets</i>					
Equipment	7	3 827	3 956	2 991	2 747
<b>Total tangible fixed assets</b>		<b>3 827</b>	<b>3 956</b>	<b>2 991</b>	<b>2 747</b>
<i>Long- term financial assets</i>					
Shares in group companies	11	0	0	100	100
Loans to group companies		0	0	0	18 604
<b>Total long term financial assets</b>		<b>0</b>	<b>0</b>	<b>100</b>	<b>18 704</b>
<b>Total fixed assets</b>		<b>12 236</b>	<b>20 348</b>	<b>11 500</b>	<b>32 783</b>
<b>Current assets</b>					
<i>Inventories</i>					
Finished products and goods for resale		6 410	7 253	6 410	4 852
Advances to suppliers		567	858	567	858
<b>Total inventories</b>		<b>6 977</b>	<b>8 111</b>	<b>6 977</b>	<b>5 710</b>
<i>Current receivables</i>					
Accounts receivable		4 520	3 655	4 153	2 173
Other receivables		696	743	667	739
Receivables, Group companies		0	0	490	2 800
Prepaid expense and accrued income	12	1 033	1 591	11 937	1 466
<b>Total current receivables</b>		<b>6 249</b>	<b>5 989</b>	<b>17 247</b>	<b>7 178</b>
Cash and bank deposits		5 068	39 239	4 169	38 404
<b>Total current assets</b>		<b>18 294</b>	<b>53 339</b>	<b>28 393</b>	<b>51 292</b>
<b>TOTAL ASSETS</b>		<b>30 530</b>	<b>73 687</b>	<b>39 893</b>	<b>84 075</b>

## BALANCE SHEET – SHAREHOLDERS' EQUITY & LIABILITIES

Amount in KSEK	Note	Group		Parent company	
		31 DEC 2003	31 DEC 2002	31 DEC 2003	31 DEC 2002
<b>Shareholders' equity</b>					
<i>Restricted equity</i>					
Share capital <sup>1</sup>		2 026	2 026	2 026	2 026
Other statutory reserves		2 207	2 207	2 187	2 187
Additional paid-in capital		57 141	96 145	56 265	95 269
<b>Total restricted equity</b>		<b>61 374</b>	<b>100 378</b>	<b>60 478</b>	<b>99 482</b>
<i>Retained losses</i>					
Balance brought forward		-13 467	-2 606	0	0
The year's result		-39 838	-49 108	-42 139	-39 004
<b>Total retained losses</b>		<b>-53 305</b>	<b>-51 714</b>	<b>-42 139</b>	<b>-39 004</b>
<b>Total shareholders' equity</b>		<b>8 069</b>	<b>48 664</b>	<b>18 339</b>	<b>60 478</b>
<b>Provisions</b>		<b>440</b>	<b>394</b>	<b>440</b>	<b>240</b>
<i>Long-term liabilities</i>					
Interest bearing payable to credit institutions	13	13 389	13 790	13 389	13 790
<b>Total long-term liabilities</b>		<b>13 389</b>	<b>13 790</b>	<b>13 389</b>	<b>13 790</b>
<i>Current liabilities</i>					
Liabilities to credit institutions	13	1 485	916	1 485	916
Accounts payable		2 048	3 363	2 025	3 286
Tax liability	10	0	49	0	0
Other liabilities		417	480	408	480
Accrued expense and prepaid income	14	4 682	6 031	3 807	4 885
<b>Total current liabilities</b>		<b>8 632</b>	<b>10 839</b>	<b>7 725</b>	<b>9 567</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>30 530</b>	<b>73 687</b>	<b>39 893</b>	<b>84 075</b>
Pledged assets	15	550	1 080	550	1 080
Contingent liabilities		-	-	-	-

<sup>1</sup> The share capital in the parent company is distributed, as per 31 December 2003, on 13 505 207 shares at a nominal value of 0.15 SEK each.

## Changes in shareholders' equity

Group	Share capital <sup>2</sup>	Other statutory reserves	Additional paid-in capital	Retained losses	Total
<b>Shareholders' equity 2001-12-31</b>	<b>1 930</b>	<b>2 207</b>	<b>129 506</b>	<b>-51 039</b>	<b>82 604</b>
New share issue	14	0	1 878	0	1 892
Appropriation of losses	0	0	-50 504	50 504	0
New share issue, Swedish Industrial Development Fund	82	0	14 918	0	15 000
Fundraising cost	0	0	-219	0	-219
Calculated interest on convertible loan <sup>1</sup>	0	0	566	0	566
The year's result	0	0	0	-49 108	-49 108
Translation difference	0	0	0	-2 071	-2 071
<b>Shareholders' equity 2002-12-31</b>	<b>2 026</b>	<b>2 207</b>	<b>96 145</b>	<b>-51 714</b>	<b>48 664</b>
New share issue	0	0	0	0	0
Appropriation of losses	0	0	-39 004	39 004	0
The year's result	0	0	0	-39 838	-39 838
Translation difference	0	0	0	-757	-757
<b>Shareholders' equity 2003-12-31</b>	<b>2 026</b>	<b>2 207</b>	<b>57 141</b>	<b>-53 305</b>	<b>8 069</b>
<b>Parent company</b>	<b>Share capital<sup>2</sup></b>	<b>Other statutory reserves</b>	<b>Additional paid-in capital</b>	<b>Retained losses</b>	<b>Total</b>
<b>Shareholders' equity 2001-12-31</b>	<b>1 930</b>	<b>2 187</b>	<b>128 630</b>	<b>-50 504</b>	<b>82 243</b>
New share issue	14	0	1 878	0	1 892
Appropriation of losses	0	0	-50 504	50 504	0
New share issue, Swedish Industrial Development Fund	82	0	14 918	0	15 000
Fundraising cost	0	0	-219	0	-219
Calculated interest on convertible loan <sup>1</sup>	0	0	566	0	566
The year's result	0	0	0	-39 004	-39 004
<b>Shareholders' equity 2002-12-31</b>	<b>2 026</b>	<b>2 187</b>	<b>95 269</b>	<b>-39 004</b>	<b>60 478</b>
New share issue	0	0	0	0	0
Appropriation of losses	0	0	-39 004	39 004	0
The year's result	0	0	0	-42 139	-42 139
<b>Shareholders' equity 2003-12-31</b>	<b>2 026</b>	<b>2 187</b>	<b>56 265</b>	<b>-42 139</b>	<b>18 339</b>

<sup>1</sup> This amount represent calculated interest on convertible loan from The Swedish Industrial Development Fund.

<sup>2</sup> Each share correspond to one vote per share and each shareholder, with the right to vote, may use all its voting rights without limitations at the annual general meeting. All shares bestow the same right to the Companys net assets and result.

## CASH FLOW STATEMENT

Amount in KSEK	<i>Group</i>		<i>Parent company</i>	
	1 JAN-31 DEC 2003	1 JAN-31 DEC 2002	1 JAN-31 DEC 2003	1 JAN-31 DEC 2002
<b>Operating activities</b>				
Operating loss	-39 358	-49 433	-30 921	-43 305
<i>Adjustment for non cash items</i>				
Depreciation of tangible/intangible assets	6 850	6 697	4 960	4 877
Write-down of inventory	1 189	600	0	0
Write-down of goodwill	2 533	0	0	0
Change in accrued expenses	-824	882	-11 602	259
Tax paid	309	-342	0	0
Interest income received	891	1 763	1 093	4 762
Interest paid	-668	-1 284	-668	-1 355
<b>Cash flow from operating activities before changes in working capital</b>	<b>-29 078</b>	<b>-41 117</b>	<b>-37 138</b>	<b>-34 762</b>
<i>Changes in working capital</i>				
Increase/decrease in inventory	724	-542	-1 267	-3 175
Increase/decrease in accounts receivables	-865	1 461	-1 981	421
Increase/decrease in other current receivables	-581	856	2 381	161
Increase/decrease in accounts payable	-1 308	-2 525	-1 261	-2 569
Increase/decrease in other current liabilities	-115	425	-73	-46
<b>Cash flow from operating activities</b>	<b>-31 223</b>	<b>-41 442</b>	<b>-39 339</b>	<b>-39 970</b>
<i>Investing activities</i>				
Capitalized development expenditures	-600	-1 003	-600	-1 003
Sales of tangible fixed assets	723	0	324	0
Acquisition of tangible fixed assets	-2 745	-2 190	-2 003	-545
<b>Cash flow from investing activities</b>	<b>-2 622</b>	<b>-3 193</b>	<b>-2 279</b>	<b>-1 548</b>
<i>Financing activities</i>				
New share issue	0	16 892	0	16 892
Payment from new share issue 2001 received 2002	0	22 301	0	22 301
Fundraising cost	0	-219	0	-219
Loans raised	661	669	661	669
Loans repaid	-916	-5 362	-916	-8 932
Long-term loan, Group companies	0	0	7 638	0
<b>Cash flow from financing activities</b>	<b>-255</b>	<b>34 281</b>	<b>7 383</b>	<b>30 711</b>
<b>Changes in cash and cash equivalents</b>	<b>-34 100</b>	<b>-10 354</b>	<b>-34 235</b>	<b>-10 807</b>
Translation difference	-71	-61	0	0
Liquid assets at year's start	39 239	49 654	38 404	49 211
<b>LIQUID ASSETS AT END OF PERIOD</b>	<b>5 068</b>	<b>39 239</b>	<b>4 169</b>	<b>38 404</b>

# Accounting principles

## General

The annual report was prepared according to the Annual Accounts Act and Swedish general accepted accounting principals. CellaVision follows all Swedish Financial Accounting Standards Council's recommendations and statements, except for RR27 (financial instruments: disclosure and presentation). During 2003, new recommendations from the Council went into effect, applicable for CellaVision are: RR22 (presentation of financial statements), RR25 (segment and geographic reporting), RR26 (events after the balance sheet date), RR27 (financial instruments: disclosure and presentation). The new recommendations do not impact the result and balance sheet for the company.

## Consolidated accounts

Financial statements include CellaVision AB (parent company), CellaVision International AB and CellaVision Inc. (wholly owned subsidiaries). The purchase method was used to prepare the consolidated accounts. Consolidation of subsidiaries' assets and liabilities are reported at market value, according to an acquisition analysis. If the purchase value exceeds net assets in the subsidiary, the difference between the purchase value and the estimated market value constitutes Group goodwill, which is amortized over an estimated economic life.

Internal sales and internal intercompany financial balances were eliminated from the Group accounts. The Group applies the current-rate method for translating foreign subsidiary accounts. All assets and liabilities in CellaVision Inc. are translated at the closing day rate<sup>1</sup>, while all items in the income statement are translated at the average rate<sup>2</sup>.

Translation differences occur because of (1) the difference between the income statement's average rate and the year-end closing-day rate and (2) net assets being translated at a different rate at the year's end compared to the rate at the year's start. The translation differences related to the net profit/loss and long-term financial intercompany balances are charged directly against shareholders' equity. For other

translation differences, see the "Exchange gains and losses" heading in this document.

## Revenue recognition

### When ...

Instruments are sold to end customers

### Then revenue consists of ...

Payment for instruments and software (SW) updates. Total revenue related to instruments and software updates is booked as income when principal risks and benefits associated with instruments are transferred to customers.

Instruments are sold to distributors

Payment for instruments and software updates. Total revenue related to instruments and software updates is booked as income when principal risks and benefits associated with instruments are transferred to distributors.

Service is sold to end customers

Payment for service of instruments. Revenue is accrued during the service contract's period and can come from one-time service and ongoing service contracts.

SW upgrades (new functions, technologies, or applications) are sold to end customers

Payment for SW upgrades. Revenue is accrued during the upgrade contract's period and can come from a one-time upgrade and ongoing upgrades contract.

Instruments are rented on a payment-per-analysis basis

Payments for instrument rental (period-based), service, and software updates.

Payment-per-analysis basis is made

Fixed and variable payments or just a fixed monthly payment. Variable payment depends on the number of analyses performed with the instrument. Revenue is accrued during the contract-specified period.

## R&D expenses

Research expenses are charged against the result as they occur. Development expenses for

<sup>1</sup> Closing day rate SEK/USD: 7.2750 (8.8250).

<sup>2</sup> Average SEK/USD: 8.0894 (9.7255)

forthcoming products are charged through the end of prototyping. Expenses are capitalized after that, and up to commercialization. Development expenses for existing applications and HW platforms are charged as they occur. To effectively manage expenses, the company uses cost accounting so that all R&D expenses are allocated to projects. Examples of expenses are:

- Goods and material
- Instruments
- Consultant's fees for conception and design
- Salaries and remunerations

Equipment and computer depreciation is not capitalized. At new product launch, a five-year depreciation schedule goes into effect.

### Exchange-rate profit and loss

Realized and unrealized exchange-rate differences and translation differences are reported as administrative expenses (i.e., differences related to operations-based costs and intercompany balances). Translation differences are reported as interest income and interest expenses (i.e., differences related to current financial intercompany balances).

### Intangible fixed assets

Intangible assets consist of capitalized development expenses and Group goodwill. All assets are reported at purchase value, less accumulated, scheduled depreciation.

### Tangible fixed assets

Tangible assets are instruments, equipment, and computers; all are reported at purchase value, less accumulated, scheduled depreciation.

### Depreciation schedule

Scheduled depreciation is based on an asset's purchase value and its estimated economic life:

- Development expenses, 5 years
- Group goodwill, 5 years
- Instruments, 5 years
- Equipment, 5 years
- Computers, 3 years

### If an asset's ...

Depreciation is imminent

Booked value is higher than its recovery value

### Then its ...

Recovery value is set.

Value is written down to its recovery value.

Recovery value is the highest of market value and usage value. Usage value is capitalized value of future payments that the asset generates.

### Leasing

The Group has no financial leasing agreements. Operational leasing primarily covers office rent, computers, and vehicles.

### Receivables and liabilities

Receivables are reported as expected, incoming amounts. Liabilities are reported as nominal amounts. For convertible, interest-free loans, the size of the loan's debt is calculated on the basis of actual market interest rate. The difference between the calculated amount and the formal amount is transferred to the share premium reserve as premium on shares that may be issued later. The reported loan debt is successively adjusted upward—up to the time that the conversion period ends, at an interest rate that enables the reported loan debt to agree with the nominal loan amount on the due date. Receivables and liabilities in foreign currencies were converted at the closing-day rate, and any unrealized exchange-rate effects were directly charged against the year's profit/loss.

### Inventories

Inventory is valued at the lowest of purchase value (FIFO method) and actual value (lowest value principle). Inventory includes ready-to-sell products and components for instruments.

### Cash flow statement

The cash flow statement was prepared according to the indirect method. Cash, bank balances, and current, 90-day investments are all reported as liquid assets.

### Pensions

Insurance companies took over all pension commitments.

### Segment reporting

CellaVision's operation covers only one business segment, that is, systems for automatic microscopy within hematology. The income statement and balance sheet report data on this primary segment. Geographic segments (Europe and the United States) are reported as secondary segments.

## Note 1 – 2B

### Note 1. Key data by geographic segment

CellaVision's operation covers only one business segment, that is, systems for automatic microscopy within hematology. The income statement and balance sheet report data on this primary segment. Geographic segments (Europe and the United States) are reported as secondary segments.

Data per geographical area	2003	2002
<i>External sales per geographical area</i>		
Europe (including rest of world)	12 378 <sup>1</sup>	6 467
USA	2 596 <sup>2</sup>	7 202
<b>Total</b>	<b>14 974</b>	<b>13 669</b>
<i>Assets per geographical area</i>		
Europe (including rest of world)	39 893	84 075
USA	2 244	7 049
<i>Investments in tangible fixed assets</i>		
Europe (including rest of world)	2 003	2 038
USA	742	545

<sup>1</sup>Of which 787 (515) are rental income.

<sup>2</sup>Of which 743 (1 181) are rental income.

### Note 2. Personnel

A. Average number of employees	2003		2002	
	Employees	Of which men	Employees	Of which men
Parent company	34	30	39	33
Subsidiary	4	2	6	3
<b>Total</b>	<b>38</b>	<b>32</b>	<b>45</b>	<b>36</b>
B. Salaries and other remunerations	2003		2002	
	Board, CEO	Other	Board, CEO	Other
Parent company	1 476	13 824	1 648	15 422
Subsidiary	0	2 596	0	3 674
<b>Total</b>	<b>1 476</b>	<b>16 420</b>	<b>1 648</b>	<b>19 096</b>

#### Executives

According to the AGM's decision, the board's remuneration is SEK 400,000 (400,000) of which the board chairman gets SEK 100,000 (100,000), up to the next AGM. This amount is provided for by year end. Salary and remuneration for the parent company's CEO is SEK 1,481,000 (1,567,000); this includes pension and excludes social charges. When terminating employment, the company must give the CEO 12-months notice, and the CEO must give 6-months notice. The CEO has the right to 12-months severance pay if (1) the company gives notice or (2) the CEO gives notice because of a serious breach of contract on the company's part. No additional severance pay is given. On 31 December 2003, the CellaVision AB board had seven male board members, and the Group's executive team consisted of six persons of which one is female (the CEO).

#### Absenteeism because of illness

During the 1 July 2003 to 31 December 2003 period, the company had no long-term absenteeism because of illness or disability. Total illness-related absenteeism during the period amounted to 0.5%. Female absenteeism was 0.2%, and male was 0.6%. Absenteeism among employees up to age 29 amounted to 0.4% and for ages 30 – 49, at 0.6%. CellaVision has fewer than 11 employees who are age 50+ and thus does not report absenteeism for this group.

## Note 2C – 5

### Note 2C.

C. Social security and pension expenses	2003		2002	
	Social security	Of which pension	Social security	Of which pension
Parent company	7 849	2 987	8 062	2 550
Subsidiary	515	339	1 025	158
<b>Total</b>	<b>8 364</b>	<b>3 326</b>	<b>9 087</b>	<b>2 708</b>

### Note 3. Audit fees

Fees paid to the companies auditors	2003		2002	
	Group	Parent company	Group	Parent company
Statutory audit	203	203	153	153
Other assignments	0	0	0	0
<b>Total</b>	<b>203</b>	<b>203</b>	<b>153</b>	<b>153</b>

### Note 4. Leasing expenses

	2003		2002	
	Group	Parent company	Group	Parent company
<i>Future leasing expenses referring to non terminable leasing agreements</i>				
- Within 1 year	2 224	2 084	3 258	2 889
- Later than 1 year but within 5 years	4 677	4 637	1 220	1 220
- Later than 5 years	0	0	0	0
<b>Total <sup>1</sup></b>	<b>6 901</b>	<b>6 721</b>	<b>4 478</b>	<b>4 109</b>

<sup>1</sup>Of which 5 831 (3 875) refers to office rent.

### Note 5. Capitalized development expenditures

	2003		2002	
	Group	Parent company	Group	Parent company
Opening balance	11 332	11 332	13 772	13 772
Acquisitions	600	600	1 003	1 003
Depreciations for the year	-3 523	-3 523	-3 443	-3 443
<b>Total</b>	<b>8 409</b>	<b>8 409</b>	<b>11 332</b>	<b>11 332</b>

## Note 6 – 8A

### Note 6. Goodwill

	2003		2002	
	Group	Parent company	Group	Parent company
Opening balance	5 060	0	7 823	0
Acquisitions	0	0	0	0
Depreciations for the year <sup>1</sup>	-1 294	0	-1 556	0
Currency translation difference <sup>2</sup>	-1 233	0	-1 207	0
Write-off	-2 533	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5 060</b>	<b>0</b>

<sup>1</sup> The depreciations for 2003 calculated to closing date rate amounts to 1 164 (-1 412).

<sup>2</sup> The group goodwill is accounted for in USD as it refers to the acquisition of assets in Triangle Imaging Inc.

### Note 7. Tangible fixed assets

	2003		2002	
	Group	Parent company	Group	Parent company
Opening balance	8 640	7 017	6 638	6 508
Acquisitions	2 745	2 003	2 038	545
Disposal	-1 649	-1 249	-36	-36
<b>Closing balance</b>	<b>9 736</b>	<b>7 771</b>	<b>8 640</b>	<b>7 017</b>
Accumulated depreciations, brought forward	-4 534	-4 270	-2 867	-2 867
Depreciations for the year	-2 033	-1 437	-1 698	-1 434
Reversal of accumulated depreciations on disposed assets	927	927	31	31
Accumulated depreciations carried forward	<b>-5 640</b>	<b>-4 780</b>	<b>-4 534</b>	<b>-4 270</b>
Currency translation difference	-269	0	-150	0
<b>Residual value</b>	<b>3 827</b>	<b>2 991</b>	<b>3 956</b>	<b>2 747</b>

### Note 8. Distribution of depreciations

A. Group	2003			2002		
	Cap.dev. expenses	Goodwill	Equipment	Cap.dev. expenses	Goodwill	Equipment
Cost of goods sold	-3 523	0	-541	-3 443	0	-194
Selling expenses	0	-1 294	-528	0	-1 556	-471
Administrative expenses	0	0	-141	0	0	-148
Research & development Expenses	0	0	-823	0	0	-885
<b>Total</b>	<b>-3 523</b>	<b>-1 294</b>	<b>-2 033</b>	<b>-3 443</b>	<b>-1 556</b>	<b>-1 698</b>

## Note 8B – 11

B. Parent company	2003			2002		
	Cap.dev. expenses	Goodwill	Equipment	Cap.dev. expenses	Goodwill	Equipment
Cost of goods sold	-3 523	0	-261	-3 443	0	-194
Selling expenses	0	0	-212	0	0	-207
Administrative expenses	0	0	-141	0	0	-148
Research & development expenses	0	0	-823	0	0	-885
<b>Total</b>	<b>-3 523</b>	<b>0</b>	<b>-1 437</b>	<b>-3 443</b>	<b>0</b>	<b>-1 434</b>

### Note 9. Profit on financial investments

	2003		2002	
	Group	Parent company	Group	Parent company
Interest income	304	1 100 <sup>1</sup>	1 799	2 797
Dividends from Group companies	0	250	0	3 000
<b>Total</b>	<b>304</b>	<b>1 350</b>	<b>1 799</b>	<b>5 797</b>

<sup>1</sup>Of which 827 (1 004) refers to transactions within the group.

### Note 10. Taxes

	2003		2002	
	Group	Parent company	Group	Parent company
Provisions in previous years	49	0	330	0
Tax paid	-49	0	-330	0
Provisions	-8	0	-49	0
<b>Tax reported</b>	<b>309<sup>1</sup></b>	<b>0</b>	<b>-49</b>	<b>0</b>
Loss carry-forwards	202 315	202 315	171 724	171 724
Deferred tax benefit not reported	56 648	56 648	48 083	48 083

<sup>1</sup>Including a tax refund of 317 referring to prior gains on sold warrants to employees.

### Note 11. Shares in group companies

	Corp. ID. nr.	Domi- cile	Number of shares	Par value	Capital and voting rights	Net book value
CellaVision International AB	556500-4299	Lund	1 000	100.000	100%	100.000
CellaVision Inc.		USA	10	1	100%	1 <sup>1</sup>

<sup>1</sup>In 2003 a shareholder capital injection was made of 11,5 MSEK to CellaVision Inc. from CellaVision AB. This injection was followed by a write-up of the net book value of the shares with the same amount. The reorganization of the CellaVision Inc's activities in the US, as a consequence after signing of the distribution agreement with Sysmex America Inc., justified a write-down of the share value to par value.

## Note 12 – 15

### Note 12. Prepaid expense and accrued income

	2003-12-31		2002-12-31	
	Group	Parent company	Group	Parent company
Office rent	515	515	755	755
Pension fees	118	118	132	132
Accrued interest income	0	0	253	253
Other	400	11 304 <sup>1</sup>	451	326
<b>Total</b>	<b>1 033</b>	<b>11 937</b>	<b>1 591</b>	<b>1 466</b>

<sup>1</sup>10,9 MSEK refers to CellaVision AB's acquisition of CellaVision Inc's customerdatabase.

### Note 13. Liabilities to credit institutions

	2003		2002	
	Group	Parent company	Group	Parent company
<i>Long-term liabilities</i>				
Landstingets fond för teknikupphandling och produktutveckling	3 389	3 389	4 215	4 215
The Swedish Industrial Development Fund <sup>1</sup>	10 000	10 000	9 575	9 575
<b>Total<sup>2</sup></b>	<b>13 389</b>	<b>13 389</b>	<b>13 790</b>	<b>13 790</b>
<i>Current liabilities</i>				
Landstingets fond för teknikupphandling och produktutveckling	1 485	1 485	916	916
The Swedish Industrial Development Fund	0	0	0	0
<b>Total<sup>2</sup></b>	<b>1 485</b>	<b>1 485</b>	<b>916</b>	<b>916</b>

<sup>1</sup>**The Swedish Industrial Development Fund**

At a special AGM in CellaVision AB the 11th of October 2002 it was decided to issue a convertible loan of 10 MSEK. An existing interest bearing loan from The Swedish Industrial Development Fund of 10 MSEK was offset against a new loan without interest. The right to conversion was not used. The loan without interest is due the 30th of June 2006.

<sup>2</sup>All liabilities to credit institutions are estimated to be repaid within 5 years.

### Note 14. Accrued expense and prepaid income

	2002		2003	
	Group	Parent company	Group	Parent company
Vacation reserve	1641	1 511	1 481	1 347
Directors fee	531	531	531	531
Social security expenses	850	850	883	870
Other	1 660	915	3 136	2 137
<b>Total</b>	<b>4 682</b>	<b>3 807</b>	<b>6 031</b>	<b>4 885</b>

### Note 15. Pledged securities

A bank guarantee of SEK 550,000 (1,080,000) was submitted to a supplier. The bank guarantee expires on 8 March 2004.

Lund, Sweden on 30 March 2004

Lars Gatenbeck  
*Board chairman*

Christer Fåhraeus

Peter Benson

Christer Pettersson

Matts Hertsberg

Christer Nilsson

Leif Smeby

Yvonne Mårtensson  
*CEO*

Our auditor's report was issued in Malmö, Sweden on 31 March 2004

Deloitte & Touche  
Per-Arne Pettersson  
Authorized Public Accountant

# AUDIT REPORT

To the general meeting of the shareholders of CellaVision AB

Corporate identity number 556500-0998

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of CellaVision AB for the financial year 2003-01-01 – 2003-12-31. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the loss of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Malmö, 31 March 2004

Deloitte & Touche AB

Per-Arne Pettersson  
Authorized Public Accountant

# FIVE-YEAR SUMMARY

## Income statement

All amount in KSEK	2003	2002	2001	2000	1999
Net sales	14 974	13 669	8 043	0	0
Cost of goods sold	-10 077	-8 762	-6 949	0	0
<b>Gross profit</b>	<b>4 897</b>	<b>4 907</b>	<b>1 094</b>	<b>0</b>	<b>0</b>
Selling expenses <sup>1</sup>	-13 301	-20 918	-17 737	-7 396	-1 425
Administrative expenses <sup>1</sup>	-10 512	-12 278	-13 185	-11 005	-6 968
Research and development expenses <sup>1</sup>	-16 094	-20 792	-23 509	-11 891	-4 268
Items affecting comparability	-3 722	0	0	0	0
Other operating income	0	0	370	0	1 599
Other operating expenses	-626	-352	-70	-66	-27
<b>Operating loss</b>	<b>-39 358</b>	<b>-49 433</b>	<b>-53 037</b>	<b>-30 358</b>	<b>-11 089</b>
Profit/loss on financial investments	-789	374	-19	447	-249
Tax	309	-49	0	-295	-67
<b>Net loss for the year</b>	<b>-39 838</b>	<b>-49 108</b>	<b>-53 056</b>	<b>-30 206</b>	<b>-11 405</b>

<sup>1</sup>The principal for allocating expenses between functions was changed during 2002. The income statements for prior years have been adjusted for comparability.

## Balance sheet

All amount in KSEK	2003	2002	2001	2000	1999
<b>Assets</b>					
Intangible fixed assets	8 409	16 392	21 595	17 215	12 730
Tangible fixed assets	3 827	3 956	3 771	1 758	1 370
Current assets	18 294	53 339	89 980	65 912	16 431
<b>Total assets</b>	<b>30 530</b>	<b>73 687</b>	<b>115 346</b>	<b>84 885</b>	<b>30 531</b>
<b>Shareholders' equity and liabilities</b>					
Shareholders' equity	8 069	48 664	82 604	66 673	21 691
Long-term liabilities	13 389	13 790	9 461	6 304	3 726
Current liabilities	9 072	11 233	23 281	11 908	5 114
<b>Total shareholders' equity and liabilities</b>	<b>30 530</b>	<b>73 687</b>	<b>115 346</b>	<b>84 885</b>	<b>30 531</b>

# FIVE-YEAR SUMMARY

Key data and ratios	2003	2002	2001	2000	1999
Shareholders' equity, KSEK	8 069	48 664	82 604	66 673	21 691
Capital employed, KSEK	22 944	63 369	102 427	77 977	25 895
Interest-bearing liabilities, KSEK	14 874	14 706	19 823	11 304	4 204
Net investments, KSEK	2 418	3 005	12 026	5 603	8 260
Cash flow, KSEK	-33 844	-44 635	-65 593	-32 029	-20 250
Interest coverage ratio	-128,63	-33,43	-40,48	-28,79	-14,95
Net debt/equity ratio	1,22	-0,50	-0,36	-0,74	-0,40
Equity/assets ratio, %	26	66	72	79	71
Percentage of risk-bearing capital, %	26	66	72	79	71
Return on equity, %	Neg.	Neg.	Neg.	Neg.	Neg.
Return on capital employed, %	Neg.	Neg.	Neg.	Neg.	Neg.
Average number of employees	38	45	42	31	19
Number of employees at end of period	40	46	49	39	23

## Capital employed

Total assets minus deferred tax liabilities and non-interest-bearing liabilities.

## Cash flow

Profit/loss after financial items plus depreciation, with deductions for tax paid, adjusted for a decrease/increase in working capital, excluding liquid assets, with deductions for net investments in fixed assets.

## Equity/assets ratio

Shareholders' equity in relation to total assets.

## Interest coverage ratio

Profit/loss after financial items plus financial expenses in relation to financial expenses.

## Net debt/equity ratio

Net debt in relation to shareholders' equity. (Net debt is loan debt minus cash at the period's end.)

## Net investments

Tangible and intangible investments, adjusted for divestments.

## Net profit/loss per share

Net profit/loss in relation to the weighted average number of shares. Splits and share issues are accounted for.

## Net profit/loss per share after full dilution

Net profit/loss in relation to the weighted average number of shares plus the number arising from full dilution. Splits and share issues are accounted for.

## Number of employees, average

Number of employees at month's end, divided by 12.

## Percentage of risk-bearing capital

Total of shareholders' equity and deferred tax liabilities in relation to the balance sheet total.

## Return on capital employed

Profit/loss after financial items plus financial expenses in relation to average capital employed.

## Return on equity

Net profit/loss in relation to average shareholders' equity.

## Shareholders' equity per share

Shareholders' equity in relation to the number of shares at year-end. Splits and share issues are accounted for.

## Shareholders' equity per share after full dilution

Shareholders' equity after dilution, in relation to the number of shares at year-end, if full dilution occurred. Implemented splits and share issues are accounted for.

Per share data	2003	2002	2001	2000	1999
Net loss, undiluted, SEK	-2,95	-3,76	-5,09	-3,52	-1,88
Net loss, diluted, SEK	-2,95	-3,76	-5,09	-3,52	-1,88
Shareholders' equity before dilution, SEK	0,60	3,61	6,42	6,55	3,01
Shareholders' equity after full dilution, SEK	2,09	6,04	7,41	9,85	4,42
Weighted average number of shares, undiluted	13 505	13 057	10 430	8 580	6 062
Weighted average number of shares, diluted	14 225	14 713	11 858	9 300	6 322
Number of shares at end of period, undiluted	13 505	13 505	12 865	10 179	7 210
Number of shares at end of period, diluted	14 225	15 184	14 293	11 630	7 810

## BOARD

\* Year of birth

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### Lars Gatenbeck, chairman

Djursholm, \*1956.

CEO and Partner in H&B Capital and Life Equity Sweden. Other board memberships: Aerocrine AB, Cancer-föreningen, Gatenbeck, Zakrisson&Partners AB, Hormos Medical Ltd, Neoventa Medical AB, and Profdoc ASA.

### Peter Benson

Copenhagen, \*1955.

Partner: Head of Life Science, Vækstfonden, Denmark. Other board memberships: Optovent AB, Alsensa Aps, and Virogates Aps.

**Shares in CellaVision:** 35,200 (via company)

### Christer Nilsson

Täby, \*1952.

Director and advisor within 3i Nordic plc. Other board membership: Accra Teknik AB.

### Leif Smeby

Lund, \*1944.

Research director at Gambro. Other board membership: SSF programs at Chalmers University.

**Shares in CellaVision:** 1,285

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### Christer Fåhraeus

Lund, \*1965.

Board chairman of Anoto Group AB. CellaVision's founder. CEO until July 1998. Other board memberships: Precise Biometrics AB, Respiratorius AB, and Fåhraeus Technology AB.

**Shares in CellaVision:** 1,827,445

### Matts Hertsberg

Stockholm, \*1953

Senior advisor, Nordlander & Roos Fondkommission AB.

### Christer Pettersson

Kista, \*1950.

Investment manager. Förvaltnings AB Metallica. Other board memberships: Time Care AB, STT Emtec AB, Prolight Diagnostics AB, and Elektron ESI AB.

# EXECUTIVE MANAGEMENT

\* Year of birth

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## **Yvonne Mårtensson, \*1953.**

CEO since 1998. Twenty years of international marketing and sales experience. Came to CellaVision from HemoCue AB, where she served her last two years as marketing and sales manager in the US. Board member of ProLight Diagnostics AB and Luab, Lund University's holding company. Member of the IVA-Connect jury for the emerging company of the year award and member of the Confederation of Swedish Enterprise's reference group on the Skåne-Öresund Business Council.

**Shares in CellaVision:** 15 000

**Warrants:** Right to subscribe to 80,000 shares.

## **Peter Åkerlund, \*1961.**

CFO. Employee since 1998. Extensive financial management and accounting experience, most recently in a Gambro Group position.

**Shares in CellaVision:** 5,000

**Warrants** Right to subscribe to 40,000 shares.

## **Johan Ericsson, \*1958.**

Vice president, Engineering. Employee since 2000. More than 10 years of experience in HW and SW development; held management positions the past six years. Came to CellaVision from Axis Communications AB, where he was general manager of engineering.

**Shares in CellaVision:** 2,000

**Warrants** Right to subscribe to 30,500 shares.

## **Lars Juliusson, \*1964.**

Sales director. Employee since 2000. Extensive experience in selling optical equipment. Came to CellaVision from Zeiss, where he was a sales manager for the microscopy division. CellaVision's Nordic sales manager since the autumn of 2000. Executive team member since March 2003.

**Warrants:** Right to subscribe to 25,000 shares.

## **Hans-Inge Bengtsson, \*1958.**

Quality assurance manager. Employee since 2001. More than 15 years of experience with blood analyses and clinical laboratories. Most recent employer was PolyPeptide Laboratory AB, where he worked as quality control manager.

**Shares in CellaVision:** 200

**Warrants** Right to subscribe to 26,000 shares.

## **Ron Hagner, \*1954.**

General manager, CellaVision Inc. Extensive sales and marketing experience within diagnostics. Was marketing and sales director for Intelligent Medical Imaging Inc. and for Triangle Imaging Inc. Appointed general manager of CellaVision Inc. in 2001, after acquisition of assets in Triangle Imaging Inc.

**Shares in CellaVision:** 1000

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