

»CellaVision has a strong market position with a unique concept that replaces manual microscopy and improves the process of blood analysis«

World leader

CellaVision develops and sells digital solutions for medical microscopy and is now a world leader in hematology.

CellaVision replaces manual microscopes with analyzers based on digital image analysis technology, artificial intelligence and IT. The solutions contribute both to more effective workflows and higher quality in laboratory medicine, an important part of the health care sector.

Read more about how we create value on page 5.



Sales since 2001

CellaVision was formed in 1994 in Lund by the entrepreneur and then medical student Christer Fähræus to develop an analyzer for automatic blood analysis. In 2001 the first analyzer was sold in Europe. Christer Fähræus is still one of the major shareholders and has been a Member of the Board since the company was founded.

Read more about our Board of Directors and Management Team on pages 36–37.



Reference library in your cell phone

The mobile app CellAtlas gives the user access to a reference library and can classify cells against the clock in the app's game. The app has been downloaded almost 90,000 times since its launch in 2011.

Read more about how we work closely with partners and customers in our strategies on pages 6–7.



Extended product portfolio

CellaVision's products help large laboratories to improve their processes for blood analysis. In 2013 the product portfolio was augmented with an analyzer that is integrated with our partner Sysmex automated analysis line, and software for quality assurance.

Read more about the offer on page 8.



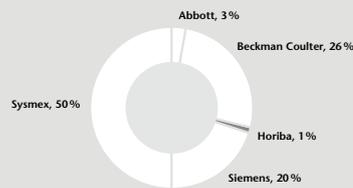
Hematology

CellaVision's products are mainly used in the hematology area of analysis. Hematology means the science of blood and its diseases, and is a medical specialty that researches and treats diseases of the blood and blood-forming organs. CellaVision operates in a sub-segment of the hematology market with great potential for further growth.

Read more about the market on pages 12–13.



Global partners



CellaVision's products are sold globally via the four foremost hematology companies in the world. Through strong partners CellaVision increases its visibility and its opportunities in the market.

Read more about our partners on page 15.



High customer value

–The solution acts like a “pathology filter”. Efficiently it sorts out the healthy patients so that we can spend time on the sick, important samples. It saves time and quality goes up!

Read more about how Jürgen Riedl at the Albert Schweitzer hospital in the Netherlands applies the new integrated DI-60 on page 9.

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2013 in brief

Q1

- Another distributor partner in the European market – Abbott.
- New product for quality assurance launched – CellaVision® Proficiency Software.
- CellaVision management team was strengthened with Karin Dahllöf as VP Sales and Marketing and Maria Morin as VP Human Resources.

Q2

- Disclosure of a new product – DI-60, that was integrated in our partner Sysmex automated line for blood analysis.
- CellaVision and Beckman Coulter increased their cooperation by adding EMEA to their global distribution agreement.
- Beckman Coulter's distribution agreement was extended by EMEA.
- Swedish quality assessment organization Equalis first customer of CellaVision® Proficiency Software.
- Magnus Blixt was appointed as new CFO and Göran Granqvist was appointed as VP Quality.

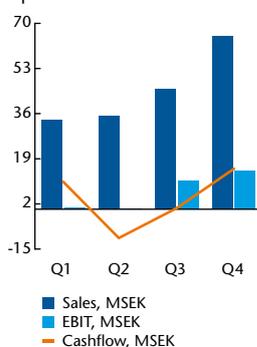
Q3

- The first major orders of the new DI-60 were delivered to Sysmex Europe and Japan.

Q4

- Strong sales growth in North America.
- Continued sales growth in the Asia Pacific region.

Financial performance per quarter 2013



(MSEK)	2013	2012	2011	2010	2009
Net sales	179.9	169.5	155.4	131.6	109.0
Gross profit	112.6	110.1	101.4	87.6	76.5
Operating profit	25.9	20.7	17.8	13.9	14.8
Profit before tax	24.7	18.6	18.5	10.7	14.2
Cash flow	11.6	-10.6	21.0	13.8	2.3
Number of employees	69	65	61	57	50

While every care has been taken in the translation of this annual report, readers are reminded that the original annual report, signed by the Board of Directors, is in Swedish.

CellaVision was awarded Best Optics and Photonics Company 2013, for its technology strength and contributions to laboratory medicine, and the LabTech Award for successful commercialization of an innovative product idea on a global market.





Strong close to the year

After a tough first half year I am proud of the closing we succeeded in achieving. I would like to give special thanks to our employees, whose efforts played a huge part in the second half recovery. We continue to have a strong position in the market that we will further strengthen.

Despite starting the year with relatively weak market and sales growth, we made good progress. Thanks to a recovery at the end of the year we achieved sales growth of six per cent and an operating margin of just over 14 per cent for the full year. Historically we have quarterly variations ending with a strong close to the year, but the two last quarters of the year were better than we could predict after the slow start. The underlying factors were our partners' vigorous efforts in the respective regions, initial sales of the new DI-60 and improved market conditions in the USA. Additionally, good cost control contributed to the positive performance.

We are getting closer to achieving our long-term targets for an operating margin of more than 15 per cent, with an average sales growth of 15 per cent. In 2013 the operating margin was 14.4 per cent and since the targets were first set in 2010, average sales growth has been 13.5 per cent. We are managing the company based on our strategies for growth to ensure we achieve these targets.

The strong second half year and the optimism we have means that the Board of Directors proposes an increased dividend of SEK 0.50 (0.40) per share.

Strategies for continued growth

CellaVision has a strong position in the market, with a unique concept that replaces manual microscopes and improves the blood analysis process. We continue to work on the basis of our overall growth strategy based on global expansion, partnerships and product development, and have taken important steps during the year. For example, we increased marketing efforts in Asia, expanded with several parallel distribution partners in Europe, launched two new products and trained new partners in our products and services.

Another step that will enable CellaVision's continued expansion is the strengthening of the management team with the addition of four members. A management team supplemented by new skills and broader perspectives will strengthen us in our continued development.

Good cost control

While growth is a priority objective, good cost control is of great importance. We have worked to strengthen our cash flow during the year, for example by optimizing inventory management. We are cost conscious in everything we do and early in the year

»We invest in the future with a focus on some of the most important priorities for CellaVision; product development close to the customer and support to our partners.«

employed some of our consultants in a move to adapt the business to resources.

In order to grow and strengthen our market position we must continue to be on the offensive. We invest in the future with a focus on some of the most important priorities for CellaVision; product development close to the customer and support to our partners.

Continued advancements

The objective of our development during the year was to be at the forefront of our field of technology. For the first time we integrated our world-leading technology with a partner's product line. The DI-60 product is the result of a long-standing sound partnership with Sysmex, but also a natural development of the product offer to the hematology market, in which automation is an important factor behind increased effectiveness. It is gratifying that the product was well-received by the market and its sales represent a considerable part of the upturn in the second half of the year.

CellaVision® Proficiency Software, our new web-based product for quality assurance, has also been well-reviewed by end customers and we are convinced that it will generate increasing revenue in 2014. We received further proof of our strength in product development and commercialization of ideas via the two Swedish industry awards we received during the year: The LabTech Award and the Best Phototonics and Optics Company award.

Sales of the products launched in 2012, CellaVision® DM96 Vet for the veterinary market and CellaVision® Image Capture System for small laboratories in networks, developed somewhat slower than we expected. On the other hand, sales growth for the new Citrix-adapted software for remote access was positive, mainly among North American customers.

To be able to retain our world-leading position, product development is continuing in collaboration with customers in our core areas of image analysis, artificial intelligence and automated microscopy. During the year we increased investment in software development and the first launch in 2014 will be an application for advanced analysis of red blood cells.

Global market initiatives

In 2013 our expansion in emerging markets continued according to plan. It is gratifying that our investments in Asia and the Pacific region have resulted in almost tripled sales compared with the previous year. Large parts of the substantial growth refer to China and Japan, with establishment of a market office in Shanghai as an important underlying factor.

Development in North America, Europe, the Middle East and Africa (EMEA) was weaker, however. Despite strong recovery, above all in the USA, in the latter part of the year the regions fell ten and six per cent respectively on a full year basis. Even if North America looks brighter, we do not as yet dare believe in a positive trend. The ongoing health care reform and economic austerity in the USA are still leaving their mark on the region. Growth in EMEA has been dampened due to prolonged investment cycles in Europe for our type of product. With increased partnerships in the region we are confident about the future.

Going forward we will continue our initiatives in

existing and new geographic regions; in the latter mainly focusing on more countries in Asia and the Pacific region.

Working close to partners and laboratories

CellaVision should be the natural choice for large laboratories. Our products are appreciated by laboratories, which is shown in our constant dialogue with partners and end customers as well as in our annual customer surveys.

In 2013 we developed our strategic partnerships to achieve a broad geographical market. Siemens started selling globally at the beginning of the year and in the EMEA region we broadened our sales channels by also signing agreements with Abbott and Beckman Coulter. In most geographical markets we are now in partnership with the four foremost players, which creates the conditions for increasing CellaVision's visibility and thus growth potential. During the year we also held discussions with the Chinese distributor Mindray. Our strategy includes continual evaluation of new opportunities and forms of cooperation.

Via our own sales organizations and market offices we give our partners training and support in the sales process while at the same time retaining the close, important dialogue with the end customer.

Corporate social responsibility

Corporate social responsibility is natural for CellaVision. We are able to contribute to a more sustainable society both by taking responsibility for our impact and by developing products that make health care more effective. Among other things in 2013, our environmental certification under ISO 14001 was important to CellaVision.

In the future we will increase our monitoring of sub-contractors and continue to improve our solutions for the benefit of better health care, user friendliness and the environment.

Well equipped for the future

In summary, 2013 was characterized by our strategically important initiatives in marketing, sales and product development which enable us to meet market needs with continued competitiveness.

For 2014 we believe in a continued positive trend with clear results from our visibility initiatives via partners and an increased product portfolio. Interest in CellaVision is growing and we have a stable foundation for continued sound and profitable growth that generates a return to our shareholders.

We look forward to building on the major potential that exists for further digitization of medical microscopy in hematology. In cooperation with partners and end customers we will continue to create values that allow more patients to receive better and faster care at a lower cost to health services.

Lund, March 2014

Yvonne Mårtensson,
President and Chief Executive Officer

»We look forward to building on the major potential that exists for further digitization of medical microscopy in hematology.«

CellaVision's value creation

CellaVision creates value by improving processes for blood analysis, enabling more patients to receive better and faster care at a lower cost to healthcare services.

CellaVision's core activities

CellaVision's core activities are digital image analysis of blood and other body fluids. Innovation is an important part of CellaVision's mission and its employees are the company's main resource. The company's coordinated competence transforms customers' needs into effective solutions for healthcare services.

CellaVision's employees have a high level of education and sound experience of the biomedical sector. Our employees' broad competence in product development, quality assurance, market establishment and market support is crucial to the company's development. The company has core technological expertise in image analysis, artificial intelligence and automated microscopy.

Corporate culture

CellaVision's corporate culture is characterized by understanding of the customer, quality awareness and ability to take action with responsibility, which is reflected in CellaVision's value-creating core values: Customer in focus, Initiative and Responsibility and Simplicity and Quality. Along with objectives, vision and guidelines, the core values inform the daily work and form a profitable corporate culture.

Offer to end customers

CellaVision offers digital solutions for medical microscopy in hematology. The end customers are large hospital laboratories and commercial laboratories. CellaVision's unique concept replaces manual microscopes and improves the blood analysis process. In that way more patients can receive faster care of better quality while healthcare services can use their resources better.

»Innovation is an important part of CellaVision's mission and its employees are the company's main resource.«

Vision

Our vision is to create a global standard for digital microscopy in the field of laboratory medicine. Our method provides the laboratory with competency and quality as well as freeing up time, which together imply cost-effectiveness and improved patient care.

Business concept

CellaVision develops and sells digital solutions for medical microscopy. We replace manual microscopes with analyzers based on digital image analysis technology, artificial intelligence and IT. Our systems contribute to more effective workflows and higher quality in laboratory medicine, an important part of the health care sector.

Strategic partnerships

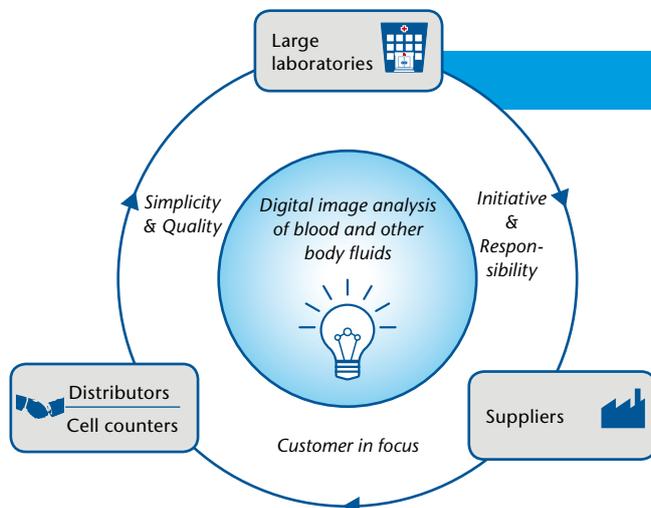
To achieve scalability in manufacture and sales CellaVision works with strategic partners.

Suppliers

CellaVision's analyzers are manufactured in Sweden on contract by Kitron. The company has direct agreements with selected sub-contractors for key components.

Distribution via suppliers of cell counters

CellaVision's solution is the last step in a blood analysis process, in which the cell counter is central. Agreements with foremost suppliers of cell counters are therefore strategically important so as to reach end customers cost effectively. CellaVision partners have a broad range of products and global salesforces with local knowledge. CellaVision's own organization supports its partners in the sales process.



BUSINESS MODEL

CellaVision's value creation

- Faster and better care for patients
- Better utilization of resources in healthcare services
- More effective tools for partnerships and quality assurance

Market drivers

- Ageing population and increased prosperity
- Reduced health care resources
- Consolidation of health care resources

Our objectives

Our objective is to create a global standard for digital microscopy in the sub-field of hematology, aiming in the long term to be a world leading supplier in several sub-fields of laboratory medicine. The objective breaks down into important financial and operational targets.



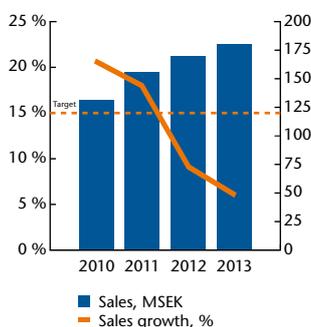
»Our objective is to create a global standard for digital microscopy in the sub-field of hematology«

Sales growth ≥15%

Increase sales over an economic cycle by an average of at least 15 per cent per year.

Outcome 2013

Sales growth was 6 per cent for 2013 and since the target was set in 2010 average sales growth has been 13.5 per cent. The outcome is mainly due to weakness in CellaVision's main markets during the year.



Achieving the target requires continued global expansion in accordance with the strategy.

Operating margin >15%

The operating margin is to exceed 15 per cent.

Outcome 2013

The operating margin was 14.4 per cent for 2013. The improved margin is mainly due to growth with good cost control.

Achieving the target requires continued expansion with sustained margins.



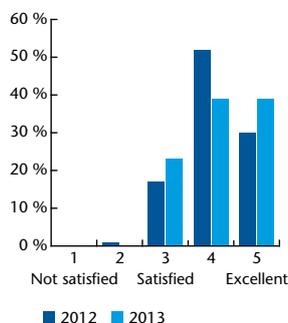
Satisfied customers 100%

Satisfied customers are a precondition for growth. The target is that all CellaVision's customers should give the product a total score of satisfied or better¹.

Outcome 2013

In the customer survey conducted in early 2013, 100 per cent of those asked stated that they were "satisfied" or better with our products. This means we have achieved our target.

To continue to have satisfied customers there must be close cooperation with partners and end customers.



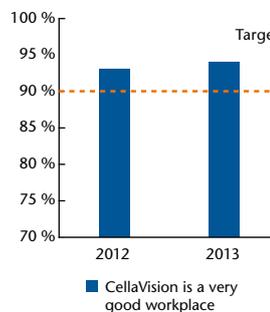
Committed employees ≥90%

CellaVision's employees are the company's most important resource. The target is that at least 90 per cent should agree with the statement "All in all, I would say that CellaVision is a very good workplace". This is followed up annually in employee surveys².

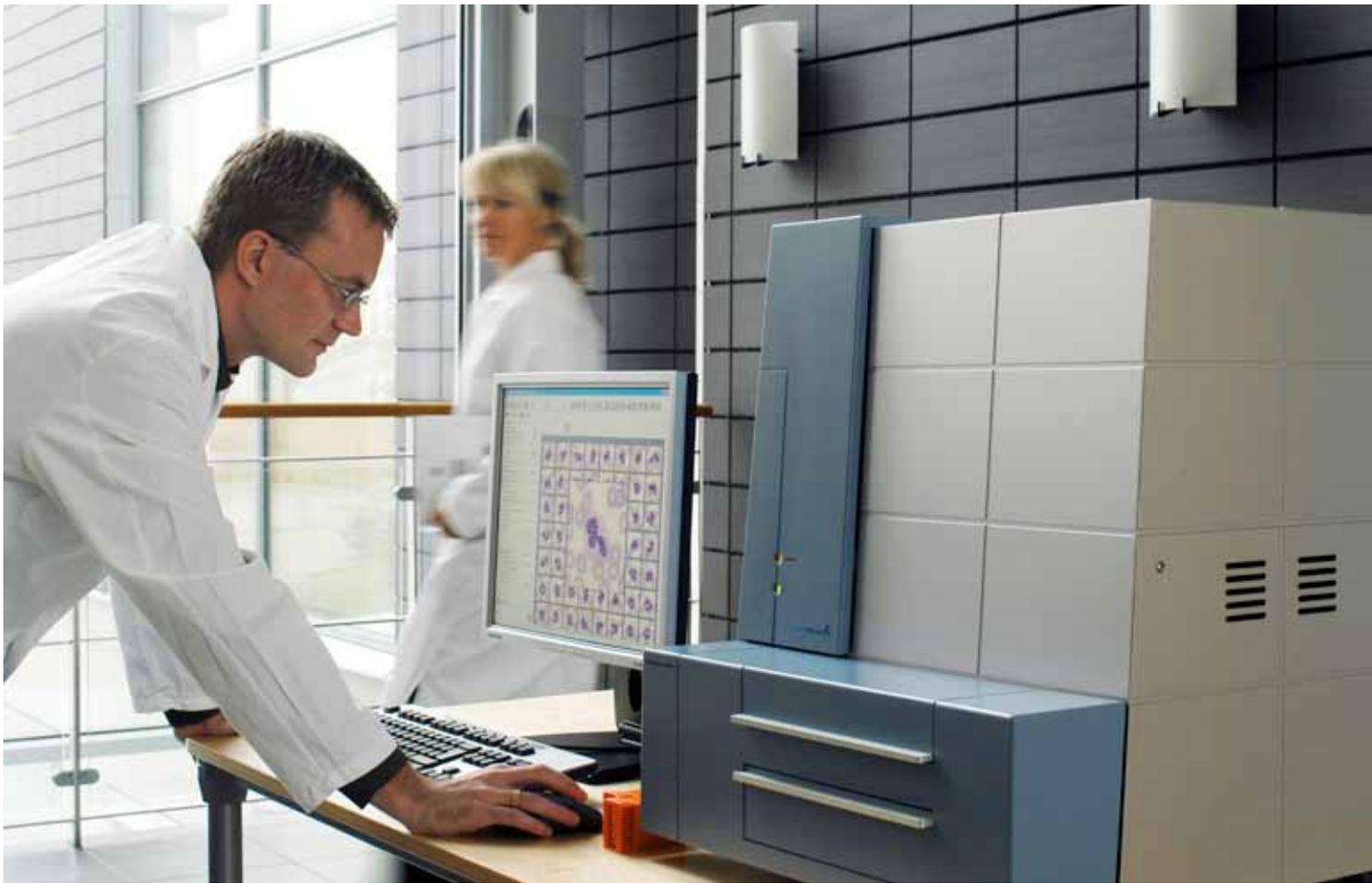
Outcome 2013

In the employee survey for 2013, 94 per cent of employees agreed with the statement "All in all, I would say that CellaVision is a very good workplace".

The employee survey, along with performance reviews form the basis of how CellaVision is to work to retain employees' well-being and commitment.



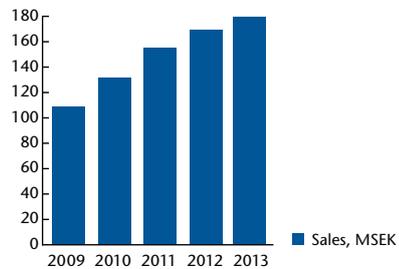
For source references, see page 57.



Five strategies for growth

CellaVision's overall growth strategy is based on global expansion, partnership and product development. Growth takes place through focusing on customers and the market. Our goal is for our analytical method to be standard in hematology at clinical laboratories throughout the world.

Here below are our strategies, with some examples of activities during the year, as well as our future focus.



Strategies

1

Global expansion

CellaVision is to focus on clinical hematology laboratories that are technologically mature and handle high volumes of samples, demanding high capacity. These laboratories are mainly found in existing markets, but we will also be open to utilizing opportunities in new geographical markets.

2

Partnerships

CellaVision is to reach a broad geographical market by collaborating with strong, global partners with a local presence. Our own sales organizations and market offices are to provide support and continuous training to partners during the sales process. We are also to be open to new opportunities and forms of collaboration.

Activities

- During the year work has continued to increase penetration of both existing and new markets, with increased efforts in China, among other markets.
- In 2014 the growth region of Asia and the Pacific will continue to be in focus.

- CellaVision broadened its sales channels during the year. In Europe, the Middle East and Africa CellaVision sells via all four major actors in the market and globally via three of the four major actors.
- In 2014 focus will be on activities to intensify collaboration; for example training, service and market support.

Strategies

Product development

CellaVision is to grow through broadening its offer to its existing customer group. In parallel we will investigate opportunities to commercialize new segments or areas of analysis. We seek the best solution and will preferably develop it ourselves, but the strategy also includes development through partnerships.

Close customer relations

We will work closely with partners and end customers to ensure that our solutions meet market requirements for quality, function and user-friendliness. Only through satisfied customers can we continue to grow and develop.

Strong corporate culture

Job satisfaction and the commitment of CellaVision's employees are preconditions for creativity, development, profitability and low staff turnover. Our corporate culture is characterized by understanding of the customer and ability to take action with responsibility. We have a widespread spirit of willingness to participate and make improvements, which contributes to the company's positive development.

Activities

– Two new products were launched during the year, the DI-60 and CellaVision® Proficiency Software.
– In 2014 CellaVision will launch more products to the existing target group, including an application for advanced analysis of red blood cells.

3

– During the year we have trained new partners in our products, service and corporate culture at the head office in Lund.
– In coming years we will continue to strengthen the dialogue with partners and end customers. For example, CellaVision's trade blog that incorporates a function to share interesting cells with colleagues.

4

– In 2013 the gender distribution at CellaVision was evened out through the employment of more women in leading positions.
– CellaVision works continuously to create conditions for job satisfaction and commitment at the workplace. In 2014 strategy and objectives will be in focus.

5



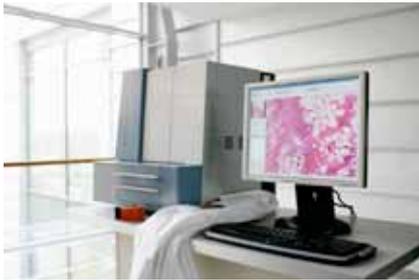
Interest in CellaVision's concept is increasing and we have confidence in our ability to utilize the great potential for further market penetration that exists.

Product offer

CellaVision's product offer consists of analyzers and supplementary software and peripheral equipment. The systems replace manual microscopes and create the conditions for an effective analysis process aimed at delivering high-quality care.

For the healthcare market

Analyzers



CellaVision DM96
Continuous feed with loading capacity of 96 slides



CellaVision DM1200
Continuous feed with loading capacity of 12 slides
DI-60

Integrated with Sysmex automated analysis line for hematology. Automated sample feeding.

The instruments are to be loaded with software for analysis of blood and other body fluids:

CellaVision® Peripheral Blood Application
Software for white blood cell differential, red blood cell characterization and platelet estimation.

CellaVision® Body Fluid Application
Software for a preliminary differential of nucleated cells in body fluids, including cerebrospinal, pleural and synovial fluids. Provides an overview of the entire sample area.

Products for collaboration and quality assurance

CellaVision® Remote Review Software
Software for remote access work. Makes it possible for staff located outside the laboratory to view results on-line and provide consultations. For customers using Citrix for their IT administration there is an adapted version, CellaVision® Remote Review Software Citrix Ready.

CellaVision® Image Capture System
Equipment for digitization of white blood cells using an existing microscope. Used by small laboratories working in networks. Digital cell images are captured and transmitted through a network for review in a CellaVision analyzer.

CellaVision® Proficiency Software

Web-based software for quality assurance and training. Used internally at laboratories or via external quality assurance organizations and educational units.

CellAtlas®
CellAtlas® is a free mobile app with a reference library of cells and a game in which you classify cells against the clock, an effective marketing tool.

For the veterinary market

CellaVision DM96 Vet
Analyzer for commercial veterinary laboratories with large volumes of samples. Continuous feed with loading capacity of 96 slides.

CellaVision® Peripheral Blood Application Vet
Software for white blood cell differential, red blood cell characterization and platelet estimation.

CellaVision® Remote Review Software Vet
Software for remote access work. Makes it possible for staff located outside the laboratory to view results on-line and provide consultations.

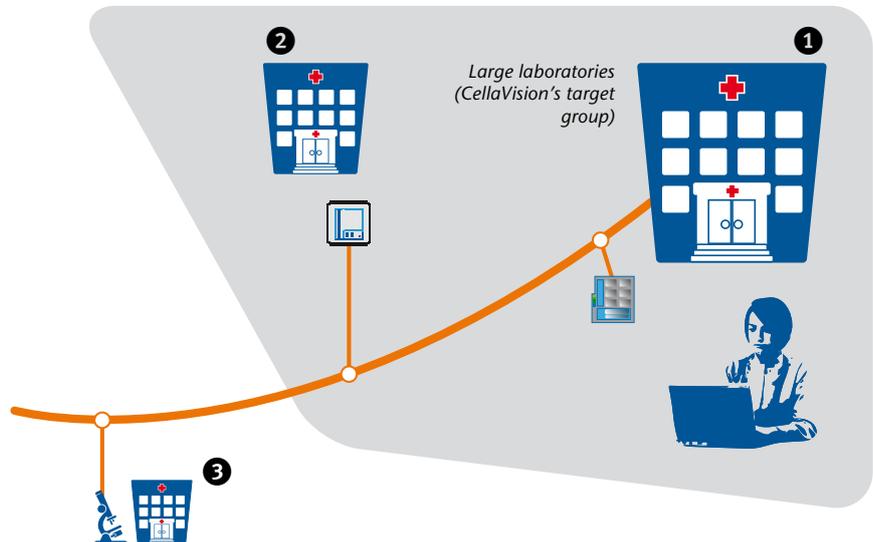
Efficient collaboration within a hospital group

1 Very high-volume testing
Laboratory fully staffed 24/7. Analyses blood and body fluid in a CellaVision® DM96 or DI-60. Offers expert consultation to small units via CellaVision® Remote Review Software.

2 High-volume testing
Laboratory fully staffed during daytime. Analyses blood in a CellaVision® DM1200. For critical samples an expert on call at a larger hospital is consulted using the CellaVision® Remote Review Software.

3 Low-volume testing
Small laboratory with limited resources. Digitizes blood cell images with CellaVision® Image Capture System and transmits them for review at a larger laboratory with access to CellaVision® DM96 or DM1200.

Within the hospital group, CellaVision® Proficiency Software, CellAtlas® and CellaVision's blog are used for internal quality assurance and regular competency development.



Application area

Hematology means “the science of blood and its diseases” and is a medical specialty that researches and treats diseases of the blood and blood-forming organs.

A routine analysis

When a hematological disease is suspected a complete blood count is the first test ordered by healthcare services. A complete blood count is one of the world’s most common diagnostic tests and is routinely used to obtain an overall status of different cells in the blood. The main part of the samples can be analyzed using cell counters, which are available at most hospital laboratories.

In some cases the blood sample requires more specialized assessment. Experienced staff then examine the distribution and appearance of the blood cells; that is size, color and shape, either using CellaVision’s system or a traditional microscope. In technical

language this analysis is called a manual differential blood count.

Detects diseases of the blood

The need for specialized analysis arises for example when the patient has immature or malignant cells in their blood. This may be the case in hematological disorders, such as anemia, low platelet count (thrombocytopenia), cancer of the blood (leukemia) and various tumor diseases, including lymphoma. Both children and adults can be affected.

Analysis of blood cells in other body fluids, such as cerebrospinal fluid, lung fluid and synovial fluid in CellaVision’s system follows more or less the same procedure as for blood but the volumes analyzed are considerably lower. The existence of cells or changes in cells may indicate infection, inflammation or cancer.

Automated analysis chain

- 1 Taking samples**
Blood samples are taken at health centers or hospitals and sent for analysis to a clinical laboratory specializing in hematology and clinical chemistry.


- 2 Analysis by cell counter**
The main part of the samples can be analyzed using cell counters, which are available at all clinical chemistry laboratories.


- 3 More specialized analysis in CellaVision’s analyzer**
The need for a specialized analysis in CellaVision’s analyzer arises when the patient has immature or malignant cells in their blood.





“Now we can spend time on the sick, important samples”

Sysmex’s haematology equipment now integrates CellaVision’s image analysis. The laboratory at Albert Schweitzer Hospital in Dordrecht in the Netherlands is one of the first laboratories in the world using this new solution. We spoke to Jürgen Riedl about the benefits of the new Sysmex analysers.

What are the advantages of Sysmex’s new fully automated analysis line?

Our ambition is to run the lab in an efficient manner so that more patients can receive better care with shorter response times, at a lower cost. Through increased automation, we come closer to that goal.

The solution is changing the way hematology is performed. In what ways?

With the new Sysmex equipment, the sample is on the track from start to finish, until we have seen the result and have been able to assess it. The solution acts like a “pathology filter”. Efficiently it sorts out the healthy patients so that we can spend time on the sick,

important samples. It saves time and quality goes up!

The automated hematology solution of both CellaVision and Sysmex also helps us to handle larger sample volumes. Due to the integration of several laboratories our number of samples is increasing.

What are the patient benefits?

A quick response allows the doctor to immediately start treatment. If a malignant blood disease can be detected and treated at an early stage, the probability of a recovery is significantly larger. For some acute hematology diseases a quick diagnosis is even crucial for patients’ survival, such as Thrombotic thrombocytopenic purpura (TTP), requiring immediate treatment.

Jürgen Riedl, Ph D,
Medical Hematology Director,
Clinical Chemistry Laboratory, Albert Schweitzer Hospital, Dordrecht, The Netherlands



In comparison with a manual microscope the advantages of CellaVision's solution are mainly related to speed and competence.

Method

Identifying area for analysis

Manual method

A technologist navigates round the slide to find the correct area for analysis, a time-consuming and labor-intensive method that can lead to repetitive strain injury to the neck, back and eyes.

Analysis time is cut by half using the automated method ----->

Automated method

CellaVision's analyzers identify and take images of the different cells. Automation frees time for the staff and improves workflow, which contributes to cost savings. Studies show that analysis time can be cut by up to 50 per cent. In addition there are considerable ergonomic gains from looking at images on a screen instead of sitting at a microscope.³

Sample assessment

The technologist classifies the cells manually. The quality of the test result is influenced by the person's education, experience and competence. The microscope only allows one user at a time, which makes discussions with colleagues more difficult. Training is done with the help of dual headed microscopes or atlases of cell images.

Quality of test results is higher using the automated method ---->

The system pre-classifies the cells. The cell images are magnified and shown directly on a screen, which facilitates the final sample assessment. CellaVision's method promotes cooperation and the transfer of competence between colleagues. Reference libraries and proficiency tests using digital cell images make training easier and more effective.

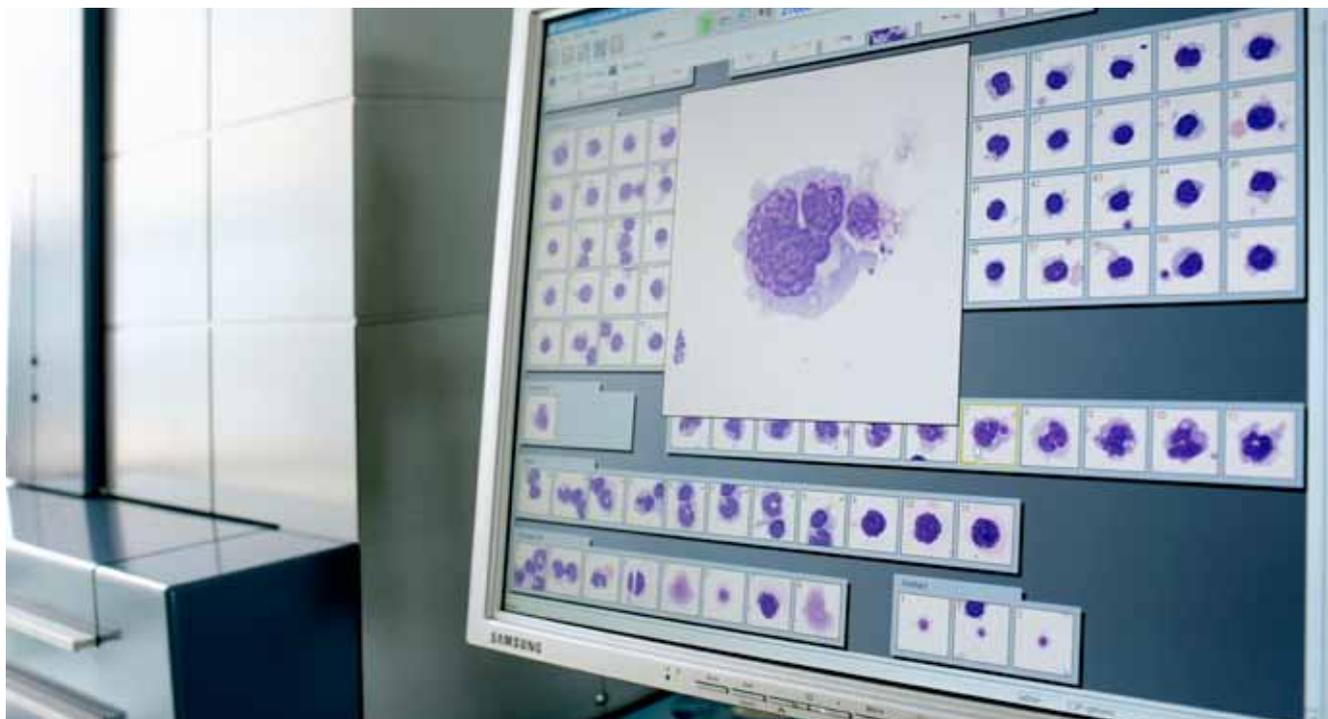
Consulting expert

Samples that are difficult to interpret sometimes require consultation with experts at other units. These samples are often sent by courier, which may mean delayed response times for the patient. Slides are saved for a time, usually a week, so that they can be reexamined if necessary for patient follow-up.

Response times are shorter using the automated method ----->

Digital cell images and test results can be examined regardless of time and place and facilitate consultation with experts at other units or hospitals. Remote access enables response times to be cut from days to minutes, while access to more specialists gives a better quality of analysis. Digital archiving of cell images and analysis results makes it easy to follow patients over time.

For source references, see page 57.



Technology

CellaVision's technology is unique within autofocus and image analysis. Through the years our product development has generated 22 patented inventions and 47 patents.

Level of innovation of the technology

Developing a reliable high speed analyzer with high image quality, automatic classification of cells and functions for integrating IT solutions is a great challenge. Successful innovation not only builds on science and technology, but also on development together with customers. So far only CellaVision has achieved compliance with the respective regulatory safety and quality requirements and succeeded in commercializing its products in a global market.

In 2013 CellaVision was recognized for its high degree of innovation. In the autumn CellaVision was awarded PhotonicSweden's industry award for successful contributions to laboratory medicine due to its technology strength within the field of optics and phototonics. At the end of the year CellaVision also received the LabTech Award for successful commercialization of an innovative product idea on a global market.

Imitates human senses

In a certain sense CellaVision's analyzers imitate human senses. A neural network imitates the human brain and its way of processing signals. The digital camera replaces the human eye's recording of information.

Inside the analyzers an inbuilt microscope, a digital camera, high-precision mechanics, advanced image analysis software with patented autofocus systems and artificial neural networks all interact. Using these functions the analyzer identifies, photographs and pre-classifies cells in blood and other body fluids.

The software contains advanced algorithms for

digital image analysis and cell identification. Neural networks recognize, distinguish and classify cells. With the help of databases and software for communication health care professionals outside of the laboratory can view digital cell images and results.

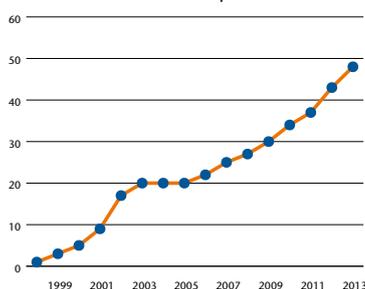
Patents

Since its formation, CellaVision has built up a technology platform that forms the basis of the company's product development. The technologies are protected from infringement with the help of a patent portfolio that currently consists of 22 patented inventions, which to date have generated 47 patents. In 2013 CellaVision obtained patents for two new inventions and a total of four national patent applications were granted. Most of the company's patents are in the technology fields of image analysis and precision mechanics.

Possible areas of application

Microscopic analyses are made in a number of other sub-fields in laboratory medicine, such as tissue samples (pathology) and cell tests (cytology). CellaVision's long-term strategy includes investigating the possibility of introducing the company's technology in these areas too.

Accumulated number of patents



»In a certain sense CellaVision's analyzers imitate human senses.«



Market with great potential

»In that way CellaVision has created its own part of the market – digital medical microscopy in hematology«

There is great potential on CellaVision’s target market to take further market share. The market has three main drivers that form the basis of efforts to achieve continued growth.

CellaVision provide automation

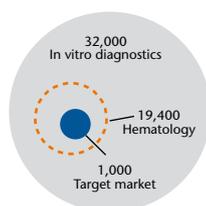
Based on the demands of clinical laboratories for faster and higher quality analyses, CellaVision produced its first analyzer for automated blood analysis. CellaVision’s solutions automate the work that laboratory staff traditionally carry out using manual microscopes. Test results are saved digitally with images of blood cells and other patient information. CellaVision’s solution creates more effective workflows at the laboratory and more qualitative analyses and standardized test results⁴. In that way CellaVision has created its own part of the market – digital medical microscopy in hematology. Of all digital image analysis instruments, 90 per cent installed today come from CellaVision⁵.

Size of the hematology market

A complete blood count is now one of the world’s most common tests at clinical laboratories and is carried out in both human and veterinary diagnostics. In total 3.8 billion human blood analyses are carried out in cell counters per year and the value of the hematology market is estimated to be approximately SEK 19 billion*. The market is growing annually on

* The higher figures for complete blood counts and the hematology market respectively are mainly due to the fact that cell counters have started to be used in growth regions such as China, which now generate reliable market statistics.

Annual market values, MSEK



For source references, see page 57.

average by about 2 per cent and the USA is the largest market, followed by the Asia Pacific region which during 2012 passed Europe in size. Several emerging markets, such as China, are growing rapidly and have developed substantially in 2013.⁶

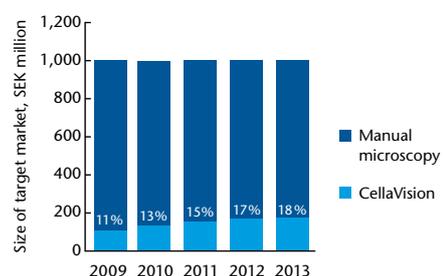
The hematology market is relatively mature – but with great potential for digitalization – and is characterized by large-scale procurements. Price, product innovations and integrated offers from one or more companies in partnership are important competitive factors. Customers’ inclination to invest in laboratory equipment generally follows the macroeconomic trend.

CellaVision’s annual target market

CellaVision operates in a sub-segment of the hematology market, which in turn is part of the in vitro diagnostics (IVD) market. Laboratories usually invest in CellaVision’s products when they are replacing cell counters and the value of the global market for CellaVision products is estimated to be at least seven billion SEK to the point of distribution.

The laboratories carry out procurements of analyzers at intervals of about seven to ten years, which means that the average annual target market for CellaVision’s products is about one billion SEK⁷. CellaVision’s share of the target market has grown over the years and in 2013 was about 18 per cent. Great potential remains for continued growth in the target market.

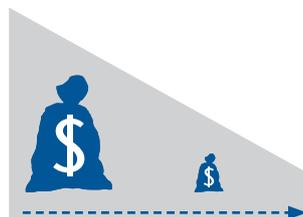
Share of annual target market 1 billion SEK



Three market driving forces

The global population is getting older and prosperity increasing. Every tenth person in the world today is over 60 years of age, a share that is expected to double by 2050⁸. This will require increased capacity and efficiency in health care.

1 Ageing population and increased prosperity

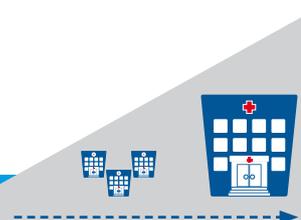


The laboratory market is characterized by increased cost pressure and skills shortages, which means that users and suppliers will be required to be more effective and time-efficient⁹.

2 Reduced health care resources

The market is continually driven towards consolidation in the form of increased cooperation and mergers between hospitals and laboratories¹⁰.

3 Consolidation of health care resources



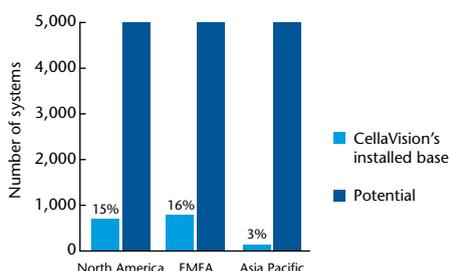
CellaVision's target group

The customer market mainly consists of large laboratories, mid-size laboratories and small laboratories. CellaVision's target group is technology-mature laboratories that handle large volumes of samples with high capacity requirements. These criteria mainly correspond to large laboratories and commercial laboratories, but to some extent also to mid-size laboratories. High-volume testing is an important factor for enabling the laboratory to profit from an investment in CellaVision's solution.

Market potential

Industry statistics show that the installed base for cell counters in mid-size and large laboratories globally is about 30,000 units¹¹. About 15 per cent of the samples analyzed in cell counters require further analysis, either in CellaVision's analyzer or in a manual microscope. CellaVision's customers on average have at least two cell counters and one CellaVision analyzer to handle their sample volumes¹². The potential world market is estimated to be about 15,000 systems; about 5,000 in North and South America and 5,000 in Europe, the Middle East and Africa (EMEA) and 5,000 in Asia and the Pacific region.

Accumulated share of potential global market, 15,000 systems



To date CellaVision has penetrated 11 per cent of the potential world market, where the emphasis so far is on North America and Europe. The greatest development potential is in the market in Asia and the Pacific region, where CellaVision's growth has been greatest during the year.

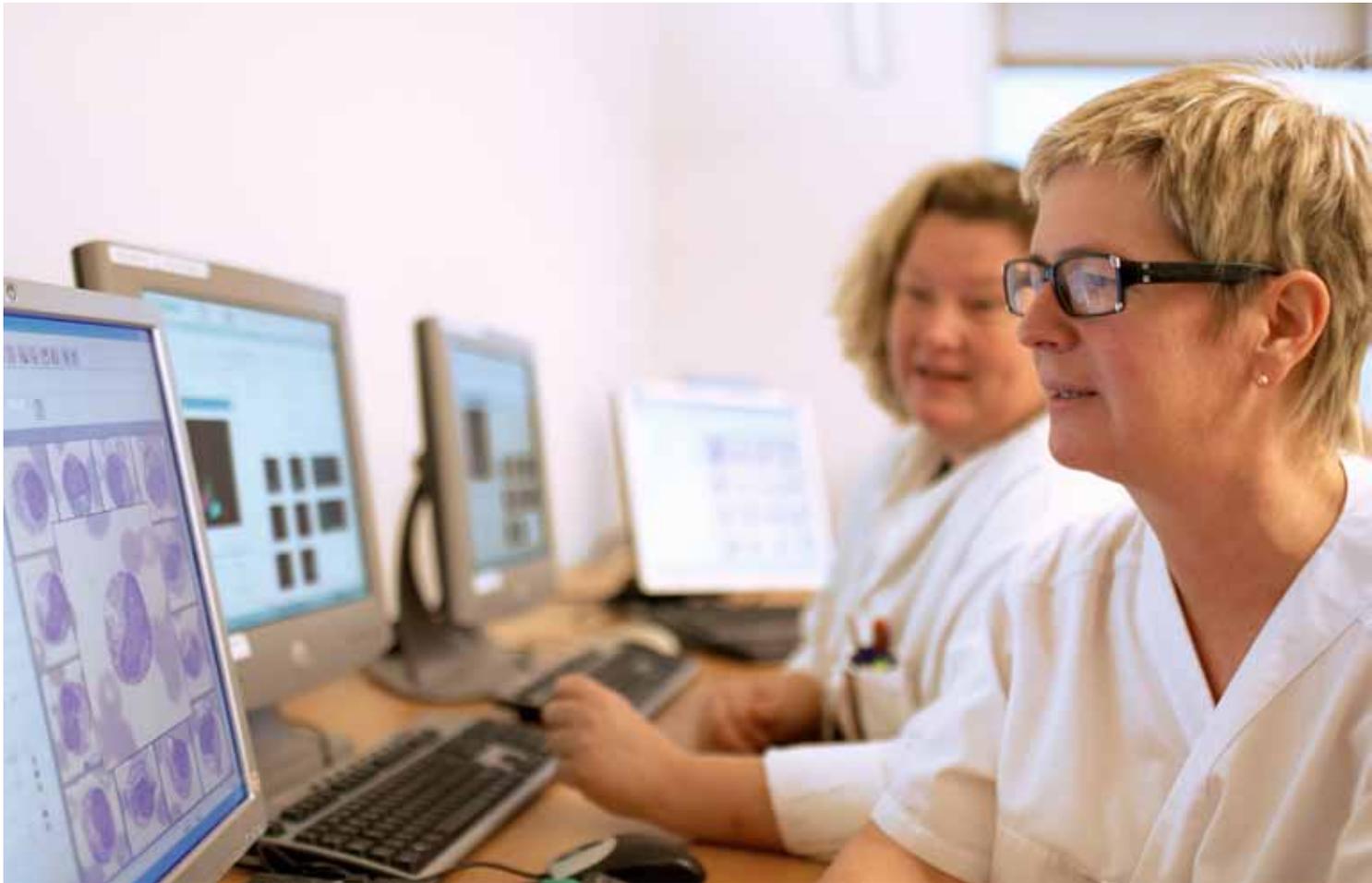
Market driving forces as a basis

Based on the three market driving forces described above, the need for technology to increase effectiveness and reduce costs is great. Laboratories do not want to handle samples manually, either during analysis or when they are being transported. Modern IT allows new working procedures using for example improved communication and remote medical care (telemedicine). Using digital image analysis interesting cells can be studied more closely and it is simpler to archive and share discoveries of interesting cells.

The market is also suffering from a growing shortage of skilled staff due to generation change. Swedish and North American reports show that for many years too few medical technologists have been trained and young people's interest in the occupation is weak, which reduces the chances of recruiting qualified staff. International assessments show that almost double the number of newly qualified medical technologists will be needed before 2020 to meet recruitment needs arising from coming large retirement figures in the profession. Studies from the USA show that about 40 per cent of staff in laboratories will retire within ten years.¹³ CellaVision's automated solutions are therefore highly attractive, since they can contribute faster analysis and higher competence, while reducing the need for staff. By using the technology laboratories can secure the processing of large volumes of samples and create a more attractive working environment.

»The greatest development potential is in the market in Asia and the Pacific region, where CellaVision's growth has been greatest during the year.«

For source references, see page 57.



Skåne University Hospital in Lund has used CellaVision's digital solution since 2003.

Competition

»Of all digital image analysis instruments in hematology installed today, 90 per cent come from CellaVision®«

Manual microscopy is at present the most common method for assessing the appearance and shape of diseased or deviant blood cells. The automated method is in process of being established and is gradually taking share from the manual method. CellaVision is the world-leading supplier.

Digital images in health care services

Thanks to new technical potential the interest in digital images, image analysis and IT based aids has increased substantially in health care in the 2000s. The need to find effective modern solutions that can meet the increased number of patients, while at the same time delivering rapid and reliable test results, is of interest in several medical areas of health care.

Most laboratories have a setup of microscopes with digital cameras to take pictures of blood, cell or tissue samples for the purposes of training and consultation. There are several projects around the world, including at universities and higher education institutions, aimed at digitizing samples for further analysis and automatic classification or diagnosis. To date, few of them have been commercialized.

World leader

CellaVision holds a strong market position with highly accessible products that can easily be adapted and integrated with other systems in a hospital environment. Of all digital image analysis instruments in hematology installed today, 90 per cent come from CellaVision®.

CellaVision estimates that the company has a considerable lead over its competitors, both as regards the products' potential and the strong position established by CellaVision in the course of more than ten years' sales. Customers are offered a more complete solution, with products for blood and body fluids, the possibility of remote access and competency development. The products reach a broad geographical market and meet the laboratories' effectiveness and cost-saving needs.

CellaVision assesses that the customer benefit of the products combined with the degree of technical innovation and knowledge of the market mean that the company will continue to strengthen its global market position.

For source references, see page 57.

4 strong partners selling globally

To increase penetration and to a greater extent be able to replace the manual method, CellaVision sells its products via parallel sales channels. Since 2013 the company has collaborated with the four foremost suppliers of equipment for blood analysis in the world: Sysmex, Beckman Coulter, Siemens and Abbott.

Several parallel channels in Europe as well

Agreements with the foremost suppliers of cell counters are strategically important for CellaVision, partly when designing its offer and partly to reach end customers cost effectively. To increase visibility and its opportunities in the global market, since 2013 CellaVision has worked with two more partners besides Sysmex. At the start of the year an agreement with Siemens came into force and the existing agreement with Beckman Coulter was broadened to include Europe, the Middle East and Africa (EMEA).

Sales channels in EMEA were also augmented by a fourth partner through an agreement with Abbott. This means that the company now sells via several parallel channels in this market as well.

Part of package offer

CellaVision's system, which is the final analysis in the blood analysis process, reaches end customers as part of partners' package offers. Laboratories in the western world usually invest in CellaVision's products when they are replacing other equipment for analysis, including cell counters. This takes place in cycles of seven to ten years. Purchases are made largely via procurements in which laboratories, mainly in Europe, require deliveries to be made via one and the same supplier.

Access to more salespeople

For CellaVision, collaboration with partners means cost-effective access to more salespeople and exposure to more laboratories. The sales process is extensive, requires repeated visits and takes from six to 24 months. CellaVision's partners reach out to a broad geographical market, have a close dialogue with the end user and have broad product offers for the entire analysis process, including their own cell counters.

With CellaVision's products in their range they can also offer automation of the final stage of the analysis process.

Own sales

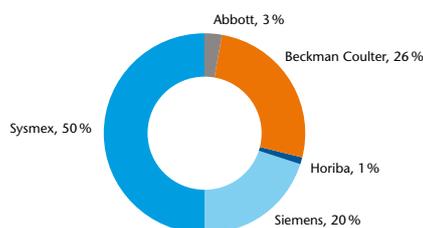
In parallel CellaVision has its own staff in strategically important markets, where the possibility of increasing penetration is assessed to be greatest. The function of CellaVision's own organizations is primarily to provide market support to partners, but in some selected markets sales are also made directly to end customers. Customer communication and knowledge of the end users' situation are important areas for CellaVision's marketing and product development.

Product cooperation with Sysmex

Since 2001 CellaVision has had a successful distribution agreement with Sysmex and together with them has worked and developed the market for digital microscopy. In 2013 the companies raised their partnership up a level by developing a joint product. The DI-60 was developed to be integrated with the Sysmex automated analysis chain for blood. The launch took place during the summer and the first major sales were made in Europe, the USA and Japan in the third and fourth quarters.

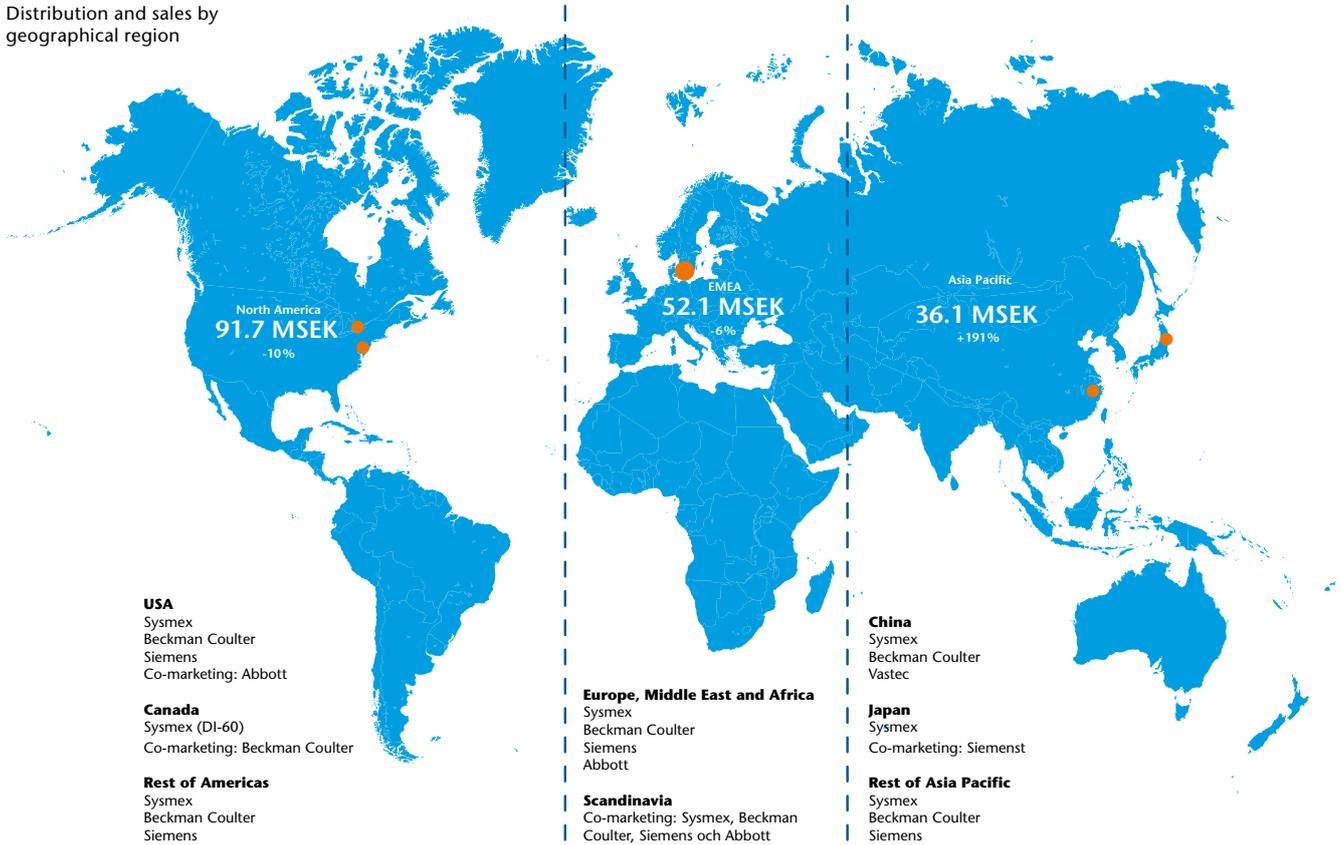
»Agreements with the foremost suppliers of cell counters are strategically important for CellaVision, partly when designing its offer and partly to reach end customers cost effectively. «

Leading suppliers of cell counters, based on installed base, for large laboratories¹⁴



For source references, see page 57.

Distribution and sales by geographical region



● CellaVision’s sales and business support offices

Geographical presence

CellaVision reaches a global market through partners with sales throughout the world. We provide market support to our distributors via our five market offices. By selling directly in Scandinavia, Canada and Japan we retain closeness to end customers.

North America

In 2013 North American health care continued to find it difficult to finance capital equipment but conditions improved in the market towards the end of the year. Sales in the USA and Canada decreased by 10 per cent compared with 2012. In local currencies the decrease was 8 per cent. When uncertainties as to the effects of impending health care reform and financial austerity have subsided in the USA, the region should again have good prospects of positive development. CellaVision continues its close cooperation with partners to create interest among end customers.

In North America automation and consolidation are the most important tools for meeting demands for higher effectiveness and cost savings in health care. In the USA consolidation towards increasingly large hospital units has come a long way and the proportion of large commercial laboratories is higher than in other parts of the world. The growing staff shortages that exist in laboratories in the western

world are particularly evident in the USA and Canada.¹⁵

The market is generally characterized by high requirements regarding capacity, service and support and technological maturity is relatively high. This creates interest in CellaVision’s digital solutions that facilitate communication, cooperation and resource distribution.

The veterinary market

The volume of samples in the commercial veterinary market is also high and the need for an effective method of analysis great. Through corporate channels, CellaVision has started marketing its veterinary product to the 100 or so laboratories in North America.

Europe, the Middle East and Africa (EMEA)

In 2013 sales in the region were just under the 2012 level in both SEK and local currencies. Investments in medical devices were affected by the generally tough economic climate in Europe and uncertainty about health care budgets and investment decisions. The weak economic situation was partly compensated by our partners’ efforts in the region and Sysmex’ market introduction of the new integrated DI-60 analyzer, which was particularly clear in the third quarter.

Sales by geographical region, MSEK



For source references, see page 57.



CellaVision's sales in China are driving the positive development in Asia and the Pacific region.

As of 2013 CellaVision is working with parallel sales channels in Europe as well, giving very high market coverage. The products are largely sold via public procurements in which laboratories are increasingly demanding that purchase of laboratory equipment is to be via one and the same supplier. CellaVision's focus is to be frequently included in partners' public procurement tenders.

CellaVision has just started marketing through its partners in the Middle East and Africa.

Generally speaking, the European laboratory market is not as consolidated as the American, but more fragmented, with large and mid-size laboratories with sample volumes that are not quite as high. Europe is the market in which CellaVision has operated longest and to date sold most analyzers, which creates opportunities in the aftermarket and replacement market.

Asia and the Pacific region

In 2013 sales in the region developed and almost tripled in both SEK and local currencies in comparison with the previous year. Growth mainly refers to sales in China and Japan, which are CellaVision's priority markets in the region. The company estimates that in the long run these markets have the potential for substantial growth.

Continual efforts are being made to chart more potential markets in the region.

China

China is the fastest growing market in the hematology segment. Growth is mainly driven by a growing, ageing population and the fact that more resources are going into health care, as a consequence of urbanization, economic growth and a higher living standard.¹⁶

China is a market with more than twenty thousand hospitals and laboratories spread over a large area with different provincial cultures¹⁷. The differences between various parts of the country are great and some laboratories are not advanced enough to benefit from the advantages of CellaVision's products, for example due to low sample volumes or IT limita-

tions. Since 2012 CellaVision has mainly concentrated on "advanced China", that is the eastern parts and along the coast. Two local employees support the company's partners and work to increase knowledge of the company's products.

The advantages of CellaVision's products in China are by and large the same as in markets in the western world – focusing on effectiveness and improved quality – and in addition the products are at the leading edge of digital technology and have been imported from Europe. However, it is more difficult to make a profit from investing in reduced costs for manual time, as pay levels in China are lower than in the western world.

Japan

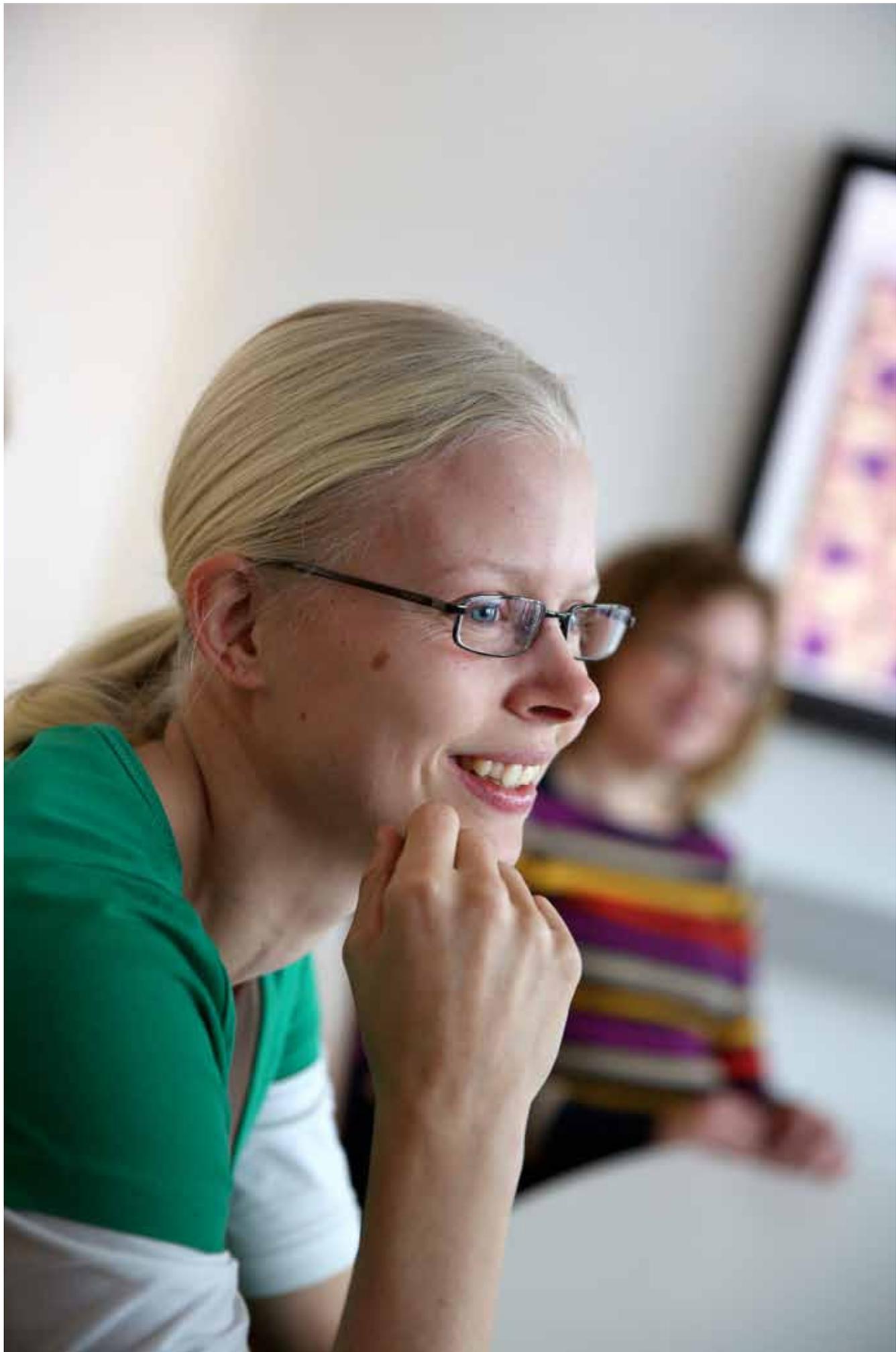
Japan is a market with important growth potential for CellaVision and the target market is the 1,000 or so largest hospitals. In Japan there are also several large commercial laboratory chains, including the world's largest, needing technology that can secure the processing of large sample volumes.

Japanese health care is facing several challenges, mainly financing problems as expenditure increases for an ageing population that demands better quality. If the current population trend continues, almost half the population is expected to be over 60 years of age in 2050¹⁸. Consequently, products with a high capacity to solve quality and efficiency problems are interesting for Japanese health care. At the same time, Japanese health care has great faith in traditional methods and selling-in processes for new technology can therefore be long.

In 2013 CellaVision's sales in the Japanese market increased and the company sees a potential in the new DI-60 product that is integrated into the Sysmex automated product line. In parallel with Sysmex, CellaVision's own sales organization is continuing to address the market, often together with important opinion-leaders.

»In 2013 sales in the region developed and almost tripled«

For source references, see page 57.



Corporate social responsibility

A natural part of CellaVision's sustainability work is our endeavor to reduce the environmental burden and make a positive contribution to the global community, both as a company and through the products.

Sustainability in the value chain

CellaVision has its head office in Sweden and market offices in North America, Japan and China. The Group's activities are largely comparable with work in a traditional office environment. As regards manufacture and sale of products, CellaVision collaborates with globally established partners. The company has great confidence in the processes and policies of all these partners as regards human rights, environmental work and other sustainability issues.

Development in 2013

During the year CellaVision continued its concentration on more sustainable enterprise as regards responsibility for the environment and social impact. CellaVision's ambition is to ensure that the business is run responsibly in situations where the company interacts with the rest of the world and that efforts are towards constant improvement. A steering group consisting of representatives of the management team as well as relevant functions is responsible for promoting development. During the year several important advances were made, including the following:

Important advances

More equal gender distribution in the management team

In early 2013 two women were appointed to CellaVision's management team, which now has seven members, three of whom are women.

Environmental certification in accordance with ISO 14001

To be able to organize, evaluate and report environmental work effectively, in the latter part of 2013 CellaVision introduced an environmental management system at the head office that was certified under the international standard ISO 14001:2004.

An electronic document management system

As part of CellaVision's efforts to reduce consumption of natural resources the company has introduced an electronic document management system at the head office in Lund. The system streamlines the process of quality management and document management and creates the conditions for a reduced amount of printed paper.

Environmental work

CellaVision conducts active environmental work with objectives in the following priority areas with considerable environmental impact:

- Choice of suppliers
- Consumption of resources for product development
- Resource consumption and waste management in our daily work

Since the end of 2013 CellaVision has had a structured approach to environmental issues in accordance with the international standard ISO 14001. In brief, certification requires CellaVision's environmental work to be well-organized and lead to constant improvement. Another important premise is compliance with current legislation and regulations and the performance of regular internal environmental audits. CellaVision does not conduct any activities notifiable under the Environmental Code. CellaVision's environmental policy is presented at www.cellavision.se/sustainability.

CellaVision's contract manufacturers in Sweden are also certified under the environmental standard ISO 14001, as are most of CellaVision's distributors' units.

Sustainable products

CellaVision's products make a positive contribution to society in that more patients can receive faster care at a lower cost to health care services. The products are safe, environmentally efficient and benefit the working environment at laboratories. To ensure sustainable design, the company's ambition is to further strengthen the environmental perspective in its product development procedures.

Quality

CellaVision develops medical equipment in a highly regulated environment. The company is certified under the quality standard ISO 13485 and complies with the requirements of international legislation and product safety standards, such as IEC standards, the European Directive on in vitro diagnostics (IVD), American FDA quality system requirements and a number of national directives and laws. Documentation and procedures are drawn up in accordance with the company's needs and regulatory requirements. This applies to the product development process, the function and safety aspects of the product, service and user training and customer feedback and reporting. All in all, the company is responsible for the products being safe for patients, users and technical service staff.

Environment

CellaVision's digital technology creates conditions

»The products are safe, environmentally efficient and benefit the working environment at laboratories«

»Working together with CellaVision should imply a stamp of quality for customers, partners and employees«

for a reduced environmental burden. The company's software for cooperation and quality assurance is an environmentally efficient alternative to the hospitals' sample and patient transportation in cars.

At a hospital operating in scattered geographical sites, samples that are difficult to assess are traditionally sent to an expert by courier. Using CellaVision Remote Review Software for remote access, the samples can instead be examined electronically via the hospital network, a method that is both effective and environmentally friendly.

Using CellaVision Proficiency Software for quality assurance, the knowledge of laboratory staff is tested over the internet. In comparison with a traditional test method with blood smears on microscope slides as practice slides, the software is simple to distribute and requires no transportation by post or courier.

By digitizing their blood samples, smaller hospitals can avoid transporting slides and patient travel. CellaVision Image Capture System takes digital images of blood cells that are forwarded via the hospital group network for assessment at a unit where a CellaVision analyzer is located.

Work environment

Using CellaVision's technology, laboratories can create a more attractive working environment. Interest in the occupation is weak among young people but the new technology creates interest and increases its attraction. In addition, the hunched up posture at the microscope is replaced by a considerably more ergonomic working posture, which reduces repetitive strain injuries, mainly in the neck, back and eyes.

Business ethics and culture

Working together with CellaVision should imply a stamp of quality for customers, partners and employees. CellaVision's Code of Conduct describes values and guidelines for how the company's employees behave in various business situations. The Code is based on the UN Universal Declaration of Human Rights and together with CellaVision's core values and policies constitutes the foundation of how the company works. The fundamental principles of the Code are justice, honesty and legal compliance. The Code applies to all employees of the CellaVision Group and others who represent the company, for example members of the Board and consultants. The ambition is that it should also include external parties, such as manufacturers of CellaVision's analyzers and the distributors the company works with.

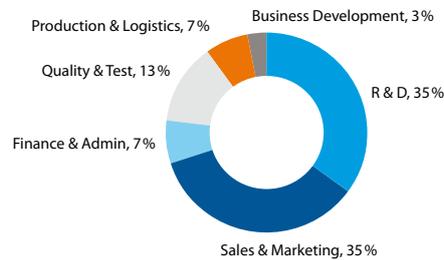
Core values

The strong corporate culture at CellaVision is an important factor behind the company's successes. CellaVision's core values guide its employees' actions and decision-making in various situations. Together with objectives and vision they constitute the company's corporate culture and form the basis of how work is carried out, the quality the company offers and how the company treats customers, partners, investors and employees.

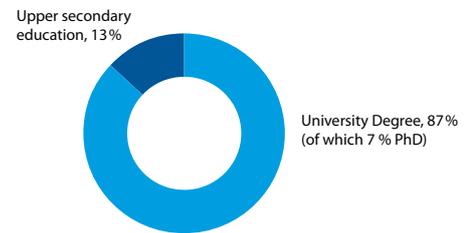
• *The customer in focus.*

The customer's perceived relation to us as supplier impacts all parts of the company. Consequently, customers' needs drive all we do, from product

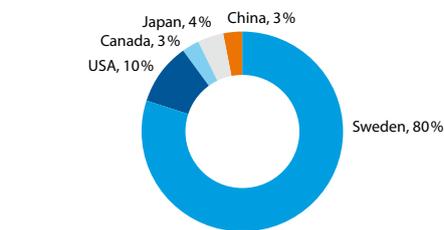
Employees per area of responsibility



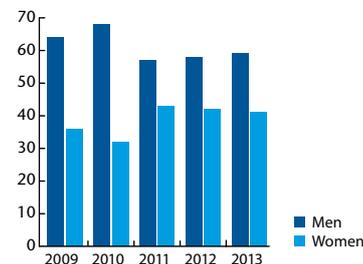
Employees' level of education



Employees by country



Distribution between men and women, in percent



development to delivery, service and relations. Our knowledge of the customers gives us the power of innovation to produce solutions that improve their operations.

- *Initiative and responsibility.*
Ideas, competence and independent work with responsibility are required to drive CellaVision's business forward. All employees of CellaVision have the task of continually developing their areas of work to the extent necessary to achieve the company's objectives.
- *Simplicity and quality.*
We strive for quality in all we do, an ambition that permeates the entire business. At the same time it implies an aspiration towards renewal and development, in many cases using smart, natural and simple solutions.

Responsible employer

CellaVision's business is knowledge-intensive and its employees constitute a very important asset.

CellaVision has a decentralized and flexible organizational structure, characterized by competence, entrepreneurship, management by objectives, and short decision lines. CellaVision endeavors to offer a safe, stimulating and fulfilling workplace with opportunities for all employees to contribute to the company's development.

In 2013 the day-to-day work of creating an even gender distribution in the organization has continued. The company believes that an even distribution of men and women enhances competence and is positive for the work climate. When recruiting, one of the company's ambitions is to meet as many women as men. Of a total of nine new employees during the year, there were four women and five men. Two women were appointed to the management team, which now consists of seven people, three of whom are women, making 43 per cent (20). At year-end the total number of women was 28 (27), equivalent to 41 (42) per cent of the workforce. The total number of employees at year-end was 69 (65).

All employees in the CellaVision Group have annual performance reviews and target discussions with their immediate manager. At these discussions individual targets are set in accordance with overall business goals and at the end of the year target fulfillment is evaluated. Individual development plans are linked to the targets to ensure competency development, above all covering "on the job learning" but also through external training initiatives. In that way the company ensures continual competency development for its employees with a clear link to our business.

Annual employee surveys follow up how employees perceive CellaVision as a workplace. In the employee survey for 2013, 94 (93) per cent of employees at the



Women in the village of Agasthiyappa Nagar in India during a meeting with Hand in Hand's self-help group.

head office and the subsidiaries agreed with the statement "All in all, I would say that CellaVision is a very good workplace".

Staff turnover during the year was 7.5 per cent (11) and sickness absence of 1-13 days was 1.5 per cent (1.0).

Social commitment

CellaVision's social commitment focuses on the core areas of education and entrepreneurship.

For the past five years CellaVision has supported the charity initiative Hand in Hand instead of giving Christmas presents to partners, customers and employees. Altogether CellaVision's contributions have helped about seventy women in India to start businesses.

Hand in Hand creates jobs for the poorest by educating women, so that they can start companies and thereby work themselves out of poverty under their own power. The money provides the women with training in entrepreneurship and teaching in reading, writing and math. The organization is currently active in India, southern and eastern Africa and Afghanistan. You can read more about the activities of Hand in Hand at www.handinhand.nu.

»CellaVision endeavors to offer a safe, stimulating and fulfilling workplace with opportunities for all employees to contribute to the company's development.«

CellaVision share performance and ownership structure

»The price of the CellaVision share increased during the year by five per cent, from SEK 14.70 at the start of the year to SEK 15.40 at year-end.«

The CellaVision share is listed on the Nasdaq OMX Stockholm, Small Cap list since May 2010. The company's market value as at December 31, 2013 was SEK 367 million and the number of shareholders was 1,857. The Board of Directors proposes an increased dividend to SEK 0.50 per share.

Share capital

Share capital in CellaVision AB as at December 31, 2013 amounted to SEK 3,577,732, distributed among 23,851,547 shares. The quotient value per share is SEK 0.15. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented. All shares confer an equal right to share in the company's assets and profits.

Price trend and share trading

The price of the CellaVision share increased during the year by five per cent, from SEK 14.70 at the start of the year to SEK 15.40 at year-end. During the same period index (OMX Stockholm PI) increased by 23 per cent. The highest price paid during the year was SEK 17.30 (2013-02-13), and the lowest was SEK 12.15 kronor (2013-06-26). The company's market value at year end was SEK 367 million (351).

In 2013 a total of 7.3 million shares (4.5) were traded to the value of SEK 103.8 million.

In 2013 about 90 per cent of trading in the CellaVision share was on Nasdaq OMX Stockholm and less than one per cent on alternative market places, where most trades were on Burgundy, which accounts for about one half per cent of total trading. Apart from this, about nine per cent was via OTC trading that is reported in later.¹⁹

Shareholders

The number of shareholders at year-end was 1,857, which is an increase of nine per cent during the year.

Three shareholders have direct and indirect holdings that represent more than ten per cent of the votes: Stiftelsen Industrifonden (15.0%), Metallica (10.2%) and CellaVision's founder Christer Fähræus (10.1%). The ten largest shareholders controlled 57.1 per cent of the company's shares on the balance sheet date. Swedish ownership was 76.3 per cent of the votes. The total institutional ownership in Sweden was 44.2 per cent. The Board of Directors and the management together owned, privately and through companies, about 12 per cent of the shares.

Dividend

In 2013, CellaVision paid to its shareholders a dividend of SEK 0.40 per share.

The Board of Directors proposes that the Annual General Meeting 2014 approve a dividend of SEK 0.50 SEK per share for 2012, an increase from 0.40 in 2012. CellaVision has decided not to announce a dividend policy for the coming year since the company is undergoing strong growth and still requires operational investments. A decision on share dividend will be made from year to year, based on the company's financial situation and working capital requirements to finance the company's growth ambitions.

Employee option programs

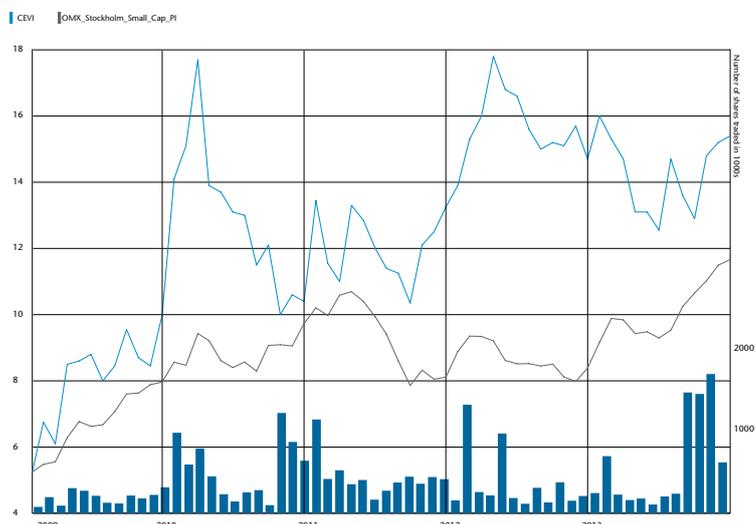
Bolaget hade inte några utestående optionsprogram 2013-12-31.

Analyses

Analyses of CellaVision are made quarterly by Remium AB, Erik Penser Bankaktiebolag and Redeye AB (up to Q3 2013).

Christian Lee, Remium: christian.lee@remium.com
 Johan Dahl, Penser: johan.dahl@penser.se

Share performance from 2009



The CEVI share
 Ticker symbol: CEVI
 Sector: Health Care
 ISIN code: SE0000683484

For source references, see page 57.



During the year the number of shareholders rose to 1,857, an increase of nine per cent.

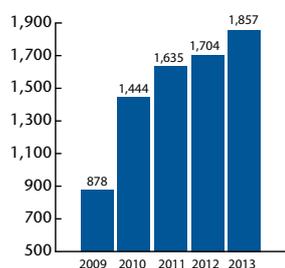
CellaVision's ten largest shareholders

Shareholders	Number of shares	Ownership in %
Stiftelsen Industrifonden	3,587,257	15.0
Metallica Förvaltnings AB	2,434,590	10.2
Christer Fähræus m bolag	2,400,000	10.1
Livförsäkrings AB Skandia (PUBL)	967,776	4.1
Försäkringsaktiebolaget Avanza Pension	913,500	3.8
Althin, Anders	862,000	3.6
Tredje AP-fonden	714,000	3.0
Nordnet Pensionsförsäkring AB	647,450	2.7
Grenspecialisten Förvaltning AB	587,867	2.5
Unionen	491,634	2.1
Ten largest shareholders, holding	13,606,074	57.1
Others	10,245,473	42.9
Total	23,851,547	100

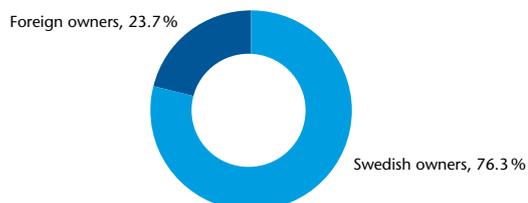
Shareholder spread

Shareholder spread	Number of shares	%
1–500	671	36.1
501–1,000	394	21.2
1,001–5,000	501	27.0
5,001–10,000	131	7.0
10,001–20,000	64	3.5
20,001–	96	5.2
Total	1,857	100

Number of shareholders 2009–2013



Shareholder categories



Five year summary

Income statement

Amounts in SEK thousands

	2013	2012	2011	2010	2009
Revenues	179,851	169,512	155,402	131,638	108,974
Cost of goods sold	-67,225	-59,456	-53,991	-44,082	-32,486
Gross profit	112,626	110,056	101,411	87,556	76,488
Selling expenses	-39,344	-38,859	-35,281	-33,637	-30,443
Administrative expenses	-26,53	-29,060	-27,013	-23,046	-19,285
Research and development costs	-20,83	-21,435	-21,407	-17,336	-12,058
Other operating income	-	-	90	411	75
Other operating expenses		0	0	0	0
Operating profit/loss	25,946	20,702	17,800	13,948	14,777
Profit/loss from financial items	-1,256	-2,151	714	-3,224	-616
Tax	-5,758	-12,100	-3,881	27,625	13,559
Net profit/loss for the year	18,932	6,451	14,633	38,349	27,720

Balance sheet

Amounts in SEK thousands

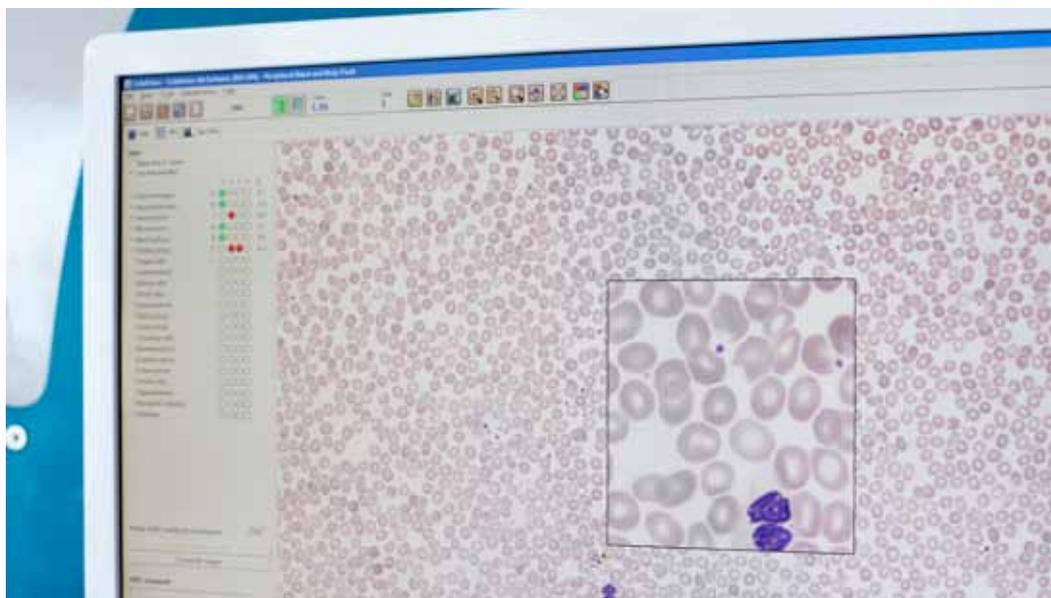
Assets					
Intangible assets	26,466	24,152	21,329	22,269	23,004
Property, plant and equipment	3,195	2,693	2,015	1,592	2,270
Non-current financial assets	83	91	114	133	638
Deferred tax assets	33,078	37,994	49,304	53,184	25,000
Current assets	125,751	113,626	105,966	85,323	62,440
Total assets	188,573	178,556	178,728	162,501	113,352
Equity and liabilities					
Shareholders' equity	132,516	124,912	126,067	113,422	74,799
Current liabilities and current provisions	56,057	53,644	52,661	49,079	38,553
Total equity and liabilities	188,573	178,556	178,728	162,501	113,352

Key ratios

Equity, SEK thousands	132,516	124,912	126,067	113,422	74,799
Operating Capital, SEK thousands	61,451	54,863	35,550	45,129	40,858
Liabilities to credit institutions, SEK thousands	19,978	14,272	15,719	20,835	13,661
Net investments, SEK thousands	11,793	11,103	5,891	4,785	11,114
Cash flow for the year, SEK thousands	11,646	-10,582	21,007	13,847	2,326
Interest coverage ratio	82	41	35	28	29
Net debt/equity ratio	-0.29	-0.26	-0.33	-0.13	-0.11
Equity-assets ratio, %	70	70	71	70	66
Return on equity, %	15	5	12	41	46
Return on operating capital, %	45	46	44	32	39
Average number of employees	67	64	59	54	49
Number of employees at close of period	69	65	61	57	50

Data per share

Net result before and after dilution, SEK	0.79	0.27	0.61	1.61	1.16
Equity before dilution, SEK	5.56	5.24	5.29	4.76	3.14
Equity after dilution, SEK	5.56	5.24	5.29	4.76	3.14
Average weighted number of shares before dilution, thousands	23,852	23,852	23,852	2,852	23,852
Average weighted number of shares after dilution, thousands	23,852	23,852	23,852	23,852	23,852
Number of shares at end of period before dilution	23,852	23,852	23,852	23,852	23,852
Number of shares at end of period after dilution	23,852	23,852	23,852	23,852	23,852



Financial definitions

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

Net earnings per share. Net earnings in relation to average weighted number of shares.

Net earnings per share after full dilution. Net earnings divided by the average weighted number of shares plus the additional number for full dilution.

Net investments. Tangible and intangible investments adjusted for disposals.

Equity per share. Equity in relation to average weighted number of shares.

Equity per share after full dilution. Equity in relation to average weighted number of shares increased by the number that resides at full dilution.

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

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

Return on equity. Net earnings in relation to average equity.

Return on operating capital. Result after financial items as a percentage of average operating capital.

Interest coverage ratio. Operating result plus financial income divided by financial expenses.

Operating Capital. Balance sheet total less financial liabilities, deferred tax liabilities and non-interest bearing liabilities.

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

Administration Report

The Board of Directors and the President of CellaVision AB (publ), corporate identity number 556500-0998, hereby submit the annual accounts and consolidated accounts for the financial year January 1, 2013 to December 31, 2013. Figures in parentheses refer to the previous year. All amounts are in millions of Swedish kronor (SEKm) unless otherwise stated. The corporate governance report is part of the administration report.

About CellaVision

CellaVision is a world-leading supplier of digital solutions for blood and body fluid analysis. The company replaces manual microscopes with analyzers based on digital image analysis technology, artificial intelligence and IT. The solutions contribute both to more effective workflows and higher quality in laboratory medicine.

The customers are mainly large hospital laboratories and commercial laboratories in North America and Europe. There is a growing interest in China, Japan and the countries of South East Asia. The market is driven by the health care sector's streamlining and quality assurance requirements.

The product offer consists of systems for digital microscopy in the sub-field of hematology, consisting of analyzers and supplementary software and peripheral equipment.

Healthcare market

CellaVision® DM96
CellaVision® DM1200
DI-60*

CellaVision® Peripheral Blood Application
CellaVision® Body Fluid Application
CellaVision® Remote Review Software
CellaVision® Remote Review Software Citrix Ready
CellaVision® Proficiency Software
CellaVision® Image Capture System
CellAtlas® mobilapp

Veterinary market

CellaVision® DM96 Vet

CellaVision® Peripheral Blood Application Vet
CellaVision® Remote Review Software Vet

* Integrated into the Sysmex automated analysis line for blood, with sales via Sysmex.

Sales

CellaVision's products are sold globally via the four foremost suppliers of blood analysis equipment: Sysmex, Beckman Coulter, Siemens and Abbott. CellaVision's own market office supports partners' marketing and sells directly in the Nordic area, North America and Japan. CellaVision's income is mainly from sales of analyzers. Software, spare parts, consumables and service account for a minor part of

the company's total sales. Marketing in the commercial veterinary market in the USA is in the process of being built up.

Product development

Product development and technical innovation are part of CellaVision's growth strategy. CellaVision is conducting several development projects, aimed at strengthening the product portfolio in relation to customers in the sub-field of hematology. The company primarily carries out its own development, but the strategy also includes development through cooperation with partners. During 2013, CellaVision completed two new products: an analyzer integrated into the Sysmex automated line for blood analysis (DI-60) and web-based software for internal and external quality assurance of laboratory analyses (CellaVision® Proficiency Software).

During the year, among other things new software was also being developed for more advanced analysis of red blood cells, to be launched in 2014.

Patents

CellaVision's innovations are protected by 22 (20) patented inventions, which at the close of the year had generated 47 (43) national patents. The earliest patent expires in 2016 and the latest in 2030. Most of the company's patents are in the technology fields of image analysis and precision mechanics.

Product supply and manufacture

The CellaVision analyzers are manufactured on contract by Kitron in Jönköping. CellaVision in Lund releases the products. There are sub-contractors in Japan and Taiwan and elsewhere.

Legal structure

CellaVision is a Group consisting of the parent company CellaVision AB and the wholly-owned subsidiaries CellaVision Inc. (Durham, USA), CellaVision Canada Inc. (Toronto, Canada), CellaVision Japan K.K. (Yokohama, Japan) and CellaVision International AB. There is a business office in China, set up in collaboration with Business Sweden. The function of the subsidiaries is primarily market support to partners but some direct sales are made on selected markets.

Personnel

The number of employees of the Group, restated as full-time equivalents, was 69 (65) at the year-end. Of these, 41 (38) were men and 28 (27) women. More information is given in the sustainability report on pages 18-21.

Competition

In the health care sector manual microscopy is the most common method for blood and body fluid

analysis. The market for digital microscopy is still immature but is constantly growing, with CellaVision as the world-leading supplier. Commercial competition is limited to a few competing products and companies, all with limitations in their product registrations and sales.

Environment

The company does not conduct activities that are subject to licensing or reporting under Chapter 9, Section 6 of the Environmental Code (1998:808). The company's environmental work is described in the sustainability report on pages 18–21.

Significant events during 2013

Another distributor partner in the European market – Abbott

In February 2013 CellaVision extended its sales channels in Europe by signing an agreement with Abbott. The collaboration with Abbott creates conditions for increased penetration of the market in the European countries and the former Soviet Union states (CIS). Through the agreement more European laboratory customers will gain access to CellaVision's products and solutions. The agreement came into force on February 25, 2013 and was extended during the year to cover all of EMEA, i.e. Europe, the Middle East and Africa. There have been separate agreements for Sweden, Norway and Denmark since 2012.

CellaVision and Beckman Coulter increased their cooperation by adding EMEA to their global distribution agreement

In April 2013 CellaVision extended its cooperation with Beckman Coulter by signing a distribution agreement for the countries of Europe, the Middle East and Africa. The partnership with Beckman Coulter now covers the entire world with the exception of the Nordic countries, Canada and Japan. With parallel sales channels in the region CellaVision has a broader reach and can more quickly create interest in its products. The agreement came into force on April 8, 2013.

CellaVision and Sysmex published the news of a jointly developed product for laboratories in hematology – the DI-60

On April 16 CellaVision announced that together with its partner Sysmex the company has developed a product by integrating CellaVision's image analysis technology with Sysmex cell counters and sample preparation instruments. The product, DI-60, will be part of the Sysmex global product portfolio for hematology laboratories with medium to large sample volumes that wish to fully automate their analysis flow. The product is the result of a long-standing sound partnership with Sysmex but also a natural development of the product offer to the hematology

market, in which automation is an important factor behind increased effectiveness.

Changes in the CellaVision management team

At the beginning of the year the CellaVision management team was strengthened with Karin Dahllöf as VP Sales and Marketing and Maria Morin as VP Human Resources. During the year Magnus Blixt was appointed as Chief Financial Officer (CFO) and Göran Granqvist was appointed as new head of Quality Assurance.

Financial performance

Seasonal variations

Like others in the medical devices industry selling capital equipment, CellaVision's inflow of orders is unevenly distributed over the year with historically a strong fourth quarter, depending on the distributors' sales, inventory levels and contracted volumes, and the fact that parts of the health care investment budget are released late in the year. Consequently, the variation in order volume in individual quarters may be substantial in the different geographical markets. In 2013 variations between quarters were significant mainly in the North American and EMEA markets.

Sales, earnings and investment

Sales in international markets are mainly in USD and EUR, which means that the company's sales and results are impacted by changes in these currencies. The company hedges 50–90 per cent of planned currency flows to compensate for any foreign exchange fluctuations.

Net sales for the Group rose during 2013 to SEK 179.9 million (169.5), an increase of 6% compared with the previous year.

The gross margin for the year was 63% (65).

The Group's operating profit for the year rose to SEK 25.9 million (20.7). Total operating expenses for the year decreased to SEK 86.7 million (89.4). Total operating expenses decreased due to sound cost control, especially in the second half year.

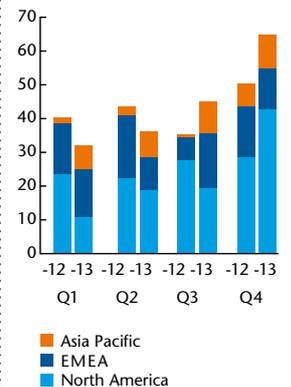
During 2013 CellaVision conducted several development projects, aimed at strengthening the product portfolio in relation to customers in the sub-field of hematology. Research and development costs were SEK 20.7 million (21.4), corresponding to 12% (13) of net sales and 24% (24) of the total operating expenses. Capitalized development costs during the year were SEK 10.2 million (9.3), corresponding to 6% (5) of net sales and 12% (10) of the total operating expenses.

Investments in property, plant and equipment during the year amounted to SEK 1.6 million (1.9).

Development in geographical markets

In the first part of 2013 investment in medical devices was affected by uncertainties concerning

Sales per quarter and by geographical region 2012–2013, SEK million



the ongoing reform of health care in the USA and the generally harsh economic climate in Europe. Conditions improved in the second half of the year, particularly in the USA, while Sysmex' launch of the new DI-60 product made a positive contribution to sales in the USA, Europe and Japan. In Asia and the Pacific region sales growth was stable throughout the year.

In North America sales were 91.7 MSEK (101.8), a decrease of 10% in SEK and 8% in local currencies.

Sales in Europe, the Middle East and Africa (EMEA) were 52.1 MSEK (55.3), a decrease of 6% in both SEK and local currencies.

In the Asia Pacific region sales almost tripled in both SEK and local currencies and were 36.1 MSEK (12.4).

Financing

The funds at the Group's disposal at the close of the year amounted to SEK 62.9 million (51.2), of which SEK 57.9 million (46.2) was cash and cash equivalents and SEK 5.0 million unutilized credit.

The year's cash flow from operating activities was SEK 27.3 million (11.5).

The total cash flow for the year was SEK 11.6 million (-10.6). The improvement on the previous year is mainly due to a strong operating profit and new loans. The cash flow includes the dividend of SEK 9.5 million distributed by the company in the second quarter.

Parent company

Parent company sales during the year were SEK 166.8 million (161.9). The result before tax was SEK 2.2 million (15.5). The parent company's investments in property, plant and equipment and intangible assets during the year amounted to SEK 10.9 million (10.7) and the cash flow was SEK 8.5 million (-6.6). The parent company has recognized an impairment loss on receivables and shares in the Japanese subsidiary of SEK 14.5 million. The impairment loss is due to adapting the business model in Japan to the company's sales taking place to a greater extent via partners instead of directly through the subsidiary. This means that invoicing and business flows go via the parent company.

In other respects please refer to the information for the Group.

Risks and risk management

Changes in exchange rates and reduced demand due to increased competition or a worsened investment climate constitute uncertainties but not material risks. CellaVision is exposed to exchange rate fluctuations through its international operations and structure. The exposure mainly arises through costs in Swedish kronor against income in US dollars and euros. In the short term the effect of currency movements is dampened by forward cover. For a more detailed description of the risks and uncertainties facing CellaVision, please refer to the risk and sensitivity analysis in Note 3.

Significant events after year-end

There are no significant events to report.

Outlook for 2014

CellaVision's future growth will be driven by growing rationalization requirements in the health care sector. The underlying demand for CellaVision's products is continually increasing and the company has a strong position in the market through a unique product offer and broad sales channels. After a strong finish to 2013 CellaVision has confidence in the opportunities to utilize the great potential that exists for further market penetration in all geographical regions. Via profitable growth CellaVision is endeavoring to achieve its financial targets of increased sales over an economic cycle by an average of at least 15 per cent per year and an operating margin to exceed 15 per cent.

Dividend

The Board of Directors proposes that the Annual General Meeting 2014 approve a dividend of SEK 0.50 SEK (0.40) per share for 2013.

CellaVision has decided not to announce a dividend policy for the coming year since the company is undergoing strong growth and still requires operational investments. A decision on share dividend will be made from year to year, based on the company's financial situation and working capital requirements to finance the company's growth ambitions.

Statement by the Board of Directors on the proposed dividend

In assessing the size of the dividend the Board of Directors has taken into account the Group's investment needs, consolidation needs and financial position in other respects, as well as the Group's ability to develop in the future while retaining financial strength and maintaining sound freedom of action.

After distribution of the proposed dividend, the Group's equity ratio and liquidity are satisfactory, which means all group companies can meet their commitments in both the short and long term. The proposed dividend can thus be justified under the provisions of Chapter 17, Section 3 of the Swedish Companies Act.

Appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

Profit brought forward	107,511,303
Net profit/loss for the year	-1,977,034
Total	105,534,269

The Board of Directors proposes the following for the parent company:

Dividend to shareholders SEK 0.50 per share	11,925,774
To be carried forward	93,608,495
Total	105,534,269

Corporate governance report 2013

CellaVision is a Swedish public limited liability company with its registered office in Lund. Apart from the parent company, the Group consists of four wholly-owned subsidiaries in Sweden, the USA, Canada and Japan. The company's share is listed on NASDAQ OMX Stockholm. CellaVision has applied the Swedish Code of Corporate Governance (the Code) since the shares were admitted to trading in May 2010 and reports no deviations from the Code for 2013.

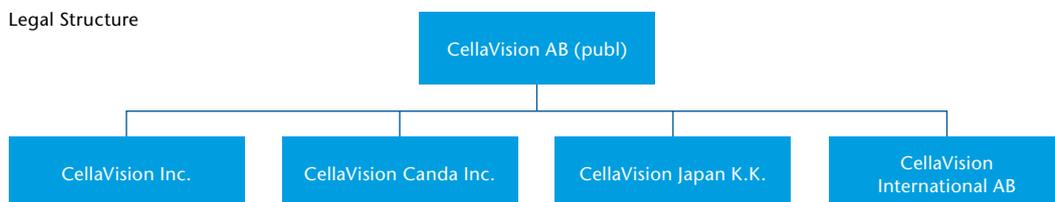
The term corporate governance normally refers to the rules and structure built up to govern and direct a limited liability company in an effective and controlled manner. Governance and control of CellaVision is divided between the shareholders at the Annual General Meeting, the Board of Directors and the President/CEO, and is regulated in legislation (including the Companies Act), the Articles of Association, the NASDAQ OMX Stockholm rule book for issuers and the Swedish Code of Corporate Governance. The Code is available at www.bolagsstyrning.se. In addition to legal control and governance principles CellaVision is also influenced by several internal policy documents, including instructions and rules of procedure for the President/CEO and

Board of Directors, as well as internal policies and guidelines.

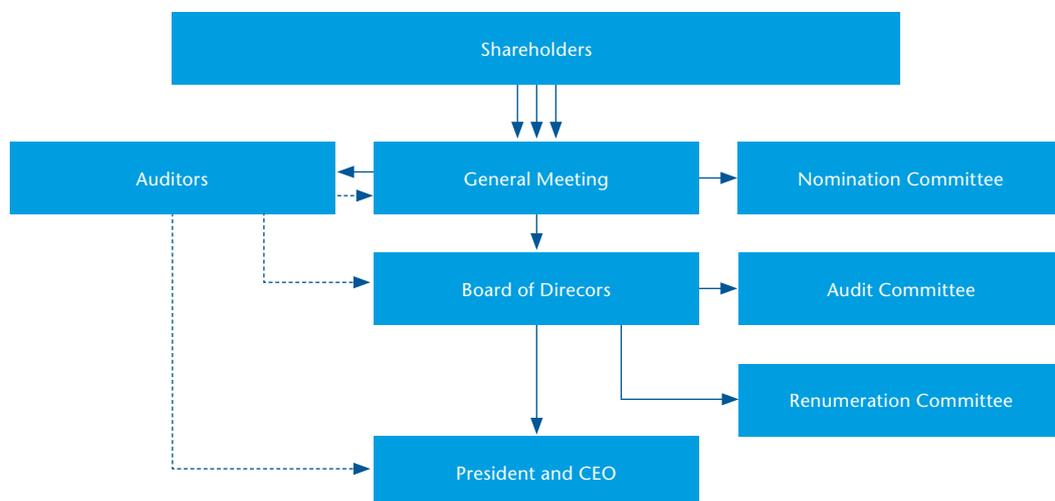
Shareholding

Share capital in CellaVision as at December 31, 2012 amounted to SEK 3,577,732, distributed among 23,851,547 shares. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote the full number of shares owned and represented by her or him without limit to the voting right. All shares confer an equal right to share in the company's assets and profits. CellaVision had 1,857 (1,704) shareholders on the closing date. Of these, the following shareholders have direct and indirect holdings that constitute more than ten per cent of the voting rights of all shares in the company; Stiftelsen Industrifonden represents 15 per cent of the votes, Metallica Förvaltnings AB represents 10.2 per cent of the votes, Christer Fähræus, who directly and indirectly through corporations represents 10.1 per cent of the shares. No shares are held by the company itself. For further information about the CellaVision share and shareholders please refer to pages 22–23 and CellaVision's website.

Legal Structure



Overall governance structure for CellaVision



CellaVision's operations are governed by a Board of Directors elected by the shareholders. This Board in turn exercises control over the company management. The administration of the Board of Directors and the President/CEO and financial reporting is examined by the external auditors elected by the Annual General Meeting.

The Articles of Association

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

General Meeting of Shareholders

The highest decision-making body in CellaVision is the General Meeting, which is called at least once a year and among other things passes resolutions on the treatment of the company's balance sheet and income statement, discharge from liability of the Board of Directors and President/CEO, election of the Board of Directors and auditor, fees to the Board of Directors and auditor and appointment of the Nomination Committee. Amendments to the Articles of Association require a resolution by the General Meeting of Shareholders.

In order to participate in resolutions a shareholder must attend the Meeting, in person or via a representative, and be entered under his or her own name in the register of shareholders and give notice of attendance to the company.

The Annual General Meeting of CellaVision is held in Lund during the first half of every year. In connection with the third quarterly report CellaVision's shareholders are informed of the time and place of the Annual General Meeting and of their right to bring a matter before the Meeting. A notice to attend the Annual General Meeting is published no earlier than six and no later than four weeks before the Meeting.

An extraordinary general meeting may be held if the Board of Directors considers it necessary or if the company's auditors or shareholders holding at least 10 per cent of the shares so request.

2013 Annual General Meeting

CellaVision's Annual General Meeting was held on Wednesday April 24, 2013 at CellaVision's premises at Ideon in Lund. The Meeting was attended by 21 (24) shareholders, in person or through representatives. They represented about 45 (45) per cent of the total votes. The Board of Directors, Nomination Committee and auditor of the company were present at the Meeting. Essentially, the following resolutions were passed:

- The parent company and consolidated income statements and balance sheets were adopted. It was further resolved that dividend of SEK 0.40 per share will be distributed for the 2012 financial year.
- Discharge from liability of the members of the Board of Directors and the President.
- Re-election of Lars Gatenbeck, Christer Fähræus, Torbjörn Kronander, Sven-Åke Henningsson,

Anna Malm Bernsten, Lars Henriksson and Roger Johanson. Lars Gatenbeck was re-elected as Chairman of the Board of Directors. Deloitte AB was re-elected as auditor.

- Fee to the Board of Directors, presented in the table on page 31 and in Note 7.4 of the annual report.
- Principles for the Nomination Committee.
- Guidelines for remuneration to senior management.

No authorizations for the Board of Directors to issue new shares or acquire own shares were resolved.

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

The Nomination Committee

The main task of the Nomination Committee is to propose to the Annual General Meeting the composition of the Board of Directors, which is then decided by the Annual General Meeting.

The work of the Nomination Committee starts by studying the evaluation of the work of the Board of Directors commissioned by the Board of Directors. The work of the Committee is characterized by transparency and discussion to achieve a well-balanced Board. The Nomination Committee then nominates members to the Board for the next term of office and submits proposals for remuneration to the Board of Directors and auditors.

The Nomination Committee for the Annual General Meeting in 2014

According to a resolution of the Annual General Meeting in 2013, CellaVision's Nomination Committee for the 2014 Annual General Meeting is to consist of the Chairman of the Board and one representative of each of the four largest shareholders in terms of voting rights at the end of September 2013. The members of the Nomination Committee and the shareholders who appointed them are presented in the table below. In addition, the Chairman of the Board Lars Gatenbeck also sits on the 2014 Nomination Committee. The composition of the Nomination Committee was presented on October 24 in connection with the interim report for January–September 2013.

In 2013 the Nomination Committee held three meetings as well as a number of email and telephone contacts. The Nomination Committee proposals are presented in the notice to attend the 2014 Annual General Meeting and are also available on the company's website together with an explanatory statement concerning the proposed Board.

The Nomination Committee for the Annual General Meeting

Name/Representing	Vote
Lennart Hansson, Stiftelsen Industrifonden	15.0%
Aleksandar Zusa, Metallica Förvaltnings AB	10.2%
Christer Fähræus, Christer Fähræus and companies	10.1%
Caroline af Ugglas, Skandia Liv	4.1%
Total	39.4%

Board of Directors

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

The Board of Directors is appointed by the shareholders at the Annual General Meeting with a term of office up to and including the next Annual General Meeting. The Board of Directors administers the company on behalf of the shareholders by establishing goals and strategy, evaluating the operative management and ensuring that there is an effective system for follow-up and control of the established goals. It is also the responsibility of the Board to ensure correct, relevant and reliable provision of information. CellaVision's Board of Directors forms a quorum when more than half of its members are present. Under the Articles of Association the Board of Directors of CellaVision must consist of a minimum of three and a maximum of nine members with

a maximum of two alternates. The Board holds an inaugural meeting directly after the Annual General Meeting.

Chairman of the Board

CellaVision's Board of Directors has been chaired since 2002 by Lars Gatenbeck. The Chairman of the Board is appointed by the Annual General Meeting. The Chairman of the Board must organize and lead the work of the Board, ensure that the Board regularly develops its knowledge of the company, communicate shareholders' views to the Board and be a support to the President/CEO. The Chairman of the Board and the President/CEO prepare proposed agendas for the Board meetings. The Chairman of the Board verifies that the Board's decisions are effectively implemented and is responsible for ensuring annual evaluation of the work of the Board and that the Nomination Committee is informed of the results of this evaluation.

The Board's Rules of Procedure

The Board of Directors is to annually adopt rules of procedure for its work. The current rules of procedure were adopted on April 24, 2013. In addition to that, the Rules of Procedure are revised as necessary. The Rules of Procedure include the responsibilities and duties of the Board, the duties of the Chairman of the Board, audit issues and specification of the reports and financial information that the Board must receive before each ordinary Board meeting.

Evaluation of the work of the Board

Under the leadership of the Chairman, the Board conducts an annual evaluation of its work. The evaluation refers to forms of work and work climate, emphasis of the Board's work and access to and need for special competence in the Board. The evaluation is used as an aid to developing the work of the

Attendance and remuneration to the Board in 2013

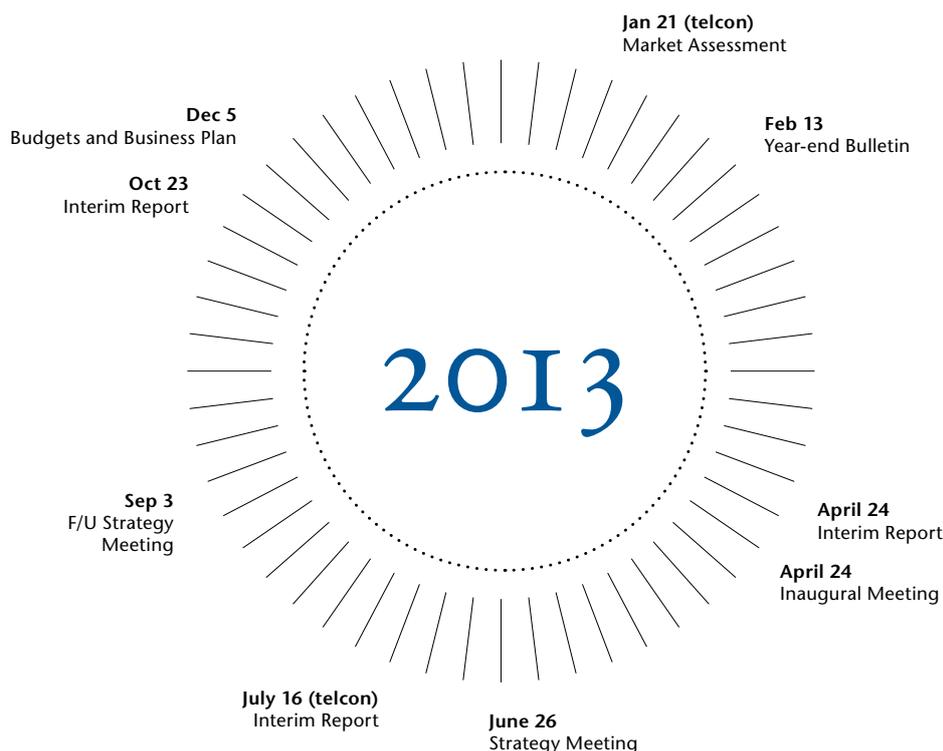
Name	Independence in relation to the company	Independence in relation to the company's major shareholders	Audit Committee	Remuneration Committee	Board fee, SEK thousands	Committee fee, SEK thousands	Total, SEK thousands	Attendance at Board meetings
Lars Gatenbeck	Yes	Yes	•	•	300	0	300	9/9
Christer Fähræus	Yes	No		•	150	20	170	9/9
Sven-Åke Henningsson*	Yes	Yes	•		150	13	163	8/9
Lars Henriksson*	Yes	No	•	•	150	20	170	9/9
Roger Johanson	Yes	Yes			150		150	8/9
Torbjörn Kronander	Yes	Yes		•	150	20	170	8/9
Anna Malm Bernsten*	Yes	Yes	•		150	7	157	8/9
Total					1,200	80	1,280	

- Member of the board
- Chairman

A more detailed presentation of the members of the Board can be found on page 36 and on the company website, www.cellavision.se.

* Between September 1, 2012 and April 30, 2013 Sven-Åke Henningsson was acting CFO of CellaVision and during that period was not independent in relation to the company. When he took up his position, Member of the Board Anna Malm Bernsten replaced him on the Audit Committee. Lars Henriksson took over as chair of the Committee.

Board Meetings 2013



Board. In accordance with the Code, relevant parts of the results are made available to the Nomination Committee.

CellaVision's Board of Directors 2013

As of the 2011 Annual General Meeting the Board of Directors consisted of seven members with no alternates. At the 2013 Annual General Meeting Christer Fåhraeus, Lars Gatenbeck, Sven-Åke Henningsson, Torbjörn Kronander, Anna Malm Bernsten, Lars Henriksson and Roger Johanson were reelected as Board members. Lars Gatenbeck was reelected as the Chairman of the Board. The members of the Board have great experience and competence in medicine and science as well as business and international operations. The composition of the Board complies with the provisions of the Swedish Code of Corporate Governance concerning independent members. The information that is to be provided under point 10.2 of the Code concerning members of the board can be found on page 36.

Work of the Board in 2013

In 2013 CellaVision's Board of Directors held a total of nine minuted meetings, two of which by telephone. Four of the meetings were held in connection with the approval of the year-end bulletin and the interim reports. Members unable to attend a meeting made their comments known to the Chairman before the meeting.

Important questions during the year included strategy, market assessments and material risks. A two-day meeting with the company management was devoted to long-term strategic planning, focusing on market expansion and product development.

The company's President/CEO and CFO participate regularly in the Board meetings. Other senior executives participate in the Board meetings as necessary. The company's auditor participated in the February Board meeting, when the year-end bulletin was approved. Eddie Juhlin and Ann Källsand, Members of the Swedish Bar Association, from Fredersen Advokatbyrå, were secretaries at three and two Board meetings respectively during the year.

Audit Committee

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

The Audit Committee consists of three members who are all independent in relation to the company and its management: Lars Gatenbeck, Lars Henriksson and Sven-Åke Henningsson, who chairs the Committee. Lars Gatenbeck and Sven-Åke Henningsson are also independent in relation to the company's major shareholders.

Between September 1, 2012 and April 30, 2013 Sven-Åke Henningsson was acting CFO of CellaVision and during that period was not independent in relation to the company. When he took up his position, Member of the Board Anna Malm Bernsten replaced him on the Audit Committee. Lars Henriksson took over as chair of the Committee.

During the year the Committee met twice, with all its members present. Questions dealt with were mainly internal control in the subsidiaries, audit

planning and governance and followup of operations. The company's auditor and CFO participate regularly at the Audit Committee meetings.

Remuneration Committee

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

In 2013 the Remuneration Committee consisted of members of the Board Lars Gatenbeck, Christer Fähræus and Torbjörn Kronander, who are all independent of the company and the company management. Lars Gatenbeck and Torbjörn Kronander are also independent in relation to the company's major shareholders. Lars Gatenbeck chairs the Committee. In 2013 the Committee met three times, with all its members present, and had several contacts by email and telephone. In addition to guidelines and principles of remuneration to the President/CEO and other senior management during the year the Committee discussed and dealt with an incentive program for the CEO, management and other staff.

President/CEO and Executive Group Management

The President/CEO is appointed by and receives instructions from the Board of Directors. CellaVision's President/CEO Yvonne Mårtensson is responsible for the day-to-day management of the company in accordance with the Board's guidelines and directions. The current Instruction to the President/CEO was adopted by the Board on April 24, 2013. The President/CEO prepares information and decision making data for the Board meetings and is presenter at the meetings. The Board of Directors continuously evaluates the work of the President/CEO through monitoring against goals set. Once a year a formal evaluation is made, which is discussed with the President/CEO.

CellaVision's management 2013

The President/CEO has appointed a management team to be responsible for various parts of CellaVision's business. In 2013 the Executive Group Management consisted of six people besides the President/CEO:

- Chief Financial Officer (CFO, from 130502)
- Chief Operating Officer (COO)
- VP Business Development
- VP Human Resources
- VP Sales and Marketing (from 130211)
- VP Quality (from 130831)

All the members of the Executive Group Management are at the company's head office in Lund, Sweden, except the VP Business Development who is at the subsidiary in the US. The Executive Group Management holds minuted meetings at which operative issues are discussed. The Executive Group Management draws up a business plan annually, which is adopted by the Board. A more detailed presentation of the President/CEO and the management team can be found on page 37. The information

on the President/CEO stipulated in item 10.2 of the Code can also be found there.

Auditors

The administration of the Board of Directors and the President/CEO and financial reporting is examined by the external auditor elected by the Annual General Meeting. The auditor is proposed by the Nomination Committee and elected by the Meeting for one year. At the Annual General Meeting in 2013 Deloitte AB was elected as the company's auditor up to the 2014 Annual General Meeting.

The auditor in charge is authorized public accountant Maria Ekelund. The task of the auditor is to examine CellaVision's annual accounts and bookkeeping, as well as the administration by the Board of Directors and President/CEO on behalf of the shareholders. Besides the annual audit, the auditor reviews at least one interim report per year. Remuneration to the auditor is payable in accordance with the approved invoice. For amounts please see Note 8.

Remuneration

Salaries, remuneration and other benefits to the Board of Directors, President/CEO and other senior management are reported in Note 7.4 in the annual report. Remuneration to the Board of Directors can also be followed in the table on page 31.

Guidelines for remuneration to senior management in 2013

The AGM 2013 resolved to approve the Board's proposed guidelines for remuneration to senior executives in CellaVision as follows:

"The company is to offer commercially based total remuneration that enables the recruitment and retention of senior management. The remuneration to company management is to consist of fixed salary, benefits in kind, variable remuneration and pension. Fixed salary plus variable salary together constitute the individual's target salary. Altogether the above components constitute the individual's total remuneration.

The fixed salary is to take account of the individual's areas of responsibility and experience and be reviewed annually. The distribution between the fixed salary and variable remuneration must be in proportion to the responsibility and authority of the person holding the position. The variable remuneration must always be subject to predetermined limits and be linked to predetermined and measurable performance criteria. The variable remuneration to the President/CEO must be based on individual goals established by the Board. Such goals may for example be linked to performance, sales and/or cash flow. For other senior management the variable remuneration must be based on individual goals and/or the outcome in the individual's relevant area of responsibility.

The 2013 Annual General Meeting resolved on a share-price related incentive program for company management vesting in 2013–2015. Those eligible are the CEO and members of the management team. The decision represents a renewal of the incentive program previously applied by the company in 2011–2013 and 2012–2014.

Pension conditions must be commercial in relation to market conditions applicable to others holding

equivalent positions and must be based on defined contribution plan solutions. The retirement age is to be 65 years. Severance pay for a member of the management can be payable in an amount equivalent to a maximum of 12 months' salary. No separate board fee is payable to a member of management holding a position as member or alternate in a group company board of directors.

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

Incentive program for senior management

The Annual General Meeting held on April 26, 2011 approved the Board of Directors' proposed share price-related incentive program for company management to run for the period 2011–2015 (2011–2013 and 2012–2014). Those eligible are the CEO and members of the management team. The Annual General Meeting held on April 24, 2013 resolved to also renew the program for the period 2013–2015.

The program means that the company, provided profitability and sales targets set at the start of the year have been achieved, will set aside 2 monthly salaries for the CEO and 1.5 monthly salaries for other senior management participating in the incentive program in 2011, 2012 and 2013.

The outcome depends on a comparison between the company's average share price and the NASDAQ OMX Stockholm general index. The company's average share price must have exceeded the general index by at least 30 per cent in Q4 2013 compared with Q4 2010, in Q4 2014 compared with Q4 2011 and in Q4 2015 compared with Q4 2012 in order to generate any right to remuneration. Any payment will be made in 2014, 2015 and 2016.

A minimum increase of 30 per cent in the share price in a period of comparison as above results in a bonus equivalent to 2 monthly salaries for the CEO and equivalent to 1.5 monthly salaries for other senior management. An increase of at least 50 per cent will result in a bonus of 3 monthly salaries for the CEO and 2 monthly salaries for other senior management. The outcome of the incentive program in 2014, 2015 and 2016 is maximized to an amount per year equivalent to 4 monthly salaries for the CEO and an amount per year equivalent to 3 monthly salaries for other senior management participating in the incentive program. The maximum amount will be payable if the increase in the share price for the period in question is at least 100 per cent.

In order to participate in the incentive program for the periods 2013–2015, the member of senior management must have been employed for six months on December 31, 2013 and his/her employment contract on the same date must not be under notice of termination.

The Board of Directors determines the profitability and sales targets applicable to the program, the individual members of senior management in the group CEO and management team who are eligible to participate in the program, and decide whether the conditions that confer the right to payment of bonus under the incentive program for an individual member of senior management have been met.

The index target set was not achieved for the 2011–2013 programs and the profitability and sales targets set for the 2012–2014 programs were not achieved.

Consequently the programs will not generate any costs for the company. For the 2013–2015 program it is estimated that for the maximum outcome, the cost to the company will be about SEK 580,000 (excluding social security contributions) per year. The calculation is based on the participation of six members of senior management in the program.

Incentive program for staff

The Board of Directors has decided on an equity-related staff incentive program to run from 2011–2013, 2012–2014 and 2013–2015. Eligible staff are those who are not senior management and who consequently are not eligible for the incentive program for senior management resolved by the 2011 and 2013 Annual General Meeting.

The decision means that the employee is credited with between 0.1–1.5 of monthly salary ("Participation Unit") in 2011, 2012 and 2013. The size of the Participation Unit depends on the company's performance and sales in 2011, 2012 and 2013. The outcome of the bonus then depends on a comparison between the company's average share price and the NASDAQ OMX Stockholm general index. The company's average share price must have exceeded the general index by at least 30 per cent in Q4 2013 compared with Q4 2010, Q4 2014 compared with Q4 2011 and Q4 2015 compared with Q4 2012 to qualify for the right to a bonus. Any payment will be made in 2014, 2015 and 2016.

A minimum increase of 30 per cent in the share price in a period of comparison as above entails a bonus equivalent to 1 Participation Unit. An increase of at least 50 per cent entails a bonus of 1.5 Participation Units. The outcome of the incentive program is maximized to 2 Participation Units. The maximum amount will be payable if the increase in the share price for the period in question is at least 100 per cent.

To participate in the respective incentive program, the employee must have been employed for at least six months on December 31 of the year in which each respective program started. If the employee has been employed for less than 36 months on the date of payment, the bonus will be reduced by 1/36 for each month the period of employment falls short of 36.

The index target set was not achieved for the 2011–2013 program and the profitability and sales targets set for the 2012–2014 programs were not achieved. Consequently, the programs will not generate any costs for the company. For the 2013–2015 program it is estimated that for the maximum outcome the cost to the company will be about SEK 7 million over three years (excluding social security contributions).

Proposed guidelines for remuneration to senior management in 2014

The Board of Directors, as last year, proposes the following guidelines for remuneration to senior management in 2014:

"The company is to offer commercially based total remuneration that enables the recruitment and retention of senior management. The remuneration to company management is to consist of fixed salary, benefits in kind, variable remuneration and pension. Fixed salary plus variable salary together constitute the individual's target salary. Altogether the above components constitute the individual's total remuneration.

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

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

Severance pay for a member of the management can be payable in an amount equivalent to a maximum of 12 months' salary. No separate board fee is payable to a member of management holding a position as member or alternate in a group company board of directors.

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

The Board of Directors also proposes to the General Meeting that the incentive program for senior management that previously applied in CellaVision during the periods 2011-2013, 2012-2014 and 2013-2015 be continued.

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

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

Background

According to the Companies Act and the Swedish Code of Corporate Governance the Board is responsible for internal controls.

Control environment

The basis of internal controls is the overall control environment. A good control environment builds on an organization with clear decision lines where responsibility and authority is clearly defined. In CellaVision there are policies, guidelines and process descriptions for the different parts of the business flow from transaction management to bookkeeping and preparing external reports. In the company's financial and accounting manual, Administrative Guidelines, which is updated annually, these process descriptions are presented in all essentials.

Risk assessment

The Board and Audit Committee are responsible for identifying and managing all material financial risks and risks of errors in the external reporting. The Audit Committee evaluates the risk management requirements annually and draws up written principles both for overall risk management and for specific areas, such as currency risk, interest rate risk,

credit risk and investment of surplus liquidity. These principles are then adopted by the Board.

Control activities

The main purpose of control activities is to prevent and discover errors as soon as possible in order to rectify any deficiencies. Procedures and activities have been designed to discover and deal with the most material risks related to financial reporting. Group companies are followed up by the CEO and CFO through regular reports and personal meetings with the management of the respective subsidiary. The Board receives monthly reports in which the CEO and CFO give an account of the past period regarding the Group's and each respective business area's results and financial position. The work on monthly closings and annual accounts is well-defined and reporting is in accordance with standardized reporting templates including comments regarding all material income and balance sheet items.

There are CFOs and controllers with functional responsibility for accounting, reporting and analysis at both parent company and subsidiaries. In this way the company's financial reports are checked several times, which reduces the risk of error.

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

Information and communication

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

Follow-up

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

Activities in 2013

CellaVision works constantly to minimize risks by removing superfluous manual steps from the company's processes. A special area of focus in 2013 was the quality assurance process for product development, including an electronic document management system. The inventory process was also in focus, as well as the year-end and reporting process in the Group's companies.

Board of Directors and Auditors



LARS GATENBECK

Elected 2000. Chairman since 2002.
Year of birth: 1956.

Other directorships

Chairman of Life Equity Group AB. Former positions include Director of Karolinska University Hospital and management positions within the pharmaceutical and biotechnology industry.

Chairman of the Board of Life Equity Group Holding AB, Life Medical Sweden AB and Memira Holding AB. Member of the Board of Aleris Holding AB, Cancerföreningen and Stiftelsen Silviahemmet.

Senior Advisor i Econ Healthcare PTE Ltd and Principal in Gustav V:s Jubileumsfond.

Education
M.D, Ph.D.

CellaVision shares
7,438.



CHRISTER FÄHRÆUS

Founder of CellaVision. Member of the board since 1994.
Year of birth: 1965.

Other directorships

CellaVision's founder and CEO until June 1998. CEO of EQL Pharma AB. Former positions include CEO of Anoto Group AB and Agellis Group AB. Founder of Anoto Group AB, Precise Biometrics AB, Agellis Group AB and Flatfrog Laboratories AB among others.

Chairman of the Board of Agellis Group AB, Respiratorius AB and Flatfrog Laboratories AB.

Member of the Board of EQL Pharma AB, Lunds universitets innovationssystem AB, Fårö Capital AB, Karo Bio AB and Wranne Fähræus Design AB.

Education

M.Sc. Bioengineering, B.Sc. Mathematics, Ph.D. (hc) Lund University.

CellaVision shares
2,400,000 (incl. companies).



LARS HENRIKSSON

Elected 2011.
Year of birth: 1961.

Other directorships

Investment manager and business analyst at Industrifonden in the Life Science business area.

Former positions include CFO in telecoms and traditional industry on an international basis.

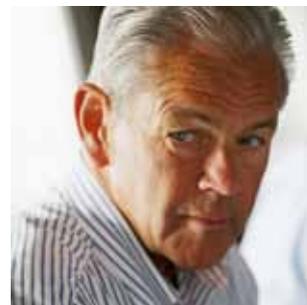
Serves as alternate in several cases under mandate from Industrifonden.

Education

M.Sc. Industrial Engineering and Management.

CellaVision shares

–



SVEN-ÅKE HENNINGSSON

Elected 2006.
Year of birth: 1940.

Other directorships

Former positions include President of Kanthal-Höganäs AB, AB Wilh. Becker and Lindéngruppen AB.

Member of the Board of Gant Company AB.

Education

B.Sc. Economics and Business Administration.

CellaVision shares
70,000.



ROGER JOHANSON

Elected 2011.
Year of birth: 1959.

Other directorships

Head of Venture Capital & Direct Investments at Skandia Liv.

Former positions include CEO and President at Medicarb AB and management positions at DAKO A/S and Becton Dickinson AB.

Member of the Board of Diligentia AB and SVCA.

Education
M.Sc. Chemical Engineering.

CellaVision shares
3,000.



TORBJÖRN KRONANDER

Elected 2007.
Year of birth: 1957.

Other directorships

President and CEO of Sectra AB. Founder of Sectras' medical division and co-founder of the research center, CMIV (Center for Medical Image science and Visualization) in Linköping.

Chairman of the Board of Sectra Sverige AB. Member of the Board of Sectra AB and Shannon AB.

Education
Doctor of Technology, MBA.

CellaVision shares
278,000.



ANNA MALM BERNSTEN

Elected 2010.
Year of birth: 1961.

Other directorships

CEO of Bernstein Konsult AB. Former positions include President and CEO of Carmeda AB and management positions at Pharmacia & Upjohn and GE Healthcare Life Sciences.

Member of the Board of AB Fagerhult, Medivir AB, Nolato AB, NeuroVive Pharmaceutical AB, Birdstep ASA, Matrisen AB, Oatly AB and Cereal Base AB.

Education

M.Sc. Chemical Engineering.

CellaVision shares

–

REVISOR

MARIA EKELUND

Authorised Public Accountant, Deloitte AB.
Auditor of CellaVision since 2013.

Management



YVONNE MÅRTENSSON

President and CEO.
Employed in 1998.
Year of birth: 1953.

Previous experience

Has more than 25 years of experience from international marketing and sales in fast-growing companies in various phases, and more than 20 years of experience from the medtech industry.

Other directorships

Member of the Board of IMIX/Arcoma AB.

Education:

M.Sc. Industrial Engineering and Management.

CellaVision shares:

140,000 (incl. companies).



MAGNUS BLIXT

CFO.
Employed in 2013.
Year of birth: 1966.

Previous experience

Has extensive experience of developing small and medium sized companies focusing on business performance and process improvements, within the SKF Group and Rotaform AB among others. He most recently held the position as Business Demand Manager at SKF AB.

Education:

MBA.

CellaVision shares:

–



STEFAN BENGTSSON

Chief Operating Officer (COO).
Employed in 2011.
Year of birth: 1953.

Previous experience

Has more than 20 years experience of growth companies in the medtech industry. His most recent position was CEO of Presona AB. Former leading positions in Gambro, Getinge and Pharmacia.

Education

M.Sc. Mechanical Engineering.

CellaVision shares

21,000.



KARIN DAHLLÖF

VP Sales and Marketing.
Employed in 2013.
Year of birth: 1959.

Previous experience

Has more than 20 years' experience of sales and marketing in the medtech industry, including positions at Chromogenix, Hemocue AB and Bonesupport AB. She most recently held a leading position at Vidacare BV in the Netherlands.

Education

Biomedical Laboratory Scientist. Diploma in Marketing Communications.

CellaVision shares

5,800.



GÖRAN GRANQVIST

VP Quality.
Employed in 2013.
Year of birth: 1965.

Previous experience

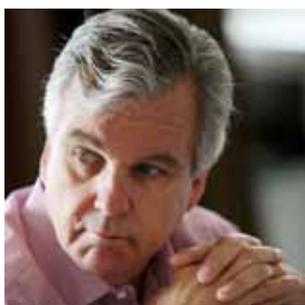
Has broad experience in quality work including positions at Gambro, the nuclear industry and the defense industry. His most recent position was Manager Quality Assurance & Validation at ÄF.

Education

Technical college graduate.

CellaVision shares

–



RON HAGNER

VP Sales & Business Development.
Employed in 2001.
Year of birth: 1954.

Previous experience

Many years' experience of the medtech industry, holding leading positions in sales and marketing with Bayer Diagnostics, Intelligent Medical Imaging and Triangle Biomedical Sciences.

Education

M Sc Medical Biology.

CellaVision shares

1,000.



MARIA MORIN

VP Human Resources.
Employed in 2009.
Year of birth: 1974.

Previous experience

Has extensive experience from various positions and companies within the field of human resources. Her most recent position was at Gambro AB.

Education

B Sc Economics and Business Administration and B Sc Human Resources.

CellaVision shares

–

Consolidated statement of comprehensive income, Group

SEK thousands	Note	2013	2012
	1		
Net sales	4	179,851	169,512
Cost of goods sold	10	-67,225	-59,456
Gross profit		112,626	110,056
Selling expenses		-39,344	-38,859
Administrative expenses		-26,653	-29,060
Research and development expenditure		-20,683	-21,435
Operating profit/loss	5,6,7,8,9,10,13,14	25,946	20,702
PROFIT/LOSS FROM FINANCIAL ITEMS			
Interest income and other financial gains	11	594	225
Interest expense and other financial losses	11	-1,850	-2,376
Profit/loss before tax		24,690	18,551
Income tax	12	-5,758	-12,100
Net profit for the year		18,932	6,451
Other comprehensive income:			
Components not to be reclassified to net profit:			
		-	-
Components to be reclassified to net profit:			
<i>a) Cash flow hedges</i>			
Reclassified to operating profit		-2,493	99
Revaluation of financial assets		-204	2,342
Tax effect on cash flow hedges		560	-537
<i>b) Translation differences</i>			
Exchange rate differences on translation of subsidiaries		350	31
Total components to be reclassified to net profit:		-1,787	1,935
Total other comprehensive income for the year		-1,787	1,935
Total comprehensive income for the year		17,145	8,386
Of which attributable to the parent company's shareholders		17,145	8,386
Earnings per share (SEK)		0.79	0.27
Earnings per share after dilution (SEK)		0.79	0.27
Number of shares in issue (thousands)		23,852	23,852
Average number of shares in issue (thousands)		23,852	23,852

Consolidated statement of financial position, Group

SEK thousands	Note	2013	2012
ASSETS	1		
Non-current assets			
Capitalised expenditure for development	4,13	26,466	24,152
Equipment	4,14	3,195	2,693
Deferred tax assets	12	33,078	37,994
Other non-current receivables	4,15	83	91
Total non-current assets		62,822	64,930
Current assets			
<i>Inventories</i>			
Finished goods and goods for resale		16,797	16,356
Total inventories		16,797	16,356
<i>Current receivables</i>			
Trade receivables	17	43,338	40,632
Tax receivables		1,797	1,584
Other receivables		2,737	5,931
Accrued income and prepaid expenses	18	3,200	2,887
Total current receivables		51,072	51,034
Cash and cash equivalents	1	57,882	46,236
Total current assets		125,751	113,626
TOTAL ASSETS		188,573	178,556
EQUITY AND LIABILITIES	1		
Shareholders' equity			
Share capital	19	3,578	3,578
Other contributed capital		10,800	10,800
Reserves		566	2,353
Accumulated profit/loss including profit for the year		117,572	108,181
Total equity attributable to the parent company's shareholders		132,516	124,912
Current liabilities			
Current liabilities, non-interest-bearing		4,783	4,378
Liabilities to credit institutions, interest-bearing	20	19,978	14,272
Trade payables		10,641	16,458
Provisions	21	2,448	2,112
Accrued expenses and deferred income	22	18,207	16,424
Total current liabilities		56,057	53,644
TOTAL EQUITY AND LIABILITIES		188,573	178,556
Pledged assets	23	32,478	26,528
Contingent liabilities	23	None	None

Consolidated statement of cash flows, Group

SEK thousands	Note	2013	2012
Operating activities	1		
Profit/loss before tax		24,690	18,551
Paid tax		-842	-790
Adjustments for non-cash items	24	13,309	7,668
Cash flow from operating activities before changes in working capital		37,157	25,429
Change in inventories		-440	-1,906
Change in operating receivables		-4,016	-13,120
Change in operating liabilities		-5,429	1,090
Cash flow from changes in working capital		-9,885	-13,936
Cash flow from operating activities		27,272	11,493
Investing activities			
Capitalisation of development expenditure		-10,196	-9,256
Purchases of property, plant and equipment		-1,597	-1,854
Acquisition of non-current financial assets		-	23
Cash flow from investing activities		-11,793	-11,087
Financing activities			
Loans repaid/raised		5,708	-1,447
Dividend		-9,541	-9,541
Cash flow from financing activities		-3,833	-10,988
CASH FLOW FOR THE YEAR		11,646	-10,582
Cash and cash equivalents (opening balance)		46,236	56,818
<i>Exchange rate difference on cash and cash equivalents</i>		-785	-567
Cash and cash equivalents (closing balance)		57,882	46,236
Supplementary disclosures, cash flow statement			
Interest received during the year		196	169
Interest paid during the year		-176	-516

Consolidated statement of changes in equity, Group

SEK thousands, Note 1	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings	Total shareholders' equity
Opening balance at 1 January 2012	3,578	10,800	491	-73	111,271	126,067
Comprehensive Income						
Net profit for the year					6,451	6,451
Other Comprehensive Income						
Cash flow hedges, after tax				1,904		1,904
Exchange rate differences, after tax			31			31
Total Other Comprehensive Income			31	1,904		1,935
Total Comprehensive Income			31	1,904	6,451	8,386
Dividend to Parent Company's shareholders					-9,541	-9,541
Closing Balance at 31 December 2012	3,578	10,800	522	1,831	108,181	124,912
Opening balance at 1 January 2013	3,578	10,800	522	1,831	108,181	124,912
Comprehensive Income						
Net profit for the year					18,932	18,932
Other Comprehensive Income						
Cash flow hedges, after tax				-2,137		-2,137
Exchange rate differences, after tax			350			350
Total Other Comprehensive Income			350	-2,137		-1,787
Total Comprehensive Income			350	-2,137	18,932	17,145
Dividend to Parent Company's shareholders					-9,541	-9,541
Closing Balance at 31 December 2013	3,578	10,800	872	-306	117,572	132,516

Income statements, Parent company

SEK thousands	Note	2013	2012
	1		
Net sales	4,6	166,757	161,949
Cost of goods sold	10	-83,619	-78,322
Gross profit		83,138	83,627
Selling expenses		-17,646	-15,705
Administrative expenses		-26,653	-29,060
Research and development expenditure		-20,683	-21,435
Operating profit/loss	6,7,8,9,10,13,14	18,156	17,427
PROFIT/LOSS FROM FINANCIAL ITEMS			
Impairment loss on shares in subsidiaries	11	-14,546	-
Interest income and other financial gains	11	225	217
Interest expense and other financial losses	11	-1,684	-2,106
Profit/loss before tax		2,151	15,538
Income tax	12	-4,128	-11,408
Net profit for the year		-1,977	4,130
Statement of Comprehensive Income			
Net profit for the year		-1,977	4,130
Other comprehensive income:		-	-
Sum of other comprehensive income		-	-
Total comprehensive income for the year		-1,977	4,130

Balance sheets, Parent company

SEK THOUSANDS	Note	2013	2012
ASSETS	1		
Non-current assets			
Capitalised expenditure for development	13	26,466	24,152
Equipment	14	1,685	2,126
Shares in subsidiaries	16	106	9,852
Deferred tax assets	12	32,963	37,092
Total non-current assets		61,220	73,222
Current assets			
<i>Inventories</i>			
Finished goods and goods for resale		14,370	12,286
Total inventories		14,370	12,286
<i>Current receivables</i>			
Trade receivables	17	39,593	31,840
Receivables from group companies		3,820	12,642
Tax receivables		1,797	1,558
Other receivables		2,737	3,843
Accrued income and prepaid expenses	18	2,652	2,361
Total current receivables		50,599	52,244
Cash and cash equivalents	1	50,785	42,301
Total current assets		115,754	106,831
TOTAL ASSETS		176,974	180,053
EQUITY AND LIABILITIES	1		
Shareholders' equity			
<i>Restricted equity</i>			
Share capital	19	3,578	3,578
Statutory reserve		10,780	10,780
<i>Non-restricted equity</i>			
Profit brought forward		107,511	112,922
Net profit for the year		-1,977	4,130
Total shareholders' equity		119,892	131,410
Current liabilities			
Current liabilities, non-interest-bearing		3,656	3,167
Liabilities to credit institutions, interest-bearing	20	19,978	14,272
Trade payables		10,412	16,173
Liabilities to group companies		6,369	-
Provisions	21	2,448	2,112
Accrued expenses and deferred income	22	14,219	12,919
Total current liabilities		57,082	48,643
TOTAL EQUITY AND LIABILITIES		176,974	180,053
Pledged assets	23	32,478	26,528
Contingent liabilities	23	none	none

Cash flow statement, Parent company

SEK thousands	Note	2013	2012
Operating activities	1		
Profit/loss before tax		2,151	15,538
Paid tax		-	-
Adjustments for non-cash items	24	26,403	9,028
Cash flow from operating activities before changes in working capital		28,554	24,566
Change in inventories		-2,084	-1,829
Change in operating receivables		-4,390	-7,790
Change in operating liabilities		1,097	146
Cash flow from changes in working capital		-5,377	-9,473
Cash flow from operating activities		23,177	15,093
Investing activities			
Capitalisation of development expenditure		-10,196	-9,256
Purchases of property, plant and equipment		-662	-1,467
Cash flow from investing activities		-10,858	-10,723
Financing activities			
Dividend		-9,541	-9,541
Loans repaid/raised		5,706	-1,447
Cash flow from financing activities		-3,835	-10,988
CASH FLOW FOR THE YEAR		8,484	-6,618
Cash and cash equivalents (opening balance)		42,301	48,919
Cash and cash equivalents (closing balance)		50,785	42,301
Supplementary disclosures, cash flow statement			
Interest received during the year		196	161
Interest paid during the year		-176	-247

Statement of change in equity, Parent company

SEK thousands, Note 1	Share capital	Other contributed capital	Retained earnings	Total shareholders' equity
Opening balance at 1 January 2012	3,578	10,780	122,462	136,820
Net profit for the year			4,130	4,130
Other Comprehensive Income				
Other Comprehensive Income			-	-
Total Other Comprehensive Income			0	0
Total Comprehensive Income			4,130	4,130
Dividend to Parent Company's shareholders			-9,541	-9,541
Closing Balance at 31 December 2012	3,578	10,780	117,052	131,410
Opening balance at 1 January 2013	3,578	10,780	117,052	131,410
Net profit for the year			-1,977	-1,977
Other Comprehensive Income				
Other Comprehensive Income			-	-
Total Other Comprehensive Income			0	0
Total Comprehensive Income			-1,977	-1,977
Dividend to Parent Company's shareholders			-9,541	-9,541
Closing Balance at 31 December 2013	3,578	10,780	105,534	119,892

Notes

Note 1. General information, accounting policies and valuation principles

Accounting policies

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

New and amended standards and interpretations in 2013

Amendments to IAS 1 Presentation of Financial Statements require further disclosure in other comprehensive income so that items in other comprehensive income are grouped into two categories:

- items that will not be reclassified to profit or loss and
- items that will be reclassified to profit or loss if certain criteria are met.

CellaVision's application of the amendments to IAS 1 is presented in the Group statement of comprehensive income.

The new International Financial Reporting Standard IFRS 13 Fair value measurement applies to fair value measurement of both financial and non-financial items and replaces previous guidance contained in individual standards referring to fair value measurement. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the "exit price"). IFRS 13 has been applied prospectively from January 1, 2013. The application of IFRS 13 has not had any impact on the Group's results and financial position regarding the valuation of the Group's financial instruments. IFRS 13 requires that several quantitative and qualitative disclosures should be presented in the financial statements in respect of fair value.

Other new and amended standards and improvements have had no impact on the Group's financial reports in 2013. A number of new interpretations and amendments have been issued from IFRIC. These interpretations and amendments have had no impact on the Group's financial reports in 2013.

New and amended standards and interpretations not yet in force

The International Accounting Standards Board (IASB) has issued a number of new and amended standards which have not yet come into force. None of these have been applied in advance. The company management considers that new and amended standards and interpretations will not have any material impact on the Group's financial reporting in the period they are applied for the first time. However essential parts of IFRS 9 Financial instruments, which replaces IAS 39, are determined, but will be effective no earlier than 2015. The impact that this could bring on the financial reporting is therefore not yet fully known.

Group accounting policies

Consolidated accounts

CellaVision AB is a Swedish public limited liability company with its registered office at Ideon Science Park in Lund. The consolidated accounts include the parent company CellaVision AB and the wholly owned subsidiaries CellaVision Inc., USA, CellaVision Canada Inc., CellaVision Japan K.K. and CellaVision International AB. The consolidated accounts were prepared in accordance with the acquisition accounting method. This means that consolidated subsidiaries' identifiable assets, liabilities and contingent liabilities are recognised at fair value at the time of acquisition. If the cost of acquisition exceeds net assets recorded as above, the difference constitutes goodwill. Internal invoicing and internal financial dealings within the Group are eliminated in the consolidated accounts.

Translation of foreign operations

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

Revenue recognition

For sales of instruments and/or software the revenue includes both the instrument and/or the software, and the possible right to future software updates. The entire revenue referring to the system, instrument plus updates, is recognised when the significant risks and rewards associated with the instrument are transferred to the customer, which normally coincides with delivery to the customer. For services to end consumers the revenue constitutes payment for servicing the instrument. This revenue is accrued over the period of the service agreement. This may refer to one occasion or run for a longer period of time. For software upgrades (new functions, technology or applications) to end consumers the revenue constitutes payment for software upgrades and is recognized at the time of delivery or distribution of a license key.

Expenditure on research and development

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

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

Depreciation on equipment and computer equipment is not capitalised. Financial year borrowing costs for qualified assets for newly started projects are also capitalised. Since the company did not incur any borrowing costs no such costs have been capitalized. The financial costs undertaken by the company do not refer to development activities and their costs.

Exchange rate gains and losses

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

Intangible assets

Intangible assets consist of capitalized expenditure for development that is recorded at cost of acquisition less accumulated amortization. Development expenditure recognized as an asset is amortized over the estimated useful life of five years. CellaVision's products are replaced by new models at intervals of about five years. Amortization is started on market introduction of the respective product.

Property, plant and equipment

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

Depreciation

Depreciation/amortization is based on the historical cost and estimated useful life of the assets:

- Development projects 5 years
- Instruments 5 years
- Equipment 5 years
- Computer equipment 3 years

The estimated useful life of analyzers and development work is consistent with the estimated product life cycle.

Leases

A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset from the lessor to the lessee. Leases that are not finance leases are classified as operating leases. Assets held under a finance lease are recognized at the beginning of the lease term at their fair value or, if lower, at the present value of the minimum lease payments. The liability of the lessee in relation to the lessor is recognized in the balance sheet. Lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to periods over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. The operating leases refer mainly to premises, vehicles, computers and some office equipment.

Receivables and liabilities

Receivables are recorded in the amounts at which they are expected to be received. Liabilities are recorded at nominal amounts. Receivables and liabilities in foreign currency have been translated at the closing day rate, at which time unrealized

exchange rate effects are recognized in revenue. To the extent an external customer contract exists (as regards the parent company's sales to Group companies) all customer invoices in the parent company are covered by invoice factoring. These are reported as trade receivables (in the parent company also intra-group receivables). The loans received by the company in the respective invoicing currency are reported as liabilities translated at the closing day rate. These invoices have been provided as loan collateral and are reported under pledged assets.

Inventories

Inventories are recorded at the lower of cost according to the first-in, first-out method (FIFO) and net realizable value (lower of cost or market). The inventories contain finished products and input components for additional instruments. Material costs have been expensed during the year as Cost of goods sold in the amount of SEK 57.8 (52.7) million.

Cash flow statement

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

Pensions

All employees of the Parent Company are covered by the ITP plan administered by Alecta, apart from staff employed before 1 May 1999. These employees are covered by "alternative ITP", where the employees themselves may choose the insurer. These have the same amounts at their disposal as though they had been part of the ITP plan. Employees with an income in excess of 10 price base amounts are offered "tenfold earners" solutions. This means that they can choose the insurer for a part of the ITP contribution. Both these solutions are classified and reported as defined contribution plans. The ITP plan administered by Alecta is a defined benefit pension plan. However, in accordance with a statement by the Swedish Financial Reporting Board (UFR 3), this plan is reported as a defined contribution plan as Alecta cannot produce sufficient information for reporting it as a defined benefit plan. For further information please refer to the note on employee benefits. The Group's American employees are covered by a 410K plan, which is a defined contribution plan. All pension commitments have been taken over by insurance companies and thus all pension plans are reported as defined contribution plans and pension premiums are recognized as expenses in the period in which the employees render the related services.

Share-price related remuneration

The Group has a share-price related incentive program in which settlement will be in cash. The outcome of the program is dependent on a comparison between the company's share price and the NASDAQ OMX general index over the duration of the program. Any remuneration will be paid in the year after the program expires. At the close of each reporting period the company will review the fair value of the liability including social security costs. A change in the liability equivalent to the earnings at the close of each reporting period will be reported in the income statement. The following programs have been approved and refer to:

Duration	Refers to
2011–2013	Executive Group Mgmt and other Swedish personnel
2012–2014	Executive Group Mgmt and other personnel
2013–2015	Executive Group Mgmt and other personnel

Classification of assets and liabilities

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

Provisions

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

Income taxes

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

Impairment of non-financial assets

If within the group there is an indication that the value of an asset is impaired, its recoverable amount is determined. The recoverable amount is defined as the higher of an asset's net realizable value and value in use. When establishing value in use, a calculation is made of the present value of expected future cash flows from the asset during its useful life (for capitalized development expenditure the estimated product life cycle is equal to the useful life). An impairment loss is recognized in the income statement when the carrying amount in the consolidated accounts exceeds the recoverable amount.

Financial instruments

The Group's financial instruments mainly comprise trade receivables, cash and cash equivalents, trade payables and financial derivatives in the form of currency forwards.

Trade receivables

Trade receivables are reported net of any doubtful receivables. These deductions are based on individual assessment of trade receivables taking into account expected bad debt losses. Historically the Group has had very few bad debt losses as its customers are established hematology companies and distributors with good credit status and in the Nordic area the customers are publicly financed hospitals.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank and short term investments. A current investment is classified as a cash equivalent if it can easily be cashed for a known amount and if it is only exposed to an insignificant risk of value fluctuation.

Trade payables

Trade payables are recorded at the value the company intends to pay the supplier to settle the debt.

Currency forwards and hedge accounting

The Group uses currency forwards to hedge forecast inflows in foreign currency. The currency forwards used for hedging future cash flows and forecast sales in foreign currency are recognized in the balance sheet at fair value. The effective portion of the changes in value are reported in other comprehensive income until the hedged flow affects the income statement, when the hedging instrument's accumulated changes in value are recognized in the income statement, where they meet and match the effects on earnings of the hedged transaction. The ineffective portion of the value changes is recognized directly in the income statement.

Liabilities to credit institutions

Liabilities to credit institutions refers to pledged customer invoices, which means that the company has a current liability to the credit institution. The invoices are pledged for up to 60 days.

Operating segments

An operating segment is a part of an entity that conducts business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker, and for which discrete financial information is available. The entity's operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function, who is assessing the performance of the operating segments and allocating resources. The entity's assessment is that the group executive board is the chief operating decision-maker. CellaVision's business operations comprise one operating segment; automated microscopy systems in the field of hematology, and refers to the income statement and balance sheet for reporting of operating segments.

Related party transactions

For reporting any transactions with related parties please refer to note 7.

Important accounting estimates and assumptions

Preparation of reports and application of various accounting policies are often based on the management's judgements or on assumptions and estimates considered to be reasonable under the circumstances. These assumptions and estimates are usually based on experience but also on other factors, including expectations of future events. The following two areas are worth noting for CellaVision:

Capitalized development expenditure

The recoverable amount for capitalized development expenditure is determined on the basis of estimated economic life and volume. This calculation is based on estimated future cash flows using financial forecasts approved by the management and covering product life cycles.

Tax loss carry forwards

The part of CellaVision's deferred tax asset referring to tax loss carry forwards

that has been recognized as a financial asset during the year corresponds to the management's assessment of what can be utilized with reference to financial forecasts.

Parent company's accounting policies

For a more detailed description of accounting policies, please refer to the section above "Group Accounting Policies". Only divergences in the parent company's policies compared with those of the Group are described below. There have been no amendments to RFR 2 Accounting for legal entities that have had an impact on the parent company's financial statements for 2013.

Valuation of cash flow hedges

In the parent company cash flow hedges are accounted off-balance and thus not included at fair value.

Investments in subsidiaries

Investments in subsidiaries are recorded on the basis of cost of acquisition.

Note 2. Capital structure

CellaVision defines managed assets as the sum of the Group's net debt and equity. At the end of 2013 managed assets were 94,612 thousand (92,948).

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

When managing the capital, the Group follows up on metrics such as sales growth and operating margin. The objective is to increase sales by an average of 15% per year with an operating margin exceeding 15% over a business cycle. In 2013 the company achieved sales growth of 6 per cent (9) and the operating margin was 14.4 per cent (12.2).

To maintain a good capital structure the Group can, for example, raise new loans or amortise the existing loans, adjust the level of dividends paid to shareholders, repay capital to shareholders, buy back shares, issue new shares or sell assets.

Note 3. Risks

Financial risk factors

Through its operations, the Group is exposed to various financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy is to aim for minimum unfavourable impact on financial result and position.

Market risk

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will vary due to changes in market interest and that the Group's interest expense will increase as a consequence of increased market rates. The Group's financial assets consist of deposits. The assets' value is so insignificant that a very low risk is considered to exist. The Group's interestbearing financial liabilities refer to liabilities to credit institutions. The major part of this liability refers to the invoice factoring used by the Group. All liabilities have a floating rate. Calculated on the basis of financial interest-bearing liabilities as at December 31, 2013, a change of one percentage point in the market rate would affect the Group's earnings by SEK 200 thousand (143). The corresponding figure for the parent company is SEK 200 thousand (143).

Currency risk

The Group operates internationally and is exposed to currency risk from various currency exposures, mainly in USD and EUR. The company's purchases are in SEK. Sales are predominantly in USD and EUR. The currency risk arises through future business transactions, reported assets and liabilities and net investments in foreign operations. At present the net exposure in each respective currency is limited, as the Group uses currency forwards to hedge contracted inflows of foreign currency. Derivatives held for foreign currency hedging are valued at level 2, financial instruments where fair value is determined on the basis of valuation models based on other observable data for the asset or liability than listed prices included in level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Currency forwards are valued on the basis of observable information referring to exchange rates on the balance sheet date and market rates for remaining maturities. The amount referring to ineffectiveness of cash flow hedges recognized in the income statement is SEK 0 (0). CellaVision continuously hedges 50–90 per cent of currency exposure in net flows 12 months forward and a further 0–50% for months 13–24. Calculated on the basis of the Group's

currency mix in its sales, a change of ten percentage points in the currencies would have an impact of SEK 12 million (11) on the Group's earnings.

Price risk

The Group is not exposed to any price risk referring to shares classified as financial instruments at fair value through profit or loss or financial assets available for sale.

Credit risk

Credit risk is the risk that a party to a transaction with a financial instrument cannot fulfil its obligations. The maximum exposure for credit risks referring to financial assets as at December 31, 2013 was SEK 105,837 thousand (94,474) which corresponds to the amount of financial assets (see table below). However, at present the existing provision is deemed to be sufficient, see notes 15, 17.

Credit risk Trade Receivables

CellaVision collaborates with triple A distributors and established hematology companies. In the Nordic countries the customers are publicly funded hospitals. There is some concentration of credit risk relating to trade receivables but historically these customers have not had any payment difficulties. The percentage of receivables more than 121 days overdue was less than 0.7% of total trade receivables as at the balance sheet date, see note 17. There are no other financial assets due for payment.

Credit risk Bank and Finance Companies

The credit risk for cash and cash equivalents is limited as the Group's counterparties are banks with high credit ratings.

Liquidity risk

Prudence in management of liquidity risk entails holding sufficient liquid assets and realisable securities or agreed lines of credit to be able to fulfil obligations. CellaVision minimizes this risk by holding sufficient cash and having an overdraft facility to cover its payment obligations. In addition the company pledges its foreign invoices. At present the liquidity risk is deemed to be reasonably low, mainly due to the Group's liquidity. The overdraft facility has not been used and pledged invoices amounted to SEK 19,978 thousand (14,028) at year-end. Liabilities to credit institutions and trade payables mature within three (3) months. Derivatives mature within 12 (12) months.

Fair value

The carrying amount corresponds to fair value for all of the Group's and parent company's financial assets and liabilities. The financial resources of the Group and parent company all belongs to category trade receivables and loans receivable and derivatives. In the parent company derivatives are not included in the balance sheet and are thus not measured at fair value. The financial liabilities in the consolidated and parent company belongs to the category Other financial liabilities and derivatives. Derivatives are measured at fair value in the consolidated statement of comprehensive income at SEK -234 thousand (1,827) and reported as other assets by a corresponding amount under the "current liabilities" in the consolidated statement of financial position. For specification for each category, see table below.

Financial assets	2013		2012	
	Group	Parent Company	Group	Parent Company
Non-current receivables	83	-	91	-
Trade receivables	43,338	43,413	40,632	44,482
Other receivables	4,534	4,534	5,688	5,401
Cash and cash equivalents	57,882	50,785	46,236	42,301
Derivatives	-	-	1,827	-
Total	105,837	98,732	94,474	92,184

Financial liabilities	2013		2012	
	Group	Parent Company	Group	Parent Company
Liabilities to credit institutions	19,978	19,978	14,272	14,272
Trade payables	10,641	10,412	16,458	16,173
Derivatives	234	-	-	-
Other liabilities	4,549	10,025	4,378	3,167
Total	35,402	40,415	35,108	33,612

Apart from fair value measurement of derivatives, other financial instruments have not had any impact on income.

Operational risk factors

Distributors

CellaVision's strategy is to establish strategic alliances with global players in medical technology. CellaVision operates through distributors in all markets except Canada. This means that CellaVision's future expansion depends on successful distributors. Since the beginning of 2013 the company mainly distributes its products through the four largest hematology companies in the world; Sysmex, Beckman Coulter, Siemens Healthcare Diagnostics and Abbott. CellaVision is dependent on their successes in the field of hematology, where CellaVision's products are marketed. Despite the fact that CellaVision has well-functioning and extensive contractual relationships with its

distributors, these partnerships can be terminated. There is no guarantee that the distributor will sign a new agreement with CellaVision. Discontinued cooperation with a major distributor could have a negative impact on CellaVision's sales and earnings. All contracts are non-exclusive and run for 2–3 years.

Suppliers

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

Dependence on key personnel

CellaVision has a distinct high-tech specialisation and is therefore dependent on being able to recruit and retain highly-qualified employees.

Cost savings in health care

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

Product development

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

Competition

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

Product liability

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

Patents and rights

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

Legislation and regulatory framework

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

Note 4. Information on operating segments and major customers and data presented by geographical area

4.1 Information on operating segments

CellaVision's operations comprise only one segment; analyzers for microscopy systems in the field of hematology, and therefore reference is made to the consolidated statement of comprehensive income and financial statement regarding segment reporting. CellaVision sells an analyzer in which software is included. The software and the tool CellaVision Image Capture System do not function as stand-alone products. Other sales such as spare parts, service etc. total less than 10% of total sales.

4.2 Information on major customers

The products are sold globally via partners and in selected markets also via CellaVision's own sales companies. CellaVision has three customers that each account for more than ten per cent of the company's total sales. The largest customer with sales of SEK 39million and the other two with sales of SEK 28 million and SEK 24 million.

4.3 Income by geographical area

Group	2013	2012
Sweden ¹	1,808	1,763
Europe	50,259	53,551
North America	91,672	101,801
Rest of the world	36,112	12,397
Total²	179,851	169,512
Parent company	2013	2012
Sweden ¹	1,808	8,324
Europe	50,479	53,435
North America	80,600	89,060
Rest of the world	33,870	11,130
Total³	166,757	161,949

1) Of which SEK 0 thousand (0) is rental income

2) Of which SEK 173,714 thousand (163,164) refers to system sales (hardware and software) and SEK 6,137 thousand (6,348) refers to sales of services.

3) Of which SEK 164,682 thousand (159,266) refers to system sales (hardware and software) and SEK 2,075 thousand (2,683) refers to sales of services.

4.4 Non-current assets by geographical area

Group	2013	2012
Sweden	28,152	26,278
North America	1,284	531
Rest of the world	226	127
Total	29,662	26,936

Note 5 Expenses classified by nature of expense

	2013	2012
Depreciation, amortisation and impairment (Note 10)	9,089	7,609
Costs for remuneration to employees (Note 7)	56,467	54,098
Changes in inventories of finished goods and work in progress	1,528	1,279
Raw materials	57,815	52,738
Transport costs	481	188
Capitalized expenses	-10,196	-9,256
Other expenses	18,038	20,719
Total cost of goods sold, selling and administrative expenses	133,222	127,375

Note 6 Intra-Group transactions

SEK 10,234 thousand (20,844) of the parent company's invoicing refers to subsidiaries.

Invoicing from subsidiaries to the parent company amounted to SEK 18,237 thousand (12,303).

Note 7 Employee benefits and other related party transactions

7.1 Employees

Average number of employees	2013		2012	
	Number employees	Of whom men	Number employees	Of whom men
Parent company, Sweden	55	33	52	30
Subsidiaries, USA	7	4	7	5
Subsidiaries, Canada	2	1	2	1
Subsidiaries, Japan	3	2	3	2
Total	67	40	64	38

Number of women in senior management:	2013		2012	
	Board of Directors	Other positions	Board of Directors	Other positions
Parent company	1	3	1	1
Subsidiaries	-	-	-	-
Total	1	3	1	1

7.2 Salaries and other remuneration, distributed

Salaries and other remuneration:	2013		2012	
	Board, CEO	Others	Board, CEO	Others
Parent company	3,380	26,421	3,656	26,597
Subsidiaries	-	10,760	-	10,833
Total	3,380	37,181	3,656	37,430

7.3 Social security and pension costs

Social security and pension costs:	2013		2012	
	Social security costs	Of which pension costs	Social security costs	Of which pension costs
Parent company	14,930	4,865	14,022	4,147
Subsidiaries	976	155	1,057	227
Total	15,906	5,020	15,079	4,374

7.4 Remuneration to senior management

Salaries, remuneration and other benefits:	2013		2012	
	Salary	Pension	Salary	Pension
Board of Directors:				
Lars Gatenbeck	300	-	300	-
Christer Fähræus	170	-	170	-
Lars Henriksson	170	-	170	-
Sven-Åke Henningsson	163	-	193	-
Roger Johanson	150	-	150	-
Torbjörn Kronander	170	-	170	-
Anna Malm Bernsten	157	-	157	-
CEO	2,100	776	2,350	689
Other senior management	4,967	1,118	5,419	1,005
Total	8,347	1,894	9,079	1,694

In accordance with a resolution of the Annual General Meeting, remuneration is payable to the Board of Directors of SEK 1,280 thousand (1,280), of which SEK 300 thousand (300) to the Chairman of the Board and SEK 150 thousand (150) to each of the other board members. The board members who serve on the Board Committees receive a further SEK 20 thousand. No other fees have been paid. There are no agreements on pensions, severance pay or other benefits. During the year the Board of Directors comprised seven members (7).

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

There is an incentive program for senior management consisting of a long-term share-price related program and an annual individual program. The outcome is maximized as 33 % of the President/CEO's fixed salary and 25 % for other members of senior management in accordance with a resolution of the 2012 and 2013 Annual General Meeting. During the year reservations of SEK 900 thousand (0) were made concerning the share-price related program from 2013 for senior management. No reservations were made for the share-price related program from 2012. See also the description in the corporate governance report.

In 2013 the CEO was paid a fixed salary including remuneration for paid leave of SEK 1,825 thousand (1,813), plus benefits mainly comprising car benefit valued at SEK 47 thousand (47). In addition to a fixed salary, variable remuneration of SEK 250 thousand (190) was paid. Other senior executives in the management group were paid total fixed salaries of SEK 4,501 thousand (4,768) plus benefits mainly comprising car benefit valued at SEK 95 thousand (90). In addition to a fixed salary, variable remuneration of SEK 0 thousand (263) was paid.

There were four other members of senior management for part of the year. On December 31 there were six other members of senior management.

In 2013 CellaVision had transactions with Member of the Board Sven-Åke Henningsson, who is the company's acting Chief Financial Officer on a consultant basis. The transactions are priced on market terms and have not had any material impact on the company's financial position and performance. The transactions amounted to SEK 0.07 million. As regards the Company's other board members there are no transactions apart from those reported above.

The Remuneration Committee prepares questions of remuneration and other conditions of employment for the company management. Decisions are made by the Board.

Pension obligations

For employees in Sweden the pension obligations of the defined benefit ITP 2 Plan for old-age and family pension (or family pension) are vested through insurance with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 3 Classification of ITP Plans financed through insurance in Alecta, this is a defined benefit plan covering several employers. For the 2013 financial year the company has not had access to information that makes it possible to report its proportionate share of the plan obligations, plan assets and costs, which means that it is not possible to report the plan as a defined benefit plan. The ITP 2 pension plan, which is vested through insurance with Alecta, is therefore reported as a defined contribution plan. The premium for the defined benefit old-age and family pension is calculated individually and depends among other things on salary, accrued pension and expected remaining working life. Expected contributions in the next reporting period for ITP 2 insurance with Alecta amount to SEK 1.7 million (2013: 1.8 million).

The collective solvency level comprises the market value of Alecta's assets as a percentage of its insurance commitments calculated in accordance with Alecta's actuarial methods and assumptions, which do not comply with IAS 19. Normally the collective solvency level should be allowed to vary between 125 and 155 per cent. If Alecta's collective solvency level falls short of 125 per cent or exceeds 155 per cent measures must be taken to allow the solvency level to return to its normal interval. If the solvency level is low, one measure could be to increase the agreed price for writing of new business and increasing existing benefits. If the solvency level is high one measure could be to introduce premium reductions. At the end of 2013 Alecta's surplus in the form of the collective solvency level was 148 per cent (2012: 129 per cent).

Note 8 Audit fees

Fees to the company's auditors, Deloitte AB	2013		2012	
	Group	Parent company	Group	Parent company
Audit	125	125	121	121
Addition to the audit engagement	80	80	80	80
Tax advisory	34	34	8	8
Other engagements	2	2	81	81
Total	241	241	290	290

Note 9 Operational leases and rental contracts

Contracted future rental and lease charges	2013		2012	
	Group	Parent company	Group	Parent company
- Within one year	3,964	3,645	3,412	3,225
- Later than one but within five years	7,363	7,243	270	270
- Later than within five years	-	-	-	-
Total	11,327	10,888	3,681	3,495

Rental and lease payments for all operational leases and rental contracts during the year amounted to SEK 4,885 thousand (4,087).

The parent company's rental and lease payments for the year were SEK 4,068 thousand (3,352).

Leased assets that CellaVision has under finance leases are included in the "Equipment" item (note 14) in the following amounts: 0 (211)

	2013	2012
Cost of acquisition:	-	1,567
Depreciation/amortisation:	-	-1,356
Net value	0	211

Gross liabilities referring to finance leases:

Minimum lease payments	2013	2012
Maturity date:		
Within one year	-	211
Between one and five years	-	-
Net value	0	211
Future financial expenses	-	-3
Present value of liabilities referring to finance leases	0	208

Maturity date:

Within one year	-	208
Between one and five years	-	-
Net value	0	208

Note 10 Depreciation distribution

10.1 Group

	2013		2012	
	Intangible asset	Tangible asset	Intangible asset	Tangible asset
Cost of goods sold	7,882	-	6,433	-
Selling expenses	-	380	-	368
Administrative expenses	-	276	-	270
Research and development expenses	-	551	-	538
Total	7,882	1,207	6,433	1,176

10.2 Parent company

	2013		2012	
	Intangible asset	Tangible asset	Intangible asset	Tangible asset
Cost of goods sold	7,882	-	6,433	-
Selling expenses	-	276	-	269
Administrative expenses	-	276	-	270
Research and development expenses	-	-551	-	538
Total	7,882	1,103	6,433	1,077

Note 11 Financial Items

11.1 Impairment loss on intra-group receivables and shares in subsidiaries

The parent company has recognized an impairment loss on intra-group receivables and shares in the Japanese subsidiary of SEK 14.5 million. The impairment loss is due to adapting the business model in Japan to the company's sales taking place to a greater extent via partners instead of directly through the subsidiary. This means that invoicing and business flows go via the parent company.

	2013		2012	
	Group	Parent company	Group	Parent company
Impairment loss on intra-group receivables	-	4,800	-	-
Impairment loss on shares in subsidiary	-	9,746	-	-
Total	0	14,546	0	0

11.2 Interest income and other similar profit/loss items

	2013		2012	
	Group	Parent company	Group	Parent company
Interest income	594	225	225	217
Exchange differences, Group loan	-	-	-	-
Total	594	225	225	217

11.3 Interest expenses and other similar profit/loss items

	2013		2012	
	Group	Parent company	Group	Parent company
Interest expenses ¹⁾	323	157	517	247
Exchange differences, Group loan	1,527	1,527	1,859	1,859
Total	1,850	1,684	2,376	2,106

1) No part of the interest costs are directly attributable to development activities and their costs.

No part of the parent company's interest income/expenses is intra-group

Note 12 Taxes

	2013		2012	
	Group	Parent company	Group	Parent company
Tax on result for the year				
Current tax	-842	-	-790	-
Deferred tax expenses	-4,916	-4,128	-11,310	-11,408
Total tax on result for the year	-5,758	-4,128	-12,100	-11,408
Deferred tax				
Utilization of tax losses	-4,128	-4,128	-4,158	-4,158
Revaluation of tax losses	-	-	-7,250	-7,250
Temporary differences	-788	-	98	-
Total deferred tax	-4,916	-4,128	-11,310	-11,408
Deferred tax asset				
Deferred tax asset, loss carry-forwards	32,963	32,963	37,092	37,092
Temporary differences	115	-	902	-
Total carrying amount for deferred tax asset	33,078	32,963	37,994	37,092
Unrecognised deferred tax assets	721	-	1,224	-
Loss carry-forwards	153,111	149,833	174,166	168,598

There are accumulated loss carry forwards in Sweden and Japan. In Sweden these are not subject to any time limit and can therefore reduce taxes on future profits. In Japan it is 7 years.

At year-end the parent company recognized deferred tax assets for all of the loss carry-forwards in Sweden. No part of loss carry forwards in Japan has been recognized.

In Japan the tax loss is JPY 49 million that can be utilized at the latest in 2015 - 2019.

Deferred tax assets referring to loss carry forwards are only reported to the extent that it is probable that the tax deduction can be applied against a taxable surplus in the foreseeable future.

	2013		2012	
	Group	Parent company	Group	Parent company
Reconciliation, taxation				
Accounting profit/loss before tax	24,690	2,151	18,551	15,538
Tax at current tax rate	-5,432	-473	-4,879	-4,086
Effect of different tax rates in foreign subsidiaries	-354	-	-	-
-Non taxable income	-	-	-	-
-Non-deductible expenses	-454	-3,655	-72	-72
-Tax losses where deferred tax asset is not reported	482	-	101	-
Revaluation of tax losses	-	-	-7,250	-7,250
Tax on result for the year	-5,758	-4,128	-12,100	-11,408

The income tax amount in other comprehensive income refers entirely to cash flow hedges.

Note 13 Intangible assets

	2013		2012	
	Group	Parent company	Group	Parent company
Opening cost of acquisition	63,716	63,716	54,460	54,460
Year's acquisitions	10,196	10,196	9,256	9,256
Closing accumulated cost of acquisition	73,912	73,912	63,716	63,716
Opening depreciation	-39,564	-39,564	-33,131	-33,131
Depreciation for the year	-7,882	-7,882	-6,433	-6,433
Closing accumulated depreciation	-47,446	-47,446	-39,564	-39,564
Closing carrying amount	26,466	26,466	24,152	24,152

Expenditure on research and development was SEK 30,879 thousand (30,691), which is 17 percent (18) of net sales. Of this expenditure SEK 10,196 thousand (9,256) has been capitalised and the remaining SEK 20,683 thousand (21,435) has been charged to the result for the year.

The year's development work refers to development aimed at strengthening the product portfolio in relation to customers in the sub-field of hematology.

Information on impairment testing

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

establish the value of any impairment loss, which is recorded in earnings for the period. The company management has set budgeted gross margins based on its expectations of market developments. The weighted average rate of growth used is in line with forecasts in industry reports. Taking the above into account, the company management considers that no impairment loss exists as at December 31, 2013.

Note 14 Equipment

	2013		2012	
	Group	Parent company	Group	Parent company
Opening cost of acquisition	15,188	14,048	13,333	12,581
Year's acquisitions	1,597	662	1,877	1,467
Disposals/ retirements	-	-	-22	-
Closing accumulated cost of acquisition	16,785	14,710	15,188	14,048
Opening depreciation	-12,404	-11,922	-11,223	-10,844
Depreciation for the year	-1,208	-1,103	-1,196	-1,078
Reversal of acc. depreciation on disposals/retirements	-	-	15	-
Closing accumulated depreciation	-13,612	-13,025	-12,404	-11,922
Translation difference	22	-	-91	-
Closing carrying amount	3,195	1,685	2,693	2,126

Note 15 Non-current financial assets

Group	2013	2012
Opening cost of acquisition	91	114
Recovered deposit	-	-7
Translation differences for the year	-8	-16
Closing carrying amount	83	91

Note 16 Shares and participations in subsidiaries

Parent company	2013	2012
Opening book value	9,852	9,852
Impairment losses	-9,746	-
Closing carrying amount	106	9,852

The impairment loss on shares in subsidiaries refers entirely to the Japanese operations.

Shares owned by the parent company, 2013

Bolag	Corporate identity number	Registered office	Number of participations	Share of equity (%)	Book value
CellaVision International AB	556573-4299	Lund, Sverige	1,000	100	100 KSEK
CellaVision Inc., Canada	1724445	Toronto, Canada	1,000	100	6 KSEK
CellaVision Inc., USA	06-1624895	Delaware, USA	10	100	1 SEK
CellaVision Japan K.K.	0104-01-074862	Yokohama, Japan	200	100	1 SEK

Note 17 Trade receivables

As at 31 December 2012 trade receivables of SEK 11,737 thousand (4,274) were due for payment in the Group, but no impairment loss was identified. These trade receivables are from customers who have not previously had any payment difficulties. The age analysis for the Group relating to these trade receivables is shown below. The main part of these receivables were settled at the end of February 2014.

As at 31 December 2013 the Group reports a loss referring to provision for anticipated bad debt losses of SEK 0 thousand (0). The provision for doubtful trade receivables was SEK 0 thousand (0) as at 31 December 2013.

There are no pledges as collateral for receivables.

The Group uses invoice factoring. The borrowing level can be a maximum of 80 % per customer. As at 31 December 2013 the borrowing level is 46% (35).

Trade receivables overdue but not written down:

	2013	2012
1-30 days overdue	7,495	3,891
31-60 days overdue	3,163	75
61-90 days overdue	436	123
91-120 days overdue	332	78
More than 121 days overdue	311	106
Total	11,737	4,274

Note 18 Prepaid expenses and accrued income

	2013		2012	
	Group	Parent company	Group	Parent company
Office rent	1,041	1,041	909	909
Pension premiums	187	187	144	144
Insurance premiums	565	565	563	563
Market activity costs	94	-	114	-
Other	1,313	859	1,157	745
Total	3,200	2,652	2,887	2,361

Note 19 Share capital

The registered share capital in the parent company was distributed, as at 31 December 2013, among 23 851 547 shares with a quotient value of SEK 0.15 (0.15) each. The number of shares in issue is unchanged compared with the same period in the previous year. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented by her or him without limit to the voting right. All shares confer an equal right to share in the company's assets and profits. No shares are held by the company itself.

Note 20 Liabilities to credit institutions

Current liabilities	2013		2012	
	Group	Parent company	Group	Parent company
Nordea Bank AB	-	-	244	244
Nordea Finans Sverige AB	19,978	19,978	14,028	14,028
Total	19,978	19,978	14,272	14,272

The liability to Nordea Bank AB refers to leasing. The liability to Nordea Finans Sverige AB (publ) refers to invoice factoring. The company pledges 80 % of the value of external customer invoices at the time of invoicing. The limit for invoice factoring was SEK 24 million as at 31 December 2013.

Note 21 Provisions

Provisions for warranty	2013		2012	
	Group	Parent company	Group	Parent company
Opening amount	2,112	2,112	1,968	1,968
Allocated during year	1,064	1,064	2,112	2,112
Reversed provisions	-579	-579	-1,584	-1,584
Utilised	-149	-149	-384	-384
Total	2,448	2,448	2,112	2,112
Provisions fall due for payment				
- Within one year	2,448	2,448	2,112	2,112
- Later than one but within five years	-	-	-	-
Total	2,448	2,448	2,112	2,112

Note 22 Accrued expenses and deferred income

	2013		2012	
	Group	Parent company	Group	Parent company
Holiday liability	4,971	4,367	4,242	3,851
Board fee	1,280	1,280	1,280	1,280
Social security contributions	1,774	1,774	1,612	1,612
Staff costs	150	150	463	209
Incentive program	1,940	1,940	3,513	3,513
Customer obligations	3,273	3,273	441	441
Prepaid income	2,277	-	2,835	-
Other	2,542	1,435	2,038	2,013
Total	18,207	14,219	16,424	12,919

Note 23 Pledged assets and contingent liabilities

Pledged assets	2013		2012	
	Group	Parent company	Group	Parent company
Pledged trade receivables	19,978	19,978	14,028	14,028
Floating charge	12,500	12,500	12,500	12,500
Total	32,478	32,478	26,528	26,528
Contingent liabilities	None	None	None	None

The floating charge applies to invoice factoring and overdraft facilities and covers all CellaVision AB's property. The overdraft facility is for SEK 5 million and had not been utilised as at 31 December 2013.

Note 24 Non-cash items

Group	2013	2012
Depreciation	8,985	7,609
Unrealised currency gains/losses, Intercompany loan	1,526	-1,828
Change in accruals and provisions	2,798	1,887
Total	13,309	7,668
Parent company	2013	2012
Depreciation/amortisation	8,985	7,511
Impairment loss, shares in subsidiaries	14,546	-
Unrealised currency gains/losses, Intercompany loan	1,526	-1,859
Change in accruals and provisions	1,346	3,376
Total	26,403	9,028

Note 25 Disputes in the Group

There are no disputes in the Group with external parties.

Note 26 Events after the balance sheet date

The Annual Report was adopted by the board and approved for publication on March 24, 2014.

Annual General Meeting

The Annual General meeting will be held on May 7, 2014 at 16:00 at CellaVision's premises at Ideon in Lund, Sweden. Delta 5, Scheelevägen 19A.

Dividend

The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 0,50 per share for 2013.

Signing of the annual accounts

The annual accounts and consolidated accounts were approved by the Board of Directors on March 24, 2014. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be submitted for adoption by the Annual General Meeting on May 7, 2014.

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

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

Lund, March 24, 2014

Lars Gatenbeck, Chairman of the Board

Lars Henriksson, Member of the Board

Roger Johanson, Member of the Board

Christer Fåhraeus, Member of the Board

Torbjörn Kronander, Member of the Board

Anna Malm Bernsten, Member of the Board

Sven-Åke Henningson, Member of the Board

Yvonne Mårtensson, President and CEO

Our audit report was submitted on March 24, 2014
Deloitte AB

Maria Ekelund, Authorised Public Accountant

Auditor's Report

To the annual meeting of the shareholders
of CellaVision AB (publ)
Corporate identity number 556500-0998

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of CellaVision AB (publ) for the financial year 2013-01-01–2013-12-31 except for the corporate governance report on the pages 29-37. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 26–54.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not include the corporate governance report on the pages 29-37. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of comprehensive income and the statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of CellaVision AB (publ) for the financial year 2013-01-01 – 2013-12-31. We have also made a statutory examination of the corporate governance report.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and for the corporate governance report being prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

In addition we have read the corporate governance report and based on that reading and our knowledge of the company and the group we believe we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year. A corporate governance has been prepared, and its statutory content is consistent with other parts of the annual accounts and the consolidated accounts.

Malmö, 24 March 2014
Deloitte AB

Maria Ekelund
Authorized Public Accountant

Annual General Meeting & calendar

Annual General Meeting

CellaVision's Annual General Meeting will be held on May 7, 2014 at 16.00 at Ideon in Lund, Scheelevägen 19A, Delta 5.

The Notice to the Annual General Meeting is available at www.cellavision.se/lagm.

Participation

Shareholders who wish to attend the AGM must be listed in the share register held by Euroclear Sweden on April 30, 2014, and must have given notice of their intention to attend by mail to:

*CellaVision AB, c/o Fredersen Advokatbyrå AB,
att: Christina Rentschler,
Turning Torso, 211 15 Malmö
or by email: christina.rentschler@fredersen.se
or by fax: 040-23 20 03*

Please specify name, personal or corporate identity number and daytime telephone number. Where applicable, the number of advisors (a maximum of two) is to be stated. If a shareholder intends to be represented by a proxy, a power of attorney and other legitimacy papers should be attached to the notice of attendance.

Nominee registered holdings

For entitlement to participate in the AGM shareholders with nominee-registered holdings must apply for temporary re-registration of the shares in their own name with Euroclear Sweden. Registration must have been effected at the latest by April 30, 2014 and should be requested in good time before that date.

Dividend

The Board of Directors proposes that the AGM approve a dividend of SEK 0.50 SEK per share for 2013.

Financial calendar

Interim Report Q1, May 6
Interim Report Q2, July 18
Interim Report Q3, Nov 5
Year-end Bulletin 2014, Feb 12, 2015

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Investor relations contact

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Glossary

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

Anemia A blood deficiency in which there is an abnormally low content of hemoglobin, the oxygen transporting substance in blood that is found in red blood cells.

Artificial intelligence/Artificial neural network A mathematical theory that simulates the brain's method of learning.

Cerebrospinal fluid A transparent fluid that surrounds the brain and the spinal cord.

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

Cytologi The study and investigation of cells. Examination mainly of liquid-based samples, such as from spinal fluid, lung fluid and synovial fluid, for the purpose of finding bacteria, cancer cells and blood cells. Perhaps the most frequent cytology test is a Pap smear test from the cervix,

which is used to detect malignant or pre-malignant cell changes.

Food and Drug Administration (FDA) The US regulatory authority.

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

In vitro diagnostics refers to a wide range of medical laboratory tests analyzed outside the body.

Clinical chemistry The medical discipline responsible for developing, refining and providing medical services with chemical analyses, blood analyses, immunological analyses and other methods.

Leukemia is a type of cancer of the blood or bone marrow characterized by an abnormal increase of immature white blood cells called "blasts". Leukemia is a broad term covering a spectrum of diseases.

Lymphoma is a cancer of the lymphocytes, a type of cell that forms part of the immune system.

Medical Technologist is an allied health professional who exercises technical and scientific functions in medical laboratories. Perform tests on clinical specimens such as blood or tissues in order to get information about the health of a patient as pertaining to the diagnosis, treatment, and prevention of disease.

Neural networks A mathematical theory that simulates the brain's method of learning.

Pathology The study of the causes and development of diseases, particularly with respect to changes in the morphology of cells, tissues and organs. Microscopic studies of tissue sections and biopsies, which can be paraffin-embedded or frozen. Examples of pathology analyses are biopsies of suspected breast cancer tissue.

Platelet Also called thrombocyte. Platelets are small blood components that help the clotting process by sticking to the lining of blood vessels. Important in the formation of blood clots (coagulation).

Red blood cells (erythrocytes) carry oxygen to the cells, and carbon dioxide from them into the lungs. Normally constitutes the largest number of cells in the blood.

Thrombotic thrombocytopenic purpura (TTP or Moschowitz syndrome) is a rare disorder of the blood-coagulation system, causing extensive microscopic clots to form in the small blood vessels throughout the body. These small blood clots, called thrombi, can damage many organs including the kidneys, heart and brain.

White blood cells (leukocytes) are cells of the immune system involved in defending the body against infectious disease. In a healthy person, there are normally five types of white blood cells: neutrophils, eosinophils, basophils, monocytes and lymphocytes.

Sources

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»CellaVision creates value by improving processes for blood analysis, enabling more patients to receive better and faster care at a lower cost to healthcare services«



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