CELLAVISION

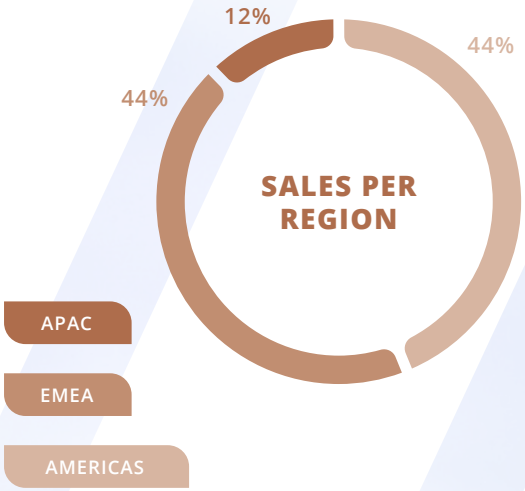
ANNUAL AND SUSTAINABILITY REPORT 2022

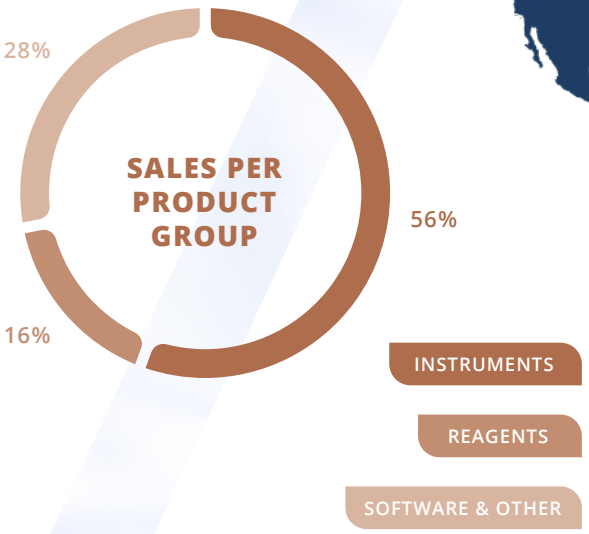
ELEVATING HEALTHCARE

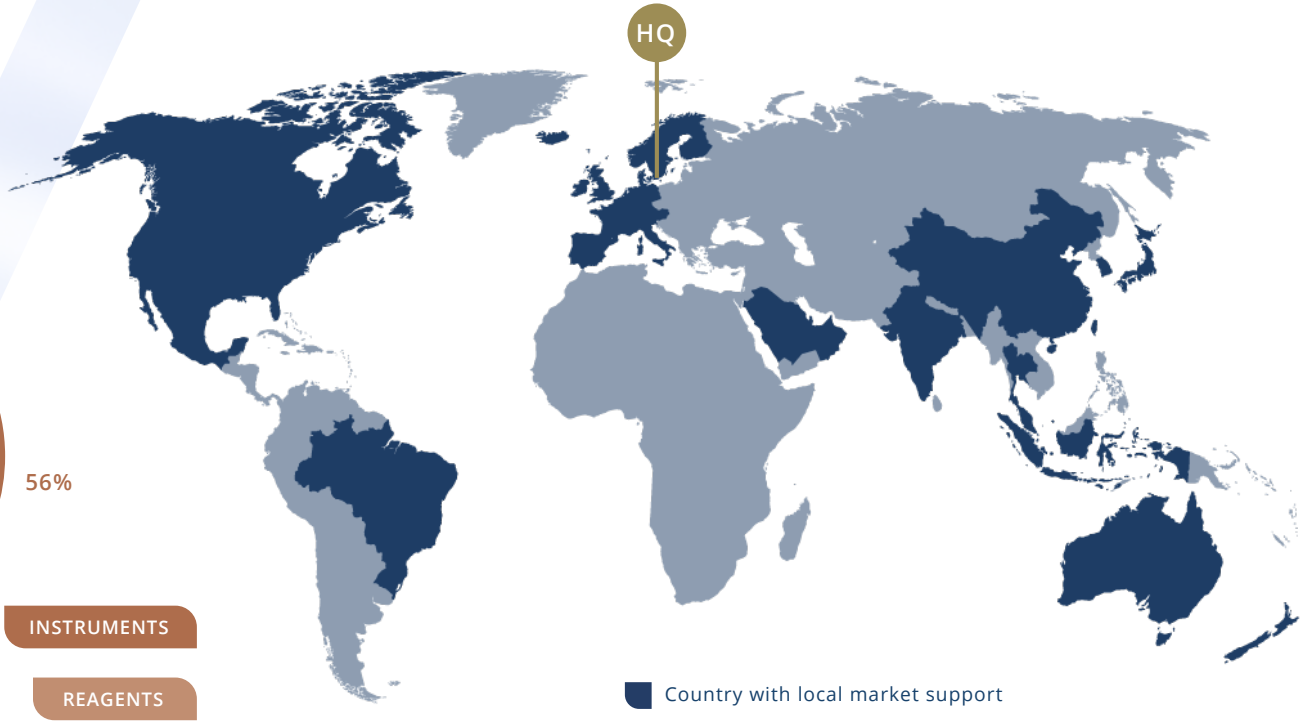
Net sales	EBITDA	EBITDA margin
2022 **SEK 639 M**	2022 **SEK 198 M**	2022 **31 %**
2021 **SEK 566 M**	2021 **SEK 196 M**	2021 **35 %**

CELLAVISION AT A GLANCE

CellaVision is a world-leading provider of digital microscopy solutions for hematology laboratories. Our instruments, reagents, and software create an ecosystem that streamlines laboratory workflow, and improves the accuracy and precision of sample analysis for faster patient diagnosis and treatment. Our solutions are helping raise the standard of diagnostic certainty in labs of all sizes, and we continue to push the boundaries of innovation to enhance the future of microscopy and quality of care for patients, worldwide.







HQ IN LUND, SWEDEN

235
EMPLOYEES WORLDWIDE

16
MARKET SUPPORT OFFICES

40+
MARKET PRESENCE COUNTRIES

CONTENTS

2022 IN BRIEF

Net sales in 2022 increased by 13 percent to SEK 639 m (566). Adjusted for positive currency effects of 9 percent, this corresponds to an organic growth of 4 percent compared with the 2021.

In Americas, sales increased to SEK 280 m (210), corresponding to growth of 34 percent. In EMEA, sales increased to SEK 280 m (252), corresponding to growth of 11 percent. The COVID-19 pandemic has had a continued negative impact on sales operations in Asia, where restrictions have delayed the recovery in the region. Sales in APAC decreased compared with the previous year by 24 percent to SEK 79 m (103).

The gross margin has for much of the year been negatively affected by price increases for materials, due to increased inflation. Sales price increases have been limited during the year, as price adjustments negotiated in 2022 will first come to effect in 2023. However, the gross margin is in line with the previous year, 69 percent (69), which can be explained by a favorable currency development.

Operating expenses amounted to SEK 280 m (230), which corresponds to an increase of 22 percent. The increase is most accentuated in research and development, as decided according to strategic direction.

EBITDA increased in 2022 to SEK 198 m (196) and the EBITDA margin decreased to 31 percent (35). The lower EBITDA margin for the period is related to increased operating expenses.

Investments for the year amounted to SEK 70 m (84). Of the investments for the year, SEK 46 m (39) is attributable to capitalized development costs and SEK 20 m is attributable to the expansion of production capacity in France. The acquisition of Clearbridge BioPhotonics last year is included in the comparative figures with SEK 32 m.

Cash flow from operating activities decreased during 2022 to SEK 137 m (160). The decrease is mainly due to continued inventory build-up combined with a lower profit before tax. Total cash flow decreased during 2022 to SEK -23 m (27).

Dividend paid to shareholders during 2022 amounted to SEK 48 m (48).

KEY FIGURES

SEK MILLIONS	2022	2021	2020	2019	2018
Net sales	639	566	471	462	365
Gross profit	438	392	313	337	271
EBITDA	198	196	143	147	118
Profit before tax	148	158	112	129	112
Cash flow from operating activities	137	160	71	125	74
Total cash flow	-23	27	1	-67	14
Number of employees at close of period	235	200	177	177	117

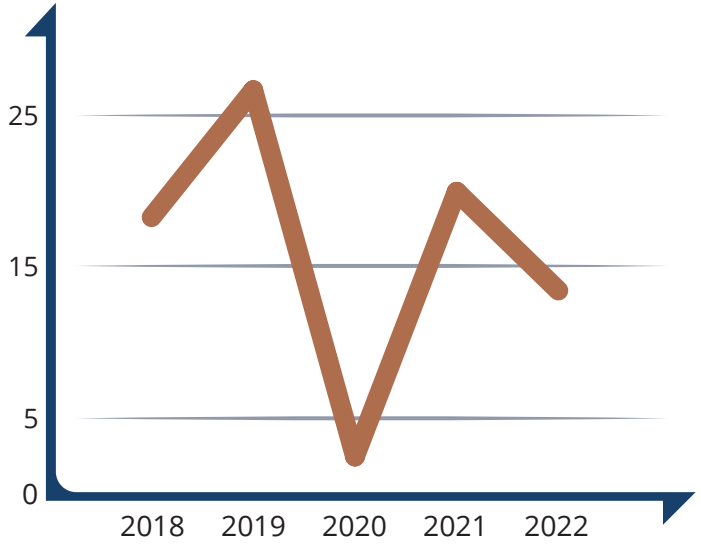
FINANCIAL AMBITION

(over economic cycle)

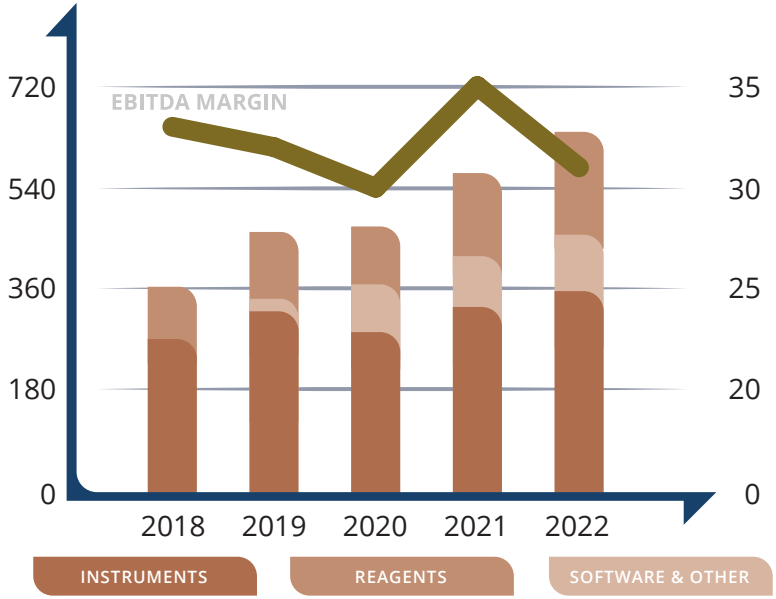
~15% SALES GROWTH

>30% EBITDA MARGIN

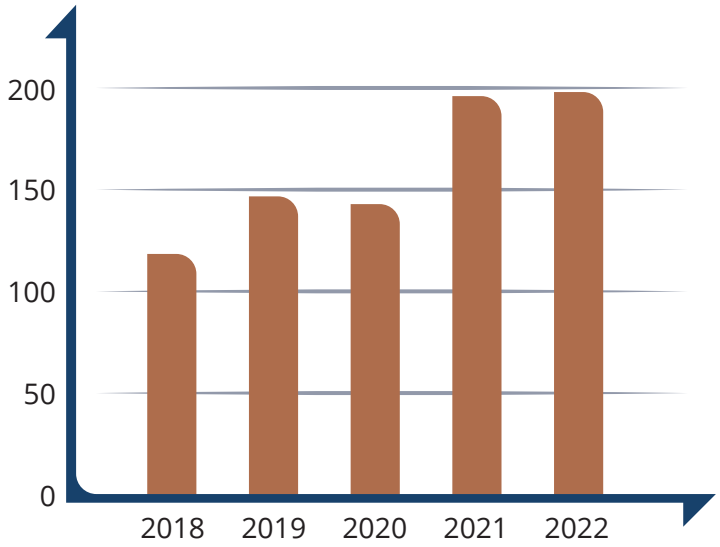
NET SALES GROWTH, %



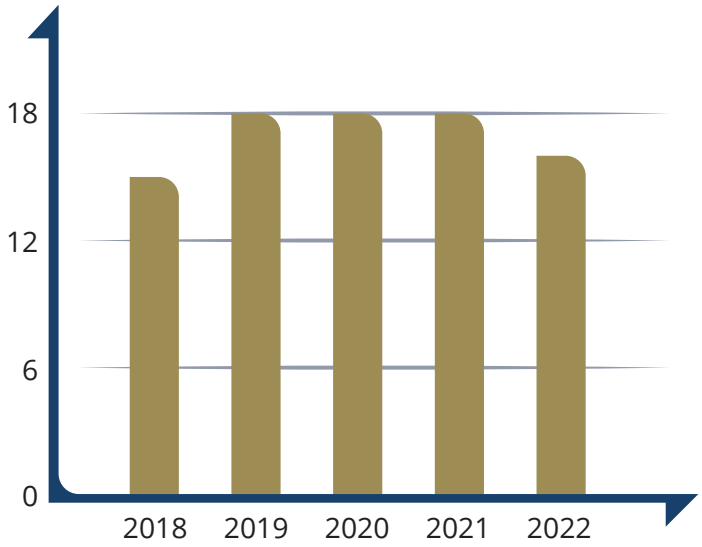
NET SALES, SEKM
EBITDA MARGIN, %



EBITDA, SEKM



NUMBER OF MARKET SUPPORT ORGANIZATIONS BY YEAR END



CEO COMMENTS

SIMON ØSTERGAARD,
PRESIDENT AND CEO

Overall, 2022 was a good year for CellaVision. The market was robust and optimistic in the first half, with strong demand for our products. However, increasing macroeconomic uncertainty defined the market during the second half of the year, which resulted conservative inventory management by distribution partners and a softer sales development for CellaVision. However, the general trend of digitalized workflows in laboratories continues and the underlying demand for our solutions remains unchanged. Net sales for the Group were SEK 639 m compared to 566 for the year 2021. Adjusted for positive currency effects of 9 percent, this represents an organic growth of 4 percent. Cash flow from operating activities was SEK 137 m (160) for the year and total cash flow was SEK -23 m (27).

DEVELOPMENT IN THE GEOGRAPHICAL MARKETS

In the Americas, sales grew by 34 percent to SEK 280 m (210), primarily driven by large instrument sales. Sales of small instruments, which were introduced to the market in 2020, more than tripled compared to last year.

In EMEA, sales increased 11 percent to SEK 280 m (252), primarily driven by reagent and software sales. In addition, sales of complementary staining and smearing devices increased from a low level.

In APAC, sales declined by 24 percent to SEK 79 m (103) compared to last year. Widespread lockdowns in key markets in the region prevented customer visits and led to fewer system installations. Although some uncertanties remain, we expect sales to gain momentum as restrictions lift and market conditions normalize.

HIGHLIGHTS FROM 2022

We stepped up our marketing activities, with a presence at hematology conferences in Chicago and Bologna. A widespread interest was noted for our recently launched complete workflow solution for low-volume hematology laboratories.

Other highlights include strengthening our product development capabilities through recruitment, launching DIFF-Line™ in the US and Europe, generating promising results in our Fourier Ptychographic Microscopy (FPM) pre-study, and commencing our production capacity expansion in Bordeaux, which is due for completion in mid-2023.

Delivery capacity was stable throughout the year despite component shortages. Spot market purchases, increasing our safety stock and second sourcing of critical components helped mitigate shortages, which are now resolved.

UPDATE ON STRATEGY

Our updated strategic direction, which was presented at our Capital Markets Day on June 16 is setting the direction. We continue to lead the way in large laboratories, with a global market penetration increasing from 24 percent to 26 percent during the year. Digital cell morphology instruments now have a sizable replacement market in mature markets where we have had sales for a longer period of time.

We have accelerated efforts to drive market adoption of our latest instrument the CellaVision DC-1. Volume growth for DC-1 increased with 45 percent compared to last year.

Sales of our reagent solutions also increased, particularly in Europe following the introduction of a new In Vitro Diagnostic Regulation in May 2022, which we are fully compliant with.

The FPM feasibility study has generated positive results, and we have now establishished a new team dedicated to refining and applying the technology. We expect that FPM will be an important component in future products.

FOCUS MOVING FORWARD

Our focus areas for 2023 include expanding our reagent product offering and specialty segment, such as bone marrow analysis, and achieving our FPM evaluation milestones.

We continue to enhance our partnerships with our distribution partners to drive adoption of digital cell morphology solutions across all lab-sizes.

We are in an exciting development phase and will continue to create value for laboratory personnel and patients worldwide through our product portfolio that forms an integrated ecosystem.

CREATING SHAREHOLDER VALUE

CONTRIBUTING TO EFFICIENT AND QUALITATIVE HEALTHCARE

Our vision is to elevate healthcare. We offer laboratory personnel an automated, more efficient, and more ergonomic way of working, which enables faster diagnosis and initiation of treatment for patients.

Based on our scalable business model and proven technology platforms, we help laboratories build an ecosystem that strengthens the workflow, quality and consistency of every slide analyzed. With our complete offering for laboratories of any size, anywhere, we aim to improve the quality and efficiency of healthcare globally.

MEGATRENDS SUPPORTING THE ADOPTION OF OUR SOLUTIONS

Demand for our product offering is driven by two megatrends: the digital transformation and a demographic shift with an increasing need for efficient healthcare. In this dynamic environment, laboratories are facing increasing pressure to reduce costs and resources while accelerating testing and productivity.

Our offerings enable laboratories to do more with less. With 26 percent penetration in large laboratories, the process of converting from manual to automated ways of working is underway. Going forward, these megatrends will continue to drive customer adoption and market penetration worldwide.

HIGH-QUALITY SYSTEMS AND REAGENTS WITH ROBUST INTELLECTUAL PROPERTY

We have over 100 years of experience developing high-quality reagents, over 25 years of experience developing AI and machine learning solutions, extensive image databases and deep learning convolutional neural networks that together ensure state-of-the-art image quality and cell classification.

With over 5000 systems installed, our products are already the golden standard in many markets. In the coming years, we intend to maximize our leading position in hematology laboratories around the world, and explore new analytical spaces with the novel FPM technology to which we hold exclusive rights.

SCALABLE BUSINESS MODEL AND TRUSTED PARTNERSHIPS

We operate through an indirect sales model and have distribution agreements with the largest players in the field, with a combined market share of over 90 percent. This has enabled us to maintain a lean organization and good cost control, with rapid geographical expansion and a positive bottom-line development throughout the years.

Our products are sold worldwide, we have 16 organizations for local market support and a direct presence in more than 40 countries. This efficient organization with close end-customer interactions allows us to provide the best possible outcome for customers and makes us well positioned for continued growth.

SUSTAINABLE AND LONG-TERM GROWTH WITH MAINTAINED PROFITABILITY

Since our listing on the NASDAQ Stockholm Mid Cap in 2018, we have seen an average annual sales growth of 15 percent. In the same period, our EBITDA margin exceeded 30 percent.

With the launch of our Power of Focus strategy that aims to leverage our current position and uncover new opportunities for enhancing microscopy workflows, our annual addressable market within hematology increased from SEK 2 b to SEK 5 b. We are committed to continue our journey of long-term profitable and sustainable growth and to optimize diagnostics and quality of care for patients globally.

THE CELLAVISION SHARE

CellaVision's share has been listed on Nasdaq Stockholm, Mid Cap since 2018. Before that the share was listed on Small Cap from May 2010. At the close of 2022 the market value was SEK 5,462 m and the number of shareholders was 7,842. The Board of Directors proposes to the Annual General Meeting 2023 an increased dividend of by SEK 0.25 per share to SEK 2.25 per share.

PRICE TREND AND SHARE TRADING

The price of the CellaVision share decreased during the year by 30 percent, from SEK 325.2 at the start of the year to SEK 229.0 at year-end. In the same period the index decreased by 25 percent (Nasdaq Stockholm PI). The highest price paid during the year was SEK 394.5 (July 13, 2022) and the lowest was SEK 197.6 (November 4, 2022). The company's market value at year-end was SEK 5,462 m (7,756). In 2022 a total of 5.2 m shares (5.5) were traded for a value of SEK 1,514 m (1,946).

SHARE STRUCTURE

Share capital in CellaVision AB at the close of 2022 amounted to SEK 3,577,732, distributed among 23,851,547 shares. The quotient value per share is SEK 0.15. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented. All shares confer an equal right to share in the company's assets and profits.

OWNERSHIP STRUCTURE

The number of shareholders at year-end was 7,842 (8,030), which is a decrease of about over 2 percent during the year. Two shareholders, William Demant Invest A/S and Grenlunden AB have direct and indirect holdings representing 10 percent or more of the votes. The ten largest shareholders controlled 67 percent of the company's shares on the balance sheet date. Swedish ownership was 47 percent of the votes. The total Swedish institutional ownership was 32 percent. The Board of Directors and the management together owned, privately and through companies, about 8 percent of the shares.

DIVIDEND

In 2022, a dividend of SEK 2,00 per share was paid. The Board of Directors proposes to the Annual General Meeting 2023 that a dividend of SEK 2.25 per share be paid for 2022, which corresponds to 45 percent of net profit. The dividend means an increase by SEK 0.25 from the previous year. The proposed dividend is in line with the company's dividend policy that states that the dividend shall correspond to 30 to 50 percent of the net profit, taking into account the company's capital structure, acquisition needs and long-term financing needs.

ANALYSES

During the year analyses of CellaVision have been made by the following analysts:
Carnegie (ulrik.trattner@carnegie.se)
Nordea (josefine.persson@nordea.com)
Pareto Securities (Christian.Lee@paretosec.com)
Redeye (mats.hyttinge@redeye.se)

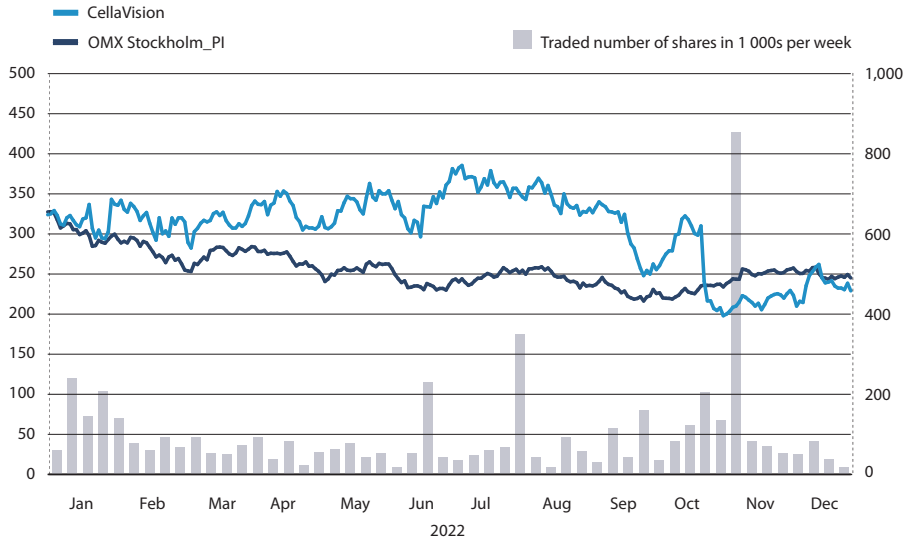
SHAREHOLDER STRUCTURE 30/12/22

SHAREHOLDER SPREAD	SHAREHOLDERS	%
1-500	6,882	87.8
501–1,000	429	5.5
1,001–5,000	373	4.8
5,001–10,000	56	0.7
10,001–15,000	22	0.3
15,001– 20,000	17	0.2
20,001–	63	0.8
Total	**7,842**	**100**

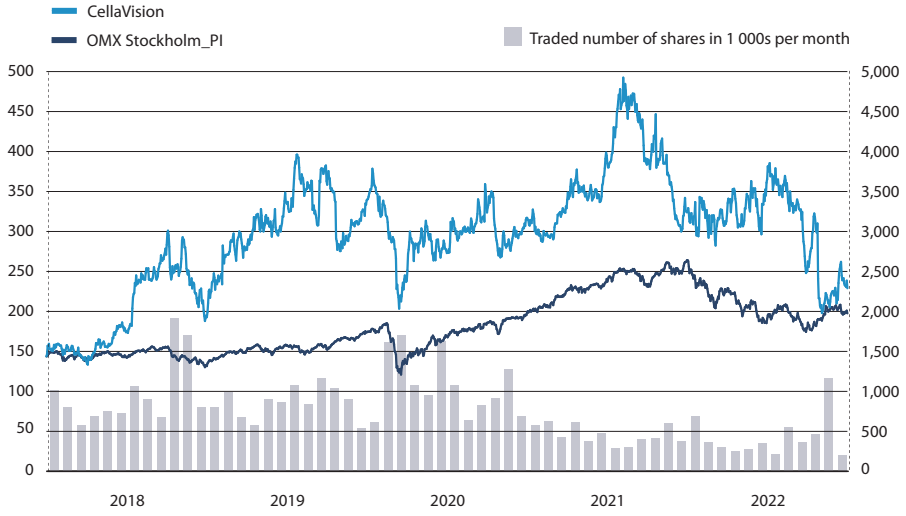
CELLAVISIONS TEN LARGEST SHAREHOLDERS PER 30/12/22

SHAREHOLDERS	OWNERSHIP %	SHARES
William Demant Invest A/S	19.9	4,752,999
Grenlunden CeVi AB	10.0	2,391,000
Christer Fåhraeus m bolag	8.1	1,928,399
State Street Bank and Trust Co, W9	7.3	1,734,670
SEB Investment Management	6.6	1,578,240
Swedbank Robur Fonder	4.3	1,037,619
Cacies Bank, Luxembourg Branch, W8IMY	3.5	825,615
Fjarde AP-fonden	2.8	665,369
AMF Försäkring & Fonder	2.3	555,784
SEB AB, Luxembourg Branch, W8IMY	1.7	415,659

SHARE PERFORMANCE AND TURNOVER 2022



SHARE PERFORMANCE AND TURNOVER 2018-2022



CELLAVISION

ANNUAL REPORT

OUR BUSINESS

MISSION

TO ADVANCE LABORATORY WORKFLOW AND DIAGNOSTIC CERTAINTY THROUGH INTELLIGENT MICROSCOPY

Our tools for automating cell classification with diagnostic certainty include analyzers, reagents, smearing, staining devices, and software.

VISION

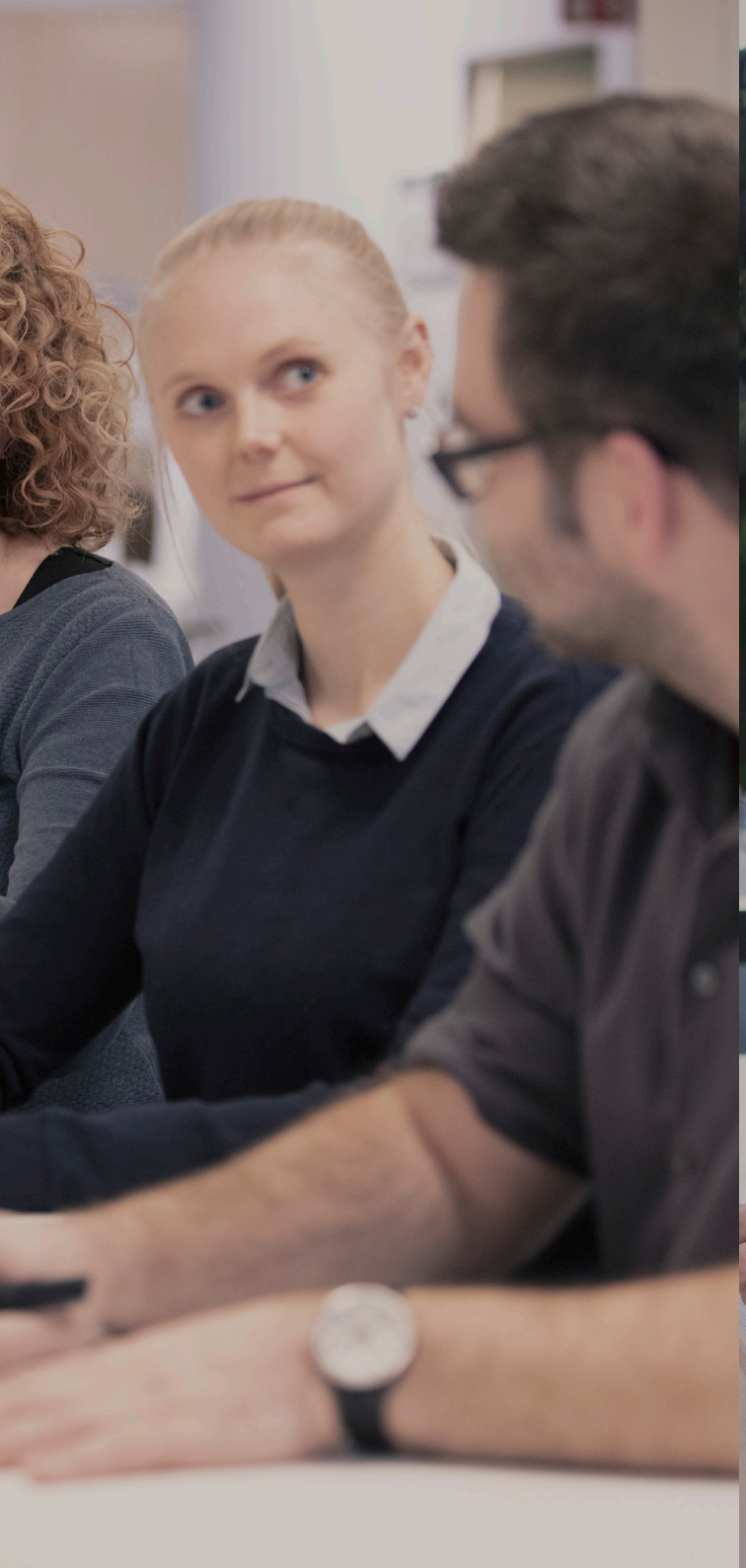
ELEVATING HEALTHCARE THROUGH THE EVOLUTION OF MICROSCOPY

We provide digital microscopy solutions to make lab work easier and more efficient. Because the faster a blood sample can be correctly analyzed, the faster a patient can be diagnosed and treated.

VALUES

WE **INNOVATE**

WE **COLLABORATE**



WE CARE

Our values express our ethics, principles, and beliefs. They shape our behavior and company culture, and impact external and internal business practices.

Innovation is key to our success. Our innovation methodology sets us apart and adds value to patients, our customers, distributors, and owners.

Our strategic alliances and long-term relationships are built on trust. We listen carefully and communicate transparently.

Our ability to solve problems improves laboratory workflow and efficiency, enabling our customers to treat patients faster. This is our way of demonstrating that we care about the well-being of others and our contribution to the greater good.

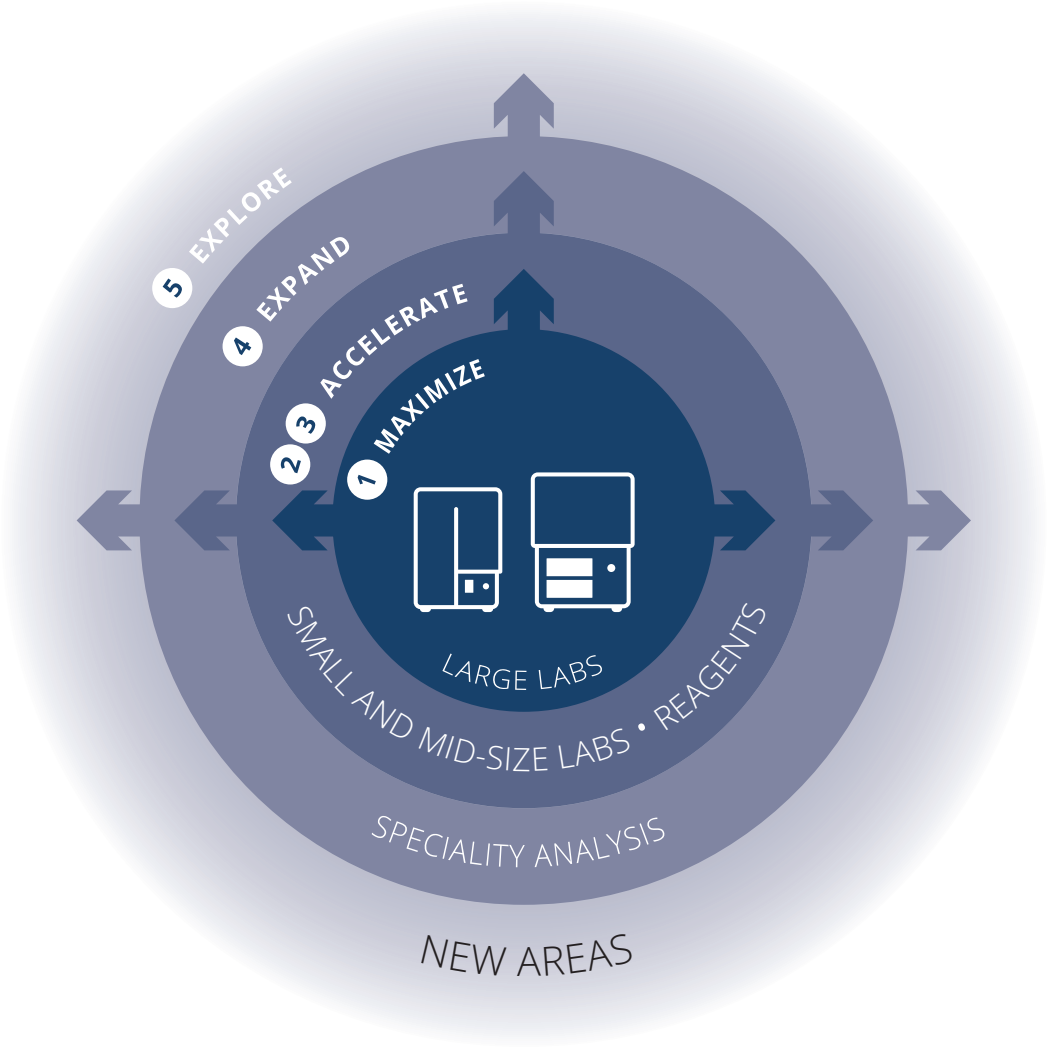
STRATEGY
THE POWER OF FOCUS

We aim to create long-term and sustainable value for all our stakeholders and society. This enables us to continue investing in our strategy to support long-term profitable growth.

The strategic foundation of our business is focus. To stay true to one core vision. To empower laboratories with the ability to see the bigger picture – faster, smarter, and more efficiently than ever – and achieve greater diagnostic certainty for better patient care.

It's this focus that continues to drive our business within digital cell morphology and new areas of analysis. Maximizing our leading position in hematology laboratories. Accelerating the worldwide adoption of our digital imaging systems and reagents. Expanding into specialized microscopy analyses. And exploring new areas of analytics with innovation.

With this strategic focus, we can enhance the future of microscopy and uncover new opportunities for optimizing diagnostics and quality of care for patients.



1

MAXIMIZE OUR LEADING POSITION IN LARGE LABORATORIES

Setting new standards in hematology laboratories has always been one of our major focus areas. To refine and transform the process of differentiating blood cells to enhance microscopy workflows, quality, and networks.

As we look ahead, we will continue to maximize our leading position with our innovative solutions for fast and efficient blood analysis within large hematology laboratories.

This means leveraging our capabilities in sample preparation, high-speed robotics, digital imaging, and artificial intelligence. Ensuring strong and sustained growth in a market which we are leading.

2

ACCELERATE THE WORLDWIDE ADOPTION OF THE DC-1

When we introduced automation and digital imaging to cell morphology, we created what's known as Digital Cell Morphology – a concept that now comprises a whole family of advanced and intelligent digital systems.

As we look to the future, accelerating the adoption of our latest digital imaging system will be one of our key focus areas. Because with the CellaVision DC-1, we have a compact analyzer that's completely custom-made for low-volume laboratories.

Designed for independent and networked laboratories, the CellaVision DC-1 will enable us to establish a large installed base within small and medium-sized facilities.

3

ACCELERATE OUR GLOBAL LEADERSHIP IN REAGENTS

In addition to delivering the world's leading digital solutions for medical microscopy, we're also turning our focus to the growing potential for trusted and reliable reagents for sample preparation.

As a critical part of analytical and diagnostic certainty, our reagents are designed to improve the quality of sample preparation and digital imaging. A fact that's supported and driven by firm clinical evidence.

In the coming years, we'll continue to focus on marketing the proven benefits of our reagent solutions around the world. The aim is to establish a leading position in both routine and specialty analyses.

4

EXPAND INTO SPECIALIZED MICROSCOPY ANALYSES

Specialized microscopy analyses are a growing niche in hematology laboratories. Yet these predominately manual analyses have a low reproducibility and lengthy sample preparation, which is highly demanding and time consuming.

As we look to the future, we will focus on addressing the unmet needs of this specialized market. We will launch a series of new digital applications in combination with special reagents that eliminate the need for manual analysis.

Expanding our focus will enable us to address a new and growing market area. One that will significantly contribute to our global competitiveness and growth – now and in the future.

5

EXPLORE NEW AREAS OF ANALYTICS WITH INNOVATION

Our future depends on enhancing our core capabilities and uncovering new possibilities within analytics. Building on our proven technological platforms to seize opportunities beyond hematology.

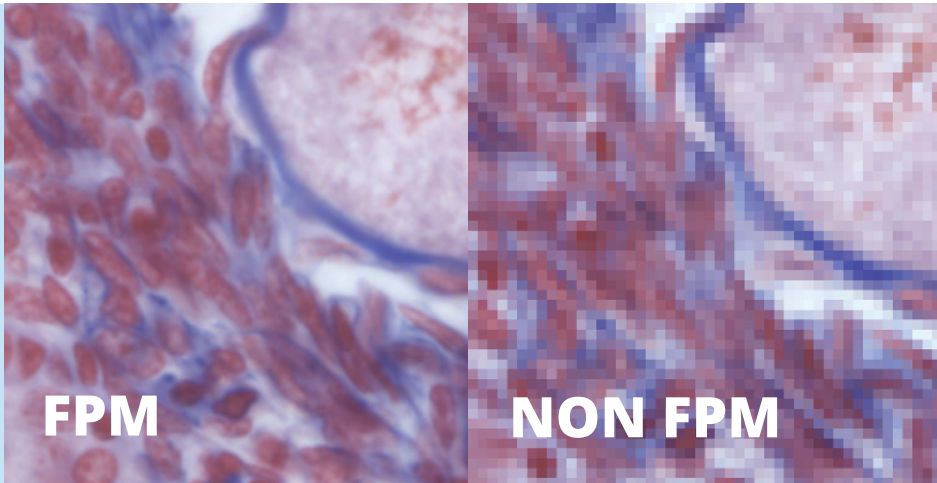
That's why a major focus for our future will be within Fourier Ptychographic Microscopy (FPM). An innovative new technology designed to create high-resolution images using low-magnification optics.

The combination of high-resolution and high-speed scanning potential of FPM will uncover a whole new world of possibilities. Allowing us to enter new analytical spaces and enhance our innovation agenda with strategic partnerships.

FOURIER PTYCHOGRAPHY MICROSCOPY (FPM) BREAKS THE LIMITATIONS OF MICROSCOPY

FPM combines a large scan area and high resolution. This means faster scanning because a sample can be captured using fewer positions but still with a high level of detail. FPM can also give wider depth of focus, making it possible to show a thick sample in focus at once. Due to the lower-powered lens, the need for precision mechanics is reduced.

FPM was developed at California Institute of Technology. CellaVision acquired the exclusive rights to the patent portfolio and are currently refining and adapting the technology for future products.



PRODUCT OFFERING

IN VITRO DIAGNOSTICS (IVD) MATTERS

IVD devices test biological samples such as blood, urine, and tissue. IVD is used during medical checkups to help prevent or diagnose disease, determine treatment methods, measure treatment results, prevent illness from increasing in severity, and for post-treatment monitoring. Essential to quality healthcare, IVD devices enable medical professionals to accurately and swiftly assess a person's health and determine optimal treatment methods.

THE LIMITATIONS OF MANUAL MICROSCOPY

It takes considerable training, skill, focus, and time to perform an accurate manual blood cell count. And each step is prone to variations and human error, which makes it difficult to achieve precise, standardized results.

The steps of manual microscopy involve:

- Smearing a drop of the patient's blood evenly on a microscope slide
- Staining the blood sample with a dye solution to differentiate the cells
- Identifying an optimum area for further analysis
- Classifying and quantifying the cells in the defined area

And if further medical assessment is needed, the blood smear must in many cases be transported to another laboratory, which affects the response time considerably.

REAGENTS

RAL SMEARBOX
by CellaVision

RAL STAINBOX
by CellaVision

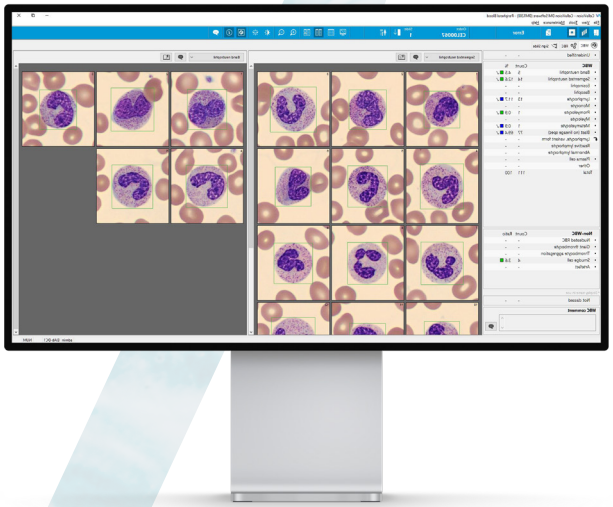
CELLAVISION DC-1

DESIGNED TO ENSURE DIAGNOSTIC CERTAINTY

Our solutions have redefined the process of performing differential blood counts and conducting in-depth analysis both for human and veterinary diagnostics. We serve all lab sizes, and our equipment and solutions create an ecosystem that ensures diagnostic certainty and quality of care

CELLAVISION DM 1200

CELLAVISION DM 9600



SOFTWARE & APPLICATIONS

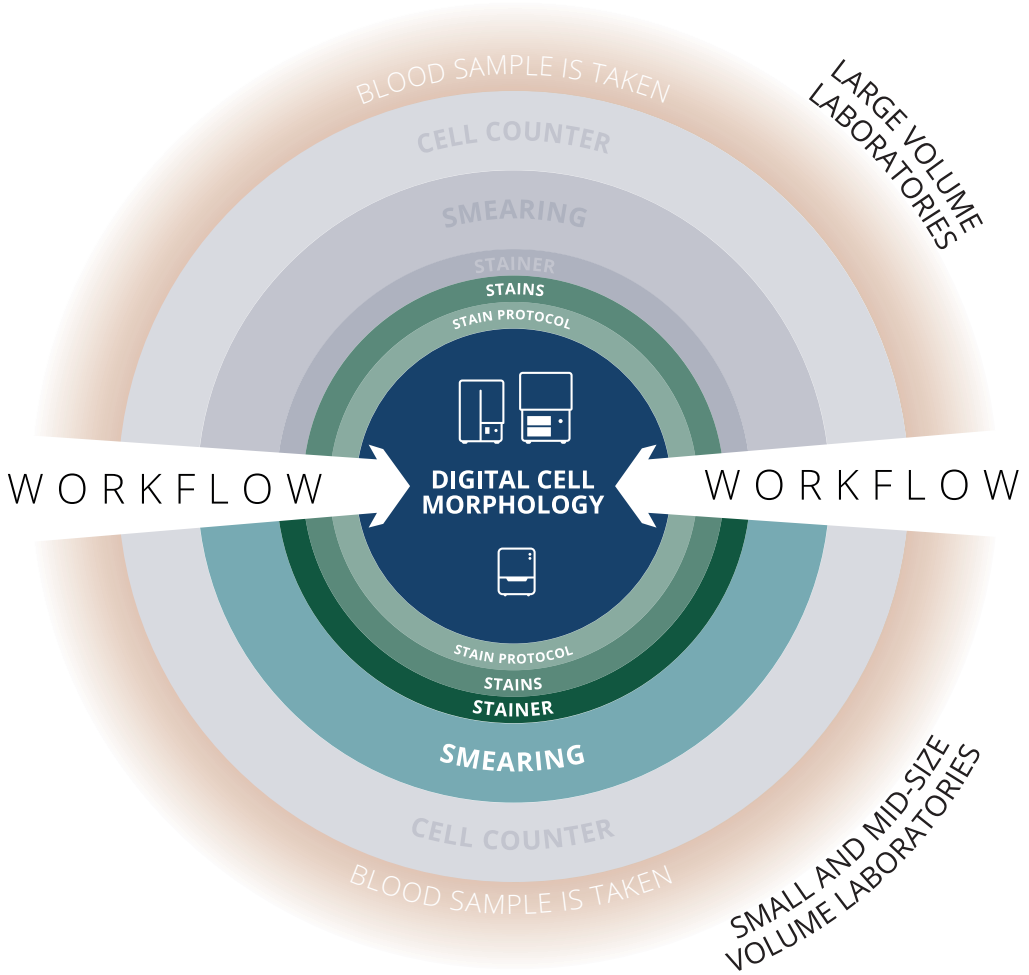
SOLUTIONS FROM SMEARING TO ANALYSIS

We adapt our solutions to meet customer needs, such as analysis capacity, analysis type, sample preparation solutions, centralization of data, and the monitoring of workflow.

THE BLOOD ANALYSIS PROCESS

- A blood sample is taken
- The blood sample goes through a cell counter provided by a distribution partner. If an abnormality is detected, the cell counter indicates the need for more in-depth microscopic examination of the blood cells with a differential blood count.
- *When a differential count is required, a blood smear from a drop of blood is transferred to a slide with our RAL® smear box. The automated instrument ensures high-quality peripheral blood smears with consistency and control.
- **The RAL® stain box stains the smears using the bath method. The instrument guides lab technicians through a step-by-step staining process that delivers a first-class result every time. The stain box is used together with validated protocols and easy-to-rinse methanol-free staining kits, which reduce lab technicians' exposure to biohazards.
- Our system pre-classifies the cells, and the result is digitally displayed on a screen. The pre-classification is reviewed, and quality assured by a biomedical analyst and adjustments are made if necessary. With CellaVision software and applications, the results can be quickly and simply shared with colleagues and morphology experts in other locations.

** For large laboratories, smearing and staining devices are provided by our distribution partner*
*** RAL reagents cover the fields of human biology, hematology, bacteriology, parasitology, mycology, and cytology*



LARGE LABORATORIES

Analyze more than 130 blood samples daily

The market for laboratories with high testing volumes represents the majority of our sales, with a market penetration of 26 percent by end of year 2022.

SMALL AND MID-SIZE LABORATORIES

Analyze fewer than 130 blood samples daily

The market for laboratories with low testing volumes is yet at a relatively early stage of penetration, with high expectations for future long-term growth.

THE CHALLENGES AND OPPORTUNITIES OF GLOBAL MEGATRENDS

CHALLENGES

DEMOGRAPHIC SHIFT	DEMAND FOR EFFICIENCY	CONSOLIDATION & STANDARDIZATION	CLIMATE CHANGE
Population growth, increased prosperity and aging populations require increased capacity and efficiency in healthcare.	Demand for efficiency in healthcare, increased cost pressure and a lack of skills mean staff must work more efficiently without negatively impacting quality of care.	Merging hospitals and labs to improve efficiency and patient care, requires standardization and automation of processes.	Carbon dioxide and other greenhouse gases are driving the climate change and increasing the need for sustainable solutions.

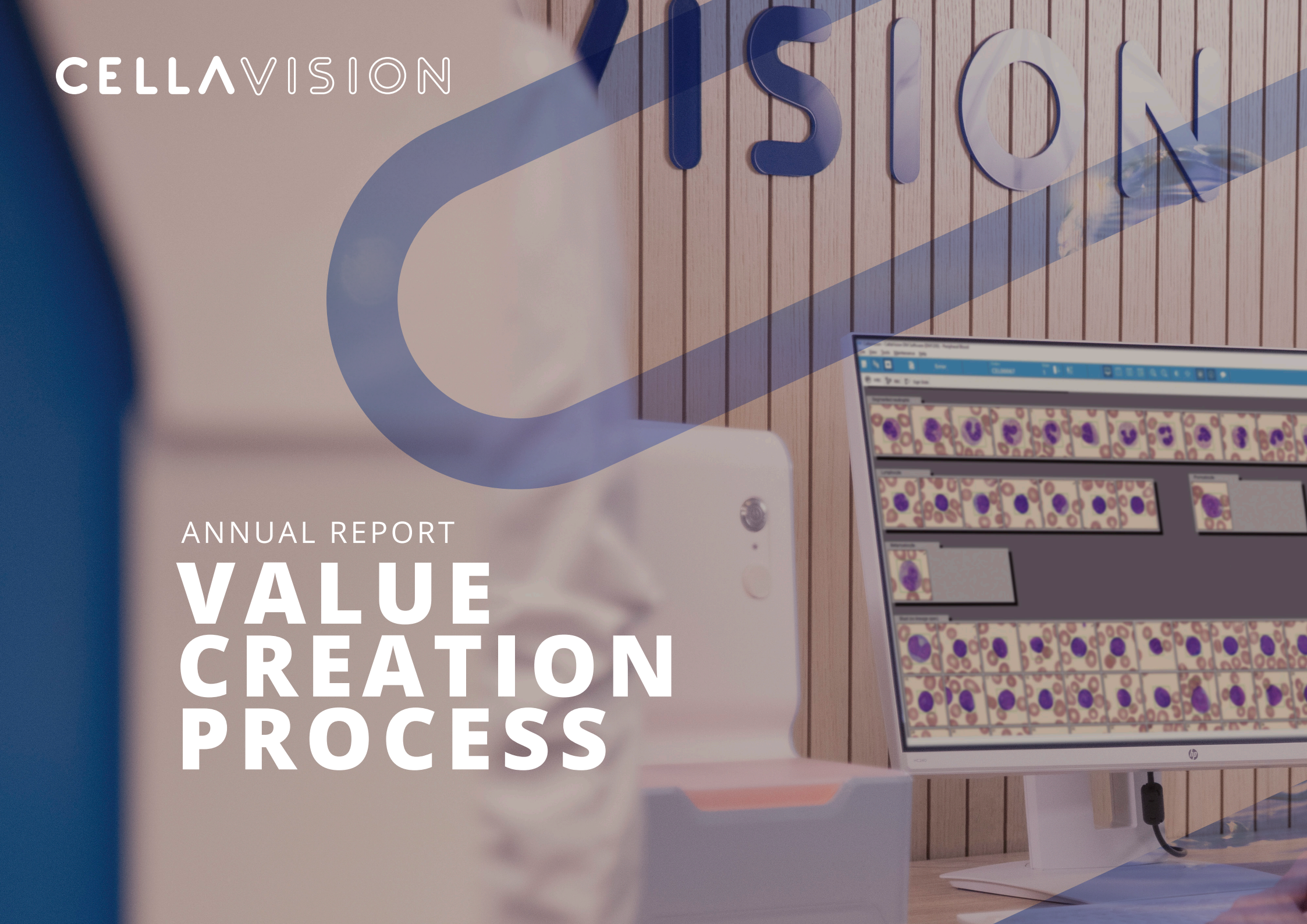
OPPORTUNITIES

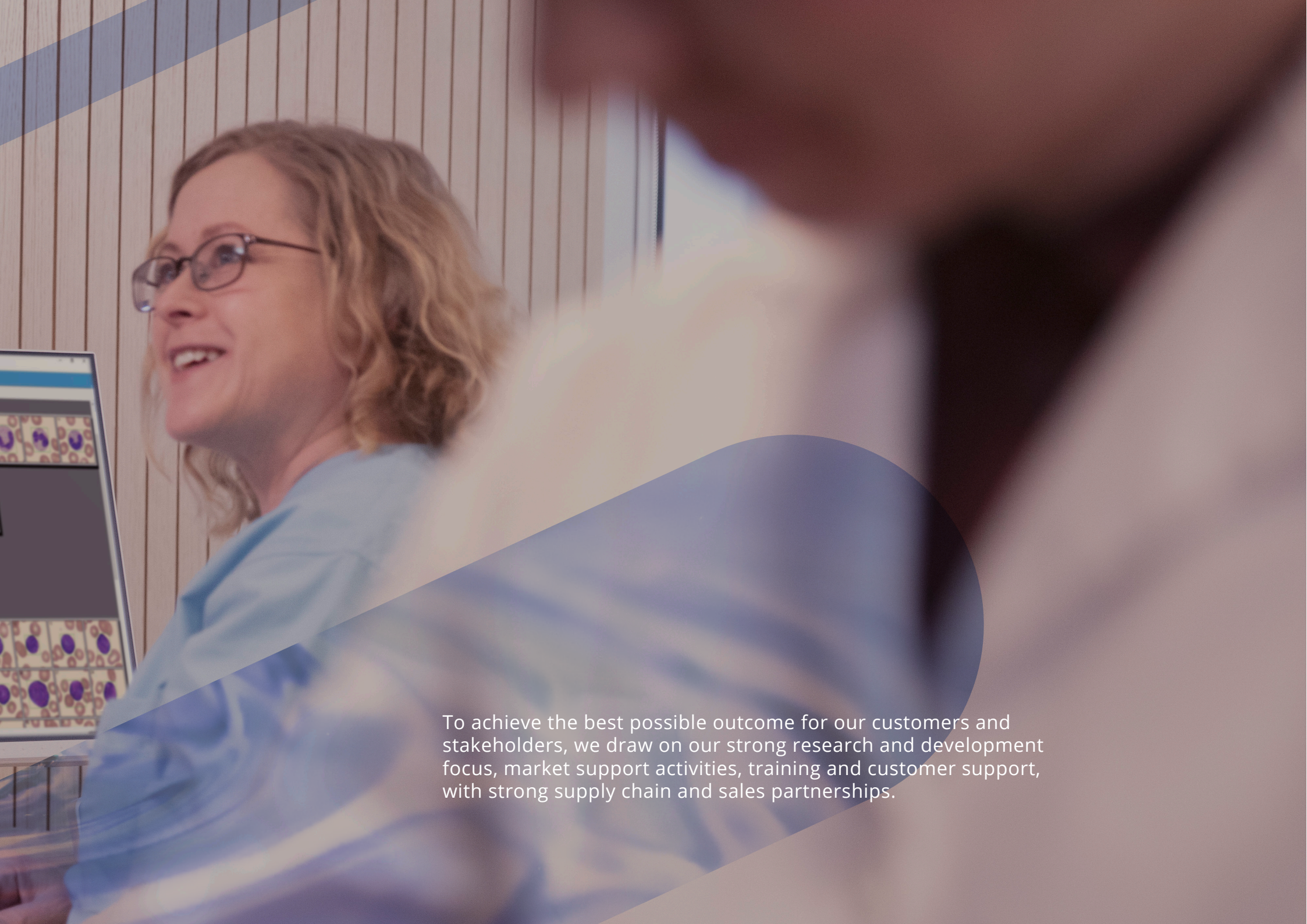
DEMOGRAPHIC SHIFT	DEMAND FOR EFFICIENCY	CONSOLIDATION & STANDARDIZATION	CLIMATE CHANGE
Our solutions enable healthcare providers to diagnose and initiate treatment faster.	Our solutions reduce the time spent on manual processes by up to 50 percent and enable inter/intra lab collaboration and the flexible use of resources, staff, and skills.	Our solutions ensure quality, consistency, speed and traceable results.	Our sustainable digital technologies enable remote review of samples which reduces the burden of travel and transportation.

CELLAVISION

ANNUAL REPORT

VALUE CREATION PROCESS





To achieve the best possible outcome for our customers and stakeholders, we draw on our strong research and development focus, market support activities, training and customer support, with strong supply chain and sales partnerships.

FROM CONCEPT TO FINISHED PRODUCT

CUSTOMER-DRIVEN PRODUCT DEVELOPMENT

Product differentiation that is meaningful to our customers constitutes the foundation of our product development. Customer involvement in the early stages of product development provides us with a deeper understanding of customer needs and helps in the early identification of unmet market needs. Working with clinical laboratories also enables real-life testing and access to material and samples for in-house development, which ultimately results in high-quality, competitive products.

Exploring common interests

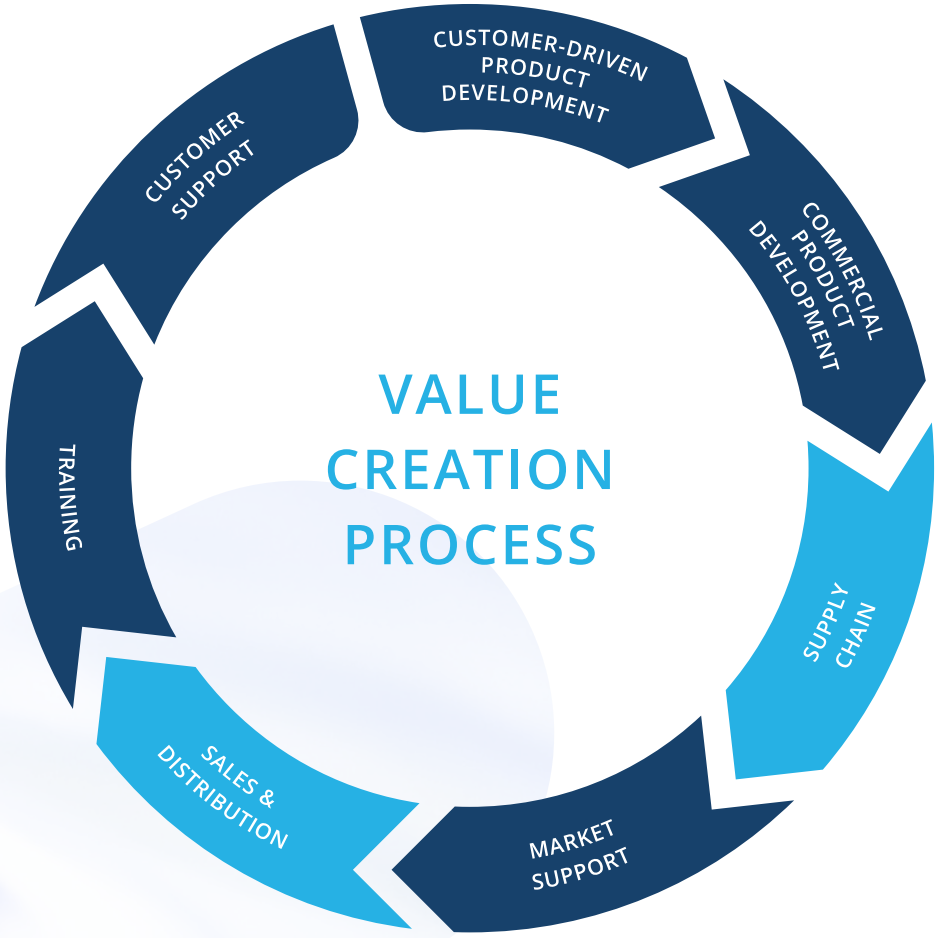
To ensure a project is mutually beneficial, we look to the customer's own research interest in the investigated area to increase the likelihood of success. Furthermore, our involvement in ongoing research keeps us up to date on new developments and state-of-the-art methods.

Prototyping is integral to customer-driven product development

Software prototypes are the foundation for new software application development. The prototypes serve as an interactive and constructive way to facilitate customer engagement in often complex or ambiguous product ideas.

- Identified customer needs are adapted in our Research Capture Software and serves as the foundation for the prototype
- The prototype is continually and interactively optimized with the customer
- The concept is evaluated on site to verify that all needs are adequately identified
- The steps may be repeated together with other partners to achieve a broader understanding of customer needs and to evaluate and improve the robustness of the prototype.
- The results of the concept evaluations are then used as a foundation for a future product

After completed evaluation, all information – including the prototype – is transferred to our product management team, together with any market research information. The decision is then made by management if, or when to start commercial product development. The collaboration partner may also publish the results from the prototype evaluations, or any research project performed using the prototype.



COMMERCIAL PRODUCT DEVELOPMENT

Based on our work in the field of intelligent microscopy, there is a constant flow of ideas for new products and how to improve existing products. This is further strengthened by input from our Global Sales and Marketing organization as well as our distribution partners.

We also strive to stay at the forefront of product development by identifying needs that do not come directly from customers, and features that we are convinced will help their workflow. These ideas are evaluated in an early concept stage with key opinion leaders and in cooperation with our distributors to ensure that value for the customer is maximized.

Designing for efficient workflows and intuitive user interfaces

Our organization is strengthened with UX design experts to ensure that our products have intuitive user interfaces and create the most efficient workflow for the customer. This adds value at market introduction, simplifies product training and laboratory introduction, and facilitates customer support. We have deep experience of incorporating analyzers into laboratory workflows.

Prototyping is crucial to our agile development process

Inventing the right product at the right time is key to our success. The process is facilitated by creating early prototypes to acquire immediate feedback from stakeholders to steer development in the right direction. It also helps our engineering teams focus on the right tasks and gain a better overall understanding of the product being developed. Prototypes are regularly evaluated by product management and demonstrated to the steering group, which simplifies decisions related to schedule, resources, and company priorities.

Testing and refining in production

Once a product is verified and validated, it is transferred to production. Production routines are tested and refined in-house to find and remove bottlenecks in the manufacturing process.

Quality assurance

Our quality department is involved in all aspects of the development process.

Progress during the year

We recruited new talent to our hardware and software development teams during the year. This enabled development projects to be initiated, such as a software application for analyzing bone marrow samples – an application that has been highly requested by customers.

An update of the system software for blood analysis was also completed and released to the Chinese market during 2022. The update includes the possibility to digitalize a larger part of the preparation to ensure high quality of the blood analysis. The same functionality will also be introduced in other geographical markets during 2023.

21%
INVESTED IN R&D

25
PATENTED INVENTIONS

114
GRANTED PATENTS

45%
EMPLOYEES IN R&D

FROM MANUFACTURING TO MARKET

SUPPLY CHAIN

Reagents, including dyes and solutions are manufactured at our production facility in Bordeaux, France. Our instruments on the other hand, are manufactured and assembled by a subcontractor. This ensures that considerable scalability is possible.

CellaVision is responsible for product design, assembly instructions, quality control instructions and sourcing of strategic components while the subcontractor is responsible for sourcing of standard components, assembly, quality control and outbound logistics.

During the year, the global shortage of electronic components impacted both production and supply. The challenges were managed through second sourcing, redesign, and the use of alternative components and suppliers which ensured that delivery capacity remained intact.

MARKET SUPPORT

An integral part of our sales model, our market support organization has comprehensive and in-depth knowledge of our offerings as well as the local markets where we operate. Market support collaborates closely with distribution partners and customers to drive adoption of our offerings, which strengthens our market position. At year-end 2022 we have 16 organizations for local market support with a direct presence in over 40 countries.

SALES AND DISTRIBUTION

Our sample preparation and digital cell morphology products are an integral part of the blood analysis chain. We therefore have distribution collaborations with leading cell counter providers, which is the first step in the blood analysis chain. This indirect sales model gives us access to a far greater sales force than we could build by ourselves.

At the same time, the model requires that we provide professional support to both partners and end-customers.

TRAINING AND THE CELLAVISION ACADEMY

In-depth training program is an important and powerful tool for laboratory technicians and distribution partners who work with our products. We have a long history of providing a broad range of training and learning experiences and we continuously evolve with the market. This dedication to quality training improves the workflow at laboratories and contributes to the positive relationship with our distribution partners and their trust in our products.

Our remote teaching capabilities also benefit our learners, as it eliminates the monetary and ecological costs associated with travel for face-to-face training. We have three folded the number of distribution partners trained in the past three years then in the previous four combined.

Our certification courses are a combination of self-paced e-learning and live webinars, and we are constantly improving the platform to strengthen the content and quality, including:

- Expanded video tutorial library
- Multi-day certification webinars offered 12 times per year to distribution partners
- On-demand certification for laboratory technicians

CUSTOMER SUPPORT

We always strive to provide the best user experience for our customers and distribution partners. Our customer support function ensures our products are implemented correctly and our instruments produce consistent, quality results. The team has in-depth knowledge and experience of our products and solutions and provides remote support as well as on-site visits.

ORGANIZATIONAL STRUCTURE

We have four central functions: two product divisions responsible for specific parts of the product range, a marketing organization, and a sales organization.

CORPORATE FUNCTIONS

President/CEO, Finance and IT, HR, Corporate Communications and Business Development.

GLOBAL SALES ORGANIZATION

Responsible for creating customer awareness, local market support and strengthening collaboration with global and regional market partners, which is an important part of our indirect business model.

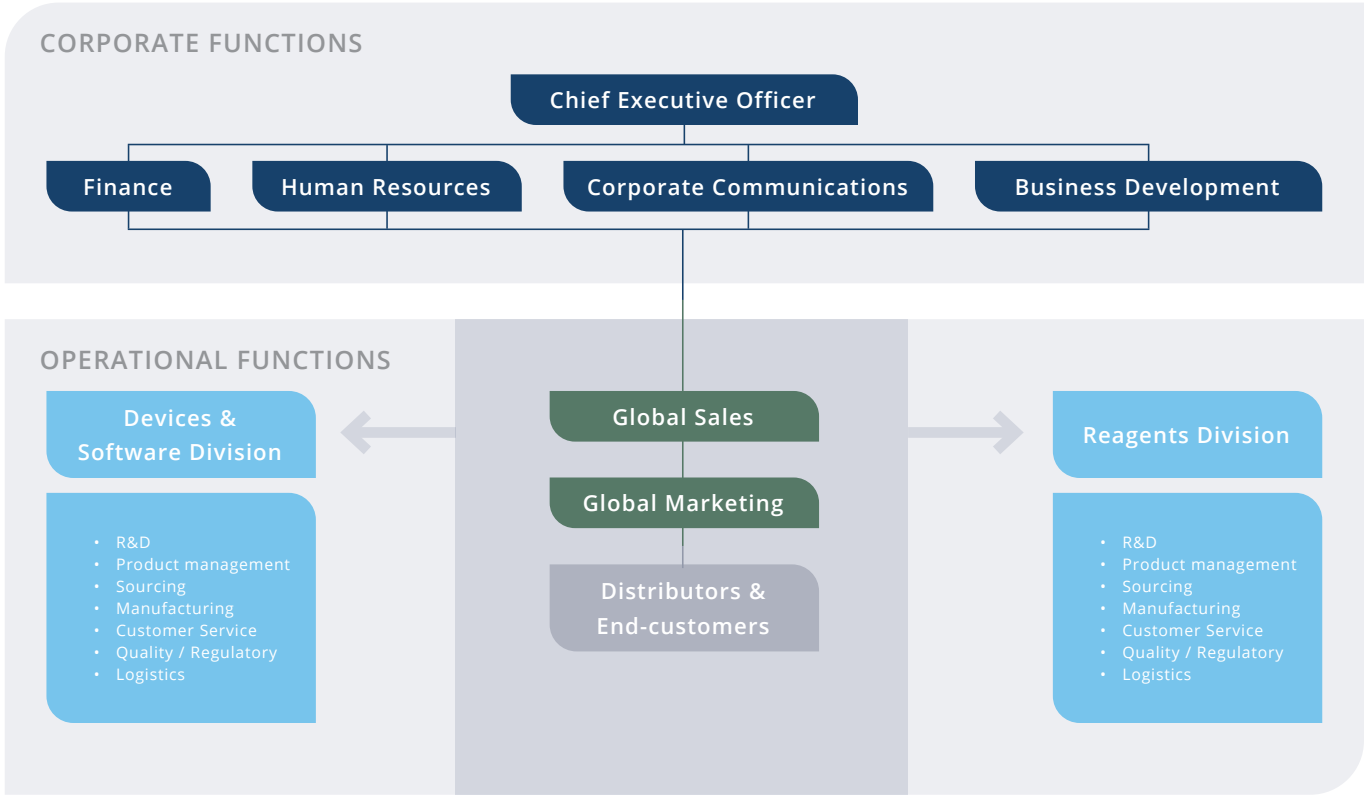
GLOBAL ORGANIZATION FOR MARKETING

Responsibilities include obtaining market insights, training distributors and end-users, as well as producing marketing material and trade fairs.

TWO PRODUCT DIVISIONS

The Devices & Software Division is based in Lund, Sweden and is responsible for hardware, software, and applications.

The Reagents Division is based in Bordeaux, France and is responsible for our reagents and associated products.



OUR HISTORY

1916 RAL Diagnostics was founded by two collaborators of Louis Pasteur: Pr. Roux & Legroux, and M. Agulhon, Director of Kuhlman industries

1994 CellaVision® was founded by Christer Fåhraeus in Lund, Sweden with a vision to elevate healthcare through the evolution of microscopy

1916

1960 RAL Diagnostics joins the healthcare division of Rhône-Poulenc group (Aventis)

1996 RAL Diagnostics becomes independent and transfers its production facilities to Martillac, France

2001 CellaVision establishes its U.S. presence by acquiring TBI

Launch of DiffMaster Octavia

2003 Launch of CellaVision DM96

2001

2001 - 2019 Sales offices established in USA, Canada, Japan, China, South Korea, Dubai, France, Australia, DACH, UK, Brazil, Thailand, Mexico, India, Italy, and Iberia

2005 Launch of Competency software and CellaVision DM8

2008 Launch of CellaVision Body Fluid Application

2012 Launch of CellaVision DM96 Vet

2011 - 2022 RAL Diagnostics launches a range of instruments featuring the RAL Stainer, the RAL StainBox and the RAL SmearBox

2010 Listed on NASDAQ OMX Stockholm, Small Cap

- Launch of CellaVision DM1200™
- RAL Diagnostics launches MCDh®, the first methanol-free and high definition biological staining for hematology, specifically developed for digital image analysis

2009 Qualifies for trade on NASDAQ OMX First North Premier

2013 Launch of CellaVision Proficiency Software and the Sysmex DI-60

2015 Launch of the CellaVision Academy, an online training resource

2018 Listed on NASDAQ Stockholm, Mid Cap

2017 Introduction of the CellaVision Classroom Initiative, a support tool for educators

2014 Launch of CellaVision DM9600 and CellaVision® Advanced RBC software

2019

2020 Launch of DC-1 Vet and Sysmex DI-60 Vet

2022 Launches DIFF-line™ by CellaVision, a complete workflow solution for low-volume hematology laboratories

2021 Acquires exclusive rights to a patent portfolio on Fourier Ptychographic Microscopy (FPM) from Clearbridge BioPhotonics

2019 Acquires RAL Diagnostics, enabling CellaVision to further improve the quality of sample preparation.

Launch of CellaVision™ DC-1

CELLAVISION

ANNUAL REPORT

MARKET AND SALES

THE GLOBAL MARKET

It was a relatively uneven year for sales, with a very strong first half and a weaker second half. Sales for the full year 2022 were SEK 639 m (566), corresponding to organic growth of 4 percent.

In the Americas the post-pandemic recovery continued with strong sales growth. Sales of instruments in EMEA were relatively flat while growth for reagents was stable, contributing to an overall increase in sales in the region. Sales in APAC were negatively affected by continued lockdowns due to the COVID-19 pandemic in key markets in the region, which resulted in a decrease in sales compared to the previous year.

CellaVision instruments had positive sales growth during the year, mainly driven by a strong increase in the Americas. Growth for reagents, which are mainly sold in EMEA, were stable. Software sales increased, primarily driven by the Americas and EMEA. Marketing efforts to increase the volumes of reagents in APAC and the Americas is proceeding according to plan and the market potential is high. Interest in digital morphology is still very high in all regions. However, growth has likely been affected by a strained financial situation for healthcare in many countries, as well as concerns over high inflation, high interest rates and political instability.

LAUNCH OF DIFF-LINE™

We launched DIFF-Line, our first slide preparation solution at the AACC conference in Chicago in July. The solution is developed for low-volume laboratories and consists of a RAL SmearBox, a RAL StainBox, RAL stains and a CellaVision DC-1. The launch generated a lot of interest from partners, as well as end users. The ability to offer a complete system for smear preparation and quality staining products to complement CellaVision instruments is a big win for our customers, as well as an opportunity to further expand our reagent sales in all regions.

The DIFF-Line solution not only makes it easy and safe to create high-quality blood smears, it also ensures that all smears are stained consistently and in accordance with laboratory guidelines. The CellaVision DC-1 automates and simplifies the process of analyzing the peripheral blood smears and connects the laboratory workflow to off-site expertise with the Remote Review Software.

PROGRESS WITH THE REAGENT PORTFOLIO

Sales of both hematology reagents and other reagents continued to grow in EMEA. In APAC, multiple activities with key partners helped to increase sales from low levels.

As a result of the increased need for regulatory compliance and hematology workflow automation, there is growing demand from our key partners and customers for the complete and seamless integration of hematology workflow solutions. This helped boost the adoption of our reagents, with demand increasing across most regions.

The new regulatory framework implemented in the EU in 2022 is significantly more complex than the previous CE marking system for reagents, which is narrowing the competitive landscape. Our extensive reagent portfolio complies with the latest EU regulatory standards (IVDR). Significant efforts have been made to enable the commercialization of our hematology reagents in all regions with the right product portfolio offering and ensure that all local compliance requirements have been met.

We are working with key distribution partners to establish the global adoption and long-term success of our reagents. This is a sound basis for the steady expansion in APAC and the Americas, while continuing to consolidate our strong market share in EMEA.

CHARACTERISTICS

Large laboratories: **~ 17 000**
Market penetration: **~ 26 %**

Small and medium-sized laboratories (addressable): **~ 50 000**
Market penetration: **~ 1 %**

Replacement cycle: **7-9 years**

**The market for veterinary diagnostics is significantly smaller than human diagnostics. The primary target for the company's offerings for veterinary diagnostics is large reference laboratories in North America and Europe.*

AMERICAS

2022 was a good year for growth in the Americas with significant expansion in both instrument sales and accompanying software applications. With pandemic restrictions fully lifted we continue to see growth in all markets with sales back on track. Total sales increased by 34 percent to SEK 280 m (210) for 2022.

The COVID-19 pandemic in the Americas has had a lasting impact on most hospitals. Laboratories are short staffed and have fully embraced the trend of working virtually as an option, and in many cases is considered preferable to in-person collaboration. Our solutions help enhance remote work capabilities, and enable laboratories to work faster, with greater accuracy and higher confidence in the results.

MARKET DEVELOPMENT

Another positive trend in the Americas is the strong growth of DC-1, our small digital instrument for low volume laboratories, with sales tripling in 2022. The US market is by far the most mature in the world, where extensive resources are invested in integrating small satellite laboratories with larger laboratories within integrated health networks. This laboratory structure presents an excellent fit to our product concept, which is based on integration and automation.

Launched in late 2020, the DC-1 has enabled us to effectively answer the needs of integrated health networks. These laboratories, which include major medical centers and smaller regional hospitals, need to share diagnostic information in real time to treat patients quickly and effectively. This can be a challenge due to limited resources and the retirement of many skilled laboratory personal following the pandemic. Our unique ability to provide integrated and proven solutions has made CellaVision the standard in hematology analysis to review of blood slides. Together with our distribution partners, we offer a complete solution that has changed morphological cell analysis forever.

MARKET ACTIVITIES

Our marketing and support activities during 2022 helped to firmly establish CellaVision in the Americas. Local, regional, and national shows, user meetings, partner symposiums and product demonstrations resumed following a two-year pause, with customers attending most of these events with pre-pandemic enthusiasm.

With continued sales growth in the Americas, we made a strategic decision to strengthen our team to support our distribution partners and customers in the northeastern United States. By promoting the use of our digital morphology systems and assuring the support and training of our customers, we can continue to set the standard for digital morphology, which most laboratories have come to rely on.

This year we have also seen our distribution partners refocus on the growing market in Latin America. We have experienced high levels of activity in Mexico and Brazil and growing interest from laboratories that might not have considered digital cell analysis before and are excited about the possibilities we offer. This is critical in a market that needs CellaVision technology but can be price sensitive due to market conditions. The DC-1 is well suited to fuel the growth of digital cell morphology for all laboratories.

CHARACTERISTICS

Large laboratories: **~ 5 000**
Market penetration: **~ 38 %**

Small and medium-sized laboratories (addressable): **~ 20 000**
Market penetration: **> 1 %**

- Spans very mature and developing markets
- North America is dominated by large networks driven by need for connectivity
- Highest proportion of capital sales
- Strongest sales of supporting software and applications

EMEA

Following a successful 2021 with double digit growth in instruments and reagents and all-time high sales, 2022 was more challenging in EMEA. The market was shaped by an uncertain macroeconomic environment which prompted conservative inventory management at our distribution partners. Net sales increased by 11 percent to SEK 280 m (252) for 2022.

Sales of reagents increased across the region. Sales of our small instrument DC-1 showed a more modest increase, while sales of large systems were on par with the previous year. MCDh reagents experienced growth, and sales figures for the complementary staining and smearing devices grew from a low level. During the year, activities such as exhibitions, congresses, customer seminars and workshops returned to almost pre-pandemic levels.

MARKET DEVELOPMENT

Instrument sales were stable in EMEA in 2022. The largest markets in EMEA are France, Benelux and the DACH region followed by the the Iberian region. France and Iberia are mainly large instrument territories, while the DACH region with their large amount of low-volume throughput and specialist laboratories are very strong on DC-1.

Sales for 2022 show a 34 percent increase in software sales on the previous year, mainly driven by the Remote Review Software, which enables laboratories to connect to our instruments remotely to perform result validation. Indications state that the pandemic, which forced many to work remotely, has reinforced the need for this solution.

Our priority is to concentrate our resources on strengthening our position in markets where we are already present and we will enhance and intensify support for customers and distribution partners. The latest success in Iberia and Italy, where Market Support Managers took office in 2019 confirms this approach.

MARKET ACTIVITIES

The opportunity to attend exhibitions, congresses, and trade fairs – both local and international – was a highlight of the year. One of the most important hematology symposiums and exhibitions on a global level is ISLH. The symposium was held in person for the first time in four years in Bologna, Italy following a virtual event in 2021.

Many visitors from all over the world visited our booth, which confirms that market conditions are almost back to normal in this respect. Feedback from customers and distribution partners at ISLH and throughout the year confirms that digital cell morphology has finally become a standard, routine analysis for many hematology laboratories.

CHARACTERISTICS

Large laboratories: **~ 5 000**
Market penetration: **~ 28 %**

Small and medium-sized laboratories (addressable): **~ 20 000**
Market penetration: **~ 1 %**

- Diverse mix of market maturity and reimbursement structures
- Mix of lab networks and stand-alone labs
- Dominated by public labs
- Region with strongest sales of CellaVision reagents
- Markets with a high proportion of cost-per-test sales models

APAC

Heavy restrictions remained in place in 2022 due to the COVID-19 pandemic. These restrictions limited marketing and promotion activities, which affected sales of instruments and software. Net sales for 2022 declined by 24 percent to SEK 79 m (103).

It was extremely difficult during the year to visit laboratories and hospitals in Japan and China, the largest markets in the region. With no access to laboratories and the installation of hematology chains postponed by our distribution partners, sales of instruments were negatively affected.

MARKET DEVELOPMENT

Though the market need remains solid, high inventory levels at our distribution partners and the postponement of new projects due to lockdowns in China slowed down the sales of large instruments in the region. However, access to laboratories eased slightly in the second half of 2022 in most countries in the region, which made it possible to plan marketing activities and customer meetings and events in the following months.

Sales of smaller instruments are gaining traction in the south part of APAC, particularly in Indonesia and Australia. The DC-1 platform enables laboratories to implement digital cell morphology in their routine workflow or to connect satellite laboratories to expert centers depending on market maturity. DC-1 is expected to be registered in China during 2023 and is already registered in all other markets in the region.

MARKET ACTIVITIES

Most scientific seminars in the region were canceled, delayed, and in some cases held online, with limited attendance and customer interactions. This prevented our market support organization and our distribution partners to engage in marketing and promotion activities throughout 2022.

Activities for our reagent portfolio have been organized to facilitate solid market introduction across the region, despite travel and laboratory access restrictions. The activities include local regulatory registrations, adapting our portfolio to local needs, and evaluations by key opinion leaders. In most of the APAC markets our reagents will be commercialized by our key distribution partners. This will enable them to offer an integrated solution to customers in 2023 and help streamline their hematology workflow.

CHARACTERISTICS

Large laboratories: **~ 7 000**
Market penetration: **~ 15 %**

Small and medium-sized laboratories (addressable): **~ 10 000**
Market penetration: **< 1 %**

- Largest proportion of price sensitive markets
- Low demand for remote connectivity due to few lab networks
- China has the highest barrier/longest regulatory approval process

CELLAVISION

ANNUAL REPORT

SUSTAINABILITY REPORT

Sustainability is an integrated part of our strategy to drive value for customers, partners, employees, owners, and society. Our aim is to run a responsible business that contributes to a sustainable future through improved healthcare and equal and fair working conditions. We use innovation and technical progress to find sustainable solutions to economic and environmental challenges.

OUR APPROACH TO SUSTAINABILITY

To identify where we can make the greatest positive difference, we conducted a materiality assessment of the positive and negative impacts of our operations across our value chain during 2021. The results of the assessment help inform our decisions, manage risk, and drive improvements for people, the planet, and our business.

MATERIALITY ASSESSMENT

1. IDENTIFY & PRIORITIZE

The UN Sustainable Development Goals and the Global Reporting Initiative (GRI) standards were our starting point for the assessment. Through dialogue with external and internal stakeholders, including customers, investors, major suppliers, employees, and the Board of Directors, we identified and prioritized concerns, global trends, and market expectations.

2. ANALYZE

The results of the assessment uncovered the positive and negative impacts of our operations, including environmental, social, and governance issues along our value chain. The results were weighted based on the stakeholder category and the number of answers from each category.

3. VALIDATE

The management team analyzed and discussed the results to refine, consolidate and shape our sustainability strategy going forward. For more information on the materiality assessment, see our Sustainability Report 2021.

MATERIALITY MATRIX

NASDAQ ESG TRANSPARENCY PARTNER

CellaVision is certified as Nasdaq Transparency Partner. This certification is used by Nasdaq to signal engagement in market transparency and in raising environmental standards.

SUSTAINABLE DEVELOPMENT GOALS | MATERIALITY

CONTRIBUTING TO EFFICIENT AND QUALITATIVE HEALTHCARE

- Supporting healthcare professionals
- Improving patient outcome

CARING FOR PEOPLE

- Promote a safe and healthy work environment
- Cultivate a diverse and inclusive culture
- Improve access to training and education
- Secure good employment conditions throughout the value chain

PROTECTING THE PLANET

- Minimize negative climate impact
- Reduce environmental impact across product life cycles

SOUND BUSINESS PRACTICES

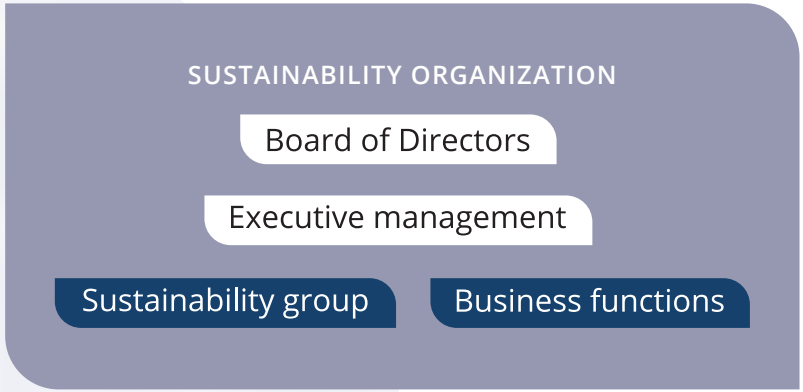
- Corporate governance
- Compliance
- Risk management

A CHANGING GLOBAL LANDSCAPE

The 2030 Agenda for Sustainable Development is a universal plan of action that was adopted by all member states of the United Nations in 2015. At its core are 17 Sustainable Development Goals (SDGs) that cover economic, social, and environmental targets to improve human lives and protect the environment.

Our business contributes primarily to Goal three – Good health and wellbeing, as well as:

- SDG four: Quality education
- SDG five: Gender equality
- SDG eight: Decent work and economic growth
- SDG nine: Sustainable industry, innovations, and infrastructure
- SDG ten: Reducing inequalities



CONTRIBUTING TO EFFICIENT AND QUALITATIVE HEALTHCARE

Good health is fundamental to quality of life. When people are in good health, they can reach their full potential and contribute to society. Our innovative solutions support the transformation toward digital and sustainable healthcare services.

Our solutions for clinical laboratories improve working conditions for laboratory personnel and help patients get correctly and quickly diagnosed and enable treatment to be initiated sooner. We also work to safeguard the safety, health, and well-being of healthcare professionals through our offerings.

SUPPORTING HEALTH, SAFETY, AND WELLBEING IN THE WORK ENVIRONMENT

In healthcare settings, diagnosis and treatment are largely based on test results, so the swift delivery of accurate test results is of paramount importance for patients. Meanwhile, laboratory operations are becoming more complex as testing grows more diverse, leading to a call for more efficient laboratory operations.

Our technologies for diagnostics play an important role in the early detection of diseases and help determine courses of treatment. Our products and solutions improve diagnostic accuracy and help streamline laboratory workflows, enabling healthcare providers to initiate the correct treatment faster, which can save lives.

This enables medical technologists to speed up morphological assessment while collaborating with off-site colleagues, supervisors, and pathologists. In a distributed laboratory network, the adaptation of a digital methodology can help realize considerable time-savings by effectively removing the primary cause of prolonged turn-around times – the road-based transportation of challenging slides for review by off-site pathologists.

With our technology, laboratories can also create a more attractive working environment. With traditional microscopes, laboratory staff often adopt an uncomfortable, hunched working position, but our equipment supports a considerably more ergonomic working posture and reduces the risk of repetitive strain injuries in the neck, back and eyes. We also offer online training so that healthcare professionals can participate regardless of their location. In these ways, we make an ongoing effort to raise the level of healthcare.

A NEW GENERATION OF STAINING

Staining is an important step in hematology, but traditional staining formulations contain toxic chemicals that pose a health risk for users. If the health and safety of laboratory technicians is compromised, it can impact laboratory workflow, and accreditation – the guarantee of providing reliable and reproducible results.

To meet these challenges, we offer RAL MCDh™ (Micro Chromatic Detection for hematology). A patented, ready-to-use, methanol-free staining formula that eliminates exposure to the high toxicity of traditional formulations. MCDh is safer and easier for lab technicians to handle, which improves workflow, and ensures that results are reliable and reproducible.

STAKEHOLDER'S VOICE

"We perform over 200 differentials every day, and after implementing CellaVision, we have shortend turnaround times by 39%, down to three hours which is a great improvement."

David Langstaff, Director
Hamilton Regional Laboratory Medicine Program

CARING FOR PEOPLE LIES AT THE HEART OF EVERYTHING WE DO

Ensuring inclusive, equitable education, promoting lifelong learning opportunities and gender equality for all is essential to sustainable development, and the fair distribution of power, influence, and resources.

We are committed to supporting the next generation of medical technologists and employees in their education and training. We cultivate diversity, equal treatment, and inclusion so that employees can thrive, maximize their skills, and contribute to the company's success.

CARING FOR PEOPLE

Our mission, vision, values, and culture define how we work, the quality we deliver and guide our behavior towards customers, partners, employees, and investors. They're the foundation of our strong corporate culture and play a key role in our success.

In the first half of 2022, we aligned our mission, vision, values, and behaviors with our recently updated strategic direction. The mission and vision were updated following interviews with employees, and our values were shaped by the results of an employee cultural assessment conducted in the first quarter of 2022.

VALUES

We innovate, we collaborate, we care

Our company culture is based on teamwork, partnerships, caring, and having fun together. We believe that employee recognition, communication and collaboration, innovation, and continuous improvement are behaviors that will help us develop into the best version of ourselves.

The new mission, vision, values, and culture were rolled out in workshops during the first and third quarter. The updated values and behaviors will be included in performance reviews and in our Code of Conduct.

PROMOTING A HEALTHY WORK ENVIRONMENT

We want our employees to feel a sense of pride in their work and an affinity for the company. We take steps to promote a healthy work environment to maintain a low employee absentee rate. We systematically follow up and investigate repeated cases of short-term absence to identify signals of ill health at the workplace at an early stage. And during the year, all employees were offered stress management webinars with an organizational psychologist. In 2022, sick leave 1-13 days was 9 percent.

We have an occupational injury insurance that applies both at work and on the way to and from work. In 2022, we had two reported incidents and 16 reported accidents globally. None of the accidents were regarded as serious. The company investigates all accidents in accordance with relevant regulations and takes preventive measures to avoid similar accidents in the future.

In total, 89 percent of our staff are covered by collective agreements that regulate employment conditions and working conditions. All our employees employed through our collaboration with Business Sweden have employment agreements in accordance with applicable local laws and regulations. And we have an established framework with a code of conduct based on the UN Guiding Principles on Business and Human Rights.

COMPETENCY DEVELOPMENT

We have a decentralized and flexible organizational structure, characterized by competence, entrepreneurship, management by objectives and short decision paths. Our aim is to offer a secure, stimulating and fulfilling work environment with opportunities to contribute skills and commitment to the company's continued development. And we cooperate with local unions and work councils to build an attractive workplace.

All employees have annual appraisals and target discussions with their line manager. The purpose of the target discussions is to create conditions for employees to develop and make a positive contribution that serves to increase productivity, efficiency, and profitability. Individual development plans are linked to the targets to ensure continual development.

Career pathways are now offered within certain functions to offer employees clear alternatives to the traditional managerial route. We also help employees develop their expertise – a practice that's encouraged and acknowledged.

Salary is considered a positive force, as employees who perceive their salary to be fair are more likely to perform excellent work. This supports productivity, effectivity, and profitability.

To support our salary setting strategy, we implemented an international position evaluation system and industry benchmarking data tool. Salary levels are primarily based on the complexity of the position, employee goal fulfillment, and the ability to perform the required tasks for the position. External factors, such as the market value for the specific position are also used to determine salary levels.

We conduct an annual employee survey and quarterly measurements of the employee Net Promoter Score (eNPS). The results show strong commitment, faith in the future and great confidence in colleagues. The survey, together with performance reviews, informs the decisions we make to improve the work environment, employee well-being, performance, and commitment. During the year, staff turnover was 15 percent.

CULTIVATING A DIVERSE AND INCLUSIVE WORKPLACE

We promote diversity and inclusion and have introduced systems to create a corporate culture that embraces diversity, encourages a sense of unity globally, and gives all employees the opportunity to maximize their skills and thrive.

During the year we launched a global diversity, equity, and inclusion policy, and implemented the Develop Diverse writing platform to help create more inclusive job ads and attract more candidates. And during PRIDE month, all employees were invited to take part in a webinar on LGBTQI inclusion.

We believe that an even gender distribution enhances collaboration and creates dynamic working groups, which is positive both for the work climate and for our long-term competitiveness. When recruiting, our ambition is always to meet as many women as men.

EMPLOYEES PER FUNCTION (%)	
Production	7
Sales & Marketing	31
Administration	11
Quality, Regulatory & Clinical	6
Supply & sourcing	7
R&D	38

EDUCATIONAL LEVEL (%)	
University degree	73
Upper secondary education	27

EMPLOYEES PER REGION (%)	
EMEA	90
APAC	5
Americas	5

DEVELOP AND RETAIN EMPLOYEES	
Employees covered by collective agreements (%)	89
Staff turnover (%)	15
Engagement score	8/10
Engagement response rate (%)	91

ATTRACT NEW EMPLOYEES	
Number of master thesis candidates	6
Number of student workers	20
Number of internships	4

DIVERSITY AND INCLUSION	
Female employees (%)	44
Female managers (%)	41
Female management team (%)	14
Female Board of Directors (%)	40
Number of newly recruited employees	105
Share of female newly recruited (%)	55

ENSURING GOOD WORKING CONDITIONS THROUGHOUT THE VALUE CHAIN

Our supply chain comprises a third-party instrument manufacturer in Sweden and our own reagent manufacturing facilities in Martillac, France. For distribution and sales, we conduct activities via global partners that are primarily public companies with their own sustainability agendas, including terms and conditions of employment that show regard for human rights and good working conditions. We continuously monitor their work and policies regarding key sustainability issues.

Working conditions at our manufacturing facility in France, is covered by collective agreements, with local trade union cooperation to regulate terms of employment.
The same applies to the third-party manufacturer in Sweden, that are also regulated by a collective agreement that covers the terms of employment at the workplace.

SUPPLIER EVALUATIONS TO ENSURE COMPLIANCE

It is essential that our supply chain complies with all local labor laws, safety requirements, best practices, and group policies. We have a procedure to assess and control suppliers of goods and services for our products. The PESTLE-model (Politics, Economy, Social, Technique, Legal and Environment) is used as a guide, and we also include geographical factors. Standards and certificates for the supplier are taken into consideration at the evaluation.

A more in-depth supplier evaluation is used for critical goods or services. We conduct supplier visits and discuss agreements concerning social responsibility, environmental requirements, as well as moral and ethical aspects. Operations that align with the UN Global compact, SMETA or similar are very helpful although not required.

We conduct regular supplier assessments according to ISO procedures at both our Reagents Division and Devices & Software Division. The frequency depends on the criticality of the supplier or the delivery. During the year 33 supplier audits were performed.

DONATIONS TO SUPPORT COMMUNITIES IN NEED

During the year, donations were made to Save the Children to provide humanitarian aid to Ukraine. Combined, the donations reached 281,882 people in the Ukraine and another 179,000 people in neighboring countries. They provided life-saving assistance, such as food and water, cash transfers, and safe spaces to make sure children and families impacted by this crisis have the immediate support they need to survive and rebuild their lives, as well as ensuring children have access to learning programs to make up for lost schooling.

IMPROVE ACCESS TO TRAINING AND EDUCATION

Providing quality education for all is fundamental for creating a peaceful and prosperous world. Education gives people the knowledge and skills they need to stay healthy, employed, and foster tolerance.

We believe that supporting higher education institutions and offering opportunities for study will help develop the right knowledge and skills necessary to drive innovation and improve the quality of healthcare worldwide.

SUPPORTING THE NEXT GENERATION OF MEDICAL TECHNOLOGISTS

We are committed to supporting the next generation of medical technologists and the educational institutions where they train, and we collaborate closely with educators.

In 2018, we launched the CellaVision Classroom Initiative to offer hematology educators the digital resources and tools necessary to upgrade their skills and strengthen their teaching methodology. The tools include a complimentary license for the CellaVision® Proficiency Software – the same market-leading educational software that is used by hematology laboratories all over the world.

COOPERATION WITH UNIVERSITIES

We continued to profile our brand as an attractive employer in 2022, with several targeted initiatives aimed at universities and other higher education institutions. To increase our competitiveness, we developed our strategy to attract people with the right skills, as there are many attractive positions available to engineering and other candidates.

We cooperate closely with Lund University, and participate in student fairs, and seminars to build awareness about CellaVision as a future employer. In 2022, we continued as the main sponsor of Lund Technical University's F-Guild, a student association for engineering students. We also offer thesis opportunities, internships, extra work opportunities and participate in networks and mentor programs.

Altogether, the initiatives have had a positive effect on recruitment, as well as on linking the right competencies to the company in the long term. And we have continued to digitalize HR processes in both recruitment and the management of talent and performance to boost transparency and efficiency.

STAKEHOLDER'S VOICE

"We use the CellaVision Proficiency software for students enrolled in our hematology major at undergraduate level and postgraduate and. The students find the experience very helpful in their morphology studies. It gives students the opportunity to see which cells they misclassify, determine what features they should have observed, and then build these features into their morphological analysis for future classification. This feed-forward mechanism is vital to improve morphological skills."

Cindy O'Malley
BAppSci, PhD, CSci, FAIMS, FIBMS, SFHEA Associate Professor
Laboratory Medicine RMIT University, Australia

PROTECTING THE PLANET

Mitigating climate change, preserving resources, and protecting biodiversity are critical to the sustainability of the global environment. Innovation and technological progress also play a key role in finding sustainable solutions to both economic and environmental challenges.

We understand that large-scale environmental damage due to climate change is a significant business risk because it has the potential to halt our resource procurement and manufacturing functions. At the same time, we believe that consideration for the environment supports co-existence with local communities and helps build trust with our stakeholders.

SOLUTIONS THAT REDUCE ENVIRONMENTAL IMPACT

Our digitally based technologies create conditions that help reduce environmental impact. One such technology is our collaboration and quality assurance software, which is an environmentally efficient alternative to transporting samples by road. For example, hospitals that operate in remote locations typically send difficult-to-assess samples to an expert by courier. With CellaVision Remote Review Software, the samples can be examined electronically via the hospital network, a method that is both effective and environmentally friendly. And with CellaVision Proficiency Software for quality assurance, laboratory staff can train and test the skills online. The software is simple to distribute and requires no transportation, unlike traditional test methods that use blood smears on microscope slides as a practice method.

CONTINUOUS AND MEASURABLE ENVIRONMENTAL GOALS

We continually strive to minimize our negative environmental impact. We have four environmental objectives at our head office to reduce the environmental impact related to:

- Purchases of goods and services
- Business-related travel
- Training-related travel
- Environmental impact from waste

Each year we calculate our CO_2 emissions from business-related travel in relation to our net sales. The resulting ratio should be less than 0.6 kg CO_2/kSEK. The downward trend over the past three years is largely due to the pandemic, but the lessons learned from digitalizing business meetings are expected to prevent a return to previous levels.

Since 2019, we have calculated the number of online trainings in relation to all trainings for handling and analysis with our instruments. In 2022 a target of 75 percent was set for online trainings. This is an increase by 25 percentage points from the 50 percent target set in 2021. The ambition is to sustain the momentum and primarily conduct online training and avoid a 're-bound' to pre-pandemic levels.

ENVIRONMENTAL CONSIDERATION THROUGH PRODUCT LIFE CYCLES

In 2021, the sustainability group initiated a lifecycle analysis focusing on the CellaVision DC-1 instrument. The identification of goals and scope in the early stages of the process resulted in a change in focus. To ensure the results of the analysis have a meaningful impact when implemented, the life-cycle analysis will be performed on an ongoing development project instead of a finished product. An agreement has been signed with a consulting firm to initiate the life cycle analysis during 2023.

DEVICES & SOFTWARE DIVISION

Located in Lund, Sweden, our Devices & Software division is certified according to ISO 14001 international standard since late 2013. In brief, the certification means that our environmental work must be well organized, result in continuous improvements, comply with applicable laws and regulations, and include regular internal environmental audits. We are active and goal-oriented in the selection of suppliers and resources for product development. And we do not conduct any notifiable operations that impact the fulfillment of the objectives of the Swedish Environmental Code.

BUSINESS TRAVEL IN RELATION TO NET SALES (CO2/KSEK)	
2019	0.8
2020	0.2
2021	0.3
2022	**0.6**

ONLINE TRAINING IN RELATION TO TOTAL TRAINING (%)	
2019	0
2020	71
2021	99
2022	**100**

COMPLIANCE WITH ENVIRONMENTAL DIRECTIVES

ISO 14001:2015

REACH – Registration, Evaluation, Authorization, and Restriction of Chemicals

RoHS – Restriction of Hazardous Substances

A re-certification audit of ISO 14001 was performed in May. The findings of the audit have been addressed and several workshops were held with management to identify how to work towards achieving our environmental goals. In 2023, an environmental SWOT analysis will be part of the management review.

REAGENTS DIVISION

The Reagents Division is based in Bordeaux, France. The division manufactures a dozen strategic substances and produces more than 100 different solutions. The stages of production include different types of reactors, filtering systems and automated and half-automated packing systems. Production at the facility is designed to meet very high requirements in terms of safety for employees. The production technology is based on specialized production solutions that meet very stringent requirements.

The Division complies with local legislation on the environment, and health and safety, and has an environmental management system based on ISO 14001. In late 2021, we initiated a long-term goal to certify the facilities in Bordeaux according to ISO 14001:2015. During 2022, preparation work and resource allocation was initiated, and the certification is expected to be in place no later than 2026.

In June 2022, the building permit for the new build project at the production facility was approved by DREAL, the local environment authority. The new build will increase manufacturing capacity and is due for completion in the second quarter of 2023. The new build features isolation to limit energy consumption, special filters to prevent the emission of dust and particles, and containment to prevent soil contamination. All liquid waste will be collected in a made-for-purpose underground tank and treated by a specialized partner.

CLIMATE COMPENSATION FOR CARBON EMISSIONS

Our car policy specifies that we only allow hybrid or electric company cars. However, carbon emissions from our operations are mainly from business travel by air. We conduct an annual survey to obtain information about travel patterns and climate compensate for carbon emissions. In 2022, 129 employees out of 235 answered the survey.

The company's total carbon dioxide emissions amounted to 474 tons, corresponding to a compensation of SEK 55,433 (22,064). To compensate for emissions, we support a solar power project that meets the environmental movement's 'Gold Standard' quality label, which means that the project contributes to sustainable development in a broader perspective.

THIRD PARTY-RELATIONSHIPS

The Devices & Software Division does not manufacture its own instruments but works together with an ISO 14001 certified partner who is responsible for assembly and quality assurance. The Division also has suppliers of central components, such as microscopes and software.

We select and evaluate suppliers based on their capacity to supply goods and services that meet our quality and environmental requirements, including quality and environmental management systems and other specific quality assurance requirements.

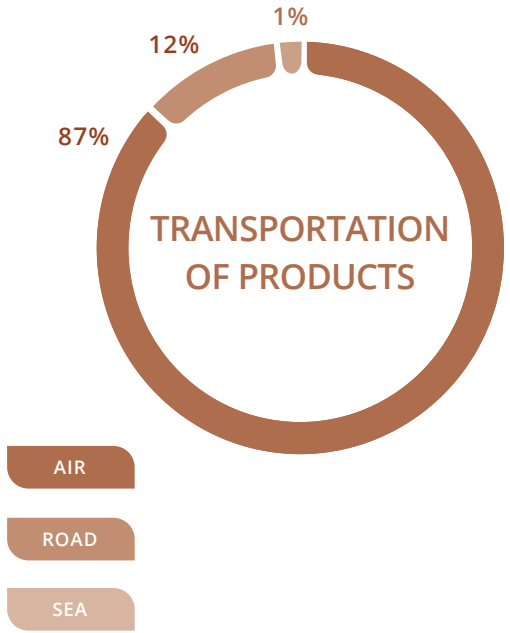
A lifecycle perspective is always front-of mind when choosing suppliers. Audits can be conducted by CellaVision staff trained in supplier audits and/or by an assigned consultant. Regulatory authorities can also conduct supplier audits. When selecting a supplier, those with certified environmental management systems are preferred. Suppliers are also required to comply with the requirements of the REACH Regulation and the RoHS Directive.

To ensure that increasing demand does not impact supply or quality, we continuously work to lower supply chain complexity. Some of the changes made during 2022 led to a decrease in environmental impact, improved lead time, securing higher volumes in the supply chain.

LOGISTICS

As we have an indirect business model, our distribution partners decide the shipping options for our products. However, we recommend that distribution partners always choose the shipping option with the least environmental impact.

Inbound logistics is decided by the supplier responsible for assembly, and system transport methods are decided by the customer. Therefore, we engage with our suppliers, manufacturers, and distributors to encourage them to always use the shipping option that has the least environmental impact. During the ongoing logistics crisis, customers increasingly requested air transport due to risk of delays. In 2022, the modes of transport used were similar to last year's, with a slight drop in sea transport.



SOUND BUSINESS PRACTICES

Reducing inequalities and ensuring no one is left behind are integral to achieving sustainable development. Fair and ethical business practices are central to everything we do and ensure that working with us is a positive experience for our customers, partners, and employees.

COMPLIANCE WITH LEGISLATION

Our Code of Conduct, which is based on the values of honesty, justice, and legal compliance, is the foundation of how we work. Our Code of Conduct guides how we behave and interact with stakeholders and is based on the UN Universal Declaration of Human Rights.

Our Code of Conduct describes how to compete fairly, based on the merits of our products and services. It also covers anti-corruption policies, specifically that employees may not offer customers, potential customers, suppliers, consultants, governments, agencies of governments, or any representative of such entities, any rewards, or benefits in violation of applicable laws or established business practices to obtain or retain business.

These compliance principles were implemented some years ago, and we conduct annual training to ensure that all employees understand and comply with these principles. We have established policies and guidelines and offer ongoing advisory services and support to assure compliance. We also conduct reviews and audits, both internal and external, to identify irregularities and systematize improvements.

MONITORING COMPLIANCE

Compliance with the Code of Conduct is largely an issue of leadership and relies on well-established procedures, processes, and functions to prevent deviation. The Code of Conduct describes the whistle-blower function, which encourages all employees to report suspected violations to their managers or other representatives in the leadership team.

If it is not feasible or possible to report to a superior, or if it is not taken seriously, it is possible to present the suspected violations to the Board of Directors or ultimately to the Board Chair of the company, and where the law permits, to remain anonymous. We do not tolerate reprisals against any person who in good faith presents complaints or suspicions of violation of the Code of Conduct. In 2022, no cases were reported to management according to the whistle-blower function in the Code of Conduct, nor did any cases related to corruption come to the management's knowledge during the financial year.

RISKS ASSOCIATED WITH CORRUPTION AND NON-COMPLIANCE WITH COMPETITION LAW

Our relations with customers and business partners are characterized by fairness and honesty and we have zero tolerance for any corrupt practices. We work continuously to monitor business practices to ensure a collective understanding of our Code of Conduct end to end in the value chain. Risk exposure is primarily linked to operations of our business partners (distributors and third-party manufacturers), for which we may be held liable, as well as behaviors of employees in relation to public officials and other customer representatives. The overall risk level is also influenced by the fact that we conduct business activities in many markets considered to be high-risk in terms of corruption.

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

RISK MANAGEMENT AND ANTI-CORRUPTION

We manage corruption-related risks through activities aimed at reducing the risks of corruption, including reviews of partners from a corruption perspective. We do this to ensure that we select the right partners to prevent corruption in connection with the sale of products and services. Moreover, our business model enables natural constraints on the establishment of corruption.

As sales go through us to a few large partners, the payment flows can be controlled effectively. We have established administrative support in local markets through cooperation with Business Sweden, which handles local administration of salaries and other payments to our employees. All payment flows are checked and approved centrally, which significantly reduces the risk of corruption.

As regards employees and sub-contractors, the Code of Conduct makes it clear that employees and sub-contractors may not participate in or promote corruption. The Code of Conduct also states that we compete based on the advantages of our products and services and do not take measures that are illegal under competition law, for example illegal collusion with competitors. In addition, regular anti-corruption training is provided in connection with the annual training in the Code of Conduct.

RISKS RELATED TO SUSTAINABILITY

SUSTAINABILITY RISK	COUNTERACTING FACTORS
PRODUCT INCIDENT In the medical technology industry, product quality and safety are of the utmost importance, as a potential product incident could have a negative impact on the company's reputation.	Comprehensive risk analysis is part of the development of all CellaVision products. Complaints are assessed and trended to always improve the safety and quality of products. Safety is further improved through continuous, structured training of staff and distributors, both online and face-to-face.
UNEVEN GENDER DISTRIBUTION IN SENIOR POSITIONS There is still an uneven gender balance in the management team. The risk is that we are not perceived as an equal, attractive employer, so may have difficulty attracting the right profiles and skills.	We have an inclusive culture and actively work with inclusive communication to attract and retain more diverse candidates.
LOCAL WORKING CONDITIONS AT DISTRIBUTOR LEVEL As we expand our relationships with new local distribution partners, we can't rely on them to meet local requirements for good employment conditions.	To ensure compliance we must continuously monitor new and smaller distribution partners to ensure they meet local requirements for good employment conditions.
ENVIRONMENTAL MANAGEMENT SYSTEMS IN THE REAGENTS DIVISION It constitutes a risk if our environmental work at the Reagents division does not fulfill the requirements of ISO 14001.	Continued investments in our production facility are required to ensure we fulfill the environmental certification requirements of ISO 14001.
THIRD PARTY MANUFACTURER OF INSTRUMENTS In the event of an increased number of third-party manufacturers, there is a risk that a supplier does not meet all of the environmental requirements.	Environmental evaluations and audits of third-party manufacturers must be carried out to ensure compliance.

GLOSSARY

Agenda 2030 – 17 sustainable development goals adopted at the UN Sustainable Development Summit in 2015 to achieve a better and more sustainable future for everyone. The global goals are integrated and indivisible and balance the three dimensions of sustainable development: economic, social, and environmental.

Carbon dioxide (CO2) – Carbon dioxide is a greenhouse gas formed during combustion of carbon-containing materials. Emissions of carbon dioxide can increase global warming (greenhouse effect).

Clean Development Mechanism (CDM) – An emissions trading mechanism and form of cooperation under the Kyoto Protocol that was created to enable countries with emission reduction commitments to reduce carbon emissions in countries without reduction commitments.

Code of conduct – Document that provides guidance on the behavior expected from CellaVision employees.

DEI policy – Diversity, equity, and inclusion policy.

Develop Diverse – Platform to increase team diversity through inclusive communication.

DREAL – The French Regional Directorate of the Environment, Development and Housing.

eNPS – A method that measures how willing employees are to recommend their workplace to others.

Gold Standard – Certification mark for climate compensation projects entailing strict rules of conduct with further requirements concerning social responsibility and sustainable development for climate compensation.

GRI Global Reporting Initiative – International independent standard-setting body that provides voluntary standards for how companies and other organizations are to report their activities regarding sustainability work.

ISO 14001 – International framework for a systematic approach for planning, implementing, and managing an environmental management system.

Materiality analysis – Method to identify and prioritize the issues that are most important to an organization and its stakeholders.

Orgalim – General Conditions for the Supply of Mechanical, Electrical and Electronic Products

Sustainable development – Development that "meets the needs of the present without compromising the ability of future generations to meet their own needs". Sustainable development includes economic, social, and environmental sustainability.

Sustainability report – As of the 2017 financial year it has been compulsory for large companies to prepare a sustainability report. The report must contain non-financial information necessary for understanding the effects of the business on the environment, social matters, human rights, and corruption.

Lifecycle analysis – Method to assess the environmental impact of a product's lifecycle, including raw materials extraction, manufacturing processes, transport, use and waste treatment.

REACH – EU Regulation containing legislation aimed at ensuring a high level of protection for human health and the environment.

RoHS – EU legislation aimed at replacing and restricting hazardous substances in electronics. The Directive is also aimed at facilitating profitable and sustainable materials recovery from electronic waste.

UHC – Universal healthcare requires that all people have access to affordable and proper services to improve their health, prevent or treat illnesses, and recover functions.

THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

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

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the sustainability report for the year 2022 on pages 36-50 and that it is prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE EXAMINATION

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability 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. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Malmö, April 12, 2023
KPMG AB

JONAS NIHLBERG
Authorized public accountant
Auditor in-charge

TOBIAS LINDBERG
Authorized public accountant

CELLAVISION

ANNUAL REPORT

CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND AUDITOR

MIKAEL WORNING

Chairman
Born: 1962
Elected: 2020
Shares: 2,360
Education: Cand. Polit., Economics
Other directorships: Chairman of the Board The Fertility Partnership Ltd and Tandlægen.dk - Holding A/S. Ordinary board member in 3Shape A/S, Sonion A/S and Colony ApS. Former senior positions at Demant A/S, including President Demant Inc.

Independent of company and major shareholders.

CHRISTER FÅHRAEUS

Founder and Board Member
Born: 1965
Elected: 1994
Shares: 1,928,399
Education: BSc Medicine, MSc Bioengineering, BSc Mathematics, Ph.D. Neurophysiology, Ph.D. Engineering (hc), Graduate from Swedish armed forces language school.
Other directorships: President and CEO of EQL Pharma AB (publ). Chairman of the Board Bionamic AB. Board member Flatfrog Laboratories AB, Reccan AB, EQL Pharma AB (publ), Amniotics AB (publ), and Gasporox AB (publ). Founder of EQL Pharma AB and Flatfrog Laboratories AB, among others.

Independent of company. Dependent on major shareholders.

ANN-CHARLOTTE JARLERYD

Board Member
Born: 1966
Elected: 2022
Shares: -
Education: BSc Business Administration, degree in journalism.
Other directorships: CFO at Addnode Group. Former experiences include CFO of Acando and Protect Data and authorized auditor at PwC.

Independent of company and major shareholders.

ÅSA HEDIN

Board Member
Born: 1962
Elected: 2015
Shares: -
Education: M.Sc. Chemical Engineering
Other directorships: Chairman of the Board Artificial Solutions AB and Tobii Dynavox AB. Member of the Board of Nolato AB, Industrifonden AB, Crad AB, and Biotage AB. Former senior positions at Elekta AB, Siemens Healthcare, and Gambro.

Independent of company and major shareholders.

STEFAN WOLF

Board Member
Born: 1964
Elected: 2018
Shares: -
Education: Biological Laboratory Science
Other directorships: CEO of The Binding Site Group Ltd (part of Thermo Fisher Scientific). Former experiences include CEO of Hemostasis, Hematology, and Specialty Diagnostics at Siemens Healthineers and Division President of Clinical Diagnostic Division at Thermo Fisher Scientific.

Independent of company and major shareholders.

MARKUS JONASSON KRISTOFFERSSON

Board Member
Born: 1980
Board member appointed by the unions: 2020
Shares: -
Education: MSc Mechanical Engineering.
Employed since 2018. Current position, Mechanical Engineer, Hardware department, Devices & Software division.

KENT STRÅHLEN

Board Member
Born: 1968
Board member appointed by the unions: 2022
Shares: 1,000
Education: PhD Applied Mathematics.
Employed since 2000. Current position, Product Manager.

AUDITOR

The Annual General Meeting elects and auditor for CellaVision for one year's term of office. At the 2022 Annual General Meeting, KPMG was elected as auditor until the 2023 Annual General Meeting.

JONAS NIHLBERG
Authorized public accountant
Auditor in charge
Auditor for CellaVision since 2022

TOBIAS LINDBERG
Authorized Public Accountant
Auditor for CellaVision since 2022

AUDIT COMMITTEE

The CellaVision Audit Committee was appointed within the Board in 2011. The committee comprises Åsa Hedin, Mikael Worning, and Ann-Charlotte Jarleryd (Chairman).

REMUNERATION COMMITTEE

The CellaVision Remuneration Committee was appointed within the Board in 2011. The committee comprises Mikael Worning (Chairman), Åsa Hedin, and Christer Fåhraeus.

MANAGEMENT

SIMON ØSTERGAARD
President & CEO

Born: 1971
With CellaVision since: 2021
Shares: 5,000
Education: MSc biochemical engineering, PhD biotechnology, MBA from MGSM, Sydney.
Previous experience: More than 20 years of experience in the biotech, medical device, and diagnostic industry in various senior positions at Agilent Technologies and Radiometer (Danaher) spanning the entire value chain from innovation to sales and marketing. Most recently held the position of Vice President for the global pathology business at Agilent Technologies.

PETER WILSON
VP Global Marketing

Born: 1967
With CellaVision since: 2000
Shares: 3,000
Education: M. Sc. Chemistry
Previous experience: Many years experience of global launching of new technologies and new products. Former positions include Foss, among others. Head of CellaVisions subsidiary in North America in the years 2012-2015.

URBAN STRINDLÖV
VP Global Sales

Born: 1964
With CellaVision since: 2022
Shares: -
Education: Mechanical Engineering
Previous experience: Extensive experience of business-to-business operations in various companies within the IT, infrastructure and life science sectors. Most recently held the position as Vice President Sales at BioGaia.

MAGNUS BLIXT
CFO

Born: 1966
With CellaVision since: 2013
Shares: 4,000
Education: MSc Finance
Previous experience: Extensive experience of developing small and medium-sized companies focusing on business performance and process improvements, within the SKF Group and Rotaform AB among others. Most recently held the position of Business Demand Manager at SKF AB.

JEPPE BRANDSTRUP
VP Business Development

Born: 1984
With CellaVision since: 2016
Shares: 2,500
Education:M. Sc Finance
Previous experience: Many years of experience in business development and acquisitions in the life sciences industry. Most recently as Senior Acquisition Manager at Novozymes in Copenhagen.

ADAM MORELL
VP Devices & Software Division

Born: 1976
With CellaVision since: 2001-2003, 2006
Shares: -
Education: Lic. of Engineering, Mathematics, M.Sc. Engineering Physics, B.Sc Medical Science, Medicine
Previous experience: Many years of experience as R&D Manager at CellaVision. Extensive expertise in the field of digital imaging and has been a co-inventor on several patents.

JULIEN VEYSSY
VP Reagents Division

Born: 1983
With CellaVision since: 2019 (2018 RAL Diagnostics
Shares: -
Education: MBA Marketing
Previous experience: More than 13 years of experience in the IVD-industry and specifically in the hematology market. Most recent position Marketing manager at Sysmex, EMEA.

CORPORATE GOVERNANCE

CellaVision is a Swedish public limited liability company with its registered office in Lund. Apart from the parent company, the Group consists of five wholly-owned subsidiaries in Sweden, the USA, Canada, Japan, and France, as well as offices for local market support in the USA, Canada, Brazil, China, Japan, South Korea, Australia, Sweden, United Arab Emirates, France, Germany, the United Kingdom, Mexico, India, Spain and Italy. The company's share is listed on NASDAQ Stockholm. CellaVision applies the Swedish Code of Corporate Governance (the Code) since its shares were admitted to trading in May 2010 and reports no deviations from the Code for 2022.

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

SHAREHOLDERS

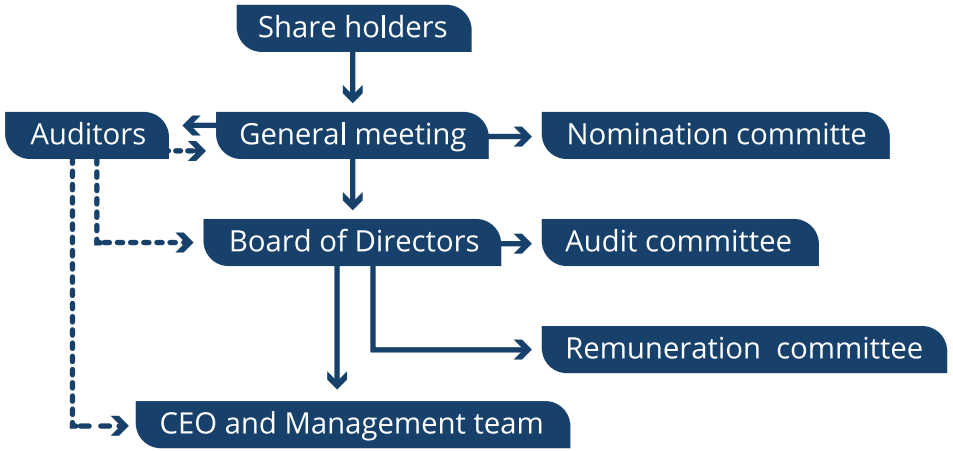
The share capital on December 31, 2022 was SEK 3,577,732 distributed among 23,851,547 shares. Each share entitles the holder to one vote and each person entitled to vote at a general meeting of shareholders may vote for the full number of shares owned and represented by her or him without limit to the voting right. All shares confer an equal right to share in the company's assets and profits. CellaVision had 7,842 (8,030) shareholders on the closing date. Of these, two shareholders have direct and indirect holdings constituting 10 percent or more of the votes and capital: William Demant Invest A/S and Grenlunden AB. No shares are held by the company itself. For further information about the CellaVision share and shareholders please refer to pages 8-9 and CellaVision's website.

ARTICLES OF ASSOCIATION

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

GENERAL MEETING OF SHAREHOLDERS

OVERALL GOVERNANCE STRUCTURE FOR CELLAVISION



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

The Annual General Meeting is held in Lund during the first half of every year. In connection with the third interim 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 percent of the shares so requests.

ANNUAL GENERAL MEETING 2022

CellaVision's Annual General Meeting was held on Thursday, May 11, 2022. Essentially, the following resolutions were passed:

- The parent company and consolidated income statements and balance sheets were adopted. It was further resolved to distribute SEK 2.00 per share for the 2021 financial year.

• Discharge from liability of the members of the Board of Directors and the President.
• Re-election of Mikael Worning, Christer Fåhraeus, Åsa Hedin and Stefan Wolf and election of Ann-Charlotte Jarleryd as board members. Election of KPMG AB as auditor.
• Fee to the Board of Directors, presented in the table on page 58 and in Note B6 of the annual report.
• Principles for appointing Nomination Committee that were adopted at the 2020 Annual General Meeting shall also apply before the 2023 Annual General Meeting.
• Remuneration report for 2022.

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

NOMINATION COMMITTEE

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

NOMINATION COMMITTEE FOR THE ANNUAL GENERAL MEETING IN 2023

In accordance with a resolution of the 2022 Annual General Meeting, CellaVision's Nomination Committee ahead of the 2023 Annual General Meeting shall consist of one representative of each of the four largest shareholders in terms of voting rights at the end of July 2022. The Chair of the Board convenes the first meeting of the Nomination Committee and is co-opted to the meetings of the Nomination Committee. The composition of the Nomination Committee was announced through press release on November 25, 2022. The members of the Nomination Committee and the shareholders who appointed them is presented in the table to the right. The chair of the Nomination Committee ahead of the 2023 Annual General Meeting is Emil Hjalmarsson.

In 2022 the Nomination Committee held three meetings as well as a number of email and telephone contacts. The Nomination Committee proposals are presented, in addition to the press release, in the notice to attend the 2023 Annual General Meeting and are also available on the company's website together with an explanatory statement concerning the proposed Board of Directors.

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

The assessment is that the board as a whole possesses the necessary knowledge and experience of the social and business conditions that prevail where the company's main operations are conducted, and that it exhibits sufficient diversity and breadth in terms of characteristics and competence.

AME/REPRESENTING	VOTING SHARE (31/12 2022)
Mikael Worning, styrelseordf. adjungerad.	
Nicklas Hansen, William Demant Invest A/S	19.9 %
Emil Hjalmarsson, Grenlunden CEVI AB	10.0 %
Christer Fåhraeus, Christer Fåhraeusand comp.	8.1 %
Anette Andersson, SEB Investment Management	6.6 %
TOTAL	**44.6 %**

BOARD OF DIRECTORS

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

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

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

CHAIR OF THE BOARD

CellaVision's Board of Directors has been chaired since 2021 by Mikael Worning. The Chair of the Board is appointed by the Annual General Meeting. The Chair of the Board organizes and leads the work of the Board, ensures that the Board regularly develops its knowledge of the company, communicates shareholders' views to the Board and is a support to the President/CEO. The Chair of the Board and the President/CEO prepare proposed agendas for the Board meetings. It is the responsibility of the Chair of the Board to verify that the Board's decisions are effectively implemented and that the work of the Board is evaluated annually and that the Nomination Committee is informed of the results of this evaluation.

THE BOARD'S RULES OF PROCEDURE

The Board of Directors adopts rules of procedure for its work annually. The current rules of procedure were adopted on May 11, 2022. In addition to that, the Rules of Procedure are revised as necessary. The Rules of Procedure include a description of the responsibilities and duties of the Board, the duties of the Chair of the Board, audit issues and specify the reports and financial information that the Board must receive before each ordinary Board meeting.

EVALUATION OF THE WORK OF THE BOARD

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

COMPOSITION OF THE BOARD OF DIRECTORS IN 2022

In 2022 the Board of Directors consisted of seven members, of which two were employee representatives (not elected by the AGM), with no alternates. At the 2022 Annual General Meeting Mikael Worning, Christer Fåhraeus, Åsa Hedin and Stefan Wolf were re-elected and Ann-Charlotte Jarleryd was elected as Board Members. Mikael Worning was re-elected as Chair of the Board. Markus Jonasson Kristoffersson and Kent Stråhlen were appointed as board members by the unions.

The members of the Board have great experience and competence in medicine and technology as well as business and international operations. The composition of the Board complies with the requirements of the Code regarding independent members. The information that is to be provided under point 10.2 of the Code concerning members of the Board can be found on page 54.

WORK OF THE BOARD IN 2022

In 2022 the Board of Directors of CellaVision held a total of nine minuted meetings, all of which were conducted as a combination of physical and digital. Four of the meetings were held in connection with the approval of the year-end bulletin and the interim reports. On occasions when any member has been prevented from attending the Chair of the Board has obtained views concerning the decision in advance. Important questions during the year included recruitment of a new President and CEO, strategy, market assessments and significant risks.

The company's President/CEO and CFO participate regularly in the Board meetings. Other senior executives participate in the Board meetings as necessary. The company's auditor participated in February and the October Board meeting when the interim report for January-September was approved.

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.

As of May 2022, the Audit Committee consists of three members who are all independent in relation to the company and its management as well as being independent in relation to the company's major shareholders: Mikael Worning, Åsa Hedin and Ann-Charlotte Jarleryd, where Ann-Charlotte Jarleryd

NAME	INDEPENDENT OF THE COMPANY	INDEPENDENT OF MAJOR SHAREHOLDER	AUDIT COMMITTEE 2201-2205	AUDIT COMMITTEE 2205-2212	REMUNERATION COMMITTEE 2201-2205	REMUNERATION COMMITTEE 2205-2212	BOARD FEES, SEK T	ATTENDANCE AT BOARD MEETINGS
Mikael Worning	Yes	Yes	Member	Member	Chairman	Chairman	680.0	9/9
Christer Fåhraeus	Yes	No	Member				265.0	8/9
Åsa Hedin	Yes	Yes		Member	Member	Member	412.5	8/9
Anna Malm Bernsten	Yes	Yes	Member				122.5	3/3
Niklas Prager	Yes	Yes	Chairman				132.5	3/3
Jürgen Riedl	Yes	Yes					112.5	3/3
Ann-Charlotte Jarleryd	Yes	Yes		Chairman			180.0	6/6
Stefan Wolf	Yes	Yes					242.5	8/9
Kent Stråhlen*	Yes	Yes					-	3/3
Markus Jonasson Kristoffersson*	Yes	Yes					-	8/9
Total							**2,147.5**	

** Non-paid employee representative. A more detailed presentation of the Board members can be found on page 54 and on the company's website www.cellavision.se*

chairs the Committee. During the year the Committee met seven times. Other questions dealt with are mainly internal control, risks, audit planning and governance and follow-up of operations. The company's auditor and CFO participate regularly at the Audit Committee meetings.

Remuneration Committee

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

As of May 2022, the Remuneration Committee consisted of members of the Board Mikael Worning, Christer Fåhraeus and Åsa Hedin, who are all independent of the company and the company management. Mikael Worning chairs the Committee. During the year the Committee held two minuted meetings, and conducted several telephone and email contacts. In addition to guidelines and principles of remuneration to the President/CEO and other senior management during the year the Committee discussed the company's incentive program for the President/CEO, management and other staff.

PRESIDENT/CEO AND EXECUTIVE GROUP MANAGEMENT

The President/CEO is appointed by and receives instructions from the Board of Directors. The President and Chief Executive Officer of CellaVision in 2022, Simon Østergaard was responsible for the day-to-day management of the company as well as strategic and operative issues, in accordance with the Board's guidelines and directions. The current Instruction to the President/CEO was adopted by the Board on May 11, 2022. The President/CEO prepares information and decision-making data for the Board meetings and is presenter at the meetings. The Board of Directors continuously evaluates the work of the President/CEO through monitoring against goals set. Once a year a formal evaluation is made, which is discussed with the President/CEO.

Composition of the management in 2022

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

- Chief Financial Officer (CFO)
- VP Business Development
- VP Global Marketing
- VP Devices & Software
- VP Reagents

Apart from VP Reagents, all the members of the Executive Group Management are at the company's head office in Lund, Sweden. The Executive Group Management holds minuted meetings at which operative issues are discussed. The Executive Group Management draws up a business plan annually, which is adopted by the Board.

A more detailed presentation of the President/CEO and the management team can be found on page 55. The information on the President/CEO stipulated in item 10.2 of the Code can also be found there.

AUDITOR

The administration of the Board of Directors and the President/CEO and financial reporting is examined by the external auditor elected by the Annual General Meeting. The auditor is proposed by the Nomination Committee and elected by the Meeting for one year. At the 2022 Annual General Meeting KPMG was elected as auditor up to and including the 2023 Annual General Meeting.

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

REMUNERATION

Salaries, remuneration and other benefits to the Board of Directors, President/CEO and other senior management are reported in Note B6 in the annual report. Remuneration to the Board of Directors can also be followed in the table on page 58.

Guidelines for remuneration to senior management in 2022

Successful implementation of CellaVision's business strategy and safeguarding the company's long-term interests and sustainability requires that the company can recruit, retain and develop employees, including senior executives. For further information on CellaVision's strategy, refer to pages 16-17. These guidelines enable CellaVision to be able to offer senior executives a competitive total compensation. For more information on remuneration to senior management, refer to note B6.

The Annual General Meeting 2022 resolved to approve the Board's proposal with guidelines for remuneration to senior executives in CellaVision AB as follows: "The company is to offer commercially based total remuneration that enables the recruitment and retention of senior management. The remuneration to company management is to consist of fixed salary, benefits in kind, variable remuneration and pension. Fixed salary plus variable salary together constitute the individual's target salary.

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

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

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

Long-term incentive program for senior management

CellaVision has an incentive program for senior management from 2021. The purpose of the program is to promote long-term value creation and strengthen the community of interests between the company's senior executives and the shareholders. In the event of a maximum outcome, the company's costs for the incentive program, which runs from January 1, 2021 to December 31, 2023, would amount to SEK 1.7 million (excluding social costs), based on an unchanged salary level and that six senior executives participate in the incentive program.

Principles for long term incentive program for senior management

According to the AGM resolution from 2022 regarding the principles for a long-term incentive program for senior management, the outcome of the program depends on how the annual average growth of the company's earnings per share develops. Maximum remuneration is paid if the annual average growth of the company's earnings per share over a period of three years starting on January 1, year one and ending on December 31, year three amounts to at least 15 percent annually.

The costs for the long-term incentive program amounts to a maximum of 60 percent of annual salary for the CEO, two monthly salaries for VP Global Sales and three monthly salaries for other senior executives participating in the incentive program during the period.

To take part in the outcome of an incentive program, the senior executive must be employed by the company as of December 31, year three. Any payment will be made in the fourth year (for example, if the incentive program runs from January 1, 2022 to December 31, 2024, then any payment will be made in 2025).

For the program that runs from January 1, 2022 through December 31, 2024, the established profitability and sales targets for 2022 were not achieved, which is why no long-term incentive program is issued for the period January 1, 2022 through December 31, 2024.

Staff incentive program

The Board approved an incentive program for staff in 2021 that ran from January 1, 2022 to December 31, 2022. Eligible staff were those who were not senior management, or covered by other incentive programs and who consequently were not eligible for the incentive program for senior management resolved by the 2022 Annual General Meeting.

The decision meant that the employee receive 0.5 of a monthly salary in the case of maximum outcome. The size of the share depended on the company's performance and sales in 2022. To participate in the incentive program the employee had to have been employed for at least six months in 2022 and be employed on December 31, 2022. For the 2022 program, the threshold values in the established profitability and sales targets were not reached, hence no bonus payment is made. Thus, the bonus program has not entailed any costs for the year.

PROPOSED GUIDELINES FOR REMUNERATION TO SENIOR MANAGEMENT IN 2023

The Board of Directors proposes the following guidelines for remuneration to senior management in 2023, as in last year's proposal: "The company is to offer commercially based total remuneration that enables the recruitment and retention of senior management. The remuneration to company management is to consist of fixed salary, benefits in kind,

variable remuneration and pension. Fixed salary plus variable salary together constitutes the individual's target salary.

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

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

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

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

THE BOARD'S REPORT ON INTERNAL CONTROLS AND RISK MANAGEMENT REFERRING TO FINANCIAL REPORTING

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

Background

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

Control environment

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

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

Risk assessment

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

Control activities

The main purpose of control activities is to prevent and discover errors as soon as possible in order to rectify any deficiencies. Procedures and activities have been designed to discover and deal with the most material risks related to financial reporting. Group companies are followed up by the CEO and CFO through regular reports and personal meetings with the management of the respective subsidiary. The Board receives monthly reports in which the CEO and CFO give an account of the past period regarding the Group's result 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 warrants 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 Group's financial results and 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 CEO and CFO and then approved by the Board before publication.

Activities in 2022

CellaVision works constantly to minimize risks by removing superfluous manual steps from the company's processes. As part of refining the Group's financial and economic processes, an updated and refined system for sales statistics has been implemented in 2022. A particular focus area in 2022 has been to improve tools and routines for product calculation at the plant in Bordeaux, which meant increased precision in the group's valuation of inventory.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in CellaVision AB (publ), corporate identity number 556500-0998

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 52 - 62 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

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

OPINIONS

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

Malmö 12 april 2023
KPMG AB

JONAS NIHLBERG
Authorized Public Accountant
Auditor in-charge

TOBIAS LINDBERG
Authorized Public Accountant

ANNUAL GENERAL MEETING, DIVIDEND AND CALENDAR

ANNUAL GENERAL MEETING

CellaVision's Annual General Meeting will be held on May 5, 2023 at 15.00 CEST at Mobilvägen 12 in Lund.

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

PARTICIPATION

Shareholders who wish to attend the AGM must be listed in the share register kept by Euroclear Sweden AB as of April 26, 2023, and must have given notice of their intention to attend by mail to:

CellaVision AB (publ)
c/o Fredersen Advokatbyrå
Birger Jarlsgatan 8
SE 114 34 Stockholm

or by email to:

cellavision@fredersen.se

The notification must include name, personal or corporate identity number, and the daytime telephone number. If applicable, the number of assistants (maximum two) must also be stated. If shareholders intend to be represented by a proxy, authorization and other authorization documents should be attached to the notification.

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 AB. Registration must have been affected at the latest by April 28, 2022 and should be requested in good time before that date.

DIVIDEND

The Board of Directors proposes to the 2023 Annual General Meeting that a dividend of SEK 2.25 per share be distributed for the 2022 financial year.

FINANCIAL CALENDAR

- Interim report Q1, May 4
- Interim report Q2, July 20
- Interim report Q3, October 26
- Year-end bulletin 2022, February 7, 2023

SUBSCRIBE

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

ADELE HORN
Corporate Communications & Investor Relations
adele.horn@cellavision.com

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, 2022 to December 31, 2022. Figures in parentheses refer to the previous year. All amounts are in millions of Swedish kronor (SEKm) unless otherwise stated. Risks and risk management as well as the corporate governance report are part of the administration report.

ACTIVITIES

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

SALES

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

RESEARCH AND DEVELOPMENT

Improving healthcare through continuous innovation is a fundamental ambition of CellaVision. The company devotes considerable resources to research and development to lead technology transformation and offer innovative solutions that meet customer needs and improve laboratory workflows.

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

Research expenditure is expensed as it is incurred. Expenditure for development of future products is expensed up to and including the prototype stage. Expenditure thereafter and until commercialization is capitalized, to the extent it is probable that the product will be commercially viable. To handle this effectively, the company applies a project accounting system in which all research and development expenditure is allocated to projects. For more information, please refer to note A1.

Total research and development expenses amounted to SEK 134 m (103), corresponding to 21 percent (18) of sales and 48 percent of operating expenses. The Group continuously capitalizes expenses for product development. Capitalized development expenses for development projects during the year amounted to SEK 46 m (39), corresponding to 7 percent (7) of sales.

The updated strategic agenda launched during the year has meant an acceleration in innovation investments to support long-term growth. During the year, recruitments were made to several of the development teams, both in hardware and software, which has enabled interesting development projects to be initiated. One such example is the development of a software application for analyzing bone marrow samples, an application that has been highly requested by customers.

The feasibility study in Fourier ptychographic microscopy (FPM) has generated promising results. FPM is a revolutionary technology that enables high-magnification images to be created with low-magnification optics. This means that images of large areas can be acquired at high resolution with higher speed than using conventional digital microscopy. The positive results from the feasibility study contributed to the decision to establish a new team dedicated to refining and applying the technology, to which CellaVision holds the exclusive rights.

At the end of the year, an update of the software for blood analysis was completed. The update includes, among other things, the functionality to carry out an extended analysis of certain samples flagged out by the cell counter. The extended analysis involves a digitization of the edge of the blood smear, the so-called feathered edge. Analyzing this part of the sample is important for example to rule out sample preparation errors. The software also contains various improvements that help customers achieve a more efficient workflow.

PATENTS

The CellaVision patent portfolio at the end of the period included 25 patented inventions and 114 granted patents. Most of the company's patents are in the technology fields of image analysis as well as precision mechanics, reagents and sample preparation.

PRODUCT SUPPLY AND MANUFACTURE

The company does not have manufacturing of instruments as they are manufactured by contract manufacturers but owns a production plant with production of reagents in Bordeaux, France.

The global component shortage during the year has meant an increase in the use of consultants to cover ongoing development project as ordinary staff have worked on validating and adopting replacement components. This has had no material impact on other projects and the efforts have implied that delivery capacity remained intact throughout the year.

LEGAL STRUCTURE

CellaVision is a Group consisting of the parent company CellaVision AB and the five wholly-owned subsidiaries RAL Diagnostics (Bordeaux, France), CellaVision Inc. (Durham, USA), CellaVision Canada Inc. (Toronto, Canada), CellaVision Japan K.K. (Yokohama, Japan), CellaVision International AB.

Apart from RAL Diagnostics that covers a complete production facility, producing reagents, the function of the subsidiaries is primarily market support to partners in the regional markets. For markets where there is no local invoicing CellaVision has decided to employ staff through Business Sweden and in that way can operate on these markets without establishing subsidiaries.

EMPLOYEES

The number of employees of the Group, restated as full-time positions, was 235 (200) at the year-end. Of these, 102 (83) were women. There is more information in the sustainability section on pages 38-50.

COMPETITION

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

ENVIRONMENT

Manufacture and sale of CellaVision-products is done in collaboration with selected, globally established partners and CellaVision continually follows up their work and policies regarding central sustainability issues. During the year CellaVision continued to develop the company towards more sustainable enterprise as regards environmental responsibility, human rights and social impact. The company's products contribute to improve people's health on a global level and the company's goal is for the business to always be managed responsibly with continuous improvements in sustainability work. The company's activities are not subject to licensing or reporting under Chapter 9, Section 6 of the Environmental Code (1998:808). More information can be found in the sustainability report on pages 38-50.

SIGNIFICANT EVENTS DURING THE YEAR

On February 24, 2022 Russia's invasion of Ukraine began. The invasion was followed by international condemnation and far-reaching sanctions. I connection with the invasion, CellaVision decided to suspend all its sales activities in Russia for the foreseeable future. The company has no sales in Ukraine and the Russian market has contributed to very little of the company's total earnings.

During the year, CellaVision's updated strategy – The Power of Focus was launched. In connection to the launch investors, analysts and media were invited to a Capital Markets Day, where the management team presented the next phase of the company's strategic vision. The presentation material and recording are available on the company's website www.cellavision.com/investors/reports-presentations

Anna Malm Bernsten, Niklas Prager and Jürgen Riedl left the Board of Directors at the Annual General Meeting 2022. In accordance with the Nomination committee's proposal, re-election of Mikael Worning, Christer Fåhraeus, Åsa Hedin and Stefan Wolf and new election of Ann-Charlotte Jarleryd as Board members.

Mikael Worning was also re-elected as the Chairman of the Board of Directors. The AGM resolved on new election of the audit firm KPMG AB as auditor.

The new EU IVDR (In Vitro Diagnostic Regulation) entered into application in May 2022 and gave CellaVision a competitive advantage in Europe as the company's reagents comply with the requirements of the new regulatory framework.
Expansion of production capacity in Bordeaux to help meet increasing demand has progressed well. Construction work commenced in June 2022 and is due for completion in the second quarter of 2023.

On July 27, 2022, CellaVision® announced the launch of DIFF-Line ™ by CellaVision, a new workflow solution for low-volume hematology laboratories, at the AACC convention in Chicago. DIFF-Line ™ by CellaVision consists of instruments for smearing, staining, and analyzing peripheral blood smears: RAL® StainBox, RAL® SmearBox och CellaVision® DC-1. A widespread interest from customers was seen.

During the year, local adaption was finalized for the company's product line of reagents in all markets in APAC where the company operates.

THE GROUP'S FINANCIAL DEVELOPMENT

Sales, performance and investments

CellaVision's operations may experience fluctuations in sales between individual quarters and between different geographical regions. Since sales in international markets are mainly in USD and EUR, the company's sales and earnings are also impacted by changes in these currencies.

Net sales for the Group increased by 13 percent to SEK 639 m (566) for 2022. Adjusted for positive currency effects of 9 percent, this corresponds to an organic growth of 4 percent compared to the full year 2021, see the reconciliation table on pages 115-116. The decrease in earnings resulted in a decrease in earnings per share to SEK 4.96 (5.25). The gross margin suffered during the year as a result of material price increases due to rising inflation. Sales prices to customers have not fully offset rising prices during the year as price increases towards

customers are negotiated annually. However, the favorable currency development has kept the gross margin in line with the corresponding period last year at 69 percent (69). The Group's EBITDA for the year increased to SEK 198 m (196). The total operating expenses for the year increased by 22 percent to SEK 280 m (230). The increase is attributable to the strategic initiatives and is most accentuated in research and development.

Liquidity and cash flow

The funds at the disposal of the Group at the end of the year were SEK 108 m (130). The Group's cash flow from operating activities decreased to SEK 137 m (160) for the year, which is a consequence of lower profit before tax and increased inventory build-up. Cash flow from investment activities amounted to SEK -70 m (-84) and is mainly related to expansion of production capacity in France. Cash flow from financing activities amounted to SEK -90 m (-48) and has been affected by amortization of loans with SEK -32 m (-40). The cash position was reduced during the year by dividends of SEK 48 m (18) to shareholders of SEK 48 m (18). Total cash flow decreased during 2022 to SEK -23 m (27).

Sales development in the geographical markets

During parts of the year, sales have been slowed down by conservative inventory management at our distribution partners. In the Americas sales were SEK 280 m (210), corresponding to an increase of 34 percent. Sales in EMEA were SEK 280 m (252), corresponding to an increase of 11 percent. Sales in APAC decreased as a result of COVID-19 related restrictions and came in at SEK 79 m (103).

PARENT COMPANY

Parent company sales were SEK 517 m (457). Profit before tax was SEK 113 m (119). The parent company's investments in property, plant and equipment amounted to SEK 3 m (1) and cash flow for the year was SEK -25 m (45). In other respects, please refer to the information for the Group.

RISKS AND RISK MANAGEMENT

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

Risks such as environmental damage, climate change or negative publicity due to events concerning business ethics also constitute factors of uncertainty but not material risks. CellaVision is primarily an office-based company but with its own manufacturing located in Bordeaux, France. Environmental impact is limited and the company works actively to minimize negative environmental impact where applicable. The company's operations do not involve significant exposure to extreme weather conditions. All invoicing takes place centrally which limits the risk of corruption in the local markets. Regular risk assessments are also made to identify new risks within sustainable development. For more information on risks related to sustainability, see page 49.

OUTLOOK FOR 2023

CellaVision has five strategic pillars – large laboratories, small and medium-sized laboratories, reagents, specialty analysis and new areas – that together aim to ensure the company achieves its financial targets of average organic growth of 15 percent over an economic cycle and an EBITDA margin exceeding 30 percent.

Despite continued impact from the COVID-19 pandemic in Asia, the world situation in other parts of the world has normalized during 2022. The pandemic has clarified the great potential and benefits of digitalization, which in the long run could have positive effects on CellaVision's operations as the company's solutions make it possible for healthcare professionals such as pathologists and biomedical analysts to work remotely.

An unpredictable global macroeconomic environment during the year prompted conservative inventory management at our distribution partners. A return to healthy growth is anticipated as market conditions normalize over time.

During the year, inflation has also impacted the production costs for instruments. The price increases are expected to continue and are managed through efficient procurement activities and adjusted sales prices in 2023.

PROPOSED DISTRIBUTION OF PROFIT

The company's dividend policy is that the dividend is to correspond to 30 to 50 percent of the Group's net earnings, taking into account the company's capital structure, acquisition requirements and long-term financing requirements. The Board of Directors proposes to the 2023 Annual General Meeting that a dividend of SEK 2.25 per share be distributed for the 2022 financial year, which corresponds to 45 percent of net profit.

STATEMENT BY THE BOARD OF DIRECTORS ON THE PROPOSED DIVIDEND

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

APPROPRIATION OF PROFITS (SEK)	
The following are at disposal of the AGM	
Profit brought forward	375,011,775
Net profit/loss of the year	89,102,509
Total	**464,114,283**

The Board of Directors proposes that disposable earnings to be made available to the Annual General Meeting as follows (the amounts are in SEK):

Dividend to shareholders SEK 2.25 per share	53,665,981
On new account is transferred	410,448,302
Total	**464,114,283**

RISKS AND RISK MANAGEMENT

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

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

CellaVision's global position, with sales in large parts of the world, in itself implies some risk reduction, since companies in different parts of the world, at least to some extent, are exposed to different cyclical conditions. CellaVision currently has global agreements with its distributors, meaning that sales are made in many parts of the world. Apart from this, CellaVision has established 16 organizations for market support covering more than 40 countries.

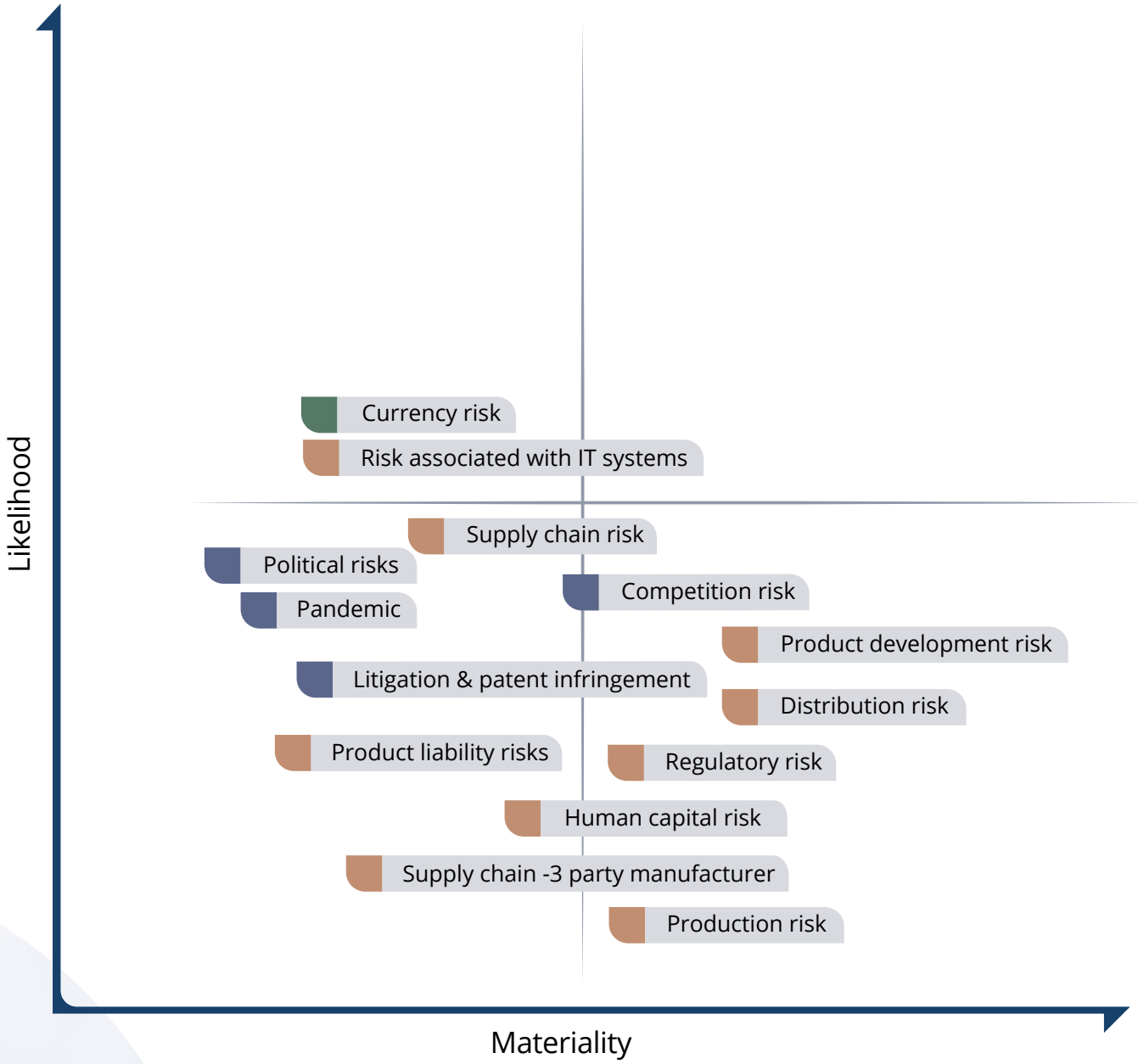
CellaVision has a reagent production facility outside Bordeuax in France. Investments are made in maintenance and equipment to ensure high efficiency as well as high quality in its own production of reagents and to meet EHS requirements. The company regularly monitors production bottlenecks to ensure long-term production and quality.

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

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

The diagrams and texts below give a picture of the assessment made by CellaVision of the various risks the Group is exposed to and how they are offset. For more information on operational risk factors, please refer to note A5. For risks related to sustainability see page 49.

RISKS



Financial risks

Operational risks

External risks

OPERATIONAL RISKS

RISKS	COUNTERACTING FACTORS
PRODUCT DEVELOPMENT RISK CellaVision's sustained earnings and competitiveness depends on the ability to develop new and innovative products and solutions for which there is demand from customers.	**COUNTERACTING FACTORS** Investments in product development in accordance with the Company's strategy. Regular monitoring of HW and SW roadmaps.
DISTRIBUTION RISK CellaVision sells via distributors and is dependent in the long term on the distributors' ability to sell the Company's products.	**COUNTERACTING FACTORS** Countinuous development of the partnerships in accordance with the Company's strategy.
SUPPLY CHAIN RISKS The Company is dependent on the effectiveness and quality of third party manufacturers for production of analyzers and spare parts. Production of analyzers and spare parts is dependent on access to critical components.	**COUNTERACTING FACTORS** CellaVision has considerable knowledge of production and quality control of the Company's products, which reduces dependency on third-party manufacturers. CellaVision monitors availability of critical components. CellaVision increased the number of suppliers to secure access to components.
PRODUCTION RISK The Company is dependent on the effectiveness and quality of in house production of reagents. Production of reagents is dependent on an efficient production facility and compliance with regulations for EHS.	**COUNTERACTING FACTORS** CellaVision invests in maintenace and equipent for the production environment. The Company regularly monitors production bottle necks to ensure a long-term output and quality. The company cooperates with union representatives and local authorities to ensure compliance with EHS regulations.
HUMAN CAPITAL RISK CellaVision is dependent on access to competent engineers to ensure innovation and technological leadership in products and services.	**COUNTERACTING FACTORS** CellaVision offers commercial terms and works with "employer branding". The Company forges links with higher education institutions and students for participation in project work.
REGULATORY RISKS Approval is required for sales in each respective market. The approval may be withdrawn if the Company does not meet applicable quality requirements. Delays in approval of new products entail income losses.	**COUNTERACTING FACTORS** The Company regularly evaluates the resources available to maintain quality requirements and effectiveness in "regulatory affairs".
RISK ASSOCIATED WITH IT SYSTEMS CellaVision has identified three areas of risk associated with IT systems: • Operational security – availability of IT systems and data • Data security – risk of loss of data • Protection from breaches – by employees and external parties	**COUNTERACTING FACTORS** • Operation of the central IT environment is outsourced to a third-party supplier that ensures high operational security and data security. • CellaVision has procedures for data access and authorizations that ensure compliance with data integrity requirements. • Continuous updating of IT security protection and IT security awareness training of personnel.
PRODUCT LIABILITY RISKS CellaVision can incur costs for rectifying faults in products supplied. Claims for damages may arise if the company's products do not meet applicable quality requirements.	**COUNTERACTING FACTORS** CellaVision limits product liability risks by following procedures for quality assurance and by carrying out extensive tests of the Company's products.

FINANCIAL RISKS

RISKS	COUNTERACTING FACTORS
CURRENCY RISK Exchange rate fluctuations may have a negative impact on the Company's earnings when income from sales and costs of production and purchasing are in different currencies (transaction risk). There may also be a negative impact on the Company's earnings on translation of foreign subsidiaries' earnings to SEK and on the Company's equity when foreign subsidiaries' net assets are translated into SEK (translation risk).	**COUNTERACTING FACTORS** The Company's financial policy, adopted by the Board, includes guidelines for dealing with financial risks in the Company. The transaction risk is limited in the short term in that the Company applies forward cover to currency flows. The translation risks are limited by the fact that the subsidiaries' balance sheet totals are not significant.

EXTERNAL RISKS

RISKS	COUNTERACTING FACTORS
COMPETITION RISK CellaVision holds a dominant position in the market for digital image processing in hematology. The main competition is still from the manual microscope. CellaVision's earning capacity may decrease if the company is exposed to competition in the field of digital image analysis.	**COUNTERACTING FACTORS** CellaVision invests in product development to meet customers' needs for new innovative products and technical solutions. This is one of the most important conditions for the Company's future competitiveness.
RISK OF LITIGATION AND PATENT INFRINGEMENT This risk applies to the costs the Company may incur as a consequence of bringing legal action, costs in connection with settlement and costs for damages awarded.	**COUNTERACTING FACTORS** Existing patents are monitored in connection with product development to avoid involuntary patent infringement. In addition, the company's patents are monitored against infringement from others.
POLITICAL RISKS Political decisions can affect demand both positively and negatively.	**COUNTERACTING FACTORS** The majority of CellaVision's sales are in countries where the risk of political decisions that drastically change market conditions is assessed to be relatively low.
PANDEMIC The spread pandemics can have a negative impact on the development of the company's business, position and earnings.	**COUNTERACTING FACTORS** CellaVision has routines to quickly adjust operations to national recommendations and rules that are put in place.

CELLAVISION

ANNUAL REPORT

FINANCIAL STATEMENTS

FIVE YEAR SUMMARY

INCOME STATEMENT, AMOUNTS IN SEK THOUSANDS	2022	2021	2020	2019	2018
Revenues	639 340	565 552	471 443	461 772	364 812
Cost of goods sold	-201 023	-173 250	-158 402	-125 038	-93 946
Gross profit	**438 317**	**392 303**	**313 041**	**336 734**	**270 866**
Selling expenses	-117 962	-102 246	-100 549	-102 348	-82 362
Administrative expenses	-73 536	-63 077	-50 966	-51 394	-37 644
Research and development costs	-88 553	-64 248	-51 253	-56 417	-39 253
Operating profit/loss	**158 266**	**162 733**	**110 273**	**126 575**	**111 607**
Profit/loss from financial items	-9 837	-4 436	1 955	2 645	490
Tax	-30 094	-32 958	-22 748	-30 048	-23 408
Net profit/loss for the year	**118 335**	**125 339**	**89 480**	**99 172**	**88 688**

BALANCE SHEET, AMOUNTS IN SEK THOUSANDS	2022	2021	2020	2019	2018
Assets					
Intangible assets	399 229	358 160	300 883	299 668	67 818
Tangible fixed assets	110 035	80 326	47 428	54 494	6 815
Financial assets	5 340	22 007	21 648	22 295	3 579
Current assets	377 144	364 719	298 066	265 251	294 570
Total assets	**891 748**	**825 212**	**668 025**	**641 709**	**372 782**
Equity and liabilities					
Shareholders' equity	641 628	543 280	429 617	348 373	290 375
Non-current liabilities	117 029	147 432	134 263	167 472	10 517
Current liabilities	133 091	134 500	104 145	125 863	71 890
Total equity and liabilities	**891 748**	**825 212**	**668 025**	**641 709**	**372 782**

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

KEY RATIOS	2022	2021	2020	2019	2018
Equity, SEK ‘000	641,628	543,280	429,617	348,373	290,375
Operating Capital, SEK ‘000	630,787	529,846	438,672	418,094	117,739
Liabilities to credit institutions, SEK ‘000	102,494	136,655	132,778	173,693	-
Net investments, SEK ‘000	65,420	84,339	33,593	18,314	22,895
Cash flow from operating activities, SEK ‘000	137,285	159,717	71,124	125,993	74,069
Net debt/equity ratio	-0.01	0.01	0.07	0.20	-0.58
Equity-assets ratio, %	72	66	64	54	78
Return on equity, %	20	26	23	31	33
Return on operating capital, %	27	34	25	47	111
Average number of employees	242	201	182	125	106
Additional employees through acquisition	-	-	-	41	-
Number of employees at close of period	235	200	177	177	117

DATA PER SHARE	2022	2021	2020	2019	2018
Net result before and after dilution, SEK	4.96	5.25	3.75	4.16	3.72
Equity before and after dilution, SEK	26.90	22.78	18.01	14.61	12.17
Average weighted number of shares before and after dilution, thousands	23,852	23,852	23,852	23,852	23,852
Number of shares at end of period	23,852	23,852	23,852	23,852	23,852

INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK THOUSANDS	NOTE	2022	2021
Net sales	B1	639,340	565,552
Cost of goods sold	B9	-201,023	-173,250
Gross profit		**438,317**	**392,303**
Selling expenses		-117,962	-102,246
Administrative expenses		-73,536	-63,077
Research and development expenditure		-88,553	-64,248
Operating profit/loss	B2, B4-B10, C1, C2	**158,266**	**162,733**
Profit/loss from financial items			
Interest income and other financial gains	B11	5,586	3,422
Interest expense and other financial losses	B12	-15,423	-7,858
Profit/loss before tax		**148,429**	**158,297**
Income tax	B13	-30,094	-32,958
Net profit for the year		**118,335**	**125,339**
Other comprehensive income:			
Components not to be reclassified to net profit:			
Effect on revaluation of pensions		855	369
Tax effect on revaluation of pensions		-212	-91
Sum of Components not to be reclassified to net profit:		**642**	**278**
Components to be reclassified to net profit:			
a) Cash flow hedges			
Reclassified to operating profit		-	-1,388
Revaluation of financial assets		-	-
Tax effect on cash flow hedges		-	286
b) Translation differences			
Exchange rate differences on translation of subsidiaries		27,074	7,037
Total components to be reclassified to net profit:		**27,074**	**5,935**
Total other comprehensive income		27,716	6,213
Total comprehensive income for the year		**146,052**	**131,552**
Earnings per share, before and after dilution (SEK)		4.96	5.25
Number of shares in issue (thousands)		23,852	23,852
Average number of shares in issue (thousands)		23,852	23,852

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

BALANCE SHEET, GROUP

SEK THOUSANDS	NOTE	12/31/2022	12/31/2021
ASSETS			
Non-current assets			
Capitalised expenditure for development	C1	162,709	126,275
Goodwill	C1	124,141	114,085
Trademarks, customer relationships and other intangible assets	C1	112,380	117,800
Land and buildings	C2	86,813	62,389
Plant and machinery	C2	13,605	9,293
Equipment, tools, fixtures and fittings	C2	9,616	8,644
Financial assets	C4	5,340	22,007
Total non-current assets		**514,604**	**460,493**
Current assets			
Inventories	C3	142,571	115,088
Current receivables			
Trade receivables	C6	97,630	89,736
Current tax receivables		7,113	4,395
Other receivables		15,079	20,076
Prepayments and accrued income	C7	6,698	5,140
Total current receivables		**126,520**	**119,346**
Cash and cash equivalents	A2	108,053	130,286
Total current assets		**377,144**	**364,719**
TOTAL ASSETS		**891,748**	**825,212**

BALANCE SHEET, GROUP

SEK THOUSANDS	NOTE	12/31/2022	12/31/2021
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	C8	3,578	3,578
Other contributed capital		10,800	10,800
Reserves		19,333	-8,383
Accumulated profit/loss including profit for the year		607,917	537,285
Total equity attributable to the parent company's shareholders		**641,628**	**543,280**
Non-current liabilities			
Deferred tax liability	B13	52,925	47,951
Long-term debt, interest-bearing	C9	60,364	95,845
Other provisions	C10	3,740	3,636
Total non-current liabilities		**117,029**	**147,432**
Current liabilities			
Short-term debt, interest-bearing	C9	42,131	40,809
Trade payables		47,864	44,861
Warranty provisions	C10	2,843	2,450
Current tax liabilities		58	2,205
Other current liabilities		2,372	4,277
Accrued expenses and deferred income	C11	37,825	39,898
Total current liabilities		**133,092**	**134,500**
TOTAL EQUITY AND LIABILITIES		**891,748**	**825,212**

CASH FLOW STATEMENT, GROUP

SEK THOUSANDS	NOTE	2022	2021
Operating activities	A1		
Profit/loss before tax		148,429	158,297
Adjustments for non-cash items	C13	44,788	42,013
Paid tax		-27,127	-28,724
Cash flow from operating activities before changes in working capital		**166,090**	**171,587**
Change in inventories		-26,323	-31,058
Change in operating receivables		-3,330	-9,843
Change in operating liabilities		849	29,032
Cash flow from changes in working capital		**-28,804**	**-11,870**
Cash flow from operating activities		**137,285**	**159,717**
Investing activities			
Capitalisation of development expenditure	C1	-45,751	-38,788
Purchase/disposal of intangible assets	C1	-201	-31,802
Purchase/disposal of tangible fixed assets	C2	-23,482	-13,716
Acquisition of financial assets		-581	-34
Cash flow from investing activities		**-70,014**	**-84,339**
Financing activities			
Acquired loans	C9	-	20,705
Amortization of loans	C9	-31,935	-40,298
Amortization of leasing debts	C9	-10,772	-10,994
Dividend to shareholders		-47,703	-17,889
Cash flow from financing activities		**-90,410**	**-48,475**
Cash flow for the year		-23,139	26,903
Cash and cash equivalents (opening balance)		130,286	102,262
Exchange rate fluctuations in cash and cash equivalents		906	1,122
Cash and cash equivalents (closing balance)		**108,053**	**130,286**
Supplementary disclosures, cash flow statement			
Interest received during the year	B11	200	60
Interest paid during the year	B12	-2,340	-1,866

CHANGES IN EQUITY, GROUP

SEK THOUSANDS	Share capital	Other contributed capital	Other reserves	Translation reserve	Hedging reserve	Retained earnings	Total shareholders' equity
Opening balance at 1 January 2021	3,578	10,800	-491	-15,131	1,026	429,835	429,617
Comprehensive Income							
Net profit for the year						125,339	125,339
Other Comprehensive Income							
Revaluation of pensions after tax			278				278
Cash flow hedges, after tax					-1,102		-1,102
Exchange rate differences, after tax				7,037			7,037
Total Other Comprehensive Income			**278**	**7,037**	**-1,102**	-	**6,213**
Total Comprehensive Income			**278**	**7,037**	**-1,102**	**125,339**	**131,552**
Dividend to Parent Company's shareholders						-17,889	-17,889
Closing Balance at 31 December 2021	**3,578**	**10,800**	**-213**	**-8,094**	**-76**	**537,285**	**543,280**
Opening balance at 1 January 2022	3,578	10,800	-213	-8,094	-76	537,285	543,280
Comprehensive Income							
Net profit for the year						118,335	118,335
Other Comprehensive Income							
Revaluation of pensions after tax			642				642
Cash flow hedges, after tax							
Exchange rate differences, after tax				27,074	-		27,074
Total Other Comprehensive Income			**642**	**27,074**	**-**	**-**	**27,716**
Total Comprehensive Income			**642**	**27,074**	**-**	**118,335**	**146,052**
Dividend to Parent Company's shareholders						-47,703	-47,703
Closing Balance at 31 December 2022	**3,578**	**10,800**	**352**	**18,980**	**-76**	**607,917**	**641,628**

INCOME STATEMENT, PARENT COMPANY

SEK THOUSANDS	NOTE	2022	2021
Net sales	B1, B3	517,207	457,280
Cost of goods sold	B9	-121,438	-109,983
Gross profit		**395,769**	**347,297**
Selling expenses		-87,311	-76,521
Administrative expenses		-59,976	-51,745
Research and development expenditure		-126,842	-96,498
Operating profit/loss	B3-B9, C1, C2	**121,640**	**122,533**
Profit/loss from financial items			
Interest income and other financial gains	B11	4,876	5,166
Interest expense and other financial losses	B12	-13,838	-8,279
Profit/loss before tax		**112,678**	**119,420**
Income tax	B13	-23,575	-24,936
Net profit for the year	C14	**89,103**	**94,484**
Statement of Comprehensive Income			
Net profit for the year		**89,103**	**94,484**
Other Comprehensive Income		-	-
Sum of Other Comprehensive Income		**-**	**-**
Total Comprehensive Income for the year		**89,103**	**94,484**

BALANCE SHEET, PARENT COMPANY

SEK THOUSANDS	NOTE	12/31/2022	12/31/2021
ASSETS			
Non-current assets			
Capitalised expenditure for development	C1	3,609	4,187
Other intangible assets	C1	29,317	1,110
Equipment	C2	4,869	4,066
Shares in subsidiaries	C5	259,361	278,647
Deferred tax assets	B13	733	552
Receivables from group companies	C4	22,257	–
Deposits	C4	4,546	3,662
Total non-current assets		**324,692**	**292,225**
Current assets			
Inventories	C3	108,240	83,752
Current receivables			
Trade receivables		71,485	68,199
Receivables from group companies		1,169	16,594
Current tax receivables		5,258	4,208
Other receivables		9,745	17,963
Prepayments and accrued income	C7	7,886	7,004
Total current receivables		**95,544**	**113,967**
Cash and bank		93,903	118,215
Total current assets		**297,687**	**315,934**
TOTAL ASSETS		**622,379**	**608,159**

BALANCE SHEET, PARENT COMPANY

SEK THOUSANDS	NOTE	12/31/2022	12/31/2021
EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	C8	3,578	3,578
Statutory reserve		10,780	10,780
Non-restricted equity			
Profit brought forward		375,012	328,231
Net profit for the year		89,103	94,484
Total shareholders' equity		**478,472**	**437,073**
Non-current liabilities			
Long-term debt, interest-bearing	C9	26,529	51,305
Other provisions	C10	718	232
Total non-current liabilities		**27,247**	**51,537**
Current liabilities			
Short-term debt, interest-bearing	C9	28,373	26,317
Trade payables		34,148	37,260
Liabilities to group companies		23,712	20,728
Warranty provisions	C10	2,843	2,450
Other current liabilities		2,319	4,422
Accrued expenses and deferred income	C11	25,264	28,372
Total current liabilities		**116,659**	**119,549**
TOTAL EQUITY AND LIABILITIES		**622,379**	**608,159**

CASH FLOW STATEMENT, PARENT COMPANY

SEK THOUSANDS	NOTE	2022	2021
Operating activities	A1		
Profit/loss before tax		112,678	119,420
Paid tax		-23,756	-24,820
Adjustments for non-cash items	C13	6,925	8,665
Cash flow from operating activities before changes in working capital		**95,847**	**103,265**
Change in inventories		-24,487	-27,743
Change in operating receivables		8,569	-1,875
Change in operating liabilities		-2,231	32,196
Cash flow from changes in working capital		**-18,149**	**2,578**
Cash flow from operating activities		**77,697**	**105,843**
Investing activities			
Acquisitions		-	-31,414
Purchase/disposal of intangible assets	C1	-	-221
Acquisition of financial assets	C4	-23,141	-8
Purchase/disposal of tangible fixed assets	C2	-3,081	-1,235
Cash flow from investing activities		**-26,222**	**-32,878**
Financing activities			
Acquired loans	C9	-28,373	15,000
Amortization of loans	C9	-	-24,817
Dividend to shareholders		-47,703	-17,889
Cash flow from financing activities		**-76,076**	**-27,706**
Cash flow for the year		-24,601	45,259
Cash and cash equivalents (opening balance)		118,215	72,958
Exchange rate fluctuations in cash		289	-2
Cash and cash equivalents (closing balance)		**93,903**	**118,215**
Supplementary disclosures, cash flow statement			
Interest received during the year	B11	148	-
Interest paid during the year	B12	-675	-675

CHANGES IN EQUITY, PARENT COMPANY

SEK THOUSANDS	Share capital	Other contributed capital	Retained earnings	Total shareholders' equity
Opening balance at 1 January 2021	3,578	10,780	346,120	360,477
Net profit for the year			94,484	94,484
Other Comprehensive Income				
Other Comprehensive Income			-	-
Total Other Comprehensive Income			**-**	**-**
Total Comprehensive Income			**94,484**	**94,484**
Dividend to Parent Company's shareholders			-17,889	-17,889
Closing Balance at 31 December 2021	**3,578**	**10,780**	**422,715**	**437,073**
Opening balance at 1 January 2022	3,578	10,780	422,715	437,073
Net profit for the year			89,103	89,103
Other Comprehensive Income				
Other Comprehensive Income			-	-
Total Other Comprehensive Income			**-**	**-**
Total Comprehensive Income			**89,103**	**89,103**
Dividend to Parent Company's shareholders			-47,703	-47,703
Closing Balance at 31 December 2022	**3,578**	**10,780**	**464,115**	**478,472**

NOTE A1. GENERAL INFORMATION, ACCOUNTING POLICIES AND VALUATION PRINCIPLES

ACCOUNTING POLICIES

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

New and amended standards and interpretations in 2022
New and amended standards and improvements that came into force in 2022 have not had any impact on the Group's financial reporting for the financial year.

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

CONSOLIDATION PRINCIPLES

Consolidated accounts
CellaVision is a Swedish public limited liability company with its registered office in Lund at the address Mobilvägen 12. The consolidated accounts include the parent company CellaVision AB 556500–0998 and the wholly-owned subsidiaries CellaVision Inc., USA, CellaVision Canada Inc., CellaVision Japan K.K., CellaVision International AB, RAL Diagnostic SAS in France (RAL) and Clearbridge Biophotonics Pte. Ltd (CBBP) in Singapore. CBBP have been dissolved during the year.

The consolidated accounts were prepared in accordance with the acquisition accounting method. This implies that consolidated subsidiaries' identifiable assets, liabilities and contingent liabilities are recognized at fair value at the time of acquisition. If the cost of acquisition exceeds net assets recorded as above, the difference constitutes goodwill. Internal invoicing and internal transactions within the Group are eliminated in the consolidated accounts.

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

Revenue recognition
For sales of analyzers and/or software the revenue includes both the analyzer and/or the software. The entire revenue referring to the system, analyzer plus software, is recognized when the significant risks and rewards associated with the analyzer are transferred to the customer, which normally coincides with delivery to the customer. The same principles are applied for revenue recognition of reagents, spare parts and consumables. For services to end consumers the revenue constitutes payment for servicing the analyzer. This revenue is accrued over the period of the service agreement. When upgrading software (new functions, technologies or applications) for end customers, the revenue constitutes payment for upgrading of software and is recognized in revenue at the time of delivery or distribution of license key.

Provision for warranty reserve 12 months is made for all instruments sold.

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

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

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

Examples of such expenditure are:
- Goods and materials
- Consultant fees for conception and design
- Salaries and payroll overheads

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

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

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

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

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

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

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

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

Maturity	Refers to
2021–2023	Executive Group Management

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

Income taxes
Income tax recognized in revenue includes tax to be paid or

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

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

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

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

Trademark, customer relations and other intangible assets
The trademark is recognized at cost of acquisition and has an indefinite useful life due to it is established for a long time ago and there are currently no known legal or competitive factors limiting the useful life. Trademark in the same way as goodwill is tested once a year for impairment loss. Customer relations are recognized at cost of acquisition less accumulated amortization. Amortization is proportionate over the expected useful life. Other intangible assets consist of licensed rights, acquired technology and internally generated technology. Amortization is proportionate over the expected useful life.

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

Tangible fixed assets
Tangible fixed assets, consisting of land and buildings, machinery, analyzers, equipment and computer equipment, is reported at cost of acquisition less accumulated depreciation.

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

Depreciation/amortization
Depreciation for non-right-of-use assets is based on the assets' cost of acquisition and estimated useful life as follows:
- Computer equipment 3 years
- Equipment, tools, fixtures and fittings 5 years
- Plant and machinery 5 years
- Analyzers 5 years
- Technology 5 years
- Development projects 5-10 years
- Licensed rights 10-13 years
- Customer relations 14 years
- Buildings and land improvements 5-30 years

Impairment of property, plant and equipment and intangible assets
On each balance sheet date, the Group analyzes the carrying amounts for property, plant and equipment and intangible assets to establish whether there is any indication of value impairment. If this is the case, the asset's recoverable amount is calculated in order to establish the value of any impairment loss. Where it is not possible to calculate the recoverable amount for an individual asset, the Group calculates the recoverable amount for the cash generating unit to which the asset belongs.

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

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

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

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

A reversal of an impairment loss is recognized immediately in the income statement. Impairment of goodwill is not reversed.

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

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

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

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

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

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

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

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

The fair value of financial assets and liabilities with standard terms and conditions traded on an active market is determined with reference to the quoted market price (level 1).

The fair value of other financial assets and liabilities is determined in accordance with generally accepted valuation models based on data obtained from observable current market transactions (level 2).

The fair value is determined on the basis of valuation models in which material inputs are based on non-observable data (level 3). The Group has no financial instruments classified at level 3.

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

Amortized cost
Amortized cost refers to the amount at which the asset or liability was initially recognized less principal repayments, plus or minus cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the initial carrying amount of the financial asset or financial liability.

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

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

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

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

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

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

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

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

Financial assets, IFRS 9
Cash and cash equivalents
Cash and cash equivalents include cash funds and bank balances and other short-term investments that can easily be converted to cash and that are subject to an insignificant risk of changes in value. For classification as cash and cash equivalents the original maturity may not exceed three months. Cash funds and bank balances are held within the hold to collect business model and thus measured at amortized cost. Since bank balances are payable on demand the amortized cost is equivalent to the nominal amount. Cash and cash equivalents are covered by the general model for impairment. For cash and cash equivalents the exemption for low credit risk is applied. An impairment reserve for credit risk in cash and cash equivalents is considered immaterial. Short-term investments are categorized as "Held for trade" and measured at fair value with value changes recognized in the income statement. At the close of 2022 the Group had no short-term investments.

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

Financial liabilities, IFRS 9

Trade payables

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

Amounts owed to credit institutions

The total loans from credit institutions were SEK 102,494 thousand, of which SEK 37,884 thousand refers to liabilities attributable to leases under IFRS 16. The Group has a guaranteed credit facility of SEK 30,000 thousand, which is unused.

Derivative instruments and hedge accounting, IFRS 9

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

PARENT COMPANY'S ACCOUNTING POLICIES

The parent company applies the Annual Accounts Act and the Swedish Financial Reporting Board Recommendation RFR 2 Accounting for legal entities. Application of RFR 2 means that the parent company as far as possible applies all the IFRS adopted by the EU within the framework of the Annual Accounts Act and the Act on Safeguarding Pension Obligations, taking into account the relationship between accounting and taxation.

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

Classification and formats

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

Intangible assets

Before January 1, 2016 expenditure for product development was capitalized in the parent company, but as of January 2016 this is expensed.

Leased assets

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

Participations in group companies

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

Amendments to RFR 2 and the Annual Accounts Act that have not yet come into force

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

NOTE A2. **FINANCIAL RISK MANAGEMENT**

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

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

Market Risks

Currency risk

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

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

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

		EURO			
		10,5	**10,8**	**11,1**	**11,4**
USD	**8,4**	604/136	615/143	626/149	683/156
	8,7	610/140	622/147	633/154	644/160
	9,0	617/145	628/152	639/158	651/165
	9,3	623/149	635/156	646/163	657/169

Interest rate risk

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

Interest rates	**2022**		**2021**	
KSEK	**IMPACT ON EARNINGS**	**IMPACT ON EQUITY**	**IMPACT ON EARNINGS**	**IMPACT ON EQUITY**
Financial expenses +1%	–513	–513	–713	–713
Financial expenses -1%	513	513	713	713

Interest rate risk refers to the risk that fair value or future cash flows fluctuate as a result of changed market interest rates. The Group is mainly exposed to interest rate risk through its loan financing. The loans run at variable interest rates, which means that the Group's future financial costs are affected by changes in market interest rates.

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

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

Liquidity and financing risk

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

Nominal amounts	**2022**		**2021**	
KSEK		**0–12 MONTHS**		**1–5 YEARS**
Liabilities to credit institutions	29,608	36,097	60,210	74,711
Financial leasing liabilities	11 202	9,777	35,635	12,193
Trade payables	44,861	20,865	–	–
Other liabilities	9,980	5,933	–	–
Total financial liabilities	**95,650**	**72,671**	**95,845**	**86,904**

Credit and counterparty risk

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

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

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

Classification of financial instruments

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

2022	FINANCIAL ASSETS AT ACCRUED ACQUISITION VALUE	FINANCIAL LIABILITIES AT ACCRUED ACQUISITION VALUE	TOTAL CARRYING VALUE	FAIR VALUE
Trade receivables	97,630	-	97,630	97,630
Other receivables	15,079	-	15,079	15,079
Cash and cash equivalents	108,053	-	108,053	108,053
Total financial assets	**220,763**	**-**	**220,763**	**220,763**
Liabilities to credit institutions	-	64,610	64,610	64,610
Lease liability	-	37,884	37,884	37,884
Trade payables	-	47,864	47,864	47,864
Other liabilities	-	7,271	7,271	7,271
Total financial liabilities	**-**	**157,629**	**157,629**	**157,629**

2021	FINANCIAL ASSETS AT ACCRUED ACQUISITION VALUE	FINANCIAL LIABILITIES AT ACCRUED ACQUISITION VALUE	TOTAL CARRYING VALUE	FAIR VALUE
Trade receivables	89,736	-	89,736	89,736
Other receivables	20,076	-	20,076	20,076
Cash and cash equivalents	130,286	-	130,286	130,286
Total financial assets	**240,097**	**-**	**240,097**	**240,097**
Liabilities to credit institutions	-	89,818	89,818	89,818
Lease liability	-	46,837	46,837	46,837
Trade payables	-	44,861	44,861	44,861
Other liabilities	-	9,980	9,980	9,980
Total financial liabilities	**-**	**191,495**	**191,495**	**191,495**

Fair value measurement of financial instruments

Financial liabilities measured at fair value in the balance sheet consist only of currency forwards and a bank loan denominated in EUR. As of December 31, 2022, there are no currency forwards. For other financial assets and financial liabilities the carrying amounts are assessed to be a good approximation of the fair values because the maturity and/or interest rate fixing is less than three months, which means that a discount based on current market conditions is not expected to have any material effect.

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

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

Level 2 Financial instruments, where fair value is determined on the basis of valuation models based on other observable data for the asset or liability than quoted prices included in Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Group's currency forwards are classified at Level 2 via the Group's statement of comprehensive income and recorded as other current liabilities in the Group's balance sheet. However, as of December 31, 2022, there are no currency forwards.

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

NOTE A3. **IMPORTANT ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES**

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

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

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

Goodwill
The carrying amount of goodwill is contingent on future profitability of the cash-generating units in CellaVision. CellaVision, only consists of one operating segment and goodwill is tested in total for all CellaVision's operations unless there is an indication of impairment within any individual cash-generating unit.

Impairment
The calculation of recoverable amount is based on CellaVisions operations since there is only one operating segment. The recoverable amount for the operating segment is determined based on value-in-use calculations. These calculations are based on estimated future cash flows based on financial budgets approved by the opera-tional management for the coming year. Thereafter, estimates have been made covering a five-year period. Cash flows beyond the five-year period are calculated based on retained profitability and limited growth. The most important variables in calculating the value in use are operating margin, growth, and the discount rate.
The operating margin has been forecast to reach the average for the most recent business cycle in five years. The transition from the current level to the level has been assumed to be linear. Customs duties have been considered in the company's assessments of capacity utilization. The forecast is in line with previous experience and external information sources.

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

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

Further information on the intangible fixed assets and their impairment test, see Note C1

NOTE A4. **CAPITAL STRUCTURE**

CellaVision defines managed assets as the sum of the Group's net debt and equity. At the end of 2022 managed assets were SEK 636,070 thousand (549,648).

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

When managing the capital, the Group follows up on metrics such as sales growth and operating margin. The objective is to increase sales by an average of 15 percent per year with an EBITDA margin exceeding 30 percent over a business cycle. In 2022 the company achieved sales growth of 13 percent (20) and the EBITDAmargin was 31 per cent (35).

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

NOTE A5. **OPERATIONAL RISK FACTORS**

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

Supply chain
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 chip for camera, optics and control equipment as well as companies that manage the assembly and final inspection of the systems. The company has collaborated with a contract manufacturer since 2006 and has long-term cooperation and contracts with its most important subcontractors. Despite this, contracts can be terminated. There is no guarantee that the suppliers will subsequently decide to sign a new agreement with the company. Suspension of deliveries due to delivery problems of components, terminated contracts or discontinued cooperation with a subcontractor may have a negative impact on CellaVision's sales and earnings.

Dependence on key personnel
CellaVision has a distinct high tech specialization and is therefore dependent on being able to recruit and retain highly qualified employees.

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

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

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

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

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

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

NOTE A6. **INFORMATION ON OPERATING SEGMENTS**

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

NOTE A7. **INFORMATION ON MAJOR CUSTOMERS**

CellaVision's products are sold globally through partners, and in selected markets also through its own sales companies. CellaVision has three customers that each account for more than nine percent of the company's total sales. The largest customer with sales of SEK 201 (144) million and the others with sales of SEK 144 (125) million and SEK 59 (81) million, respectively.

NOTE A8. **EMPLOYEES**

	2022		2021	
AVERAGE NUMBER OF EMPLOYEES	AVERAGE NUMBER OF EMPLOYEES	OF WHOM MEN	AVERAGE NUMBER OF EMPLOYEES	OF WHOM MEN
Parent company, Sweden	172	106	143	93
Subsidiary, USA	5	3	5	3
Subsidiary, Canada	1	1	1	1
Subsidiary, Japan	3	3	3	3
Subsidiary, France	61	36	49	20
Total	**242**	**149**	**201**	**120**

NUMBER OF WOMEN IN SENIOR MANAGEMENT	BOARD OF DIRECTORS	OTHER POSITIONS	BOARD OF DIRECTORS	OTHER POSITIONS
Parent company	2	1	2	1
Share of the total	29%	14%	22%	14%
Subsidiaries	-	-	-	-
Total	**2**	**1**	**2**	**1**

NOTE A9. **EVENTS AFTER THE BALANCE SHEET DATE**

No significant events have occurred after the period close.

The Annual Report was adopted by the board and approved for publication on April 12, 2023.

NOTE B1. INCOME BY GEOGRAPHICAL AREA

	GROUP			PARENT COMPANY		
2022	INSTRUMENTS	REAGENTS	SOFTWARE & OTHER	INSTRUMENTS	REAGENTS	SOFTWARE & OTHER
Sverige	-	-	293	-	-	293
EMEA	122,453	94,106	63,295	114,136	-	54,526
Americas	176,464	2,234	101,594	177,437	-	97,704
APAC	58,572	3,485	16,844	57,556	-	15,552
Totalt	**357,489**	**99,825**	**182,026**	**349,130**	**-**	**168,076**

	GROUP			PARENT COMPANY		
2021	INSTRUMENTS	REAGENTS	SOFTWARE & OTHER	INSTRUMENTS	REAGENTS	SOFTWARE & OTHER
Sverige	-	-	313	-	-	313
EMEA	118,628	86,152	47,202	113,242	-	40,266
Americas	123,834	1,968	84,078	125,136	-	80,741
APAC	86,259	1,794	15,324	83,894	-	13,687
Totalt	**328,721**	**89,915**	**146,917**	**322,272**	**-**	**135,008**

Sales at a given time in the Group were SEK 636,340 thousand (559,653) and revenues distributed over time were SEK 3,000 thousand (5,899). Revenues distributed over time refer to service contracts. The value of accrued income attributable to revenue distributed over time amounted to SEK 0 thousand (3,006). Other refers to spare parts and consumables.

NOTE B2. EXPENSES CLASSIFIED BY NATURE OF EXPENSE

	2022	2021
Depreciation, amortization and impairment (Note B9, C1)	40,097	33,437
Costs for remuneration to employees (Note B4, B5, B6)	189,707	163,134
Changes in inventories of finished goods and work in progress	-3,227	1,854
Raw materials	165,847	136,062
Transport costs	8,705	7,126
Capitalized expenses	-45,751	-38,788
Premises costs	4,222	1,824
Travel expenses	10,704	5,003
External services	39,038	29,108
Other expenses	71,732	64,058
Total cost of goods sold, sales, administrative and R&D expenses	**481,074**	**402,819**

NOTE B3. INTRA-GROUP AND RELATED PARTY TRANSACTIONS

Of the parent company's invoicing, SEK 3,319 thousand (4,758) refers to subsidiaries. SEK 720 thousand (2,031) refers to instruments, SEK 2,298 thousand (1,914) refers to spare parts and SEK 301 thousand (813) refers to software. Invoicing from subsidiaries to parent company refers to market support and amounted to SEK 27,529 thousand (26,017) on market terms. For information on subsidiaries, see Note C5. The remuneration paid to senior executives is stated in Note B6. There have beeen no other related party transactions in 2022 other than those described above.

NOTE B4. SALARIES AND OTHER REMUNERATIONS, DISTRIBUTED

	2022		2021	
SALARIES AND OTHER REMUNERATION	BOARD, CEO	OTHERS	BOARD, CEO	OTHERS
Parent company	8,040	82,080	8,080	67,650
Subsidiaries	-	42,590	-	38,924
Total	**8,040**	**124,670**	**8,080**	**106,574**

	2022		2021	
	SOCIAL SECURITY COSTS	OF WHICH PENSION COSTS	SOCIAL SECURITY COSTS	OF WHICH PENSION COSTS
Parent company	41,487	14,117	35,530	12,698
Subsidiaries	15,387	838	12,950	114
Total	**56,874**	**14,955**	**48,480**	**12,812**

Pension obligation corresponds to 30 percent of base salary for the CEO. For other employees in Sweden the pension obligations of the defined benefit ITP 2 Plan for old-age and family pension (or family pension) are vested through insurance with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR10 Classification of ITP Plans financed through insurance in Alecta, this is a defined benefit plan covering several employers. For the 2022 financial year the company has not had access to information that makes it possible to report its proportionate share of the plan obligations, plan assets and costs, which means that it is not possible to report the plan as a defined benefit plan. The ITP 2 pension plan, which is vested through insurance with Alecta, is therefore reported as a defined contribution plan. The premium for the defined benefit old-age and family pension is calculated individually and depends among other things on salary, accrued pension and expected remaining working life. Expected contributions in the next reporting period for ITP 2 insurance with Alecta amount to SEK 3.8 million (3.9).

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 175 percent. If Alecta's collective solvency level falls short of 125 percent or exceeds 175 percent measures must be taken to allow the solvency level to return to its normal interval. If the solvency level is low, one measure could be to increase the agreed price for writing of new business and increasing existing benefits. If the solvency level is high one measure could be to introduce premium reductions. At the end of 2021 Alecta's surplus in the form of the collective solvency level was 172 percent (172).

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There are defined benefit pensions in France and the liability recognized in the balance sheet for this is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The calculations are made by actuaries, who also re-evaluate the pension plans' commitments. The debt amounts to SEK 3.0 million (3.4), where the majority of the debt falls due for payment in excess of 5 years and no part for the next 12 months.

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NOTE B6. REMUNERATION TO SENIOR MANAGEMENT

				2022
SALARIES, REMUNERATION AND OTHER BENEFITS	FIXED SALARY	VARIABLE RENUMERATION	OTHER BENEFITS	PENSION
Board of Directors:				
Mikael Worning	680	-	-	-
Christer Fåhraeus	265	-	-	-
Åsa Hedin	290	-	-	-
Anna Malm Bernsten	123	-	-	-
Niklas Prager	133	-	-	-
Jurgen Riedl	113	-	-	-
Ann-Charlotte Jarleryd	180	-	-	-
Stefan Wolf	243	-	-	-
CEO	5,632	172	211	609
Other senior management	8,115	169	551	2,453
Total	**15,772**	**341**	**762**	**3,061**

				2021
SALARIES, REMUNERATION AND OTHER BENEFITS	FIXED SALARY	VARIABLE RENUMERATION	OTHER BENEFITS	PENSION
Board of Directors:				
Sören Mellstig	280	-	-	-
Mikael Worning	505	-	-	-
Christer Fåhraeus	245	-	-	-
Åsa Hedin	245	-	-	-
Anna Malm Bernsten	245	-	-	-
Niklas Prager	265	-	-	-
Jurgen Riedl	225	-	-	-
Stefan Wolf	225	-	-	-
CEO	5,073	522	128	541
Other senior management	7,690	1,472	451	3,164
Total	**14,998**	**1,994**	**578**	**3,705**

In accordance with a resolution of the Annual General Meeting, remuneration is payable to the Board of Directors of SEK 1,740 thousand (1,850), of which SEK 700 thousand (500) to the Chairman of the Board and SEK 260 thousand (225) to each of the other board members. In addition, the board members in the audit committee receive SEK 100 thousand (40) for being chairman and SEK 50 thousand for board members. The board members in the renumerations committee receive SEK 50 thousand (40) for being chairman and SEK 25 thousand (20) for board members. No other remunerations have been paid. There are no agreements on pensions, severance pay or other benefits. Since the annual general meeting held in May, 2022 the Board of Directors comprised of 7 members (9) of which 2 employee representatives (2).

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

NOTE B6. cont'd **REMUNERATION TO SENIOR MANAGEMENT**

There is an incentive program for senior management consisting of a earnings per share related program and an annual individual program. The outcome is capped to 60 percent of yearly salary for the CEO whereof half goes into the annual individual program and the other half goes towards the program related to earnings per share where it can be doubled if the growth in earnings per share over a three-year period exceeds 15 percent per year. The CEO also has a guaranteed annual bonus of SEK 1,867 thousand, which falls due during 2023. For other members of senior management, the outcome is capped at 5 months' salary whereof 40 percent goes into the annual individual program and 60 percent goes to the earnings per share related program where it can be doubled if the growth of earnings per share price over a three year period exceeds 15 percent per year. Provisions for incentive programs for senior management expensed eralier years have been dissolved by SEK 1,459 thousand (1,994). See also the description in the corporate governance report.

In 2022 the CEO was paid a fixed salary including remuneration for paid leave of SEK 5,632 thousand (5,073), plus benefits valued at SEK 211 thousand (128). The CEO has a guaranteed annual bonus of SEK 1,867 thousand that falls over 2023, which is reported under the heading Salary. In addition to a fixed salary, variable remuneration of SEK 172 thousand (522) was expensed. Other senior executives in the management group were during 2022 paid total fixed salaries of SEK 8,115 thousand (7,690) plus benefits mainly comprising car benefits valued at SEK 551 thousand (451). In addition to a fixed salary, a reservation for variable remuneration of 169 kSEK was expensed (1,472). There were 6 (6) other members of senior management for part of the year. The Remuneration Committee prepares questions of remuneration and other conditions of

NOTE B7. **AUDIT FEES**

	2022		2021	
FEES TO THE COMPANY'S AUDITORS, KMPG (DELOITTE)	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Audit*	686	456	654	370
Addition to the audit engagement**	100	50	-	-
Tax advisory	9	9	27	-
Other engagements	-	-	-	-
Total	**795**	**516**	**681**	**370**

The audit assignment includes review of the annual report and accounts, as well as administration of the board and the chief executive officer. The audit assignment also includes other tasks that is the responsibility of the company's auditor to perform, as well as advice or other assistance that is caused by obervations in such auditing or implementation of such other tasks. *Whereof KPMG AB SEK 456 thousand. **Whereof KPMG AB 50 thousand.

NOTE B8. **LEASING**

	2022	2021
AMOUNTS RECOGNIZED IN THE INCOME STATEMENT	GROUP	GROUP
Buildings and land	10,308	9,041
Plant and machinery	294	462
Equipment, tools, fixtures and fittings	1,211	1,098
Depreciation on right of use	11,813	10,601
Interest expenses for leasing liabilities	858	858
Costs attributable to short-term and leasing contracts of low value	4,425	2,535

As of December 31, 2022, the Group has obligations regarding short-term and leasing agreements of low value of SEK 2,282 thousand (2,913).

	2022	2021
CASH FLOW	GROUP	GROUP
Amortization of leasing liabilities	10,772	10,994
Interest expense leasing liabilities	858	608
Short-term leasing and low value leasing	4,425	2,535
Total cash flow	**16,055**	**14,137**

The weighted average marginal loan rate was 2 %.

The lease period for the Group's rental premises varies between 1-5 years. Extension of the lease at the end of the lease period may be at what the Group considers to be a fair market value rent. In some cases, the rent is index-adjusted according to the CPI and the majority of lease agreements are extended with existing terms unless the agreement has been terminated for change of terms. The leasing period for various office equipment varies between 1-3 years. The total of the year's expensed depreciation and interest expense for leases amounts to SEK 12,671 thousand (11,209) in the Group. The parent company's leasing fees for the year amounted to SEK 11,873 thousand (9,601).

Changes in the book value of right of use assets are presented in note C2.

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

An estimated one quarter of the leases for buildings, machines and cars expired during the current financial year. The expired leases were replaced by new leases for the underlying assets. New acquisitions for the year amounted to SEK 2 million (36).

	2022	2021
MATURITY ANALYSIS OF LEASE LIABILITIES	GROUP	GROUP
- Within one year	15,394	13,602
- Later than one but within five years	27,793	37,731
- Later than within five years	-	-
Total	**43,187**	**51,333**

NOTE B9. **DEPRECIATION/WRITE-DOWNS**

	2022		2021	
DEPRECIATION	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Intangible assets	22,107	3,725	17,759	631
Property, plant and equipment	17,990	2,278	15,678	2,307
Total	**40,097**	**6,003**	**33,437**	**2,938**

	2022		2021	
WRITE-DOWNS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Intangible assets	3,363	900	370	-
Property, plant and equipment	-	-	-	-
Total	**3,363**	**900**	**370**	**-**

DEPRECIATION/WRITE-DOWNS PER FUNCTION

	2022		2021	
DEPRECIATION PER FUNCTION	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Cost of goods sold	14,979	578	14,900	619
Selling expenses	9,025	555	8,205	573
Administrative expenses	3,681	554	3,029	574
Research and development expenses	12,412	4,316	7,303	1,172
Total	**40,097**	**6,003**	**33,437**	**2,938**

	2022		2021	
WRITE-DOWNS PER FUNCTION	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Cost of goods sold	-	-	-	-
Selling expenses	-	-	-	-
Administrative expenses	-	-	-	-
Research and development expenses	3,363	900	-	-
Total	**3,363**	**900**	**-**	**-**

NOTE B10. **EXCHANGE RATE EFFECTS**

	2022		2021	
EXCHANGE RATE EFFECTS HAVE BEEN REPORTED IN THE INCOME STATEMENT AS FOLLOWS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Exchange rate gain in operating profit	18,386	18,386	9,361	9,361
Exchange rate loss in operating profit	**-**	**-**	**-**	**-**
Total	**18,386**	**18,386**	**9,361**	**9,361**

NOTE B11. **INTEREST INCOME AND OTHER SIMILAR PROFIT/LOSS ITEMS**

	2022		2021	
INTEREST INCOME AND OTHER SIMILAR PROFIT/LOSS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Interest income	200	148	60	-
Exchange differences, Group loan	5,386	4,728	3,362	5,166
Total	**5,586**	**4,876**	**3,422**	**5,166**

Of the parent company's interest income is 118 kSEK intra-group.

NOTE B12. **INTEREST EXPENSES AND OTHER SIMILAR PROFIT/LOSS ITEMS**

	2022		2021	
INTEREST INCOME AND OTHER SIMILAR PROFIT/LOSS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Interest expenses	2,340	899	1,866	675
Exchange differences, Group loan	13,083	12,939	5,992	7,604
Total	**15,423**	**13,838**	**7,858**	**8,279**

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

NOTE B13. **TAXES**

TAX ON RESULT FOR THE YEAR	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Current tax	-27,325	-23,569	-28,439	-24,619
Adjustments current year due to prior year current tax	-83	-187	-249	-201
Deferred tax expenses	-2,685	181	-4,269	-115
Total tax on result for the year	**-30,094**	**-23,575**	**-32,958**	**-24,936**
Deferred tax				
Temporary differences:				
Provisions	181	181	-115	-559
Inventory	544	-	-5	-
Capitalised expenditure for development	-6,931	-	-6,235	-
Other immaterial assets	2,201	-	1,588	-
Leasing	163	-	-18	-
Customer relationships	1,026	-	979	-
Other temporary differences	130	-	-463	-
Total deferred tax	-2,685	181	-4,269	-559
Deferred tax asset/liability				
Temporary differences:				
Provisions	2,825	733	2,114	552
Inventory	648	-	104	-
Capitalised expenditure for development	-31,047	-	-24,278	
Other immaterial assets	-2,763	-	-3,990	-
Leasing	479	-	315	-
Trademarks	-6,766	-	-6,218	-
Customer relationships	-11,555	-	-11,606	-
Other temporary differences	-4,747	-	-4,392	-
Total carrying amount for deferred tax liability/asset	**-52,925**	**733**	**-47,951**	**552**

RECONCILIATION, TAXATION	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Accounting profit/loss before tax	148,429	112,678	158,297	119,420
Tax at current tax rate	-30,576	-23,212	-32,609	-24,600
Tax effect of:				
-Effect of different tax rates in foreign subsidiaries	-136	-	-210	-
-Non taxable income	903	-	-	-
-Non-deductible expenses	-260	-177	-176	-135
-Utilization of tax loss defecits where deferred tax assets is not recognized	58	-	300	-
Total	**-30,011**	**-23,389**	**-32,694**	**-24,735**
Adjustments current year due to prior year current tax	-83	-186	-249	-201
Changed tax rate on deferred tax asset	-	-	-15	-
Reported tax expense for the year	**-30,094**	**-23,575**	**-32,958**	**-24,936**

NOTE C1. **INTANGIBLE ASSETS**

CAPITALIZED EXPENDITURE FOR DEVELOPMENT	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Opening cost of acquisition	179,561	41,612	140,804	41,612
Capitalized during the year	45,751	-	38,788	-
Reclassification	-	-	-31	-
Translation difference	-145	-		
Closing accumulated cost of acquisition	**225,167**	**41,612**	**179,561**	**41,612**
Opening depreciation	-53,286	-37,425	-46,535	-36,805
Depreciation for the year	-6,709	-578	-6,751	-620
Write-down for the year	-2,463	-	-	-
Closing accumulated depreciation	**-62,458**	**-38,003**	**-53,286**	**-37,425**
Closing carrying amount	**162,709**	**3,609**	**126,275**	**4,187**

GOODWILL	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Opening cost of acquisition	114,085	-	111,972	-
Translation difference	10,056	-	2,113	-
Closing accumulated cost of acquisition	**124,141**	-	**114,085**	**-**
Closing carrying amount	**124,141**	**-**	**114,085**	**-**

TRADEMARKS	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Opening cost of acquisition	24,872	-	24,411	-
Translation difference	2,192	-	461	-
Closing accumulated cost of acquisition	**27,064**	**-**	**24,872**	**-**
Closing accumulated depreciation	**-**	**-**	**-**	**-**
Closing carrying amount	**27,064**	**-**	**24,872**	**-**

CUSTOMER RELATIONSHIPS	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Opening cost of acquisition	55,328	-	54,303	-
Translation difference	4,876	-	1,025	-
Closing accumulated cost of acquisition	**60,204**	**-**	**55,328**	**-**
Opening depreciation	-8,904	-	-4,863	-
Depreciation for the year	-4,105	-	-3,917	-
Translation difference	-977	-	-124	-
Closing accumulated depreciation	**-13,986**	**-**	**-8,904**	**-**
Closing carrying amount	**46,218**	**-**	**46,424**	**-**

OTHER INTANGIBLE ASSETS	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Opening cost of acquisition	78,947	1,121	45,846	900
Acquisition during the year	201	-	31,510	221
Reclassification	-1,057	31,353	-	
Translation difference	3,196	-	1,591	-
Closing accumulated cost of acquisition	**81,287**	**32,474**	**78,947**	**1,121**
Opening depreciation	-32,443	-11	-25,055	-
Depreciation for the year	-7,930	-2,247	-6,943	-11
Write-down for the year	-900	-900	-	-
Reclassification	1,882	-	147	-
Translation difference	-2,799	-	-592	-
Closing accumulated depreciation	**-42,190**	**-3,158**	**-32,443**	**-11**
Closing carrying amount	**39,097**	**29,317**	**46,504**	**1,110**

Reclassification of other intangible assets in the parent company is attributable to asset transfer of licenses in the previously wholly owned subsidiary Clearbridge Biophotonics Pte Ltd.

INTANGIBLE ASSETS BY GEOGRAPHICAL AREA BASED ON THE ASSETS PHYSICAL LOCATION	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
EMEA	399,229	32,926	325,597	5,297
Americas	–	-	-	-
APAC	–	-	30,564	-
Total	**399,229**	**32,926**	**356,161**	**5,297**

Capitalized expenditure for development
Expenditure on research and development was SEK 134,304 thousand (103,036), which corresponds to 21 percent (18) of net sales. Of this expenditure SEK 45 751 thousand (38,788) has been capitalized and the remaining SEK 88,883 thousand (64,248) has been charged to the result for the year. The reported value of capitalized development costs not yet subject to depreciation amounts to SEK 111,616 thousand (70,388). The year's development work refers to development aimed at strengthening the product portfolio in relation to customers in the sub-field of hematology.

Goodwill
Goodwill attributable to the acquisition of RAL Diagnostics amounted to SEK 118 million at the time of acquisition. At the end of the period, the carrying amount of goodwill amounted to SEK 124 million (114) at the end of the period. There has been no write-down of goodwill during the financial year.

Trademarks, customer relationships and other intangible assets
The reported value of trademarks with an indefinite useful life amounted to SEK 27 million (25) at the end of the period and are attributable to the acquisition of RAL Diagnostics. There has been no write-down of brands during the financial year. The increase is related to exchange rate fluctuations.

The closing reported value for customer relationships for the period amounts to SEK 46 million (46) and is attributable to the acquisition of RAL Diagnostics. Depreciation for the period has been done according to plan. The unchanged book value compared to the previous year can be explained by posititive exchange rate fluctuations with a value corresponding to depreciation for the year.

Other intangible assets mostly relate to exclusive rights to a patent portfolio SEK 30 milion (31) and acquired technology attributable to RAL Diagnostics SEK 10 million (15). The license rights relate to a new microscopy technology, Fourier Ptychographic Microscopy. Depreciation has taken place in accordance with the plan.

Impairment testing assets that have not been depreciated
The company management has set budgeted gross margins based on its expectations of market developments. The weighted average rate of growth used is in line with forecasts in industry reports. The management's assessment is that no reasonable changes in the important assumptions will result in the estimated total recoverable value of the cash-generating unit being lower than the brand's total carrying value. Taking the above into account, the company management considers that no impairment loss exists.

Sensitivity analysis
The sensitivity analysis shows that an increase in the discount rate of 0.5 percentage points, or a change in the operating margin by -1 percentage point gives a good margin between value in use and reported value.

Used discount rate (WACC, Weighted Average Cost of Capital) amounts to 9.4 percent (11.3 percent before tax). Terminal growth rate of 2 percent has been used in the test and corresponds to a long-term assumption of real growth of 2 percent. See also note A3 regarding assumptions about goodwill and trademark.

NOTE C2. **TANGIBLE FIXED ASSETS**

Right of use assets	2022	2021
LAND AND BUILDINGS	GROUP	GROUP
Opening cost of acquisition	69,554	35,114
Year's acquisitions	-	11,530
Change of contract	-3,456	22,831
Translation difference	265	79
Closing accumulated cost of acquisition	**66,363**	**69,554**
Opening depreciation	-24,249	-15,346
Depreciation for the year	-10,308	-9,041
Change of contract	3,470	181
Translation difference	-225	-43
Closing accumulated depreciation	**-31,312**	**-24,249**
Closing carrying amount	**35,051**	**45,305**

Right of use assets	2022	2021
EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	GROUP	GROUP
Opening cost of acquisition	3,759	2,871
Year's acquisitions	1,696	1,565
Change of contract	-897	-715
Translation difference	262	38
Closing accumulated cost of acquisition	**4,820**	**3,759**
Opening depreciation	-1,376	-846
Depreciation for the year	-1,211	-1,098
Change of contract	804	579
Translation difference	-100	-11
Closing accumulated depreciation	-1,883	-1,376
Closing carrying amount	**2,937**	**2,383**

Right of use assets	2022	2021
PLANT AND MACHINERY	GROUP	GROUP
Opening cost of acquisition	984	1,507
Change of contract	-1,023	-547
Translation difference	39	24
Closing accumulated cost of acquisition	-	984
Opening depreciation	-701	-772
Depreciation for the year	-294	-462
Change of contract	1,023	547
Translation difference	-28	-14
Closing accumulated depreciation	**-**	**-701**
Closing carrying amount	**-**	**283**

Tangible fixed assets that are not right of use assets	2022		2021	
LAND AND BUILDINGS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Opening cost of acquisition	26,259	-	23,590	-
Year's acquisitions	13,902	-	2,314	-
Disposals/ retirements	-	-	-107	-
Reclassification	19,553	-	-	-
Translation difference	3,693	-	462	-
Closing accumulated cost of acquisition	**63,407**	**-**	**26,259**	**-**
				0
Opening depreciation	-9,175	-	-7,999	-
Depreciation for the year	-1,587	-	-1,017	-
Translation difference	-883	-	-159	-
Closing accumulated depreciation	**-11,645**	**-**	**-9,175**	**-**
Closing carrying amount	**51,762**	**-**	**17,084**	**-**

NOTE C2. cont'd **TANGIBLE FIXED ASSETS**

Tangible fixed assets that are not right of use assets

PLANT AND MACHINERY	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Opening cost of acquisition	20,971	2,979	14,060	2,612
Year's acquisitions	6,003	536	6,447	367
Reclassification	-554	-554	-	-
Translation difference	1,981	-	464	-
Closing accumulated cost of acquisition	**28,401**	**2,962**	**20,971**	**2,979**
Opening depreciation	-11,961	-1,757	-10,204	-1,594
Depreciation for the year	-1,811	-256	-1,386	-163
Reclassification	90	92	-	-
Translation difference	-1,114	-	-371	-
Closing accumulated depreciation	**-14,796**	**-1,921**	**-11,961**	**-1,757**
Closing carrying amount	**13,605**	**1,041**	**9,010**	**1,222**

Tangible fixed assets that are not right of use assets

EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	2022 GROUP	2022 PARENT COMPANY	2021 GROUP	2021 PARENT COMPANY
Opening cost of acquisition	17,495	12,772	14,752	11,905
Year's acquisitions	3,577	2,545	3,342	867
Disposals/ retirements	-1,766	-1,765	-776	-
Reclassification	-558	554	109	-
Translation difference	412	-	68	-
Closing accumulated cost of acquisition	**19,160**	**14,106**	**17,495**	**12,772**
Opening depreciation	-11,234	-9,928	-9,299	-7,785
Depreciation for the year	-2,773	-2,024	-2,674	-2,143
Reversal of acc. depreciation on disposals/retirements	1,766	1,766	776	-
Reclassification	-90	-90	-	-
Translation difference	-150	-	-37	-
Closing accumulated depreciation	**-12,481**	**-10,276**	**-11,234**	**-9,928**
Closing carrying amount	**6,680**	**3,829**	**6,261**	**2,844**

TANGIBLE FIXED ASSETS BY GEOGRAPHICAL AREA BASED ON THE ASSETS PHYSICAL LOCATION	2022 GROUP	2021 GROUP
EMEA	109,668	79,494
Americas	-	-
APAC	366	832
Total	**110,034**	**80,326**

NOTE C3. **INVENTORIES**

	2022		2021	
INVENTORIES	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Raw materials and consumables	19,429	3,646	14,155	3,399
Finished goods	115,637	97,088	100,933	80,353
Payments on account for goods	7,505	7,505	-	-
Total	**142,571**	**100,735**	**115,088**	**83,752**

Inventories recognized as an expense during the year amount to SEK 165,847 (136,062) thousand in the Group and SEK 120,437 (101,507) thousand in the parent company.

NOTE C4. **FINANCIAL ASSETS**

	2022		2021	
DEPOSITS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Opening cost of acquisition	4,215	3,662	4,117	3,653
Recovered deposit	-184	-178	-	-
Additional deposits	1,081	1,062	90	8
Translation differences for the year	39	-	8	-
Closing carrying amount	**5,153**	**4,546**	**4,215**	**3,662**

	2022		2021	
OTHER FINANCIAL ASSETS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Opening cost of acquisition	222	-	286	-
Additional other financial assets	-	22,257	-	-
Divested asset	-53	-	-69	-
Translation differences for the year	19	-	5	-
Closing carrying amount	**188**	**22,257**	**222**	**-**

NOTE C5. **SHARES AND PARTICIPATIONS IN SUBSIDIARIES**

			2022			2021		
COMPANY	CORPORATE IDENTITY NUMBER	REGISTERED OFFICE	NUMBER OF PARTICIPATIONS	SHARE OF EQUITY (%)	BOOK VALUE	NUMBER OF PARTICIPATIONS	SHARE OF EQUITY (%)	BOOK VALUE
CellaVision International AB	556573-4299	Lund, Sweden	1,000	100	100 kSEK	1,000	100	100 kSEK
CellaVision Inc., Canada	1724445	Toronto, Canada	1,000	100	6 kSEK	1,000	100	6 kSEK
CellaVision Inc., USA	06-1624895	Delaware, USA	10	100	1 SEK	10	100	1 SEK
CellaVision Japan K.K.	0104-01-074862	Yokohama, Japan	2,790	100	1 SEK	2,790	100	1 SEK
RAL Diagnostics SAS	449 261 403	Martilllac, France	901,515	100	259,255 kSEK	901,515	100	259,255 kSEK
Clearbridge BioPhotonics Pte. Ltd	201010756M	Singapore	-	-	-	369,290	100	19,286 kSEK

Clearbridge BioPhotonics Pte. Ltd has been dissolved during 2022

NOTE C6. **TRADE RECEIVABLES**

		2022		2021
TRADE RECEIVABLES OVERDUE BUT NOT WRITTEN DOWN	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
1–30 days overdue	27,651	22,055	2,644	1,129
31–60 days overdue	1,728	853	1,598	12
61–90 days overdue	**533**	**1**	**494**	**8**
91–120 days overdue	112	6	350	4
More than 120 days overdue	1,082	269	481	-
Total	**31,105**	**23,185**	**5,567**	**1,152**

As at December, 31 2022 trade receivables of SEK 27,651 thousand (5,567) were due for payment in the Group, but no impairment loss is identified. These trade receivables are for the most part related to a few partners. The company's assesment is that there are no significant credit risks for these partners who previously have not had any payment difficulties. The age analysis for the Group relating to these trade receivables is illustrated above. Of these receivables SEK 26,975 thousand were settled at the end of January 2022. Reserve for doubtful trade receivables have been calculated based on historical data. The calculation model is shown in the table below. The provision for doubtful trade receivables was SEK 0 thousand (0) as at December, 31 2022. There are no pledges as collateral for receivables.

Risk matrix Group

ALL AMOUNT IN ' 000 SEK	1–30	31–60	61–90	91–120	>120	TOTAL
Aging accounts receivable	27,651	1,728	533	112	1,082	31,105
Percent at risk	0%	0%	0%	0%	0%	0%
Amount at risk	**0**	**0**	**0**	**0**	**0**	**0**

Risk matrix Parent company

ALL AMOUNT IN ' 000 SEK	1–30	31–60	61–90	91–120	>120	TOTAL
Aging accounts receivable	22,055	853	1	6	269	23,185
Percent at risk	0%	0%	0%	0%	0%	0%
Amount at risk	**0**	**0**	**0**	**0**	**0**	**0**

NOTE C7. **PREPAID EXPENSES AND ACCRUED INCOME**

	2022		2021	
	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Office rent	53	3,070	71	2,669
Pension premiums	-	-	393	393
Insurance premiums	973	949	843	822
Market activity costs	872	872	504	441
License fees	2,735	2,735	2,036	2,036
Other	2,065	260	1,291	642
Total	**6,698**	**7,886**	**5,140**	**7,004**

NOTE C8. **SHARE CAPITAL**

The registered share capital in the parent company was distributed, as at December 31, 2022, 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. There has been a value transfer in 2022 to shareholders of SEK 47,703 thousand attributable to dividends of SEK 2.00 per share.

NOTE C9. RECONCILIATION OF LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

The table below presents this year's change in the Group's liabilities linked to financing the business. The table includes current and non-current liabilities. The part that falls due for payment within: 1 year amounts to SEK 42,131 thousand (40,810), 1-5 years SEK 60,364 thousand (95,845).

GROUP	LIABILITIES TO CREDIT INSTITUTIONS	LEASE LIABILITY	TOTAL
As of December 31, 2021	89,818	46,837	136,656
Cash items			
Acquired loans	-	-	-
Amortization of loans	-31,935	-	-31,935
Amortization of leases	-	-10,772	-10,772
Non-cash items			
Leases at the start of the year	-	1,616	1,616
Effect of changes in exchange rates	6,727	203	6,930
As of December 31, 2022	**64,610**	**37,884**	**102,495**

The table below presents this year's change in the Group's liabilities linked to financing the business. The table includes current and non-current liabilities. The part that falls due for payment within: 1 year amounts to SEK 40,810 thousand (45,874), 1-5 years SEK 95,845 thousand (83,365).

GROUO	LIABILITIES TO CREDIT INSTITUTIONS	LEASE LIABILITY	FACTORING	TOTAL
As of December 31, 2020	101,215	21,970	9 592	132,778
Cash items				
Acquired loans	17,223	-	-	17,223
Amortization of loans	-30,527	-	-	-30,527
Amortization of leases	-	-10,994	-	-10,994
Change in factoring debt	-	-	-9,771	-9,771
Non-cash items				
Leases at the start of the year	-	35,792	-	35,792
Effect of changes in exchange rates	1,907	69	179	2,155
As of December 31, 2021	**89,818**	**46,837**	**-**	**136,656**

NOTE C9. cont'd RECONCILIATION OF LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

The table below presents this year's change in the Parent company's liabilities linked to financing the business. The table includes current and non-current liabilities. The part that falls due for payment within: 1 year amounts to SEK 28,373 thousand (26,317) and 1-5 years SEK 26,529 thousand (51,305). No part is due for payment exceeding 5 years.

PARENT COMPANY	LIABILITIES TO CREDIT INSTITUTIONS	TOTAL
As of December 31, 2021	77,623	77,623
Cash items		
Acquired loans	-	-
Amortization of loans	-28,373	-28,373
Non-cash items		
Effect of changes in exchange rates	5,652	5,652
As of December 31, 2022	**54,902**	**54,902**

The table below presents this year's change in the Parent company's liabilities linked to financing the business. The table includes current and non-current liabilities. The part that falls due for payment within: 1 year amounts to SEK 28,373 thousand (26,317) and 1-5 years SEK 26,529 thousand (51,305). No part is due for payment exceeding 5 years.

PARENT COMPANY	LIABILITIES TO CREDIT INSTITUTIONS	TOTAL
As of December 31, 2020	85,821	85,821
Cash items		
Acquired loans	15,000	15,000
Amortization of loans	-24,817	-24,817
Non-cash items		
Effect of changes in exchange rates	1,619	1,619
As of December 31, 2021	**77,623**	**77,623**

NOTE C10. PROVISIONS, GUARANTEES AND BONUSES

	2022		2021	
LONG-TERM PROVISIONS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Opening amount	3,636	232	3,982	-
Allocated/dissolved during year	528	486	232	232
Acquisiton of business	-	-	-	-
Reclassified to short provision	-	-	-	-
Reversed provisions	-724	-	-653	-
Translation difference	300	-	75	-
Total	**3,740**	**718**	**3,636**	**232**
Provisions fall due for payment				
- Within one year	-	-	-	-
- Later than one but within five years	760	718	232	232
- Later than five years	2,980	-	3,404	-
Total	**3,740**	**718**	**3,636**	**232**

NOTE C10. **WARRANTY PROVISIONS** cont'd

	2022		2021	
WARRANTY PROVISIONS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Opening amount	2,450	2,450	1,875	1,875
Allocated during year	2,843	2,843	2,450	2,450
Reversed provisions	-1,325	-1,325	-430	-430
Utilized	-1,125	-1,125	-1,445	-1,445
Total	**2,843**	**2,843**	**2,450**	**2,450**
Provisions fall due for payment				
- Within one year	2,843	2,843	2,450	2,450
- Later than one but within five years	-	-	-	-
Total	**2,843**	**2,843**	**2,450**	**2,450**

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

NOTE C11. **ACCRUED EXPENSES AND DEFERRED INCOME**

	2022		2021	
	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Holiday liability	16,767	11,209	14,889	9,994
Consultant fee	1,861	1,861	1,424	1,424
Social security contributions	11,416	9,076	11,135	9,307
Staff costs	1,903	613	1,502	95
Incentive program	3,512	1,433	5,742	3,792
Deferred income	-	-	3,006	3,006
Other	2,366	1,073	2,200	755
Total	**37,825**	**25,264**	**39,898**	**28,372**

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

	2022		2021	
	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Opening balance deferred income	3,174	3,174	3,174	3,174
Recognized revenue during the year	-3,174	-3,174	-3,174	-3,174
Debited during the year	-	-	3,006	3,006
Closing balance deferred income	**-**	**-**	**3,006**	**3,006**

NOTE C12. **PLEDGED ASSETS AND CONTINGENT LIABILITIES**

	2022		2021	
PLEDGED ASSETS	GROUP	PARENT COMPANY	GROUP	PARENT COMPANY
Pledged liquid funds	-	-	1,200	1,200
Floating charge	29,609	12,500	28,223	12,500
Total	**29,609**	**12,500**	**29,423**	**13,700**
Contingent liabilities	None	None	None	None

Pledged liquid funds refer to bank guarantees.

NOTE C13. **NON-CASH ITEMS**

Group	2022	2021
Depreciation	40,097	33,437
Change in accruals and provisions	-3,136	6,452
Unrealized price differences	7,827	2,124
Total	**44,788**	**42,013**

Parent company	2022	2021
Depreciation	5,103	2,938
Change in accruals and provisions	-3,110	4,141
Unrealized price differences	4,932	1,587
Total	**6,925**	**8,665**

NOTE C14. **APPROPRIATION OF COMPANY PROFITS**

	2022	2021
THE FOLLOWING PROFITS ARE AT DISPOSAL AT THE AGM	PARENT COMPANY	PARENT COMPANY
Profit brought forward	375,012	328,231
Net profit/loss for the year	89,103	94,484
Total	**464,113**	**422,714**
The Board of Directors proposes the AGM the following		
Dividend to shareholders SEK 2.25 (2.00) per share	53,666	47,703
To be carried forward	410,448	375,012
Total	**464,114**	**422,715**

APPROVAL OF THE ANNUAL REPORT

Approval of the annual report
The annual accounts and consolidated accounts were approved by the Board of Directors on April 12, 2023. The Group's statement of comprehensive income, statement of financial position and the parent company's income statement and balance sheet will be submitted to the Annual General Meeting for approval on May 5, 2023.

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

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

Annual General Meeting
The Annual General meeting will be held on May 5, 2023 at 15.00 at CellaVision's premises, Mobilvägen 12 in Lund.

Dividend per share
The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 2.25 per share be distributed for 2022.

Lund den 12 april 2023

Mikael Worning
Chairman of the Board of Directors

Simon Østergaard
President and CEO

Our audit report was submitted on April 12, 2023
KPMG AB

Christer Fåhraeus
Member of the Board

Kent Stråhlen
Member of the Board
Employee representative

Jonas Nihlberg
Authorized public accountant
Auditor in charge

Åsa Hedin
Member of the Board

Markus Jonasson Kristoffersson
Member of the Board
Employee representative

Tobias Lindberg
Authorized public accountant

Ann-Charlotte Jarleryd
Member of the Board

Stefan Wolf
Member of the Board

AUDITOR'S REPORT

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF CELLAVISION AB, CORP. ID 556500-0998

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of CellaVision AB for the year 2022, except for the corporate governance statement on pages 52-61 and the sustainability report on pages 36-50. The annual accounts and consolidated accounts of the company are included on pages 64-110 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 52-61 and sustainability report on pages 36-50. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Other Matter

The audit of the annual accounts for year 2021 was performed by another auditor who submitted an auditor′s report dated 7 April 2022, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Key Audit Matters

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

Capitalization and valuation of development expenditure

See disclosure A3 on Important estimates and assumptions for accounting purposes, disclosure C1 on Capitalized development expenditures and accounting principles on pages 88-89 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As of December 31, 2022, the group reports balanced development expenses of SEK 163 million. Identification of the research and development phase is important to ensure whether balanced expenses can be capitalized. The value of the reported assets is dependent on the future return on the products to which the development expenditure relates. The management also evaluates the development projects on an ongoing basis to identify any write-down needs. The company also performs impairment testing of assets with an indefinite useful life. Capitalized development costs are also included in such a test. See further description of the area Valuation of goodwill and brand with indefinite useful life.

Incorrect assessment and assumptions can have an impact on the Group's results and financial position.

Response in the audit

We have reviewed the company's capitalized expenses and the management's assessments regarding capitalization to ensure that these comply with current accounting rules. We have also interviewed the management about their ongoing evaluation of possible indications of write-down needs regarding the development projects.
We have reviewed the company's impairment test. See further description of the area Valuation of Goodwill and Trademarks with indefinite useful life.

We have also evaluated the completeness of the information in the annual report.

Valuation of Goodwill and Trademarks with indefinite life

See disclosure A3 on Important estimates and assumptions for accounting purposes, disclosure C1 on Goodwill and Trademarks and accounting principles on pages 88-89 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As of December 31, 2022, the group reports goodwill and brand with an indefinite useful life of SEK 151 million. These refer to surplus values that have arisen in connection with acquisitions. Assets with an indefinite useful life must be subject to at least one impairment test annually, which contains both complexity

and significant elements of judgment from the management of the group.
According to current regulations, the test must be carried out according to a method where management makes future assessments of the business's internal and external conditions and plans. Examples of such assessments are future cashflows, which, among other things, require assumptions about future market conditions. Another important assumption is which discount rate should be used to take into account that future estimated payments are associated with risk and are thus worth less than the cash and cash equivalents that are directly available to the group.

Incorrect assessment and assumptions can have an impact on the Group's results and financial position.

Response in the audit
We have analysed tge company's impairment test to assess whether it has been prepared tin accordance with an approproate method.
Furthermore, we have assessed the reasonableness of the future cashflows as well as the discount rate by reviewing and evaluating management's written documentation and plans. We have also interviewed the management and evaluated previous years' assessments in relation to actual outcomes.

We have consulted our own valuation specialist in order to ensure experience and competence in the field.
An important part of our work has also been to evaluate how changes in assumptions can affect the valuation, that is, to critically evaluate the group's sensitivity analysis.

We have also evaluated the completeness of the information in the annual report and assessed whether it is consistent with the assumptions that the company has applied in its impairment test and whether the information is comprehensive enough to understand Group management's assessments.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-61 and 115-119. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.
If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in

our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of CellaVision AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability.

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.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for CellaVision AB for year 2022.
Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of CellaVision AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Malmö 12 April 2023
KPMG AB

JONAS NIHLBERG
Authorized Public Accountant
Auditor in charge

TOBIAS LINDBERG
Authorized Public Accountant

RECONCILIATION

The company presents certain financial measures in the annual report which are not defined according to IFRS. The company considers these measures to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. CellaVision's definitions of these measures may differ from other companies' definitions of the same terms. These financial measures should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. Definitions of measures which are not defined according to IFRS and which are not mentioned elsewhere in the annual report are presented below. Reconciliation of these measures is shown in the tables below.

Net sales

KSEK	JAN–DEC (%)	12/31/2022 JAN–DEC (KSEK)	JAN–DEC (%)	12/31/2022 JAN–DEC (KSEK)
Last period		565,552		471,443
Organic growth	4%	126,919	24%	120,307
Currency effect	9%	-53,131	-5%	-26,737
Structural growth	-	-	0%	539
Current period	**13%**	**639,340**	**20%**	**565,552**

EBITDA

KSEK	2022 JAN–DEC	2021 JAN–DEC
Operating profit/loss	158,266	162,733
Depreciation	40,097	33,437
EBITDA	**198,363**	**196,170**

Gross margin

KSEK	2022 JAN–DEC	2021 JAN–DEC
Net sales	639,340	565,552
Gross profit	438,317	392,303
Gross margin	**68.6%**	**69.4%**

Operating margin

KSEK	2022 JAN–DEC	2021 JAN–DEC
Net sales	639,340	565,552
Operating profit/loss	158,266	162,733
Operating margin	**24.8%**	**28.8%**

Return on equity

KSEK	2022 JAN–DEC	2021 JAN–DEC
Profit/loss for the period	118,335	125,339
Average equity	592,454	486,449
Return on equity	**20%**	**26%**

Return on operating capital

KSEK	2022 JAN–DEC	2021 JAN–DEC
Operating profit/loss	158,266	162,733
Average operating capital	580,316	484,259
Return on operating capital	**27%**	**34%**

Equity-asset ratio

KSEK	12/31/2022	12/31/2021
Equity	641,628	543,280
Balance sheet total	891,748	825,212
Equity ratio	**72.0%**	**65.8%**

Net investments

KSEK	2022 JAN-DEC	2021 JAN-DEC
Tangible assets	23,482	14,632
Intangible assets	43,895	70,590
Disposals	-1,957	-883
Net investments	**65,420**	**84,339**

Equity per share

KSEK	12/31/2022	12/31/2021
Equity	641,628	543,280
Number of shares	23,851,547	23,851,547
Equity per share	**26.90**	**22.78**

Net debt/equity ratio

KSEK	12/31/2022	12/31/2021
Liabilities to credit institutions, interest-bearing	102,494	136,655
Cash and bank	108,053	130,286
Sum net debt	**-5,559**	**6,369**
Equity	641,628	543,280
Net debt/equity ratio	**-0.01**	**0.01**

RECONCILIATION cont'd

Calculation of operating capital	2022	2021
KSEK	12/31/2022	12/31/2021
Balance sheet total	**891,748**	**825,212**
Deducted:		
Cash and bank	108,053	130,286
Other long-term receivables	5,340	22,007
Other current liabilities, not interest-bearing	2,372	4,277
Trade payables	47,864	44,861
Warranty provisions	2,843	2,450
Accrued expenses and deferred income	37,824	39,898
Other provisions	3,740	3,636
Defferred tax liability	52,925	47,951
Operating capital	630,787	529,846
Sum, operating capital	**630,787**	**529,846**

FINANCIAL DEFINITIONS

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

EBITDA
Measure of a company's overall financial performance before interest, taxes, depreciation and amortization.

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

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

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

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

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

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

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

Return on equity
Net earnings divided by average equity.

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

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

Digital Cell Morphology
The automation and digital imaging of cell morphology.

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

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

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

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

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

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

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

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

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

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

CELLAVISION IN THE WORLD

HEAD QUARTERS SWEDEN
Established 1998
CellaVision AB (publ)
Mobilvägen 12
SE-22362 Lund, Sweden

Visiting address:
Mobilvägen 12
Phone: +46 46 460 16 00
www.cellavision.se
Org. Reg. No. 556500-0998

US
Established 2001
CellaVision Inc.
2530 Meridian Pkwy,
Suite 300
Durham, NC 27713
E-mail us.info@cellavision.com

CANADA
Established 2007
CellaVision Canada Inc.
2 Bloor St West, Suite 2120 Toronto,
ON M4W 3E2
E-mail ca.info@cellavision.com

JAPAN
Established 2008
CellaVision Japan K.K.
9th Floor Sotestu KS Building 1-1-5
Kitasaiwai,Nishi-ku,
Kanagawa 220-0004 Japan
Email: info@cellavision.jp

CHINA
Established 2012
Shanghai (Market Support office)
Email: cn.info@cellavision.com

Established 2013
Beijing , (Market Support office)
Email: cn.info@cellavision.com

SOUTH KOREA
Established 2016
Seoul (Market Support office)
Email: hoju@cellavision.com

MIDDLE EAST
Established 2016
Dubai (Market Support office)
Email: hohe@cellavision.com

AUSTRALIA
Established 2016
Sydney (Market Support office)
Email: josn@cellavision.com

FRANCE
Established 2016
Paris (Market Support office)
Email: sybe@cellavision.com

GERMANY
Established 2017
Berlin (Market Support office)
Email: suma@cellavision.com

BRAZIL
Established 2017
São Paulo (Market Support office)
Email: kech@cellavision.com

UK
Established 2017
London (Market Support office)
Email: sawa@cellavision.com

MEXICO
Established 2018
Mexico City (Market Support office)
Email: roji@cellavision.com

INDIA
Established 2018
Mumbai (Market Support office)
Email: pata@cellavision.com

ITALY
Established 2019
Naples (Market Support office)
Email: gana@cellavision.com

IBERIA
Established 2019
Madrid (Market Support office)
Email: daga@cellavision.com