



## CELLAVISION AB (publ) – Year-End Bulletin 2007

### Positive result and increased net sales by 36 % during 2007

#### January – December

- Net sales increased by 36 % to SEK 74.6 million (54.8).
- The operating result for the year increased to SEK 3.1 million (-8.6), an improvement of SEK 11.7 million as compared to the previous year. The net result increased to SEK 2.6 million (-8.8).
- The net result per share amounted to SEK 0.11 million (-0.37).
- Liquid assets amounted to SEK 16.3 million (16.8).
- Orders continuously strong on the European market.
- New application for body fluids launched in the fall.
- An evaluation of a potential future establishment on the Japanese market was initiated.
- CellaVision was admitted to trading on First North by the Stockholm Stock Exchange on May 28.

#### October – December

- Net sales for the fourth quarter increased by 25 % to SEK 19.4 million (15.5).
- The operating result amounted to SEK 3.0 million (-1.3) and the net result per share to SEK 0.12 million (-0.05).
- The gross profit increased to 73 % (66).

#### Important events after the reporting period

- As of January 1 the agreement with the distributor Sysmex was altered, allowing CellaVision to sell parallel to Sysmex on the American market.

#### CellaVision in short

(MSEK)	Q4 2007	Q4 2006	2007	2006
Net sales	19.4	15.5	74.6	54.8
Gross profit	14.1	10.2	45.3	32.0
Operating result	3.0	-1.3	3.1	-8.6
Net result	2.8	-1.2	2.6	-8.8
Cash flow	0.1	-1.4	-0.4	-0.8

#### CEO's comment

"It is pleasing to present a positive result for the year and a sales increase of 36 %. A key reason for this is that we further fortified our position on markets where we are already well established, most importantly in Europe. In order to increase the volume of sales in the North American market, in 2008 we will invest in our own organization and sell in parallel to our American distributor. In addition we are evaluating a potential establishment on the Japanese market," says Yvonne Mårtensson, CEO of CellaVision.

"Another milestone for the company was the initiation of trade at First North, which makes us more visible on the financial market. All of this combined makes me hopeful of CellaVision's development during 2008 and the coming years."

For more information please visit our home page [www.cellavision.com](http://www.cellavision.com) or contact:

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## **CELLAVISION IN SHORT**

CellaVision AB develops, markets, and sells the market leading image analysis based systems for routine analysis of blood and other body fluids. The company has a core competence in development of software and hardware for automatic image analysis of cells and cell changes for applications in health and medical care. The company offers cutting edge expertise in advanced imaging analysis, artificial intelligence, and automated microscopy.

Currently the company focuses on the following three products: CellaVision® DM8, CellaVision® DM96, and CellaVision® Diff IQ. The CellaVision DM product family includes analyzers which automate manual differential counts of white blood cells and characterization of red blood cells. The products provide an unprecedented level of efficiency, consistency and collaboration between laboratory staff and sites. CellaVision Diff IQ is a combined proficiency testing and educational software for manual blood cell differential in laboratories.

The CellaVision customers are large and medium sized hospital-laboratories and independent commercial laboratories in mainly Europe and the US. CellaVision markets and sells its products through a number of distributors, except for the Nordic and Canadian markets where CellaVision sells direct. Subsidiaries are established in the US and Canada

## **OVERVIEW 2007**

2007 saw continued positive development as CellaVision further penetrated markets and expanded its product portfolio. Several projects advanced as planned and the CellaVision® DM product family now consists of applications for analysis of both blood and body fluids, including spinal, synovial, and pleural fluids. Additionally a new version of the company's application for blood was launched with the possibility of digitalizing the entire slides. This function is an extra service available to the laboratories and also gives CellaVision the opportunity of evaluating the market needs in other imaging segments, such as cytology or pathology. On May 28, the company was introduced on First North of the Stockholm Stock Exchange, a significant milestone in the history of CellaVision.

## **Market and sales**

In comparison to 2006 the number of sold instruments increased by 45%. During the year Europe accounted for 63 % of the sales, North America for 36 %, and the rest of the world for 1 %.

In the Nordic region and Canada CellaVision markets and sells its products direct. The main reasons for justifying the purchase of CellaVision's products has during the past year been demands of increased efficiency in addition to the ability of transferring digital images and results within and between laboratories.



In the Nordic region the analytical instrument CellaVision® DM and the software for remote work, CellaVision® Remote Review, were installed at several major hospitals during the year, including the Karolinska University Hospital in Stockholm and the University Hospital in Malmö. Several hospitals – including CellaVision's first client, the University Hospital in Malmö – continued to replace their first analytical instruments with the next generation of products, indicating that laboratories are in need of the level of automatisation that the CellaVision products offer. Several new hospitals in the Nordic region have become new clients, amongst others the Panum Institute, a part of Copenhagen University, Herlev Hospital in Copenhagen, as well as the hospitals in Jönköping and Helsingborg. In total CellaVision's systems can be found at 30 hospitals in Sweden, Norway, Denmark and Finland.

CellaVision strengthened its international presence in the beginning of the year by establishing a subsidiary in Canada. The company in Canada sells and markets CellaVision's products with local expertise and offers clients after sales service. Despite that products have been available for only a short period of time in Canada, a number of hospitals have invested in CellaVision's analytical instruments during the year. This seems to confirm that the company's level of technology meets the demands of cost efficiency, which is characteristic of the laboratory activity in Canada. At present, several clinical evaluations of the CellaVision DM are under way.

During the year several more hospitals in Europe and the USA chose to automate their manual differential count of blood cells – the last step in the analysis of blood – through introducing image analysis in their haematological laboratories. CellaVision's distribution partner Sysmex saw an increase in sales, particularly in Europe. Variations in sales income during quarters will remain and are largely due to the distributors' incoming orders and stock level. CellaVision's products complement Sysmex range of haematological laboratory products and allow them to be the only supplier on the European and American market to offer clients a complete analytical chain. Several clients have shown interest following the launch of CellaVision's new application for body fluids at the medical technology convention Medica in Germany in November. Clinical evaluations of the body fluids application have been carried out at several laboratories in Europe.

A large interest for increased efficiency has also been noted in South East Asia and Oceania where products are marketed by Sysmex and a number of local distributors. Product registration was completed in Taiwan at the end of the year and in turn the distributor San Tung Instruments was able to initiate marketing of products. Product registration in China is expected to come through in early 2008.

The process of registering products for sale on the Japanese market was initiated during the fall. At present CellaVision's products are being evaluated in a clinical routine setting. Decisions concerning whether or not the establishment is to proceed, and if so how, will be taken when the evaluation is complete.



## Research and development

During the year, CellaVision has concentrated on development projects concerning more cost-efficient hardware and new software applications. During the fourth quarter CellaVision expanded the utility of the analyzer CellaVision® DM96 by launching a new application (Body fluids) for analysis of body fluids. Also, a new software version of the company's application for blood was introduced with a function for digitizing an entire sample, or a desired area of it. The new products are primarily aimed at the same group of clients as earlier applications – laboratories in haematology and clinical chemistry. Body Fluids will be available commercially in Europe in early 2008. An FDA application is required for sales on the American market, and consequently the application will be available later in the USA.

Using CellaVision's application for body fluids laboratories are able to analyse and assess cells in for example spinal, synovial, and pleural fluids. The advantages of the application are the same as for the blood application in terms of more standardised and efficient results, digital archiving of samples together with patient journals, as well as transfer of digital images to external experts.

CellaVision has expanded the utility of the application for peripheral blood in the software version 2.0 as it is now possible to create digital images of entire samples, or a desired sample area, so-called Digital Slides. The function gives an overview of the sample and allows for discussions between doctors, regardless of physical location. The function is primarily an additional service for new and existing clients in the field of haematology, but is also expected to give the company more information on market needs for other imaging segments, such as pathology and cytology.

During the year the company was granted approval for its 18<sup>th</sup> family of patents in Europe. The patent is used in the blood application and describes a method that is central to distinguishing relevant information in a slide. A total of 18 patented inventions have until now generated 25 patents.

During the fiscal year expenses for development of hardware and the new software for body fluids have been activated by SEK 6.4 million (0.7).

## Important events after the reporting period

On January 1, 2008, the agreement with Sysmex America was altered and it is now possible for CellaVision to sell its products parallel to Sysmex on the American market. CellaVision is evaluating different possibilities of furthering market penetration, for example by expanding the company's own organisation in the USA.

The dispute with Onrox AB has resulted in a simplified arbitration proceeding. The dispute arose after Onrox AB delivered defect goods to CellaVision and has been taken to arbitration. Thus the dispute has been settled. The arbitration resulted in CellaVision being adjudged compensation in the form of price reductions.



## INVOICING, INCOME, AND INVESTMENTS

Net sales for the Group amounted to SEK 74.6 million (54.8) during the year, an increase of 36 %. Net sales during the fourth quarter amounted to SEK 19.4 million (15.5).

Gross profit was 61 % (58) and during the fourth quarter 73 % (66). This increase is due to increased sales of software licenses and consumer goods.

The Group's operating result for the year was SEK 3.1 million (-8.6), of which SEK 3.0 million during the fourth quarter. Total operating expenses for the fourth quarter amounted to SEK 11.0 million (11.6) and for the year SEK 42.1 million (40.6).

Capitalized costs regarding development projects during the fourth quarter were SEK 2.4 million (0.7) and for the year SEK 6.4 million (0.7). Capital expenditures during the fourth quarter were SEK -0.3 million (-0.4) and for the year SEK 0.9 million (1.3).

## FINANCING

The Group's cash and cash equivalents amounted to SEK 16.3 million (16.8) by the end of the year. The cash flow from operating activities for the year was SEK 6.7 million (0.6).

## PERSONNEL

There were 39 (37) employees in the Group at the end of the period, recalculated as full time positions: 25 (28) men and 14 (9) women.

## TRADE AT FIRST NORTH

On May 28, 2007, CellaVision was listed at First North of the Stockholm Stock Exchange. At the end of the year there were 23 851 547 shares. Amongst the major owners after initiating trade were H&B Capital LP, Stiftelsen Industrifonden, Metallica Förvaltnings AB, Christer Fähræus with company, Life Equity Sweden KB and Unionen.

## PARENT COMPANY

The parent company's net sales during the fourth quarter amounted to SEK 19.3 million (16.1) and for the year SEK 74.8 million (54.1). Before taxation the net result for the fourth quarter was SEK 0.2 million (-0.9) and for the year SEK 4.4 million (-12.5).

During the year, parent company gross investments amounted to SEK 7.7 million (2.5) and the net cash flow was SEK -0.7 million (-0.7).



## OTHER INFORMATION

### Group

As of the 31st of December, 2007, the Group consists of the parent company as well as the wholly owned subsidiaries, CellaVision Inc. (USA), CellaVision Canada Inc. (Canada), and CellaVision International AB.

### Dividends

The Board of Directors proposes that there will be no dividends paid out for the year 2007 at the annual general meeting.

### Accounting policies

The Group applies International Financial Reporting Standards, IFRS, as adopted by the EU, the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 30, 'Supplementary Accounting Rules for Groups'. The interim report was prepared in accordance with IAS 34, 'Interim Financial Reporting', which is in accordance with the requirements of the Swedish Financial Accounting Standards Council's recommendation 31, 'Interim reports for groups'. The accounting principles remain unchanged in comparison with those of the Annual Report 2006.

### Reviews

This report has not been reviewed by the company's auditors.

### Future reports and Annual General Meeting (AGM)

Interim report January – March	April 23, 2008
AGM	April 23, 2008
Interim report January – June	July 15, 2008
Interim report January – Sept	October 22, 2008
Financial Report	Feb 2009

The interim reports are available at [www.cellavision.com](http://www.cellavision.com).

Lund, February 15, 2008

*The Board*

CellaVision AB (publ)

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Corporate ID: 556500-0998

CellaVision's share is listed on First North at the OMX Stockholm Stock Exchange.

The company's Certified Advisor is Remium AB.





### Consolidated Income Statement

All amount in ' 000 SEK

	Okt-Dec 2007	Okt-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Revenue	19 424	15 497	74 565	54 777
Cost of goods sold	-5 330	-5 260	-29 312	-22 764
<b>Gross Profit</b>	<b>14 094</b>	<b>10 237</b>	<b>45 253</b>	<b>32 013</b>
Sales and Marketing expenses	-4 838	-3 818	-15 135	-13 352
Administration expense	-4 263	-3 569	-16 066	-12 705
R&D expenses	-4 703	-4 591	-17 532	-15 081
Other operating income	227	-25	384	133
Other operating expenses	129	-278	-157	-333
Capitalized development expenditures	2 404	719	6 395	719
<b>Operating result</b>	<b>3 050</b>	<b>-1 325</b>	<b>3 142</b>	<b>-8 606</b>
Financial income	259	178	260	355
Financial expense	-473	-79	-777	-530
<b>Profit before income tax</b>	<b>2 836</b>	<b>-1 226</b>	<b>2 625</b>	<b>-8 781</b>
Tax	-	-	-	-
<b>Net profit</b>	<b>2 836</b>	<b>-1 226</b>	<b>2 625</b>	<b>-8 781</b>

### Per share data

	Okt-Dec 2007	Okt-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Earnings per share, SEK	0,12	-0,05	0,11	-0,37
Equity per share SEK	0,84	0,74	0,84	0,74
Equity ratio, %	45%	43%	45%	43%
Number of shares outstanding	23 851 547	23 851 547	23 851 547	23 851 547
Average number of shares outstanding	23 851 547	23 851 547	23 851 547	23 851 547
Stock exchange rate SEK	6,75	5,90	6,75	5,90

### Quarterly results

All amount in ' 000 SEK	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Revenue	19 424	21 091	17 298	16 752	15 497	11 589	18 630	9 061
Gross Profit	14 094	11 381	10 244	9 534	10 237	6 415	10 318	5 043
gross Margin in %	73	54	59	57	66	55	55	56
Overhead cost	-11 044	-7 549	-12 995	-10 523	-11 563	-8 716	-10 602	-9 739
Operating result	3 050	3 832	-2 751	-990	-1 325	-2 301	-284	-4 696
Net profit	2 836	3 737	-2 836	-1 114	-1 227	-2 371	-349	-4 835
Cashflow	124	7 457	1 778	-9 764	-1 413	925	1 894	-2 242

**Consolidated Balance sheet**

All amount in ' 000 SEK

	2007-12-31	2006-12-31
<b>Assets</b>		
Intangible assets	7 354	1 280
Tangible assets	1 257	1 373
Financial assets	24	-
Inventory	3 952	7 423
Trade receivables	11 565	11 355
Other receivables	3 621	3 146
Cash and bank	16 347	16 752
<b>Total assets</b>	<b>44 120</b>	<b>41 329</b>

**Equity and liabilities**

Equity	20 072	17 735
Långfristiga skulder		
Short term debt	7 711	4 700
Short term debt with interest	7 453	7 158
Trade payables	6 084	7 761
Other liabilities	2 800	3 975
<b>Total equity and liabilities</b>	<b>44 120</b>	<b>41 329</b>

**Consolidated statement of changes in equity**

	2007-12-31	2006-12-31
Balance at the beginning of the year	17 735	26 561
Valutajusteringar för investeringar i dotterbolag		
Exchange adjustment	-288	-45
New issues	-	-
Net profit for the year	2 625	-8 781
<b>Balance at the end of the year</b>	<b>20 072</b>	<b>17 735</b>

**Cash flow analysis**

All amount in ' 000 SEK	Okt-Dec 2007	Okt-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
<b>Result before taxes</b>	2 836	-1 226	2 625	-8 781
Adjustment for items not included in cash flow	391	1 893	2 612	1 695
Taxes	-	0	-	0
<b>Cash flow from operations before changes in working capital</b>	<b>3 227</b>	<b>667</b>	<b>5 237</b>	<b>-7 086</b>
Changes in working capital	4 674	-576	1 425	7 667
<b>Cash flow from operations</b>	<b>7 901</b>	<b>91</b>	<b>6 662</b>	<b>581</b>
Capitalisation of development costs	-2 402	-719	-6 394	-719
Aquisitions in financial non-current assets	0	-	-24	-
Aquisitions in tangible non-current assets	308	414	-944	-1 316
<b>Cash flow from investment activities</b>	<b>-2 094</b>	<b>-305</b>	<b>-7 362</b>	<b>-2 035</b>
New issues	-	-	-	-
New loans and instalments of dept	-5 683	-1 199	295	618
<b>Cash flow from financing activities</b>	<b>-5 683</b>	<b>-1 199</b>	<b>295</b>	<b>618</b>
<b>Total cash flow</b>	<b>124</b>	<b>-1 413</b>	<b>-405</b>	<b>-836</b>
Liquid funds at beginning of period	16 223	18 165	16 752	17 588
Liquid funds at end of period	16 347	16 752	16 347	16 752