

arCell

Interim report Q3 2024

January - September

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CALENDAR 2024

19 Feb 2025 Year-end report 2024

HIGHLIGHTS

» **On the path to long-term profitability**
Positive net earnings excluding goodwill amortization during the third quarter.

» **Revenue Increases**
Revenue increased by 31% during the quarter compared to the same quarter last year and by 25% for the first nine months of the year compared to the previous year.

» **Focus on growth and business development**
The company is now conducting a strategic review with a focus on growth and business development. Our strong cash position enables expansion, either through inlicensing or acquisition.

About AroCell AB

AroCell is a Swedish diagnostic company with a vision to simplify and enhance the monitoring of oncological and bacterial diseases. Our product range encompasses a wide spectrum of indications, from urological cancers to typhoid fever. We offer various types of tests, including rapid tests, laboratory tests, and platform tests, which provide tangible solutions to enhance global patient care.

AroCell's organizational scope encompasses the entire value chain, from research and development to manufacturing and marketing. We are a small company with great flexibility, while we possess the characteristics associated with large companies, allowing us to navigate the rapidly expanding field of IVD tests. This is essential for us to realize our vision of being a valuable and relevant diagnostic partner in oncological care.

Using biomarkers, we develop tests that are not only clinically useful but also economically sustainable. Our focus is on providing rapid, non-invasive, and cost-effective tests that improve decision-making for healthcare professionals and thus the well-being of patients.

The COVID-19 pandemic demonstrated the need and significance of diagnostics, and we are proud to be part of the global effort to improve it. We believe that the increased awareness of diagnostic tests will change the expectations of both healthcare professionals and patients regarding availability, speed, and accuracy. With the aging population on the rise in today's society and chronic diseases becoming more prevalent, the importance of accurate diagnostics becomes increasingly crucial.

Diagnostics play a key role in every stage of the patient's journey, from the initial diagnosis to continuous monitoring, screening, and final prognosis. Therefore, our work is not only business-oriented but also has a strong patient focus to continue developing and improving our diagnostic solutions. We strive to be a reliable partner for healthcare professionals and contribute to improving patient care at all levels. At AroCell, we believe in being part of the solution to today's and tomorrow's challenges in healthcare.

Our goal is to continue creating value for our shareholders by expanding our presence in existing markets, obtaining market approvals in new priority areas, and continuously developing the next generation of IVD tests. With our commitment to innovation and high-quality care, we aim to become the standard in oncological diagnostics and the obvious choice for healthcare providers worldwide.

AroCell (AROC) is listed on Nasdaq First North Growth Market. More information is available at arocell.com.

Summary

July - September

Net sales amounted to KSEK 13,996 (10,700).

Profit after financial items amounted to KSEK -9,841 (-13,003)*.

Cash flow from operating activities for the period amounted to KSEK -4,161 (-5,661).

Earnings per share before and after dilution amounted to SEK -0.04 (-0.06).

Cash and cash equivalents at the end of the period amounted to KSEK 44,535 (51,512).

* Includes costs for goodwill amortization of KSEK 9,895 (9,895) for the quarter.

January - September

Net sales amounted to KSEK 42,072 (33,528).

Profit after financial items amounted to KSEK -33,437 (-42,161)*.

Cash flow from operating activities for the period amounted to KSEK -5,608 (-12,525).

Earnings per share before and after dilution amounted to SEK -0.15 (-0.18).

Cash and cash equivalents at the end of the period amounted to KSEK 44,535 (51,512).

* Includes costs for goodwill amortization of KSEK 29,684 (29,684) for the quarter.

CEO's statement



It is with great pleasure that I present another strong quarterly report. We have achieved positive net earnings, excluding goodwill amortization, and are now well on our way to sustainable profitability. Sales increased significantly, confirming that our strategic focus on growing within existing markets is working. At the same time, we prioritize profitability and are adapting our organization and production capacity in an economically responsible manner to ensure stable and long-term growth.

During the quarter net earnings, excluding goodwill amortization, came in at just over 50 KSEK, and we achieved a positive EBITDA of just over 160 KSEK. This is in line with our plan to build a successful diagnostics company.

Revenue increased by an impressive 31% during the quarter compared to the same quarter last year, and by 25% for the first nine months of the year compared to the previous year. We can now state that we have four years of steady sales growth behind us. The pace of sales growth has accelerated over the past year, and we see continued strong order intake, which bodes well for the future.

Growth is mainly driven by our bacteriology segment, which accounted for 67% of our sales during the quarter, while the oncology segment contributed 33%. We are gradually expanding our presence in our two main markets, Indonesia and Germany, which strengthens our market position and establishes a solid base for future growth. While we continue to increase sales of our existing products, we also continue to work on our development projects and collaborations to ensure long-term growth and profitability.

The steadily increasing demand means that our production continues to run at full capacity. We are working diligently to scale

up production capacity to meet the growing demand. This work has made significant progress during the quarter, both internally and in collaboration with our external partners and suppliers.

The company stands on a solid foundation today thanks to strong sales growth, a skilled and dedicated workforce, and a strong cash position. This places us in a very advantageous position to expand our product portfolio with external products, either through corporate acquisitions or the in-licensing of new products. We are continuously pursuing these opportunities, which would not only further strengthen the company but also promote long-term growth.

With these promising prospects, we look forward to continuing to develop and expand our business. Thanks to the strong foundation we stand on, I am convinced that we have a very exciting and successful journey ahead of us.

I want to conclude by expressing a big thank you to all our employees, partners, and shareholders. Your efforts, trust, and commitment make it possible for us to continue our journey toward improving healthcare with our products while building a successful and profitable company.

ANDERS HULTMAN
CEO at AroCell

Sales and operating result

The Group's revenue, profit and financial position are shown in the financial statements on pages 7-9. The parent company's revenue, profit and financial position are shown in the financial statements on pages 10-14.

July - September 2024

Sales

Sales during the third quarter amounted to KSEK 13,996 (KSEK 10,700). The sales of the bacteriology segment are driven by the TUBEX® product family and the oncology segment by our UBC® *Rapid* product. Bacteriology's share of sales during the period was 67% (56%) and oncology's share was 33% (44%).

Gross margin

The amount for COGS KSEK 10,917 (KSEK 9,925) includes goodwill amortization of KSEK 4,947 (KSEK 4,947) for the quarter. The margin excluding goodwill is 57.4% (53.5%).

Other operating income

Other operating income mainly comprises positive currency differences in EUR and USD.

Overhead costs

During the quarter, overhead costs amounted to KSEK 13,007 (KSEK 14,061), and distributed between sales 34% (30%), administration 31% (27%) and development costs 35% (43%). Goodwill amortization of KSEK 4,947 (KSEK 4,947) is included in overhead costs for the quarter.

Result

Profit after financial costs for the quarter amounted to KSEK -13,054 (KSEK -15,490). The amount includes goodwill amortization of KSEK 9,895 (KSEK 9,895).

January - September 2024

Sales

Sales during the period January - September amounted to KSEK 42,072 (KSEK 33,528). The sales of the bacteriology segment are driven by the TUBEX® product family and the oncology segment by our UBC® *Rapid* product. Bacteriology's share of sales during the period was 61% (52%) and oncology's share was 39% (48%).

Gross margin

The amount for COGS KSEK 33,393 (KSEK 33,423) includes goodwill amortization of KSEK 14,842 (KSEK 14,842) for the period. The margin excluding goodwill is 55.9% (42.1%).

Other operating income

Other operating income mainly comprises positive currency differences in EUR and USD. In the comparative figures for 2023, there are also revenues linked to the project collaboration with Attana AB, which began in the second quarter of 2022 and ended in the first quarter of 2023. During the period, other operating revenues in this regard amounted to KSEK 0 (KSEK 350).

Overhead costs

Overhead costs during the period amounted to KSEK 43,285 (KSEK 43,380), and are distributed between sales 33% (30%), administration 27% (27%) and development costs 40% (44%). Goodwill amortization of KSEK 14,842 (KSEK 14,842) is included in overhead costs for the period.

Result

Profit after financial costs for the period amounted to KSEK -33,437 (KSEK -42,161). The amount includes goodwill amortization of KSEK 29,684 (KSEK 29,684).

Cash flow, investments and financial position

Cash flow from operating activities amounted to KSEK -4,161 (KSEK -5,661) during the third quarter and KSEK -5,608 (KSEK -12,525) for the period January - September.

Cash flow from investment activities amounted to KSEK -9 (KSEK -375) for the third quarter and KSEK -581 (KSEK -1,152) for the period January - September.

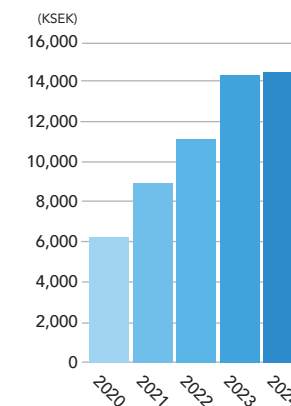
Cash flow from financing activities amounted to KSEK 0 (KSEK 0) in the third quarter and KSEK 0 (KSEK 0) for the period January - September.

Liquidity and equity

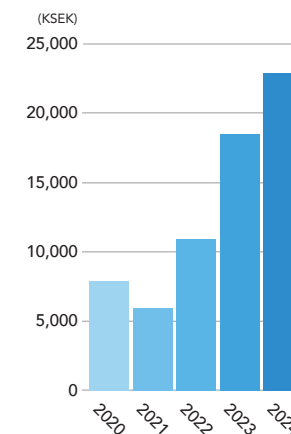
As of September 30, 2024, cash and cash equivalents amounted to KSEK 44,535 (KSEK 51,512). Available overdrafts are about KSEK 3,500.

As of September 30, 2024, equity amounted to KSEK 130,210 (KSEK 180,533).

UBC® *Rapid*
Pro forma turnover
January - September



TUBEX®
Pro forma turnover
January - September



* The figures in comparison with year 2021 and back regarding turnover refer to pro forma.

FUTURE DEVELOPMENTS

AroCell sees a substantial market for the company's biomarkers as the overall cancer diagnostics market grows rapidly. The cancer diagnostics market size and growth reached USD 10.9 billion in 2019 and is expected to grow to USD 26.9 billion by 2027, an increase of 147%. According to Kalorama Information, expectations for biomarkers and new technologies are behind the exponential increase in in-vitro cancer diagnostics. There is a need for patient-friendly, cost-effective approaches in healthcare. AroCell tests can often streamline monitoring and follow-up compared to other traditional methods.

SIGNIFICANT RISKS AND UNCERTAINTIES

No significant change in material risks or uncertainties has occurred during the period except as described below. Other risks remain unchanged compared to the description of AroCell's risks, uncertainties and management included in AroCell's 2023 Annual Report.

SHARES

As of June 30, 2016, AroCell AB (publ) is listed on NASDAQ First North Growth Market Sweden under AROC. Certified Adviser: Redeye Aktiebolag, Certifiedadviser@redeye.se, +46 (0)8 121 576 90. As of September 30, 2024, the number of shares amounted to 230,361,066 (quota value SEK 0.10).

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

The accounting policies are unchanged from those stated in the 2023 Annual Report.

This is a financial report in which AroCell prepares consolidated financial statements. Until June 30, 2021, the Group consisted of the parent company and AroCell Incentive AB. As of July 1, 2021, IDL Biotech AB is also part of the Group and has been consolidated as of that date.

REPORT AUDIT

This interim report has not been audited by the parent company's auditor.

CONTACT DETAILS

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Organization number: 556596-6107

www.arocell.com

Board of directors

Stockholm, Sweden, October 23, 2024

Max Pihlqvist

Chairman

Eva Nordström

Member

Agneta Tufvesson Alm

Member

Fredrik Lindgren

Member

Clas Runnberg

Member

Anders Hultman

CEO

Group

Income Statement

	2024 Jul - Sep	2023 Jul - Sep	2024 Jan - Sep	2023 Jan - Sep
(KSEK)				
Net revenue	13,996	10,700	42,072	33,528
Cost of goods sold	-10,917*	-9,925*	-33,393‡	-33,423‡
Gross profit	3,078	775	8,679	105
Selling expenses	-4,455**	-4,204**	-14,475**	-12,939**
Administrative expenses	-4,061	-3,833	-11,613	-11,496
Research and development expenses	-4,491***	-6,025***	-17,197***	-18,944***
Other operating income	72	38	675	881
Other operating expenses	-204	-17	-240	-26
Operating earnings (EBIT)	-10,061	-13,265	-34,171	-42,420
Net profit financial items	220	262	734	259
Profit after financial items	-9,841	-13,003	-33,437	-42,161
Net earnings for the period	-9,841	-13,003	-33,437	-42,161
Attributable to the shareholders of the parent company	-9,841	-13,003	-33,437	-42,161
Attributable to non-controlling interest	0	0	0	0
Earnings per share (SEK), before and after dilution	-0.04	-0.06	-0.15	-0.18

* Includes costs for goodwill amortization of KSEK 4,947 for the quarter, and ‡ of KSEK14,842 for the current year.

** Includes costs for goodwill amortization of KSEK 2,474 for the quarter, and ** of KSEK 7,421 for the current year.

*** Includes costs for goodwill amortization of KSEK 2,474 for the quarter, and *** of KSEK 7,421 for the current year.

Group

Balance Sheet

	2024 Sep 30	2023 Sep 30	2023 Dec 31
(KSEK)			
ASSETS			
Intangible fixed assets			
Goodwill	69,310	108,889	98,994
Balanced expenses for development work	5,002	7,817	6,818
Patent	0	153	102
Other intangible assets	922	1,206	1,134
	75,234	118,065	107,048
Tangible fixed assets			
Machinery and other technical facilities	2,064	2,808	2,581
Equipment, tools and installations	120	214	162
	2,184	3,022	2,743
Total fixed assets	77,419	121,088	109,792
Inventories etc.	6,869	6,942	6,071
Short-term receivables			
Accounts receivable	10,338	8,287	6,083
Current tax receivables	670	1,443	245
Other receivables	1,376	806	729
Prepaid expenses and accrued income	2,050	1,345	1,248
	14,434	11,882	8,306
Cash and bank balances	44,535	51,512	50,723
Total current assets	65,838	70,337	65,100
TOTAL ASSETS	143,257	191,425	174,892

	2024 Sep 30	2023 Sep 30	2023 Dec 31
(KSEK)			
EQUITY AND LIABILITIES			
Equity			
Share capital	23,036	23,036	23,036
Other contributed capital	441,008	440,758	441,007
Balanced result	-300,396	-241,099	-241,100
The result of the period	-33,437	-42,161	-59,297
Equity attributable to the parent company's shareholders	130,212	180,534	163,646
Total equity	130,212	180,533	163,646
Current liabilities			
Accounts payable	4,584	2,173	3,209
Other liabilities	1,652	1,131	1,579
Accrued costs and prepaid revenues	6,809	7,587	6,458
	13,045	10,892	11,246
TOTAL EQUITY AND LIABILITIES	143,257	191,425	174,892

Group

Change in Equity

	Share capital	Other contributed capital	Other capital incl. result of the period	Holdings without controlling influence	Total
(KSEK)					
Equity 2023-01-01	23,036	440,757	-241,099	0	222,694
Result of the period			-42,161		-42,161
Equity 2023-06-30	23,036	440,757	-283,260	0	180,533
Transaction with minority		250			250
Result of the period			-17,136		-17,136
Equity 2023-12-31	23,036	441,007	-300,395	0	163,646
Result of the period			-33,437		-33,437
Equity 2024-06-30	23,036	441,007	-333,832	0	130,210

Group

Cash Flow Statement

	2024 Jul - Sep	2023 Jul - Sep	2024 Jan- Sep	2023 Jan - Sep
(KSEK)				
Cash flow from current operations	-4,161	-5,661	-5,608	-12,525
Cash flow from investment activities	-9	-375	-581	-1,152
Cash flow from financing activities	0	0	0	0
Cash flow for the period	-4,170	-6,035	-6,189	-13,677
Liquid assets at the beginning of the period	48,705	57,548	50,723	65,189
Liquid assets at the end of the period	44,535	51,512	44,535	51,512

Parent Company

Income Statement

	2024 Jul - Sep	2023 Jul - Sep	2024 Jan - Sep	2023 Jan - Sep
(kSEK)				
Net revenue	3,984	0	4,127	13
Cost of goods sold	-38	-6	-662	-336
Gross profit	3,945	-6	3,465	-323
Selling expenses	-44	-155	-312	-441
Administrative expenses	-2,120	-1,866	-5,625	-5,872
Research and development expenses	-476	-1,327	-3,751	-4,238
Other operating income	0	30	27	55
Other operating expenses	-1	-17	-11	-26
Operating earnings (EBIT)	1,304	-3,341	-6,207	-10,845
Net profit financial items	217	266	731	267
Profit after financial items	0	0		0
Net earnings for the period	1,521	-3,075	-5,476	-10,579
Result of the period	1,521	-3,075	-5,476	-10,579

Parent Company

Balance Sheet

	2024 Sep 30	2023 Sep 30	2023 Dec 31
(KSEK)			
ASSETS			
Intangible fixed assets			
Balanced expenses for development work	0	3,203	2,136
Patent	0	153	102
Other intangible assets	922	1,206	1,135
	922	4,563	3,373
Tangible fixed assets			
Machinery and other technical facilities	12	61	49
Equipment, tools and installations	114	190	144
	126	251	193
Financial assets			
Shares in group companies	216,587	216,587	216,587
Total fixed assets	217,635	221,401	220,152
Inventories etc.	0	1,134	1,127
Short-term receivables			
Accounts receivable	0	13	0
Group company receivables	4,980	0	0
Current tax receivables	221	320	76
Other receivables	0	90	252
Prepaid expenses and accrued income	902	591	503
	6,103	1,014	832
Cash and bank balances	40,177	50,951	49,525
Total current assets	46,280	53,099	51,484
TOTAL ASSETS	263,914	274,499	271,636

	2024 Sep 30	2023 Sep 30	2023 Dec 31
(KSEK)			
EQUITY AND LIABILITIES			
Equity			
Share capital	23,036	23,036	23,036
Fund for development expenses	0	1,020	680
	23,036	24,056	23,716
Premium fund	441,007	440,757	441,007
Balanced result	-208,425	-194,524	-194,184
The result of the period	-5,476	-10,579	-14,921
	227,106	235,654	231,902
Total equity	250,142	259,710	255,618
Current liabilities			
Accounts payable	278	338	1,022
Liabilities to group companies	10,900	12,400	12,400
Other liabilities	1,159	513	243
Accrued costs and prepaid revenues	1,436	1,537	2,354
	13,773	14,789	16,020
TOTAL EQUITY AND LIABILITIES	263,914	274,499	271,637

The share

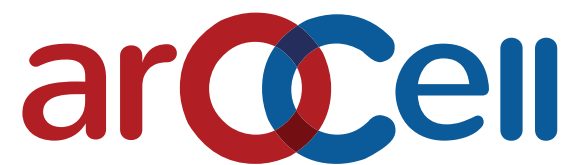
Share Data

	2024 Jul - Sep	2023 Jul - Sep	2024 Jan - Sep	2023 Jan - Sep
Opening balance	230,361,066	230,361,066	230,361,066	230,361,066
Rights issue	0	0	0	0
Number of shares per balance sheet date	230,361,066	230,361,066	230,361,066	230,361,066
Average number of shares before and after dilution	230,361,066	230,361,066	230,361,066	230,361,066

Shareholders

Date
2024-09-30

Name	Holding	Votes
Labbex Förvaltnings AB	26,677,632	11.58%
Avanza Pension	20,468,170	8.89%
Greg Dingizian	15,600,000	6.77%
Jon Eiken	8,976,248	3.90%
Nordnet Pension Insurance	6,498,903	2.82%
Mikael Jacobsson	4,540,964	1.97%
Mikael Lönn	4,297,987	1.87%
Gunvald Berger	3,724,237	1.62%
Didrik Hamilton	3,110,913	1.35%
Gerhard Dal	3,000,000	1.30%
A total of 10 largest owners	96,895,054	42.06%



AROCCELL

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