

Interim report Q3 2023

January - September



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22 Feb 2024

Year-end report 2023

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Annual Report 2023

AROCCELL

AroCell is a Swedish Group that operates in in vitro diagnostics and develops, markets and sells blood and urine tests. AroCell has a complete infrastructure, from in-house research to sales, making the Group unique for its size.

The AroCell Group specializes in oncology and bacteriology. The Group has a broad product portfolio of tests used by clinics and hospitals to ensure that patients get the best possible treatment. The products are established in different markets and the Group has solid experience in bringing products to market.

Within oncology, AroCell's products measure the thymidine kinase 1 (TK1) and cytokeratin biomarkers in blood serum or urine and are available as express (Rapid) and laboratory-based tests. These biomarkers are used to support treatment of various forms of cancer, e.g., breast, prostate and bladder cancer. It is simple to measure biomarkers in bodily fluids, such as blood and urine, and relatively inexpensive compared to many of the other tests used today.

SUMMARY

JULY - SEPTEMBER

Net sales amounted to KSEK 10,700 (10,401).

Profit after financial items amounted to KSEK -13,003 (-11,069)*.

Cash flow from operating activities for the period amounted to KSEK -5,661 (-1,856).

Earnings per share before and after dilution amounted to SEK -0.06 (-0.05).

Cash and cash equivalents at the end of the period amounted to KSEK 51,512 (67,825).

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

AroCell's product portfolio also includes a rapid bacteriological test, TUBEX® *TF*, for easy and safe diagnosis of typhoid fever. In countries with a high prevalence of typhoid fever, thorough diagnostics and basic antibiotic treatments are limited. Providing a rapid and accurate diagnosis and treatment is not only vital for the patient, but can also save a lot of money for both the individual and the healthcare system.

We offer a portfolio of diagnostic tests that best contributes to shorter treatment times and improved quality of life. Our goal is that AroCell's tests should be the obvious choice within the product segments in the markets where we are established. The market for our products is enormous and as of yet, we are a small player with a substantial growth potential. AroCell (AROC) is listed on the NASDAQ First North Growth Market. For more information, please see arocell.com

JANUARY - SEPTEMBER

Net sales amounted to KSEK 33,528 (24,519).

Profit after financial items amounted to KSEK -42,161 (-42,779)*.

Cash flow from operating activities for the period amounted to KSEK -12,525 (-11,373).

Earnings per share before and after dilution amounted to SEK -0.18 (-0.20).

Cash and cash equivalents at the end of the period amounted to KSEK 51,512 (67,825).

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



EVENTS DURING THE PERIOD

AroCell has signed an additional agreement with ZECEN Biotech for the development of its third tumor marker product, TK 210 ELISA, on ZECEN Biotech's automated platforms. This collaboration is an important milestone for AroCell as the company strives to expand its product range and improve cancer diagnostics.

A recent study has been published, providing additional evidence for the use of UBC[®] Rapid as a diagnostic and monitoring tool for bladder cancer. This study stands as the first of its kind, comparing various commercial rapid tests among a large group of patients with bladder cancer and healthy individuals at a single center.

New study focused on the clinical applications of the TK 210 ELISA for ovarian cancer has been accepted for publication in the Karger Oncology journal. This study highlights the clinical utility of TK1-specific activity (TK1 SA) in the early detection of ovarian cancer.

AFTER THE REPORTING PERIOD

After the conclusion of the period, the warrant program, as decided by the annual general meeting, has been implemented. The total number of warrants issued is 5,000,000, with a premium of 0.05 öre. The program has a duration of 3 years and is allocated among various groups, including the CEO, management team, other executives, and other employees. The strike price has been set at SEK 1, and the warrants are subscribed on market terms.



CEO'S STATEMENT

CEO



The first nine months have been highly favorable for AroCell, with almost a 40% increase in sales compared to previous year. During the third quarter, AroCell continues to experience a growing order intake in both bacteriology and oncology. To address the growing demand, we are consistently increasing our production capacity, both through internal expansion and in collaboration with our partners. As a result of increased demand and a temporary extension of delivery times with suppliers, we are experiencing a shift in revenue recognition from the third quarter to future periods. Simultaneously, the work to automate several of our biomarkers is progressing as planned. I am pleased to report that we are in a good position to take the company further in its growth.

The order intake in our existing markets is growing, and in the first nine months of the year, we have seen slightly higher revenues in bacteriology compared to oncology. Our flagship products, TUBEX® for typhoid fever and UBC® *Rapid* for bladder cancer are selling better than ever, a testament to the dedicated efforts of both our team and our valued partners. In addition to direct sales efforts, we are focused on enhancing the user-friendliness of our products, which will, in turn, boost sales growth. As part of this effort, we have launched a new reader for UBC® *Rapid*, our bestselling product in the oncology segment. The latest reader is not only more user-friendly and budget-friendly than its predecessor but also makes it easier for customers to adopt UBC® *Rapid* thereby unlocking access to new market segments.

We have also strengthened our organization throughout the year, with expertise covering everything from research and development to sales, production, and distribution. Our organization has the breadth and competence necessary to introduce new products through licensing or partnerships. We aim to utilize such opportunities and launch these products in our established markets.

Looking forward, we recognize significant potential in the automation of our biomarkers through CLIA platforms. Our collaboration with ZECEN Biotech to utilize their fully automated CLIA platforms for our biomarkers has been broadened. This collaboration reached a significant milestone during the summer when we signed an agreement to integrate our TK1 product onto their platforms. This is the third product, in addition to TPS® and UBC®, that we are placing on ZECEN's platforms and represents a significant step in making our TK-1 markers more accessible and reaching a broader market.

We are continuously working on our development program to demonstrate the clinical utility of our products. In the spring, a study was conducted with our products TK 210 ELISA and TPS® for prostate cancer in collaboration with the University of Vienna. We are awaiting the results of the analysis, which is in its final stages. This study represents the first comprehensive study combining products that measure thymidine kinase 1 and cytokeratins. Simultaneously, we are working on the new version of our rapid test for bladder cancer, UBC® *Rapid*.

During third quarter, we have had several publications on the clinical utility of our products. Results from a study on TK 210 ELISA, demonstrating the clinical benefits of measuring TK1-specific activity (TK1 SA) in the early detection of ovarian cancer, have been accepted for publication in the *Karger Oncology Journal*. TK1 SA is determined by calculating the ratio of TK1 activity with TK-Liaison and TK1 protein with AroCell TK 210 ELISA. For UBC® *Rapid*, the results from a multicenter study in Germany that further supporting the use of UBC® *Rapid* as a diagnostic and monitoring tool for bladder cancer, have been published.

AroCell is in a strong position with positive sales development, a solid financial standing, and a robust development program. Our dedicated employees, including a clear strategy and our presence in a growing market, make me very optimistic about the future.

SALES AND OPERATING RESULTS

The Group's revenue, profit and financial position are shown in the financial statements on page 8-10.

The parent company's revenue, profit and financial position are shown in the financial statements on page 11-13.

JULY - SEPTEMBER 2023

Sales

Sales during the third quarter were KSEK 10,700 (10,401). Bacteriology segment sales are driven by the TUBEX® product family and the oncology segment by our UBC® *Rapid* product. Bacteriology's share of sales for the period was 56% (52%) and oncology's share was 44% (48%).

Gross margin

The amount for COGS KSEK 9,925 (9,036) includes goodwill amortization of KSEK 4,947 (4,947) for the quarter. The margin excluding goodwill is 58.5% (60.7%).

Other operating income

Other operating income mainly refers to positive currency differences in EUR and USD. The comparative figures for 2022 also include income linked to the collaboration with Attana AB, which started in the second quarter of 2022 and ended in the first quarter of 2023. During the quarter, other operating income amounted to KSEK 38 (1,057).

Costs

During the quarter, overhead costs amounted to KSEK 14,061 (13,483) and are divided between

sales 30% (30%), administration 27% (27%), and development 43% (43%). Goodwill amortization of KSEK 4,947 (4,947) is included in overheads for the quarter.

Outcome

Profit after financial costs for the quarter amounted to KSEK -13,003 (-11,069). The amount includes goodwill amortization of KSEK 9,895 (9,895).

JANUARY - SEPTEMBER 2023

Sales

Revenue during the period was KSEK 33,528 (24,519). Bacteriology segment sales are driven by the TUBEX® product family and the oncology segment by our UBC® *Rapid* product. Bacteriology's share of sales for the period was 52% (47%) and oncology's share was 48% (53%).

Gross margin

The amount for COGS KSEK 33,423 (27,465) includes goodwill amortization of KSEK 14,842 (14,842) for the period. The margin excluding goodwill is 44.6% (48.5%).

Other operating income

Other operating income mainly refers to positive currency differences in EUR and USD. The comparative figures for 2022 also include income linked to the collaboration with Attana AB,

which started in the second quarter of 2022 and and During the period, other operating income amounted to KSEK 881 (2,601).

Costs

During the period January - September, overhead costs amounted to KSEK 43,380 (42,416) and are divided between sales 30% (30%), administration 27% (29%), and development 44% (41%). Goodwill amortization of KSEK 14,842 (14,842) is included in overheads for the period.

Outcome

Profit after financial costs for the period amounted to KSEK -42,161 (-42,779). The amount includes goodwill amortization of KSEK 29,684 (29,684).

Cash flow, investments and financial position

Cash flow from operating activities amounted to KSEK -5,661 (-1,856) in the third quarter and

KSEK -12,525 (-11,373) for the period January - September.

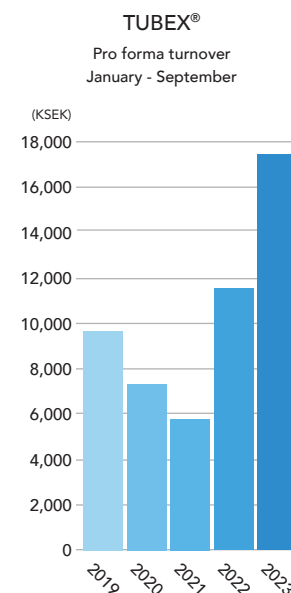
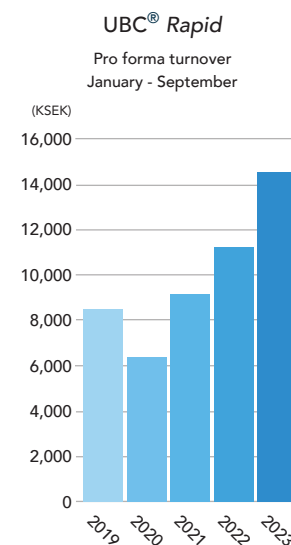
Cash flow from investment activities amounted to KSEK -375 (-134) for the third quarter and KSEK -1,152 (-9,803) for the period January - September.

Cash flow from financing activities amounted to SEK 0 (0) in the third quarter and KSEK 0 (70,598) for the period January - September.

Liquidity and equity

As of 30 September, cash and cash equivalents amounted to KSEK 51,512 (67,825). Available overdraft is about KSEK 3,500.

As of 30 September, equity amounted to KSEK 180,553 (239,045).



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

FUTURE DEVELOPMENTS

AroCells 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 of 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 AroCells' risks, uncertainties and management included in AroCell's 2022 Annual Report.

SHARES

As of June 30, 2016, AroCell AB (publ) is listed on NASDAQ First Growth Market Sweden under AROC. Certified Adviser: Redeye Aktiebolag, Certifiedadviser@redeye.se, +46 (0)8 121 576 90. As of September 30, 2023, 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 2022 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 is 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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BOARD OF DIRECTORS

Stockholm, Sweden, November 01, 2023

**JOHAN
HÄGGBLAD**
Chairman

**EVA
NORDSTRÖM**
Member

**CHARLOTTA
LJUNGQVIST**
Member

**MAX
PIHLQVIST**
Member

**AGNETA
TUFVESSON ALM**
Member

**CLAS
RUNNBERG**
Member

**ANDERS
HULTMAN**
CEO

GROUP'S INCOME STATEMENT

	2023	2022	2023	2022
	July-September	July-September	Jan-September	Jan-September
(KSEK)				
Net revenues	10,700	10,401	33,528	24,519
Cost of goods sold	-9,925*	-9,036*	-33,423*	-27,465*
- Gross profit	775	1,365	105	-2,947
Selling expenses	-4,204**	-4,081**	-12,939**	-12,531**
Administrative expenses	-3,833	-3,661	-11,496	-12,494
Research and development expenses	-6,025***	-5,740***	-18,944***	-17,391***
Other operating income	38	1,057	881	2,601
Other operating expenses	-17	-7	-26	-14
Operating earnings (EBIT)	-13,265	-11,068	-42 420	-42,776
Net profit financial items	262	-1	259	-2
Profit after financial items	-13,003	-11,069	-42,161	-42,779
Net earnings for the period	-13,003	-11,069	-42,161	-42,779
Attributable to the shareholders of the parent company	-13,003	-11,069	-42,161	-42,453
Attributable to non-controlling interest	0	0	0	-326
Earnings per share (SEK), before and after dilution	-0.06	-0.05	-0.18	-0.20

* Includes costs for goodwill amortization of KSEK 4,947 for the quarter and KSEK 14,842 for the period January - September

** Includes costs for goodwill amortization of SEK 2,474 for the quarter and KSEK 7,421 for the period January - September

*** Includes costs for goodwill amortization of SEK 2,474 for the quarter and KSEK 7,421 for the period January - September

GROUP'S BALANCE SHEET

	2023 September 30	2022 September 30	2022 December 31		2023 September 30	2022 September 30	2022 December 31
(KSEK)							
ASSETS				EQUITY AND LIABILITIES			
Intangible fixed assets				Equity			
Goodwill	108,889	148,468	138,573	Share capital	23,036	23,036	23,036
Balanced expenses for development work	7,817	13,659	10,469	Other contributed capital	440,757	440,757	440,757
Patent	153	357	306	Balanced result	-241,100	-181,970	-181,801
Other intangible assets	1,206	0	0	The result of the period	-842,161	-42,779	-59,299
	118,065	162,483	149,349	Equity attributable to the parent company's shareholders	180,533	239,045	222,694
Tangible fixed assets				Total equity	180,533	239,045	222,694
Machinery and other technical facilities	2,808	2,832	3,045	Current liabilities			
Equipment, tools and installations	214	296	273	Accounts payable	2,173	3,652	6,124
	3,022	3,128	3,319	Other liabilities	1,131	947	896
Total fixed assets	121,088	165,612	152,667	Accrued costs and prepaid revenues	7,587	5,642	6,299
Inventories etc.	6,942	7,754	7,375		10,892	10,241	13,319
Short-term receivables				TOTAL EQUITY AND LIABILITIES	191,425	249,287	236,013
Accounts receivable	8,287	4,843	7,115				
Current tax receivables	1,443	1,361	907				
Other receivables	806	809	1,536				
Prepaid expenses and accrued income	1,345	1,083	1,223				
	11,882	8,095	10,782				
Cash and bank balances	51,512	67,825	65,189				
Total current assets	70,337	83,675	83,346				
TOTAL ASSETS	191,425	249,287	236,013				

GROUP'S CHANGE IN EQUITY

	Share capital	Other contributed capital	Other capital incl. result of the period	Holdings without controlling influence	Total
(KSEK)					
Equaty 2022-01-01	11,461	376,734	-174,673	3,932	217,453
Non-cash issue	11,575	75,236			86,811
Issue costs		-11,213			-11,213
Refund of shareholder contribution/dividend			-5,000		-5,000
Result of the period			-42,453	-326	-42,779
Transaction with minority			-2,621	-3,606	-6,227
Equaty 2022-09-30	23,036	440,757	-224,748	0	239,045
Result of the period			-16,520		-16,520
Transaction with minority			169		169
Equaty2022-12-31	23,036	440,757	-241,099	0	222,694
Result of the period			-42,161		-42,161
Equaty 2023-09-30	23,036	440,757	-283,261	0	180,533

GROUP'S CASH FLOW STATEMENT

	2023 July-September	2022 July-September	2023 January-September	2022 January-September
(KSEK)				
Cash flow from current operations	-5,661	-1,856	-12,525	-11,373
Cash flow from investment activities	-375	-134	-1,152	-9,803
Cash flow from financing activities	0	0	0	70,598
Cash flow for the period	-6,035	-1,990	-13,677	49,422
Liquid funds at the beginning of the period	57,548	69,814	65,189	18,402
Liquid funds at the end of the period	51,512	67,825	51,512	67,825

PARENT COMPANY'S INCOME STATEMENT

	2023	2022	2023	2022
	July-September	July-September	Jan-September	Jan-September
(KSEK)				
Net revenues	0	39	13	162
Cost of goods sold	-6	-100	-336	-1,377
- Gross profit	-6	-62	-324	-1,214
Selling expenses	-155	-298	-441	-1,033
Administrative expenses	-1,866	-1,948	-5,872	-7,476
Research and development expenses	-1,327	-1,581	-4,238	-5,452
Other operating income	30	3	55	11
Other operating expenses	-17	-7	-26	-14
Operating earnings (EBIT)	-3,341	-3,892	-10,846	-15,179
Net profit financial items	266	0	267	0
Profit after financial items	-3,075	-3,892	-10,579	-15,179
Result of the period	-3,075	-3,892	-10,579	-15,179

PARENT COMPANY'S BALANCE SHEET

	2023 September 30	2022 September 30	2022 December 31		2023 September 30	2022 September 30	2022 December 31
(KSEK)							
ASSETS				EQUITY AND LIABILITIES			
Intangible fixed assets				Equity			
Balanced expenses for development work	3,203	7,475	6,407	Share capital	23,036	23,036	23,036
Patent	153	357	306	Fund for development expenses	1,020	2,380	2,040
Other intangible assets	1,206	0	0		24,056	25,416	25,076
	4,563	7,832	6,713	Premium fund	440,757	440,757	440,757
Tangible fixed assets				Balanced result	-194,524	-175,912	-175,572
Machinery and other technical facilities	61	110	98	The result of the period	-10,579	-15,179	-19,972
Equipment, tools and installations	190	238	226		235,654	249,666	245,213
	251	348	324	Total equity	259,710	275,082	270,289
Financial assets				Current liabilities			
Shares in group companies	216,587	216,756	216,587	Accounts payable	338	321	928
Total fixed assets	221,401	224,936	223,624	Liabilities to group companies	12,400	14,400	14,400
Inventories etc.	1,134	1,651	1,698	Other liabilities	513	391	413
Short-term receivables				Accrued costs and prepaid revenues	1,537	2,021	2,206
Accounts receivable	13	49	0	Total current liabilities	14,789	17,133	17,947
Current tax receivables	320	318	175	TOTAL EQUITY AND LIABILITIES	274,499	292,214	288,236
Other receivables	90	169	508				
Prepaid expenses and accrued income	591	196	466				
	1,014	731	1,149				
Cash and bank balances	50,951	64,896	61,765				
Total current assets	53,098	67,278	64,612				
TOTAL ASSETS	274,499	292,214	288,236				

STOCK DATA

	2023 July-September	2022 July-September	2023 January-September	2022 January-September
Opening balance	230,361,066	230,361,066	230,361,066	114,613,133
Rights issue	0	0	0	115,747,933
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	210,296,593
Quota value shares	0.1	0.1	0.1	0.1

SHAREHOLDERS

Datum: 2023-09-30			
Name	Holding	Votes	
Labbex Förvaltnings AB	26,643,432	11.57%	
Avanza Pension	19,201,587	8.34%	
Greg Dingizian via Agartha AB	15,600,000	6.77%	
Jon Eiken	7,884,296	3.42%	
Nordnet Pensionsförsäkring	6,571,611	2.85%	
Mikael Lönn	5,020,537	2.18%	
Gunvald Berger	3,724,237	1.62%	
Mikael Jacobsson	3,523,588	1.53%	
Didrik Hamilton	3,110,913	1.35%	
Gerhard Dal	3,000,000	1.30%	
A total of 10 largest owners	94,280,201	40.93%	

AROCELL

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