

Interim report Q2 2023

January - June



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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

APRIL - JUNE

Net sales amounted to KSEK 11,775 (6,349).

Profit after financial items amounted to KSEK -15,490 (-16,016)*.

Cash flow from operating activities for the period amounted to KSEK -2,342 (-1,397).

Earnings per share before and after dilution amounted to SEK -0.07 (-0.07).

Cash and cash equivalents at the end of the period amounted to KSEK 57,548 (69,814).

* 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 - JUNE

Net sales amounted to KSEK 22,828 (14,118).

Profit after financial items amounted to KSEK -29,158 (-31,710)*.

Cash flow from operating activities for the period amounted to KSEK -6,864 (-9,517).

Earnings per share before and after dilution amounted to SEK -0.13 (-0.16).

Cash and cash equivalents at the end of the period amounted to KSEK 57,548 (69,814).

* Includes costs for goodwill amortization of KSEK 19,789 (19,789) for the period.



EVENTS DURING THE PERIOD

AroCell held its annual general meeting on 24 May 2023.

TPS CLIA was approved for use on Fosun Diagnostics fully automated CLIA platforms in China. TPS CLIA is already approved on ZENCEN Biotech's CLIA platform and was launched earlier this year.

AFTER THE REPORTING 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.



CEO'S STATEMENT

CEO

Along with the positive sales growth of our rapid tests, we have also made substantial progress in our efforts to integrate our products onto automated platforms. I am thrilled to announce that we have recently signed an agreement with our partner, ZECEN Biotech, to incorporate our TK1 product onto their platforms in China. This collaboration creates great opportunities ahead.

I am very happy that we in July entered into an agreement with ZECEN for the development of TK 210 ELISA on their automated platforms, known as CLIA platforms, which are fully automated closed systems. This is the third biomarker that AroCell introduces on ZECEN's platforms, representing a significant milestone in our efforts to make all our biomarkers accessible on automated platforms. Furthermore, it is an important component of our strategy to expand the availability of our TK 210 ELISA product in a broader market, and this will also serve as the foundation for incorporating our TK1 marker on other CLIA platforms and creates great opportunities going forward.

Together with our partner, ZECEN, we successfully registered TPS® CLIA in the Chinese market at the end of last year, followed by joint launch activities. The sales of TPS® CLIA were initiated in the second quarter. Furthermore, we expanded our coverage of the Chinese market by incorporating TPS® CLIA onto Fosun Diagnostics' fully automated system. This collaboration effectively doubles AroCell's market coverage in the Chinese tumor marker market and represents a significant advancement for the company. Additionally, during the first half of the year, we also entered into a development agreement with ZECEN regarding UBC® Rapid for bladder cancer.

We continue our work in expanding our product offerings on fully automated CLIA platforms and establishing collaborations with new partners to introduce our markers to different geographical regions. Our long-term objective is to make all our markers available on multiple CLIA platforms worldwide. We believe that this presents the greatest potential for reaching a wide range of patients with our products.

The positive sales development continued in the second quarter, with steady growth in our two main segments, bacteriology and oncology. AroCell remains strong with a solid cash position and stable and robust sales growth. We have a highly skilled organization that covers all aspects of our operations, from research and development to sales, production, and distribution. We are diligently following our five-point strategy and are beginning to see the benefits of our emphasis on rapid testing and CLIA platforms. With a clear strategy and a dedicated team, we have all the necessary prerequisites to achieve success.

When we look at sales in our current markets, we observe steady growth and an even distribution between our bacteriology and oncology segments. Both of our main products, the TUBEX® Typhoid Test and the UBC® Rapid Bladder Cancer Test, are currently experiencing all-time high sales and continue to grow consistently as a direct result of the systematic sales efforts that we and our partners carry out.

In the first half of the year, we introduced a new reader for UBC® Rapid, our largest product in the oncology segment. This new reader is simpler and more affordable than previous versions, reducing the entry cost for UBC® Rapid. This not only creates an opportunity to expand into new sales segments but also increases the overall utilization and sales of the test. Moreover, we are also actively exploring new markets with a particular focus on the African continent, where we anticipate promising outcomes in the near future.

In addition to sales, we are actively pursuing development projects and clinical studies to identify new indications for our products.

During the first half of the year, we collaborated with the University of Vienna to conduct a study on our TK 210 ELISA and TPS® products for prostate cancer. The study findings are currently under analysis, and we will share our results once the study is complete. This study is significant since it is the first large-scale study to combine a thymidine kinase 1-based product with a cytokeratins-based product.

We are making significant progress in developing an upgraded version of our UBC® Rapid bladder cancer test. Currently, our focus is on validating the test, which is an essential step in the registration process.

Thanks to our organization's expertise and broad capabilities, we have the potential to introduce new products. We can achieve this through avenues such as in-licensing or partnerships. Our ambition is to do so when the opportunity arises.

I'm looking forward to the upcoming quarters and the continued growth of AroCell. I would like to express my gratitude to everyone involved for their hard work and commitment.

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.

APRIL - JUNE 2023

Sales

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 49% (41%) and oncology's share was 51% (59%).

Gross margin

The amount for COGS KSEK 12,325 (9,085) includes goodwill amortization of KSEK 4,947 (4,947) for the quarter. The margin excluding goodwill is 37.3% (34.8%).

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 235 (1,338).

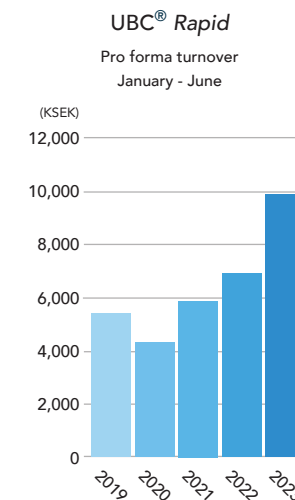
Costs

During the quarter, overhead costs amounted to KSEK 15,167 (14,612) and are divided between

sales 28% (29%), administration 31% (30%), and development 41% (41%). 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 -15,490 (-16,016). The amount includes goodwill amortization of KSEK 9,895 (9,895).



JANUARY - JUNE 2023

Sales

Bacteriology's share of sales for the period was 50% (44%) and oncology's share was 50% (56%).

Gross margin

The amount for COGS KSEK 23,498 (18,414) includes goodwill amortization of KSEK 9,895 (9,895) for the quarter. The margin excluding goodwill is 41.8% (39.7%).

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 period, other operating income amounted to KSEK 843 (1,545).

Costs

During the period January - June, overhead costs amounted to KSEK 29,319 (28,949) and are divided between sales 30% (29%), administration 26% (30%), and development 44% (41%). Goodwill amortization of KSEK 9,895 (9,895) is included in overheads for the period.

Outcome

Profit after financial costs for the period amounted to KSEK -29,158 (-31,710). The amount includes goodwill amortization of KSEK 19,789 (19,789).

Cash flow, investments and financial position

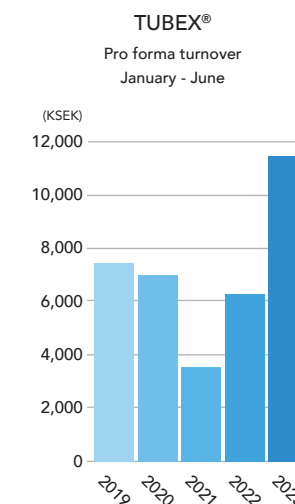
Cash flow from operating activities amounted to KSEK -2,342 (-1,397) in the second quarter and KSEK -6,864 (-9,517) for the period January - June.

Cash flow from investment activities amounted to KSEK -66 (-8,993) for the second quarter and KSEK -777 (-9,669) for the period January - June.

Cash flow from financing activities amounted to SEK 0 (-10,666) in the second quarter and KSEK 0 (70,598) for the period January - June.

Liquidity and equity

As of 30 June, cash and cash equivalents amounted to KSEK 57,548 (69,814). Available overdraft is about KSEK 3,500. As of 30 June, equity amounted to KSEK 193,536 (250,113).



* 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 June 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

CEO: Anders Hultman, anders.hultman@arocell.com, 08-799 67 50
 IR Contact: Alona Nyberg, alona.nyberg@arocell.com, 08-502 375 73
 Visiting address: Karlsbodavägen 39, 168 67 Bromma, Stockholm, Sweden
 Organization number: 556596-6107
 www.arocell.com

BOARD OF DIRECTORS

Stockholm, Sweden, August 22, 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 April-June	2022 April-June	2023 January-June	2022 January-June
(KSEK)				
Net revenues	11,775	6,349	22,828	14,118
Cost of goods sold	-12,325*	-9,085*	-23,498*	-18,414*
- Gross profit	-550	-2,736	-670	-4,296
Selling expenses	-4,187**	-4,213**	-8,736**	-8,449**
Administrative expenses	-4,747	-4,428	-7,614	-8,567
Research and development expenses	-6,233***	-5,971***	-12,969***	-11,933***
Other operating income	235	1,338	843	1,545
Other operating expenses	-4	-4	-9	-8
Operating earnings (EBIT)	-15,485	-16,014	-29,155	-31,708
Net profit financial items	-5	-2	-3	-2
Profit after financial items	-15,490	-16,016	-29,158	-31,710
Net earnings for the period	-15,490	-16,016	-29,158	-31,710
Attributable to the shareholders of the parent company	-15,490	-15,898	-29,158	-31,384
Attributable to non-controlling interest	0	-119	0	-326
Earnings per share (SEK), before and after dilution	-0.07	-0.07	-0.13	-0.16

* Includes costs for goodwill amortization of KSEK 4,947 for the quarter

** Includes costs for goodwill amortization of SEK 2,474 for the quarter

*** Includes costs for goodwill amortization of SEK 2,474 for the quarter

GROUP'S BALANCE SHEET

	2023 June 30	2022 June 30	2022 December 31		2023 June 30	2022 June 30	2022 December 31
(KSEK)							
ASSETS				EQUITY AND LIABILITIES			
Intangible fixed assets				Equity			
Goodwill	118,783	158,362	138,573	Share capital	23,036	23,036	23,036
Balanced expenses for development work	8,856	14,632	10,469	Other contributed capital	440,758	440,757	440,757
Patent	204	408	306	Balanced result	-241,100	-181,970	-181,801
Other intangible assets	1,277	0	0	The result of the period	-29,158	-31,710	-59,299
	129,121	173,403	149,349	Equity attributable to the parent company's shareholders	193,536	250,113	222,694
Tangible fixed assets				Holdings without controlling influence	0	0	0
Machinery and other technical facilities	2,744	122	3,045	Total equity	193,536	250,113	222,694
Equipment, tools and installations	232	3,251	273	Current liabilities			
	2,976	3,374	3,319	Accounts payable	2,590	6,635	6,124
Total fixed assets	132,097	176,777	152,667	Other liabilities	1,176	1,001	896
Inventories etc.	7,103	7,789	7,375	Accrued costs and prepaid revenues	7,224	5,834	6,299
Short-term receivables					10,990	13,471	13,319
Accounts receivable	4,839	5,217	7,115	TOTAL EQUITY AND LIABILITIES	204,526	263,584	236,013
Current tax receivables	1,226	1,145	907				
Other receivables	792	1,488	1,536				
Prepaid expenses and accrued income	921	1,355	1,223				
	7,777	9,205	10,782				
Cash and bank balances	57,548	69,814	65,189				
Total current assets	72,429	86,807	83,346				
TOTAL ASSETS	204,526	263,584	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			-1,213
Refund of shareholder contribution/dividend			-5,000		-5,000
Result of the period			-31,384	-326	-31,710
Transaction with minority			-2,621	-3,606	-6,227
Equaty 2022-06-30	23,036	440,757	-213,680	0	250,113
Result of the period			-27,589		-27,589
Transaction with minority			169		169
Equaty2022-12-31	23,036	440,757	-241,099	0	222,694
Result of the period			-29,158		-29,158
Equaty 2023-06-30	23,036	440,757	-270,258	0	193,536

GROUP'S CASH FLOW STATEMENT

	2023 April-June	2022 April-June	2023 January-June	2022 January-June
(KSEK)				
Cash flow from current operations	-2,342	-1,397	-6,864	-9,517
Cash flow from investment activities	-66	-8,993	-777	-9,669
Cash flow from financing activities	0	-10,666	0	70,598
Cash flow for the period	-2,408	-21,056	-7,641	51,412
Liquid funds at the beginning of the period	59,956	90,870	65,189	18,402
Liquid funds at the end of the period	57,548	69,814	57,548	69,814

PARENT COMPANY'S INCOME STATEMENT

	2023	2022	2023	2022
	April-June	April-June	January-June	January-June
(KSEK)				
Net revenues	0	115	13	124
Cost of goods sold	-107	-784	-330	-1,280
- Gross profit	-107	-669	-318	-1,156
Selling expenses	-106	-346	-287	-736
Administrative expenses	-2,104	-2,619	-3,956	-5,524
Research and development expenses	-1,130	-1,842	-2,961	-3,871
Other operating income	8	1	25	8
Other operating expenses	-4	-4	-9	-8
Operating earnings (EBIT)	-3,443	-5,480	-7,505	-11,287
Net profit financial items	0	0	1	0
Profit after financial items	-3,443	-5,480	-7,504	-11,287
Result of the period	-3,443	-5,480	-7,504	-11,287

PARENT COMPANY'S BALANCE SHEET

	2023 June 30	2022 June 30	2022 December 31		2023 June 30	2022 June 30	2022 December 31
(KSEK)							
ASSETS				EQUITY AND LIABILITIES			
Intangible fixed assets				Equity			
Balanced expenses for development work	4,271	8,542	6,407	Share capital	23,036	23,036	23,036
Patent	204	408	306	Fund for development expenses	1,360	2,719	2,040
Other intangible assets	1,277	0	0		24,396	25,756	25,076
	5,752	8,951	6,713	Premium fund	440,757	440,757	440,757
Tangible fixed assets				Balanced result	-194,864	-176,252	-175,572
Machinery and other technical facilities	73	122	98	The result of the period	-7,504	-11,287	-19,972
Equipment, tools and installations	202	250	226		238,389	253,218	245,213
	276	372	324	Total equity	262,785	278,974	270,289
Financial assets				Current liabilities			
Shares in group companies	216,587	216,756	216,587	Accounts payable	405	1,476	928
Total fixed assets	222,615	226,079	223,624	Liabilities to group companies	14,400	14,400	14,400
Inventories etc.	1,137	1,701	1,698	Other liabilities	477	471	413
Short-term receivables				Accrued costs and prepaid revenues	1,351	1,764	2,206
Accounts receivable	14	113	0	Total current liabilities	16,633	18,110	17,947
Current tax receivables	271	270	175	TOTAL EQUITY AND LIABILITIES	279,418	297,084	288,236
Other receivables	136	610	508				
Prepaid expenses and accrued income	419	238	466				
	840	1,231	1,149				
Cash and bank balances	54,827	68,073	61,765				
Total current assets	56,803	71,005	64,612				
TOTAL ASSETS	279,418	297,084	288,236				

STOCK DATA

	2023 April-June	2022 April-June	2023 January-June	2022 January-June
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	200,098,076
Quota value shares	0.1	0.1	0.1	0.1

SHAREHOLDERS

Date: 2023-06-28			
Name	Holding	Votes	
Labbex Förvaltnings AB	26,643,432	11.57%	
Avanza Pension	18,315,560	7.95%	
Greg Dingizian via Agartha AB	15,600,000	6.77%	
Nordnet Pensionsförsäkring	6,377,705	2.77%	
Jon Eiken	6,237,984	2.71%	
Mikael Lönn	5,020,537	2.18%	
Gunvald Berger	3,724,237	1.62%	
Didrik Hamilton	3,110,913	1.35%	
Gerhard Dal	3,000,000	1.30%	
Mikael Jacobsson	2,901,746	1.26%	
A total of 10 largest owners	90,932,114	39.47%	

AROCELL

Visiting address:

Karlsbodavägen 39
Bromma, Stockholm
Sweden

Address:

P.O Box 11151
SE-161 11 Bromma

Email:

info@arocell.com

Phone:

08-799 67 50

Web:

www.arocell.com

Organization number:

556596-6107

