

Year-end Report 2023

January - December



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CALENDAR 2024

12 April 2024	Annual Report 2023
03 May 2024	Interim Report Q1 2024
22 May 2024	Annual General Meeting 2024
21 August 2024	Interim Report Q2 2024
24 October 2024	Interim Report Q3 2024
19 February 2025	Year-end report 2024

All reports are published on AroCell's website:

<https://arocell.com/investors/financial-reports/>

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. Our tests are user-friendly and cost-effective compared to other tests available in the market.

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 for AroCell's tests to be the obvious choice in the product sectors where we are established. We have a vast market for our products, and despite being a small player at the moment, we have great potential for growth. AroCell (AROC) is listed on the NASDAQ First North Growth Market. For more information, please see arocell.com

SUMMARY

OCTOBER - DECEMBER

Net sales amounted to KSEK 9,511 (12,471).

Profit after financial items amounted to KSEK -17,136 (-16,520)*.

Cash flow from operating activities for the period amounted to KSEK -912 (-2,321).

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 50,723 (65,189).

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

JANUARY - DECEMBER

Net sales amounted to KSEK 43,039 (36,986).

Profit after financial items amounted to KSEK -59,297 (-59,299)*.

Cash flow from operating activities for the period amounted to KSEK -13,436 (-13,694).

Earnings per share before and after dilution amounted to SEK -0.26 (-0.28).

Cash and cash equivalents at the end of the period amounted to KSEK 50,723 (65,189).

* Includes costs for goodwill amortization of KSEK 39,578 (39,578) for the period.



EVENTS DURING THE PERIOD

During the period, a warrant program 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.

AroCell presented information on the nomination committee's proposal prior to the 2024 annual general meeting.

AFTER THE REPORTING PERIOD

A recent study has shown that serum thymidine kinase 1 (sTK1) levels can predict the survival of patients with metastatic prostate cancer. The results also suggest that sTK1 is useful in predicting which patients may benefit from chemotherapy with the drug docetaxel instead of a hormonal treatment.

Previously, AroCell announced a distribution agreement with Sub-Saharan Biomedical P.L.C. for the sales of TUBEX® TF in Ethiopia. After navigating through the local regulatory process, AroCell has now obtained regulatory approval for TUBEX® TF in Ethiopia.

Ellen Dittberner, who serves as the CFO at AroCell, is currently on parental leave, and Lars Jakobsson has stepped in as the acting CFO.



CEO'S STATEMENT

CEO



2023 has proven to be a successful year for AroCell. We have observed consistent strong demand in both our bacteriology and oncology segments, with sales in these areas reaching record levels. We have significantly increased our collaboration in automation and are on the verge of introducing several biomarkers onto automated platforms in China.

Several studies were completed throughout the year that helped improve our products market standing. We have optimized our organization, and with a rise in product demand, we are now closer to achieving positive cash flow. We are experiencing ongoing, consistent growth and a rising order intake that we are now able to manage effectively. I am eagerly anticipating further growth in 2024.

Nevertheless, the fourth quarter of 2023 could have been more successful. Some sales from the end of last year were delayed to 2024 due to issues with subcontractors and transportation. These delays caused a potential loss in turnover of 4 MSEK in 2023. However, of this, 2 MSEK has been recovered in January 2024.

Expansion Challenges

For the company as a whole, we have seen a more than 50% increase in revenue since the pre-pandemic peak, and as previously mentioned, the growth in demand continues. In addition to increasing sales in existing markets, we have also continued our efforts to open new markets in both emerging as well as established markets. The continuous increase in demand for AroCell's products boosts sales and, at the same time, places high demand on both AroCell's organization and our external partners and suppliers. Starting in September 2023, we had problems meeting the increased demand due to delays in our

supply chain. This resulted in late deliveries and some lost revenue for 2023. However, deliveries are now running according to plan, and we are continuously working to strengthen our supply chain, both through close cooperation with our current subcontractors and by adding additional subcontractors, thereby expanding our capacity.

Automated platforms important part of future strategy

A major step forward during the year was the deepened collaboration with ZECEN in China. We signed agreements for the development of

TK 210 ELISA and UBC® on their fully automated closed platforms, known as CLIA. Thanks to these agreements, three of our biomarkers will be available on ZECEN's platforms, which represents an important milestone in our efforts to make all our biomarkers available on automated platforms. It is an important part of our strategy to bring our TK 210 ELISA product to a broader market, which will also form the basis for including our TK1 marker on other CLIA platforms and create great opportunities going forward.

At the end of 2022, and in collaboration with our Chinese partner Zecen, we finalized registration of TPS CLIA in China, and this was followed by joint marketing launch activities. Sales of the TPS® CLIA started in the second quarter of 2023. Subsequently, we further increased the coverage in the Chinese market by including the TPS® CLIA on Fosun Diagnostics' fully automated systems. This collaboration doubles AroCell's coverage in the Chinese tumor marker market and represents a major step forward for AroCell.

Clinical studies support future growth

We work continuously with our development program and actively support studies to demonstrate the clinical benefits of our products. During the year, a number of studies have been published that have demonstrated the clinical benefits of our products. In the spring, a study was conducted with the products TK 210 ELISA and TPS® for prostate cancer in collaboration with the University of Vienna. The study showed that measuring levels of serum thymidine kinase 1 (sTK1) can predict the survival of patients with metastatic prostate cancer. The results also suggest that sTK1 is useful in predicting which

patients may benefit from chemotherapy using the drug Docetaxel, meaning that the TK 210 ELISA could be a valuable tool when doctors make treatment decisions. We are very excited about these results, which will be very important in our efforts to make our TK1 product available to patients.

Another important study that I would like to highlight was published during the spring and demonstrates further evidence for the use of UBC® Rapid as a diagnostic and monitoring tool for bladder cancer. This study is the first to compare all commercial rapid tests in a large group of bladder cancer patients and healthy individuals at a single center.

Our organization is well-equipped to expand our product portfolio by adding new products through in-licensing or partnerships, and it is our ambition, once acquired, to launch these products into existing markets.

Positive view of the future

2023 has been a very good year, despite some delivery problems in the latter part of the year. We have good products and see a continuously increasing demand. We have a competent organization, which is a pre-requisite for continued growth.

Our financial position is strong, with a good cash position, increasing sales, and positive cash flow within reach. In addition, we have great growth potential in the form of new markets and new products through our internal development program, as well as potential expansion of our product portfolio. We are committed to creating new opportunities and continuing to deliver substantial growth.



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.

OCTOBER - DECEMBER 2023

Sales

Sales during the fourth quarter were KSEK 9,511 (12,471). 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 40% (67%) and oncology's share was 60% (33%). The difference from before is primarily due to the fact that deliveries of TUBEX® have been postponed until January.

Gross margin

The amount for COGS KSEK 11,735 (12,161) includes goodwill amortization of KSEK 4,947

(4,947) for the quarter. The margin excluding goodwill is 28,6% (42,2%). The lower margin is attributed to currency changes due to a stronger SEK, postponed deliveries, and a higher proportion of liquidation costs.

Other operating income

Other operating income mainly refers to 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 -188 (500).

Costs

During the quarter, overhead costs amounted to KSEK 14,914 (17,337) and are divided between sales 29% (22%), administration 29% (36%), and development 42% (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 -17,136 (-16,520). The amount includes goodwill amortization of KSEK 9,895 (9,895).

JANUARY - DECEMBER 2023

Sales

Revenue during the period was KSEK 43,039 (36,986). 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% (54%) and oncology's share was 51% (46%).

Gross margin

The amount for COGS KSEK 45,141 (39,091) includes goodwill amortization of KSEK 19,789 (19,789) for the period. The margin excluding goodwill is 41.1% (47.8%).

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 during the period, other operating income amounted to KSEK 692 (3,065).

Costs

During the period overhead costs amounted to KSEK 58,311 (60,248) and are divided between sales 30% (27%), administration 27% (32%), and development 43% (41%). Goodwill amortization of KSEK 19,789 (119,789) is included in overheads for the period.

Outcome

Profit after financial costs for the period amounted to KSEK -59,297 (-59,299). The amount includes goodwill amortization of KSEK 39,578 (39,578).

Cash flow, investments and financial position

Cash flow from operating activities amounted to KSEK -912 (-2,321) in the fourth quarter and

KSEK -13,436 (-13,694) for the period January - December.

Cash flow from investment activities amounted to KSEK -128(-314) for the fourth quarter and KSEK -1,280 (-10,117) for the period January - December.

Cash flow from financing activities amounted to SEK 250 (0) in the fourth quarter and KSEK 250 (70,598) for the period January - December.

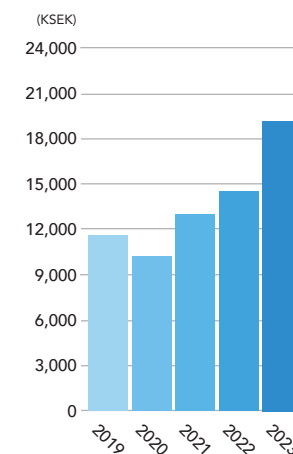
Liquidity and equity

As of 31 December, cash and cash equivalents amounted to KSEK 50,723 (65,189). Available overdraft is about KSEK 3,500.

As of 31 December, equity amounted to KSEK 163,917 (222,694).

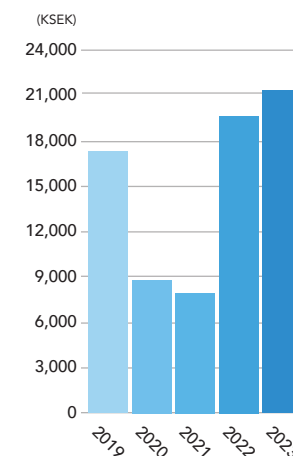
UBC® *Rapid*

Pro forma turnover
January - December



TUBEX®

Pro forma turnover
January - December



* 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 December 31, 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, February 21, 2024

**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 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
(KSEK)				
Net revenues	9,511	12,471	43,039	36,986
Cost of goods sold*	-11,735*	-12,161*	-45,141*	-39,091*
- Gross profit	-2,225	310	-2,103	-2,106
Selling expenses**	-4,322**	-3,872**	-17,261**	-16,359**
Administrative expenses	-4,361	-6,294	-15,808	-19,464
Research and development expenses***	-6,231***	-7,170***	-25,243***	-24,425***
Other operating income	0	500	692	3,065
Other operating expenses	-244	-1	-62	-15
Operating earnings (EBIT)	-17,364	-16,528	-59,784	-59,304
Net profit financial items	228	7	487	5
Profit after financial items	-17,136	-16,520	-59,297	-59,299
Net earnings for the period	-17,136	-16,520	-59,297	-59,299
Attributable to the shareholders of the parent company	-17,136	-16,520	-59,297	-58,973
Attributable to non-controlling interest	0		0	-326
Earnings per share (SEK), before and after dilution	-0.07	-0.07	-0.26	-0.28

* Includes costs for goodwill amortization of KSEK 4,947 for the quarter and KSEK 19,789 for the period January - December

** Includes costs for goodwill amortization of SEK 2,474 for the quarter and KSEK 9,895 for the period January - December

*** Includes costs for goodwill amortization of SEK 2,474 for the quarter and KSEK 9,895 for the period January - December

GROUP'S BALANCE SHEET

	2023 Dec 31	2022 Dec 31
(KSEK)		
ASSETS		
Intangible fixed assets		
Goodwill	98,994	138,573
Balanced expenses for development work	6,818	10,469
Patent	102	306
Other intangible assets	1,135	0
	107,049	149,349
Tangible fixed assets		
Machinery and other technical facilities	2,581	3,045
Equipment, tools and installations	162	273
	2,743	3,319
Total fixed assets	109,793	152,667
Inventories etc.	6,071	7,375
Short-term receivables		
Accounts receivable	6,083	7,115
Current tax receivables	245	907
Other receivables	729	1,536
Prepaid expenses and accrued income	1,248	1,223
	8,306	10,782
Cash and bank balances	50,723	65,189
Total current assets	65,100	83,346
TOTAL ASSETS	174,892	236,013

	2023 Dec 31	2022 Dec 31
EQUITY AND LIABILITIES		
Equity		
Share capital	23,036	23,036
Other contributed capital	441,007	440,757
Balanced result	-241,100	-181,801
The result of the period	-59,297	-59,299
Equity attributable to the parent company's shareholders	163,646	222,694
Total equity	163,646	222,694
Current liabilities		
Accounts payable	3,209	6,124
Other liabilities	1,579	896
Accrued costs and prepaid revenues	6,458	6,299
	11,246	13,319
TOTAL EQUITY AND LIABILITIES	174,892	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)					
Equity 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			-58,973	-326	-59,299
Transaction with minority			-2,452	-3,606	-6,058
Equity 2022-12-31	23,036	440,757	-241,100	0	222,694
Transaction with minority		250			250
Result of the period			-59,297		-59,297
Equity 2023-12-31	23,036	441,007	-300,395	0	163,646

GROUP'S CASH FLOW STATEMENT

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
(KSEK)				
Cash flow from current operations	-912	-2,321	-13,436	-13,694
Cash flow from investment activities	-128	-314	-1,280	-10,117
Cash flow from financing activities	250	0	250	70,598
Cash flow for the period	-789	-2,635	-14,466	46,787
Liquid funds at the beginning of the period	51,512	67,824	65,189	18,402
Liquid funds at the end of the period	50,723	65,189	50,723	65,189

PARENT COMPANY'S INCOME STATEMENT

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
(KSEK)				
Net revenues	36	30	49	229
Cost of goods sold	-13	-543	-332	-1,919
- Gross profit	23	-512	-283	-1,690
Selling expenses	-227	-83	-668	-1,117
Administrative expenses	-2,439	-2,409	-8,261	-9,884
Research and development expenses	-1,865	-1,800	-6,170	-7,252
Other operating income	0	3	52	0
Other operating expenses	-39	-1	-62	-38
Operating earnings (EBIT)	-4,547	-4,802	-15,393	-19,981
Net profit financial items	204	9	471	9
Profit after financial items	-4,343	-4,793	-14,921	-19,972
Result of the period	-4,343	-4,793	-14,921	-19,972

PARENT COMPANY'S BALANCE SHEET

	2023 Dec 31	2022 Dec 31
(KSEK)		
ASSETS		
Intangible fixed assets		
Balanced expenses for development work	2,136	6,407
Patent	102	306
Other intangible assets	1,135	0
	3,373	6,713
Tangible fixed assets		
Machinery and other technical facilities	49	98
Equipment, tools and installations	144	226
	193	324
Financial assets		
Shares in group companies	216,587	216,587
Total fixed assets	220,152	223,624
Inventories etc.	1,127	1,698
Short-term receivables		
Accounts receivable	0	0
Current tax receivables	76	175
Other receivables	252	508
Prepaid expenses and accrued income	503	466
	832	1,149
Cash and bank balances	49,525	61,765
Total current assets	51,484	64,612
TOTAL ASSETS	271,636	288,236

	2023 Dec 31	2022 Dec 31
EQUITY AND LIABILITIES		
Equity		
Share capital	23,036	23,036
Fund for development expenses	680	2,040
	23,716	25,076
Premium fund	441,007	440,757
Balanced result	-194,184	-175,572
The result of the period	-14,921	-19,972
	231,902	245,213
Total equity	255,889	270,289
Current liabilities		
Accounts payable	1,022	928
Liabilities to group companies	12,400	14,400
Other liabilities	243	413
Accrued costs and prepaid revenues	2,354	2,206
Total current liabilities	16,019	17,947
TOTAL EQUITY AND LIABILITIES	271,636	288,236

STOCK DATA

	2023 Oct-Dec	2022 Oct-Dec	2023 Jan-Dec	2022 Jan-Dec
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	230,361,066
Quota value shares	0.1	0.1	0.1	0.1

SHAREHOLDERS

Date: 2023-12-31			
Name	Holding	Votes	
Labbex Förvaltnings AB	26,643,432	11.57%	
Avanza Pension	20,476,709	8.89%	
Greg Dingizian via Agartha AB	15,600,000	6.77%	
Jon Eiken	8,976,248	3.90%	
Nordnet Pensionsförsäkring	6,609,332	2.87%	
Mikael Lönn	5,020,537	2.18%	
Gunvald Berger	3,724,237	1.62%	
Mikael Jacobsson	3,418,338	1.48%	
Didrik Hamilton	3,110,913	1.35%	
Gerhard Dal	3,000,000	1.30%	
A total of 10 largest owners	96,579,746	41.93%	

AROCELL

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