

arCell

Interim report Q1 2024
January - March

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CALENDAR 2024

22 May	Annual General Meeting 2024
21 August	Interim report Q2 2024
24 October	Interim report Q3 2024
19 Feb 2025	Year-end report 2024

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

January - March

Net sales amounted to KSEK 12,803 (11,053).

Profit after financial items amounted to KSEK 10,505 (-13,668)*.

Cash flow from operating activities for the period amounted to KSEK -4,214 (-4,522).

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

Cash and cash equivalents at the end of the period amounted to KSEK 46,347 (59,956).

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



Events during the period

January 15

A recently conducted study has shown that levels of serum thymidine kinase 1 (sTK1) can predict the survival of patients with metastatic prostate cancer. The study also indicates that sTK1 is useful for predicting which patients may benefit from chemotherapy with the drug docetaxel, instead of hormonal treatment.

January 25

AroCell has previously announced that it has entered into a distribution agreement with Sub-Saharan Biomedical P.L.C. for the sale of TUBEX® TF in Ethiopia. After working through the local regulatory process, AroCell has now obtained regulatory approval for TUBEX® TF in Ethiopia.

February 1

Ellen Dittberner, CFO of AroCell, has taken maternity leave, and Lars Jakobsson has assumed the role of acting CFO.

March 11

Two abstracts regarding the clinical applications of AroCell TK 210 ELISA have been accepted for poster presentations at AACR 2024.

March 12

A new study examining the use of urine-based biomarkers, including UBC Rapid, for monitoring patients with high-risk non-muscle-invasive bladder cancer has been published.

March 12

The Nomination Committee has presented proposals for the board of directors at AroCell for the Annual General Meeting 2024, where Max Pihlqvist is proposed as the chairman of the board and Fredrik Lindgren is proposed for election as a new board member.

Events after the period

April 12

AroCell published the Annual Report for 2023.

April 18

A new patent was approved in the USA. The patent demonstrated the clinical significance of TK1 protein measurements in serum with specific antibodies against the C-terminal region of TK1 in cancer.

April 22

AroCell published the notice for the Annual General Meeting in 2024.





CEO's statement

The year 2024 started successfully with solid sales in the first quarter and continued strong order intake for the coming quarter. Production is operating at high speed ensuring that deliveries progress well. Financial results look promising and we are following our strategic plan towards profitability. Excluding goodwill amortization, the period's result was -600 KSEK and we achieved a positive EBITDA of nearly 600 KSEK, which feels reassuring.

Looking ahead, we continue to strengthen our supply chain by maintaining close collaborations with our current subcontractors as well as bringing in additional subcontractors to expand our capacity. It is exciting and fun to be able to develop these processes, and we look forward with confidence to continued positive sales development.

Successful cooperation with ZECEN in China

During the quarter, our collaboration with ZECEN in China has been successful. ZECEN specializes in automated platforms, known as CLIA platforms, which are fully automated closed systems. Currently, our product TPS® CLIA is available in the Chinese market, and we expect increased sales volume during the year as it is introduced to more hospitals. At the same time, two development projects are underway to introduce our products TK 210 ELISA and UBC® on ZECEN's automated platforms. We believe that the results of these launches will begin to be seen in a year, which are expected to lead to an increase in revenue.

The work to introduce our biomarkers on automated platforms in China is an important part of our strategy. The experience gained from this collaboration is expected to be the next step in enabling us to include our TK1 marker also on CLIA platforms in other markets. Although the development takes time, it is expected to give rise to significant growth opportunities in the coming years.

Important research results for AroCell's products

AroCell's organization has both the width and competence required to introduce new products, either through in-licensing or partnerships. Our ambition is to use every opportunity for this and then launch the products in our existing markets. We work

continuously with our development program and support research that shows the clinical benefit of our products. During the quarter, a study was published that demonstrates that our bladder cancer test, UBC Rapid, can reduce the number of cystoscopies in patients with bladder cancer, which enables a more cost-effective and gentler follow-up of the disease. At the same time, the results of our study with the TK 210 ELISA for prostate cancer, carried out in collaboration with the Medical University (MedUni) in Vienna and Semmelweis University in Budapest, were presented during the quarter. The study showed that serum thymidine kinase 1 (sTK1) levels can predict survival in patients with metastatic prostate cancer. The results also indicate that sTK1 can help identify which patients would benefit from chemotherapy with the drug docetaxel. This means that the TK 210 ELISA could become an important tool for decision-making in healthcare. These results are of great importance in our continued work to demonstrate the benefit of our TK1 product and thus make it available to more patients.

Moving ahead with stable growth

In summary, the year has started successfully and it's full speed ahead in both production and sales. We have achieved sustainable economic growth, which contributes to stability and brings us closer to our profitability goal. The good order intake in existing markets, combined with the growth opportunities in new markets, lays the foundation for a continued successful year.

High pace in production meets rising demand

Our bacteriology segment accounts for 58% of our sales and the oncology segment accounts for 42%. Order intake is developing well in both segments and we are gradually expanding our presence in our different markets, laying the groundwork for continued sales growth.

The continuous increase in demand for our products means that our production runs at full speed. This places significant demands on us as an organization as well as on our external partners and suppliers. To mitigate risk and maintain our ability to meet future demand, we increased our raw material inventory during the quarter. At the same time, the growth in sales has significantly increased our accounts receivable. Both of these factors have had a negative effect on the cash flow.

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 8-10.
The parent company's revenue, profit and financial position are shown in the financial statements on pages 11-13.

January - March 2024

Sales

Sales during the first quarter amounted to KSEK 12,803 (KSEK 11,053). 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 58% (51%) and oncology's share was 42% (49%). Delivery disruptions from the fourth quarter of 2023 regarding TUBEX® have been handled and delivered during January, which partly explains the larger turnover of TUBEX®. We also see a continued increase in TUBEX® deliveries.

Gross margin

The amount for COGS KSEK 9,977 (KSEK 10,956) includes goodwill amortization of KSEK 4,947 (KSEK 4,947) for the quarter. The margin excluding goodwill is 60.7% (45.6%). The higher gross profit margin percentage is attributable to the fact that last year's price adjustments have now come into effect, and that efficiency in production has improved.

Other operating income

Other operating income mainly comprises positive currency differences in EUR and USD. During the quarter, other operating income amounted to KSEK 582 (KSEK 608). The previous year also included income from the concluded collaboration with Attana.

Financial posts

As the company has no debts, our net interest income is positive, generating a positive item of KSEK 268 (KSEK 2) compared to the situation with zero interest rates in recent years.

Overhead costs

During the quarter, overhead costs amounted to KSEK 14,180 (KSEK 14,369), at the level of the previous year and distributed between sales 33% (32%), administration 24% (21%) and development costs 42% (47%). 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 -10,505 (KSEK -13,668), an improvement from the previous year, which is mainly due to a higher turnover and gross margin. The amount includes goodwill amortization of KSEK 9,895 (KSEK 9,895).

Cash flow, investments and financial position

Cash flow from operating activities amounted to KSEK -4,214 (KSEK -4 522) during the first quarter. The negative cash flow is primarily caused by the increased levels of accounts receivable and inventory.

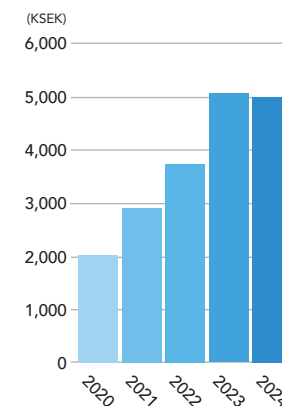
Cash flow from investment activities amounted to KSEK -162 (KSEK -711) for the first quarter.

Cash flow from financing activities amounted to KSEK 0 (KSEK 0) in the first quarter.

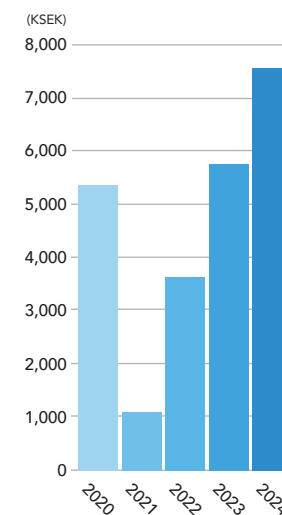
Liquidity and equity

As of March 31 2024, cash and cash equivalents amounted to KSEK 46,347 (KSEK 59,956). Available overdrafts are about KSEK 3,500. As of March 31 2024, equity amounted to KSEK 153,143 (KSEK 209,025).

UBC® *Rapid*
Pro forma turnover
January - March



TUBEX®
Pro forma turnover
January - March



* 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 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 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 March 31, 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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Board of directors

Stockholm, Sweden, May 02, 2024

Johan Häggblad

Chairman

Eva Nordström

Member

Agneta Tufvesson Alm

Member

Charlotta Ljungqvist

Member

Max Pihlqvist

Member

Clas Runnberg

Member

Anders Hultman

CEO

Group

Income Statement

	2024 Jan - March	2023 Jan - March	2023 Jan - Dec
(TSEK)			
Net revenues	12,803	11,053	43,039
Cost of goods sold	-9,977*	-10,956*	-45,141*
Gross profit	2,826	97	-2,103
Selling expenses	-4,738**	-4,548**	-17,261**
Administrative expenses	-3,415	-3,084	-15,808
Research and development expenses	-6,026***	-6,736***	-25,243***
Other operating income	582	608	692
Other operating expenses	-2	-6	-62
Operating earnings (EBIT)	-10,773	-13,670	-59,784
Net profit financial items	268	2	487
Profit after financial items	-10,505	-13,668	-59,297
Net earnings for the period	-10,505	-13,668	-59,297
Attributable to the shareholders of the parent company	-10,505	-13,668	-59,297
Attributable to non-controlling interest	0	0	0
Earnings per share (SEK), before and after dilution	-0,05	-0.06	-0.26

* 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

Balance Sheet

	2024 March 31	2023 March 31	2023 December 31
(TSEK)			
ASSETS			
Intangible fixed assets			
Goodwill	89,099	128,678	98,994
Balanced expenses for development work	5,732	9,916	6,818
Patent	51	255	102
Other intangible assets	1,064	1,348	1,134
	95,947	140,198	107,048
Tangible fixed assets			
Machinery and other technical facilities	2,488	2,966	2,581
Equipment, tools and installations	148	251	162
	2,636	3,217	2,743
Total fixed assets	98,583	143,415	109,792
Inventories etc.	7,148	7,956	6,071
Short-term receivables			
Accounts receivable	9,445	6,456	6,083
Current tax receivables	639	1,049	245
Other receivables	528	765	729
Prepaid expenses and accrued income	1,858	1,106	1,248
	12,469	9,376	8,306
Cash and bank balances	46,347	59,956	50,723
Total current assets	65,964	77,288	65,100
TOTAL ASSETS	164,547	220,702	174,892

	2024 March 31	2023 March 31	2023 December 31
(TSEK)			
EQUITY AND LIABILITIES			
Equity			
Share capital	23,036	23,036	23,036
Other contributed capital	441,308	440,757	441,007
Balanced result	-300,696	-241,100	-241,100
The result of the period	-10,505	-13,668	-59,297
Equity attributable to the parent company's shareholders	153,143	209,025	163,646
Total equity	153,143	209,025	163,646
Current liabilities			
Accounts payable	3,459	3,659	3,209
Other liabilities	1,148	1,439	1,579
Accrued costs and prepaid revenues	6,797	6,579	6,458
	11,404	11,677	11,246
TOTAL EQUITY AND LIABILITIES	164,547	220,702	174,892

Group

Change in Equity

	Share capital	Other contributed capital	Other capital incl. result of the period	Holdings without controlling influence	Total
(TSEK)					
Equity 2023-01-01	23,036	440,757	-241,098	0	222,694
Result of the period			-13,668		-13,668
Equity 2023-03-31	23,036	440,757	-254,766	0	209,027
Transaction with minority		250			250
Result of the period			-45,629		-45,629
Equity 2023-12-31	23,036	441,007	-300,395	0	163,647
Result of the period			-10,505		-10,505
Equity 2024-03-31	23,036	441,007	-310,900	0	153,143

Group

Cash Flow Statement

	2024 Jan - March	2023 Jan - March
(TSEK)		
Cash flow from current operations	-4,214	-4,522
Cash flow from investment activities	-162	-711
Cash flow from financing activities	0	0
Cash flow for the period	-4,376	-5,233
Liquid assets at the beginning of the period	50,723	65,189
Liquid assets at the end of the period	46,347	59,956

Parent Company

Income Statement

	2024 Jan - March	2023 Jan - March	2023 Jan - Dec
(TSEK)			
Net revenues	143	13	49
Cost of goods sold	-101	-5	-332
Gross profit	42	8	-283
Selling expenses	-191	-181	-668
Administrative expenses	-1,504	-2,069	-8,261
Research and development expenses	-1,550	-1,831	-6,170
Other operating income	6	17	52
Other operating expenses	-2	-6	-62
Operating earnings (EBIT)	-3,199	-4,062	-15,393
Net profit financial items	270	1	471
Profit after financial items	-1	0	0
Net earnings for the period	-2,930	-4,061	-14,921
Result of the period	-2,930	-4,061	-14,921

Parent Company

Balance Sheet

	2024 March 31	2023 March 31	2023 December 31
(TSEK)			
ASSETS			
Intangible fixed assets			
Balanced expenses for development work	1,068	5,339	2,136
Patent	51	255	102
Other intangible assets	1,064	1,348	1,135
	2,183	6,942	3,373
Tangible fixed assets			
Machinery and other technical facilities	37	86	49
Equipment, tools and installations	134	214	144
	170	300	193
Financial assets			
Shares in group companies	216,587	216,587	216,587
Total fixed assets	218,940	223,829	220,152
Inventories etc.	991	1,137	1,127
Short-term receivables			
Accounts receivable	133	13	0
Current tax receivables	124	223	76
Other receivables	104	181	252
Prepaid expenses and accrued income	805	441	503
	1,167	858	832
Cash and bank balances	44,530	57,924	49,525
Total current assets	46,688	59,919	51,484
TOTAL ASSETS	265,628	283,747	271,636

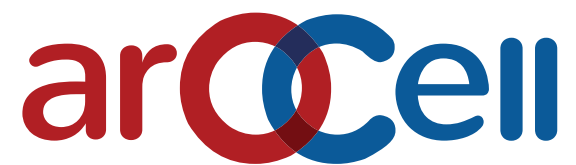
	2024 March 31	2023 March 31	2023 December 31
(TSEK)			
EQUITY AND LIABILITIES			
Equity			
Share capital	23,036	23,036	23,036
Fund for development expenses	340	1,700	680
	23,376	24,736	23,716
Premium fund	441,307	440,757	441,007
Balanced result	-209,065	-195,204	-194,184
The result of the period	-2,931	-4,061	-14,921
	229,311	241,492	231,902
Total equity	252,687	266,228	255,618
Current liabilities			
Accounts payable	500	472	1,022
Liabilities to group companies	10,900	14,400	12,400
Other liabilities	518	473	243
Accrued costs and prepaid revenues	1,023	2,174	2,354
Total current liabilities	12,942	17,519	16,019
TOTAL EQUITY AND LIABILITIES	265,628	283,747	271,636

The share

Share Data

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

Shareholders	Date 2024-03-31	
Name	Holding	Votes
Labbex Förvaltnings AB	26,643,432	11.57%
Avanza Pension	21,606,981	9.38%
Greg Dingizian	15,600,000	6.77%
Jon Eiken	8,976,248	3.90%
Nordnet Pension Insurance	6,505,010	2.82%
Mikael Lönn	5,020,537	2.18%
Gunvald Berger	3,724,237	1.62%
Mikael Jacobsson	3,368,788	1.46%
Didrik Hamilton	3,110,913	1.35%
Gerhard Dal	3,000,000	1.30%
A total of 10 largest owners	97,556,146	42.35%



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