



arOCell

YEAR-END REPORT 2022

JANUARY - DECEMBER

INDEX



OVERVIEW

This is AroCell	3
Events during the period	4
CEO's statement	5

FINANCE

Sales and operating profit	6
Group	
Income statement	8
Balance sheet	9
Change of own capital	10
Cash flow analysis	11
Patent company	
Income statement	12
Balance sheet	13
Stock data	14
Shareholder	14

CALENDAR 2023

6 April	Annual report 2022
3 May	Interim report 1 2023
24 May	Annual General Meeting 2023
23 August	Interim report 2 2023
25 October	Interim report 3 2023
22 Feb 2024	Year-end report 2023

Annual report for 2022 will be published on; arocell.com/investors/financial-reports. Financial and other relevant information can be obtained from AroCell upon request.

Out of consideration for the environment, all information is available on the website, including subscription to the latest updates.

AROCCELL

AroCell is a Swedish Group that 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 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.

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 strive to offer a portfolio of diagnostic tests that best contributes to shorter treatment times and improved quality of life. 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

SUMMARY

OCTOBER - DECEMBER

Net sales amounted to KSEK 12,471 (5,894).

Profit after financial items amounted to KSEK -16,520 (-19,991)*.

Cash flow from operating activities for the period amounted to KSEK -2,330 (-9,326).

Earnings per share before and after dilution amounted to SEK -0.07 (-0.17).

Cash and cash equivalents at the end of the period amounted to KSEK 65,189 (18,402).

JANUARY - DECEMBER

Net sales amounted to KSEK 36,986 (11,996).

Profit after financial items amounted to KSEK -59,299 (-50,573)*.

Cash flow from operating activities for the period amounted to KSEK -13,703 (-28,206).

Earnings per share before and after dilution amounted to SEK -0.28 (-0.54).

Cash and cash equivalents at the end of the period amounted to KSEK 65,189 (18,402).

* Includes costs for goodwill amortization of KSEK 9,895 (9,895) for the quarter and KSEK 39,579 (19,789) for the period January - December

Events during the period

October - December

- New study showing that AroCell's product TK 210 ELISA, which measures TK1 concentration, is more robust and simpler compared to TK-activity analyses. The study is described in the article "*Analytical and clinical characterization of an optimized dual monoclonal sandwich ELISA for the quantification of thymidine kinase 1 (TK1) protein in human blood samples*", by Kiran Jagarlamudi et al., and was published in PLOS One journal.
- AroCell expands its presence in Africa by signing a distributor agreement with MM African Technology covering Zambia and Malawi. The agreement covers the sales and distribution of the company's typhoid fever rapid test TUBEX® **TF** and the tumor marker test **UBC**® *Rapid*.
- AroCell gave a presentation on the company's strategic development, initiatives and opportunities for 2023.
- AroCell presented information on the nomination committee's proposal prior to the 2022 annual general meeting.
- AroCell's partner ZECEN Biotech has received the registration certificate from the Chinese regulatory authorities NMPA. This means that the company's tumor marker test, **TPS**®, is now available on ZECEN's automated platforms in the Chinese market from the beginning of 2023.

After the reporting period

- AroCell announced that it has signed a new development agreement with ZECEN Biotech for the automation of another of the company's tumor markers, **UBC**®, on ZECEN Biotech's automated platforms.
- AroCell continues to expand its sales and distribution network in Africa. The company signed a distributorship agreement with Sub-Saharan Biomedical P.L.C. for sales of TUBEX® **TF** in Ethiopia.



CEO'S STATEMENT

2022 was a successful year for AroCell! During the year, we have experienced strong sales growth driven by our rapid tests, with TUBEX at the helm. Annually, we have had an increase in revenue amounting to over 60%, a welcome increase, but one that makes great demands on the organization. This development is a direct result of the hard, conscious efforts that we at AroCell have made, all in line with the strategic plan we presented just over a year ago.

Not all organizations the size of AroCell can meet the increase in demand that we experienced during the year. It is the great dedication, flexibility and will to deliver permeating our organization that has made this possible. During the year, we have purposefully reinforced our organization with new employees equipping us to face the future. It is with great pleasure that I have witnessed the new organization taking shape.

At the beginning of the year, we conducted a successful round of funding, which financially secures the company for a long time to come. It also gives us great flexibility and the potential to develop and strengthen the company in line with our strategy. With our strong sales growth, we now have a very solid position, which is vital in times like these as we enter a recession and witness war in our region.

In the last year, we have persistently communicated and followed our five-point strategy. This is the strategy we have set and will work towards in the future.

An important part of our five-point strategy is to get our biomarkers onto automated platforms to secure sales volumes and to reach major hospitals and laboratories. At the end of the year, our first biomarker (TPS) made it onto an automated platform approved in China with the help of our partner ZECEN Biotech. Getting our markers onto automated platforms is the first step of our strategy. In January, we took the next step in the journey and signed a development agreement with ZECEN Biotech for our bladder cancer test, **UBC**[®]. The goal is to get all our biomarkers onto automated platforms and out to several different partners.

I am convinced that 2023 will be a good year for AroCell and that we will continue to develop our company in a positive direction, though naturally there will be challenges. While expecting continued positive sales development, we are working with a focus on cost control with the aim of becoming cash flow positive in operating activities.

We are also looking to the future by launching more products in our current markets and at the same time seeking to establish new markets for our existing products. We are working intentionally with our development program to take AroCell to the next level. Given our strong cash position and the expertise the company possesses, we also see great opportunities to bring in additional products through in-licensing or other structural collaborations in the long term.



I have now been AroCell's CEO for just over two years, during which time the company has undergone a transformation. The incorporation of IDL into the Group has been successful and has paved the way for a new structure and all the possibilities it entails. The collective expertise of the Group paired with our broad product portfolio is an excellent starting point to further develop the company toward new successes.

STRATEGY

1. In the short/mid term, further focus on increasing sales volumes of existing products through more targeted sales efforts and concentrated resources.
2. Conduct a clinical oncology development program with the goal of obtaining market approval in the US and Europe for **UBC**[®] Rapid 2.0 and TK 210 ELISA.
3. Evaluate and leverage the synergy of combining the synergy of combining TK1 and cytokeratins in clinical decision-making for the development of next-generation IVD tests.
4. Focus on the fast-growing rapid test market for all company biomarkers.
5. Invest additional resources to make the company's biomarkers available on automated platforms to ensure future sales volumes.

SALES AND OPERATING RESULTS

October - December 2022

The Group's revenue, profit and financial position are shown in the financial statements on page 8-11.

The parent company's revenue, profit and financial position are shown in the financial statements on page 12-14.

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 67% (24%) and oncology's share was 33% (76%).

Gross margin

The amount for KSV KSEK 12,161 (8,464) includes goodwill amortization of KSEK 4,947 (4,947) for the quarter. The margin excluding goodwill is 42.2% (40.3%).

Other operating income

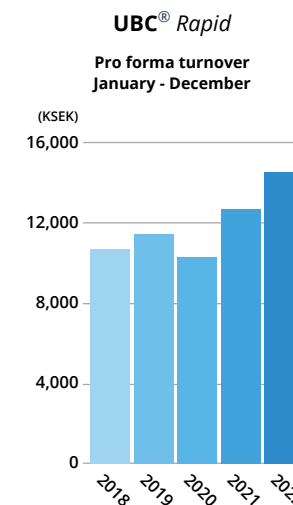
Other operating income mainly refers to positive currency differences in EUR and USD and income linked to the collaboration with Attana AB, which started in the second quarter.

Costs

During the quarter, overhead costs amounted to KSEK 17,337 (17,589) and are divided between sales 22% (33%), administration 36% (27%), and development 41% (40%). 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 -16,520 (-19,991). The amount includes goodwill amortization of KSEK 9,895 (9,895).



January – December 2022*

Sales

Bacteriology's share of sales for the period was 54% (31%) and oncology's share was 46% (69%).

Gross margin

The amount for KSV KSEK 39,091 (17,041) includes goodwill amortization of KSEK 19,789 (9,895) for the period January – December. The margin excluding goodwill is 47.8% (40.4%).

Other operating income

Other operating income mainly refers to positive currency differences in EUR and USD and income linked to the collaboration with Attana AB, which started in the second quarter.

Costs

During the period January – December,

overhead costs amounted to KSEK 60,248 (45,827) and are divided between sales 27% (34%), administration 32% (23%), and development 41% (43%). Goodwill amortization of KSEK 19,789 (9,895) is included in overheads for the period.

Outcome

Profit after financial costs for the period January – December amounted to KSEK -59,299 (-50,573). The amount includes goodwill amortization of KSEK 39,579 (19,789).

Cash flow, investments and financial position

Cash flow from operating activities amounted to KSEK -2,330 (-9,326) in the fourth quarter and KSEK -13,703 (-28,206) for the period January – December.

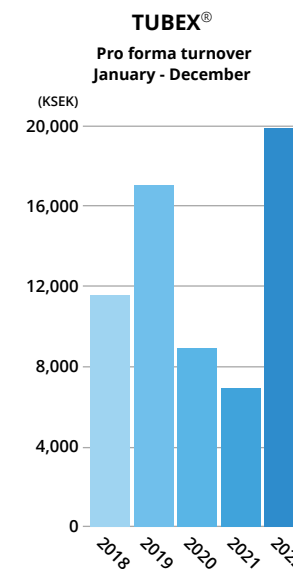
Cash flow from investment activities amounted to KSEK -305 (-97) for the fourth quarter and KSEK -10,108 (4,544) for the period January – December.

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

AroCell issued a rights offering in the first quarter of 2022 for 114,613,133 shares which provided AroCell with approximately MSEK 86 before transaction costs.

Liquidity and equity

As of 31 December, cash and cash equivalents amounted to KSEK 65,189 (18,402). Available overdraft is about KSEK 3,500. As of December 31, equity amounted to KSEK 222,694 (213,522).



* The figures in comparison with the previous year 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 2021 Annual Report.

The Ukraine crisis

The situation in Ukraine is considered to have a minor impact on the group's operations, affecting only the Ukrainian market's development opportunities.

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, 2022, 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 2021 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.

BOARD OF DIRECTORS

Stockholm, Sweden, February 22, 2023

JOHAN HÄGGBLAD
Shareman

EVA NORDSTRÖM
Member

CHARLOTTA LJUNGQVIST
Member

MAX PIHLQVIST
Member

AGNETA TUFVESSON ALM
Member

CEO
ANDERS HULTMAN

GROUP'S INCOME STATEMENT

	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
(KSEK)				
Net revenues	12 471	5 894	36 986	11 996
Cost of goods sold	-12 161*	-8 464	-39 091*	-17 041
- Gross profit	310	-2 570	-2 106	-5 045
Selling expenses	-3 872**	-5 718	-16 359**	-15 394
Administrative expenses	-6 294	-4 832	-19 464	-10 605
Research and development expenses	-7 170***	-7 039	-24 425***	-19 828
Other operating income	500	180	3 065	359
Other operating expenses	-1	-13	-15	-60
Operating earnings (EBIT)	-16 528	-19 992	-59 304	-50 573
Net profit financial items	7	1	5	0
Profit after financial items	-16 520	-19 991	-59 299	-50 573
Net earnings for the period	-16 520	-19 991	-59 299	-50 573
Attributable to the shareholders of the parent company	-16 520	-19 704	-58 973	-50 025
Attributable to non-controlling interest	-	-287	-326	-548
Earnings per share (SEK), before and after dilution	-0,07	-0,17	-0,28	-0,54

* 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

	2022 Dec 31	2021 Dec 31
(KSEK)		
ASSETS		
Intangible fixed assets		
Goodwill	138 573	178 152
Balanced expenses for development work	10 469	15 970
Patent	306	510
	149 349	194 632
Tangible fixed assets		
Machinery and other technical facilities	3 045	147
Equipment, tools and installations	273	1 011
	3 319	1 158
Total fixed assets	152 667	195 790
Inventories etc.	7 375	6 910
Short-term receivables		
Accounts receivable	7 115	2 719
Current tax receivables	907	708
Other receivables	1 536	1 565
Prepaid expenses and accrued income	1 223	1 319
	10 782	6 312
Cash and bank balances	65 189	18 402
Total current assets	83 346	31 625
TOTAL ASSETS	236 013	227 415

	2022 Dec 31	2021 Dec 31
EQUITY AND LIABILITIES		
Equity		
Share capital	23 036	11 461
Other contributed capital	440 757	376 734
Balanced result	-181 801	-124 101
The result of the period	-59 299	-50 573
Equity attributable to the parent company's shareholders	222 694	213 522
Holdings without controlling influence	-	3 932
Total equity	222 694	217 453
Current liabilities		
Accounts payable	6 124	3 389
Other liabilities	896	977
Accrued costs and prepaid revenues	6 299	5 594
	13 319	9 960
TOTAL EQUITY AND LIABILITIES	236 013	227 415

GROUP'S CHANGE IN EQUITY

	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER CAPITAL INCL. RESULT OF THE PERIOD	HOLDINGS WITHOUT CONTROLLING INFLUENCE	TOTAL
(KSEK)					
Equity 2021-01-01	7 571	173 338	-124 649	0	56 260
Non-cash issue	3 890	203 396			207 286
Result of the period			-50 025	-548	-50 574
Transaction with minority				4 480	4 480
Equity 2021-12-31	11 461	376 734	-174 673	3 932	217 453
Rights 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	-241 099	0	222 694

GROUP'S CASH FLOW STATEMENT

	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
(KSEK)				
Cash flow from current operations	-2 330	-9 326	-13 703	-28 206
Cash flow from investment activities	-305	-97	-10 108	4 544
Cash flow from financing activities	-	-	70 598	-
Cash flow for the period	-2 635	-9 423	46 787	-23 662
Liquid funds at the beginning of the period	67 824	27 825	18 402	42 064
Liquid funds at the end of the period	65 189	18 402	65 189	18 402

PARENT COMPANY'S INCOME STATEMENT

	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
(KSEK)				
Net revenues	30	36	229	135
Cost of goods sold	-543	-15	-1 919	-91
- Gross profit	-512	21	-1 690	44
Selling expenses	-83	-1 840	-1 117	-8 011
Administrative expenses	-2 409	-1 131	-9 884	-3 955
Research and development expenses	-1 799	-3 218	-7 252	-12 592
Other operating income	3	19	0	93
Other operating expenses	-1	-13	-38	-60
Operating earnings (EBIT)	-4 802	-6 162	-19 981	-24 480
Impairment of shares in group companies	-	-24 400	-	-24 400
Net profit financial items	9	0	9	-1
Profit after financial items	-4 793	-30 562	-19 972	-48 881
Net earnings for the period	-4 793	-30 562	-19 972	-48 882

PARENT COMPANY'S BALANCE SHEET

	2022 Dec 31	2021 Dec 31		2022 Dec 31	2021 Dec 31
(KSEK)			EQUITY AND LIABILITIES		
ASSETS			Equity		
Intangible fixed assets			Share capital	23 036	11 461
Balanced expenses for development work	6 407	10 678	Fund for development expenses	2 040	3 399
Patent	306	510		25 076	14 861
	6 713	11 189	Premium fund	440 757	376 734
Tangible fixed assets			Balanced result	-175 572	-128 050
Machinery and other technical facilities	98	147	Result for the period	-19 972	-48 882
Equipment, tools and installations	226	274		245 213	199 802
	324	421	Total equity	270 289	214 663
Financial assets			Current liabilities		
Shares in group companies	216 587	210 529	Accounts payable	928	1 282
			Liabilities to group companies	14 400	20 400
Total fixed assets	223 624	222 138	Other liabilities	413	739
Inventories etc.	1 698	1 670	Accrued costs and prepaid revenues	2 206	1 844
Short-term receivables			Total current liabilities	17 947	24 265
Accounts receivable	0	0	TOTAL EQUITY AND LIABILITIES	288 236	238 928
Current tax receivables	175	339			
Other receivables	508	1 176			
Prepaid expenses and accrued income	466	412			
	1 149	1 928			
Cash and bank balances	61 765	13 193			
Total current assets	64 612	16 790			
TOTAL ASSETS	288 236	238 928			

STOCK DATA

	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Number of shares				
Opening balance	230 361 066	114 613 133	114 613 133	75 712 408
Non-cash issue				38 900 725
Rights issue			115 747 933	
Number of shares per balance sheet date	230 361 066	114 613 133	230 361 066	114 613 133
Average number of shares after dilution	230 361 066	114 613 133	215 353 939	94 363 441
Quota value shares	0,1	0,1	0,1	0,1

SHAREHOLDERS

Datum: 2022-12-31

Name	Holding	Votes
Labbex Förvaltnings AB	26,643,432	11.57%
Avanza Pension	16,965,486	7.36%
Greg Dingizian through Agartha AB	15,600,000	6.77%
Nordnet Pensionsförsäkring	7,667,931	3.33%
Jon Eiken	6,237,984	2.71%
Mikael Lönn	5,020,537	2.18%
Gunvald Berger	3,724,237	1.62%
Gerhard Dal	3,496,963	1.52%
Didrik Hamilton	3,110,913	1.35%
Anders Svennberg	3,000,000	1.30%
A total of 10 largest owners	91,467,483	39.71%

AROCELL

Visiting address:

Karlsbodavägen 39
Bromma

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

