AroCell AB (publ)

Interim report for period 1 January – 31 March 2017

- Net sales were 56 (0) KSEK
- Loss after financial items was - 4,225 (- 2,842) KSEK
- Earnings per share were -0.15 (-0.10) SEK
- Cash flow from operating activities was -4,898 (-1,272) KSEK
- Cash flow from investing activities was 0 (-3,220) KSEK

This information is information that AroCell is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through Jan Stålemark, at 08:25 CET on 11 May 2017.

About AroCell

AroCell AB (AROC) is a Swedish company that develops standardized modern blood tests to support the prognosis and follow up of cancer patients. AroCell's new technology is based on patented methods to measure TK1 protein levels, which provide valuable information about the speed of cell turnover. A tumor has high cell turnover (speed of cell division and cell death) and as a result TK1 can be detected in the blood with a simple laboratory test, called TK 210 ELISA. The test provides valuable clinical information for prognosis and optimization of treatment strategy. The test may also be used for monitoring disease relapse. AroCell (AROC) is listed at Nasdaq First North and has about 2,600 shareholders. For more information, please see www.arocell.com. Redeye AB is AroCell:s Certified Adviser.

Significant events during the reporting period

- A scientific poster showing the correlation between TK 210 ELISA and Prostate Health Index (PHI) was accepted by AARC, American Association of Cancer Research.
- AroCell participated at the World Biomarker Congress in Manchester, UK in February.
- A webinar entitled “Improved Monitoring of Tumor Growth with a Novel Serum Proliferation Biomarker” was held on March 23rd, with 135 participants from both industry and academia.

Significant events after the reporting period

- AroCell attended the AACR congress in Washington, DC together with its distribution partner Eagle Biosciences.
- The Biomarker and World Congress in Philadelphia on May 2-4.

Comments by CEO Jan Stålemark

A key priority for Arocell in 2017 is to ensure that we have a strong strategic framework in place to maintain focus for our activities and drive commercial growth. We have identified key areas where we will focus on moving forward which include elements to support both the commercial and clinical strategies.

Our commercial activities have increased significantly during the last period. We have seen a very positive response to our diverse marketing activities. These activities have generated significant interest in our product, providing plenty of contacts and leads for us to follow up on. We are thereby now able to make advances in commercializing our CE-marked TK 210 ELISA kit into the clinical research market.

The clinical validation is a key focus to ensure customer acceptance for long term growth. We have made good progress in the clinical development plans and expect to be presenting preliminary and interesting results soon. The Swedish Promix multicentre study has been analysed and publication is planned. Both our prospective studies, Sarcoma at Helsinki hospital and Prostate cancer at the South Hospital in Stockholm are on plan and expected to be completed by the end of 2018. We have also completed the analysis of the biobank samples in the U-CAN study in Uppsala. The remaining work is to get the results analysed in correlation to the patient records which will be done by the clinicians at Uppsala Academic Hospital. This is key to our strategy in obtaining clinical acceptance through clinical validation, in order to introduce our product to the global in vitro diagnostic market.

As prostate cancer is a key component in our clinical development program, it is essential to communicate the results to the medical community. A scientific poster was presented at the AARC, American Association of Cancer Research. It shows significant correlation between results by TK 210 ELISA and Prostate Health Index (PHI), a new index to determine patient status for individuals with suspected or confirmed prostate cancer. The study compare AroCell’s TK 210 ELISA test with other commonly used test methods such as PSA, free PSA, pro PSA and PHI in men with pre-cancerous conditions and confirmed prostate cancer indicates that AroCell’s TK 210 ELISA test provides valuable clinical information.

We have the only CE-marked kit on the market that measures concentrations of TK 1 protein in serum from a simple blood test based on the global standardized ELISA format. Our product's uniqueness has generated interest well above our expectations during meetings with potential customers from the research and medical communities at trade shows and conferences. This will be a strong basis to find new partners and markets in 2017.

With a robust product, commercially available and with an increased customer interest, we are now putting full efforts behind our plans for launching the TK 210 ELISA kit into the clinical research market as well as the ongoing clinical development program.

Jan Stålemark
CEO

Essential risks

Financial risks
AroCell's business activities are based on external financing. To date, the company has been successful in obtaining financing, but there are not guarantees of this happening in the future in a way that is advantageous to the company's shareholders. A sufficiently serious failure in future financing may affect the company's development and market value.

Development and production risks
Development and transfer to production are always associated with risks. A product manufactured at production scale does not always display the same characteristics as one manufactured at research scale. Developing future products may also prove to be more complicated and take longer than expected.

Commercialization risks
There is always a risk that the products AroCell has developed will not achieve the expected positive reception on the market and that the product will need longer time to gain acceptance. Particularly in the early stages, the quantity of products sold may then be lower and the time it takes to establish the product on the market may be longer than the company allowed for in its sales estimates.

Currency risks
The company expenses are partially based in Euro, and this means that there is a risk that weakening of the Swedish krona against the Euro may lead to increased expenses for the company. A portion of the sales proceeds in future can be associated with currencies from other countries, which means that there is a risk that if the Swedish krona becomes stronger to other currencies, this may lead to decreased profits for the company in SEK.

In addition, there are risks associated with patent security and how the market assesses studies, approvals and certifications. Taking risk factors into consideration in decision processes and when designing routines and drawing up documentation means that the risks are assessed and their effects can be minimized, and to some extent, avoided.

The share
AroCell AB (publ) was listed on Nasdaq First North, Stockholm, June 30 2016 under AROC. On March 31, 2017 there were 28 674 506 shares (quota value SEK 0,10).

Accounting principles
This Interim Report has been prepared in accordance with the Swedish law: Årsredovisningslagen and Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och Koncernredovisning (K3).

Report review
This interim report has not been reviewed by the company´s auditor.

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AroCell AB (publ)
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SVERIGE

The Annual General Meeting
The Annual General Meeting will be held on Wednesday 18 May 2017 at 15.00 hours at the corporate headquarters at Virdings allé 32 B i UPPSALA.

Financial Calender
05/11/2017 Interim report 1
05/18/2017 Annual General Meeting
08/24/2017 Interim report 2
11/23/2017 Interim report 3
02/22/2018 Interim report 4

Submission of interim report

Uppsala May 10, 2017

The board of directors

Summary Income statement

(TSEK)	2017 Jan-Mar 3 months	2016 Jan-Mar 3 months	2016 Jan-Dec full year
Net sales	56	0	59
Cost of goods sold			
Selling expenses	-2 188	-1 426	-5 020
Administrative expenses	-881	-718	-2 193
Research and development expenses	-1 212	-698	-2 075
Operating loss	**-4 225**	**-2 842**	**-9 229**
Net financial items	0	0	-6
Loss after financial items	**-4 225**	**-2 842**	**-9 235**
Income taxes	0	0	0
Loss for the period	**-4 225**	**-2 842**	**-9 235**

Summary balance sheet

(TSEK)	2017 Mar 31	2016 Mar 31	2016 Dec 31
ASSETS			
Fixed assets			
Intangible assets	31 328	25 030	31 328
Tangible assets	168	12	170
Total fixed assets	**31 496**	**25 042**	**31 498**
Current asset			
Inventories	1 419	1 419	1 419
Other receivables	597	272	652
Cash and cash equivalents	27 954	45 210	32 852
Total current assets	**29 970**	**46 901**	**34 923**
Total assets	**61 466**	**71 943**	**66 421**
EQUITY AND LIABILITIES			
Share capital	2 867	2 867	2 867
Restricted reservs	9 518	0	9 518
Other contributed capital and reserves	102 615	102 615	102 615
Non-restricted equity	-55 769	-35 633	-51 544
Total equity	**59 231**	**69 849**	**63 456**
Long-term liabilities	0	0	0
Current liabilities	2 235	2 094	2 965
Total equity and liabilities	**61 466**	**71 943**	**66 421**

Summary cash flow statement

(TSEK)	2017 Jan-Mar 3 months	2016 Jan-Mar 3 months	2016 Jan-Dec full year
Cash flow from operating activities	-4 898	-1 272	-7 168
Cash flow from investing activities	0	-3 220	-9 682
Cash flow from financing activities	0	0	0
Cash flow from the period	**-4 898**	**-4 492**	**-16 850**
Cash and cash equivalents at beginning of period	32 852	49 702	49 702
Cash and cash equivalents at end of period	**27 954**	**45 210**	**32 852**

Share data

	2017 Jan-Mar 3 months	2016 Jan-Mar 3 months	2016 Jan-Dec full year
Earnings per share (SEK)	-0,15	-0,10	-0,32
Before dilution	-0,15	-0,10	-0,32
After dilution			
Number of shares on balance sheet date			
Before dilution	28 674 506	28 674 506	28 674 506
After dilution	28 674 506	28 674 506	28 674 506
Average number of shares			
Before dilution	28 674 506	28 674 506	28 674 506
After dilution	28 674 506	28 674 506	28 674 506