AroCell AB (publ)

Reporting period 1 July – 30 September 2017

- Net sales were 0 (46) KSEK
- Losses after financial items were – 3,678 (- 2,590) KSEK
- Earnings per share were - 0.12 (- 0.09) SEK
- Cash flow from operating activities was – 4,227 (- 784) KSEK
- Cash flow from investing activities was 0 (- 2,376) KSEK
- Cash flow for the period was – 4,227 (-3,160) KSEK

Interim report 1 January – 30 September 2017

- Net sales were 293 (46) KSEK
- Losses after financial items were – 11,510 (- 7,395) KSEK
- Cash flow for the period was -12,656 (-10,861) KSEK
- Earnings per share were - 0.40 (- 0.26) SEK

Revenues and expenses July – September 2017 (2016) KSEK

Sales for the period were 0 (46). Expenses were 3,678 (2,590). Taking into account capitalization of R&D, total expenses for the same period in 2016 amounted to 5,012. As the product has been fully developed and CE-marked, R&D expenses are no longer capitalized. R&D expenses are loaded with depreciation of intangible assets 1 119 (0). Total cash flow for the period was -4,227 (-3,160). Cash at the end of the period was 20,196.

Revenues and expenses January – September 2017 (2016) KSEK

Sales for the period were 293 (46). Expenses were 11,510 (7,394). Taking into account capitalization of R&D, total expenses for the same period in 2016 amounted to 14,791. As the product has been fully developed and CE-marked, R&D expenses are no longer capitalized. R&D expenses are loaded with depreciation of intangible assets 1 119 (0). According to plan marketing and sales expenses have increased which reflects our ambition to get TK 210 ELISA test Kit to the market. Total cash flow for the period was -12,656 (-10,681). Cash at the end of the period was 20,196.

AroCell is obliged to make public this information pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication through Jan Stålemark, at 08:45 CET on 22 November 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 Thymidine Kinase 1 (TK1) protein levels in a blood sample. The TK 210 ELISA test provides valuable information mainly about the condition of cancer patients. This may help clinicians to optimize treatment strategies and estimate the risk of recurrence of tumor disease during the monitoring of the disease. AroCell (AROC) is listed at Nasdaq First North and has about 2,500 shareholders. For more information, please see www.arocell.com. Redeye AB is AroCell:s Certified Adviser.

CEO Comments
We are making good progress and we feel confident that TK 210 ELISA will become a very valuable biomarker in the care of patients with cancer. Our route to success is based on a strategy which can be divided in three main focus areas.

Our first focus area is the clinical development and validation of TK 210 ELISA. This is critical for achieving acceptance by researchers in drug development and clinical research organizations (CROs). Results from clinical studies and experimental studies are necessary to prove utility, both in research models and clinical practice. During the quarter, we have presented and communicated three important study results raising our comfort level of the relevance and importance of TK 210. The clinical validation remains a priority to ensure customer acceptance and long-term growth. Recent results in studies which give additional and new evidence that TK 210 ELISA provides vital information about how our test can be used in drug development and monitoring treatment response of cancer. The three most recent studies:

- Breast cancer, PROMIX - “Quantification of cell loss in breast cancer during neoadjuvant treatment (NACT) assessed by serum thymidine kinase protein concentrations (sTK1)” at ESMO Asia Singapore, November 2017
- Research study - Novel method for studying the in-vitro effects of anti-cancer agents: the assay of thymidine kinase 1 (TK1) in cell culture utilising AroCell TK 210 ELISA presented at NCRI UK, Liverpool, November 2017
- Prostate cancer -” AroCell TK 210 ELISA may complement pro PSA and the prostate health index in differentiating non-cancerous from cancerous conditions in prostate disease” presented at NCRI UK, Liverpool, November 2017

These studies provide valuable evidence on how our TK 210 ELISA test can be used in different types of applications, experimental models in the research area for drug development and clinical studies we are now able to better attract the interest from both pharmaceutical and IVD companies with automated systems.

Our second priority is the licensing and tech transfer of our TK 210 ELISA technology and know-how. Our goal here is to offer our intellectual property, know-how and material to other companies to implement on their automated systems. This could enable our TK 210 ELISA test to become one of the most used biomarkers in the market. We need to show clinical and research applicability in several areas to motivate companies to negotiate with us to get access to TK 210 ELISA through a licensing agreement. We can, with clinical and experimental results, increase the interest for our technology and know-how.

Our third focus area is the commercialization of TK 210 ELISA product to drive demand and revenue. Our clinical development and validation strategy supports this and will provide the evidence we need to show how our product can be used in multiple applications, research areas and clinical practice by healthcare professionals.

We will continue to validate and promote the use of the TK 210 ELISA test and with the goal to make it one of the most used biomarkers in the treatment of cancer.

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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Financial Calendar

02/22/2018 Interim report 4 - 2017
04/27/2018 Interim report 1 – 2018
15/06/2018 Annual General Meeting
08/31/2018 Interim report 2 – 2018
11/09/2018 Interim report 3 - 2018

Submission of interim report

Uppsala November 22, 2017

The board of directors

Summary Income statement

(TSEK)	2017 July-Sept *3 months*	2016 July-Sept *3 months*	2017 Jan-Sept *9 months*	2016 Jan-Sept *9 months*	2016 Jan-Dec *full year*
Net sales	-	46	293	46	59
Cost of goods sold	-	-	-72	-	-
Selling expenses	-974	-1,309	-4,656	-3,703	-5,020
Administrative expenses	-646	-563	-2,335	-1,906	-2,193
Research and development expenses	-2,058	-764	-4,740	-1,831	-2,075
Operating loss	**-3,678**	**-2,590**	**-11,510**	**-7,394**	**-9,229**
Net financial items		-1		-1	-6
Loss after financial items	**-3,678**	**-2,591**	**-11,510**	**-7,395**	**-9,235**
Loss for the period	**-3,678**	**-2,591**	**-11,510**	**-7,395**	**-9,235**

Summary balance sheet

(TSEK)	2017 30 Sept	2016 30 Sept	2016 31 Dec
ASSETS			
Fixed assets			
Intangible assets	30,209	29,206	31,328
Tangible assets	468	9	170
Financial assets	50	-	-
Total fixed assets	**30,727**	**29,215**	**31,498**
Current assets			
Inventory	2,243	1,419	1,419
Other receivables	654	312	652
Cash and cash equivalents	20,196	39,021	32,852
Total current assets	**23,093**	**40,752**	**34,923**
Total assets	**53,820**	**69,967**	**66,421**
EQUITY AND LIABILITIES			
Share capital	2,867	2,867	2,867
Restricted reserves	9,518	-	9,518
Other contributed capital and reserves	102,615	102,615	102,615
Non-restricted equity	-63,054	-39,428	-51,544
Total equity	**51,946**	**66,054**	**63,456**
Current liabilities	1,874	3,913	2,965
Total equity and liabilities	**53,820**	**69,967**	**66,421**

Summary cash flow statement

(TSEK)	2017 July-Sept *3 mths*	2016 July-Sept *3 mths*	2017 Jan-Sept *9 mths*	2016 Jan-Sept *9 mths*	2016 Jan-Dec *full year*
Cash flow from operating activities	-4,227	-784	-12,288	-3,285	-7,168
Cash flow from investing activities	-	-2,376	-318	-7,396	-9,682
Cash flow from financing activities	-	-	-50	-	0
Cash flow from the period	**-4,227**	**-3,160**	**-12,656**	**-10,681**	**-16,850**
Cash and cash equivalents at beginning of period	24,423	42,181	32,852	49,702	49,702
Cash and cash equivalents at end of period	**20,196**	**39,021**	**20,196**	**39,021**	**32,852**

Share data

	2017 Jan-Sept	2016 Jan-Sept	2016 Jan-Dec
Earnings per share (SEK)	-0.40	-0.26	-0.32
Number of shares on balance sheet date	28,674,506	28,674,506	28,674,506