

AroCell announces directed share issue and fully guaranteed rights issue of SEK 54,4m to finance FDA approval of AroCell TK 210 ELISA

The Board of Directors of AroCell AB (publ) ("AroCell" or the "Company") has resolved, subject to approval by the Extraordinary General Meeting ("EGM"), on an issue of shares with preferential rights for existing shareholders (the "Rights Issue") of SEK 39.4m as well as a directed share issue of SEK 15m (the "Directed Issue"). The Rights Issue is covered by subscription commitments and guarantee commitments from principal owners and new investors corresponding to 100% of the issue proceeds. The Directed Issue is subscribed for by a limited number of qualified investors. Notice to shareholders of the EGM will be published through a separate press release. AroCell also announces that the Company's interim report for the period January - September 2019 will be published on November 5, 2019 instead of November 15, 2019.

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AroCell develops standardized modern blood tests to support the prognosis and follow up of cancer patients. The technology is based on patented methods to measure Thymidine Kinase 1 (TK1) protein concentrations in a blood sample. AroCell TK 210 ELISA format is simple and robust, requires no special instrumentation to perform and can easily be incorporated in to standard laboratory processes.

AroCell requires additional working capital to fund its continued growth and market expansion. Assuming full subscription of the Rights Issue and the Directed Issue the Company will receive SEK 54.4m before issue costs. The Company's opinion is that the current offering will be sufficient to:

1. Obtain FDA approval of AroCell TK 210 ELISA for the US market and seek reimbursement (90% of proceeds)
 - If necessary, carry out additional clinical study/studies in the United States to support the FDA application
 - Study of health economics and pricing strategy
 - Market activities prior to product launch
 - Working capital to run the business until 2021, this includes another resource for the clinical operations
1. Expansion to other cancer indications in addition to breast cancer (10% of proceeds)
 - Initiate new studies to demonstrate the clinical utility of using AroCell TK 210 ELISA for other indications and support approval for clinical use in these indications

Comment from AroCell's CEO, Michael Brobjer

"To finance the work in the US market and gain momentum in sales, we are executing a significant capitalization of AroCell. The goal is FDA approval, which is crucial for establishing AroCell TK 210 ELISA in the United States. The clinical trials already conducted show the great potential of our product, which is the basis for market entry in the United States. The directed issue means that AroCell attains reputable investors, which is an important addition to our ownership structure and strengthens our position. At the same time, we welcome our faithful existing owners to continue to support us in our quest to improve cancer care by subscribing in the Rights Issue. With these words, I would like to thank both newcomers and existing shareholders for their faith in AroCell's future opportunities." – Michael Brobjer, CEO.

The Rights Issue in brief

The Board of Directors has also today, October 22, 2019, subject to subsequent approval by the EGM scheduled to be held on November 8, 2019, resolved to offer existing shareholders to subscribe for shares in AroCell at a subscription price of SEK 1.50 through a Rights Issue. The Rights Issue comprises up to 26,284,936 shares, fully subscribed equivalent to an increase of the share capital of SEK 2,628,496.30. The total issue amounts to SEK 39,427,445.

The Rights Issue will be issued on the following terms:

The preemptive right to subscribe for new shares shall be in relation to the number of old shares that the shareholder owns, per each (1) existing share the shareholder receives two (2) subscription rights. Three (3) subscription rights are required to subscribe for one (1) new share. Those who are not current shareholders can also subscribe for shares in the Rights Issue. For shares subscribed for without preferential right, allotment shall take place as follows:

- primarily to those who also subscribed for shares under subscription rights (whether they were shareholders on the record date or not), pro rata to the number of shares subscribed for under subscription rights, however, to subscribers who, with application of this the allotment principle would have been allotted fewer than 100 shares after the draw would be allotted either 100 shares or no shares;
- in the alternative to others who subscribe for shares without preferential rights, pro rata in relation to how many shares have been subscribed, however, that subscribers who, having applied this allocation principle, would have been allocated fewer than 100 shares after drawing lots shall be allocated either 100 shares or no shares, and
- thirdly, to issue guarantors in accordance with the respective guarantor's guarantee undertaking, however, subscribers who, having applied this allocation principle, would have been granted fewer than 100 shares after drawing lots shall be allocated either 100 shares or no shares

Per each subscribed share, SEK 1.50 shall be paid. The record date, i.e. the day when shareholders must be entered into the share registry to receive preemptive right in the Rights Issue is November 15, 2019. The subscription period for new shares is from November 20 up to December 4, 2019. Subscription for shares with preemptive right are made by cash payment. Subscription without preemptive right is made through a depository bank or directly to the issuer agent Aqurat Fondkommission on a special subscription list. Payment for shares subscribed for without

preemptive right shall be made no later than three (3) business days after the decision on allocation, according to the instructions on the contract note. The Board of Directors is authorized to extend the subscription period and the time of payment. New shares are entitled to dividends for the first time on the dividend record date immediately following the registration of new shares with the Swedish Companies Registration Office (Sw. "Bolagsverket"). The Board of Directors, or an entity or person selected by the Board of Directors, reserves the right to make minor adjustments necessary for the registration at the Swedish Companies Registration Office and Euroclear Sweden AB. Fully subscribed, the issues will increase the share capital by SEK 2,628,496.30 to SEK 6,571,240.30 and the number of shares will increase by 26,284,936 shares to 65,712,408 shares. The dilution effect for shareholders not participating in the Rights Issue will be approximately 40 percent.

Subscription and guarantee commitments

AroCell has received subscription undertakings of approximately SEK 1.5m, representing approximately 4 percent of the Rights Issue and guarantee commitments of approximately SEK 37.9m, which together corresponds to 100 percent of the Rights Issue. The guarantee consists of a so called bottom guarantee which covers approximately 76 percent of the Rights Issue and a so called top guarantee covering the remaining 20 percent. Thus, the issue is fully covered by subscription commitments and guarantee commitments.

Preliminary timeline

- November 5, 2019 – Publication of the Company's interim report for the third quarter of 2019
- November 8, 2019 – Extraordinary General Meeting
- November 13, 2019 – Last day of trading incl. preferential rights
- November 14, 2019 – First day of trading excl. preferential rights
- November 15, 2019 – Record date
- November 20, – December 2, 2019 – Trading in rights
- November 20 – December 4, 2019 – Subscription period
- November 20, 2019 – Until the Rights Issue is registered at the Swedish Companies Registration Office – Trading in BTA
- December 9, 2019 – Disclosure of outcome of Rights Issue

Investor meetings

Invitation to investor meetings will be sent out separately and will also be presented on AroCell and Redeye AB's respective websites (www.arocell.com, www.redeye.se)

Prospectus

Publication of the prospectus is expected around November 15, 2019. Full terms and conditions as well as information about subscription and guarantee commitments will be available in AroCell's prospectus which, will be published on the Company's and Redeye AB's respective websites (www.arocell.com, www.redeye.se)

The Directed Issue in brief

The Board of Directors has today, October 22, 2019, subject to subsequent approval by the EGM scheduled to be held on November 8, 2019, resolved to carry out a Directed Issue of 10,000,000

shares at a subscription price of SEK 1.50 per share, increasing the share capital with SEK 1,000,000. The Company will receive SEK 15m through the Directed Issue. The dilution effect for current shareholders, calculated after the Rights Issue, will be approximately 13 percent. The reason for the Directed Issue, deviating from the shareholders' preferential rights, is to give the Board of Directors the required flexibility to finance and enable the continued rapid expansion on the U.S. market as well as secure additional working capital.

Advisers

Redeye Aktiebolag acts as financial adviser and Fredersen Advokatbyrå acts as legal adviser in connection with the issues.

Important information

The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such restrictions. The recipient of this press release is responsible for using this press release, and the information contained herein, in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in AroCell in any jurisdiction, neither from AroCell nor from someone else.

Any investment decision in connection with the Rights Issue must be made on the basis of all publicly available information relating to the Company. Such information has not been independently verified by the financial advisors. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the United States or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction. A prospectus in Swedish regarding the Rights Issue described in this press release will be prepared and submitted to Swedish Financial Supervisory Authority (Sw. Finansinspektionen). Following the Swedish Financial Supervisory Authority's approval and registration of the prospectus, the prospectus will be published and kept available at AroCell's website.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release.

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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 concentrations 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 with Redeye AB as Certified Adviser: Certifiedadviser@redeye.se, +46 (0)8 121 576 90. For more information; www.arocell.com

This information is information that AroCell is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2019-10-22 08:00 CEST.

Press release
22 October 2019 08:00:00 CEST



Attachments

[AroCell announces directed share issue and fully guaranteed rights issue of SEK 54,4m to finance FDA approval of AroCell TK 210 ELISA](#)