AroCell AB (publ)

Interim report, 1 January – 31 March 2016

- *Net sales were TSEK 0 (0)*
- *Loss after financial items was TSEK -2,842 (-2,402)*
- *Earnings per share where SEK -0.10 (-0.10)*
- *Cash flow from operating activities was TSEK -1,272 (-3,255)*
- *Scale-up of production processes for TK 210 ELISA proceeds according to plan*
- *The Ethical review board for Stockholm South General Hospital (Södersjukhuset) approved the start of a clinical study regarding follow-up of prostate cancer patients with TK 210 ELISA*
- *The Ethical committee for the University Hospital of Helsinki approved the start of a clinical study regarding follow-up of sarcoma patients with TK 210 ELISA*

About AroCell
AroCell AB (publ) 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 concerning 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 on the AktieTorget marketplace in Sweden and has about 2,800 shareholders. For more information, please see www.arocell.com.

Significant events during the reporting period

- The Ethical review board for Stockholm South General Hospital (Södersjukhuset) approved the start of a clinical study. In this study, patients with prostate cancer will be evaluated from diagnosis through treatment and follow-up with the TK 210 ELISA. The study is estimated to take two years.

- The Ethical committee of the University Hospital of Helsinki approved the start of a clinical study regarding sarcoma cancer patients. The patients will be evaluated with the TK 210 ELISA and the study is estimated to take two years.

Significant events after the reporting period

- One of the first clinical studies using the TK 210 ELISA was published in the scientific journal Tumor Biology. The study established that the TK 210 ELISA test show higher clinical sensitivity for patients with early stage breast cancer compared with the currently most used biomarker CA15-3.

- The European Patent Office approved the AroCell AB patent regarding an invention relating to methods to produce antibodies for exposed thymidine kinase 1 (TK1) derived peptides, ligands and methods employing these.

- Martin Shaw joins and reinforces the management team at AroCell as Business Development Manager. Martin has over 40 years of experience in the development and introduction of novel biomarker assays to the pharmaceutical, biotechnology and laboratory medicine industries.

Comments from Jan Stålemark, CEO of AroCell

We continue to follow the clinical development plan for our TK 210 ELSIA test in order to quickly attain market acceptance. It is important that we can provide clinicians with guidelines regarding how our test can be used in various clinical applications. This means that we must obtain data through our clinical studies in order to provide clinicians with the means to interpret results of the TK 210 ELISA test in the prognosis, treatment and follow-up of cancer patients.

The recently published clinical study in Tumor Biology on TK 210 ELISA with breast cancer patients is an example of what can be generated in the clinical development plan. We can now use these results to define an application for our product. The study also provides us with the opportunity of utilizing the results in AroCell's marketing materials.

Participation in scientific congresses throughout the coming years will give us opportunities to meet potential customers and distributors. We have chosen to focus on meetings with a research profile, in the forefront of cancer research. We will soon participate in is the Biomarkers & Diagnostics World Congress in Philadelphia USA, May 16-19. We have new marketing material and will have a strategically well located exhibition stand, together with a sponsored presentation of AroCell technology in the official congress program. We have planned several similar congress activities and we hope to gain many new valuable contacts.

Martin Shaw has joined and reinforces the management team at AroCell as Business Development Manager. Martin has over 40 years of experience within development and introduction of novel biomarker assays to the pharmaceutical, biotechnology and laboratory medicine industries.

The European Patent Office has granted our patent in connection with exposed proliferation related peptides. This patent provides us with additional protection for our unique TK 210 ELISA test.

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 no 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 exactly 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 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.

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 minimised and, to some extent, avoided.

Accounting principles
The interim report has been prepared in accordance with "Årsredovisningslagen och Bokföringsnämndens allmänna råd, BFNAR 2012:1 Årsredovisning och koncernredovisning (K3)" and with the same accounting principles as in the company's annual report 2015.

The share
AroCell AB (publ) was listed on the AktieTorget marketplace on 25 May 2011. At 31 March 2016, there were 28,674,506 shares (quota value SEK 0.10)

Contact information

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Financial calendar

2016-05-18	Annual general meeting 2016
2016-08-25	Interim report no. 2 2016
2016-11-17	Interim report no. 3 2016
2017-02-16	Year-End report 2016

The interim report has not been reviewed by the company's auditor.

Submission of interim report
Uppsala, 10 March 2016

The Board of Directors

Summary Income statement

(TSEK)	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
	3 months	3 months	full year
Net sales	0	0	460
Operating expenses	-2,840	-2,395	-7,938
Depriciation of tangible fixed assets	-2	-2	-7
Operating loss	**-2,842**	**-2,397**	**-7,485**
Financial income	0	0	20
Financial expenses	0	-5	-14
Loss after financial items	**-2,842**	**-2,402**	**-7,479**
Income taxes	0	0	0
Loss for the period	**-2,842**	**-2,402**	**-7,479**

Summary balance sheet

(TSEK)	2016 Mar 31	2015 Mar 31	2015 Dec 31
ASSETS			
Fixed assets			
Intangible assets	25,030	17,968	21,810
Tangible assets	12	19	14
Total fixed assets	**25,042**	**17,987**	**21,824**
Current asset			
Inventories	1,419	1,419	1,419
Other receivables	272	128	1,378
Cash and cash equivalents	45,210	15,066	49,702
Total current assets	**46,901**	**16,613**	**52,499**
Total assets	**71,943**	**34,600**	**74,323**
EQUITY AND LIABILITIES			
Share capital	2,867	2,346	2,867
Other contributed capital and reserves	69,824	39,743	77,303
Non-restricted equity	-2,842	-8,771	-7,479
Total equity	**69,849**	**33,318**	**72,691**
Long-term liabilities	0	100	0
Current liabilities	2,094	1,182	1,632
Total equity and liabilities	**71,943**	**34,600**	**74,323**

Summary cash flow statement

(TSEK)	2016 Jan-Mar 3 months	2015 Jan-Mar 3 months	2015 Jan-Dec full year
Cash flow from operating activities	-1,272	-3,255	-9,127
Cash flow from investing activities	-3,220	-142	-3,984
Cash flow from financing activities	0	-50	44,300
Cash flow from the period	**-4,492**	**-3,447**	**31,189**
Cash and cash equivalents at beginning of period	49,702	18,513	18,513
Cash and cash equivalents at end of period	**45,210**	**15,066**	**49,702**

Share data

	2016 Jan-Mar 3 months	2015 Jan-Mar 3 months	2015 Jan-Dec full year
Earnings per share (SEK)	-0.10	-0.10	-0.31
Before dilution	-0.10	-0.10	-0.31
After dilution			
Number of shares on balance sheet date			
Before dilution	28,674,506	23,460,960	28,674,506
After dilution	28,674,506	23,460,960	28,674,506
Average number of shares			
Before dilution	28,674,506	23,460,960	23,797,318
After dilution	28,674,506	23,460,960	23,797,318

Change in equity (TSEK)

	Share capital	Development expenditure reserve	Other contributed capital	Retained earnings incl. loss for the year	Total equity
Opening balance 2016-01-01	**2,867**	**0**	**77,303**	**-7,479**	**72,691**
Provisions		**3,220**	**-3,220**		**0**
Allocation in accordance with resolution at AGM			-7,479	7,479	**0**
Loss for the period				-2,842	**-2,842**
Closing balance 2016-03-31	**2,867**	**3,220**	**66,604**	**-2,842**	**69,849**