

ANNOUNCEMENT NO. 214

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Trading statement for Q1 2021/22 (1 July - 30 September 2021)

Significant growth in revenue and EBITDA

ChemoMetec continued its growth trend in Q1 2021/22, generating revenue of DKK 85.0 million, a 33% increase on the year-earlier period. The company recorded improvements in all regions and in all product segments. The US market provided the strongest improvement, driven primarily by high growth rates within cell-based therapy. The Q1 EBITDA was DKK 43.4 million, corresponding to a 41% increase, and the EBITDA margin was 51% against 48% in the year-earlier period.

Highlights

- Revenue amounted to DKK 85.0 million in Q1 2021/22, a 33% increase on the year-earlier period.
- Much of the revenue improvement was due to a 37% increase in the North American market, which now accounts for 54% of ChemoMetec's consolidated revenue.
- Revenue in ChemoMetec's core business area, Life science research, Cell-based therapy and Bioprocessing (LCB), increased by 34% in Q1 to account for 92% of the overall revenue.
- Given the global supply situation and the resulting component shortage, ChemoMetec expects a few months' delay in the completion of XcytoMatic, the new high-speed cell counter, from the end of 2021 to April 2022.
- The global supply situation for raw materials has not yet impacted ChemoMetec's ability to supply its finished products, but there are growing concerns about the future supply situation should the global component shortage continue into 2022.
- EBITDA increased to DKK 43.4 million in Q1, up from DKK 30.8 million in the year-earlier period, corresponding to an increase of 41%. The EBITDA margin was 51%, against 48% in the same period of last year.
- ChemoMetec reconfirms the FY 2021/22 guidance recently raised on 27 October 2021.

The current situation of Covid-19 and the global supply of raw materials

The challenges relating to Covid-19 abated during the first quarter in step with growing vaccination rates and the gradual lifting of restrictions. This enabled ChemoMetec to keep production, quality control and logistics functions running at satisfactory levels and thereby to ship products without any significant delays. However, service visits were hampered by local restrictions and quarantine rules throughout the period, and several service visits were postponed. The international sales offices have reopened almost entirely, but a number of countries still have restrictions in place that have a negative effect on the company's sales and support efforts. Uncertainty surrounding Covid-19 is generally abating, but there is also still a risk that the situation could suddenly deteriorate.

The global supply situation of raw materials has not yet impacted ChemoMetec's ability to supply finished products, as the company has built considerable inventories of a large number of raw materials and components as well as having concluded framework agreements with key suppliers. However, the procurement department continues to experience growing lead times, especially for electronic components, along with challenges in expanding buffer inventories of critical components. This situation had led to growing concerns about the future supply situation should the global component shortage continue into 2022.

Revenue and EBITDA performance

Revenue grew to DKK 85.0 million in Q1 2021/22 from DKK 63.8 million in the year-earlier period, for a 33% increase. The larger-than-expected improvement was mainly driven by growing global sales to cell-based therapy customers combined with restrictions being lifted in the USA.

Revenue from the sale of instruments was up by 23% to DKK 40.2 million. Sales of the NC-202 cell counter are developing as planned, and revenue from NC-200 instruments is now just over one third greater than NC-202 sales.

Sales of consumables, comprising disposable cassettes, slides, reagents and test kits, grew by 34% to DKK 32.6 million in the first quarter to account for 38% of revenue.

First quarter sales of service contracts and other services continued the positive trend seen since the launch in May 2019. As a result, revenue from services was up by 80% to DKK 10.9 million, equal to 13% of total revenue. The company still sells most of its service contracts in the US market.

The North American market accounted for the largest absolute improvement, while the RoW markets generated the highest percentage growth rate.

In ChemoMetec's largest geographical market, USA/Canada, revenue grew by 37% from DKK 33.1 million to DKK 45.5 million, and the company now generates 54% of its revenue in North America. The expansion of the US sales organisation, including the establishment of a sales office in California, supported the Q1 sales improvements. ChemoMetec plans to open a new sales office in Boston in Q2 2021/22.

In the European market, revenue rose by 17% from DKK 22.7 million to DKK 26.5 million. This was a satisfactory performance considering last year's exceptionally high growth rate of 43%.

Revenue from RoW markets was up 61% to DKK 12.9 million in Q1 2021/22. The advance was mainly driven by a surge in sales of instruments to cell-based therapy customers in China, the largest single market in the RoW segment. Japan and South Korea also produced considerable revenue growth.

ChemoMetec's revenue broken down by product segment and geography in Q1 2021/22

DKK '000	Europe	USA/Canada	RoW	2021/22 Q1 Total	2020/21 Q1 Total*
Instruments	13,037	19,296	7,854	40,187	32,751
Consumables	10,345	17,410	4,874	32,629	24,313
Services	2,903	7,889	132	10,924	6,057
Other	259	893	71	1,223	713
Total	26,544	45,488	12,931	84,963	63,834

**Comparative figures have been restated using the methodology applied in the 2020/2021 Annual Report. Accordingly, Installations have been reclassified from "Other" to "Services", and licences and spare parts have been reclassified from "Other" to "Instruments".*

Revenue in the largest business area, LCB, grew by 34% in the first quarter, driven mainly by a very strong increase in sales of instruments, consumables and services. The strongest percentage improvement was in the sale of services, at 80%.

Cell-based therapy remains the key growth driver of the LCB business.

The LCB business area accounts for 92% of total revenue, semen analysis for 7%, while the other business areas together account for just over 1%.

ChemoMetec's revenue broken down by product segment and business area in Q1 2021/22

DKK '000	LCB market	Production and quality control of animal semen	Production control of beer and quality con- trol of milk	2021/22 Q1 Total	2020/21 Q1 Total*
Instruments	38,848	1,201	138	40,187	32,751
Consumables	27,035	4,606	988	32,629	24,313
Services	10,924	-	-	10,924	6,057
Other	1,099	94	30	1,223	713
Total	77,906	5,901	1,156	84,963	63,834

**Comparative figures have been restated using the methodology applied in the 2020/2021 Annual Report. Accordingly, Installations have been reclassified from "Other" to "Services", and licences and spare parts have been reclassified from "Other" to "Instruments".*

EBITDA increased to DKK 43.4 million in Q1, up by 41% from DKK 30.8 million in the year-earlier period.

ChemoMetec has continued its tight cost management which drove up the EBITDA margin to 51% in the first quarter from 48% last year.

Product development

Product development efforts in the first quarter mainly focused on the XcytoMatic as well as on product upgrades and new applications for existing instruments.

The XcytoMatic is a fully automatic cell counter based on the Xcyto technology and use of a test carousel and a cuvette for flow-through measurements. The instrument is targeted at the cell counting market, primarily within pharmaceutical process development and production (bioprocessing). Compared with competing products, the XcytoMatic will have a range of unique sales parameters, the most important of which will be significantly higher analysis capacity.

As mentioned in the 2020/21 Annual Report, ChemoMetec is developing a new version of the XcytoMatic (the *XcytoMatic2*), which can be integrated with a pipetting robot or other sampling equipment. This will mean that the instrument can be part of a fully automatic analysis set-up.

The global raw materials supply situation is affecting the work to complete the development of the two XcytoMatic products through significantly extended component lead times from suppliers. As the development process includes testing of a number of components, such as electric motors, only a small number of units are ordered at a time. In order to avoid extended/prolonged development processes, the company requires short lead times. Therefore, the current supply situation with extended lead times has a very direct impact on product development. Once components have been selected, the company needs to receive shipments quickly for test production runs, and lead times for these products are currently subject to considerable uncertainty. As a result of these challenges, development of the XcytoMatic is expected to be completed in April 2022.

IPR and licence agreements

At the end of the quarter, ChemoMetec was not aware of any opposition proceedings against the company's patents.

At the end of the quarter, ChemoMetec had 17 patent families, from which 69 patents had been taken out in selected countries, including 16 in the USA.

Outlook for 2021/22

ChemoMetec reconfirms the FY 2021/22 guidance recently raised on 27 October 2021. Accordingly, revenue for 2021/22 is expected to be in the DKK 335-345 million range, with EBITDA in the DKK 160-165 million range.

The FY 2021/22 guidance should be seen in light of the continued uncertainty relating to Covid-19 and the global supply situation.



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About ChemoMetec A/S

ChemoMetec develops, manufactures and markets instruments for cell counting and a wide range of other measurements. ChemoMetec's instruments are marketed to the pharmaceutical, biotech and agricultural industries worldwide. ChemoMetec's customers include some of the world's leading pharmaceutical companies, such as Novartis, Novo Nordisk, H. Lundbeck, Merck, AstraZeneca and Johnson & Johnson.

ChemoMetec was founded in 1997 and is listed on the Nasdaq Copenhagen stock exchange. For more information, go to www.chemometec.com.