

Trading statement for Q1 2022/23 (1 July - 30 September 2022)

Good start to the fiscal year with 34% revenue growth

The financial year 2022/23 is off to a good start, with revenue up 34% in the first quarter to DKK 113.8 million from DKK 85.0 million in the year-earlier period. While all product segments recorded growth, the North American market remains the main geographical growth driver. EBITDA amounted to DKK 65.2 million, a year-on-year increase of 50%, for an EBITDA margin of 57%. ChemoMetec booked its first order for a XcytoMatic instrument in the first quarter.

Highlights

- In the first quarter of 2022/23 revenue amounted to DKK 113.8 million, a year-on-year increase of 34%.
- Growth was driven primarily by the North American market, revenue up 47% to account for 59% of overall revenue, against 54% in the year-earlier period.
- ChemoMetec's core business area, Life science research, Cell-based therapy and Bioprocessing (LCB), reported revenue up by 34% in the first quarter to account for 92% of overall revenue, unchanged compared with the same period of last year.
- The general supply situation for critical raw materials and components for ChemoMetec's products improved significantly during the past six months.
- EBITDA was up to DKK 65.2 million in the first quarter from DKK 43.4 million in the first quarter of 2021/22, a year-on-year increase of 50%. The Q1 EBITDA margin was 57%, against 51% in the same period of last year.
- Both revenue and EBITDA benefited from the appreciating US dollar.
- ChemoMetec maintains its full-year guidance for 2022/23, expecting revenue in the DKK 485-505 million range, while EBITDA is expected to amount to DKK 245-260 million.

Current situation regarding COVID-19 and the global supply of raw materials, including the war in Ukraine

Neither the war in Ukraine nor COVID-19 had any major impact on ChemoMetec's activities in the first quarter of 2022/23. Except for a few electronic components, the general supply situation improved significantly during the past six months. ChemoMetec has successfully built substantial inventories of a large number of critical raw materials and components, while also concluding framework agreements with key suppliers. In the past quarter, ChemoMetec was able to maintain production, quality control and logistics functions at a satisfactory level and was therefore able to provide timely delivery of all finished products at the usual high quality.

However, several Danish sub-suppliers of complicated, custom-designed components for ChemoMetec's upcoming XcytoMatic products are still struggling with bottlenecks.

Revenue and EBITDA performance

Revenue in the first quarter of 2022/23 was up by 34% to DKK 113.8 million from DKK 85.0 million in the year-earlier period. The increase, which was in line with expectations, was mainly driven by increased sales to North American cell-based therapy customers. Revenue growth in the North American market was further supported by the appreciation of the US dollar relative to the same period of last year.

Instrument sales were up by 21% in the first quarter to DKK 48.8 million. Sales of the NC-200 and NC-202 cell counters developed as expected, and the NC-200 still outperformed the NC-202 by just over a third in terms of revenue.

Sales of consumables, comprising cassettes, glass slides, reagents and test kits, grew by 35% to DKK 44.0 million in the first quarter to account for 39% of revenue compared with 38% in the year-earlier period.

Sales of services, including service contracts, also developed satisfactorily. In the first quarter, sales of services amounted to DKK 18.8 million, a year-on-year increase of 72%. Revenue from services now accounts for 16% of overall revenue, compared with 13% in Q1 2021/22. The USA is still the main driver of growth in sales of service contracts.

The 34% overall Q1 revenue growth breaks down into 47% growth in the USA/Canada, 17% growth in Europe and 24% growth in the rest of the world (RoW).

ChemoMetec's largest geographical market is the USA/Canada, which accounted for 59% of Q1 revenue. Revenue in the USA/Canada grew to DKK 66.7 million from DKK 45.5 million in the first quarter of last year, driven mainly by increased sales of consumables, up by 55% to DKK 26.9 million from DKK 17.4 million. At 81%, the highest percentage increase was again seen in sales of services, however.

In the European market, revenue grew to DKK 31.1 million from DKK 26.5 million in the year-earlier period. In line with the year-earlier level, this rate of growth is considered satisfactory.

In the rest of the world (RoW), revenue grew from DKK 12.9 million to DKK 16.0 million.

Q1 2022/23 revenue broken down by product segment and geography

DKK'000	Europe	USA/Canada	RoW	2022/23	2021/22
				Q1 Total	Q1 Total
Instruments	15,045	23,832	9,961	48,838	40,187
Consumables	11,378	26,911	5,681	43,970	32,629
Services	4,333	14,310	161	18,804	10,924
Other	347	1,620	242	2,209	1,223
Total	31,103	66,673	16,045	113,821	84,963

Revenue within the largest business area, LCB, grew by 34% in the first quarter, supported by increasing sales of both instruments, consumables and services.

The LCB business area accounted for 92% of overall revenue and semen analysis for 7%, while the other business areas together accounted for just over 1%.

Q1 2022/23 revenue broken down by product segment and geography

DKK'000	LCB market	Production and quality control of animal semen	Production control of beer and quality control of milk	2022/23	2021/22
				Q1 Total	Q1 Total
Instruments	47,359	877	603	48,839	40,187
Consumables	36,606	6,494	871	43,971	32,629
Services	18,804	-	-	18,804	10,924
Other	1,984	170	53	2,207	1,223
Total	104,753	7,541	1,527	113,821	84,963

EBITDA was up to DKK 65.2 million in the first quarter, a year-on-year increase of 50% from DKK 43.4 million. Costs in the first quarter were generally higher than in the year-earlier period, driven mainly by higher capacity and staff costs. However, as costs did not rise at the same rate as revenue, the EBITDA margin was up to 57% from 51% in the year-earlier period. Like revenue, EBITDA also benefited from the appreciating US dollar.

Product development

ChemoMetec has booked its first order for a XcytoMatic instrument. The product, a XcytoMatic 40, which was delivered at the end of October 2022, was a prototype that did not match 100% with the final product. Cabinets and several other components for the XcytoMatic products are still subject to supply restraints, but the prototype is functional and able to perform 24 measurements in about 15 minutes. This solution should be seen in light of the fact that it is important for the customer to start the process of validating the instrument as quickly as possible, and in order to save time, a decision has been made to perform the validation work using a prototype instrument. Once the production of the XcytoMatic 40 is fully up and running, the customer will be provided with a new instrument. This is expected to happen during the first quarter of 2023, following which a gradual launch will be initiated.

Several customers have requested the same solution as the one described above, and ChemoMetec's R&D department will therefore "hand-build" a number of other XcytoMatic 40 prototypes that will be sold to specially selected customers during the next few months.

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 15 patent families, from which 56 patents had been taken out in selected countries, including 15 in the USA.

Outlook for 2022/23

Based on developments in the first quarter of 2022/23, guidance for financial year 2022/23, as announced in connection with the release of the annual report for 2021/22 on 14 September 2022, is maintained. Accordingly, revenue for 2022/23 is expected in the range of DKK 485-505 million, while EBITDA is expected in the DKK 245-260 million range.

Additional information

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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