



chemometec

Annual Report 2022/23

ChemoMetec offers high-quality cell counting and analysis equipment for use in life science research and development and production of pharmaceuticals, among other things.

Company reg. (CVR) no.: 19 82 81 31

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Our business



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Business performance

This report is a translation of the Danish version of the ChemoMetec Annual Report 2022/23.

The Danish version of the ChemoMetec Annual Report 2022/23 serves as the official version filed with the Danish authorities.

In case of discrepancy between the Danish language original text and the English language translation, the Danish text shall prevail.



Remuneration report 2022/23



Corporate Governance in ChemoMetec

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CEO letter

Continued solid earnings, but weaker growth amid challenging market conditions

After several years of strong growth, the rising interest rates and growing general uncertainty resulted in reduced availability of new capital to customers in our most important market area, cell-based therapy – which meant lower activity and declining demand for ChemoMetec’s instruments. However, we continue to see attractive long-term potential in cell-based therapy, and we expect the coming launches of new products targeted at the bioprocessing market to support our growth.

I joined ChemoMetec as CEO at the beginning of August and going forward, our CFO, Niels Høy Nielsen, who joined the Company in November 2022, and I will make up the Executive Management. I am excited to join forces with all our talented employees across the organisation to unfold the attractive potential that I see in ChemoMetec. Among the first tasks we will focus on are the launches of the first products in the XcytoMatic family, XcytoMatic 40 and XcytoMatic 30, followed by launches of two additional products and an intensification of our sales efforts. At the same time, we will refresh our strategic priorities and continue on our sustainability journey to ensure that we move forward in the right direction in the longer term as well.



Dampened activity in cell-based therapy...

In the past few years, major investments have been made in the development of innovative cell-based therapies, primarily the so-called CAR-T cancer treatments, which require cell counting at all stages of the process – from research and development through to the treatment of patients. ChemoMetec has built a very attractive market position in this segment, helping us to generate strong growth and solid financial results in recent years. However, the past year has seen major changes in the cell-based therapy market, which is our most important market area by far. Surging interest rates in the wake of rising inflation and growing general uncertainty significantly reduced the availability of new capital to businesses in the cell-based therapy area, including substantially fewer IPOs.

The situation is particularly challenging for small businesses and start-ups in cell-based therapy, from which we previously recorded significant growth in sales of our cell counters. These businesses have generally been forced to slow down and cut their investment budgets. We also noted a certain investment restraint among our customers in general.

This has affected ChemoMetec's instrument sales. The US market – by far the largest cell-based therapy market – was the first to be hit, but since then the situation spread to the European and Asian markets, as well. Overall, our instrument sales were down by 17% in 2022/23, whereas sales of consumables and services continued to rise by 18% and 39%, respectively. Total revenue grew by 4%.

“Despite the challenges we faced in 2022/23, I am optimistic about ChemoMetec’s future growth prospects. I consider our focused business model and our agility and entrepreneurship to be important competitive strengths in the market of the future – advantages that will enable us to deliver the right high-quality products combined with excellent customer service.”

Rasmus Kofoed, CEO

Earnings continued to grow in in past year – EBITDA grew by DKK 28 million to DKK 251 million, or by 13% compared with the year before.

... but indications of stabilisation and attractive long-term potential

At the end of the financial year, there were clear indications that the cell-based therapy market was stabilising – albeit at a lower level than in previous years. The question is when we are likely to see growth rates pick up again. Unfortunately, visibility is limited at the moment due to sustained macroeconomic and geopolitical uncertainty. Market research indicates that confidence in the effectiveness and potential of cell-based therapies remains high, however. The major players in this area continue to invest heavily in the development of these therapies and reduction of costs related to these, and several therapies have now been approved as second-line cancer therapy, and not only in third-line settings, which is terminal therapy. This widens the market potential, of course. Also, a num-

ber of new therapies are currently being reviewed for regulatory approval. At the same time, there is increasing focus on developing cell-based therapies in new disease areas, not least the more rare diseases. Against this background, we are optimistic about the long-term potential of cell-based therapy – and consequently also ChemoMetec's ability to create growth in this area.

Establishing a new business area with the XcytoMatic family

We are also entering another attractive area – bioprocessing – in which we have had a limited presence until now. After being delayed by Covid-19 and supply shortages, the first instrument in the XcytoMatic family is now just about ready to be launched, and the product will be rolled out gradually over the coming year.

We are very excited about the potential of our upcoming XcytoMatic cell counters, which we expect to open new opportunities for us to gain an attractive position in bio-

processing – an established market with stable growth. As many of our existing customers also have activities in the bioprocessing area, we already have a large, attractive network of customers that we can address with our new products. The new instruments will be relevant to many new customers, as well.

With the launch of the new XcytoMatic instruments, the upcoming version of the NC-202, to be named NC-203, and the relaunch of Xcyto 5, we expect to achieve a strategically important diversification of our product portfolio, meaning that we will be less dependent on developments in the cell-based therapy area in the future.

Increased focus on sustainability

In the past year, we intensified our sustainability work. For example, we worked on identifying our principal risks, based on which we determined our most important focus areas and drew up a road map for our work going forward. The aim is to ensure that we are able to comply with the coming reporting and other requirements and that we conduct our business according to ever more sustainable principles. Specifically, our initiatives in 2022/23 included measures to reduce the resource consumption and climate footprint across our value chain, including reducing waste, increase the use of recycled materials, e.g. for packaging, and optimising transport of products and power consumption. Furthermore, we prepared a Code of Conduct for all ChemoMetec employees, which is currently being implemented.

Solid foundation despite continued uncertainty

There is much to indicate that the coming financial year will be a period of sustained macroeconomic and geopolitical uncertainty. This means that many of our customers will face the same challenges as they have in the past year, which will affect our growth prospects. We will give it at high priority to monitor the market situation and at the same time work on optimising our sales efforts and strengthening our overall organisation. Another important priority in the coming year will be the launch of the first instrument in the XcytoMatic family, and we will use the necessary resources to achieve the right positioning for this new family of cell counters. All in all, this points to 2023/24 being a year of challenging growth conditions before the return of stronger growth prospects.

The major changes to the market conditions in the past year – and the transition from very strong to more subdued growth – has created a need in the entire organisation to consider new opportunities and new ways of doing things. I would like to thank ChemoMetec's employees for their dedicated efforts, and I look forward to working with everyone to create an even stronger business.

Also a big thank you to our customers for our valuable collaboration. I would also like to thank our shareholders for supporting ChemoMetec.

Rasmus Kofoed
CEO

ChemoMetec at a glance

ChemoMetec specialises in the development, production and sale of analytical equipment for cell counting within a broad range of areas – for example cell-based therapy, cancer and stem cell research, development and manufacturing of pharmaceuticals as well as production control and quality control of animal semen, beer and milk.



Our analytical equipment is based on a unique technology platform, and we offer various innovative solutions which all share the characteristic that they simplify complex analytical processes. Moreover, it is of key importance to our customers that the analytical results are accurate and consistent, and in this field, ChemoMetec's products are best in class.

At ChemoMetec, our main focus is on our customers, and we strive to provide the best and most qualified customer

support. The combination of unique technology and efficient customer support is key to having a content and loyal customer base – and also a prerequisite for building a profitable and steadily growing business within ChemoMetec's business areas.

We work closely with customers and experts within cell counting to continuously develop new solutions that are tailored to our customers' needs – and that contribute to achieving the best possible analytical results.

High-quality analytical equipment

Our analytical equipment primarily comprises analytical instruments and related units for preparing and storing cell samples during measurement. We also offer to service our customers' instruments.

+100 countries

We run a global business and sell our analytical equipment in more than 100 countries.

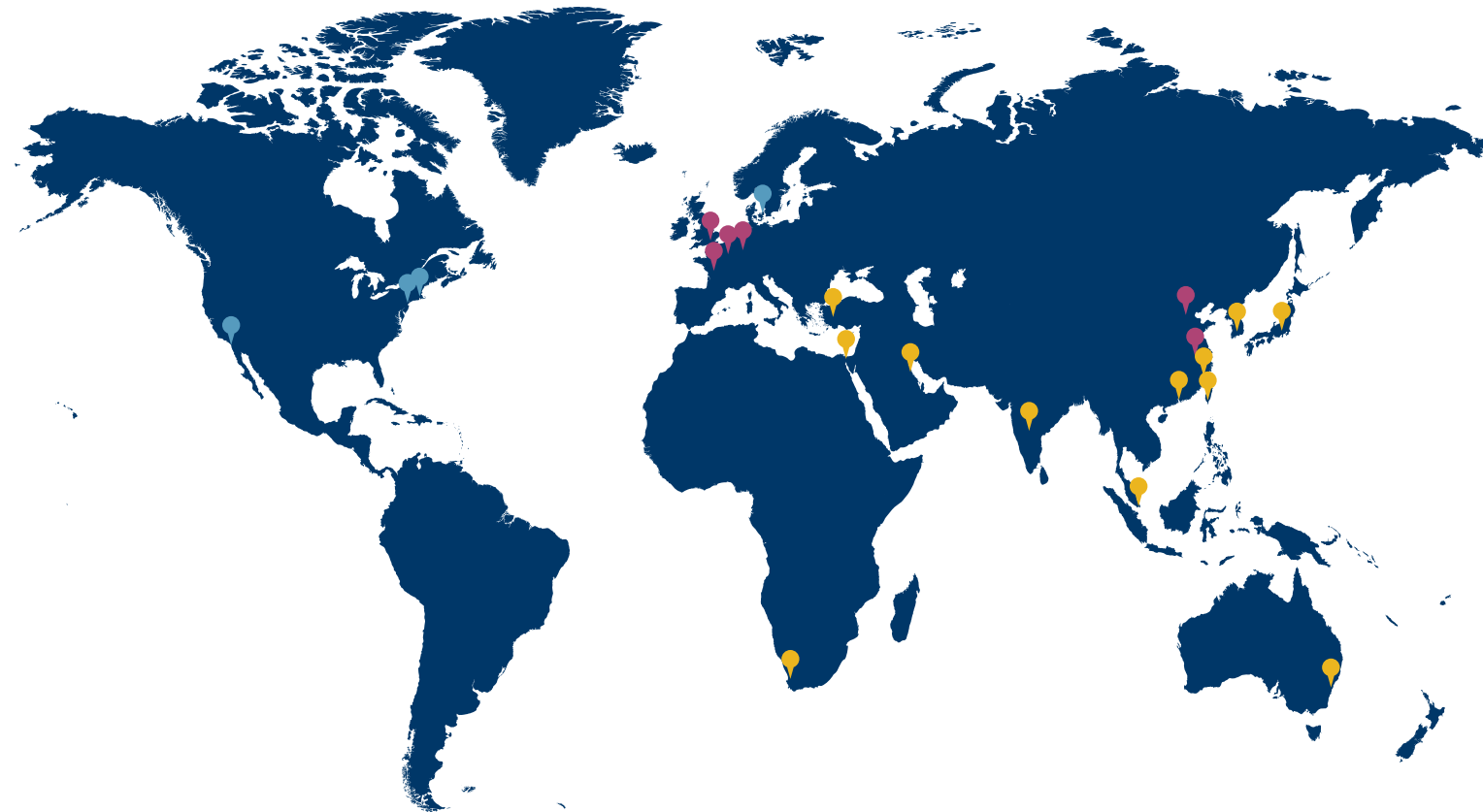
~165 full-time employees

Our employees have unique development, production and sales expertise, ensuring that we are able to deliver the right solutions and provide good customer service.

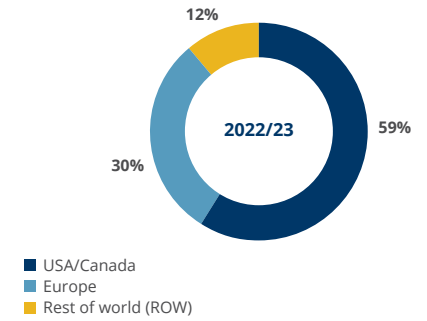
International presence

Our head office is located in Allerød north of Copenhagen, Denmark, and we have three offices in the USA as well as sales and support organisations in France, the Netherlands, the UK, Germany and China. Furthermore, we have distributors in a number of other markets.

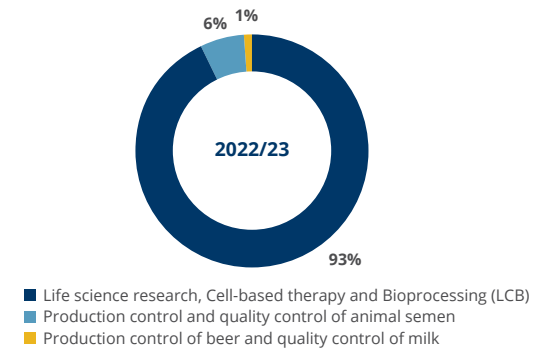
- Office
- Sales and support organisation
- Distributor



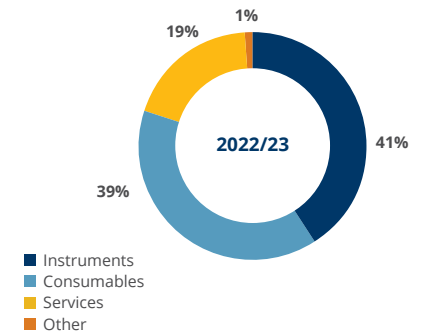
Revenue by geography



Revenue by business area



Revenue by product group



Highlights 2022/23

Revenue
DKKm

442.3

^ 4%

EBITDA
DKKm

251.0

^ 13%

EBITDA margin
%

56.8

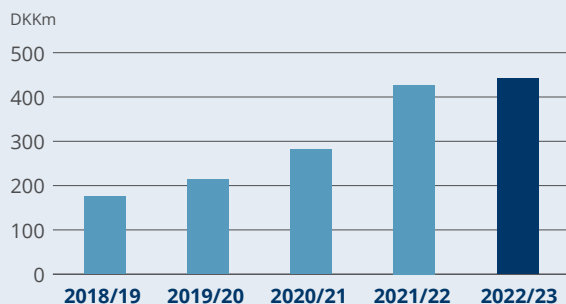
^ 4.6 percentage points

Earnings per share (EPS)
DKK

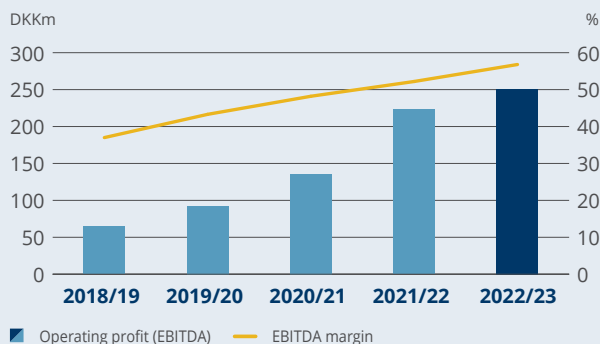
10.27

^ 12%

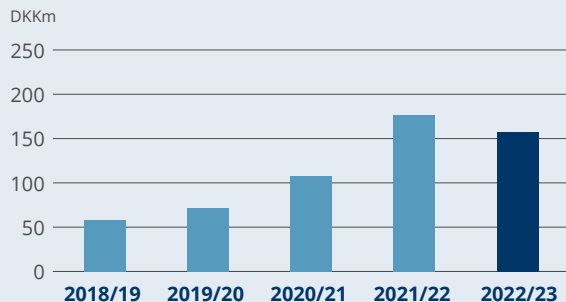
Revenue



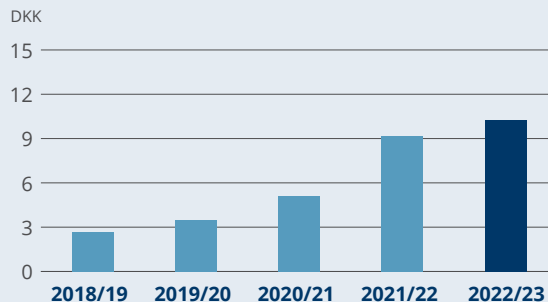
EBITDA and EBITDA margin



Cash flow from operating activities



Earnings per share (EPS)



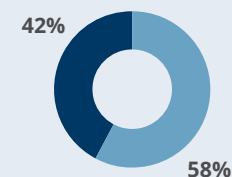
Climate

Renewable energy

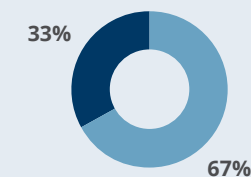
95%

Social matters

Employees, gender distribution



Management, gender distribution

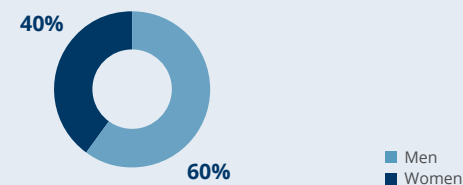


Employee turnover

16%

Governance

Board of Directors, gender distribution



Financial highlights

DKK'000	2022/23	2021/22	2020/21	2019/20	2018/19
Income statement					
Revenue	442,274	427,160	281,127	214,101	175,513
EBITDA	251,030	222,892	135,630	92,610	64,888
EBIT	230,561	202,854	116,023	77,470	54,079
Net financials	-201	365	-3,290	-1,547	-368
Profit for the year	178,667	159,469	88,354	59,163	41,845
Comprehensive income	175,904	159,943	88,330	59,166	41,849
Balance sheet					
Assets	657,976	501,273	344,909	263,116	238,215
Net working capital	103,856	63,088	45,658	35,108	26,813
Invested capital	264,104	203,439	138,991	118,357	100,195
Equity	533,042	357,205	264,977	202,751	173,341
Net interest-bearing debt	-309,411	-202,230	-147,751	-94,650	-79,400
Cash flows					
- from operating activities	154,146	176,860	107,901	72,016	58,310
- from investing activities	-40,831	-56,046	-24,683	-26,605	-27,060
- from financing activities	-2,925	-69,012	-26,037	-46,260	57,779

	2022/23	2021/22	2020/21	2019/20	2018/19
Financial ratios					
EBIT margin (%)	52.1	47.5	41.3	36.2	30.8
EBITDA margin (%)	56.8	52.2	48.2	43.3	37.0
Tax rate (%)	22.4	21.5	21.6	22.1	22.1
Return on invested capital (%)	98.6	118.5	90.2	70.9	59.1
Revenue/Invested capital	1.7	2.1	2.0	1.8	1.8
Net interest-bearing debt/EBITDA	-1.2	-0.9	-1.1	-1.0	-1.2
Financial gearing	-0.6	-0.6	-0.6	-0.5	-0.5
Return on equity (%)	39.5	51.4	37.8	31.5	34.0
Average number of employees	164	147	128	102	85
Per share ratios					
Market price per share end of period (DKK)	466.00	757.00	843.50	315.00	158.00
Earnings per share (DKK)	10.27	9.16	5.08	3.51	2.69
Book value per share (DKK)	30.6	20.5	15.2	11.7	10.0
Dividend paid per share	-	4.0	1.5	20.5	-

Definitions of financial ratios are set out in note 5.1

Guidance for 2023/24

DKKm	Guidance 2023/24	Realised 2022/23
Revenue	400-435	442.3
EBITDA	200-220	251.0

Our business

- ① Our business model
- ① Our markets
- ① Our products

Our business model – how we create value

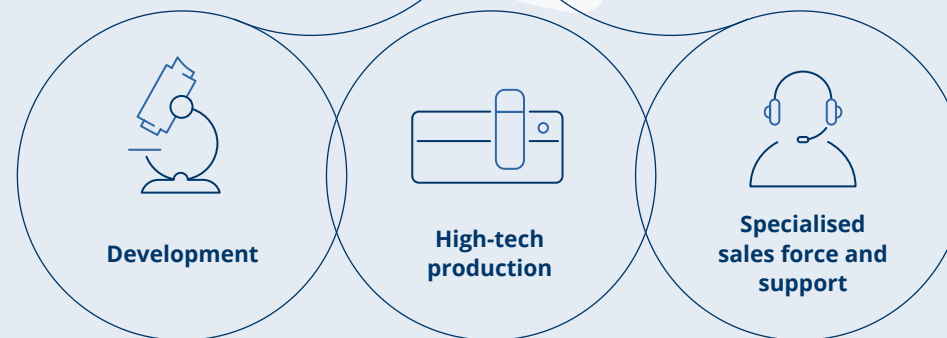
The core of ChemoMetec's business model is developing and improving analytical measuring techniques within cell counting and analysis and establishing close long-term relationships with customers and end users. We cover the entire value chain from development and production to sales and servicing.

We endeavour to run our business on a sustainable basis and establish a solid foundation for future value creation for the benefit of ChemoMetec, our customers, partners, employees and shareholders as well as society at large.

At ChemoMetec, we believe that the combination of innovative products and first-class customer support is the key to high customer satisfaction. This, in turn, creates a valuable branding of ChemoMetec and our products and a basis for continued consolidation of our market position and international presence.

Resources

- Know-how and expertise
- Patented analytical technology
- Insights from customers, partners and experts
- Capital and production facilities



Core business

Value creation

- Effective solutions, including some 8-9 million cell counts and analyses annually, and competent customer advice and support
- Danish and international jobs
- About 165 employees, who are offered challenging and meaningful jobs as well as the opportunity for personal and professional growth
- Significant export revenue – export share of more than 97%
- Shareholder return
- ChemoMetec's and employees' tax payments



Development

The core of our business is the development of innovative solutions and high-quality cell counting and analysis equipment. We continually develop our technology platform and strengthen our entire range of products to enable us to offer new and more comprehensive solutions that meet our customers' ever growing demands for modern analytical equipment.

Our R&D department is responsible for developing new products and solutions, with product maintenance and updates and with improving our technology platform. We develop new solutions and improve existing ones on the basis of close contact with our customers to identify their unfulfilled needs. This close interaction between ChemoMetec and our customers increases the probability of success for our solutions.

In order to reach our strategic development goals, it is essential that we create and maintain an innovative environment across the organisation, and we continually invest in and develop the skills of our employees.

Our solutions are primarily developed at our head office in Denmark by our own specialists in all relevant areas and by selected consultants. The close collaboration between different professional groups plus the size of our organisation, our clear product focus and proximity to our customers give us great agility and flexibility in the development processes.

We employ a long-term perspective when developing new products to ensure they have a long useful life. Part of the reason for this is that ChemoMetec's products are typically used in areas that require validation and in which they form part of an overall workflow. Validation is a time-consuming process, and our customers therefore demand analytical equipment with a long durability.

Fundamentally, all our instruments are constructed using the same basic technology comprising the use of a

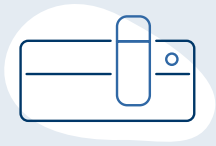
special-purpose fluorescence microscope with a built-in camera. With relatively low magnification, the instruments record images of the prepared cell samples, which are then automatically analysed using ChemoMetec's proprietary image analysis software.

Measurements and analyses performed using ChemoMetec's analytical equipment are characterised by a high degree of consistency and robustness – which means that analysis and measurement results are the same, regardless of the persons performing the analyses, geographies, time and sample material. Moreover, with our analytical equipment, labour-intensive work processes can be replaced by a very simple workflow.

In addition to instruments and units for storage and preparation of cell samples, ChemoMetec offers customers a number of other consumables, including test kits to verify that the instruments are functioning correctly as well as various reagents/excipients.

ChemoMetec's unique technologies are an important competitive factor, and patenting has therefore been a central part of the strategy since the Company's establishment in 1997. ChemoMetec has invested substantial amounts and resources in patent protection of its technologies and expects to continue this strategy in future.

ChemoMetec has a total of 15 patent families, with 64 patents taken out in selected countries, including 15 in the USA.



High-tech production

All instruments and cassettes are produced in-house. We continually expand and optimise our production and improve efficiency in step with the growing demand for our products and our increasing focus on sustainability.

Instruments and consumables are produced in accordance with customer and end-user requirements and standards.

Regular investments are made in production in order to enhance the efficiency of processes and optimise consumption of raw materials and energy. The aim is to make our production ever more sustainable, particularly in terms of reducing its climate footprint.

All instruments are produced by ChemoMetec. We use a large number of sub-suppliers, for example for the manufacture of circuit boards, whereas management, assembly, alignment and quality control are carried out at our facilities in Allerød, Denmark.

The fully-automated production of cassettes also takes place at ChemoMetec's premises, while the plastic parts used in the production of cassettes are produced by various Danish injection moulding companies using fully-automated facilities. During the spring of 2024, we will establish another production line for cassettes.

A business partner in the Netherlands currently produces our counting chambers made of glass. ChemoMetec will in 2023/24 start up a semi-automated production of glass analysis chambers to be used with the Xcyto 5 when this instrument is relaunched, which is scheduled to be in 2024.

ChemoMetec's instruments also use a range of ready-made reagents, which are applied in the various cell analyses. The production of these reagents has been outsourced to two Danish manufacturers, whereas ChemoMetec performs the quality control.

The various test kits used to check the instruments, e.g. when they are serviced, are produced at fully-automated facilities at ChemoMetec's premises in Allerød.

Production quality assurance is a key priority for ChemoMetec. Our customers expect and need us to supply high-quality, uniform products, as they typically form an important part of our customers' overall value chain and must be able to deliver robust, consistent analysis results. Our customers check the quality of our products on an ongoing basis in connection with their daily use, but also by sending questionnaires about our internal business processes and procedures. Furthermore, planned annual audits are conducted at ChemoMetec's premises, allowing customers to verify that our answers to their questionnaires are consistent with actual conditions. ChemoMetec must comply with the customers' requirements in order to continue to supply them with products.

To accommodate our customers' increasing quality and documentation requirements, ChemoMetec's quality assurance department has grown in recent years and currently has 11 full-time employees and a number of student assistants.

ChemoMetec's products are packaged in cardboard, plastics and foils and are transported primarily by road and by sea. We continually work on optimising packaging and transport in order to reduce the climate footprint throughout our value chain.



Specialised sales force and support

Our sales and support functions serve to strengthen ChemoMetec's market position through targeted sales efforts and high-quality customer service and support.

Sales and distribution of our products are handled by our in-house sales organisations in the USA and Europe, while we collaborate with distributors in Asia as well as in other markets. This setup ensures targeted and effective efforts as well as proximity to our customers in the main markets – allowing us to service our customers and gain in-depth knowledge of our customers' needs and the general market trends across our business segments.

Across ChemoMetec's own sales organisation, we have established a common, structured sales process encompassing every step from identification of prospective customers to the final sale.

Selling our solutions requires great technical knowledge and insight into our customers' activities. Many of our sales staff therefore hold a higher technical degree to ensure professional, knowledge-based sales.

Customer service and support is a high priority for us. This, along with our robust quality instruments and local presence in our main markets, is the key to loyal, satisfied customers who widely use and repurchase ChemoMetec's analytical instruments and consumables. Our offering of service contracts and other services further strengthens our customer relations and ongoing support.

Moreover, the strong customer satisfaction means that existing customers' employees often recommend ChemoMetec's products to their new employers if they change jobs.

We try very hard to act quickly and efficiently when our customers request assistance. Our technicians are close to our customers, and we provide assistance by highly educated staff, all the way up to the R&D department, if needed. As we grow, we are very mindful of maintaining this proximity to our customers.

Our dedicated sales efforts and emphasis on customer service have given us a solid foothold in our individual markets and allow us to continually grow our customer base. More or less all top-50 companies in our most important business area, LCB (Life science research, Cell-based therapy and Bioprocessing), are our customers. Not least, we have successfully built a unique position within cell-based therapy and gained a strong position in the US market. This platform gives us a good foundation for future growth in both existing and new business areas.

Our markets

Cell counting and analysis are applied in a broad range of areas, and ChemoMetec's analytical equipment is used in all of these – in both private and public businesses and across companies' value chains from research to production.

ChemoMetec's most important market area is currently cell-based therapy, but with the upcoming launch of the XcytoMatic instruments, we expect that production and process control within bioprocessing will also play a key role.

The markets which ChemoMetec addresses are estimated to grow by an average of 5-10% annually, and this provides a good basis for future growth. Some sub-segments of the market have generated significantly higher growth rates, e.g. cell-based therapy. Here, however, the growth rate has subsided over the past year due to a slow-down of investments and fewer IPOs in the business area due to the rising interest rates and growing general market uncertainty.

Growth in the cell counter market is generally driven by factors such as increased focus on cell-based research and therapies, higher incidence of chronic diseases and infectious diseases and increasing investment and production in the pharmaceutical and biotech industry. Moreover, the development of improved cell counting solutions, including better image analysis, helps drive growth.

In recent years, ChemoMetec has won market shares and is now assessed to be among the two largest players in the global market. Going forward, ChemoMetec expects to continue to be well positioned to capitalise on the expected growth in its market areas – both as a result of the attractive market position of our existing products and the coming launches of brand-new products and upgraded versions of existing products.

Cell counter market – ChemoMetec's presence and the application of ChemoMetec's products*

Customer segments	Typical areas of application for ChemoMetec's products
Research and development (private and public)	<ul style="list-style-type: none"> • Cell-based therapy • Gene therapy • Stem cell research
Hospital laboratories	<ul style="list-style-type: none"> • Cell-based therapy • Gene therapy
Pharmaceutical and biotech companies	<ul style="list-style-type: none"> • Cell-based therapy • Gene therapy • Production control and process control • Process development (bioprocessing)
Other, including manufacturing companies	<ul style="list-style-type: none"> • Production of semen doses for insemination purposes (animal semen) • Production and process control of beer

* The above overview is not exhaustive, but includes the most important areas in which ChemoMetec is active.

Market trends

Customers in ChemoMetec's business areas are continually increasing their demands for precision, quality and well-documented processes, and this gives ChemoMetec's analytical instruments a competitive edge in the market and offers attractive partnership opportunities.

Among the trends affecting our business model and growth opportunities are the following:

Stricter compliance and process documentation requirements

- ChemoMetec's analytical equipment is typically used in areas subject to strict internal and external compliance requirements (e.g. FDA CFR Title 21 Part 11). The same applies to documentation of processes and the overall workflow. Accordingly, customers demand analytical equipment with the right specifications, and which can be validated with the fewest possible resources and interact with other parts of a customer's given workflow.
- In connection with the approval of cell-based therapies, the overall workflow often needs to be approved, and this means that the individual parts, including the instruments used for cell counting, must subsequently remain the same. Changing

analysis methods after achieving overall approval is very costly and time-consuming.

- In line with the ever stricter compliance and documentation requirements, many customers within ChemoMetec's business areas also allocate more resources for cell counting – with the specific aim of ensuring compliance and documentation.

Calls for digitalisation and automation of analytical processes

- Analytical processes are typically time-consuming and resource-intensive, which is why there is a great demand for analytical equipment that can perform analyses fast, automatically and at the same time with a high degree of accuracy. In addition, there is a growing need for both digitalisation and automation of the overall workflow in connection with analytical processes, and

this entails a demand for analytical equipment which is easily integrated into the overall workflow. In this connection, variants of products in the XcytoMatic family are intended to become a part of the fully automated solutions of the future.

Development of new therapies, including cell-based therapies

- The life science industry continually seeks to develop new therapies aimed at a wide range of diseases – an example is "personalised medicine", a rapidly developing area. The therapies in this field include cell-based therapy and gene therapy. A common feature of the two therapies is that they require cell counting both during the development process and when the therapies subsequently come into use.

Our products

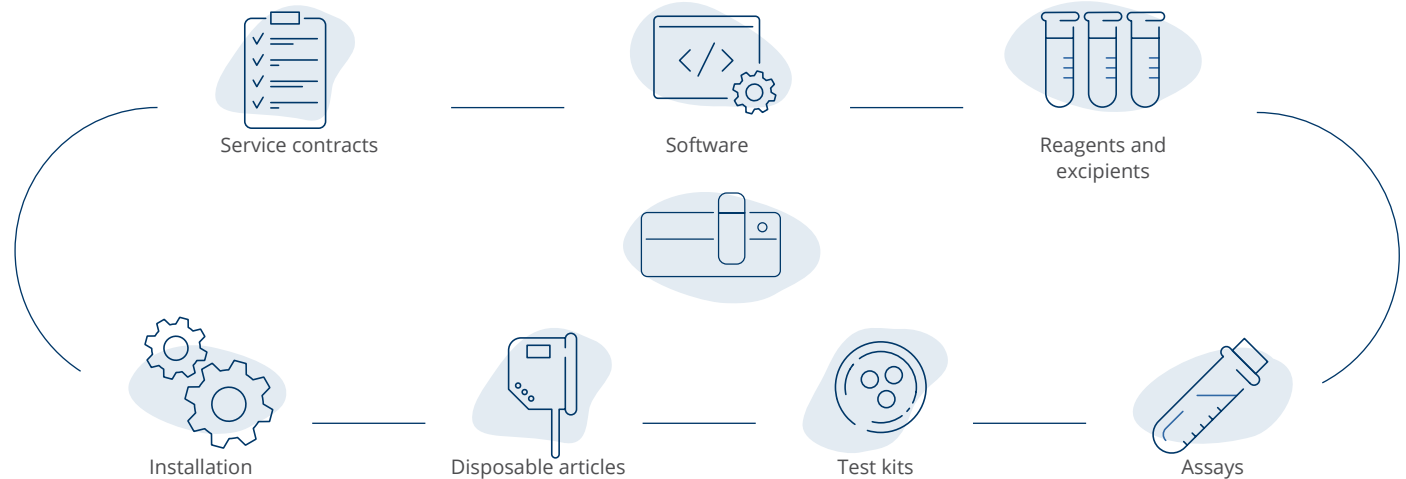
Our analytical equipment comprises analytical instruments and related consumables, such as plastic cassettes and glass counting chambers for storing and preparing cell samples.

In principle, the instruments themselves are based on a fluorescence microscope with a built-in camera, and the images are analysed automatically using proprietary software.

ChemoMetec's analysis concept consists of the instrument itself and related units in which the cell sample is prepared and stored during measurement. The units mainly comprise plastic cassettes, although some instruments use counting chambers made of glass instead.

Our disposable cassette for the NucleoCounter instruments is key to our success within cell counting. The cassettes are constructed like a mini lab. First, the cell sample is loaded into the cassette and comes into contact with the dyes contained within the cassette. The dyes stain the cells, so that they can be detected and counted using the fluorescence microscope. The

ChemoMetec's solutions



cassette is then placed in the instrument and the rest of the analysis is performed automatically with an analysis time of around 25-40 seconds. After this, the cassette is discarded.

Our analysis concept is simpler and more precise than the competing cell counters in the market, and it eliminates many of the factors typically causing measurement variations and inconsistencies, as all cassettes are calibrated individually during the production process. Moreover, the cassette increases user safety, partly because it requires very small quantities of dyes, which are sealed within the cassette, and partly because, unlike many competitors, we do not use trypan blue, a potentially carcinogenic dye.

The instruments are very simple to operate. The cassette or counting chamber holding the sample to be analysed is placed in the instrument, and the START button is pressed. The analysis is carried out by taking one or more

images of the sample through a measurement window in the cassette or counting chamber.

This technology allows for high-precision counting and analysis of large numbers of cells at competitive prices, and the disposables ensure customers a particularly user-friendly workflow and a very robust analysis concept.

In addition to this, ChemoMetec offers customers a number of other products, including test kits to verify that the instruments are functioning correctly as well as various reagents/excipients. We also offer customers a range of software solutions and a number of services in the form of service contracts and assistance in installing analytical equipment.

Our most important analytical instruments



NucleoCounter NC-200

The NC-200 offers fast and simple cell counting that can be performed using only one cassette without manual addition of either dye or auxiliary reagents. In addition, the analyses provide information on average cell sizes and cell clumping.



NucleoCounter NC-202

The NC-202 is an upgrade of the NC-200 and is based on the advanced Xcyto technology. This means that we can offer our customers features such as one cell counting protocol for most mammalian cell types, an analysis time of around 25 seconds per analysis, a good screen display, and the ability to optimise workflows and process control. The NC-202 is a cassette-based instrument.



NucleoCounter NC-250

The NC-250 is a competitive top-of-the-line product offering fast and cost-effective high-precision cell counting. In addition to cell counting, the NC-250 can also perform cell cycle analysis.

The NC-250 uses disposable counting chambers made of glass with two or eight chambers.



NucleoCounter NC-3000

The NC-3000 is an easy-to-operate, flexible analysis platform that can be used both for cell counting and various types of cell analysis, e.g. analysis of cell cycle and programmed cell death. In contrast to flow cytometers, the NucleoCounter NC-3000 makes it possible to qualify the analytical results by way of a visual inspection of the captured images of cells.

The NC-3000 uses counting chambers made of glass with two or eight chambers.

Pipeline of new and upgraded analytical instruments



XcytoMatic 40 (XM40)

The XM40 is an analytical instrument based on a brand-new software platform. Like the XM30, the instrument is primarily intended for the bioprocessing market. The XM40 enables automated, fast and accurate cell counting of up to 24 samples at a time in a reusable measuring cuvette and with a sample range of 50,000 to 100 million cells/ml.



XcytoMatic 30 (XM30)

The XM30 is a fully integratable and fully automated cell counter which, like the XM40, is based on a reusable measuring cuvette through which the sample passes. The XM30 receives a cell sample, either by an external robotic arm or manually, after which the cell count is performed. The method of analysis and the analytical module are the same as in the XM40. The XM30 has no sample carousel, however, but uses a stationary funnel, which is cleaned automatically between measurements.



NucleoCounter NC-203

The NC-203 is an upgraded version of the NC-202. Like the NC-202, the instrument applies disposable cassettes, and it has furthermore been updated with new technology from the XcytoMatic platform. The main elements of the upgrade are a new analytical module, a new software platform and the use of contrast microscopy combined with image analysis by means of artificial intelligence. The NC-203 will be better equipped than the NC-202 to meet the future needs in terms of handling complex cell cultures.



Xcyto 5

The Xcyto 5 will be relaunched and will replace the NC-3000. The Xcyto 5 addresses both the cell-based therapy market and the bioprocessing/biomanufacturing market. The instrument is an image-based cell analyser that can automatically identify and mark the individual cells and provide accurate information about on which cells – and to a certain extent also where on the cells – the various fluorescent markers are located. The Xcyto 5 is expected to be used mainly in quality control of cells to be used for therapeutic purposes.

2022/23 results and guidance

- ① Business performance
- ② Financial review
- ③ Guidance for 2023/24

Business performance

Revenue grew by 4% in 2022/23 to DKK 442.3 million, and EBITDA grew by 13% to DKK 251.0 million. The moderate revenue growth was driven by 24% growth in sales of consumables and services while revenue was adversely impacted by a 17% decline in sales of instruments. ChemoMetec continued developing the new Xcyto platform and the instruments XcytoMatic 40 and XcytoMatic 30.

The 2022/23 financial year was a challenging year in general. ChemoMetec's most important market area, cell-based therapy, is very dependent on the availability of external capital. However, surging interest rates and growing general uncertainty in the past year meant that the availability of new capital to businesses in the cell-based therapy area was markedly reduced relative to previous years. This mainly affected start-ups in the cell-based therapy area, which have contributed significantly to ChemoMetec's growth in recent years. These companies had to reduce the number of trials and cut their investment budgets, and we also noted a certain investment restraint among our customers in general, resulting in reduced sales of instruments. The US market, our largest market, was the first to be hit. Since then, the situation spread to the European and Asian markets as well.

By contrast, sales of consumables and services performed well in the past year, not least as a result of our continued focus on sales of services.

At the end of the financial year, there are clear indications that the availability of new capital and the number of

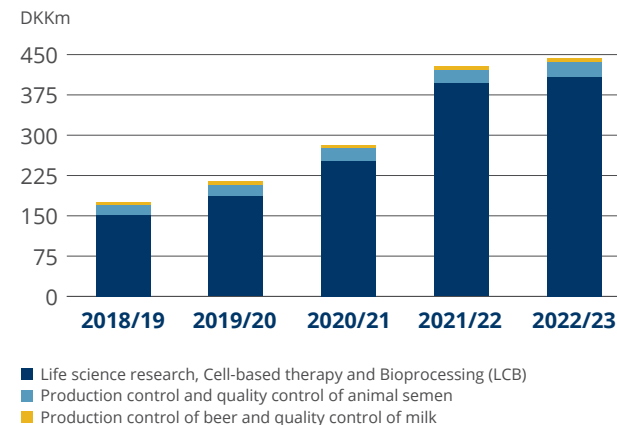
clinical trials in the cell-based therapy market are stabilising – albeit at a lower level than in previous years.

In the past year, ChemoMetec has focused on adapting to the more challenging market conditions. Organisation-wide improvements have been made to internal processes, including sales processes and production, and based on these efforts, ChemoMetec has maintained a positive earnings performance. ChemoMetec also prepared for the coming product launches, which are to secure an even stronger market position in the future.

The development of the Xcyto platform, particularly the completion of the XcytoMatic 40, was a priority throughout the financial year. Read more about the XcytoMatic 40 and the other new instruments in the pipeline in the "Product development" section of this report.

Another focus area in the past year was the planning and first steps in the modernisation of the acquired property at Gydevang 42-44 in Allerød, Denmark to ensure that adequate future production and administration facilities are established on a timely basis. The modernisation will

Revenue by business area





happen in stages. The first stage, establishing a canteen and conference rooms, is expected to be completed during the 2023/24 financial year.

Sales performance and market developments

In 2022/23, revenue grew from DKK 427.2 million to DKK 442.3 million, a 4% increase. Of total revenue, the business area LCB (Life science research, Cell-based therapy and Bioprocessing) accounted for 93%, the animal semen market accounted for 6% and the market for production control and quality control of beer and milk accounted for 1%. The greatest proportional increase was in the animal semen market with 14% revenue growth, while the greatest nominal increase was in the LCB market, where revenue grew by DKK 11.6 million, or 3%.

As was also the case in 2021/22, the greatest part of revenue was generated by the cell counting instruments NC-200 and NC-202, of which the NC-202 is still the better selling.

As mentioned above, ChemoMetec's performance in 2022/23 was strongly affected by external factors. Sales of instruments were particularly sensitive to the changing investment climate in ChemoMetec's markets. Sales of instruments were down by 17%. Although all three geographical regions were affected, the greatest percentage decrease was seen in the North American market, where revenue was down by 20% after having risen by 88% the previous year.

Revenue from sales of consumables and services is primarily driven by the number of instruments in the market, including which instruments our customers are actively using. The strong increase in sales of instruments in the 2021/22 financial year (+57%) had a positive effect on sales of consumables and services in 2022/23. Sales of consumables increased from DKK 147.5 million to DKK 174.4 million, or by 18%. In the past year, an important focus area was to conclude and renew service contracts across all customer segments, which resulted in a 39% increase in sales of services.

With a view to supporting ChemoMetec's expected future growth, we strengthened the organisation in 2022/23, both in Denmark and globally. In the 2022/23 financial year, the average number of full-time employees was up 6% from 147 to 164. The average number of employees at the head office in Allerød increased from 109 to 117. The US subsidiary had an average of 36 full-time employees in the past financial year, compared with 29 the previous year. At the end of the financial year, the number of employees had increased by 12 FTEs, from 155 to 167, of which the number at the head office increased from 114 to 118. The number of employees at the international offices was 48 at the end of the financial year, 36 of whom were employed in the US subsidiary.

Focus areas in 2023/24

ChemoMetec's main goal is to create a solid foundation for future growth and strong earnings through in-depth insight into our customers' needs, first-class customer support as well as sustained improvements to the advanced technological platform. In the coming financial year, the main focus will be the below areas.

Customers and markets

- Establishing a new business area with the two upcoming high-speed cell counters, XcytoMatic 30 and XcytoMatic 40, targeting the bioprocessing market.
- Launching additional products in the XcytoMatic family, the NC203, which is an upgrade of the NC-202, and the Xcyto 5, which is a relaunch of our cell analyser primarily for use in quality control of cells.
- Increased sales of existing service contracts and continued development of new services.
- Increased focus on existing customers and prospective new segments and markets.

Innovation and production

- Increased focus on developing software that may contribute to automation and efficiency improvements among customers who are typically subject to strict documentation and quality control requirements.
- Continued investment in new skills in order to sustain innovation and create new products and services.
- Upgrading and optimising our production technology with a view to improving efficiency and production capacity and reducing resource consumption.

Sustainability (ESG)

- Implementing the Code of Conduct setting standards for how we conduct our business and guiding our employees on ethics across the organisation.
- Increased focus on strengthening IT security, including testing ChemoMetec's IT setup and training our employees.
- Establishing carbon reporting in accordance with new standards and guidelines.
- Focus on employee well-being, including performing a employee engagement survey to help highlight and improve our employees' well-being.

In addition to these focus areas, it is also a clear priority for the coming year to prepare a long-term strategy plan supported by relevant and quantitative goals.



USA/Canada

Revenue (DKK)
262.0m
 (2021/22: DKK 247.8m)

Growth
6%
 (2021/22: 75%)

Share of revenue
59%
 (2021/22: 58%)

Revenue in the North American market grew by 6% in 2022/23 to DKK 262.0 million, compared with 75% growth the previous year. Revenue in the USA/Canada now accounts for 59% of total revenue, against 58% in 2020/21.

Sales of instruments declined by 20% in 2022/23, compared with an 88% increase last year. Sales of the NC-202 were down by 25% and sales of the NC-200 were down by 18%. Introduced in 2011, the NC-200 remains ChemoMetec's best selling instrument in the North American market. This is explained by the fact that the NC-202 was initially introduced in Europe, after which the instrument was introduced in the North American market. Furthermore, the first customers in the cell-based therapy area purchased far more of the NC-200 than the NC-202, as they started using the NC-200 before the NC-202 was launched. This customer type still dominates in the USA, and they are not interested in using the later products, as it requires significant resources to change products in an already FDA-approved procedure. The third best-selling instrument in the North American market is still the NC-3000, which saw a 32% decline in sales.

More than 60% of revenue was generated from sales of consumables and services. Sales of consumables increased by 26% to DKK 101.5 million in 2022/23. With revenue increasing by 35% from DKK 45.1 million to DKK 61.0 million, the service business remained the segment with the greatest relative growth. Service contracts were introduced in the North American market in 2019, and the number of service contracts has grown steadily since then. It is also gratifying that the vast majority of service contracts are renewed year after year. In the coming financial year, ChemoMetec plans to continue to expand the range of service products offered to US customers.

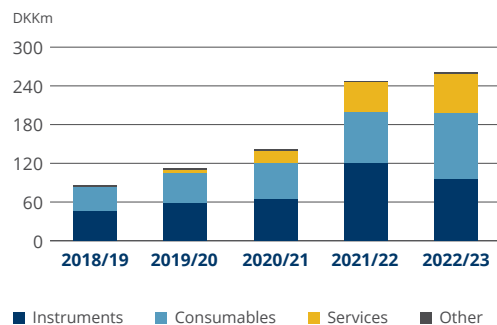
In the past year, we strengthened the US organisation, mainly to support growth in the expanding service business. We also increased inventories at the US head office in Long Island, New York. The gradual expansion of inventories in the US has been key to ensuring consistency of supply to the growing number of customers.

In addition to the head office in Long Island, New York, ChemoMetec has sales offices in San Diego, California and Boston, Massachusetts. This set-up ensures a wide reach and close contact with customers across important regions.

We see good growth prospects in the North American market in the longer term, both in cell-based therapy and bioprocessing, and ChemoMetec will therefore continue to invest in developing the US organisation. Near-term growth prospects are subject to uncertainty, however. The geopolitical and macroeconomic environment, including inflation and interest rate developments and the risk of a recession all have the potential to curb the appetite for investing in biotech. This means that, despite signs of a stabilisation, there is still a risk of further reduction of the number of clinical trials, which could affect ChemoMetec's instrument sales, particularly to small US biotech companies.

We expect the NC-202, the upcoming NC-203, the relaunch of the Xcyto 5 and the new XcytoMatic products, the XM40 and the XM30, to drive growth in the North American market in the years ahead.

Revenue by product group



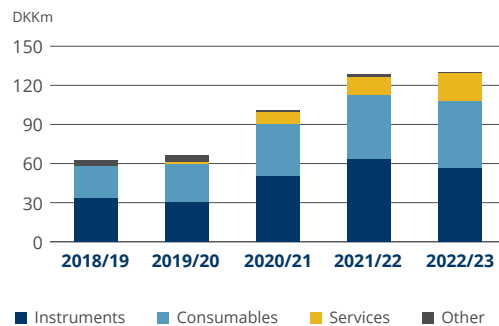
Europe

Revenue (DKK)
130.2m
 (2021/22: DKK 128.4m)

Growth
1%
 (2021/22: 28%)

Share of revenue
29%
 (2021/22: 30%)

Revenue by product group



In Europe, revenue was up by 1% in 2022/23 from DKK 128.4 million to DKK 130.2 million. Nearly 93% of total revenue in Europe was generated in the LCB market, and the typical customer operates in the cell-based therapy area.

The revenue performance was made up of an 11% decline in sales of instruments and increases in sales of consumables and services of 6% and 48%, respectively.

Europe was the region that saw the smallest decline in sales of instruments, which accounted for 43% of total revenue compared with 49% in the 2021/22 financial year. The decline was confined to the NC-200 and NC-3000, while sales of NC-202 instruments grew by 6%. Sales of the NC-202 instruments are now 2.5 times higher than sales of the NC-200, whereas they were 1.6 times higher last year. This development is the result of ChemoMetec's strategy aiming to replace the NC-200 with the NC-202 in the European market.

Like our other markets, the European market was adversely affected by the macroeconomic environment and a weak investment climate. Nonetheless, there is still demand for ChemoMetec's cell counters, and the NC-202 instrument is particularly attractive to many laboratories across the LCB segment.

In the past year, we focused particularly on identifying new customer leads within cell-based therapy and on introducing services to existing customers.

The European sales organisation is based at the head office in Allerød, in addition to which ChemoMetec has local sales offices in the five major geographical markets. The local sales offices undertake sales and support in their respective geographical area of responsibility, sup-

ported by experts and specialists, such as product managers and technicians, at the head office in Allerød.

The greater part (65%) of European revenue is still generated in the top-five countries: the UK, Germany, the Netherlands, France and Belgium. Revenue in these markets declined by 2% in 2022/23.

Revenue in top-five countries – Europe (DKKm)

Top 5	2022/23	2021/22	Growth
United Kingdom	28.4	26.8	6%
Germany	17.7	19.0	-7%
The Netherlands	13.5	12.9	5%
France	13.4	15.0	-11%
Belgium	11.8	12.8	-8%

United Kingdom: With revenue growing by 6% to DKK 26.8 million in 2022/23 (2021/22: up 23%), the United Kingdom remains ChemoMetec's largest European market. It is satisfactory that the positive trend was maintained under challenging market conditions and with the same number of employees. While the UK customer group is broadly based, revenue is mainly driven by sales to customers that develop cell-based therapies for the treatment of cancer.

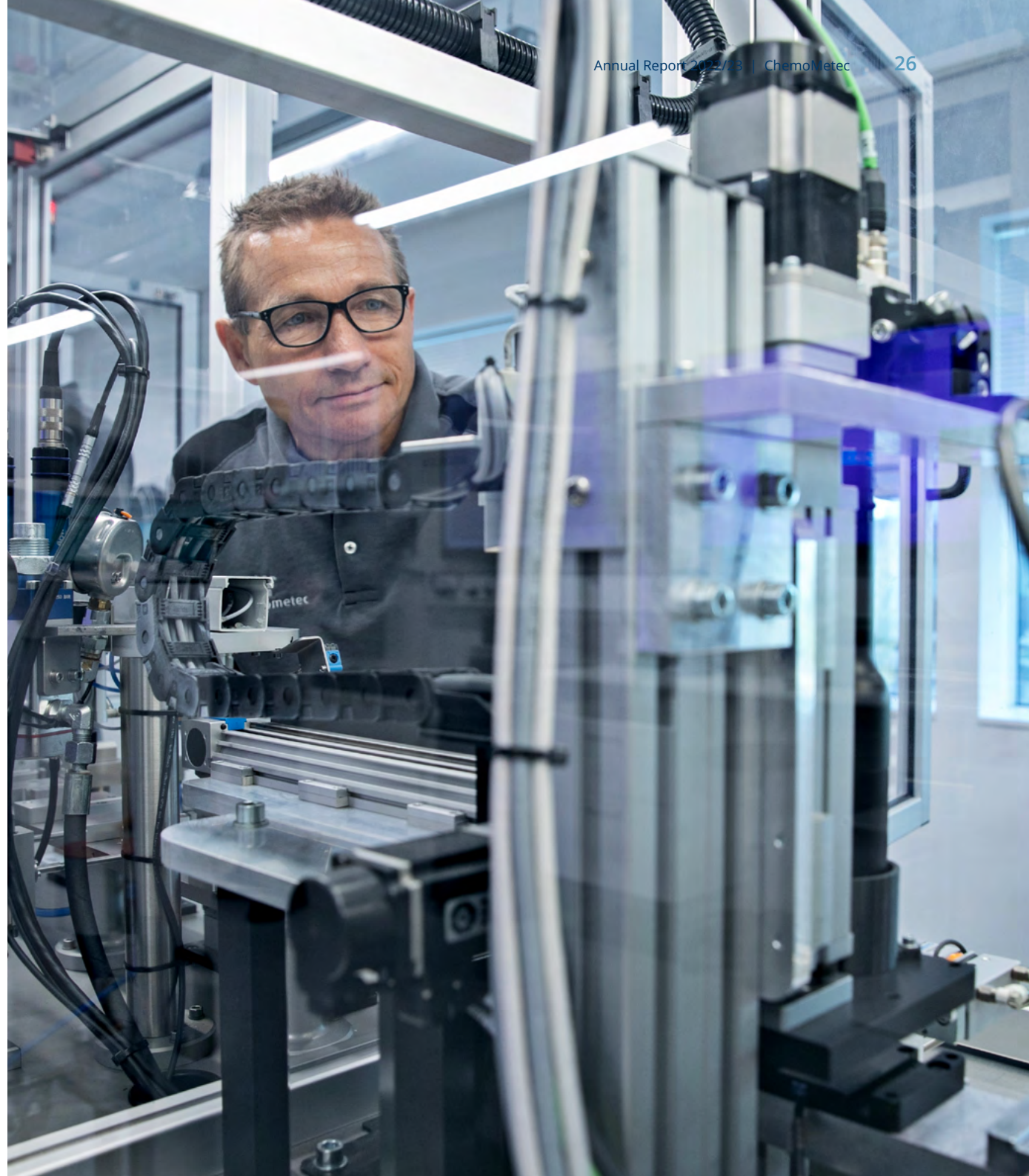
Germany: While revenue declined by 7% to DKK 17.7 million, Germany retained last year's position as our second-largest European market in 2022/23.

The revenue decline in Germany should be seen in the context of 32% revenue growth in 2021/22, which was higher than for Europe generally. The launch of the Xcyto-Matic instruments is important in terms of securing high

future growth rates in the German market, which is known for its large bioprocessing market with major, established players. The XcytoMatic instruments are expected to be competitive products in this segment in the German market.

In the rest of Europe, i.e. the countries outside our top five, revenue grew by 9%. The countries outside the top five account for just over a third of total European revenue.

We expect the NC-202, the upcoming NC-203, the relaunch of the Xcyto 5 and the new XcytoMatic products, the XM40 and the XM30, to drive growth also in the European market in the years ahead.



Rest of world (RoW)

Revenue in ROW (DKK)

50.1m

(2021/22: DKK 51.0m)

Growth in ROW

-2%

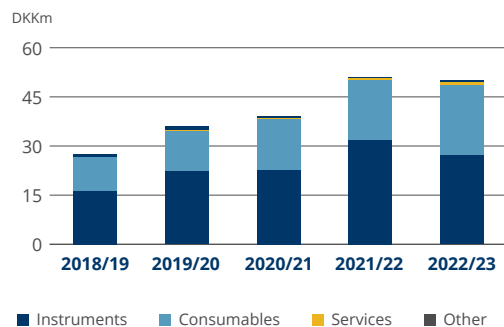
(2021/22: 31%)

Share of revenue

12%

(2021/22: 12%)

Revenue by product group



Revenue in ROW declined by 2% from DKK 51.0 million to DKK 50.1 million in 2022/23, and the relative share of revenue was unchanged at 12%.

As sales of services are limited in ROW, the decline was mainly driven by the sale of instruments and consumables. The trend in ChemoMetec's other regions of declining sales of instruments and growing sales of consumables was also seen in ROW. Sales of instruments declined by 15%, while sales of consumables grew by 18%.

In the past year, ChemoMetec has been committed to consolidating its market-leading position in cell counting and analysis in the Asian markets via targeted initiatives, including a strengthening of relations with key stakeholders. The strategy is to build strong strategic relations with established distributors, who facilitate our products' access to the local regional markets. This model enables ChemoMetec to engage with researchers, clinical staff and employees in laboratories via the distributors' networks and offer solutions covering their specific cell counting and analysis needs. Most recently, the heightened focus on services has resulted in positive feedback from our customers, which has strengthened our brand and our reputation as a reliable supplier.

The five largest markets in ROW are China, Japan, South Korea, Singapore and Taiwan. Despite declining revenue in China and flat revenue growth in Japan, these two markets remain ChemoMetec's largest markets in ROW. The other three markets improved, and with 52% growth, Singapore assumed the position as our fourth-largest market in ROW. In the past financial year, revenue in the top-five countries accounted for 83% of ROW revenue, compared with some 85% the year before.

China: China is ChemoMetec's most important and largest market in ROW. Revenue in the Chinese market was down by 19% to DKK 18.6 million in 2022/23 (2021/22: up 36%). Despite the decline in revenue in 2022/23, China remains ChemoMetec's third-largest geographical market after the USA and the United Kingdom. The revenue decline in China was driven by a general decline in the LCB area, and particularly in the core area, cell-based therapy.

In China, sales are generated through close collaboration between a distributor and local sales agents supported by sales staff and product specialists at the head office in Allerød. In the years ahead, the Chinese market will remain a key priority for ChemoMetec.

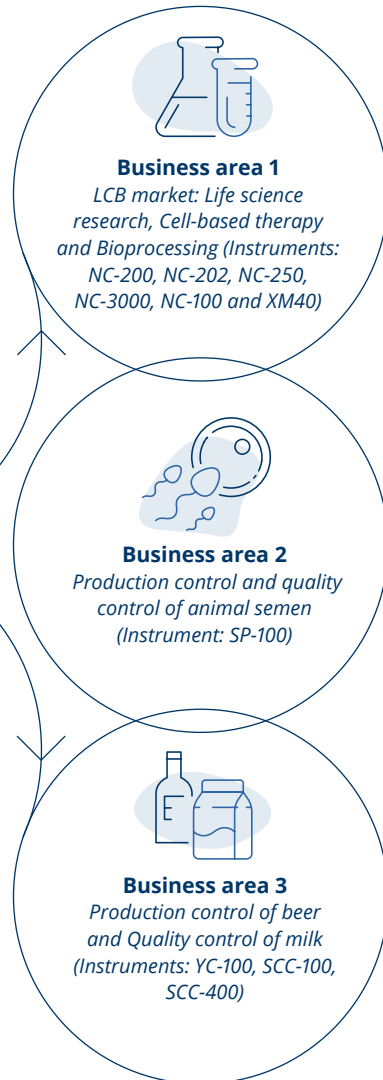
In the coming year, we will, in addition to cell-based therapy, focus on bioprocessing, which is a growth market and therefore represents an attractive opportunity for ChemoMetec in connection with the launch of the XM40 and subsequently the XM30.

Revenue in top-five countries – ROW (DKKkm)

Top 5	2022/23	2021/22	Growth
China	18.6	22.9	-19%
Japan	10.3	10.2	1%
South Korea	6.6	5.0	32%
Singapore	3.8	2.5	52%
Taiwan	2.8	2.6	8%

Performance by business area

ChemoMetec's three most important business areas/ market areas



Business area 1 Life science research, Cell-based therapy and Bioprocessing (LCB market)

ChemoMetec's most important business area is sales of cell counting and analysis equipment for three sub-areas, A) Life science research, B) Cell-based therapy and C) Bioprocessing. In the following, these three market areas are jointly referred to as the LCB market.

We define bioprocessing as any production and production control process that uses biological organisms for manufacturing pharmaceuticals and for medical therapies. Process development, selection/screening of cell cultures and upscaling of production are also considered bioprocessing. Bioprocessing includes all upstream and downstream processes in the manufacturing of pharmaceuticals using biological organisms. In practical terms, bioprocessing also includes large parts of the cell-based therapy market, which in principle also includes the production of a pharmaceutical product using a biological organism. For now, we have decided to distinguish between bioprocessing and cell-based therapy, although technological advances in terms of automation are creating a large overlap between the two areas.

Revenue (DKK)

407.8m

(2021/22: DKK 396.2m)

Growth

3%

(2021/22: 57%)

Share of revenue

93%

(2021/22: 93%)

In the LCB market, revenue grew from DKK 396 million to DKK 408 million in 2022/23, equalling a 3% increase. This business area has become increasingly important to ChemoMetec in recent years, and the LCB market today accounts for 93% of total revenue.

Revenue in the LCB market has almost quadrupled in the past five years (see the chart below). As the market's overall global growth rate in the same period is estimated to have been significantly lower, we have won significant market shares, particularly in the cell counting area.

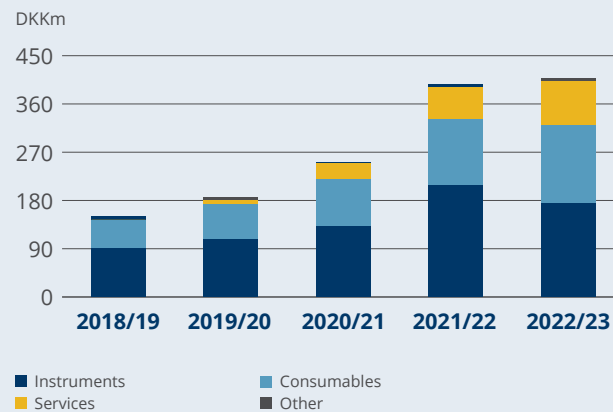
ChemoMetec's growth in the LCB market has been driven mainly by strong growth within cell-based therapy. Cell-based therapy is a relatively new form of therapy that has the potential to treat many diseases for which there is currently no, or no effective, treatment. The so-called CAR-T method is the most prevalent of these therapies, and after it was approved by the FDA for treating certain forms of cancer in 2017, the development of new therapies and commercialisation of this innovative form of treatment has really gathered momentum. ChemoMetec has built a very attractive market position in this growth area, which requires cell-counting throughout the process from development up to the actual treatment of patients.

However, the past year has seen a sharp decline in activity in the cell-based therapy market. Read more about developments in cell-based therapy in the introduction to the section "Business performance".

At the end of the financial year, there are clear indications that the cell-based therapy market is stabilising – albeit at a lower level than in previous years. Moreover, market analyses indicate that confidence in the effectiveness and potential of cell-based therapies remains high, and a number of new therapies are currently being reviewed for regulatory approval. At the same time, there is increasing focus on developing cell-based therapies in new disease areas, not least the more rare diseases. Against this background, we are optimistic about the long-term potential of cell-based therapy, and we are therefore continuing our dedicated efforts to adapt our products and solutions to the needs of our many customers in this field.

Bioprocessing is a future focus area for ChemoMetec, and our current market share in this area is probably only a few per cent. The market is dominated by two major players whose equipment has a higher degree of automation than the equipment that ChemoMetec has so far been able to offer customers. The degree of automation is particularly important in connection with the screening of cell cultures, which also requires a high analysis capacity. The market for cell counting within bioprocessing is expected to expand significantly in the coming years, and suppliers will be required to be able to deliver automation solutions and advanced software for their cell counters. With the upcoming launch of instruments in the XcytoMatic family, it is our ambition to gain a strong share of this market over the next few years. Read more about bioprocessing on page 30 and about our new XcytoMatic products on pages 33-34.

Revenue by product group



Case:

Bioprocessing – the development and manufacturing of biological pharmaceuticals – is an attractive future market area for ChemoMetec

More and more new pharmaceuticals are based on the application of living organisms, such as mammalian cell cultures or yeast cells. They are collectively referred to as biological pharmaceuticals.

Biological pharmaceuticals can be divided into two main groups: pharmaceuticals consisting of biochemical products produced from a biological cell culture, and pharmaceuticals consisting of an actual biological organism, such as cell therapy. The former is the larger of the two groups. As one of the characteristics of this type of pharmaceuticals, they are designed for a very specific effect and to interact with specific targets in the patient's body.

Through biological pharmaceuticals, scientists have successfully developed new and more efficient treatments for a wide range of serious diseases, including in particular cancer. Many biological pharmaceuticals replicate biochemical products existing naturally in the human body, such as proteins. Examples include insulin, growth hormones and growth factors.

A large group of biological pharmaceuticals are replicates of proteins produced by the body's immune system that have been laboratory-enhanced in order to strengthen their bioavailability, specificity and efficacy. Such proteins are called antibodies. They attach to cell surfaces and can therefore also be used to attach to cancer cells as part of cancer treatment.

A common feature of all these pharmaceuticals is that, being more complex in structure, they are also more complicated to produce than synthetically manufactured pharmaceuticals. To optimise production, it is necessary to monitor the state of the living organisms during the production process.

The discipline of developing and producing biological pharmaceuticals is called bioprocessing. The emergence of many new pharmaceuticals reflects the substantial growth in activity seen in this field in recent years.

Highly productive cell clones are isolated in the production process. In fact, large parts of cell counts are conducted during clone selection. It is crucial to apply a cell clone that will quickly grow to have high cell density and which also produces large volumes of the active biological material making up the end product. Cell growth speed is consistently monitored by cell counters, and cell productivity and the cell culture lifecycle depends on the cell viability, which is also monitored by the cell counter. In many cases, several hundred counts will be required per day, and cell counts often become a bottleneck, because many cell counters take several minutes per count.

ChemoMetec's new XcytoMatic family of instruments was developed to handle samples with high cell density much faster than existing products in the market, enabling easier analysis of the number of cell clones needed to identify the one clone that ensures optimal productivity in the further process.

Ahead of the process of isolating the right cell clone lies a comprehensive effort to produce the genetic material (the vector) to be applied in the producing cell clone for producing the end pharmaceutical. In most cases, a virus is used as a means of introducing the vector to the producing cell clones. Virus production is optimised using many of the same processes as are used to optimise the production of active biological materials, including frequent monitoring of cell growth and viability.

There is a great desire to automate during all phases of development and production and to make the individual processes more efficient. In that context, the XcytoMatic products are expected to become integral analytical instruments in fully-automated cell handling.

Read more about our XcytoMatic products on pages 33-34.





Business area 2

Production control and quality control of animal semen (SP-100)

A significant component in the market for production control and quality control of animal semen is various forms of semen analysis. ChemoMetec's SP-100 addresses this market and is used to determine sperm cell concentration and viability in a sample. The SP-100 is typically used at bull, boar and stallion stations producing semen doses for artificial insemination.

Sperm cell counting in livestock farming is not a very competitive market, and the SP-100 has established itself as a very strong brand in this niche market. The global market size is not known in detail, but it is relatively limited.

The SP-100 instrument, belonging to the NC-100 product family, was launched 19 years ago, and the product has not been updated since then. This is very unusual in the laboratory equipment industry, but our customers nonetheless still consider the product to be up to date. This is also reflected in revenue, which was up by 14% to DKK 29 million in 2022/23. The percentage increase was significantly higher than the 6% revenue increase in the previous year.

Revenue (DKK)

28.7m

(2021/22: DKK 25.2m)

Growth

14%

(2021/22: 6%)

Share of revenue

6%

(2021/22: 6%)



The North American market is the primary geographical segment, accounting for more than half of revenue.

The market for semen analysis in livestock farming accounts for some 6% of ChemoMetec's total revenue. This share increased slightly during the year, mainly due to challenging conditions in ChemoMetec's most important LCB market. Despite its relatively small share of our activities, the market for production control and quality control of animal semen is important to ChemoMetec, and developing new products to replace existing ones is vital if we are to maintain our market leading position in this area. Accordingly, developing a new semen analysis product is part of ChemoMetec's strategic considerations.

ChemoMetec mainly sells its semen analysis products via direct sales. In a very few geographical markets, ChemoMetec is represented by a local distributor.



Business area 3
 Production control of
 beer and quality control
 of milk (YC-100/SCC-100)

Revenue (DKK)

5.8m

(2021/22: DKK 5.8m)

Growth

1%

(2021/22: -2%)

Share of revenue

1%

(2021/22: 1%)

ChemoMetec's sales to the brewing and dairy markets account for some 1% of total revenue, in line with the year before. The market is not one that ChemoMetec prioritises, and has not been so for the past several years. We are, however, working on developing a variant of the NC-202 to replace the YC-100 for use in production control of beer. We are not currently planning to develop the SCC-100 further, as the market for cell count control of milk in dairy production is not considered to be of interest to ChemoMetec.



Product development

Our product development efforts of the past year were focused on completing the development of the two new cell counters, the XcytoMatic 40 and the XcytoMatic 30, which are expected to enhance ChemoMetec's position, not only in the bioprocessing market, but also in the field of cell-based therapy. In addition, over the coming 12 to 18 months we plan to launch two more products, the NC-203 and the Xcyto 5.



XcytoMatic 40

A considerable amount of resources were applied during the financial year to advance the XcytoMatic 40 (XM40) to the production stage. During the process, we encountered difficulties in terms of scaling production of the instrument due to challenges involving the quality of the cabinet. After several attempts to optimise the manufacturing process in the spring of 2023, the problem was solved towards the end of the financial year. Following the appointment of a new subcontractor and a redesign, the cabinet can now be manufactured to meet ChemoMetec's quality requirements. The new supplier is expected to deliver the initial shipments of the new cabinet in September 2023, after which production of the XM40 will commence.

A whole new software platform has been developed in connection with the XcytoMatic projects. It will be used in the manufacturing of ChemoMetec's future products and will ensure backward compatibility. A large part of our development resources of the past financial year was allocated to the software package accompanying the XM40. It is ready for sale and available in a basic version,

while a number of features are currently being developed. These features will be implemented and released in regularly scheduled software updates. Upcoming updates will include functionality to remote control instruments from a central server and readying instruments for compliance with FDA rules (Title 21 CFR Part 11) and the corresponding EMA guidelines, Annex 11.

Read more about the XcytoMatic 40 at <https://chemometec.com/nucleocounters/xcyto-matic-40/>

The XM40 will be bundled with a service contract that will be priced at about 15% of the price of the instrument. The service contract is an integral part of the package, given the complex nature and many movable parts of the instrument which require regular service and maintenance.

The XM40 is intended to supplement the existing product range, and ChemoMetec will use the launch to enter new attractive growth areas in the bioprocessing market (pharmaceutical process development and production), a market in which ChemoMetec currently has a limited presence.

The launch of the XM40 therefore represents an important strategic milestone and is expected to contribute significantly to ChemoMetec's future revenue growth. The market for cell counting products within bioprocessing is currently estimated to be worth about DKK 800-1,000 million.

The XM40 was tested by several prospective customers during the second half of the financial year. Generally, feedback has been positive, and the test phase has also yielded important suggestions for various adjustments, particularly regarding software features. The R&D department is currently in the process of implementing these adjustments ahead of the upcoming launch. Management expects the mentioned tests to yield new orders for the instrument during 2023. However, we are currently sensing that customers are generally reluctant to go ahead with major capital investments, and orders could be put off until 2024.

Production of the XM40 is expected to take place during the first quarter of the 2023/24 financial year, after which a gradual launch of the instrument will commence. The XM40 will be presented at a number of scientific meetings to be held during the autumn of 2023, particularly in the USA.



The upcoming XcytoMatic 30 cell counter will be ChemoMetec's first fully-automated cell counter. The XcytoMatic 30 targets the segment of the bioprocessing market where fully automated functionality is key and where efforts are to eliminate all manual cell handling. We expect to launch the new instrument by the end of the 2023/24 financial year.

XcytoMatic 30

Completion of the development of the XcytoMatic 30 (XM30) was also a big priority during the past year. The initial internal testing has commenced, and a model of the product has been presented at several scientific meetings in Europe.

The XM30 is an automated, fully integratable cell counter which, like the XM40, is based on a reusable measuring cuvette through which the sample passes. The XM30 receives a cell sample, either by an external robotic arm or manually, after which the cell count is performed. The method of analysis is identical to that of the XM40, and the two instruments feature identical analytical modules. The XM30 instrument principally differs from the XM40 in that it has no sample carousel. Instead, it uses a stationary funnel, which is cleaned automatically between measurements. In addition, the XM30 does not have an integral reagent and waste system so as to allow reagents and waste containers to vary in size according to the automated processes in which the XM30 can be used. However, the XM30 is available with an external reagent/waste module, which can also be used in validating the XM30 or

in a demonstration context. The reagent/waste module is currently being developed.

The XM30 is ChemoMetec's first fully-automated cell counter only requiring manual operation when replacing reagents or in case of unintended downtime. The XM30 targets the segment of the bioprocessing market, where fully automated functionality is key and where efforts are made to eliminate all manual cell handling.

Production of the XM30 is expected to be established during the second quarter of 2023/24, after which the gradual launch of the instrument can commence.

The XM30 is expected to be released for sale by the end of the 2023/24 financial year. The launch will be a staged process, similar to that of the XM40. That will enable us to correct potential issues in collaboration with the end users.

Read more about the XcytoMatic 30 at <https://chemometec.com/nucleocounters/xcytmatic>

NucleoCounter NC-203

During the year, we developed an upgraded version of the NucleoCounter NC-202, which we have initially named the NucleoCounter NC-203. Like the NC-202, the instrument applies disposable cassettes and fluorescence microscopy, and it has furthermore been updated with new technology from the XcytoMatic platform. The main elements of the upgrade are a new analytical module, a new software platform and the use of contrast microscopy combined with image analysis by means of artificial intelligence (AI).

While basically having the same analysis performance as the NC-202, the NC-203 will be better prepared to meet future needs in terms of handling complex cell cultures, such as induced pluripotent stem cells (iPSCs). Many opinion makers believe that iPSCs will form the basis of a large proportion of cell therapies of the future. Counting iPSCs can be quite difficult, as the cells often form highly complex cell cultures during the so-called differentiation process, which pose a major challenge for the vast majority of cell counters currently on the market. Thanks to their AI functionality, the NC-203 and the XcytoMatic have been shown in pilot tests to be highly suitable for counting iPSC cultures. Directed at the same market segment as the NC-202, the product is expected to be released for sale during 2024, following the release of the XM40 and the XM30.

Xcyto 5

The Xcyto 5 was initially being readied for launch in the 2019/20 financial year, but first two major product improvements needed to be developed, tested and implemented in the product. However, the launch of the Xcyto 5 was put on hold due to the Covid-19 situation and the resulting challenges in getting the two product improvements user tested. Instead, we allocated resources to supporting sales of the NC-202 and the NC-200, where meeting the pressure from the sales development and the resulting production, quality assurance and support was big.

We have now resolved to relaunch the Xcyto 5. The plan is for the product to replace the NC-3000, which has been on the market since 2010. The Xcyto 5 will be launched in the LCB market and mainly directed at cell-based therapy and bioprocessing/biomanufacturing.

The Xcyto 5 is an image-based cell analyser that can automatically identify and mark the individual cells and provide accurate information about on which cells – and to a certain extent also where on the cells – the various fluorescent markers are located. Even very weak markers are easily identified using the Xcyto 5, and thanks to its robust and user-friendly functionality, the product offers an attractive instrument solution for cell-based therapy and bioprocessing.

The Xcyto 5 is expected to be used mainly in quality control of cells to be used for therapeutic purposes. Quality analysis is typically used in cell-based therapy, and successful processing requires a satisfactory number of cells as well as correct cell viability and quality. Among the benefits of ChemoMetec's dedicated cell counters, such as the NC-202, is their ability to count cells regardless of cell type. However, in addition to cell count and viability, several of the complex cell-based therapies where the NC-202 is used require a purity measure of the cell types administered to the patient, and this is where the Xcyto 5 provides a suitable solution. As the quality of the cell material may impact the treatment, regulators require that the production of cells for therapeutic purposes is screened for cell counts, viability and cell types before the production is approved and released for treatment. For CAR-T treatment, tests are often made to ensure that the cells are part of the group of T-lymphocytes and that they are positive for the relevant markers (such as CD19 or CD22) targeting the cancers. Very often, a flow cytometer is used for such analysis, but customers are demanding equipment that is less resource intensive and highly user friendly.

Regulators continually increase their requirements of pharmaceutical biomanufacturing. If the manufacturer applies a biologic organism for producing pharmaceuticals, regulators will often demand documentation that the actively producing cells have not been contaminated with non-producing cells. To do that, manufacturers often use either flow cytometers or various highly time-consuming cell culture techniques. In many cases, the Xcyto 5 will be able to perform such analysis quickly and easily.

The Xcyto 5 is expected to be relaunched during 2024, following the launch of the XcytoMatic products.



R&D partnerships

In order to ensure that ChemoMetec can continually accumulate new knowledge and to support ongoing R&D projects, we participate in various fund-supported projects. By participating in such development projects, ChemoMetec is able to accumulate specialist know-how and expertise that enable us to be first-movers in terms of developing products adapted to the latest technologies.

Current projects:

Care DNA

Backed by support from Innovation Fund Denmark, ChemoMetec participated in a three-year project with the University of Copenhagen, Herlev and Gentofte Hospital and Roche Sequencing Solutions to use circular DNA as a biomarker for early diagnosis of pancreatic cancer. This is one of the deadliest cancers with only a 12% survival rate five years after diagnosis, which is partly because pancreatic cancer has few symptoms in its early stages. When the cancer is discovered, it is often so advanced that the patient cannot be cured. The project concluded in the spring of 2023 and unfortunately did not identify unambiguous sequential-specific markers due to the high degree of heterogeneity of the circular DNA. As a result, activating mutations in the KRAS gene (ras oncogene, able to transform an ordinary cell into a cancer cell when mutating) are still the strongest indicator of pancreatic cancer, but typically such mutations are located in the chromosomal DNA, not the circular DNA. As part of the Care DNA project, ChemoMetec developed a num-

ber of gel-based methods to immobilise and visualise nucleic acid molecules. These methods enable the use of image cytometry to detect and count individual DNA and RNA molecules and to measure the so-called SNPs (single nucleotide polymorphism). The latter method has been applied to examine the KRAS status in a group of pancreatic cancer patients. A parallel analysis of the same patient samples using digital PCR and sequencing showed that the gel-based method provides accurate and reliable data. In 2023, ChemoMetec filed a patent application to protect its rights to the gel-based methods and derived applications, such as the quantification of pathogenic viruses and bacteria. Further development of the gel-based technologies has continued in the Circular Vision Project.



Circular Vision

Backed by EU funding, the Circular Vision Project aims to examine whether circular DNA in cells and blood plasma can be used for early diagnosis and monitoring of various cancers and autoimmune diseases. Besides ChemoMetec, the parties to the project are the University of Copenhagen, Aarhus University, Herlev and Gentofte Hospital as well as a number of universities and research units in Spain, Italy and Switzerland along with Roche Sequencing Solutions. The project aims to identify a potential correlation between the size and the number of circular DNA molecules and the development of lung and intestinal cancer as well as inflammatory bowel disease (IBD). The project applies ChemoMetec's above-mentioned gel-based methods to identify and count the number of circular DNA molecules in plasma and tissue from healthy individuals and lung cancer patients. The project is expected to be completed in 2024.

Financial review

Profit for the year (DKK)

178.7m

(2021/22: DKK 159.5m)

Cash flow from operating activities (DKK)

154.1m

(2021/22: DKK 176.9m)

Equity ratio

81%

(2021/22: 71%)

Revenue

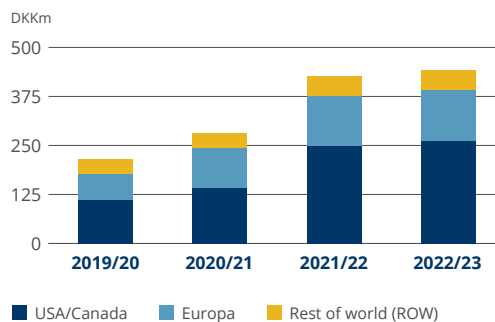
In the 2022/23 financial year, revenue was up by 4% to DKK 442.3 million measured in Danish kroner and down by 1% measured at constant exchange rates. The revenue growth was significantly affected by external factors, and particularly more risk-averse capital markets resulted in a reduced availability of capital to life science and biotech businesses, including ChemoMetec's most important customer segment, companies in cell-based therapy.

Revenue – by geography

ChemoMetec's revenue is distributed with 59% in the USA, 29% in Europe and 12% in the rest of the world, in line with the 2021/22 distribution.

In ChemoMetec's largest market, the North American market, revenue in 2022/23 was up by 6% measured in Danish kroner, but down by 2% measured at a constant exchange rate. In the European market, revenue rose by 1% measured in Danish kroner. In the rest of the world, revenue declined by 2% measured in Danish kroner.

Revenue by region



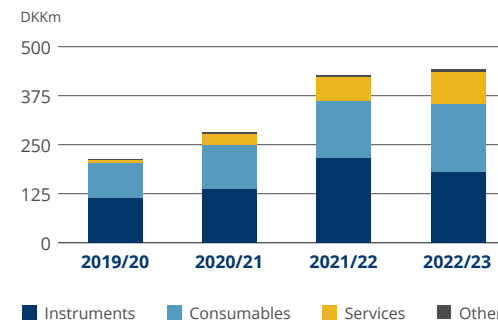
Revenue – by product group

Revenue from the sale of instruments fell by 17% in 2022/23 measured in Danish kroner and by 20% measured at constant exchange rates. By contrast, revenue from the sale of consumables and services rose. Revenue from the sale of consumables rose by 18% measured in Danish kroner and by 13% measured at constant exchange rates. Revenue from the sale of services rose by 39% measured in Danish kroner and by 31% measured at constant exchange rates.

Costs

Cost of goods sold rose by 9% to DKK 60.4 million measured in Danish kroner in 2022/23, corresponding to a gross margin of 89% (2021/22: 90%). The relatively steep increase in cost of goods sold compared with the development in revenue was mainly due to a revised accounting estimate in connection with the preparation of the interim report for H1 2022/23 concerning recognised time consumption and direct production wages in connection with goods manufactured. Therefore, a larger part of staff

Revenue by business area



costs is now included under direct production wages and consequently as part of cost of goods sold or capitalised as part of inventories. The impact on cost of goods sold and gross margin is approx. DKK 12 million. Discounting this effect, the cost of goods sold decreased by 13%. The impact on operating profit is constituted by the capitalised costs, which amount to approx. DKK 4 million, equaling a positive impact on the EBITDA margin of approx. 1 percentage point.

Other external costs, including sales promotion costs, premises and administrative expenses, rose by 8% in the financial year. The rise was due mainly to higher travel activity due to increased sales of services and generally higher travel activity in connection with global trade fairs, customer visits and the like.

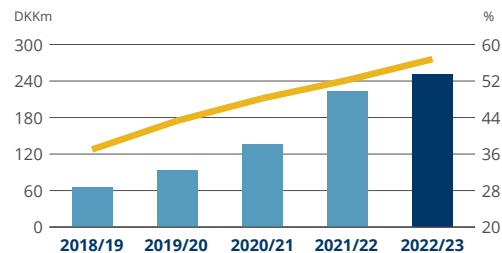
ChemoMetec's overall staff costs were reduced by 17% in 2022/23 to DKK 99.6 million. Discounting the effect of the changed estimate of time consumption for goods manufactured by the Company and bonus payments to the Executive Management and senior employees and a one-off bonus in connection with last year's 25th anniversary, staff costs rose by approximately 11%.

Earnings

Operating profit (EBITDA) amounted to DKK 251.0 million in 2022/23, a 13% increase on 2021/22. The increase in EBITDA was primarily attributable to a combination of a DKK 11.1 million increase in gross profit and a DKK 20.4 million decrease in staff costs.

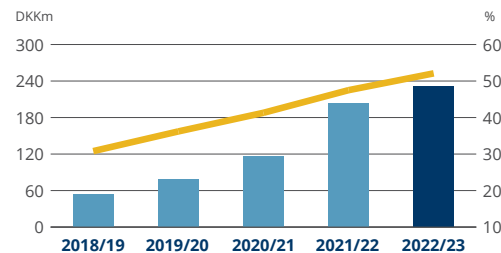
The EBITDA margin for 2022/23 amounted to 57%, which was a five percentage point increase compared with 2021/22. The increase was due to a combination of a

EBITDA and EBITDA margin

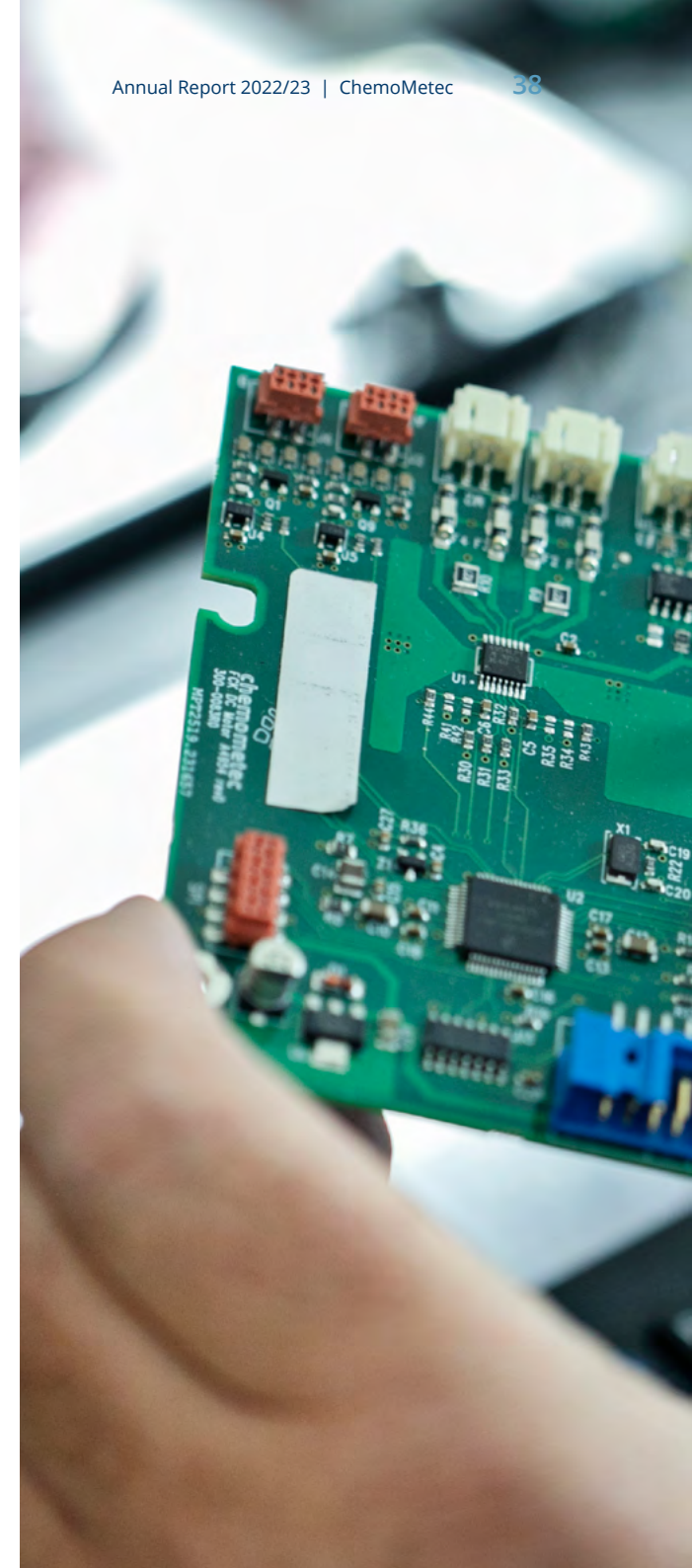


■ EBITDA — EBITDA margin

EBIT and EBIT margin



■ EBIT — EBIT margin



positive development in costs and a positive development in gross profit. At constant exchange rates, the EBITDA margin for the year was 55%.

EBIT rose by 14% to DKK 230.6 million (2021/22: DKK 202,9 million), and the EBIT margin rose by five percentage points to 52% in 2022/23.

The profit for the year increased by DKK 19.2 million compared with 2021/22 to DKK 178.7 million, a year-on-year increase of 12%.

Revenue and EBITDA for the year are in line with the most recent guidance announced on 8 February 2023 of revenue in the range of DKK 430-460 million and EBITDA in the range of DKK 245-260 million.

Balance sheet

ChemoMetec's total assets at 30 June 2023 amounted to DKK 658.0 million, which was an increase of DKK 156.7 million. The increase was driven by increases in both non-current and current assets, the former rising by DKK 17.0 million and the latter by DKK 139.7 million.

At 30 June 2023, equity amounted to DKK 533.0 million, a DKK 175.8 million increase, which means that the rise in total assets was still self-financed.

ChemoMetec's equity ratio rose to 81% from 71% in 2021/22.

Non-current assets

Intangible assets amounted to DKK 79.7 million at 30 June 2023, which was an increase of DKK 12.3 million. The

increase was principally driven by an addition to the item Development projects in progress, mainly attributable to development work on the Xcyto platform, including the upcoming analysis instruments the XM40 and the XM30.

Property, plant and equipment increased by DKK 7.9 million to DKK 82.7 million at 30 June 2023. The increase was mainly driven by an investment in the neighbouring site and property located next to ChemoMetec's head office facilities in Allerød, the renovation and refurbishment of the facilities in Allerød and an expansion of warehouse facilities in the USA.

Current assets

Current assets were up by DKK 139.7 million to DKK 492.7 million at 30 June 2023, which was primarily attributable to the increase in inventories and cash and cash equivalents.

Inventories amounted to DKK 112.6 million at 30 June 2023, which was an increase of DKK 45.8 million. The increase was due to higher inventories of raw materials, subassemblies and finished goods.

At 30 June 2023, cash and cash equivalents amounted to DKK 316.6 million, a DKK 107.5 million increase. Cash and cash equivalents made up almost half of ChemoMetec's total assets.

Trade receivables at 30 June 2023 amounted to DKK 54.8 million, a DKK 11.0 million reduction. As ChemoMetec's level of activity was unchanged from the previous year, the lower trade receivables were attributable to increased focus on and strengthened processes with regard to col-

lection of overdue receivables. This development also had a positive effect on the bad debt provision, which was down from DKK 2.4 million to DKK 0.4 million.

Current assets represented 75% of ChemoMetec's total assets at 30 June 2023.

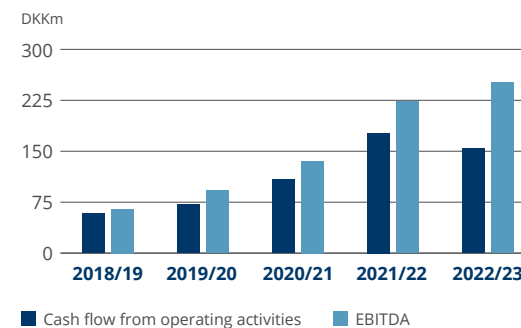
Cash flows

ChemoMetec had a net cash inflow of DKK 110.4 million for the year (2021/22: DKK 51.8 million). The cash flow was made up of a DKK 154.1 million net cash inflow from operations and net cash outflows from investing and financing activities of DKK 40.8 million and DKK 2.9 million, respectively.

Cash flow from operating activities

Despite a DKK 27.7 million increase in EBIT, the cash flow from operating activities was DKK 22.7 million lower than in 2021/22. This was primarily explained by an increase in working capital, which had a negative impact of DKK 40.5 million, and income tax payments of DKK 57.7 million,

EBITDA and cash flow from operating activities



including an on-account payment of income taxes regarding the 2021/22 financial year amounting to approximately DKK 50 million. The increase in working capital was primarily caused by increased inventories, lower trade receivables and a sharp reduction of other payables, mainly as a result of reduced payables regarding payroll, income tax, social security contributions, etc.

Cash flow from investing and financing activities

The cash flow from investing activities was a net outflow of DKK 40.8 million (2021/22: DKK 56.0 million). The outflow consisted of investments in property, plant and equipment amounting to DKK 21.2 million and investments in intangible assets amounting to DKK 19.6 million. The two main objectives of the investments are:

- To ensure ChemoMetec's future growth through product development, including the development of the Xcyto platform.
- To ensure sufficient capacity to support expected future growth, including expanding and developing ChemoMetec's production capacity and general facilities.

As ChemoMetec is self-financed, financing activities have limited impact on cash flows. The cash flow from financing activities for the year was a net outflow of DKK 2.9 million (2021/22: DKK 69.0 million, which included dividend distribution regarding 2020/21).

Events after the balance sheet date

No significant events have occurred after the balance sheet date that affect the annual report for 2022/23.



Guidance for 2023/24

After several years of strong growth, we recorded weaker revenue growth in the past year due to the rising interest rates and reduced availability of capital to customers in our most important business area, cell-based therapy. However, ChemoMetec retains a strong market position in its business areas, and the cell-based therapy area is considered to hold attractive long-term potential, once activity in the area picks up again – as it is expected to. ChemoMetec also has a solid platform for launching new products, for example in bioprocessing, which is also expected to contribute to growth in the longer term.

Market analyses indicate that confidence in the effectiveness and potential of cell-based therapies remains high, and despite the challenging near-term market conditions, the long-term potential is thus still considered to be attractive. Read more about developments in cell-based therapy under “Business area 1”.

In ChemoMetec’s markets, short-term visibility is limited due to sustained macroeconomic and geopolitical uncertainty, however. The level of activity in cell-based therapy is expected to remain at a lower, but stable, level in the coming year, compared with the strong growth seen in previous years. The current macroeconomic environment is also affecting the investment appetite of our customers in general, and we expect continued investment restraint in the coming year.

The guidance for 2023/24 is based on the following assumptions:

- That our customers’ level of activity and investment stabilises at close to the level at 30 June 2022/23.
- That the availability of new capital to businesses in the cell-based therapy area is not further restricted.
- That the USD exchange rate remains close to the level at 30 June 2022/23.

Instrument sales are expected to remain under pressure in the coming year due to the conditions mentioned above, and we expect a decline in sales of instruments for the full year. Gradually increasing sales of the Xcyto-Matic 40 are expected to lift revenue in the second half of the year, however. Sales of consumables are expected to continue to grow, albeit at a lower rate than in 2022/23, as sales are expected to be affected by the previous year's drop in sales of instruments. Sales of service contracts are expected to continue to rise substantially, however.

In the 2023/24 financial year, ChemoMetec will continue to focus on developing its sales organisation and strengthen sales efforts in the US and European markets as well as in the major Asian markets – focusing particularly on building up the new bioprocessing business area and launching new products. We will also continue to invest in new skills profiles to strengthen the basis for sustained innovation, and we will develop new products and services.

Based on the above, ChemoMetec’s guidance for the 2023/24 financial year is revenue in the range of DKK 400-435 million and EBITDA in the range of DKK 200-220 million.

In 2023/24, ChemoMetec expects to invest some DKK 70 million in product development, patents, production plant and land and buildings, etc. Management believes that this level of investment will create a basis for continued effective development of the business.

Forward-looking statements

The above forward-looking statements, in particular future revenue and earnings projections, are uncertain and subject to risk. Many factors are beyond ChemoMetec’s control, which might entail that actual events differ significantly from the expectations expressed in the annual report. Such factors include significant changes in market conditions, including developments in technology, customer portfolio or exchange rates. See also the section on risk factors.

Governance

- ⦿ Risk factors
- ⦿ Sustainability
- ⦿ Corporate governance
- ⦿ Board of Directors and Executive Management
- ⦿ Shareholder information



Risk factors

ChemoMetec is subject to various different risks, some of which are beyond our direct control. The individual risks could have a significant impact on our business.

We consider the identification of risks to be an integral part of our ongoing strategic process, and understanding and managing the most significant risks is essential if we are to effectively execute the strategy.

The Board of Directors holds overall responsibility for assessing the nature and scope of the risks associated with ChemoMetec's activities. It is also responsible for ensuring effective risk identification and implementing appropriate risk management and internal control systems and policies.

Together, the Board of Directors and the Executive Management at least once a year review ChemoMetec's overall risk profile and its most significant risks.

The Executive Management holds responsibility for continually managing risk responsibly and effectively in accordance with the Company's policies. Risk monitoring and management forms part of the ongoing risk assessment process and is an integral part of the regular reporting to the Board of Directors.

ChemoMetec's five most significant risks relate to the macroeconomic environment, product development, intellectual property rights, production and IT security.

Area	Description of risk	Addressing of risk
Macroeconomic environment	ChemoMetec operates in a number of global markets in which market developments are affected by macroeconomic conditions and the factors influencing these, such as geopolitical instability.	ChemoMetec continually considers and monitors these risks in the context of current business activities and specific market opportunities and prioritises activities based on this.
	Examples of macroeconomic risks are rising interest rates and a resulting decline in investments in ChemoMetec's business areas. This may have an impact on our customers' demand for and use of our products as well as on their ability to pay. In turn, this may have an adverse impact on ChemoMetec's earnings.	The weaker global investment climate was in particular focus in 2022/23, as it affected many of our existing and prospective new customers. In order to mitigate the effects of this on our sales, we intensified our focus on canvassing and on generating customer leads. We also carefully assessed credit risk in relation to each customer in order to limit any adverse consequences on our business and financial position.
	The fact that ChemoMetec operates in a number of markets exposes us to currency risk. As a large proportion of ChemoMetec's sales are in the USA, we are mainly exposed to USD fluctuations.	Currency risk management is handled centrally by the finance function in accordance with policies and instructions adopted by the Board of Directors. ChemoMetec did not enter into hedging transactions of cash flows or foreign exchange positions during the year.
Product development	Financial risks and financial risk management are described in detail in note 4.7 to the financial statements.	
	The development of new, innovative products is subject to major inherent risks related to technological, design and intellectual property obstacles that can delay or stop the development process. Moreover, product development is subject to major financial risks.	ChemoMetec strives to identify and develop innovative products on an ongoing basis. ChemoMetec continually seeks to ensure in-depth knowledge of the needs of existing and prospective customers in the cell counting and analysis market and bases the development of solutions on this knowledge combined with the Company's technological expertise.
	Realising ChemoMetec's strategy requires that we are able to successfully develop and introduce new products to the market.	In the development process, ChemoMetec makes regular risk assessments of all development projects and changes or terminates development projects, where this is deemed necessary. Risk assessments are conducted by the project managers and the R&D department management. Risk assessments are presented to Management on an ad hoc basis.

Area	Description of risk	Addressing of risk
Intellectual property rights	<p>There is an inherent risk that not all patent applications will result in patents being issued, and there is no assurance that issued patents will not be contested.</p> <p>There is also a risk of other parties intentionally infringing ChemoMetec's intellectual property rights. Furthermore, there is a risk that other parties – justifiably or not – believe that ChemoMetec is infringing their patents or rights and, as a result, actively enforce these alleged rights.</p> <p>Patent disputes can be costly, and they can prevent ChemoMetec from marketing its products.</p>	<p>ChemoMetec's patents, including patent applications, are handled in close collaboration between the R&D department and legal experts.</p> <p>ChemoMetec continually allocates resources to patent applications to ensure the freedom to operate or to ensure that other parties do not infringe our intellectual property rights. On a case-by-case basis, Management makes individual assessments of what action to take, particularly in consideration of the risk that this is deemed to involve.</p>
Production and inventory	<p>As production and inventory holdings are concentrated in a few locations, potential fire, vandalism or the like at one of these locations could cause severe interruptions or suspension of activities. Long-term stoppages would temporarily affect supply capability.</p> <p>Production is furthermore dependent on the ability of suppliers to continuously supply the required quality and volumes of raw materials and other components on a timely basis.</p>	<p>A number of initiatives have been taken to mitigate this risk, including fire protection. Additionally, ChemoMetec seeks to maintain a minimum inventory of finished goods to mitigate the consequences of a potential stoppage.</p> <p>ChemoMetec is in regular dialogue with critical suppliers to ensure that raw materials and other components are of the required quality and that the suppliers adapt their production to growing demand. Furthermore, ChemoMetec seeks to build up inventories of critical raw materials and components and seeks to identify at least two suppliers for critical product groups.</p> <p>In 2022/23, we continued to focus on achieving the highest possible reliability of supply.</p>
IT security	<p>ChemoMetec's operations, reporting and control systems are to a wide extent run by IT systems and are therefore dependent on a high degree of IT security. Consequently, system breakdowns, errors or unauthorised access to the Group's IT systems constitute a significant and growing risk to ChemoMetec's activities.</p> <p>Lengthy IT breakdowns would affect operations.</p> <p>Unauthorised access to ChemoMetec's IT systems and other attempts at financial IT crime, including theft of business-critical knowledge such as data concerning products, technologies or customer lists, could affect future results.</p>	<p>ChemoMetec assesses and adjusts its use of IT on an ongoing basis, including IT infrastructure and security.</p> <p>ChemoMetec has established procedures and back-up routines to ensure a high level of security and protection against loss of data in the course of operations and as a general defence against IT crime. The aim is to continuously strengthen the Company's technical ability to protect, identify and react when attempts are made to gain unauthorised access to ChemoMetec's IT infrastructure.</p> <p>In the past year, ChemoMetec carried out IT security penetration tests to identify any areas in which security in the existing IT setup needed strengthening. This process uncovered several IT security weaknesses, but very few of these were categorised as potentially critical. All identified security weaknesses were addressed and closed out.</p>

Sustainability

As an international company, we are mindful of the impact our business has on our community and stakeholders. It is important to us that ChemoMetec's business is conducted responsibly and ethically in accordance with applicable legislation and standards and that our future growth and development are sustainable. Accordingly, we take responsibility in the countries and local communities in which we operate; we seek to reduce our climate footprint; we establish secure and good working conditions for our employees and we provide high-quality products for our customers.

We take a long-term and broad-based approach to sustainability. This comes naturally to us as it is our business to develop and sell products that are typically in use for many years, and building and maintaining close, long-term relations with our customers and end-users is essential to ChemoMetec's continued value creation.

Sustainability work stepped up

We have stepped up our sustainability work in the past year. The aim of our heightened focus is to ensure that ChemoMetec's operations become increasingly sustainable and to enable us to comply with the ever stricter reporting requirements that will be phased in over the coming years. ChemoMetec will be required to report in accordance with the CSRD and accompanying standards as from the 2025/26 financial year and in accordance with the EU Taxonomy Regulation as from the 2026/27 financial year.

We have performed an initial materiality analysis, assessing our principal risks within the three sustainability dimensions, Environment (E), Social (S) and Governance (G). We assessed the materiality of these risks in terms of financial impact, in terms of ChemoMetec's reputation and in terms of climate and social issues. The results of the materiality analysis will be an important driver of our future ESG work.

On the basis of the materiality analysis, we have identified and prioritised a number of focus areas based on an individual risk assessment of each element. Our focus areas include measurement of CO₂ emissions and emission-reducing measures; cyber security; preparation of a Code of Conduct for our employees and suppliers and enhanced initiatives for our employees. We have started working on several of these focus areas, and additional initiatives will be initiated over the coming period. Also, targets will be set in relevant areas.

Framework of our sustainability work

We base our sustainability work on relevant Sustainable Development Goals as defined by the UN and on the ten UN Global Compact principles on environmental protection, human rights, labour rights and anti-corruption.

We promote sustainability, as expressed in the 17 UN Sustainable Development Goals, by developing and operating ChemoMetec in a responsible manner. We have assessed the importance of each of the Sustainable Development Goals in relation to ChemoMetec's activities and selected the following five:



We help our life science customers ensure good health and well-being for all.



We promote gender equality and women's opportunities in the workplace.



We provide secure and good working conditions for our employees, and our business model is based on sustainable growth.



We focus on reducing our energy and water consumption and we seek to minimise the volume of waste and ensure responsible sourcing.



We are aware of our environmental and climate impact and actively seek to contribute to reducing the impact of climate change on life on earth.

We have chosen to focus our sustainability efforts on three areas under the headings of climate and the environment, social and employee-related matters and governance and community relations. The Board of Directors has approved the policies, which relate to sustainability and the three areas.

For a description of ChemoMetec's business model, see the "Our business model" section of the annual report.

Read more about our sustainability policy (in Danish only) [here](#).

Policies and guidelines govern our operations

ChemoMetec's operations are performed in accordance with Danish and international sustainability legislation, conventions and standards. Our compliance with these is ensured through the policies and internal guidelines we have drawn up.

List of relevant policies:

- Code of Conduct
- Whistleblower policy
- Sustainability policy
- Diversity and inclusion policy
- Remuneration policy
- Data ethics policy
- Tax policy

Read more about ChemoMetec's policies [here](#).

Sustainability at ChemoMetec – our priorities



Climate and the environment (E)

- Energy consumption
- Waste
- Plastics
- Travel activity
- Digital marketing and customer support solutions
- Procurement and transport



Social matters (S)

- Diversity and inclusion
- Human rights
- Employee well-being, health and safety
- Employee skills development



Governance & community relations (G)

- Business ethics
- Corporate governance
- Responsible tax
- Remuneration

Governance structure

The Board of Directors holds overall responsibility for ChemoMetec's sustainability strategy and policies and considers and decides on strategic and tactical subjects related to the area.

The Executive Management holds the day-to-day sustainability responsibility across the organisation and oversees the implementation of and compliance with various policies as well as the overall prioritisation of our efforts.

The finance department holds responsibility for obtaining and quality-controlling data and reporting on our results.

Our policies and procedures serve to mitigate risks in the sustainability area. In this connection, compliance with statutory requirements and other regulation, including the rules laid down in our Code of Conduct (under implementation), is of vital importance.

We also interact with our various stakeholders on a regular basis to learn about their demands and needs and their special focus areas. This gives us regular input on how we can adapt and strengthen our business and reduce potential risks.

Ongoing dialogue with our stakeholders via various channels:

Stakeholders	Expectations	Interaction
Customers	Products based on a more sustainable business practice, including respect for human rights, high ethical standards, no hazardous chemicals, and responsible sourcing.	<ul style="list-style-type: none"> • Daily interaction • Regular engagement about environmental and social issues • Customer audits
Employees	Meaningful work, fair pay, sense of belonging and good development opportunities.	<ul style="list-style-type: none"> • Daily interaction between managers and employees • Performance interviews
Investors/ shareholders	<p>Increased focus on transparency, measurement, targets and reporting.</p> <p>Plans for mitigation of existing and future ESG-related risks.</p>	<ul style="list-style-type: none"> • Investor meetings and presentations
Regulators	Compliance with legislation and other regulations.	<ul style="list-style-type: none"> • Guidelines from and dialogue with local, national and international authorities.
Civil society	Responsible contributor to society by, for example, providing jobs, promoting local growth and possibly supporting relevant causes.	<ul style="list-style-type: none"> • Bilateral dialogue



Climate and the environment

We are committed to minimising our impact on the global climate as well as on the local environment, and we approach this by focusing on our responsible use of resources.

Our direct external environmental impact and the potential environmental and climate-related risks in that respect are mainly connected to our instruments and related consumables, including our use of plastics for our disposable cassettes. We continually strive to reduce our negative environmental impact by applying responsible and sustainable solutions in our production. For example, we have implemented a number of sustainability considerations when we approve investments. We also require our suppliers to comply with the UN Global Compact principles.

Examples of our investments and initiatives:

- Continued transfer of moulding processes to more energy efficient sub-suppliers
- Continued conversion from pneumatic to server-controlled production machinery in order to optimise performance
- Waste reduction in the production of consumables through a systematic effort to improve processes and equipment.
- All hard plastics from production in Allerød are sorted and collected in specialised containers in order to maximise recycling.

When we develop new products, we increasingly consider the choice of materials and their impact on the external environment over the total life cycle of the product. We also consider it an important parameter that the materials used in ChemoMetec's products and consumables are acceptable to our customers.

Disposable cassettes for our NucleoCounter instruments are made of plastic, and the cell sample to be analysed is loaded into this cassette prior to the sample being analysed. We continually explore ways to minimise the volume of plastics used, but these efforts are somewhat constrained by requirements as to the quality of the cassettes. Another constraint is that we cannot use recycled plastics in the production of the cassettes, as the purity of recycled plastics is not high enough to be approved for use in analytical processes. Also, used cassettes cannot be reused, as they contain organic matter which is the property of our customers, and they are therefore collected and destroyed in accordance with applicable legislation.

We are furthermore committed to reducing our climate and environmental impact throughout our value chain, including in connection with procurement, transport and travel activity.

Examples of our initiatives in the past year:

- Increased use of recycled materials in our packaging.
- Increased capacity for recycled packaging both at ChemoMetec's two plastics suppliers and at ChemoMetec. All transport materials are either in aluminium, plastic or wood, and all are in circulation between ChemoMetec and the two suppliers.
- ChemoMetec is collaborating with its transport company on plans to transition to using containers on electrically powered trucks in Q1 2023/24.

- Goods are increasingly transported by sea. Air transport of products to the USA has been minimised to consignments that need to be kept cool throughout the transport. Road transport of goods has also been reduced. For example, road transport of products to container ports in Germany has ceased, and goods are now transported by road to the nearest Danish port and from the port by feeder vessel to one of the large container ports, from where they are shipped to their final destination.
- Charging points have been installed at our head office in Allerød to enable ChemoMetec, our employees and suppliers to charge electric vehicles and contribute to increasing the use of green energy and reducing fossil fuel consumption.
- We continually implement new digital solutions to make our sales efforts more efficient and optimise our travel activity. We have developed our digital sales platform with added features such as a meeting scheduling system and information about our customers' geographical location. This has helped us optimise our meeting scheduling and our travel activity.

Also, we exclusively use green energy at our Allerød facilities, where most of our total energy consumption is concentrated.

While we do not currently apply climate or environmental targets or KPIs, these will be fixed as our efforts in this area are developed further. ChemoMetec is not assessed to be subject to significant risks related to climate and environmental issues.



Social, employee-related and diversity matters

ChemoMetec supports and respects internationally adopted basic human rights and labour rights, including the rights set out in the UN Global Compact, the Universal Declaration of Human Rights and the ILO's basic labour conventions.

The well-being, health and safety of our employees is a key concern for ChemoMetec as an employer. We strive to provide a well-functioning health and safety environment and to avoid occupational injuries. Further, ChemoMetec focuses on mental health and well-being, as this is essential to our productivity as well as to our employees' job satisfaction and development.

Our policy, principles and focus areas in these areas are set out in our Code of Conduct (currently being implemented), our Sustainability policy and our Diversity and inclusion policy, which are available (in Danish only) on ChemoMetec's website.

There were four minor occupational injuries in the past financial year.

ChemoMetec's health and safety representatives and Management together monitor the Company's health and safety environment. Management follows up on sickness absence on an ongoing basis and interviews employees who have a high rate of absence. In the past year, the rate of absence was approximately 2%.

Management believes that these continued efforts over the past year have enabled ChemoMetec to maintain a strong health and safety environment.

We also offer our employees decent and attractive working and employment conditions as well as regular development, training and upgrading of skills to ensure that our employees are able to meet the ever increasing labour market demands and to help ChemoMetec deliver on its strategy.

Promoting a diverse and inclusive workplace culture is an important goal to us because we believe a diverse employee group enhances the value we create for all our stakeholders. In the past year, the gender distribution was 58% men and 42% women. With its range of perspectives and experience, a diverse employee group fosters new ways of thinking and developing the Company, which helps us maintain and strengthen ChemoMetec's competitiveness. We use a broad definition of diversity, including diversity of skills, experience, education, age, gender, ethnicity, religion and sexual orientation.

In addition to our regular performance interviews, in the past year we began to conduct exit interviews when employees leave ChemoMetec. This gives Management a valuable understanding of the why employees leave and an opportunity to make any necessary changes to the organisation.

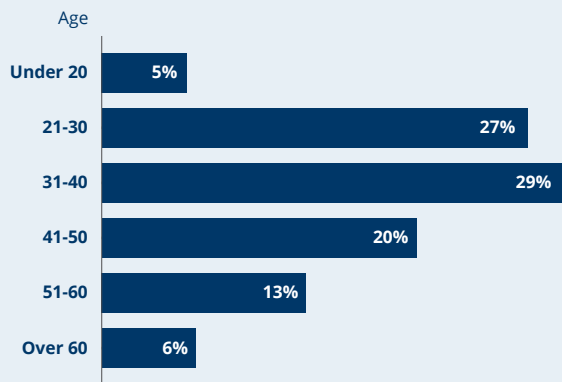
In the coming year, we will conduct an organisation-wide job satisfaction survey.

ChemoMetec is not exposed to significant risk in relation to human rights, social or employee-related matters, and we do not currently apply targets or KPIs other than gender composition targets.

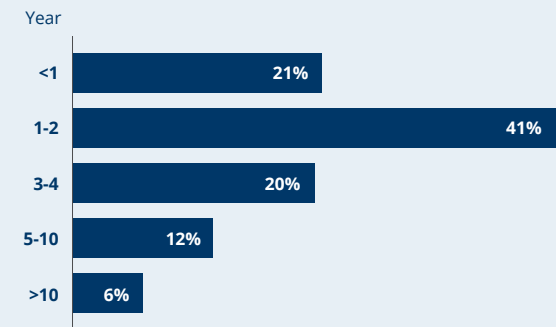
Diversity on the Board of Directors and other management levels

At ChemoMetec, we believe that diversity and inclusion are important prerequisites for running a sound and

Employee age distribution

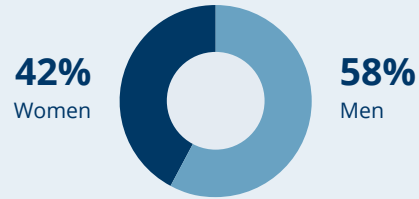


Employee seniority

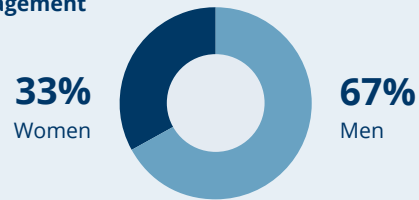


Gender distribution

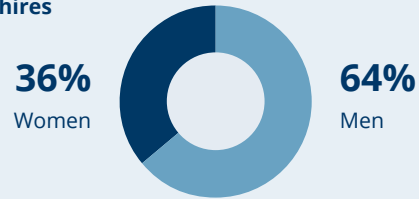
Employees



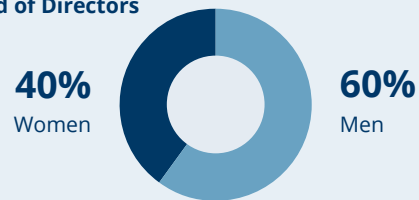
Management



New hires



Board of Directors



sustainable business for the benefit of our customers, our employees and society.

ChemoMetec's goal is therefore to achieve a reasonable gender composition on the Board of Directors and at other management levels based on a wish to achieve the diversity in expertise and experience required to strengthen the business and its competitiveness and to manage ChemoMetec.

Board of Directors

The Board of Directors aims for its members to complement each other as much as possible with respect to age, background, gender, etc. to ensure a qualified and versatile contribution to the Board's work.

The composition of the Board, including the recruitment of new members, is based on an evaluation of the overall expertise represented on the Board, any need to strengthen certain areas of expertise and the professional skills of the individual board members. As well as professional skills, we consider personal skills and the wish for diversity. The goal is to ensure that the Board possesses the knowledge and experience required to handle the general and strategic management of ChemoMetec.

The Board of Directors currently has three male and two female members. The current gender composition on ChemoMetec's Board is equal in accordance with the Danish Business Authority's guidelines on target figures and policies.

Other management levels

ChemoMetec is striving for a more equal gender composition at other management levels, both to improve their diversity and to make full use of the talent pool and bring the greatest talents into play.

The guiding principles when hiring new Management members are:

- To provide equal opportunities and terms for all candidates based on their expertise, motivation and personality.
- To offer equal pay for work of equal value.
- To promote diversity and discourage discrimination.

Other recruitment criteria are ChemoMetec's needs and corporate culture and the wish to recruit new managers who can contribute to realising our overall strategy.

At the end of the 2022/23 financial year, the management team had 67% male and 33% female members. As we had reached the previous goal of a 75/25 gender composition already at the end of the previous financial year, we upped the target in the past year to 60/40 male and female members by 2026.

With a view to achieving this goal, we focus on the following:

- Recruitment procedures that help draw attention to Management candidates of both genders. We aim for at least one of the candidates invited to job interviews to be a woman.
- Seeking to ensure that persons taking part in the recruitment and appointment process reduce any bias.
- Taking into account the views of our current and prospective employees on what constitutes an inclusive workplace, and regularly adjusting our policies and ways of working so they are aligned with our wish to achieve greater diversity and also foster equal opportunity.
- Providing attractive and inclusive opportunities for career and leadership development within ChemoMetec.



Governance & community relations

We are committed to running our business according to high ethical standards and in compliance with applicable legislation. It is therefore key for us to create the right environment for all our activities across the organisation.

We prepared a comprehensive Code of Conduct for our employees, Management Board and Board of Directors in 2022/23, and it is currently being implemented. With our Code of Conduct, we aim to support everyone in our organisation in making the right decisions in their daily work and to ensure good and healthy relations with our stakeholders, including customers, suppliers, distributors and other business partners.

Among the subjects covered by our Code of Conduct is our anti-corruption policy and principles. ChemoMetec has zero tolerance of any form of corruption and is not assessed to be subject to significant risk in this respect.

We will maintain regular dialogue within the organisation and arrange training to ensure that everyone is familiar with and complies with the guidelines and the mindset of our Code of Conduct.

Our whistleblower scheme, which we established in January 2023, is an important tool that gives employees an efficient channel through which they can report any suspected or actual breaches of our Code of Conduct. So far, no incidents have been reported via the whistleblower scheme. In addition to the whistleblower scheme, we actively seek to promote a corporate culture at ChemoMetec in which it is natural and legitimate to call out conduct or actions that are not compliant with our Code of Conduct.

ChemoMetec's relations with our suppliers and other business partners are generally based on agreements and contracts setting out a number of standard requirements for the purpose of minimising risk and operating our business responsibly and to high ethical standards. Typically, these standard requirements relate to quality and reliability of delivery as well as responsibility in relation to the environment, human rights and anti-corruption. Based on our knowledge, we assess that suppliers and other partners adequately meet these requirements.

However, we are stepping up these efforts, and in 2023/24 we are going to prepare a Code of Conduct for suppliers, which will be based on the same principles as our Code of Conduct for employees, Management and Board of Directors.

Our Code of Conduct for suppliers will form part of the contractual basis when we renew existing contracts and enter into new ones.

Data ethics

ChemoMetec has prepared a data ethics policy which comprises a number of data ethics principles.

The overall responsibility for our data ethics principles lies with the Board of Directors, whereas the day-to-day responsibility lies with the IT department and ChemoMetec's CFO.

Read more about our Data ethics policy (in Danish only) [here](#).

Read our annual reporting on data ethics (in Danish only) [here](#).

Tax policy and tax payments

ChemoMetec solely uses business structures driven by commercial considerations and reflecting our business activities. Accordingly, we have established a simple legal structure with the various activities placed in legal entities, and the Company's registrations for legal and tax purposes largely coincide.

ChemoMetec has no activities in tax havens, and we endeavour to avoid commercial relations with customers or suppliers in such jurisdictions.

ChemoMetec strives to comply with tax legislation applicable from time to time in the countries in which we operate and to pay taxes in accordance with generally accepted international practice.

Transactions between group entities are performed on an arm's-length basis and in accordance with applicable OECD transfer pricing guidelines.

In 2022/23, ChemoMetec paid DKK 51.7 million in income tax, equalling an effective tax rate of 22.4% and 12% of revenue.

Read more about ChemoMetec's tax policy (in Danish only) [here](#).

Sustainability – Key figures*

		2022/23	2021/22	2020/21	2019/20	2018/19
Environmental data						
Energy consumption	GJ	146,344	144,655	121,350	96,238	74,257
Energy consumption per FTE	GJ	892	984	948	944	874
Energy consumption per DKKm revenue	GJ	331	339	432	449	423
Renewable energy share	%	95	95	25	-	-
Water consumption	m ³	1,182	873	657	866	913
Water consumption per FTE	m ³	7	6	5	8	11
Water consumption per DKKm revenue	m ³	3	2	2	4	5
Social data						
Income tax/revenue	%	12	10	9	8	7
Number of full-time employees	FTE	164	147	128	102	85
Gender distribution	% (M/F)	58/42	56/44	66/34	63/37	64/36
Gender distribution, other management levels	% (M/F)	67/33	75/25	71/29	71/29	71/29
Employee turnover rate	%	16	29	16	30	32
Sickness absence	Days per FTE	5	4	5	2	1
Governance						
Gender distribution, Board of Directors	% (M/F)	60/40	60/40	75/25	100/0	100/0
Board meeting attendance rate	%	96	92	100	100	100
CEO pay ratio to average employees	Ratio	5	15	14	13	10

* Key figures are calculated in accordance with the definitions in “ESG key figures in the annual report” issued by CFA Society Denmark, FSR – Danish Auditors and Nasdaq in January 2022, except for the key figure “CEO pay ratio”, which is calculated on the basis of the employees’ average salary rather than the median salary.

Corporate governance

Corporate Governance report

ChemoMetec is committed to running our business and arranging our management systems in compliance with the principles of corporate governance. This is a prerequisite for our long-term value creation and for establishing credibility towards customers, employees, shareholders and other stakeholders.

ChemoMetec's corporate governance is based on the recommendations issued by the Committee on Corporate Governance (included in Nasdaq Copenhagen's "Nordic Main Market Rulebook for Issuers of Shares"), applicable stock exchange regulations, regulatory requirements, established practice and in-house rules.

The Company complies with the recommendations of the Committee on Corporate Governance with a few exceptions, mainly related to ChemoMetec's size and business model. For example, ChemoMetec has chosen to let the entire Board of Directors undertake the work of the audit committee and to not establish any other board committees.

ChemoMetec's statutory corporate governance report for the 2022/23 financial year is available (in Danish only) on the Company's website www.chemometec.com under "IR" and the item "Corporate Governance", Corporate governance reports (<https://chemometec.com/investor-relations/corporate-governance/>).

Management structure

ChemoMetec has a two-tier management structure consisting of the Board of Directors and the Executive Management. The Board of Directors, whose members are elected by the shareholders, supervises the Executive



Management. The Board of Directors and the Executive Management are independent of each other.

Board of Directors

The Board of Directors is in charge of the overall management of ChemoMetec and is responsible for decisions on its strategic development, financial issues, risk factors and major development and investment projects. The Board of Directors also has wide powers to supervise ChemoMetec and to check that the business is being properly managed as required by law and by the articles of association.

The Board of Directors conducts its business in accordance with the rules of procedure of ChemoMetec's Board of Directors and Executive Management.

Pursuant to ChemoMetec's articles of association, the shareholders in general meeting elect between three and seven board members. The Board of Directors currently consists of five members, all elected by the shareholders in general meeting. They are elected for terms of one year but are eligible for re-election. No changes were made to the Board of Directors in 2022/23.

The articles of association do not stipulate any special restrictions as to the election of members to the Board of Directors.

An evaluation of the work of the Board of Directors is carried out annually. The purpose of this evaluation is to ensure that the Board works well as a unit and that the

members of the Board combined possess expertise and experience within ChemoMetec's product areas and markets, product development, production, sales and marketing in global markets, strategy and business development, general management, finance and capital markets, including the special issues pertaining to listed companies.

The evaluation is facilitated by the Chairman on the basis of a questionnaire to be completed in writing by all members of the Board of Directors. The results of the most recent evaluation were presented to and discussed by the Board, and based on the evaluation, it was concluded that the Board works well as a unit and that the members of the Board combined possess the required expertise in due consideration of ChemoMetec's business model and strategy.

Furthermore, the Board of Directors evaluates the work and results of the Executive Management at least once annually.

Two of the five board members are considered not independent as per the definitions of the corporate governance recommendations of Nasdaq Copenhagen. Chairman of the Board Niels Thestrup is a partner of the law

firm that ChemoMetec uses for legal advice, and Martin Glensbjerg is the Company's COO.

Information about the individual board members is provided in the "Board of Directors and Executive Management" section of this report.

In addition to the recurring items on the agenda, the Board of Directors considered other business during the year, including:

- Macroeconomic trends, including the effects of the market developments on ChemoMetec and our customers.
- Long-term investments, including extension of facilities in Denmark and development of new products.
- The strategic plan and related ESG activities. In this connection, the escalating cyber risk and measures to protect ChemoMetec were discussed.

Executive Management

The Executive Management is appointed by the Board of Directors and is responsible for the general management of the Company, including its operating performance and

financial results. The Executive Management is responsible for carrying out the strategy and overall decisions approved by the Board of Directors.

The Executive Management consists of ChemoMetec's Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

The following changes were made to the Executive Management in 2022/23:

- Niels Høy Nielsen was appointed Chief Financial Officer and member of the Executive Management in November 2022.
- Rasmus Kofoed was appointed Chief Executive Officer on 1 August 2023 (after the end of the financial year) following the announcement by the previous CEO, Steen Søndergaard, in December 2022 that he wished to resign.

Remuneration of Board of Directors and Executive Management

ChemoMetec's Board of Directors and Executive Management are remunerated on the basis of a remuneration policy approved by the company in general meeting. The current remuneration policy was approved at the annual general meeting held on 8 October 2020.

ChemoMetec's remuneration policy is available (in Danish only) [here](#).

The general purpose of the remuneration policy is to:

- Achieve results in accordance with the general strategy and annual plans.
- Ensure that ChemoMetec is able to attract, motivate and retain highly qualified members of the Board of Directors and the Executive Management.

In the 2022/23 financial year, nine board meetings were held, which were attended by the following board members:

Name	Title	Board meetings
Niels Thestrup	Chairman	● ● ● ● ● ● ● ● ● ●
Martin Glensbjerg	Deputy Chairman	● ● ● ● ● ● ● ● ● ●
Kristine Færch	Board member	● ● ● ● ● ● ● ● ● ●
Betina Hagerup	Board member	● ● ● ● ● ● ○ ● ● ●
Peter Reich	Board member	● ● ● ● ● ● ○ ● ● ●

● Attended
○ Did not attend

- Align the interests of Management with those of ChemoMetec and its shareholders.
- Provide transparency to enable shareholders to assess the basis for the remuneration of the Executive Management and the Board of Directors of ChemoMetec.

The remuneration of the Board of Directors consists of a fixed fee. Members of the Board of Directors do not receive any forms of incentive pay, although they may be comprised by incentive schemes in their capacity as employees.

In 2022/23, the total fee paid to the Board of Directors amounted to DKK 810,000 (2021/22: DKK 785,000), see note 2.4 to the financial statements, and the individual board members' fees were unchanged from the year before. The chairman received a fee of DKK 360,000, the deputy chairman received a fee of DKK 150,000 and the rest of the board members received fees of DKK 100,000 each.

The remuneration of the Executive Management consists of a fixed base salary, a variable cash-based incentive scheme based on financial performance criteria, and other usual benefits. In special circumstances, the Board of Directors may resolve to grant a member of the Executive Management an extraordinary one-off bonus. The combination of fixed and incentive-based remuneration is intended to support the purpose of the remuneration policy.

In 2022/23, the remuneration of the Executive Management amounted to DKK 4.9 million (2021/22: DKK 10.5 million) and no performance-based bonus was paid out due to the level of the financial ratios on which bonuses are based.

Read more about the remuneration of the Board of Directors and the Executive Management in note 2.4 to the financial statements and in the remuneration report for 2022/23, which is available (in Danish only) [here](#).

Control and risk management in relation to the financial reporting process

The primary responsibility for ChemoMetec's risk management and internal controls in relation to the financial reporting rests with the Board of Directors, including compliance with applicable legislation, etc.

The Company' risk management and internal controls in relation to the financial reporting are intended to:

- Ensure timely, fair and informative financial reporting in accordance with applicable financial reporting legislation and disclosure requirements for listed companies.
- Create a basis for effective internal financial management and budget follow-up.
- Minimise the risk of errors and omissions in the financial reporting process.

Powers and responsibilities are defined in the Board of Directors' instructions to the Executive Management as well as in other policies, procedures and codes.

The Board of Directors approves ChemoMetec's overall finance, currency and risk management policy. The Board of Directors also discusses significant estimates and uncertainties in relation to the financial reporting.

ChemoMetec's organisation is relatively small, with relatively few employees to undertake administrative tasks such as bookkeeping, accounting records and reconciliations. The limited size of the organisation makes it difficult to maintain proper segregation of duties in some areas. In those areas, the Company has established supplementary controls to prevent misappropriation of assets, losses and/or significant errors and omissions in the financial reporting.

The Executive Management regularly assesses risks, including risks that directly affect the financial reporting, risks relating to IT controls, including IT breakdowns and loss of data as well as risks related to fraud or irregularities.

The Board of Directors and Executive Management receive regular financial and sales reporting and comments on ChemoMetec's financial and business performance.

Board of Directors and Executive Management

Board of Directors

Niels Thestrup (1962)

Chairman

Member of the Board of Directors of ChemoMetec A/S since October 2021. Re-elected in 2022.



Not independent as per the definitions of the corporate governance recommendations of Nasdaq Copenhagen, as Niels Thestrup is a partner of the law firm that ChemoMetec uses for legal advice.

Position

Attorney-at-law (SC), Partner, Kønig Advokater I/S. CEO of Thestrup Holding Advokatanpartsselskab, Thestrup Advokatanpartsselskab, N. Thestrup Holding ApS, Thestrup Ejendomme ApS and Ziegler Holding ApS.

Directorships

Chairman of the boards of directors of Co-Ros Fond, Nova5 Arkitekter a/s, Sani Membranes A/S, Løvbjerggård A/S, Nivå Golf Center A/S, KG Holding, Søllerød ApS and A/S Erik Thestrup.

Member of the boards of directors of Pnn Medical A/S, Pnn Medical US A/S, Pnn Memocore ApS, MedTech Invest A/S, Ejendomsselskabet Dr. Tværgade 5 A/S, Brancor Futures A/S and Brancor Securities A/S.

Areas of expertise

Commercial law, including capital markets law, general corporate governance, economics and international business affairs.

Martin Glensbjerg (1959)

Deputy Chairman

Member of the Board of Directors of ChemoMetec A/S since October 2013. Re-elected in 2022.



Member of the Board of Directors of ChemoMetec A/S in the period 2001-2010.

Not independent as per the definitions of the corporate governance recommendations of Nasdaq Copenhagen, as Martin Glensbjerg holds the position of COO in the Company.

Position

COO of ChemoMetec A/S and co-founder of ChemoMetec A/S. CEO of ChemoMetec Holding A/S and HMG Technology ApS.

Directorships

Member of the boards of directors of ChemoMetec Holding A/S, Sani Membranes A/S og Byggeselskabet Danmark A/S.

Areas of expertise

Product development and project management as well as production and business development.

Kristine Færch (1976)

Member of the Board of Directors of ChemoMetec A/S since October 2020. Re-elected in 2022.



Independent as per the definitions of the corporate governance recommendations of Nasdaq Copenhagen.

Position

Project Director, Data Science, Novo Nordisk A/S.

Areas of expertise

Experience in research and development, broad expertise in biology and in-depth knowledge of the activities and challenges of the principal customer group that ChemoMetec targets.

Board of Directors

Betina Hagerup (1961)

Member of the Board of Directors of ChemoMetec A/S since October 2021. Re-elected in 2022.



Independent as per the definitions of the corporate governance recommendations of Nasdaq Copenhagen.

Position

Professional board member.

Directorships

Chairman of Statens It-råd
Member of the boards of directors of the ATTA Foundation, Center for Cyberkompetencer and the Foundation Konsul Axel Nielsen Mindelegat til handelsmæssig Uddannelse, Specielt Uddannelse i Udlandet.

Areas of expertise

Broad knowledge of national and international business affairs, strategic and business development, digitalisation and general management.

Peter Reich (1962)

Member of the Board of Directors of ChemoMetec A/S since October 2014. Re-elected in 2022.



Independent as per the definitions of the corporate governance recommendations of Nasdaq Copenhagen.

Position

Director and co-owner of telecommunications provider DSTNY A/S and CEO of Jore ApS, Soft Invest Holding ApS, Bulltrading ApS, PRE Invest Holding ApS and Soft Holding ApS.

Directorships

Member of the board of directors of Leto Leasing P/S and BPM Micro ApS.

Areas of expertise

Strategic and business development, general corporate governance, specifically sales and marketing.

Executive Management

Rasmus Kofoed (1974)
Chief Executive Officer (CEO)
since August 2023



Niels Høy Nielsen (1970)
Chief Financial Officer (CFO)
since November 2022.



ChemoMetec A/S' former CEO, Steen Søndergaard, resigned his position at 31 July 2023 and will for a brief transitional period remain connected with the Company as advisor to the new CEO.

Shareholdings – Board of Directors and Executive Management

No. of shares	Acquired in 2022/23	Sold in 2022/23	Shareholding at 30 June 2023
Niels Thestrup	0	0	522
Martin Glensbjerg	0	0	630,650
Kristine Færch	0	0	55
Betina Hagerup	0	0	293
Peter Reich	0	0	0
Rasmus Kofoed (appointed 1 August 2023)	0	0	0
Niels Høy Nielsen	0	0	0
Steen Søndergaard (resigned 31 July 2023)	0	0	0

Shareholdings comprise direct ownership as well as indirect ownership through companies under control.

Shareholder information

Share information

The ChemoMetec share is listed on Nasdaq Copenhagen and has been a component of the Large Cap index since the beginning of 2022. The share is listed under the ID code DK0060055861 with a denomination of DKK 1. The shares are negotiable instruments with no restrictions on their transferability, issued to bearer, and each DKK 1 share carries one vote.

Share capital

ChemoMetec's share capital at 30 June 2023 comprised 17,402,479 shares of DKK 1 nominal value each, totaling DKK 17,402,479. The size of the share capital has not changed in the past financial year.

At year end, the share was priced at DKK 466.0, compared with DKK 757.0 at year end 2021/22. The market capitalisation of the Company's shares at year end 2022/23 was down by 38.4% from DKK 13,174 million at year end

2021/22 to DKK 8,110 million. By way of comparison, the Nasdaq Large Cap PI index was up 18.2% in the same period.

In 2022/23, approximately 12.7 million ChemoMetec shares were traded via Nasdaq Copenhagen, corresponding to 73% of the share capital of 17.4 million shares. The turnover was close to DKK 7.2 billion, which was a reduction of 44% compared with the year before.

Capital and share structure

The Board of Directors regularly considers ChemoMetec's capital and share structure in order to ensure that it supports our strategy and our aim of long-term value creation. The Board of Directors finds that ChemoMetec currently has a sound capital and share structure, including adequate capital and sufficient liquidity to ensure the required flexibility for the continued development of the Company's activities in accordance with our strategic priorities.

Ownership

At the beginning of the financial year, ChemoMetec had 14,678 registered shareholders. At 30 June 2023 the number had risen to 16,037, representing 97.5% of the Company's share capital.

ChemoMetec wants to provide shareholders with the best possible level of information, and we therefore encourage all shareholders to register their shares in the Company's register of shareholders and via the shareholder portal on the Company's website, <https://chemometec.com/investor-relations/>.

The following shareholders have notified ChemoMetec that they hold 5% or more of the Company's share capital:

- Swedbank Robur Fonder AB
- SEB Investment Management AB / SEBinvest A/S
- Invesco Ltd.
- AIM International Mutual Funds

At 30 June 2023, ChemoMetec held no treasury shares.

There are no restrictions on ownership or voting rights in the Company's Articles of Association. If an offer is made to acquire the Company's shares, the Board of Directors will, as laid down in law, take an open-minded approach and will pass the offer on to shareholders, accompanied by the Board of Directors' comments.

ChemoMetec has not entered into any material contracts that would be affected, amended or expire, should control of the Company change.

Price performance



Board resolutions and proposals for the annual general meeting

Appropriation of profit

The Board of Directors proposes that the profit for the year of DKK 178.7 million be carried forward to next year, however see below.

Dividend

At the annual general meeting, the Board of Directors will propose that a dividend of DKK 6.0 per share be distributed for the 2022/23 financial year (see also note 4.3 to the financial statements), corresponding to a dividend payment of DKK 104.4 million.

Last year, no dividend was distributed. This year, we propose to resume the distribution of dividend in light of, among other things, ChemoMetec's strong financial position. We have also taken into account the upcoming planned investments in both production and warehouse capacity.

ChemoMetec has not defined a specific future dividend policy, but any dividend distribution will be made in due consideration of the ChemoMetec's capital position, liquidity, financial performance and strategic plans.

Other proposals

The Board of Directors proposes that it still be authorised on behalf of the Company to acquire treasury shares in ChemoMetec.

The proposal will be specified in the notice convening the annual general meeting.

Investor relations

ChemoMetec's ambition is to provide a high and reliable level of information. We are committed to disseminat-

ing transparent, relevant information to the Company's shareholders and other stakeholders and also to engage in active dialogue with them.

We communicate with investors, analysts, the press and other stakeholders through regular company announcements. Information about ChemoMetec's results and performance is available on the company website.

At 30 June 2023, the ChemoMetec share is covered by Danske Bank.

Shareholders, analysts, investors, stockbrokers and other interested parties who have questions about ChemoMetec should contact:

ChemoMetec A/S
 Gydevang 43
 DK-3450 Allerød
 Denmark
 Contact: Niels Høy Nielsen, CFO
 Tel. +45 48 13 10 20
 E-mail: ir@chemometec.com



Annual general meeting

The Company's annual general meeting will be held on 12 October 2023 at 5.30 p.m. at Nordsjællands Konferencecenter in Allerød.

Financial calendar 2023/24

2023

13 September 2023	Annual Report 2022/23
12 October 2023	Annual general meeting
7 November 2023	Interim report for Q1 2023/24

2024

5 February 2024	Interim report for H1 2023/24
8 May 2024	Interim report for Q3 2023/24
11 September 2024	Annual report for 2023/24
10 October 2024	Annual general meeting



Statement and report

⦿ Statement by Management

⦿ Independent auditor's report

Statement by Management

The Board of Directors and the Executive Management have today considered and approved the annual report of ChemoMetec A/S for the financial year 1 July 2022 to 30 June 2023.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 30 June 2023 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 July 2022 – 30 June 2023.

In our opinion, the management report includes a fair review of the development and performance of the business and financial position of the Group and the Company, the financial results for the year as well as the financial position of the Company and the overall financial position of the consolidated companies, together with a description of the principal risks and uncertainties that the Group and the Company face.

In our opinion, the annual report of ChemoMetec A/S for the financial year 1 July 2022 to 30 June 2023 with the file name chemometec-2023-06-30.zip, has been prepared, in all material respects, in compliance with Commission Delegated Regulation (EU) 2019/815 on the single electronic reporting format (the ESEF Regulation).

We recommend that the annual report be adopted at the annual general meeting.

Allerød, 13 September 2023

Executive Management

Rasmus Kofoed
CEO

Niels Høy Nielsen
CFO

Board of Directors

Niels Thestrup
Chairman

Martin Glensbjerg
Deputy Chairman

Kristine Færch

Betina Hagerup

Peter Reich

Independent auditor's report

To the shareholders of ChemoMetec A/S

Report on the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of ChemoMetec A/S for the financial year 1 July 2022 - 30 June 2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position on 30 June 2023, and of the results of their operations and cash flows for the financial year 1 July 2022 - 30 June 2023 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional require-

ments applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of ChemoMetec A/S for the first time on 31 August 2001 for the financial year 2001/02. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 21 years up to and including the financial year 2022/23.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the

notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards or actions taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 July 2022 to 30 June 2023. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Valuation of completed and in-progress development projects

The carrying amount of the Group's completed and in-progress development projects is DKK 78 million on 30 June 2023, corresponding to 12% of the Group's balance sheet total. The amount of the completed and in-progress development projects and the related significant management judgements are considered to have a material influence on the evaluation of the Company's financial statements and are therefore a key audit matter.

Management subjects the Company's completed and in-progress development projects to annual impairment testing to ensure that the development projects are written down if their carrying amount exceeds their expected recoverable amount.

Management's impairment test comprises significant management judgements related particularly to:

- Expected future cash flows from the Group's sale of instruments and disposable products
- The discount rate used to discount cash flows to present value

Key input and assumptions included in management judgements and the related uncertainties are described in note 3.1 to the consolidated financial statements.

How the matter was addressed in our audit

We obtained an understanding of Management's processes for and control over the valuation of the Company's completed and in-progress development projects.

Through risk-oriented sampling, we tested the future cash flows estimated by Management for accuracy and completeness and ensured that the methods and principles used were unchanged compared to last year.

We assessed the risk of misstatements and the uncertainty related to Management's impairment testing of development projects by performing the following procedures:

- Assessed the appropriateness of the valuation approach adopted by the Company to determine impairment of development projects
- Tested Management's expected future cash flow for each project, which included testing of historical selling prices and sales by comparing them with budgets approved by the Board of Directors.

- Compared the discount rate used with the one used last year and assessed the assumptions underlying the discount rate used.
- Reviewed and tested the sensitivity analyses prepared by Management for the calculated present value of each development project.

We consider the method and the assumptions used by Management to value the Group's completed and in-progress development projects to be appropriate. We find Management's comments on the uncertainties related to management judgements in note 3.1 to the consolidated financial statements to be appropriate and adequate.

Report on compliance with ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of ChemoMetec A/S we performed procedures to express an opinion on whether the annual report for the financial year 1 July 2022 - 30 June 2023, with the file name chemometec-2023-06-30.zip, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material

departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of ChemoMetec A/S for the financial year 1 July 2022 to 30 June 2023 with the file name chemometec-2023-06-30.zip, has been prepared, in all material respects, in compliance with Commission Delegated Regulation (EU) 2019/815 on the single electronic reporting format (the ESEF Regulation).

Copenhagen, 13 September 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33963556

Nikolaj Thomsen

State-Authorised Public
Accountant
Identification No. (MNE):
mne33276

Jens Serup

State-Authorised Public
Accountant
Identification No. (MNE):
mne45825



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Statement of comprehensive income

DKK'000	Note	2022/23	2021/22
Revenue	2.1, 2.2	442,274	427,160
Other income		2,127	1,231
Cost of goods sold		-60,359	-55,354
Work carried out for own account and capitalised		11,348	11,216
Gross profit		395,390	384,253
Other external costs	2.3	-44,716	-41,301
Staff costs	2.4	-99,644	-120,060
Depreciation, amortisation and impairment	2.5	-20,469	-20,038
EBIT		230,561	202,854
Other financial income	2.6	2,516	1,883
Financial expenses	2.6	-2,717	-1,518
Profit before tax		230,360	203,220
Tax on profit for the year	2.7	-51,693	-43,751
Profit for the year		178,667	159,469
Earnings per share in DKK	2.8		
Earnings per share		10.27	9.16
Diluted earnings per share		10.27	9.16
Statement of comprehensive income			
Profit for the year		178,667	159,469
Other comprehensive income:			
Foreign exchange adjustment of foreign subsidiaries		-2,763	474
Comprehensive income for the year		175,904	159,943

Balance sheet at 30 June 2023

DKK'000	Note	2022/23	2021/22
Assets			
Completed development projects		21,732	26,374
Acquired patents and licences		1,755	1,928
Development projects in progress		56,176	39,096
Intangible assets	3.1	79,663	67,398
Land and buildings		56,003	48,392
Plant and machinery		9,776	13,351
Other fixtures and fittings, tools and equipment		3,369	5,326
Property, plant and equipment in progress		13,537	7,714
Property, plant and equipment	3.2	82,685	74,783
Deferred tax	3.3	2,649	5,854
Deposits		318	303
Financial assets		2,967	6,157
Non-current assets		165,315	148,338
Inventories	3.4	112,635	66,790
Trade receivables	3.5	54,830	65,867
Other receivables		4,913	3,669
Prepayments		3,712	7,583
Receivables		63,455	77,119
Cash		316,571	209,025
Current assets		492,661	352,934
Assets		657,976	501,273

DKK'000	Note	2022/23	2021/22
Equity and liabilities			
Share capital	4.2	17,402	17,402
Other reserves		515,640	339,803
Equity		533,042	357,205
Other provisions	3.6	2,100	1,830
Lease liabilities	4.4	3,643	4,860
Non-current liabilities		5,743	6,690
Current lease liabilities	4.4	2,506	909
Credit institutions	4.4	1,011	1,025
Trade payables		17,550	17,023
Income tax		43,440	54,622
Contractual obligations	4.5	46,480	33,623
Other payables	4.6	8,204	30,176
Current liabilities		119,191	137,378
Liabilities		124,934	144,068
Equity and liabilities		657,976	501,273
Charges and contingent liabilities	5.2 – 5.3		
Other notes	5.4 – 5.7		

Statement of changes in equity

DKK'000	Share capital	Trans-lation reserve	Retained earnings	Proposed dividend	Total
Equity at 1 July 2022	17,402	26	339,777	-	357,205
Profit for the year	-	-	74,252	104,415	178,667
Foreign exchange adjustments	-	-8	-2,755	-	-2,763
Comprehensive income	-	-8	71,497	104,415	175,904
Other adjustments	-	-	-67	-	-67
Dividend paid	-	-	-	-	-
	-	-	-67	-	-67
Equity at 30 June 2023	17,402	18	411,207	104,415	533,042
Equity at 1 July 2021	17,402	4	177,961	69,610	264,977
Profit for the year	-	-	159,469	-	159,469
Foreign exchange adjustments	-	22	452	-	474
Comprehensive income	-	22	159,921	-	159,943
Other adjustments	-	-	1,895	-	1,895
Dividend paid	-	-	-	-69,610	-69,610
	-	-	1,895	-69,610	-67,715
Equity at 30 June 2022	17,402	26	339,777	-	357,205

Statement of cash flows

DKK'000	Note	2022/23	2021/22
EBIT		230,561	202,854
Depreciation, amortisation and impairment		20,469	20,038
Financial income received		2,457	9
Financial expenses paid		-1,093	-1,518
Income tax paid		-57,749	-27,634
Changes in working capital	4.1	-40,499	-16,890
Cash flow from operating activities		154,146	176,860
Purchase, etc. of property, plant and equipment		-21,181	-39,101
Sale of property, plant and equipment		-	-
Purchase, etc. of intangible assets		-19,635	-16,815
Addition of investments		-15	-131
Cash flow from investing activities		-40,831	-56,046
Debt financing:			
Lease payments		-2,844	-1,729
Raising/repayment of debt to credit institutions		-14	433
Shareholders:			
Dividend paid		-	-69,610
Other adjustments		-67	1,895
Cash flow from financing activities		-2,925	-69,012
Change in cash and cash equivalents		110,390	51,802
Cash and cash equivalents at 1 July		209,025	150,109
Foreign exchange adjustment of cash and cash equivalents		-2,844	7,114
Cash and cash equivalents at 30 June		316,571	209,025
Cash and cash equivalents comprise:			
Cash		316,571	209,025
Cash and cash equivalents at 30 June		316,571	209,025

Notes to the financial statements

1. General accounting policies

The note disclosures, the description of accounting policies and the description of significant accounting estimates in connection with the preparation of the financial statements are separated into three sections describing the various parts of the financial statements, including individual financial statement items. The separation means that the accounting policies, significant accounting estimates and specification of amounts and comments are presented together for each separate area and financial statement items.

For the sake of clarity, descriptions are marked with the following symbols:

§ = Accounting policies

= Significant accounting estimates

1.1 Frame of reference

§ Accounting policy

ChemoMetec A/S is a public limited company domiciled in Denmark.

The annual report of ChemoMetec A/S for 2022/23 comprises the consolidated financial statements of ChemoMetec A/S and its subsidiaries (the Group) and the separate financial statements of the Parent Company.

The consolidated and Parent Company financial statements of ChemoMetec A/S for 2022/23 have been prepared in accordance with International Financial Reporting Standards as issued by IASB and adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

1.2 Basis of preparation of financial statements

§ Accounting policy

The consolidated and Parent Company financial statements are presented in Danish kroner (DKK), which is the presentation currency of the Group's operations and the functional currency of the Parent Company.

The basis of preparation of the financial statements is the historical cost principle, except where IFRS specifically prescribes the use of fair value, see the accounting policy described for each item.

1.3 Significant estimates applied in preparing the financial statements

Significant accounting estimates

On recognition and measurement of financial statement items, it is in some cases necessary to make assessments and estimates as well as assumptions regarding future events. These estimates and assumptions are based on historical experience and other relevant factors that Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Actual outcomes may therefore differ from these estimates.

The estimates and judgments and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the reporting period in which the changes occur and in subsequent reporting periods if the changes affect these.

In preparing the financial statements, significant accounting estimates have been made in the following areas:

- Distribution of selling price on delivery obligations and accrual of service contracts (note 2.2)
- Assessment of impairment of intangible assets (note 3.1)

1.4 Significant accounting assessments

Significant accounting estimates

In connection with the preparation of the annual report, Management considers how the annual report is to be presented. The deciding factor in this assessment is that the contents must be relevant to users of the annual report.

In relation to the presentation of the statement of comprehensive income, balance sheet, statement of cash flows and statement of changes in equity, Management thus considers whether further decomposition of line items or aggregation of amounts etc. would add to the clarity of the financial statements.

Notes to the financial statements

1. General accounting policies (continued)

In preparing accompanying notes, the main consideration is that their content is relevant to users and that the notes are presented in a clear, informative manner. These considerations are made with due regard to the requirements of Danish legislation, international financial reporting standards and interpretations and the overriding objective that the financial statements as a whole must provide a true and fair view, and information that Management deems immaterial is therefore not disclosed in the financial statements.

1.5 Implementation of new and amended standards and interpretations

§ Accounting policy

ChemoMetec has implemented all new standards and interpretations that were in force in the EU at the reporting date. IASB has issued a number of new or amended financial reporting standards and interpretations that have not yet entered into force. ChemoMetec expects to implement new financial reporting standards as and when they become mandatory.

It is not expected that the implementation of new accounting standards will impact the financial reporting on implementation.

1.6 Consolidated financial statements

§ Accounting policy

The consolidated financial statements comprise the financial statements of ChemoMetec A/S (the Parent Company) and enterprises (subsidiaries) controlled by the Parent Company. The Parent Company is considered to exercise control when it holds, directly or indirectly, more than 50% of the voting rights or is otherwise able to exercise or actually exercises a controlling influence.

1.7 Principles of consolidation

§ Accounting policy

The consolidated financial statements are prepared on the basis of the financial statements of ChemoMetec A/S and its subsidiaries. The consolidated financial statements are prepared by combining financial statement items of a uniform nature. The financial statements on which the consolidation is based are prepared in accordance with the Group's accounting policies.

On consolidation, intra-group income and expenses, intra-group balances and dividends, and gains and losses arising on transactions between the consolidated enterprises are eliminated.

Financial statement items of subsidiaries are recognised 100% in the consolidated financial statements.

1.8 Foreign currency translation

§ Accounting policy

On initial recognition, transactions denominated in currencies other than the individual company's functional currency are translated at the exchange rates at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange differences arising between the transaction date and the payment date or the balance sheet date are recognised as financial income or financial expenses. Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date.

On recognition in the consolidated financial statements of subsidiaries whose financial statements are presented in a functional currency other than Danish kroner (DKK), the income statements are translated at average exchange rates for the year, unless these deviate materially from the actual exchange rates at the transaction dates. In that case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange differences arising on translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on translation of income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income. Similarly, exchange differences arising as a result of changes taken directly to the equity of the foreign enterprise are also recognised in other comprehensive income.

Notes to the financial statements

2. Operating profit

2.1 Segment information

§ Accounting policy

The segment information is prepared in accordance with the Group's accounting policies and is based on the Group's internal management reporting.

Based on the internal reporting used by Management to assess results of operations and allocation of resources, the Company has identified four segments: instruments; consumables; services and other, which is in accordance with the way the activities are organised and managed.

Segment	Description
Instruments	Sales of instruments, licences and spare parts
Consumables	Sales of disposable cassettes, counting chambers and reagents
Services	Sales of services, including service contracts and installations
Other	Sales of analytical modules and accessories etc.

As the Group does not use systems registering all costs by segment, operating profit by segment is calculated proportionately based on total revenue. When the Group Management makes decisions about resource allocation etc., the decisions are also based on revenue figures by segment, while the operating profit is always assessed for all segments combined.

DKK'000	Revenue		EBIT	
	2022/23	2021/22	2022/23	2021/22
Segment revenue and operating profit				
Instruments	178,963	214,887	93,295	102,048
Consumables	174,375	147,036	90,903	69,826
Services	83,017	59,913	43,277	28,452
Other	5,919	5,324	3,086	2,528
Total	442,274	427,160	230,561	202,854
Other financial income			2,515	1,883
Financial expenses			-2,717	-1,518
Profit before tax			230,360	203,219

2.1 Segment information (continued)

DKK'000	2022/23	2021/22
Segment assets and liabilities		
Instruments	136,947	143,921
Consumables	133,436	98,477
Services	63,526	40,127
Other	4,529	3,566
Assets not allocated	319,538	215,182
Total assets	657,976	501,273
Instruments	11,844	24,717
Consumables	11,541	16,912
Services	51,974	40,514
Other	392	612
Liabilities not allocated	49,183	61,313
Total liabilities	124,934	144,068

Notes to the financial statements

2. Operating profit (continued)

2.1 Segment information (continued)

Revenue by geographical market

DKK'000	Europe	USA/ Canada	Other	Total
2022/23				
Instruments	56,510	95,389	27,064	178,963
Consumables	51,277	101,452	21,646	174,374
Services	21,237	60,968	812	83,017
Other	1,165	4,183	571	5,919
	130,189	261,992	50,093	442,274
2021/22				
Instruments	63,456	119,595	31,836	214,887
Consumables	48,485	80,272	18,279	147,036
Services	14,343	45,084	486	59,913
Other	2,069	2,882	373	5,324
	128,353	247,833	50,974	427,160

Revenue is based on the customer's domicile. Other than the USA/Canada, no country accounts for more than 10% of the Group's total revenue. The USA/Canada accounted for a total of 59% of revenue in 2022/23, equal to DKK 262.0 million (2021/22: 58%, equal to DKK 247.8 million).

2.1 Segment information (continued)

Revenue by business area

DKK'000	LCB market	Production and quality control of animal semen	Production control of beer and quality control of milk	Total
2022/23				
Instruments	173,817	3,418	1,728	178,963
Consumables	145,612	24,798	3,965	174,375
Services	83,017	-	-	83,017
Other	5,319	457	143	5,919
	407,765	28,673	5,836	442,274
2021/22				
Instruments	208,795	4,384	1,709	214,887
Consumables	122,689	20,380	3,966	147,036
Services	59,913	-	-	59,913
Other	4,785	411	129	5,324
	396,182	25,175	5,804	427,160

Notes to the financial statements

2. Operating profit (continued)

2.1 Segment information (continued)

Revenue by market area

ChemoMetec's products are sold within various business areas that may vary over time. The breakdown of revenue by business area is based, among other things, on allocation keys as customers within the various business areas may use some of the same consumables. Thus, the breakdown of revenue by business area is subject to uncertainty. The three most important business areas are the following:

Business area 1

LCB market: Life science research, Cell-based therapy and Bioprocessing (Instruments: NC-200, NC-202, NC-250, NC-3000, NC-100 and XM40)

Business area 2

Production control and quality control of animal semen (Instrument: SP-100)

Business area 3

Production control of beer (Instrument: YC-100) and quality control of milk (Instruments: SCC-100, SCC-400)

Disclosure of significant customers

In the financial years 2022/23 and 2021/22, no individual customer accounted for more than 10% of total revenue.

2.2 Revenue

§ Accounting policy

The Group generates revenue from sales of instruments and related consumables. Revenue is furthermore generated from sales of services, including service contracts and extended warranties on products sold.

The Group's sales contracts are broken down into individually identifiable performance obligations, which are recognised and measured separately at fair value. If a sales contract comprises more than one performance obligation, the total sales value of the sales contract is allocated proportionately to the individual performance obligations under the contract.

Revenue is recognised when control of the individual identifiable performance obligation passes to the customer.

Revenue is measured at the fair value of the agreed consideration net of VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue. Fair value equals the agreed price discounted to net present value, where the terms of payment exceed 12 months.

Sales of goods

Sales of goods, comprising instruments and consumables, are recognised in revenue when control of the individual identifiable performance obligation in the sales contract passes to the customer, which according to the terms of sale is at the time of dispatch or delivery.

Sales of services

Services consist in sales of service contracts, comprising support, extended warranty and validation of the instrument. The services generally have a term of 12 months and are invoiced at the start of the service period. As service contracts comprise more than one performance obligation, including support, extended warranty and validation of the instrument, revenue is recognised as each performance obligation is satisfied. As a starting point, the revenue is recognised at 1/12 per month. However, the validation of instruments is recognised at the time of validation.

Notes to the financial statements

2. Operating profit (continued)

2.2 Revenue (continued)

Significant accounting estimates

In connection with sales of service contracts, the selling price is distributed on the individual performance obligations. The distribution is based in part on selling prices and list prices and in part on estimates. The recognition of revenue from individual performance obligations is based on an estimate of whether performance happens on an ongoing basis and/or at once.

DKK'000	2022/23	2021/22
Sales of goods	359,257	367,247
Sales of services	83,017	59,913
	442,274	427,160

In the 2022/23 financial year, revenue from services was recognised in the amount of DKK 83.0 million, while revenue corresponding to DKK 43.8 million was accrued for recognition in the coming financial year (2021/22: DKK 59.9 million was recognised in revenue and DKK 43.8 million was accrued).

2.3 Other external costs

§ Accounting policy

Other external costs comprise expenses for distribution, sale, marketing, administration, leasehold improvements, bad debts, etc.

Other external costs also comprise research costs relating to development projects that do not qualify for recognition in the balance sheet. In the financial year, DKK 1.1 million was expensed as research and development costs.

2.4 Staff costs

§ Accounting policy

Staff costs comprise payroll costs, social security costs, pensions etc. relating to the Group's employees.

DKK'000	2022/23	2021/22
Payroll costs	89,804	112,284
Pensions	5,307	4,637
Other social security costs	4,533	3,139
Total staff costs	99,644	120,060
Average number of employees	164	147

DKK'000	Type of remuneration	2022/23	2021/22
Remuneration of Board of Directors			
Board of Directors	Fee	810	785

Members of the Board of Directors receive a fixed fee, which is determined annually. Board members' service agreements with ChemoMetec have a term of one year, as board members stand for election each year at the annual general meeting. Board members are not subject to any special terms of termination and are not entitled to compensation on resignation. There are no special retention or severance schemes for board members.

Notes to the financial statements

2. Operating profit (continued)

2.4 Staff costs (continued)

DKK'000	Type of remuneration	2022/23	2021/22
Remuneration of Executive Management			
Executive Management	Remuneration including benefits	4,543	3,003
	Bonuses	400	7,500
		4,943	10,503

The fixed salary payable to members of the Executive Management is determined by the Board of Directors based on market levels, ChemoMetec's financial situation and the expertise, efforts and performance of the members of the Executive Management. In addition to the fixed base salary, which is adjusted annually, the Executive Management members' remuneration comprises a variable cash-based incentive scheme. The variable cash-based incentive scheme is tied to certain financial performance criteria and determined annually with a view to supporting the overall strategy and annual plans. The Executive Management members additionally receive usual non-cash benefits.

Severance payments for members of the Executive Management, including in connection with change of control, may not exceed an amount corresponding to two years' remuneration.

DKK'000	Type of remuneration	2022/23	2021/22
Remuneration of other senior employees			
Other senior employees	Remuneration including benefits and bonuses	2,850	11,550

2.5 Depreciation and amortisation

DKK'000	2022/23	2021/22
Depreciation and amortisation		
Acquired patents and licences	910	970
Completed development projects	6,460	6,330
Buildings	3,648	2,953
Production plant	6,231	6,360
Other fixtures and fittings, tools and equipment	3,141	3,514
Gain/loss disposal	79	-90
	20,469	20,038

Notes to the financial statements

2. Operating profit (continued)

2.6 Financial items

§ Accounting policy

Financial items comprise interest income and expenses, the interest element of finance lease payments, realised and unrealised foreign exchange gains and losses on receivables, liabilities and transactions in foreign currency.

DKK'000	2022/23	2021/22
Other financial income		
Interest income	2,457	9
Foreign exchange adjustments	59	1,874
	2,516	1,883
Financial expenses		
Interest expenses paid to mortgage credit institutions	-	-
Interest expenses paid to credit institutions	859	1,234
Interest, lease liabilities	229	248
Other	5	35
Subtotal, interest	1,093	1,518
Foreign exchange adjustments	1,624	-
Total	2,717	1,518

2.7 Tax

§ Accounting policy

Tax for the year, which consists of current tax and changes in deferred tax for the year, is recognised in the income statement at the portion attributable to the profit for the year and directly in equity or in other comprehensive income at the portion attributable to items under equity or other comprehensive income. Foreign exchange adjustments of deferred tax are recognised as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax paid on account.

The current tax charge for the year is calculated based on the tax rates and tax rules applicable at the balance sheet date.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to the initial recognition of goodwill or the initial recognition of a transaction, apart from business combinations, and where the temporary difference existing at the date of initial recognition affects neither profit/loss for the year nor taxable income.

Deferred tax is recognised for all temporary differences arising from investments in subsidiaries, except if the Parent Company is able to control when the deferred tax is to be realised and it is probable that the deferred tax will not crystallise as current tax in the foreseeable future.

Deferred tax is calculated on the basis of the planned use of the individual asset and settlement of the individual liability, respectively.

Deferred tax is measured using the tax rates and tax rules that, based on legislation in force or in reality in force at the balance sheet date, are expected to apply in the respective countries when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changed tax rates and tax rules are recognised in the income statement, unless the deferred tax is attributable to transactions previously recognised directly in equity or in other comprehensive income. In the latter case, the change in deferred tax is also recognised directly in equity or in other comprehensive income.

Notes to the financial statements

2. Operating profit (continued)

2.7 Tax (continued)

§ Accounting policy (continued)

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised in the balance sheet at the value at which the asset is expected to be realised, either through a set-off against deferred tax liabilities or as net tax assets to be offset against future positive taxable income. At each balance sheet date, it is assessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilised.

DKK'000	2022/23	2021/22
Tax on profit for the year		
Current tax	48,818	54,989
Change in deferred tax	2,004	-11,214
Prior-year tax adjustment	871	-25
	51,693	43,751
Specified as follows:		
Tax on profit for the year	51,693	43,751
Tax on changes in equity	-	-
	51,693	43,751
Tax on profit for the year can be summarised as follows:		
Computed 22.0% tax on profit before tax	50,679	44,708
Effect of tax rates in foreign subsidiaries	1,899	-100
Effect of higher deductible for research and development costs	-360	-1,418
Non-deductible expenses	346	586
Prior-year tax adjustment	-871	-25
	51,693	43,751
Effective tax rate (%)	22.4	21.5

2.8 Earnings per share

DKK'000	2022/23	2021/22
The calculation of earnings per share is based on the following:		
Profit for the year attributable to the shareholders of ChemoMetec A/S, DKK'000	178,667	159,469
Average number of issued shares	17,402,479	17,402,479
Average number of treasury shares	-	-
Number of shares used to calculate earnings per share	17,402,479	17,402,479
Earnings per share, DKK	10.27	9.16
Diluted earnings per share, DKK	10.27	9.16

Notes to the financial statements

3. Operating assets and liabilities

3.1 Intangible assets

§ Accounting policy

Development projects concerning products and processes which are clearly defined and identifiable are recognised as intangible assets if it is probable that the product or process will generate future economic benefits for the Company and the development costs of the individual asset can be measured reliably.

Other development costs are recognised as costs in the income statement when incurred.

On initial recognition, development projects are measured at cost. The cost of development projects comprises costs such as salaries, costs and amortisation that are directly attributable to the development projects and are necessary to complete the project, calculated from the date when the development project first qualifies for recognition as an asset.

Completed development projects are amortised on a straight-line basis over their expected useful lives when the asset is ready for its intended use. The amortisation period is seven years.

Intellectual property rights acquired in the form of patents and licences are measured at cost less accumulated amortisation and impairment losses. Administrative expenses for the maintenance of patent rights are recognised as expenses, while expenses related to patent extensions are capitalised. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the licence period. The amortisation period of patents is up to 20 years. If the actual useful life is shorter than the remaining patent or licence period, respectively, the asset is amortised over the shorter useful life.

From the financial year 2016/17 onwards, an amount corresponding to the recognised development costs after tax is recognised directly in Reserve for development costs under equity in the Parent Company financial statements. The reserve is reduced as development costs are amortised.

3.1 Intangible assets (continued)

Intangible assets are tested for impairment annually and written down to their recoverable amount if the carrying amount is higher than the recoverable amount. The recoverable amount is the higher of an asset's net selling price and the net present value of expected future net cash flows. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or its cash-generating unit. Impairment losses are recognised in the income statement.

Significant accounting estimates

Determining whether intangible assets are impaired requires the calculation of the recoverable amounts of the cash-generating units to which the individual intangible assets can be allocated. Calculating recoverable amounts requires that an estimate of future expected cash flows in the individual cash-generating unit is made and that a reasonable discount rate is determined.

The useful life of the Company's intangible assets, and consequently the amortisation period, is based on management estimates, and the assessment is therefore subject to some degree of uncertainty.

Notes to the financial statements

3. Operating assets and liabilities (continued)

3.1 Intangible assets (continued)

DKK'000	Completed development projects	Acquired patents and licenses	Development projects in progress
Cost at 1 July 2022	91,125	20,102	39,361
Transfers	1,818	-	-1,818
Additions	-	737	18,898
Cost at 30 June 2023	92,943	20,839	56,441
Amortisation at 1 July 2022	-64,751	-18,174	-265
Amortisation for the year	-6,460	-910	-
Impairment for the year	-	-	-
Amortisation and impairment at 30 June 2023	-71,211	-19,084	-265
Carrying amount at 30 June 2023	21,732	1,755	56,176
Cost at 1 July 2021	91,125	19,473	23,176
Transfers	-	-	-
Additions	-	629	16,186
Cost at 30 June 2022	91,125	20,102	39,361
Amortisation at 1 July 2021	-58,421	-17,204	-265
Amortisation for the year	-6,330	-970	-
Impairment for the year	-	-	-
Amortisation and impairment at 30 June 2022	-64,751	-18,174	-265
Carrying amount at 30 June 2022	26,374	1,928	39,096

3.1 Intangible assets (continued)

Of the capitalised completed development projects, DKK 21.7 million is attributable to Xcyto products, including the NC-202 and Xcyto 5 and 10 (2021/22: DKK 26.4 million was attributable to Xcyto products, including the Xcyto 5 and 10).

Of the capitalised development projects in progress, DKK 56.2 million is attributable to the XcytoMatic family and product upgrades (2021/22: DKK 39.1 million was attributable to Xcyto products and products based on the Xcyto technology, including the NC-202 and XcytoMatic).

The amortisation period is seven years from the date when the asset is ready for use.

During the financial year, research and development costs were expensed in the amount of DKK 0.7 million (2021/22: DKK 0.9 million).

ChemoMetec pursues an active patent strategy to ensure that intellectual property rights to the developed technologies are maintained and updated. The Company on a current basis invests large sums in protecting these rights, and at 30 June 2023, the average remaining term of patent rights was eight years (30 June 2022: nine years).

Impairment testing

During the financial year, the Company's Management assessed the recoverability of the carrying amounts of the Company's completed and in-progress development projects, standing at DKK 77.9 million at 30 June 2023 (2022: DKK 65.5 million), and acquired patents and licences amounting to DKK 1.8 million at 30 June 2023 (2022: DKK 1.9 million).

The development projects are proceeding according to expectations, and customer surveys have confirmed Management's previous assessments of the products' sales potential.

In its impairment testing, the Company applied a budget period of five years and a weighted average capital cost (WACC) of 8.9% (2021/22: WACC 6.1%). In the LCB (Life science research, Cell-based therapy and Bioprocessing) market segment, comprising products such as the NC-200, NC-202, NC-250, NC-3000 and XcytoMatic, an annual revenue growth rate of 10-15% is expected. This revenue growth is related to the NC-202 and XcytoMatic, among others.

Notes to the financial statements

3. Operating assets and liabilities (continued)

3.2 Property, plant and equipment

§ Accounting policy

Land and buildings, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the acquisition price, any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use. For leased assets, cost is the net present value of future lease payments.

Interest expenses on loans to finance the manufacture of property, plant and equipment are recognised in cost if such expenses relate to the production period and are material. Other borrowing costs are recognised in the income statement.

The basis of depreciation is cost less residual value. The residual value is the amount expected to be obtainable in a sale of the asset today, less costs to sell, if the age and condition of the asset were as they are expected to be at the end of the asset's useful life. The cost of an asset is divided into separate components which are each depreciated separately if the useful lives of the individual components are not identical.

Property, plant and equipment is depreciated on a straight-line basis according to the following estimated useful lives of the assets:

Buildings	5-40 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Depreciation methods, useful lives and residual values are reassessed annually.

The carrying amounts of property, plant and equipment are tested annually to determine whether there is any indication of impairment. When there is an indication that an asset may be impaired, the recoverable amount of the asset is calculated.

3.2 Property, plant and equipment (continued)

The recoverable amount is the higher of an asset's net selling price and the net present value of expected future net cash flows. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or its cash-generating unit. Impairment losses are recognised in the income statement.

Impairment losses on property, plant and equipment are reversed in the event of changes to the assumptions and estimates on which the impairment loss was based. Impairment is only reversed to the extent the new carrying amount of an asset does not exceed the carrying amount the asset would have had net of depreciation, had the asset not been impaired.

Notes to the financial statements

3. Operating assets and liabilities (continued)

3.2 Property, plant and equipment (continued)

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 July 2022	58,234	46,248	22,134	7,714
Foreign exchange adjustment	-252	-	-39	-
Transfers	-	-	-	-
Additions	11,382	2,655	1,321	5,823
Disposals	-	-	-161	-
Cost at 30 June 2023	69,364	48,903	23,255	13,537
Depreciation at 1 July 2022	-9,843	-32,896	-16,809	-
Foreign exchange adjustment	130	-	23	-
Impairment for the year	-	-	-	-
Depreciation for the year	-3,648	-6,231	-3,141	-
Disposals	-	-	41	-
Depreciation at 30 June 2023	-13,361	-39,127	-19,886	-
Carrying amount at 30 June 2023	56,003	9,776	3,369	13,537

Land and buildings include right of use of leased assets in the amount of DKK 3.9 million (2021/22: DKK 3.0 million).

At the beginning of the period, DKK 7.7 million has been reclassified from Plant and machinery to Property, plant and equipment in progress. The reclassification relates to a production line that was under construction at the end of 2021/22.

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 July 2021	30,864	38,228	19,923	-
Foreign exchange adjustment	449	-	116	-
Transfers	-	-	-	-
Additions	26,921	8,020	2,183	7,714
Disposals	-	-	-88	-
Cost at 30 June 2022	58,234	46,248	22,134	7,714
Depreciation at 1 July 2021	-6,692	-26,536	-13,291	-
Foreign exchange adjustment	-198	-	-60	-
Impairment for the year	-	-	-	-
Depreciation for the year	-2,953	-6,360	-3,514	-
Disposals	-	-	57	-
Depreciation at 30 June 2022	-9,843	-32,896	-16,809	-
Carrying amount at 30 June 2022	48,391	13,351	5,326	7,714

Land and buildings include right of use of leased assets in the amount of DKK 3.0 million.

Additions in the amount of DKK 7.7 million have been reclassified relative to the 2021/22 annual report from Plant and machinery to Property, plant and equipment in progress.

The reclassification relates to a production line that was under construction at the end of 2021/22.

Notes to the financial statements

3. Operating assets and liabilities (continued)

3.3 Deferred tax

§ Accounting policy

Deferred tax is calculated as the difference between temporary differences between the carrying amounts and tax bases at a tax rate of 22%.

DKK'000	2022/23	2021/22
Deferred tax at 1 July 2022	-5,854	5,757
Foreign exchange adjustment	375	-397
Recognised in profit for the year	2,830	-11,214
Deferred tax at 30 June 2023	-2,649	-5,854

DKK'000	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and liabilities			
Intangible assets	464	17,782	17,318
Property, plant and equipment	-	225	225
Current assets	20,204	12	-20,192
Deferred tax assets and liabilities at 30 June 2023	20,668	18,019	-2,649
Deferred tax assets and liabilities			
Intangible assets	476	14,404	13,927
Property, plant and equipment	562	-	-562
Current assets	19,746	526	-19,220
Deferred tax assets and liabilities at 30 June 2022	20,784	14,930	-5,854

3.4 Inventories

§ Accounting policy

Inventories are measured at the lower of cost according to the FIFO method and net realisable value. The cost of raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods comprises the cost of raw materials, consumables and direct labour as well as allocated fixed and variable indirect production costs.

Variable indirect production costs comprise indirect materials and wages and are allocated based on preliminary calculations of the goods actually produced. Fixed indirect production costs comprise maintenance costs and depreciation of the machinery, production facilities and equipment used in the production process as well as general production administration and management expenses. Fixed production costs are allocated on the basis of the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs to sell.

DKK'000	2022/23	2021/22
Raw materials and consumables	72,638	47,003
Finished goods	39,997	19,787
	112,635	66,790
Includes indirect production costs at	5,550	2,392
Reversal for the year of prior-year write-downs recognised in costs of raw materials and consumables	2,500	-
Write-down of inventories for the year recognised in costs of raw materials and consumables	2,300	1,495

DKK 50 million of the carrying amount is expected to be realised after more than 12 months.

Notes to the financial statements

3. Operating assets and liabilities (continued)

3.5 Trade receivables

§ Accounting policy

Trade receivables are measured at amortised cost, usually corresponding to nominal value less expected credit losses.

Expected credit losses on trade receivables are recognised on the basis of an expected credit loss model. Expected losses are measured on the basis of historical losses and Management's expectations. Expected losses are recognised upon initial recognition of the receivable. Expected credit losses for the year are recognised in other external costs in the income statement.

DKK'000	2022/23	2021/22
Trade receivables, gross	55,245	68,286
Change in expected credit loss provision:		
Provision at 1 July 2022	2,419	1,888
Realised loss	-518	-94
Change in provision	-1,486	625
Provision at 30 June 2023	415	2,419
Trade receivables, net	54,830	65,867

3.5 Trade receivables (continued)

Calculation of expected credit losses:

	Overdue by					Total
	Not overdue	0-90 days	91-180 days	181-365 days	More than 365 days	
30 June 2023						
Expected loss rate	0%	0%	3%	21%	70%	1%
Trade receivables, DKK'000	34,887	17,186	2,663	327	182	55,245
Expected credit loss, DKK'000	68	61	89	68	128	415
30 June 2022						
Expected loss rate	0%	1%	11%	27%	74%	4%
Trade receivables, DKK'000	34,431	25,144	3,752	3,893	1,067	68,286
Expected credit loss, DKK'000	-	185	415	1,033	786	2,419

The drop in the expected loss rate is due to increased focus on recovery and follow up on overdue receivables.

Notes to the financial statements

3. Operating assets and liabilities (continued)

3.6 Provisions

§ Accounting policy

Provisions comprise expected expenses relating to warranty obligations. Provisions are recognised when the Company has a legal or constructive obligation that arises from past events and it is probable that an outflow of financial resources will be required to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

DKK'000	2022/23	2021/22
Warranty provisions at 1 July 2022	1,830	1,290
Used during the period	-658	-613
Provisions for the period	928	1,153
Warranty provisions at 30 June 2023	2,100	1,830

4. Capital structure and financing

4.1 Statement of cash flows

§ Accounting policy

The statement of cash flows shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the financial year.

Cash flow from operating activities is presented using the indirect method and calculated as the operating profit adjusted for non-cash operating items, changes in working capital and financial income, financial expenses and income taxes paid.

Cash flow from investing activities comprises payments in connection with the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flow from financing activities comprises changes in the Company's share capital and related costs as well as the raising and repayment of loans, instalments on interest-bearing debt, acquisition of treasury shares and payment of dividend. It also comprises cash flows relating to leased assets in the form of lease payments made.

Cash flows in currencies other than the functional currency are recognised in the statement of cash flows using average monthly exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates. In that case, the actual daily exchange rates are used.

DKK'000	2022/23	2021/22
Changes in working capital		
Change in inventories	-45,845	-36,677
Change in trade receivables	11,037	-15,223
Change in other receivables	2,627	2,239
Change in warranty obligations	270	540
Change in trade payables	527	8,313
Change in other payables, etc.	-9,115	23,919
	40,499	-16,890

Notes to the financial statements

4. Capital structure and financing (continued)

4.2 Share capital

The share capital, which is fully paid up, consists of 17,402,479 shares with a nominal value of DKK 1 each. No shares carry any special rights, and there is one class of shares only.

DKK'000	2022/23	2021/22
Share capital at 1 July 2022	17,402	17,402
Changes	-	-
Share capital at 30 June 2023	17,402	17,402

The Board of Directors has been authorised by the company in general meeting to acquire treasury shares representing up to 20% of the share capital. At 30 June 2023, treasury shares represented 0% of the share capital.

Costs of acquisition and divestment and dividend received on treasury shares acquired by the Parent Company or the subsidiaries are recognised as retained earnings in equity.

4.3 Dividend

§ Accounting policy

Proposed dividend is not presented as a separate line item in the balance sheet, but solely as a disclosure in the notes, as dividend distribution requires approval by the shareholders in general meeting.

For the 2022/23 financial year, the Board of Directors will propose a dividend of DKK 6.0 per share, corresponding to DKK 104,4 million, which will be paid to the shareholders immediately after the annual general meeting to be held on 12 October 2023, subject to approval of the proposal by the shareholders in general meeting. The proposed dividend is excluding dividend on treasury shares.

For the 2021/22 financial year, the Board of Directors proposed a dividend of DKK 0.00 per share.

Notes to the financial statements

4. Capital structure and financing (continued)

4.4 Interest-bearing debt

§ Accounting policy

Financial liabilities are recognised at the time the loans are obtained at the amount of the proceeds less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost, corresponding to their capitalised value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual lease liability on leases, measured at amortised cost.

DKK'000	2022/23	2021/22
Lease liabilities	3,643	4,860
Non-current interest-bearing debt	3,643	4,860
Credit institutions	1,011	1,025
Lease liabilities	2,506	909
Current interest-bearing debt	3,517	1,934
Weighted average effective interest rate	3%	3%
Interest-bearing debt at 1 July 2022	6,795	2,358
Raising/repayment of lease liabilities	379	4,004
Raising/repayment of debt to credit institutions	-14	433
Interest-bearing debt at 30 June 2023	7,160	6,795

4.5 Contractual obligations

Contractual obligations at the beginning of the financial year are recognised in full as revenue in the current financial year. Contractual obligations for the current financial year amounted to DKK 46.5 million (2021/22: DKK 33.6 million).

4.6 Other payables

DKK'000	2022/23	2021/22
Payroll liabilities, tax liabilities, accrued social security contributions, etc.	3,075	25,479
Holiday pay obligation	4,595	4,309
VAT and other taxes payable	534	388
	8,204	30,176

Other payables fall due within one year. The carrying amount of other payables equals the fair value of the liabilities.

Notes to the financial statements

4. Capital structure and financing (continued)

4.7 Financial instruments and risks, etc.

DKK'000	2022/23	2021/22
Categories of financial instruments		
Trade receivables	54,830	65,867
Other receivables	4,913	3,669
Cash	316,571	209,025
Loans and receivables at amortised cost	376,314	278,561
Lease liabilities	6,149	5,770
Credit institutions	1,011	1,025
Trade payables	17,550	17,023
Other payables	8,204	30,176
Financial liabilities at amortised cost	32,914	53,993

Financial risk management policy

Due to the nature of its operations, investments and financing, ChemoMetec is exposed to market risk in the form of changes in exchange and interest rates as well as credit risk and currency risk. The Group has a low risk profile, and currency, interest rate and credit risks arise only in commercial relations. The Group does not engage in active speculation in financial risks.

ChemoMetec's financial risk management is handled centrally by the finance function in accordance with a policy and instructions adopted by the Board of Directors, setting out guidelines and limits with respect to the Company's financial transactions.

ChemoMetec does not use derivative financial instruments for risk management purposes.

4.7 Financial instruments and risks, etc. (continued)

Currency risk

The Group primarily hedges its currency risks by matching the currency of payments received with the currency of payments made. The difference between payments received and made in the same currency represents an unhedged currency risk. The vast majority of positions are in EUR, USD and GBP.

Interest rate risk

ChemoMetec's interest rate risks relate to the management of the Company's cash and financing. Excess cash is placed in deposit accounts with financial institutions with high credit ratings.

Liquidity risk

It is the Group's objective to have sufficient cash resources to be able to continuously make appropriate arrangements in case of unforeseen changes in cash outflows.

Excess cash is placed in deposit accounts or fixed-term deposit accounts according to the expected liquidity requirement. Cash funds are placed only with financial institutions with high credit ratings.

Credit risk

The Company's credit risk is generally low due to the type of customers, which include pharmaceutical companies and universities. In connection with sales to customers in the USA/ Canada and Europe, the Company generally extends 30 days' credit, while it does not extend credit to customers in other geographies (RoW) until long-term customer relations have been established.

The finance function performs regular reviews of credit risk, including amounts and ageing of receivables from individual customers.

At 30 June 2023, total impairment losses amounted to DKK 0.4 million (2021/22: DKK 2.4 million). Only non-material losses were realised during the financial year.

Notes to the financial statements

4. Capital structure and financing (continued)

4.7 Financial instruments and risks, etc. (continued)

Currency risk regarding recognised assets and liabilities

The Group has not entered into derivative financial instruments to hedge recognised financial assets and liabilities.

DKK'000	Cash and securities	Receivables	Liabilities	Unhedged net position	Pre-tax loss at 10% DKK appreciation	Pre-tax gain at 10% DKK depreciation
EUR	981	17,699	-	18,680	-1,868	1,868
USD	17,790	32,358	-4,477	45,671	-4,567	4,567
GBP	461	1,992	-	2,453	-245	245
30 June 2023	19,232	52,049	-4,477	66,804	-6,680	6,680
EUR	2,626	18,883	-	21,509	-2,151	2,151
USD	12,961	39,809	-3,706	49,063	-4,906	4,906
GBP	2,395	4,474	-	6,869	-687	687
30 June 2022	17,982	63,165	-3,706	77,441	-7,744	7,744

Interest rate risk regarding financing

The Group has interest-bearing financial assets and liabilities and is consequently exposed to interest rate risk. The following table shows the Group's financial assets and liabilities broken down by contractual interest reset or maturity dates, whichever occurs first, and the amount of fixed-rate interest-bearing assets and liabilities.

4.7 Financial instruments and risks, etc. (continued)

Interest reset or maturity date

DKK'000	Within 1 year	Between 2 and 5 years	After 5 years	Total	Of which fixed rate	Average maturity
Bank deposits	316,572	-	-	316,572	-	
Lease liabilities	-2,506	-3,643	-	-6,149	-6,149	4 years
Credit institutions	-1,011	-	-	-1,011	-	
30 June 2023	313,055	-3,643	-	309,412	-6,149	
Bank deposits	209,025	-	-	209,025	-	
Lease liabilities	-909	-4,860	-	-5,770	-5,770	4 years
Credit institutions	-1,025	-	-	-1,025	-	
30 June 2022	207,091	-4,860	-	202,230	-5,770	

Interest rate fluctuations solely affect the Group's floating-rate bank deposits, bank loans and mortgage credit loans. Increases or decreases in interest rates relative to the year-end rate are assessed to have only an insignificant effect on the Company's financial position and results of operations.

Notes to the financial statements

4. Capital structure and financing (continued)

4.7 Financial instruments and risks, etc. (continued)

Liquidity risk

Maturity dates for financial liabilities are specified below, broken down by the time intervals applied in the Group's cash management. The amounts specified represent the amounts falling due inclusive of interest, etc.

The Group has no derivative financial instruments.

Non-derivative financial liabilities

DKK'000	Less than 6 months	Between 6 and 12 months	Between 1 and 5 years	After 5 years	Total
Lease liabilities	456	2,050	3,643	-	6,149
Credit institutions	1,011	-	-	-	1,011
Trade payables	17,550	-	-	-	17,550
Other payables	3,948	4,256	-	-	8,204
30 June 2023	22,965	6,306	3,643	-	32,914
Lease liabilities	456	453	4,860	-	5,769
Credit institutions	1,025	-	-	-	1,025
Trade payables	17,023	-	-	-	17,023
Other payables	25,920	4,256	-	-	30,176
30 June 2022	44,424	4,709	4,860	-	53,993

4.8 Capital structure

The Group Management regularly assesses whether the Company's capital structure serves the Company's and its shareholders' interests. The overriding goal is to ensure a capital structure that supports long-term financial growth and at the same time maximises the return for the Company's stakeholders by optimising the ratio of equity to debt. The Group's overall strategy is unchanged compared to the previous year.

The Group's capital structure consists of finance lease liabilities, debt to credit institutions and mortgage credit institutions, cash and equity, including share capital and retained earnings.

The Board of Directors reviews the capital structure twice a year in connection with the preparation of interim and annual reports. As part of these reviews, the Board of Directors assesses costs of capital and the risks related to individual types of capital.

DKK'000	2022/23	2021/22
The Company's financial gearing at the balance sheet date is summarised as follows:		
Credit institutions	1,011	1,025
Lease liabilities	6,149	5,770
Cash	-316,571	-209,025
	-309,411	-202,230
Equity	533,042	357,205
Financial gearing	-0.6	-0.6

The Group has no set target as to the amount of financial gearing.

During the financial year and the previous year, the Group was not in breach of any loan agreements.

Notes to the financial statements

5. Other notes

5.1 Definitions of financial ratios

Key figures and financial ratios have been defined and calculated in accordance with "Recommendations and Financial Ratios" issued by the Danish Finance Society.

Financial ratios	Formula	Comments
EBIT margin (%)	$\frac{\text{EBIT} * 100}{\text{Revenue}}$	The ratio reflects an entity's operating profitability, i.e. the entity's ability to generate profits from its operating activities.
Return on invested capital excluding goodwill (%)	$\frac{\text{EBIT} * 100}{\text{Avg. invested capital}}$	The ratio reflects an entity's ability to generate a return on the invested capital through its operating activities.
Return on equity (%)	$\frac{\text{Parent Company's share of profit for the year} * 100}{\text{Parent Company's avg. share of consolidated equity}}$	The ratio reflects an entity's ability to generate a return for the Parent Company's shareholders, taking into account the entity's total capital.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Total equity}}$	The ratio reflects an entity's ability to generate a return for the Parent Company's shareholders, taking into account the entity's total capital.

Calculations of earnings per share and diluted earnings per share are specified in note 2.6.

5.1 Definitions of financial ratios (continued)

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is defined as operating profit.

EBIT (Earnings Before Interest and Tax) is defined as primary operating profit.

Invested capital is defined as net working capital plus the carrying amount of property, plant and equipment and non-current intangible assets, less other provisions and non-current operating liabilities.

Net interest-bearing debt is defined as interest-bearing liabilities, such as income tax payable, less interest-bearing assets, such as cash and cash equivalents and income tax receivable.

5.2 Charges

As security for debt to credit institutions of DKK 1.0 million at 30 June 2023, a floating charge has been registered over the Parent Company (at 30 June 2022: DKK 1.0 million).

5.3 Contingent liabilities

The Group was not aware of any claims or threats of claims made against the Group at the balance sheet date.

5.4 Fees to auditors appointed in general meeting

DKK'000	2022/23	2021/22
Audit services	460	425
Other assurance engagements	110	90
Tax advice	216	211
Other services	25	22
	811	749

Other services comprise fees to Deloitte, including fees for non-assurance reports and agreed-upon procedures.

Notes to the financial statements

5. Other notes (continued)

5.5 Related parties

Related party transactions during the financial year

During the financial year, the Group had the following transactions with related parties:

DKK'000	Key Management personnel	Other related parties	Total
2022/23			
Purchase of services	638	-	638
2021/22			
Purchase of services	419	-	419

Remuneration etc. for related parties is set out in note 2.4 to the financial statements.

Other than as set out above, the Group had no receivables from nor payables to related parties at the balance sheet date.

Purchase of services concerns legal assistance from a law firm owned by a member of the Board of Directors.

The transactions were settled on an arm's-length basis.

5.6 Events after the balance sheet date

No significant events have occurred after the balance sheet date that affect the annual report.

5.7 Approval of annual report for publication

The Board of Directors has adopted this annual report for publication at a board meeting held on 13 September 2023.

The annual report will be presented to ChemoMetec's shareholders for approval at the annual general meeting to be held on 12 October 2023.

Parent Company financial statements 2022/23

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* See the corresponding note to the consolidated financial statements

Statement of comprehensive income

DKK'000	Note	2022/23	2021/22
Revenue	2.1, 2.2	386,674	440,356
Other income		2,132	1,231
Cost of goods sold		-56,948	-59,648
Work carried out for own account and capitalised		11,348	11,216
Gross profit		342,206	393,155
Other external costs		-36,138	-37,613
Staff costs	2.4	-65,525	-90,972
Depreciation, amortisation and impairment		-18,344	-18,468
EBIT		223,199	246,101
Other financial income	2.6	4,629	13,251
Financial expenses	2.6	-5,955	-1,295
Profit before tax		221,873	258,057
Tax on profit for the year	2.7	-48,776	-55,499
Profit for the year		173,096	202,558
Earnings per share in DKK			
Earnings per share	2.8	9.95	11.64
Diluted earnings per share		9.95	11.64
Statement of comprehensive income			
Profit for the year		173,097	202,558
Other comprehensive income:			
Foreign exchange adjustment of foreign subsidiaries		-8	22
Comprehensive income for the year		173,089	202,580

Balance sheet at 30 June 2023

DKK'000	Note	2022/23	2021/22
Assets			
Completed development projects		21,732	26,374
Acquired patents and licences		1,755	1,928
Development projects in progress		56,176	39,096
Intangible assets	3.1	79,663	67,398
Land and buildings		52,128	45,479
Plant and machinery		9,776	13,352
Other fixtures and fittings, tools and equipment		3,094	4,963
Property, plant and equipment in progress		13,537	7,714
Property, plant and equipment	3.2	78,535	71,508
Investments in subsidiaries	3.7	395	402
Financial assets		395	402
Non-current assets		158,593	139,308
Inventories	3.4	102,475	56,924
Trade receivables	3.5	22,830	26,735
Amount receivable from subsidiaries		91,455	107,700
Other receivables		3,259	2,740
Prepayments		3,712	7,583
Receivables		121,256	144,758
Cash		308,939	196,998
Current assets		532,670	398,680
Assets		691,263	537,988

DKK'000	Note	2022/23	2021/22
Equity and liabilities			
Share capital	4.2	17,402	17,402
Other reserves		573,160	400,071
Equity		590,562	417,473
Deferred tax	3.3	16,334	13,738
Other provisions	3.6	2,100	1,830
Lease liabilities		1,771	2,162
Non-current liabilities		20,205	17,730
Lease liabilities		519	621
Credit institutions		393	304
Trade payables		16,199	16,008
Amount owed to subsidiaries		1,562	979
Income tax		42,622	52,122
Contractual obligations	4.5	13,960	8,906
Other payables		5,241	23,846
Current liabilities		80,496	102,785
Liabilities		100,701	120,516
Equity and liabilities		691,263	537,988
Charges and contingent liabilities	5.2, 5.3		
Other notes	5.4 - 5.7		

Statement of changes in equity

DKK'000	Share capital	Translation reserve	Reserve for development costs	Retained earnings	Proposed dividend	Total
Equity at 1 July 2022	17,402	26	43,447	356,598	-	417,473
Profit for the year	-	-	12,950	55,732	104,415	173,097
Foreign exchange adjustment of foreign subsidiaries	-	-8	-	-	-	-8
Comprehensive income	-	-8	12,950	55,732	104,415	173,089
Other transactions	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
	-	-	-	-	-	-
Equity at 30 June 2023	17,402	18	56,397	412,330	104,415	590,562
Equity at 1 July 2021	17,402	4	34,402	161,189	69,610	282,607
Profit for the year	-	-	9,045	193,513	-	202,558
Foreign exchange adjustment of foreign subsidiaries	-	22	-	-	-	22
Comprehensive income	-	22	9,045	193,513	-	202,580
Other transactions	-	-	-	1,895	-	1,895
Dividend paid	-	-	-	-	-69,610	-69,610
	-	-	-	1,895	-69,610	-67,715
Equity at 30 June 2022	17,402	26	43,447	356,598	-	417,473

Statement of cash flows

DKK'000	Note	2022/23	2021/22
EBIT		223,199	246,101
Depreciation, amortisation and impairment		18,344	18,468
Financial income received		3,544	1,363
Financial expenses paid		-896	-1,295
Income tax paid		-55,199	-27,234
Changes in working capital	4.1	-35,721	-67,220
Cash flow from operating activities		153,271	170,183
Purchase, etc. of property, plant and equipment		-18,119	-39,089
Sale of property, plant and equipment		161	-
Purchase, etc. of intangible assets		-19,635	-16,815
Cash flow from investing activities		-37,593	-55,904
Debt financing:			
Lease payments		-519	-569
Raising/repayment of debt to credit institutions		89	152
Shareholders:			
Dividend paid		-	-69,610
Cash flow from financing activities		-430	-70,027
Change in cash and cash equivalents		115,248	44,252
Cash and cash equivalents at 1 July		196,998	143,044
Foreign exchange adjustment of cash and cash equivalents		-3,307	9,701
Cash and cash equivalents at 30 June		308,939	196,998
Cash and cash equivalents comprise:			
Cash		308,939	196,998
Cash and cash equivalents at 30 June		308,939	196,998

Notes to the financial statements

2. Operating profit

2.2 Revenue

§ Accounting policy

The Parent Company generates revenue from sales of instruments and related consumables. Revenue is furthermore generated from sales of services, including service contracts and extended warranties on products sold.

The Parent Company's sales contracts are broken down into individually identifiable performance obligations, which are recognised and measured separately at fair value. If a sales contract comprises more than one performance obligation, the total sales value of the sales contract is allocated proportionately to the individual performance obligations under the contract.

Revenue is recognised when control of the individual identifiable performance obligation passes to the customer.

Revenue is measured at the fair value of the agreed consideration net of VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue. Fair value equals the agreed price discounted to net present value where the terms of payment exceed 12 months.

Sales of goods

Sales of goods, comprising instruments and consumables, are recognised in revenue when control of the individual identifiable performance obligation in the sales contract passes to the customer, which according to the terms of sale is at the time of dispatch or delivery.

Sales of services

Services consist in sales of service contracts, comprising support, extended warranty and validation of the instrument. The services generally have a term of 12 months and are invoiced at the start of the service period. As service contracts comprise more than one performance obligation, including support, extended warranty and validation of the instrument, revenue is recognised as each performance obligation is satisfied. As performance obligations are generally satisfied on an ongoing basis over the service period, revenue from service contracts is recognised as earned.

2.2 Revenue (continued)

DKK'000	2022/23	2021/22
Sales of goods	364,601	425,500
Sales of services	22,073	14,856
	386,674	440,356

In the 2022/23 financial year, revenue from services was recognised in the amount of DKK 22.1 million, while revenue corresponding to DKK 13.0 million was accrued for recognition in the coming financial year (2021/22: DKK 14.9 million was recognised in revenue and DKK 8.8 million was accrued).

Notes to the financial statements

2. Operating profit

2.4 Staff costs

§ Accounting policy

Staff costs comprise payroll costs, social security costs, pensions etc. relating to the Company's employees.

DKK'000	2022/23	2021/22
Payroll costs	59,940	86,106
Pensions	4,927	4,305
Other social security costs	658	561
Total staff costs	65,525	90,972

2.6 Financial items

§ Accounting policy

Financial items comprise interest income and expenses, the interest element of finance lease payments, realised and unrealised foreign exchange gains and losses on securities, liabilities and transactions in foreign currency.

DKK'000	2022/23	2021/22
Other financial income		
Interest income	3,544	1,363
Foreign exchange adjustments	1,085	11,888
	4,629	13,251
Financial expenses		
Interest expenses paid to mortgage credit institutions	-	-
Interest expenses paid to credit institutions	763	1,121
Interest on lease liabilities	128	138
Other	5	35
Subtotal, interest	896	1,295
Foreign exchange adjustments	5,059	-
Total	5,955	1,295

Notes to the financial statements

2. Operating profit (continued)

2.7 Tax

§ Accounting policy

For a description of the Parent Company's accounting policy, see note 2.6 to the consolidated financial statements.

DKK'000	2022/23	2021/22
Tax on profit for the year		
Current tax	46,202	52,996
Adjustment for the year of deferred tax	2,596	2,378
Prior-year adjustments	-22	125
	48,776	55,499
Specified as follows:		
Tax on profit for the year	48,776	55,499
Tax on changes in equity	-	-
	48,776	55,499
Tax on profit for the year can be summarised as follows:		
Computed 22.0% tax on profit before tax	48,812	56,773
Effect of higher deductible for research and development costs	-360	-1,418
Non-deductible income/expenses	346	19
Prior-year tax adjustment	-22	125
	48,776	55,499
Effective tax rate (%)	22.0	21.5

2.8 Earnings per share

DKK'000	2022/23	2021/22
The calculation of earnings per share is based on the following:		
Profit for the year attributable to the shareholders of ChemoMetec A/S, DKK'000	173,096	202,558
Average number of issued shares	17,402,479	17,402,479
Average number of treasury shares	-	-
Number of shares used to calculate earnings per share	17,402,479	17,402,479
Earnings per share, DKK	9.95	11.64
Diluted earnings per share, DKK	9.95	11.64

Notes to the financial statements

3. Operating assets and liabilities

3.2 Property, plant and equipment

§ Accounting policy

For a description of the Parent Company's accounting policy, see note 3.2 to the consolidated financial statements.

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 July 2022	52,143	46,248	21,403	7,714
Transfers	-	-	-	-
Additions	8,319	2,655	1,322	5,823
Disposals	-	-	-161	-
Cost at 30 June 2023	60,462	48,903	22,564	13,537
Depreciation at 1 July 2022	-6,664	-32,899	-16,440	-
Impairment for the year	-	-	-	-
Depreciation for the year	-1,670	-6,228	-3,071	-
Disposals	-	-	42	-
Depreciation at 30 June 2023	-8,334	-39,127	-19,470	-
Carrying amount at 30 June 2023	52,128	9,776	3,094	13,537

Land and buildings include right of use of leased assets in the amount of DKK 0 million. At the beginning of the period, DKK 7.7 million has been reclassified from Plant and machinery to Property, plant and equipment in progress. The reclassification relates to a production line that was under construction at the end of 2021/22.

3.2 Property, plant and equipment (continued)

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 July 2021	27,755	38,228	19,308	-
Transfers	-	-	-	-
Additions	24,388	8,020	2,183	7,714
Disposals	-	-	-88	-
Cost at 30 June 2022	52,143	46,248	21,403	7,714
Depreciation at 1 July 2021	-5,323	-26,539	-13,060	-
Impairment for the year	-	-	-	-
Depreciation for the year	-1,341	-6,360	-3,437	-
Disposals	-	-	57	-
Depreciation at 30 June 2022	-6,664	-32,899	-16,440	-
Carrying amount at 30 June 2022	45,479	13,349	4,963	7,714

Land and buildings include right of use of leased assets in the amount of DKK 0 million. At the beginning of the period, DKK 7.7 million has been reclassified from Plant and machinery to Property, plant and equipment in progress. The reclassification relates to a production line that was under construction at the end of 2021/22.

Notes to the financial statements

3. Operating assets and liabilities (continued)

3.3 Deferred tax

§ Accounting policy

Deferred tax is calculated as the difference between temporary differences between the carrying amounts and tax bases at a tax rate of 22%.

DKK'000	2022/23	2021/22
Deferred tax at 1 July	13,738	11,360
Recognised in profit for the year	2,596	2,378
Deferred tax at 30 June	16,334	13,738

DKK'000	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and liabilities			
Intangible assets	464	17,782	17,318
Property, plant and equipment	-	225	225
Current assets	1,221	12	-1,209
Deferred tax assets and liabilities at 30 June 2023	1,685	18,019	16,334
Deferred tax assets and liabilities			
Intangible assets	476	14,404	13,927
Property, plant and equipment	562	-	-562
Current assets	154	526	372
Deferred tax assets and liabilities at 30 June 2022	1,192	14,930	13,738

3.4 Inventories

§ Accounting policy

Inventories are measured at the lower of cost according to the FIFO method and net realisable value. The cost of raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods comprises the cost of raw materials, consumables and direct labour as well as allocated fixed and variable indirect production costs.

Variable indirect production costs comprise indirect materials and wages and are allocated based on preliminary calculations of the goods actually produced. Fixed indirect production costs comprise maintenance costs and depreciation of the machinery, production facilities and equipment used in the production process as well as general production administration and management expenses. Fixed production costs are allocated on the basis of the normal capacity of the production plant.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs to sell.

DKK'000	2022/23	2021/22
Raw materials and consumables	72,638	47,003
Finished goods	29,837	9,921
	102,475	56,924
Includes indirect production costs at	5,550	2,392
Reversal for the year of prior-year write-downs recognised in costs of raw materials and consumables	2,500	-
Write-down of inventories for the year recognised in costs of raw materials and consumables	2,300	1,495

Of the carrying amount, DKK 30 million is expected to be realised after more than 12 months.

Notes to the financial statements

3. Operating assets and liabilities (continued)

3.5 Trade receivables

§ Accounting policy

Trade receivables are measured at amortised cost, usually corresponding to nominal value less expected credit losses.

Expected credit losses on trade receivables are recognised on the basis of an expected credit loss model. Expected losses are measured on the basis of historical losses and Management's expectations. Expected losses are recognised upon initial recognition of the receivable. Expected credit losses for the year are recognised in other external costs in the income statement.

DKK'000	2022/23	2021/22
Trade receivables, gross	22,885	27,435
Change in expected credit loss provision:		
Provision at 1 July	700	700
Realised loss	-	-
Change in provision	-645	-
Provision at 30 June	55	700
Trade receivables, net	22,830	26,735

3.5 Trade receivables (continued)

Calculation of expected credit losses:

	Overdue by					Total
	Not overdue	0-90 days	91-180 days	181-365 days	More than 365 days	
30 June 2023						
Expected loss rate	0%	0%	2%	8%	100%	0%
Trade receivables, DKK'000	16,037	5,423	1,407	17	-	22,885
Expected credit loss, DKK'000	17	11	26	1	-	55
30 June 2022						
Expected loss rate	0%	1%	15%	11%	100%	3%
Trade receivables, DKK'000	17,825	6,367	1,589	1,398	257	27,435
Expected credit loss, DKK'000	-	58	231	154	257	700

Notes to the financial statements

3. Operating assets and liabilities

3.7 Investments in subsidiaries

§ Accounting policy

Investments in subsidiaries are measured at cost in the Parent Company's financial statements.

Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value. If the dividend distributed exceeds the company's accumulated earnings since the Parent Company's acquisition of the investments, this is considered an indication of impairment. See the section on impairment above.

When investments in subsidiaries are sold, the profit or loss is calculated as the difference between the carrying amount of the investments sold and the fair value of the sales proceeds.

DKK'000	2022/23	2021/22
Cost at 1 July 2022	402	380
Foreign exchange adjustments	-7	22
Additions on acquisition of investments	-	-
Cost at 30 June	395	402
Carrying amount at 30 June	395	402

	Registered office	Ownership		Share of voting rights	
		1 July 2022	30 June 2023	1 July 2021	30 June 2022
The subsidiaries are:					
ChemoMetec Inc.	USA	100%	100%	100%	100%
ChemoMetec GmbH	Germany	100%	100%	100%	100%
ChemoMetec SAS	France	100%	100%	100%	100%

The primary activities of ChemoMetec's subsidiaries are within sales. In addition, ChemoMetec Inc. also handles warehouse and distribution activities.

4. Capital structure and financing

4.1 Statement of cash flows

§ Accounting policy

For a description of the Parent Company's accounting policy, see note 4.1 to the consolidated financial statements.

DKK'000	2022/23	2021/22
Changes in working capital		
Change in inventories	-45,551	-29,276
Change in trade receivables	3,905	-4,893
Change in other receivables	3,352	2,721
Change in intercompany balances with subsidiaries	15,662	-52,987
Change in warranty obligations	270	540
Change in trade payables	191	7,823
Change in other payables, etc.	-13,550	8,852
	-35,721	-67,220

Notes to the financial statements

5. Other notes

5.5 Related parties

No related parties have been identified among Management and shareholders with significant influence and with an ownership interest exceeding 20% of the share capital.

Related party transactions during the financial year

During the financial year, the Company had the following transactions with related parties:

DKK'000	Key management personnel	Subsidiaries	Total
2022/23			
Purchase of services	638	7,628	8,266
Management fee	-	4,100	4,100
Interest income	-	1,465	1,465
Interest expenses	-	2	2
Liabilities at 30 June 2023	-	-	-
Net receivable from subsidiaries	-	89,892	89,892
Sales of goods	-	233,657	233,657
2021/22			
Purchase of services	419	-	419
Management fee	-	5,613	5,613
Interest income	-	1,356	1,356
Interest expenses	-	-	-
Liabilities at 30 June 2022	15,000	-	15,000
Net receivable from subsidiaries	-	106,691	106,691
Sales of goods	-	260,245	260,245

5.5 Related parties (continued)

Remuneration etc. for related parties is set out in note 2.4 to the financial statements.

Other than as set out above, the Company had no receivables from nor payables to related parties at the balance sheet date.

Purchase of services concerns legal assistance from a law firm owned by a member of the Board of Directors.

The transactions were settled on an arm's-length basis.

Registered and unregistered trademarks

ChemoMetec has a number of registered and unregistered trademarks for its products. For the products mentioned in the annual report, the following trademarks apply:

NC-200: NucleoCounter® NC-200™

NC-202: NucleoCounter® NC-202™

NC-250: NucleoCounter® NC-250™

NC-3000: NucleoCounter® NC-3000™

SCC-100: NucleoCounter® SCC-100™

SP-100: NucleoCounter® SP-100™

YC-100: NucleoCounter® YC-100™

XcytoView: XcytoView™

Xcyto: Xcyto®

XcytoMatic: XcytoMatic®

XcytoMatic®40 (Short version: XM40™)

XcytoMatic®View (Short version: XM-View™)



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