

Trading statement for Q1 2023/24 (1 July - 30 September 2023)

Lower revenue in a challenging market

Revenue for the first quarter of 2023/24 was, as expected, affected by continuing challenging market conditions, declining 20% to DKK 91.1 million from DKK 113.8 million in the year-earlier period. The lower revenue was mainly due to a 50% drop in sales of instruments. EBITDA fell to DKK 41.5 million in the first quarter from DKK 65.2 million in the same period last year, while the EBITDA margin was 46%, down from 57% in the same period last year.

Based on developments in the first quarter, the full-year revenue and EBITDA guidance is maintained.

Highlights

- Q1 2023/24 revenue amounted to DKK 91.1 million, a year-on-year decrease of 20%.
- The lower revenue was primarily the result of a 50% drop in sales of instruments from DKK 48.8 million to DKK 24.3 million.
- Revenue in ChemoMetec's core business area, Life science research, Cell-based therapy and Bioprocessing (LCB), was down 21% in Q1 and accounted for 91% of overall revenue.
- Q1 EBITDA amounted to DKK 41.5 million, down 36% from DKK 65.2 million in the year-earlier period. The Q1 EBITDA margin was 46%, against 57% in the same period of last year.
- Both revenue and EBITDA were adversely affected by a lower USD exchange rate than in Q1 2022/23.
- In Q1 2023/24, ChemoMetec focused on establishing the production of the XcytoMatic 40 (XM40), and the next step will be the final, full launch of the instrument. Sales of the new products are expected to gradually contribute to revenue from the second half of 2023/24.
- ChemoMetec maintains its full-year guidance for 2023/24, expecting revenue in the DKK 400-435 million range and an operating profit (EBITDA) in the DKK 200-220 million range.

Market conditions

As expected, ChemoMetec's revenue for the first quarter of 2023/24 remained adversely affected by external factors such as the higher level of interest rates and subdued investment sentiment in our primary business segments. This dampened our customers' level of activity and thus the demand for ChemoMetec's instruments. The challenging market conditions also affected the revenue performance in the last two quarters of the 2022/23 financial year in particular.

The USD exchange rate was on average 7% lower than in the year-earlier period, and this also had an adverse impact on revenue and EBITDA in the first quarter of 2023/24.

Revenue

Revenue by product segment and geography

Revenue was DKK 91.1 million in the first quarter, down from DKK 113.8 million in the first quarter of 2022/23, a year-on-year decrease of 20%. The decline is in line with expectations and was mainly caused by lower sales of instruments across all three regions; USA/Canada, Europe and the rest of the world (RoW). Sales of instruments were down 50% to DKK 24.3 million from DKK 48.8 million, still significantly affected by external factors, including the reduced availability of new capital to Chemometec's most important customer segment, life science and biotech businesses.

Sales of consumables, comprising cassettes, glass slides, reagents and test kits, declined by 2% to DKK 43.2 million in the first quarter to account for 47% of revenue compared with 39% in the year-earlier period.

Sales of services, including service contracts, developed satisfactorily. In the first quarter, sales of services amounted to DKK 22.7 million, a year-on-year increase of 21%. Revenue from services accounted for 25% of total revenue in the first quarter, compared with 17% in the year-earlier period. Both USA/Canada and Europe saw solid growth in revenue from services of 15% and 40%, respectively.

ChemoMetec's largest geographical market is the USA/Canada, which accounted for 60% of revenue in the first quarter. Revenue in the USA/Canada was down 18% from DKK 66.7 million to DKK 54.6 million. The decline was mainly driven by a 51% drop in sales of instruments from DKK 23.8 million to DKK 11.6 million. Revenue in the North American market was furthermore adversely affected by the weaker USD exchange rate compared with the same period last year.

In the European market, revenue was down 9% to DKK 28.2 million from DKK 31.1 million in the year-earlier period. The declining revenue was due entirely to a 37% decrease in sales of instruments, as sales of consumables and services increased by 10% and 40% respectively.

In the RoW region, revenue declined by 48% from DKK 16.0 million to DKK 8.3 million, due to sales of instruments and consumables dropping 67% and 15% respectively. Sales of services remain very limited in the RoW region.

Q1 2023/24 revenue broken down by product segment and geography

DKK'000	USA/Canada	Europe	Other (RoW)	2023/24	2022/23	Change, %
				Q1 Total	Q1 Total	
Instruments	11,588	9,415	3,295	24,298	48,838	-50
Consumables	25,799	12,511	4,851	43,161	43,970	-2
Services	16,476	6,075	127	22,678	18,804	+21
Other	749	191	61	1,001	2,209	-55
Total	54,612	28,192	8,334	91,138	113,821	-20

Revenue broken down by product segment and business area

In the largest business area, LCB, revenue was down 21% in the first quarter, mainly due to a 51% decline in sales of instruments.

The LCB business area accounted for 91% of overall revenue and semen analysis for 7%, while the other business areas combined accounted for 2%.

Q1 2023/24 revenue broken down by product segment and business area

DKK'000	LCB market	Animal se- men*	Beer and milk**	2023/24	2022/23	Change, %
				Q1 Total	Q1 Total	
Instruments	23,363	615	320	24,298	48,838	-50
Consumables	36,276	5,834	1,051	43,161	43,970	-2
Services	22,678	-	-	22,678	18,804	+21
Other	900	77	24	1,001	2,209	-55
Total	83,217	6,526	1,395	91,138	113,821	-20

* Production control and quality control of animal semen

** Production control of beer and quality control of milk

EBITDA

Operating profit (EBITDA) for the first quarter amounted to DKK 41.5 million, a year-on-year decrease of 36% from DKK 65.2 million. Q1 2023/24 costs were generally marginally higher than in the year-earlier period, driven mainly by higher selling costs, administrative expenses and staff costs. However,

the greater part of the decrease in EBITDA was attributable to the declining revenue, which had an adverse effect on both EBITDA and EBITDA margin. The EBITDA margin was 46%, against 57% in the year-earlier period. The USD exchange rate also adversely affected EBITDA.

Product development and production

In the first quarter of 2023/24, we focused on establishing the production of the XcytoMatic 40 (XM40), and the so-called 0 serie is expected to be in production by the second quarter of the financial year. The instrument has been presented at several trade fairs and been met with great interest from potential customers. The next step now is the final, full launch of the instrument and production and delivery to customers who have already placed orders.

ChemoMetec is also in the process of completing the development of the XcytoMatic 30 instrument (XM30), and initial in-house testing is in progress. Production of the XM30 is expected to be established during the second quarter of 2023/24, followed by the gradual launch of the instrument.

The launch of the new products will represent an important strategic milestone and is expected to contribute significantly to ChemoMetec's future revenue growth. Sales of XM40 are expected to gradually contribute to revenue from the second half of 2023/24.

Organisation

Rasmus Kofoed was appointed Chief Executive Officer of ChemoMetec on 1 August 2023 and now makes up the Executive Management together with Niels Høy Nielsen, CFO.

The past quarter also saw a number of changes in the management team below the Executive Management.

At 1 October 2023, Martin Helbo Behrens was appointed Vice Chief Operating Officer (Vice COO) with responsibility for production, logistics and quality. Before the appointment, Martin was responsible for finance and logistics at ChemoMetec's US subsidiary.

Furthermore, Christopher Runchel, who for the past six years has headed up the US subsidiary, will assume responsibility for global sales as Chief Sales Officer (CSO) from 1 December 2023.

Also, at 1 December 2023, Marta Anglada Planagumà will take up a new position as Chief Marketing & Strategy Officer (CMSO) with responsibility for Strategy, Marketing and Product Management. Marta has more than 20 years' experience, mainly with marketing in the pharmaceutical and medtech industries.

These new appointments will serve to strengthen ChemoMetec's management capabilities and ensure the efficient execution of our strategic priorities, not least the successful and gradual launch of our four new products (XM40, XM30, NC-203 and Xcyto 5) before the end of 2024.

Guidance for 2023/24

Based on developments in the first quarter of 2023/24, we maintain our guidance for financial year 2023/24, as announced in connection with the release of the annual report for 2022/23 on 13

September 2023. Accordingly, revenue for 2023/24 is expected in the DKK 400-435 million range and operating profit (EBITDA) is expected in the DKK 200-220 million range.

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About ChemoMetec A/S

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

ChemoMetec was founded in 1997 and is listed on Nasdaq OMX Copenhagen. For further information, go to www.chemometec.com.