



chemometec

Extract from annual report 2021/22

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

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

Our global team of specialists provides customers with dedicated support at every step along the way. Collaboration matters a lot to us – we continue to adapt our products to find the best solutions to suit our customers' needs.

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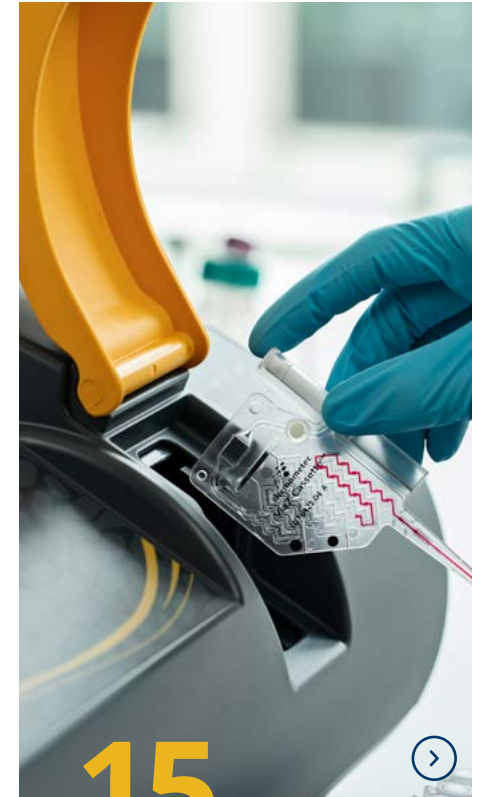
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CEO letter



Business performance

ChemoMetec at a glance

ChemoMetec specialises in the development, production and sale of high-quality 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 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, all of which are characterised by their ability to 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' requirements – and that contribute to achieving the best possible analytical results.

High-quality analytical equipment

Our analytical equipment primarily comprises analytical instruments and related disposable units for preparing and storing cell samples during measurement.

+100 countries

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

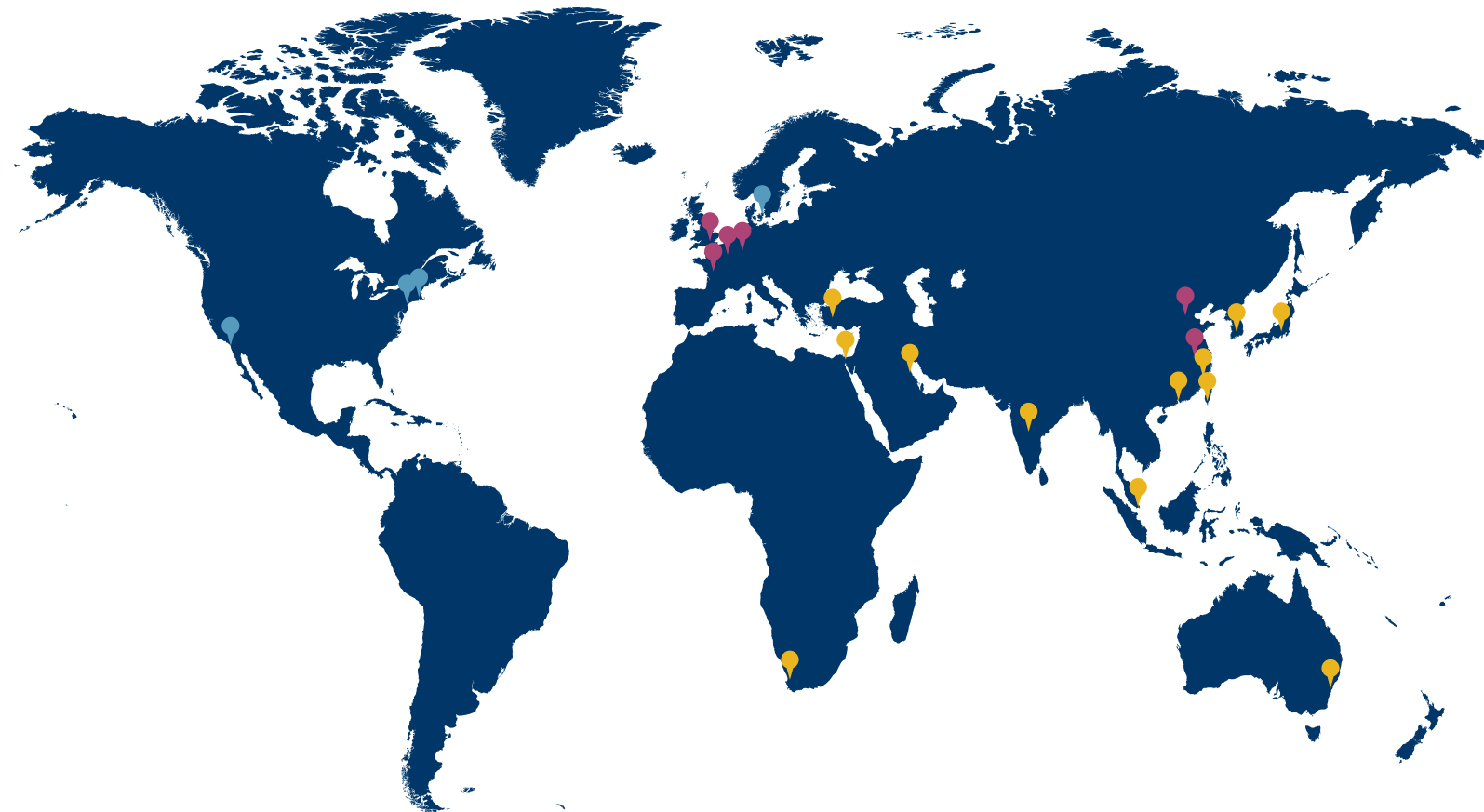
~155 full-time employees

Our employees have unique expertise within development, production and sales – and ensure that we can deliver the right solutions and provide good customer service.

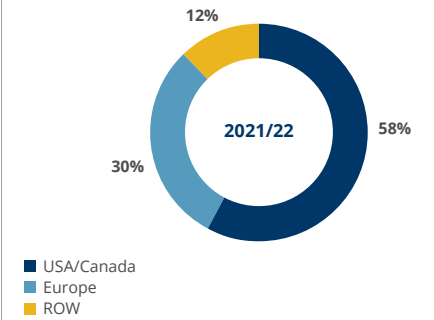
International presence

Our head office is located in Denmark, in Allerød north of Copenhagen, and we have three offices in the USA as well as in-house sales and support organisations in France, the Netherlands, the UK, Germany and China.

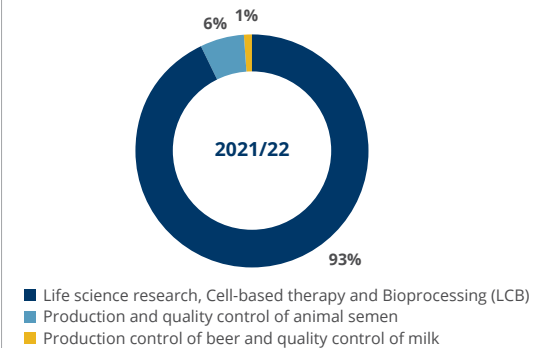
- Office
- Sales and support organisation
- Distributor



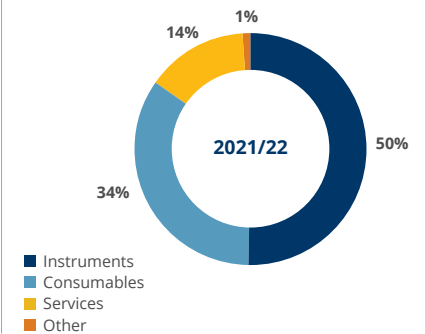
Breakdown of revenue by geography



Breakdown of revenue by business area



Breakdown of revenue by segment



CEO letter

Strong growth despite challenging conditions

With high activity in our most important business area, cell-based therapy, we achieved record growth and earnings in 2021/22 – despite a number of special circumstances. Covid-19 continued to affect our markets, our organisation and the entire supply chain to varying degrees. In the latter part of the financial year, the war in Ukraine added further to the existing uncertainty about the global supply situation.



In the past year, we have focused intently on coping with various challenges in the wake of Covid-19 and the war in Ukraine – and more generally on navigating ChemoMetec safely through a period in which high growth places great demands on the entire organisation. We generally succeeded, achieving record 52% revenue growth and also a record operating profit of DKK 223 million in 2021/22. These results were mainly driven by considerable growth in the North American market and high growth rates within *cell-based therapy*.

We also turned another corner – ChemoMetec’s 25th anniversary. We are proud to be celebrating this milestone with strong results and in the knowledge that we have succeeded in creating a good, stable business with global activities. Achieving this has taken years of continuous effort by our

highly skilled employees. We have therefore taken the opportunity to give our employees an anniversary bonus as well as an extra bonus.

Great momentum in cell-based therapy
ChemoMetec’s growth story of the past few years is closely connected with great momentum in the development of cell-based therapies. Following the FDA’s (Food and Drug Administration) approval of the pioneering CAR-T therapy for the treatment of certain types of blood cancer in late 2017, the number of companies engaging in research and development within this area has increased considerably. CAR-T therapy requires cell counting at all stages of the process – from research and development through to the treatment of patients – and we have built a highly attractive market position in this field.

We expect continued momentum in the development of new therapies within this field in the years ahead, although growth rates may vary in step with, among other things, breakthroughs in various therapy and disease areas and developments in investment sentiment.

We are monitoring developments very closely and continue our efforts to identify new customers and provide effective support to existing customers.

Focusing on security of supply
Challenged by the combination of strong growth and increased pressure on supply chains, ensuring reliable product deliveries was our number one priority in the past year. ChemoMetec continually seeks to build substantial inventories of a number of raw materials and components, while also con-

cluding framework agreements with key suppliers. However, lead times grew continually through the year, especially for electronic components, causing recurring challenges in ensuring the necessary inventory build-up of certain critical components.

Supported by extraordinary efforts across ChemoMetec’s various functions, we were able to maintain production, quality control and logistics functions at a satisfactory level in spite of these challenges and were therefore able to deliver products of the usual high quality without any significant delays.

Going into the new financial year, we are pleased to note incipient signs of easing supply shortages for some of our critical components, and we hope this continues.

"2021/22 was an unusual year in many respects, as we achieved record growth and profit despite challenges in the wake of Covid-19 and the war in Ukraine. That our organisation has been so successful in driving growth under such difficult circumstances is highly satisfactory."

– Steen Søndergaard, CEO

XcytoMatic launch postponed

Our product development efforts in 2021/22 were focused mainly on finalising the high-speed XcytoMatic cell counters. This family of instruments is targeted at the cell counting market, primarily within *bioprocessing*. We have great expectations for the upcoming XcytoMatic cell counters, which, together with our most recent cell counter, the NC-202, are expected to smooth our way into new lucrative areas in which our current presence is limited – while at the same time increasing sales to existing customers.

Unfortunately, however, the development and thus the launch of the first XcytoMatic instrument was further delayed in the past year, partly because our R&D department was periodically affected by Covid-19-related absence and partly because the department spent much energy on helping

the procurement department source the necessary components to keep production running. While the development of the new instrument is close to completion, we have so far not been able to put it into production due to global supply chain restraints and resulting component shortages. We now expect the first XcytoMatic instrument to be sold by the end of 2022, followed by a gradual roll-out of the new products.

Growth across all regions – with North America in the lead

The past financial year's highly satisfactory revenue growth was driven by growth across all our regions. Boosting revenue by 75%, the North America region was the main growth driver, which mainly reflected major geographical differences in the level of activity within *cell-based therapy* in the past year.

Europe and the Rest of World region both recorded growth of about 30%.

While North America – both the overall market and ChemoMetec's organisation in the US – was severely affected by Covid-19 restrictions in the financial year 2020/21, *cell-based therapy* projects and approval processes made significant headway in the past year. The FDA applications of a number of existing customers passed new approval milestones, and the further the applications progress, the more instruments customers need.

As part of our ongoing efforts to strengthen the US organisation, we have set up a sales office in Boston, the primary hub for US biotech and life science businesses.

Solid foundation for continued growth, but uncertainty is mounting

Going into the new financial year, we have a period ahead of us that will be marked by continuing uncertainty, not least as a result of the war in Ukraine, a general tightening of Western World monetary policies and a risk of recession in a number of countries. This may affect the supply situation and growth in our markets. We will endeavour to keep track of and monitor developments in these conditions as they unfold.

All in all, we are in a favourable position. We have built an attractive market position, and our activities are concentrated in areas that are normally not particularly exposed to economic cycles. We will therefore continue to invest in a sustainable foundation for our business which is solid and scalable in the longer term – and which thus supports continued profitable growth. At the same time, we look forward to launching our new Xcyto-

Matic cell counters, which are expected to help drive growth in the years ahead.

As we close a year that called for extraordinary efforts on the part of our entire organisation due to the combination of strong growth and a number of special challenges, I would like to thank everyone at ChemoMetec for their strong commitment, which was instrumental to our highly satisfactory performance in the past year.

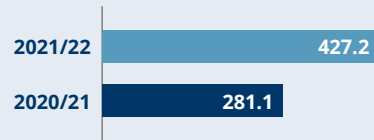
A big thank you to our customers for their valuable collaboration. I would also like to thank our shareholders for their continued confidence in ChemoMetec.

Steen Søndergaard
CEO

Highlights 2021/22

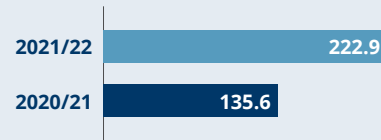
Revenue DKKm

427.2 ^ 52%



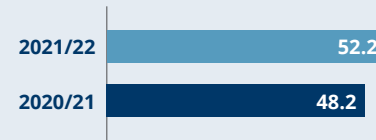
EBITDA DKKm

222.9 ^ 64%



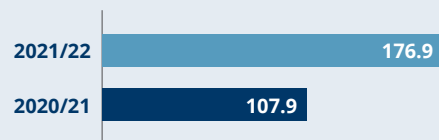
EBITDA margin %

52.2 ^ 3.9
percentage points



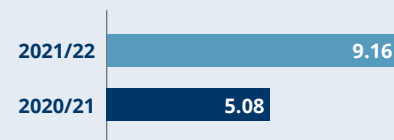
Cash flow from operating activities DKKm

176.9 ^ 64%



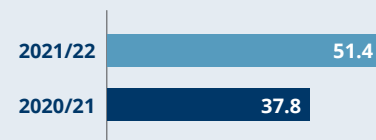
Earnings per share DKK

9.16 ^ 80%



Return on equity %

51.4 ^ 13.6
percentage points



Product development

Our product development in 2021/22 focused mainly on finalising the new XcytoMatic high-speed cell counter. The development of the first product in this product family is close to completion after being delayed by various factors, including Covid-19 and the global supply chain restraints. The launch of the first instrument in the XcytoMatic family was also delayed as we had to put off production of the new instrument due to component shortages. The first XcytoMatic product is now expected to be sold by the end of 2022.

Guidance for 2022/23

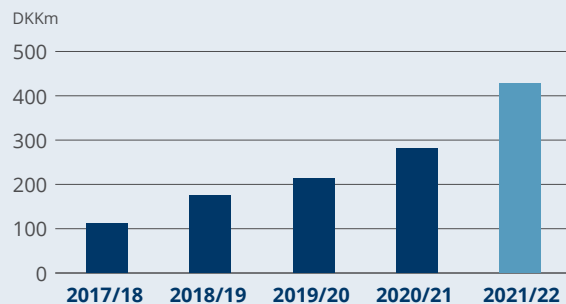
DKKm	Guidance 2022/23	Realised 2021/22
Revenue	485-505	427.2
EBITDA	245-260	222.9

Key figures and financial ratios

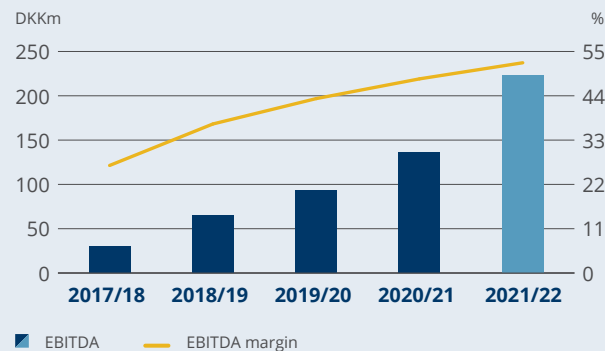
DKK'000	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement					
Revenue	427,160	281,127	214,101	175,513	112,687
Operating profit before depreciation, amortisation and impairment (EBITDA)	222,892	135,630	92,610	64,888	30,072
Operating profit (EBIT)	202,854	116,023	77,470	54,079	24,284
Net financials	365	-3,290	-1,547	-368	-982
Profit for the year	159,469	88,354	59,163	41,845	18,215
Comprehensive income	159,943	88,330	59,166	41,849	18,204
Balance sheet					
Assets	501,273	344,909	263,116	238,215	113,995
Net working capital	63,088	45,658	35,108	26,813	20,448
Invested capital	203,439	138,991	118,357	100,195	82,880
Equity	357,205	264,977	202,751	173,341	73,010
Net interest-bearing debt	-202,230	-147,751	-94,650	-79,400	10,203
Cash flows					
- from operating activities	176,860	107,901	72,016	58,310	25,436
- from investing activities	-56,046	-24,683	-26,605	-27,060	-16,462
- from financing activities	-69,012	-26,037	-46,260	57,779	-7,927

	2021/22	2020/21	2019/20	2018/19	2017/18
Financial ratios					
EBIT margin (%)	47.5	41.3	36.2	30.8	21.5
EBITDA margin (%)	52.2	48.2	43.3	37.0	26.7
Tax rate (%)	21.5	21.6	22.1	22.1	21.8
Return on invested capital (%)	118.5	90.2	70.9	59.1	31.2
Revenue/Invested capital	2.1	2.0	1.8	1.8	1.4
Net interest-bearing debt/EBITDA	-0.9	-1.1	-1.0	-1.2	0.3
Financial gearing	-0.6	-0.6	-0.5	-0.5	0.1
Return on equity (%)	51.4	37.8	31.5	34.0	26.5
Average number of employees	147	128	102	85	69
Per share ratios					
Market price per share, end of period (DKK)	757.00	843.50	315.00	158.00	61.00
Earnings per share (DKK)	9.16	5.08	3.51	2.69	1.17
Book value per share (DKK)	20.5	15.2	11.7	10.0	4.2
Dividend per share	4.0	1.5	20,5	-	-

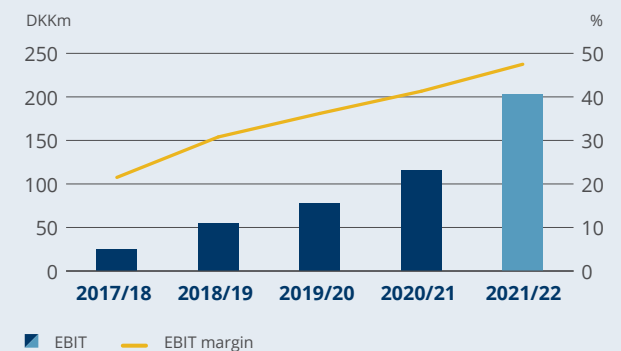
Revenue



EBITDA and EBITDA margin



EBIT and EBIT margin



Our business model

ChemoMetec’s business model reflects our objectives of developing and improving analytical measuring techniques within cell counting and analysis and establishing close long-term relationships with customers and end users. At ChemoMetec, we believe that innovative products combined with first-class customer support is key to high customer satisfaction, which in turn results in valuable branding of ChemoMetec and our products.

ChemoMetec’s dedicated efforts over a number of years to develop high-quality cell counting and analysis solutions have resulted in a strong market position and international presence.

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

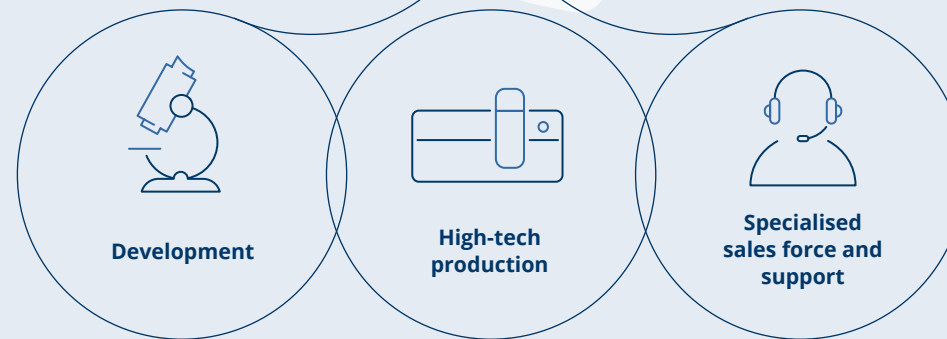
Value creation

- Approx. 8-9 million cell counts and analyses annually
- Effective solutions as well as competent customer advice and support
- Danish and international jobs
- Some 155 full-time employees, whom we offer challenging and meaningful jobs as well as the opportunity for personal and professional development
- Significant export revenue – export share of more than 97%
- Shareholder return
- Tax payments by the employees and ChemoMetec

Core business

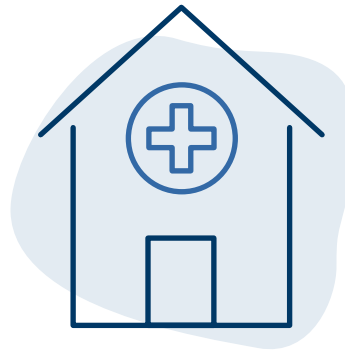
Resources

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



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 is *cell-based therapy*, but with the upcoming launch of the XcytoMatic instruments, we expect that production and process development within *bioprocessing* will also play a key role.

The markets which ChemoMetec addresses are estimated overall to grow by some 10% annually, and this provides a good basis for achieving future growth. In some sub-segments of the market, however, we see significantly higher growth rates, e.g. in *cell-based therapy*, a market that has emerged within the past few years.

Growth in the cell counter market is driven by several factors. There is increasing focus on the development of new therapies for the treatment of e.g. cancer and a number of infectious diseases. Both the development processes and the subsequent treatment requires cell counting. In the past few years, a number of technological advances have

improved the instruments and reagents used in cell counting, and this has also supported growth.

ChemoMetec’s average annual organic growth rate in the past eight years has been 32%, which means that we have won significant market shares over that period. ChemoMetec’s global market share within cell counting is estimated at 20-25%, ranking ChemoMetec among the two largest players in the global market. In the coming years, ChemoMetec expects to be able to win additional market share and thus to outgrow the market.

Cell counter market – ChemoMetec’s presence and 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 and 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 demand ever higher precision, quality and well-documented processes, which gives ChemoMetec a favourable market position for our high-quality analytical instruments as well as attractive partnership opportunities.

Among the trends supporting 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 ever stricter demands for compliance with both internal and external requirements (e.g. FDA CFR21 Part 11). The same applies to documentation of processes and the overall workflow. Accordingly, customers demand analytical equipment with the right specifications and which, using the fewest possible resources, can be validated 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 an overall approval has taken place is very costly and time-consuming.
- In line with the growing 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 customers demand analytical equipment that can perform fast, automated and highly accurate analyses. 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 the XcytoMatic are intended to become a part of the fully automated solutions of the future.

Development of new therapies, including cell-based therapies

- Continuous work is being done on the development of 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 therapies 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.

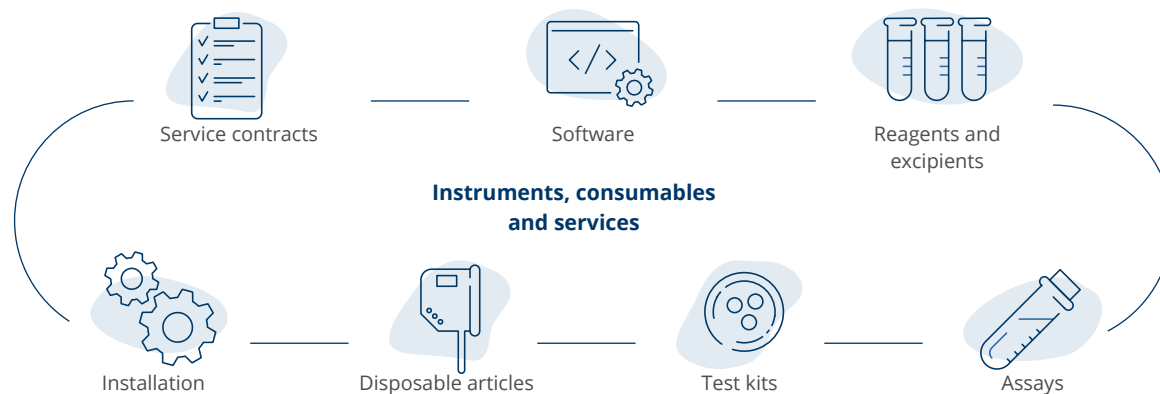
In principle, the instruments themselves are built around a fluorescence microscope with a built-in camera, and the images are analysed automatically by proprietary software.

They 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 result typically appears within 25-40 seconds.

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.

ChemoMetec's solutions



Our unique cassette plays a key role

Our disposable cassette for the NucleoCounter instruments is key to our success within cell counting.

The cassettes are constructed like a mini lab. First, a piston is pressed while the tip of the cassette is immersed into the sample, which loads the sample into the cassette. The dyes contained within the cassette are now dissolved in the cell sample. The dyes stain the cells, so that they can be detected and counted using the NucleoCounter's fluorescence microscope. Once the cassette is placed in the NucleoCounter instrument, the rest of the process is fully automated. After some 25-40 seconds, the result of the cell count is ready, after which the cassette is discarded and the instrument is ready to perform a new measurement.

The software used to control the entire process is compliant with the strict FDA requirements for handling digital data (21CFR part 11).

This is a simpler and more precise concept than those used by competing cell counters, and it eliminates many of the factors typically causing measurement variations and inconsistencies as all cassettes are individually calibrated during the production process. Moreover, the cassette increases safety for the user, partly because it uses 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.

Our most important analytical instruments:



NucleoCounter NC-202

The NC-202 is an upgrade of the NC-200 and is based on the advanced Xcyto technology, which means that we can offer our customers 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-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. The NC-200 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 may be used for both 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 cassettes as well as counting chambers made of glass with two or eight chambers.

Business performance

ChemoMetec grew its revenue by 52% in 2021/22 from DKK 281.1 million to DKK 427.2 million despite the extraordinary market conditions caused by Covid-19 and the war in Ukraine. EBITDA increased from DKK 135.6 million to DKK 222.9 million, a 64% increase. As in previous years, growth was primarily driven by increasing sales within cell therapy, particularly in the North American market. Sales of our latest cell counter, the NC-202, maintained momentum, growing by 128% in the past year. The first XcytoMatic instrument is expected to be sold by the end of 2022.

The financial year 2021/22 was generally a very busy period with a high level of activity in all parts of the ChemoMetec organisation. In collaboration with the support and service departments, the sales department generated a 52% increase in revenue. Production, quality control and logistics kept pace, ensuring that almost all product orders were delivered to customers on time. This was a very satisfactory performance in a year marked by extraordinary uncertainty on several fronts.

Challenges related to Covid-19 and the war in Ukraine

At the beginning of the financial year, the Covid-19 situation created great uncertainty about the severity of the impact on our growth opportunities and, by extension, our revenue. Fortunately, most of our customers were able to keep up their activities throughout the financial year. Our sales organisation

quickly and effectively managed to switch to digital solutions and establish new customer service solutions. After the full reopening of society, we have continued to conduct most

meetings online, which has increased our efficiency by saving time and travel expenses.

In addition to significantly scaling up production capacity and related corporate functions, the main challenges we encountered in the past year related to supply chain shortages. Whereas in the early part of the financial year these supply chain challenges were directly related to Covid-19, they were exacerbated by the war in Ukraine, which was still ongoing at the end of the financial year. Throughout the financial year, we generally experienced extended lead times on raw materials, particularly for instruments. We were particularly challenged by a shortage of electronic semiconductors, not only for ChemoMetec's instruments but also for our production equipment.

Marketing: Digitalisation and increased activity

In the marketing area, the digitalisation processes initiated during the Covid-19 pandemic continued during the year, as we seek to implement data-driven analyses as a means to ensuring a continuous inflow of new customers. For example, we launched a new, improved online marketing platform employing AI technology.

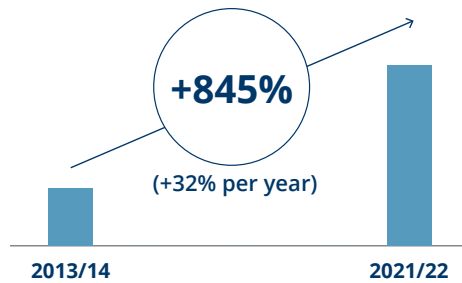
Following a couple of years with no activity during the pandemic, trade fairs are once again up and running, and ChemoMetec participated in a number of trade fairs and international conferences in the past year. To strengthen ChemoMetec's brand and market position, we invested in a new exhibition stand, among other things signalling "Danish quality".

“The supply chain crisis presented challenges throughout the financial year, but through various measures we ensured delivery of products without any significant delays.”

During the year, we redirected many engineer resources from their usual development projects to validating new replacement components, and in a few cases it was necessary to redesign electronic print cards in order to secure the necessary raw materials for production. As a result of these measures, ChemoMetec was able to supply finished products to our customers without any significant delays.

In the past year, many components have also become considerably more expensive as well, and in some cases prices increased by several hundred percent due to the scarcity of components. Despite soaring purchase prices, particularly in the grey spot market, we adopted the procurement strategy to build adequate emergency inventories of critical components. Our aim was to secure supplies through 2022/23 as well, and, with a few exceptions, this goal seems realistic. Consequently, in the coming period, the procurement department will focus on lowering cost prices to a more normalised level.

In the past eight years, ChemoMetec has generated 32% average annual revenue growth – and we have won significant market shares.

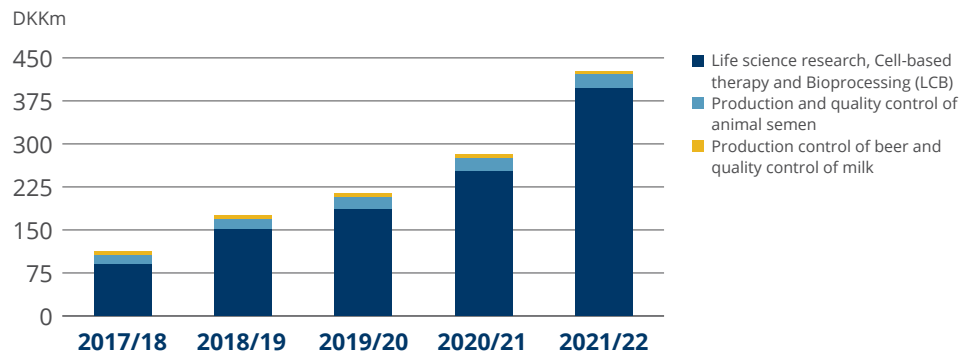


Despite these challenges, ChemoMetec achieved record revenue growth, and, overall, neither the Covid-19 pandemic nor the global supply chain crisis is assessed to have affected our revenue to any significant degree.

It should be noted that Ukraine and Russia are not of significant importance to ChemoMetec as either end customer or supplier.

“In 2021/22, we focused on securing supplies of components for our production in 2022/23.”

Breakdown of revenue by business area



Sales performance and market developments

In the past year, revenue grew from DKK 281.1 million to DKK 427.2 million, a 52% increase. ChemoMetec’s revenue growth significantly outperformed the estimated global market growth of approximately 10%, and we thus continued to win significant market shares in the cell counting area in the past year.

Instrument sales were up 57% and revenue from consumables was up 31%. However, the greatest relative growth was seen in the service business, which mainly covers service contracts and installations. This business recorded 111% revenue growth in 2021/22 to DKK 59.9 million, equalling 14% of total revenue. The NC-200 and NC-202 service contracts were only introduced a couple of years ago, and this part of the business is continuing the positive trend. In the coming years, we expect revenue from the service business to continue to perform well.

Most of our revenue, 93%, derives from the LCB market (Life science research, Cell-based therapy and Bioprocessing). The remaining 7% of revenue derives partly from the semen analysis market, partly from the markets for counting brewing yeast and somatic cells in milk. The LCB market’s relative share of revenue has grown year by year and is expected to continue to do so in the coming years.

“Sales of our latest cell counter, the NC-202, more than doubled in 2021/22.”

As in the preceding financial years, revenue growth was primarily driven by a significant increase in sales of cell counters in the part of the LCB market that comprises cell-based therapy. ChemoMetec’s revenue in this field stems primarily from NC-200 cell counters, but sales of our latest cell counting product, the NC-202, are gaining a strong market position as well. Sales of NC-202 instruments more than doubled in the past financial year, and this trend is expected to continue in the coming year.

With a view to supporting ChemoMetec’s overall growth, we continued our efforts to strengthen and adjust the organisation in 2021/22, both in Denmark and globally. In the 2021/22 financial year, the average number of full-time employees was up 15% from 128 to 147. The average number of employees at the head office in Allerød increased by 15 FTEs, from 98 to 113. The US subsidiary had an average of 29 full-time employees in the past financial year, compared with 25 the previous year. We are very pleased to note that ChemoMetec’s 52% revenue growth was achieved on the basis of just 15% growth in the number of employees. An achievement like this requires dedicated employees in combination with increased automation and continuous optimisation of internal processes that contribute to

improving the efficiency of production, sales, marketing and other corporate functions.

At the end of the financial year, the number of employees had increased by eight, from 147 to 155 FTEs, of which the number at the head office increased from 108 to 114 FTEs. The international offices had a total of 41 employees at the end of the financial year, 33 of whom were employed in the US subsidiary.

Focus areas in 2022/23

ChemoMetec's goal is to create a basis for continued sustainable growth and strong earnings through in-depth insight into customer needs, continued strengthening of our state-of-the-art technological platform as well as best-in-class customer support.

In the coming financial year, focus will mainly be on the following areas.

Customers and markets

- Focus on the *bioprocessing* market with the two upcoming high-speed cell counters, the XcytoMatic 30 and the XcytoMatic 40
- Continued strengthening of our customer relationships by, e.g.:
 - Great proximity to our customers via a physical presence in main markets and close dialogues about our customers' wishes and needs
 - Increased sales of existing service contracts and development of new services
 - Optimising the use of digital solutions, for e.g. meetings and ongoing servicing
- Increased sales to existing customers, e.g. by way of sales to more functions of the individual businesses
- Generation of new customer leads within *cell-based therapy*

Products and innovation

- Phasing in production of the XcytoMatic 30 and the XcytoMatic 40 and subsequent product launch.
- Continued positioning of the NC-202, our latest cell counting instrument
- Increasing focus on developing software that may contribute to automation and efficiency improvements among customers who are typically subject to high standards with respect to documentation and quality control
- Investing in new competencies to sustain innovation
- Upgrading and optimising our production technology with a view to improving efficiency and production capacity and reducing resource consumption and overall climate footprint
- Optimising products, including the use of plastics, to reduce their climate footprint

Our high growth rate also drives us to continually focus on strengthening and consolidating the entire international organisation to ensure it can keep pace and is well prepared to support ChemoMetec's further development. The rapid implementation of changes and new initiatives means that our employees have to be highly adaptable and skilled.

Case: USA

Solid foothold in the North American market

Offering the greatest concentration of pharmaceutical and biotech companies, North America is ChemoMetec's largest market. Over the past few years, we have worked hard to build an attractive position in this part of the world.

Just five years ago, our revenue in North America was some DKK 50 million, and we had eight employees. By 2021/22, revenue had grown to almost DKK 250 million, corresponding to 58% of ChemoMetec's overall revenue, and the number of employees was 33. During this period, revenue has grown by approximately 50% a year.

In other words, we have succeeded in building a solid platform in the most important market for our cell counters.

Our success in the North American market has been driven by targeted efforts and substantial investments in building a well-functioning organisation with now three offices – two on the US east coast and one on the west coast. Our progress has also been helped along by good timing, with rapid growth in *cell-based therapy* playing a key role.

At a rather early stage of the development of the innovative *CAR-T cell-based therapies* – around 2015 – ChemoMetec successfully landed several pioneers in this area as customers, and our cell counters became a fixed part of their set-up. The high degree of cell count consistency offered by our instruments has been a crucial factor in making customers choose us as their cell counter supplier.

As the development and dissemination of cell-based therapies has gathered momentum, many more cell-based therapy customers – both large and small – have joined us. We have made special efforts, for example, to identify new businesses at an early stage of their existence. These efforts have had the intended effect, and we accompany them on their journey, supplying cell counters as they develop their therapies.

We are confident that our approach to sales and customer support is a driving factor behind our momentum in the North American market. Our highly specialised sales staff has deep insight into the conditions and special challenges facing our customers – they understand the biology and speak the same language as our customers. When the customer relationship is established, we remain close to our customers, finding that effective support is key to developing our relations with them, which typically last for many years.

Case: Cell-based therapy

The rapid development of cell-based therapy

Cell-based therapy is a new form of therapy that has the potential to treat many diseases for which there is currently no or no effective treatment. While cell-based therapy has been the subject of research for many years, the development of this innovative form of treatment has really gathered momentum after the FDA approved the so-called CAR-T method for treating certain forms of cancer in 2017.



In CAR-T therapies, immune cells are taken from the cancer patient and are changed genetically so they can fight cancer cells. The cells are grown until the number is right and are then given back to the patient. This initiates a specific attack on the patient's cancer cells.

CAR-T therapy has proven highly effective and was first approved for the treatment of certain forms of blood cancer.

Since then, the development of cell-based therapy and stem-cell therapy has really gathered momentum, and work is ongoing to develop a wide range of new therapies for various forms of cancer and a number of other diseases, such as autoimmune diseases and brain conditions. At the same time, the commercialisation of several of these treatments is making considerable headway. Throughout this process – during the development phase and in connection with the specific treatment of patients – cells need to be counted. ChemoMetec has built a very attractive market position for its high-quality cell counting instruments, which offer the requisite degree of consistency every time cells are counted. Precision is key since an insufficient number of cells may cause the therapy to be ineffective – and ultimately be fatal for the patient.

The various forms of *cell-based therapy* are still subject to a number of challenges, such as manufacturing sufficiently viable, potent and safe products and establishing scalable and automated manufacturing processes. For now, approved patient-to-patient therapies are based on own cells and are very costly. This imposes a natural constraint on the use of such treatments in a situation in which countries around the world are grappling with health systems under pressure. As a consequence, focus is strong on reducing the cost of treatment by, among other measures, using donor immune cells that can be used for the treatment of several patients.

These challenges aside, there is widespread agreement that cell-based therapy has broken new ground and will, over time, revolutionise the treatment of a variety of diseases.

At ChemoMetec, we are confident that cell-based therapy will remain an important growth market for us for many years to come, and we are making focused efforts to adapt our products and solutions to the needs of the many customers in this field.

Statement of comprehensive income

DKK'000	2021/22	2020/21
Revenue	427,160	281,127
Other income	1,231	-
Cost of goods sold	-55,354	-37,330
Work carried out for own account and capitalised	11,216	9,547
Gross profit	384,253	253,344
Other external costs	-41,301	-23,441
Staff costs	-120,060	-94,273
Depreciation, amortisation and impairment	-20,038	-19,607
EBIT	202,854	116,023
Other financial income	1,883	920
Financial expenses	-1,518	-4,210
Profit before tax	203,220	112,733
Tax on profit for the year	-43,751	-24,379
Profit for the year	159,469	88,354
Earnings per share in DKK		
Earnings per share	9.16	5.08
Diluted earnings per share	9.16	5.08
Statement of comprehensive income		
Profit for the year	159,469	88,354
Other comprehensive income:		
Foreign exchange adjustment of foreign subsidiaries	474	-24
Comprehensive income for the year	159,943	88,330

Balance sheet at 30 June 2022

DKK'000	2021/22	2020/21
Assets		
Completed development projects	26,374	32,704
Acquired patents and licences	1,928	2,269
Development projects in progress	39,096	22,911
Intangible assets	67,398	57,884
Land and buildings	48,392	24,172
Plant and machinery	21,066	11,692
Other fixtures and fittings, tools and equipment	5,326	6,632
Property, plant and equipment	74,783	42,496
Deferred tax	5,854	-
Deposits	303	172
Financial assets	6,157	172
Non-current assets	148,338	100,552
Inventories	66,790	30,113
Trade receivables	65,867	50,644
Other receivables	3,669	12,005
Prepayments	7,583	1,486
Receivables	77,119	64,135
Cash and cash equivalents	209,025	150,109
Current assets	352,935	244,357
Assets	501,273	344,909

DKK'000	2021/22	2020/21
Equity and liabilities		
Share capital	17,402	17,402
Other reserves	339,803	247,575
Equity	357,205	264,977
Deferred tax	-	5,757
Other provisions	1,830	1,290
Lease liabilities	4,860	912
Non-current liabilities	6,690	7,959
Current lease liabilities	909	854
Credit institutions	1,025	592
Trade payables	17,023	8,710
Income tax	54,622	21,937
Contractual obligations	33,623	18,634
Other payables	30,176	21,246
Current liabilities	137,378	71,973
Liabilities	144,068	79,932
Equity and liabilities	501,273	344,909

Statement of changes in equity

DKK'000	Share capital	Translation reserve	Retained earnings	Proposed dividend	Total
Equity at 01/07/2021	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
Distributed dividend	-	-	-	-69,610	-69,610
	-	-	1,895	-69,610	-67,715
Equity at 30/06/2022	17,402	26	339,777	-	357,205

DKK'000	Share capital	Translation reserve	Retained earnings	Proposed dividend	Total
Equity at 01/07/2020	17,402	14	159,231	26,104	202,751
Profit for the year	-	-	18,744	69,610	88,354
Foreign exchange adjustment	-	-10	-14	-	-24
Comprehensive income	-	-10	18,730	69,610	88,330
Distributed dividend	-	-	-	-26,104	-26,104
	-	-	-	-26,104	-26,104
Equity at 30/06/2021	17,402	4	177,961	69,610	264,977

Cash flow statement

DKK'000	2021/22	2020/21
EBIT	202,854	116,023
Depreciation, amortisation and impairment	20,038	19,607
Financial income received	9	88
Financial expenses paid	-1,518	-918
Income tax paid	-27,634	-16,569
Changes in working capital	-16,890	-10,330
Cash flow from operating activities	176,860	107,901
Purchase, etc. of property, plant and equipment	-39,101	-11,249
Purchase, etc. of intangible assets	-16,815	-13,373
Addition of investments	-131	-61
Cash flow from investing activities	-56,046	-24,683
Debt financing:		
Lease payments	-1,729	-854
Addition of lease assets	-	753
Raising/repayment of debt to credit institutions	433	168
Shareholders:		
Distributed dividend	-69,610	-26,104
Other adjustments	1,895	-
Cash flow from financing activities	-69,012	-26,037
Change in cash and cash equivalents	51,802	57,181
Cash and cash equivalents 01/07	150,109	96,941
Foreign exchange adjustment of cash and cash equivalents	7,114	-4,013
Cash and cash equivalents 30/06	209,025	150,109
Cash and cash equivalents comprise:		
Cash	209,025	150,109
Cash and cash equivalents 30/06	209,025	150,109

Segment information

Revenue by geographical market

DKK'000	Europe	USA/ Canada	Other	Total
2021/22				
Instruments	63,456	119,595	31,836	214,887
Consumables	48,485	80,272	18,279	147,036
Service contracts	14,343	45,084	486	59,913
Other	2,069	2,882	373	5,324
	128,353	247,833	50,974	427,160
2020/21				
Instruments	50,372	63,653	22,613	136,638
Consumables	39,989	56,492	15,554	112,035
Service contracts	9,015	18,992	397	28,404
Other	1,193	2,428	429	4,050
	100,569	141,565	38,993	281,127

Breakdown of 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
2021/22				
Instruments	208,795	4,384	1,709	214,887
Consumables	122,689	20,380	3,966	147,036
Service contracts	59,913	-	-	59,913
Other	4,785	411	129	5,324
	396,182	25,175	5,804	427,160
2020/21				
Instruments	131,185	4,309	1,144	136,638
Consumables	89,169	18,523	4,343	112,035
Service contracts	28,404	-	-	28,404
Other	3,037	810	203	4,050
	251,795	23,642	5,690	281,127



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This extract contains information and data taken from the ChemoMetec Annual Report 2021/22. It does not constitute the official version of the document filed with the Danish authorities. The full version of the ChemoMetec Annual Report 2021/22 in Danish serves as the official version of the ChemoMetec Annual Report 2021/22 in accordance with the requirements of the Danish authorities.

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