

ANNOUNCEMENT NO. 210

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Annual report 2020/21**Maintaining momentum in a year marked by Covid-19**

ChemoMetec grew its revenue by 31% in 2020/21 from DKK 214.1 million to DKK 281.1 million despite the extraordinary market conditions caused by Covid-19. EBITDA increased from DKK 92.6 million to DKK 135.6 million, a 46% increase. As in previous years, growth was primarily driven by increasing sales within cell-based therapy in all key geographies. Sales of the new cell counter, the NC-202, maintained momentum, more than quadrupling in the past year. The upcoming cell counting product, the XcytoMatic, is expected to be released for sale at the end of 2021.

"ChemoMetec made it safely through a year marked by significant uncertainty, restrictions and extraordinary market conditions, and we were able to continue building up our business and avoid losing important momentum. We maintained strong growth rates and generated record-high earnings, and we are now looking forward to continuing the solid performance under more normal market conditions – and to paying more visits to existing and prospective customers. In the coming year, we will continue investing in developing our organisation. We are aware that the current strong growth and our opportunities for achieving future profitable growth depend on the continued build-up of a sustainable and scalable platform, so we can maintain agility, which is a significant competitive parameter to us," says Steen Søndergaard, CEO.

Continued good progress despite Covid-19

ChemoMetec's customers, the relations to customers and the possibilities for carrying out normal sales activities were impacted by Covid-19 throughout the financial year 2020/21. As a result of Covid-19, many customers closed their laboratories for extended periods, while other customers, e.g. within cell-based therapy, generally continued their activities. Some customers even stepped up their activities, for example customers engaging in vaccine development.

It is not possible to determine the effect of Covid-19 on revenue as the pandemic had both positive and negative effects. However, with a revenue increase of 31%, ChemoMetec once again experienced good progress in the financial year 2020/21. ChemoMetec's growth significantly outperformed the estimated global market growth of 5-7%, and the company thus continued to win market share in the cell counting area in the past year.

During the past seven years, ChemoMetec has generated annual organic growth of around 30% on average, and its global market share within cell counting is estimated at around 15-25%, ranking ChemoMetec among the three largest players in the global market.

As in the preceding financial years, revenue growth in 2020/21 was primarily driven by a significant increase in sales of cell counting products in the part of the LCB market (Life science research, Cell-based therapy and Bioprocessing) that comprises cell-based therapy.

ChemoMetec's revenue in this field primarily comprises NC-200 cell counting products, but sales of the latest cell counting product, the NC-202, show good progress.

Product development affected by Covid-19

Unfortunately, it was unavoidable that the product development became affected by Covid-19 in the past financial year as there were difficulties conducting external tests and interacting with prospective customers. Likewise, the activity of the R&D department was affected by employees working from home. This meant that the launch of the new fully automatic cell counter, the XcytoMatic, was postponed and is now expected to be fully developed by the end of 2021. The instrument is targeted at the cell counting market, primarily within bioprocessing. There are high expectations that the XcytoMatic and the NC-202 will smooth ChemoMetec's way into new lucrative areas in which we currently do not have a major presence – and at the same time increase sales to existing customers.

Compared with competing products, the XcytoMatic will possess a range of unique sales parameters. For example, the analysis capacity will be significantly higher than for the competing products and the workflows will be simpler. The market for cell counting products within bioprocessing is estimated to be in the range of DKK 600-800 million.

Developments in Europe back on track and sustained satisfactory growth in the US market

One of ChemoMetec's significant focus areas in 2020/21 was to revitalise the sales efforts in Europe, and the company successfully took growth to a highly satisfactory level in the past year. With the sales initiatives completed, ChemoMetec now has the right set-up to generate satisfactory results in Europe in the coming years as well.

In ChemoMetec's largest geographical market, USA/Canada, growth rates in the past year were lower than in previous years, and this development is caused by several issues. The USD rate was lower, many customers in the US market were hard hit by Covid-19 restrictions, and lastly, ChemoMetec's employees did not return fully to the office until early April 2021. In light of these difficult conditions, growth was satisfactory. There is still substantial growth potential in the US market, and in 2020/21, ChemoMetec therefore invested in and strengthened the US organisation. In the past year, ChemoMetec opened a second office in San Diego, California, USA, and plans to establish an additional sales office in Boston in the coming year.

Financial highlights

- ChemoMetec grew its revenue by 31% in the financial year 2020/21, and total revenue amounted to DKK 281.1 million (2019/20: DKK 214.1 million). Revenue growth was driven by a larger number of instruments, consumables and service contracts sold in all key geographies.
- Sales of analytical instruments were up by 20% and amounted to DKK 136.6 million, corresponding to 49% of total revenue.
- Sales of consumables, comprising disposable cassettes, slides, reagents and test kits, etc., grew by 29% and amounted to DKK 112.0 million, corresponding to 40% of revenue.
- Revenue from the service business, comprising service contracts and installations, surged by 220% in 2020/21 to amount to DKK 28.4 million, corresponding to 10% of revenue.
- EBITDA was DKK 135.6 million, an increase of DKK 43.0 million relative to the year-earlier period, and the EBITDA margin was 48% in 2020/21, against 43% in the previous year.
- Profit for the year was DKK 88.4 million, which is DKK 29.2 million more than last year (DKK 59.2 million).

- Annual revenue and EBITDA are in line with the most recent guidance announced on 30 July 2021, but are significantly higher than expected in connection with the publication of the 2019/20 annual report.
- The Board of Directors proposes to the general meeting that a dividend of DKK 4.00 per share, equivalent to a total dividend payout of DKK 69.6 million, be distributed for the 2020/21 financial year.

Guidance

- For 2021/22, ChemoMetec expects revenue of DKK 316-326 million and EBITDA of DKK 150-155 million.
- Investment in e.g. product development, production facilities and intangible assets is expected to amount to approximately DKK 40 million.

Annual Report 2020/21 (in Danish) and an extract from Annual Report 2020/21 (in English) may be downloaded at ChemoMetec's website www.chemometec.com.

More information

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About ChemoMetec A/S

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

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

Key figures and financial ratios

DKK'000	2016/17	2017/18	2018/19	2019/20	2020/21
KEY FIGURES					
Revenue	90,329	112,687	175,513	214,101	281,127
EBITDA	15,865	30,072	64,888	92,610	135,630
EBIT	10,419	24,284	54,079	77,470	116,023
Net financials	-1,767	-982	-368	-1,547	-3,290
Profit for the year	7,486	18,215	41,845	59,163	88,354
Comprehensive income	7,528	18,204	41,849	59,166	88,330
Equity	64,377	73,010	173,341	202,751	264,977
Total assets	97,620	113,995	238,215	263,116	344,909
Investment in property, plant and equipment	3,042	5,513	15,156	14,288	11,249
Investment in intangible assets	7,548	10,949	11,911	12,446	13,373
Net working capital	17,450	20,448	26,813	35,108	45,658
Invested capital	72,689	82,880	100,195	118,357	138,991
Net interest-bearing debt	9,675	10,203	-79,740	-94,650	-147,751
FINANCIAL RATIOS					
EBIT margin (%)	11.5	21.5	30.8	36.2	41.3
EBITDA margin (%)	17.6	26.7	37.0	43.3	48.2
Return on invested capital (%)	15.4	31.2	59.1	70.9	90.2
Revenue/invested capital	1.2	1.4	1.8	1.8	2.0
Net interest-bearing debt/EBITDA	0.6	0.3	-1.2	-1.0	-1.1
Financial gearing	0.2	0.1	-0.5	-0.5	-0.6
Return on equity (%)	12.4	26.5	34.0	31.5	37.8
Earnings per share (DKK)	0.5	1.2	2.7	3.5	5.1
Book value per share (DKK)	3.7	4.2	10.0	11.7	15.2
Market price per share (DKK)	32.5	61.0	158.0	315.0	843.5
Number of employees (average)	65	69	85	102	128

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