

ANNOUNCEMENT NO. 204

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Interim report for Q3 2020/21 (1 January - 31 March 2021)**Revenue and EBITDA growth**

ChemoMetec continued on its growth trend in Q3 2020/21 and generated revenue of DKK 69.7 million, a 21% increase on the year-earlier period. The increase was mainly driven by strong growth in the European market and high growth rates within cell-based therapy. EBITDA was DKK 31.6 million in the third quarter, an increase of 12%, while the EBITDA margin was 45%.

Highlights

- Revenue amounted to DKK 69.7 million in Q3 2020/21, a 21% increase on the year-earlier period.
- The strong growth in the European market in the first half year continued in the third quarter, when revenue grew by 77%.
- Revenue growth in the North American market was 15%, which was, however, strongly affected by the weak US dollar. Growth in local currency (USD) was 25%.
- Revenue in ChemoMetec's core business area, Life Science Research, Cell-based Therapy and Pharmaceutical Process and Quality Control (LCP), increased by 22% in the third quarter.
- In the quarter, ChemoMetec sold 60 NC-202, the latest cell counter.
- EBITDA increased to DKK 31.6 million in the third quarter, up from DKK 28.2 million in the year-earlier period, corresponding to an increase of 12%. The EBITDA margin was 45% for the quarter.
- ChemoMetec raised its full-year guidance for 2020/21 on 18 March 2021, and this guidance is maintained.

COVID-19 situation

In Q3 2020/21, ChemoMetec continued to apply the measures and initiatives previously introduced in connection with COVID-19.

During the entire COVID-19 period, ChemoMetec has managed to maintain production, quality control and logistics functions at a satisfactory level and thereby ensure delivery of products without any significant delays. However, carrying out service visits has been significantly affected by restrictions and quarantine rules throughout the period, which is why many service visits have been postponed.

At the end of the third quarter and the beginning of the fourth quarter, many of the employees who had been working from home gradually returned to working at the office. The sales offices in the important North American market, located in San Diego and on Long Island, both reopened in April 2021.

ChemoMetec expects to complete the development of the new XcytoMatic cell counter by the end of 2021. In connection with COVID-19, product development has been affected by difficulties in conducting external tests and interacting with potential customers, as well as the R&D department has been affected by employees working from home.

Revenue and EBITDA performance

Revenue in Q3 2020/21 was up 21%, from DKK 57.6 million in the year-earlier period to DKK 69.7 million. Revenue for the first three quarters amounted to DKK 202.7 million, an increase of 26% on the year-earlier period.

In Q3 2020/21, revenue from the sale of instruments fell by 6% to DKK 29.7 million, while the number of instruments sold increased by around 5%. Thus, ChemoMetec sold 243 instruments in the third quarter, up from 232 in the same quarter of last year. The average price of an instrument in the third quarter was approx. 10% lower relative to the same quarter of last year and was affected by the weak US dollar, among other things. Sales of the NC-202 cell counter, launched in the 2019/20 financial year, are progressing to plan and in the third quarter, ChemoMetec sold 60 NC-202 cell counters, up from 16 in the year-earlier period.

Sales of consumables, comprising disposable cassettes, slides, reagents and test kits, grew by 31% to DKK 29.2 million in the third quarter to account for 42% of revenue. ChemoMetec sold 1.6 million cassettes in the third quarter, against 1.2 million in the same period of last year.

Sales of service contracts in the third quarter continued the positive trend seen since the launch in May 2019. ChemoMetec has now established approximately 800 active service contracts, including a net increase of around 100 service contracts in the third quarter. Experience from the renewal of service contracts, which run for terms of one year, shows a 90% renewal rate. At DKK 5.6 million in the third quarter, sales of service contracts accounted for 8% of total revenue.

The positive trend and strong growth in the European market continued in the third quarter, when revenue grew by 77% to DKK 25.9 million. The progress in the third quarter was mainly driven by sales of significantly more instruments to customers in the UK, Spain and

Switzerland, among other things within cell-based therapy, for which activity is currently growing in Europe.

In ChemoMetec's largest geographical market, USA/Canada, revenue grew by 15% to DKK 34.4 million. Revenue in the North American market in the third quarter was affected by a significantly weaker US dollar, and growth in local currency (USD) was 25% in the third quarter.

In the rest of world region ("Other countries"), revenue amounted to DKK 9.4 million in the third quarter, a decrease of 28%. The drop in revenue was due to the fact that ChemoMetec sold fewer instruments in its major markets, including China, Japan, South Korea and Singapore. Overall, revenue from the sale of instruments was down by DKK 4.6 million on the year-earlier period, while revenue from consumables, etc., increased by DKK 1.0 million. Distributors are primarily used in "Other countries", and large quarter-on-quarter fluctuations are not unusual in these countries as distributors carry inventories and often buy large quantities at a time.

ChemoMetec's revenue broken down by product group and geography in the third quarter and in the first nine months of 2020/21 appears from the below tables:

DKK 1,000	Europe	USA/ Canada	Other (ROW)	Q3 2020/21 Total	Q3 2019/20 Total
Instruments	11,359	13,366	4,939	29,664	31,554
Consumables	10,712	14,375	4,069	29,156	22,278
Service contracts	1,260	4,218	148	5,626	1,816
Other	2,589	2,438	235	5,262	1,962
Total	25,920	34,397	9,391	69,708	57,610

DKK 1,000	Europe	USA/ Canada	Other (ROW)	YTD 2020/21 Total	YTD 2019/20 Total
Instruments	35,661	42,602	15,770	94,033	85,554
Consumables	28,757	39,746	11,008	79,511	64,131
Service contracts	5,019	12,727	326	18,072	4,077
Other	4,728	5,782	563	11,073	7,447
Total	74,165	100,857	27,667	202,689	161,209

Revenue growth in the largest business area, LCP, was 22% in the third quarter, and the progress was driven by increased sales of consumables, services, installations and licences. Despite an increasing number of instruments sold, revenue from the sale of instruments declined, primarily as a result of the falling USD/DKK exchange rate and discounts offered in certain cases when several products are sold in the same transaction. Cell-based therapy remains the key growth driver for LCP. The LCP business area accounts for 88% of total revenue, semen analysis for 10%, while the other business areas together account for 2%.

ChemoMetec's revenue broken down by product group and business area in the third quarter and in the first nine months of 2020/21 appears from the below tables:

DKK 1,000	LCP market	Production and quality control of animal semen	Production control of beer and quality control of milk	Q3 2020/21 Total	Q3 2019/20 Total
Instruments	28,422	1,097	145	29,664	31,554
Consumables	22,892	5,213	1,051	29,156	22,278
Service contracts	5,626	-	-	5,626	1,816
Other	4,732	401	129	5,262	1,962
Total	61,672	6,711	1,325	69,708	57,610

DKK 1,000	LCP market	Production and quality control of animal semen	Production control of beer and quality control of milk	YTD 2020/21 Total	YTD 2019/20 Total
Instruments	89,661	3,490	882	94,033	85,554
Consumables	63,778	12,628	3,105	79,511	64,131
Service contracts	18,072	-	-	18,072	4,077
Other	9,959	842	272	11,073	7,447
Total	181,470	16,960	4,259	202,689	161,209

EBITDA increased to DKK 31.6 million in the third quarter, up from DKK 28.2 million in the year-earlier period, corresponding to an increase of 12%. The EBITDA margin was 45% for the quarter. EBITDA in the first nine months was DKK 98.7 million, corresponding to an EBITDA margin of 49% compared with DKK 71.9 million and 45% in the year-earlier period.

Costs in the third quarter were higher than in the year-earlier period due to higher cost of sales and freight charges as well as the expansion of the organisation. The number of full-time employees in the third quarter was 131, up from 103 in the year-earlier period. This corresponds to an increase of 27% and has led to an increase in staff costs of DKK 5.5 million. Costs associated with travel activity in the third quarter were slightly lower than in the year-earlier period, but were offset by generally slightly higher administrative expenses.

Product development

In the third quarter, product development primarily focused on the XcytoMatic as well as product upgrades and new applications for existing instruments.

The XcytoMatic is a fully automatic cell counter based on the Xcyto technology and use of a test carousel and a cuvette for flow-through measurements. The instrument is targeted at the cell counting market, primarily within pharmaceutical process development and production. Compared with competing products, the XcytoMatic will possess a range of unique sales parameters, the most important of which will be a significantly higher analysis capacity.

ChemoMetec is considering further developing XcytoMatic to ensure that it may be integrated with a pipetting robot or other sampling equipment, which would mean the instrument could be included in a fully-automatic analysis set-up.

As mentioned in the interim report for the first half of 2020/21, COVID-19 has caused delays in the development efforts related to the XcytoMatic, and the challenges continued in the third quarter. In the fourth quarter, the pace of development is expected to be scaled back up in step with the rollout of national vaccination programmes. However, COVID-19 is still expected to pose a challenge in relation to the procurement of components needed in the development process. ChemoMetec expects to complete the development of the XcytoMatic by the end of 2021.

The third quarter saw the development and launch of a new and updated software platform. Going forward, the new software platform will be used for both existing and future products and will simplify future software updates and the development of new applications.

IPR and licence agreements

At the end of the quarter, ChemoMetec had not been informed of any opposition proceedings against the company's patents.

ChemoMetec has filed a patent application, which among other things is relevant to the collaborative project on CareDNA.

At the end of the quarter, ChemoMetec had 17 patent families, from which 68 patents had been taken out in selected countries, including 15 in the USA.

Outlook for 2020/21

Based on developments of the first nine months of the financial year 2020/21 and the forecast for the remaining quarter, we maintain our full-year guidance for 2020/21, which we most recently raised on 18 March 2021. Thus, revenue for 2020/21 is expected to be in the DKK 263-268 million range, with EBITDA in the DKK 120-125 million range.

It should be noted, however, that developments in individual markets, especially the LCP market, continue to be impacted by limited transparency and thus above-normal uncertainty due to COVID-19.

For further information, please contact

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About ChemoMetec A/S

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

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