

Trading statement for Q3 2023/24 (1 January - 31 March 2024)

First sale of the XM30 completed

Revenue declined by 6% in the third quarter of 2023/24 to DKK 98.9 million from DKK 105.4 million in the year-earlier period. The development reflected continued growth in sales of consumables and services, set off by declining sales of instruments as customers continued to show restraint in purchasing new instruments. EBITDA fell to DKK 43.1 million in the third quarter, being affected by higher staff costs, including non-recurring costs in connection with organisational changes. The EBITDA margin was 44%.

In the third quarter, our two new products, the XcytoMatic 40 (XM40) and the XcytoMatic 30 (XM30) attracted satisfactory customer interest, and the first sale of the XM30 was completed.

2023/24	Q3		Q1-Q3	
		Change, %		Change, %
Revenue, DKKm	98.9	-6	298.2	-14
EBITDA, DKKm	43.1	-23	136.2	-32
EBITDA margin (%)	44		46	

Highlights

- Revenue declined by 6% in the third quarter of 2023/24 to DKK 98.9 million from DKK 105.4 million in the year-earlier period. For the first nine months, revenue declined by 14% to DKK 298.2 million from DKK 346.0 million in the year-earlier period, and 11% at constant exchange rates.
- Sales of instruments were down 41% in the third quarter from DKK 39.0 million to DKK 23.1 million, and down 43% for the first nine months of 2023/24 from DKK 147.7 million to DKK 84.8 million. During the third quarter, ChemoMetec's new instruments, the XcytoMatic 40 (XM40) and the XcytoMatic 30 (XM30), continued to enjoy considerable attention and positive feedback, and they also contributed positively to third quarter revenue.
- In the third quarter, sales of consumables and services were up 20% and 4%, respectively. For the first nine months of 2023/24, the increases were 7% and 9%, respectively.
- Revenue in ChemoMetec's core business area, LCB (Life science research, Cell-based therapy and Bioprocessing), was down 7% for the third quarter and 16% for the first nine months of 2023/24. LCB market revenue accounted for 90% of total revenue in the nine months period.
- EBITDA for the third quarter amounted to DKK 43.1 million. The EBITDA margin was 44%, compared with 53% in the year-earlier period. EBITDA for the first nine months of 2023/24 was DKK 136.2 million, corresponding to an EBITDA margin of 46%, compared with 58% in the year-earlier period.

- The most recently announced full-year revenue and EBITDA guidance for 2023/24 (at 12 April 2024) is maintained. Accordingly, revenue for 2023/24 is expected in the DKK 400-415 million range and EBITDA is expected in the DKK 185-200 million range.

Product launches

XcytoMatic 40 (XM40)

Third quarter sales of XM40 products reached approximately DKK 2 million, doubling the previous quarter's sales. We consider this satisfactory. In the longer term, most XM40 instruments are expected to be sold with an installation and service contract.

So far, we have received generally positive customer feedback on the XM40. We have, however, identified certain new requests and requirements, mainly relating to software, which will be handled in the coming quarter. We expect to be able to introduce a new software platform in the coming months.

In the upcoming period, we will continue to focus on selling the XM40 in the bioprocessing market, and as we gain experience from the market, we will work at a controlled pace towards a full-scale launch in Europe and the USA.

XcytoMatic 30 (XM30)

Customers have shown strong advance interest in the XM30, and although the product is still in development, we have presented it at relevant exhibitions and scientific meetings. We received several enquiries about the XM30 during the third quarter, and several potential customers have expressed an interest in testing the product. The strong interest in the XM30 is linked to growing demand for automation in the pharmaceutical and biotech industries, which includes the wish to implement a fully integrated automated cell counter to replace the cell counters currently available from ChemoMetec and other suppliers. The demand for automation is driven in part by efforts to enhance development and production efficiency in bioprocessing and cell therapy and in part by a wish to cut payroll costs, which typically make up most of the cost of a product. We expect that, within a relatively short period of time, many of the large players in the pharmaceutical/biotech industry will be choosing suppliers of fully automated systems. Unlike many of ChemoMetec's existing customers in the cell therapy market, the pharmaceutical companies do not rely on external funding for investments in automation.

ChemoMetec's future growth prospects depend on our ability to tap into this wave of automation and focus on becoming the preferred cell counting partner in this industry. Consequently, we have decided to prioritise completion of the development of the XM30.

At the end of the third quarter, the XM30 project had reached the late prototype stage, and the development of the product had progressed sufficiently for potential customers to test its performance and potential and to prepare to integrate it into a fully automated system. This may provide ChemoMetec's product developers with useful feedback, typically for making product adjustments and preparing a go-to-market plan.

The XM30 was tested externally in the third quarter, which resulted in the first product sale. After the end of the quarter, we have sold additional XM30 products. Despite the successful prelaunch, we still plan to launch the XM30 according to the same gradual launch strategy as we have chosen for the XM40.

Management is very pleased with the general strong market interest in the XM30 product, and particularly with the fact that several customers have expressed an interest in purchasing the product even before it is fully developed.

Sales performance

Third quarter revenue in ChemoMetec's key markets was affected by a generally unchanged investment climate in the biotech industry, which means that customers continue to show restraint in purchasing new instruments. Accordingly, the level of investment and our customers' appetite for purchasing new products are significantly below the level experienced a couple of years ago.

Revenue for the third quarter of 2023/24 was down 6% to DKK 98.9 million from DKK 105.4 million in the year-earlier period, and revenue for the first nine months was down 14% from DKK 346.0 million to DKK 298.2 million. The revenue decline in the third quarter and for the first nine months of 2023/24 was due to reduced sales of instruments, whereas sales of consumables and services continue to rise. At constant exchange rates, revenue was down 11% for the first nine months of 2023/24.

Sales performance in individual product segments

Revenue by product segment for Q1 and for Q1-Q3 2023/24

2023/24	Q3		Q1-Q3	
	DKKkm	Change, %	DKKkm	Change, %
Instruments	23.1	-41	84.8	-43
Consumables	52.6	+20	142.1	+7
Services	22.1	+4	68.1	+9
Other	1.1	+3	3.1	-13
Total revenue	98.9	-6	298.2	-14

Revenue from sales of instruments was down 41% from DKK 39.0 million to DKK 23.1 for the third quarter and down 43% for the first nine months of 2023/24. The drop was linked to a general decline in sales across all instrument types, although sales of the new XM40 and XM30 instruments contributed positively. The largest proportion of total instrument sales, approx. 44% against 36% in the year-earlier period, was generated by the NC-202 instrument. Sales of instruments were down 43% to 28% of total revenue for the first nine months of 2023/24, against 43% in the year-earlier period.

Towards the end of the third quarter, we initiated a number of targeted measures to boost sales of instruments in all markets. For example, we have intensified our focus on generating customer leads

and on canvassing aimed at a large group of existing and new customers in the cell and gene therapy markets. Another initiative is the gradual launch of the new products, the XM40 and the XM30. For more details, see the sections “Product launches” and “Product development”.

Sales of consumables grew 20% in the third quarter, from DKK 44.0 million to DKK 52.6 million. For the first nine months of 2023/24, sales grew 7% to DKK 84.8 million. Sales of consumables accounted for 48% of total revenue for the first nine months of 2023/24, against 38% in the year-earlier period.

Sales of services grew 4% in the third quarter from DKK 21.4 million to DKK 22.1 million. For the first nine months of 2023/24, sales grew 9% from DKK 62.3 million to DKK 68.1 million. The growth in sales of services was adversely affected by reduced sales of instruments as a result of fewer installations. Sales of services accounted for 23% of total revenue for the first nine months of 2023/24, compared with 18% in the year-earlier period.

Sales performance in individual geographical segments

Revenue by geographical segment for Q3 and for Q1-Q3 2023/24

2023/24	Q3		Q1-Q3	
	DKKm	Change, %	DKKm	Change, %
USA/Canada	58.9	-9	174.3	-15
Europe	30.0	+2	94.4	-4
RoW	9.9	-14	29.4	-30
Total revenue	98.9	-6	298.2	-14

The USA/Canada region remains ChemoMetec’s largest geographical market, accounting for 58% of total revenue for the first nine months of 2023/24. Revenue for the third quarter in the USA/Canada region was down 9% to DKK 58.9 million from DKK 64.6 million in the year-earlier period. For the first nine months of 2023/24, revenue was down 15% to DKK 174.3 million. The third quarter performance was due to declines of 51% and 1%, respectively, in sales of instruments and services, whereas sales of consumables rose 27%.

Revenue in Europe was up 2% to DKK 30.0 million for the third quarter and down 4% for the first nine months of 2023/24. The third quarter performance was mainly driven by solid growth rates in sales of consumables and services of 21% and 19%, respectively, whereas sales of instruments were down 31%. Revenue in Europe accounted for 32% of total revenue for the first nine months of 2023/24.

In the rest of the world (RoW) region, revenue for the third quarter was down 14% from DKK 11.5 million to DKK 9.9 million due to sales of instruments and consumables declining 14% and 10%, respectively. For the first nine months of 2023/24, revenue was down 30%, accounting for 10% of total revenue.

Sales trends in the individual business areas

Revenue by business area for Q3 and for Q1-Q3 2023/24

2023/24	Q3		Q1-Q3	
	DKKm	Change, %	DKKm	Change, %
LCB*	89.5	-7	270.3	-16
Animal semen**	7.6	-7	22.9	+5
Beer and milk***	1.9	+71	5.0	+17
Total revenue	98.9	-6	298.2	-14

* Life science research, Cell-based therapy and Bioprocessing (LCB)

** Production control and quality control of animal semen

*** Production control of beer and quality control of milk

In the largest business area, LCB, revenue was down 7% in the third quarter. The fall was due to declining sales of instruments. LCB revenue was down 16% for the first nine months of 2023/24, whereas revenue in the areas of animal semen as well as beer and milk developed satisfactorily, albeit from low levels. The LCB business area accounted for 90% of total revenue for the first nine months of 2023/24, semen analysis accounted for 8% and the remaining business areas combined accounted for just over 2%.

EBITDA

EBITDA fell to DKK 43.1 million in the third quarter, a year-on-year decline of 23% from DKK 56.3 million. EBITDA for the first nine months of 2023/24 fell 32% to DKK 136.2 million, and the EBITDA margin was 46%, compared with 58% in the year-earlier period.

ChemoMetec's cost level remained affected by inflation, which continued to drive up costs in a number of areas. Consequently, we raised the prices of all products by 5-10% at 1 January 2024, which had a net positive effect on gross margins in the third quarter.

Both in the third quarter and for the first nine months of 2023/24, costs were generally higher than in the year-earlier period, mainly driven by higher staff costs.

In the third quarter, staff costs were affected by non-recurring costs connected to organisational changes, including severance pay to the former CEO.

Product development

XM30 and XM40

The vast majority of development resources in the third quarter were dedicated to completing the XM30 and XM40. The main focus was on preparing a new software platform for release, which is scheduled to take place before the end of the financial year. We also dedicated significant resources

to readying particularly the XM30 for production and to following up on external testing of the XM30 and XM40.

Xcyto 5

We expect the upgraded version of our image-based cell analyser, the Xcyto 5, to be gradually rolled out in the LCB market during the second half of 2024. This is a couple of months later than originally scheduled, but the delay is due to our decision to focus more on the XM30.

Organisation

Martin Helbo Behrens, formerly COO of ChemoMetec, took up the position of CEO on 13 March 2024, replacing Rasmus Kofoed. The change was made due to the Board of Directors' assessment that a different combination of competencies is required for the Executive Management at the current stage of ChemoMetec's development.

Guidance for 2023/24

On 12 April 2024, ChemoMetec clarified the full-year 2023/24 revenue guidance to the DKK 400-415 million range. At the same time, the EBITDA guidance was lowered to the DKK 185-200 million range. The most recent revenue and EBITDA guidance is maintained.

Additional 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 further information, go to www.chemometec.com.