

Earnings call Year-end report 19/20

February 25, 2021 08:00 (EST)/14.00 (CET)

Erik Gatenholm, CEO and Gusten Danielsson, CFO

Earnings call February 25, 2021

BIOCONVERGENCE

FINANCIAL SUMMARY

ACQUISITION OF GINOLIS

IN THE SPOTLIGHT

OUTLOOK 2021

Q&A SESSION

BIOCONVERGENCE

The modern healthcare challenges



High costs and lengthy processes for drugs to reach patients. 9 out of 10 fail in clinical stages!



A life is lost every hour of the day due to lack of organ transplants

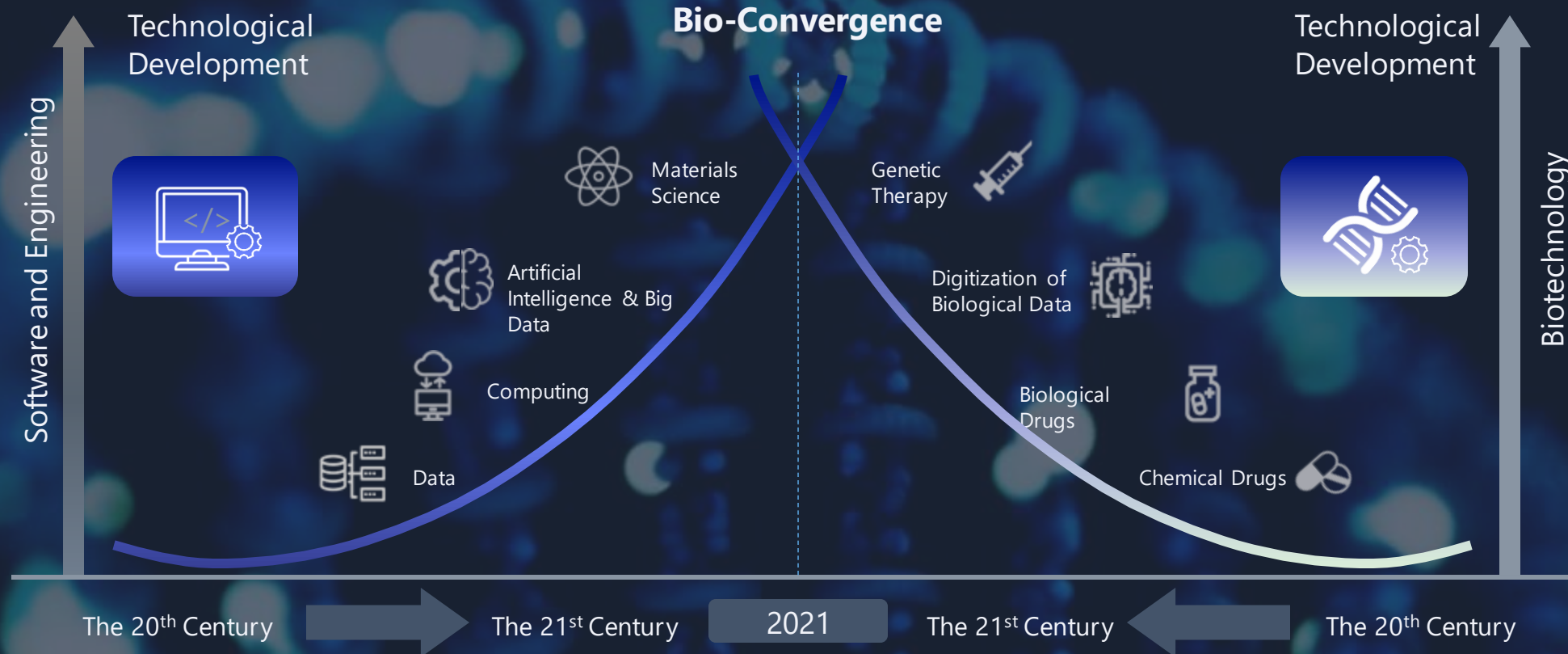


Animal studies are poor indicators of success for human drug development

Biology + Technology

**BIOCONVERGENCE IS
THE FUTURE OF HEALTHCARE**

Bioconvergence to form the future base of medicine and to reshape the global health industry



Bioconvergence connects various technologies from the fields of biology and engineering to identify and develop precise, personalized and effective medical solutions

The solution is found in bioconvergence



Drug discovery



3D Cell culturing



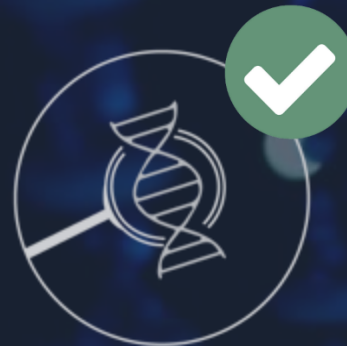
**Regenerative
medicine - tissue
printing**



**CRISPR & gene
editing**



**Diagnostics and
biological
sensors**



Single Cell Omics

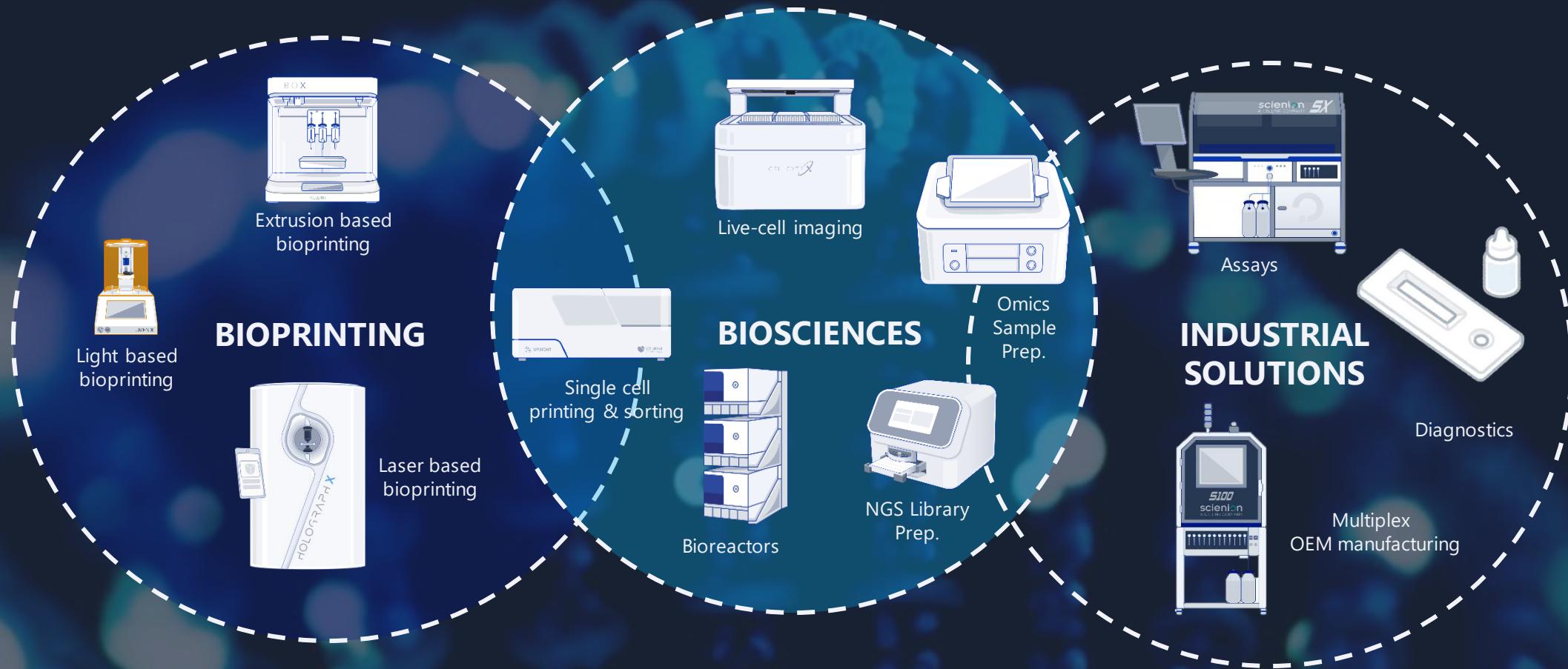


**Optics and
Imaging**



Biopharmaceuticals

Our unique bioconvergence offering



Disease and tissue modelling

Disease and tissue analysis

Disease and tissue diagnostics

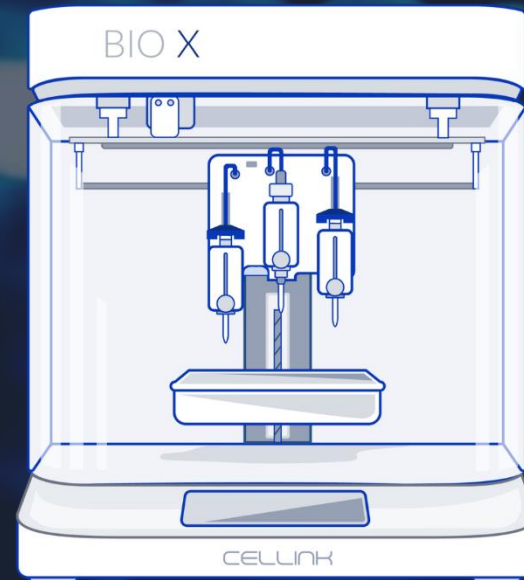
Huge market opportunity for CELLINK



Serving our customers in the best possible way in the era of workflows



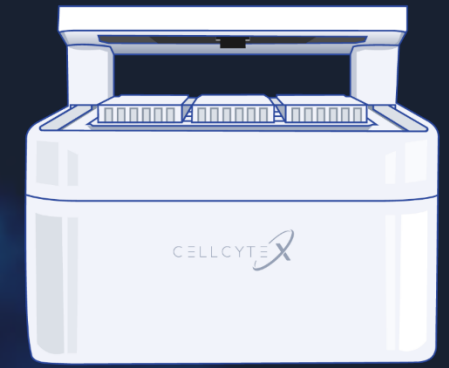
Single cell handling robots



Bioprinters & Bioinks



Liquid handling robots



Live cell imaging



Drug screening workflow

Dispensing single cells to ensure specific genetic composition

Bioprint tissue using bioprinter and tissue specific bioink

Dispense drug molecules and compounds onto tissues

Monitor the treated tissue for drug response

FINANCIAL SUMMARY

Continued strong organic growth, positive result and strategic investments for the future

Q5: September – December 2020

- **Net sales amounted to SEK 239,216 thousand** (SEK 50,189 thousand), which corresponds to an increase of 377% (118%) compared to the corresponding period a year earlier, of which **73% (47%) was organic growth**.
- **EBITDA amounted to SEK 40,414 thousand** (SEK -15,567 thousand), corresponding to a margin of 16.9% (-31.0%).
- **Profit for the period amounted to SEK 13,219 thousand** (SEK -18,895 thousand), which generates earnings per share after dilution of SEK 0.26 (SEK -0.48). The result was positively affected by the market valuation of the company's short-term investments of SEK 5,122 thousand (SEK 272 thousand).
- **Rolling twelve-month net sales from consumables amounted to SEK 35,091 thousand** (SEK 15,699 thousand), an increase of 124%. The share of total product sales was 11.9%, a decrease of 0.2 percentage points (12.1% in the comparison period).

September 2019 – December 2020

- **Net sales amounted to SEK 416,009 thousand** (SEK 155,646 thousand), which corresponds to an increase of 167% (128%) compared with the corresponding period a year earlier. Of the increase, **48% (77%) was organic growth**.
- **EBITDA amounted to SEK 816 thousand** (SEK -12,216 thousand), corresponding to a margin of 0.2% (-7.8%). Operating profit was affected by costs for the listing on Nasdaq Stockholm and acquisitions totaling SEK -18,264 thousand (SEK -6,395 thousand).
- **Profit for the period amounted to SEK -48,994 thousand** (SEK -18,314 thousand), which generates earnings per share after dilution of SEK -1.10 (SEK -0.51). In addition to the listing and acquisition costs, the net result was affected by the market valuation of the company's short-term investments of SEK -1,211 thousand (SEK 1,722 thousand).
- Given the company's current growth phase, which is expected to continue during 2021, the Board of Directors proposes no dividend for the financial year 2019/2020.

Strong organic growth and important strategic acquisition under continued challenging conditions

kSEK	Sep-Dec 2020	Sep-Dec 2019	Sep 2019-Dec 2020	Sep 2018-Dec 2019
Net sales*	239,216	50,189	416,009	155,646
Net sales Laboratory Solutions*	87,040	-	263,833	-
Net sales Industrial Solutions*	152,176	-	-	-
Gross profit	174,368	35,073	298,633	110,496
Gross margin, %	73%	70%	72%	71%
Operating profit before depreciation and amortization (EBITDA)	40,414	-15,567	816	-12,216
Operating margin before depreciation and amortization (EBITDA), %	16.9%	-31.0%	0.2%	-7.8%
Operating profit (EBIT)	14,161	-22,508	-51,927	-26,262
Operating margin (EBIT), %	5.9%	-44.8%	-12.5%	-16.9%
Profit for the period	13,219	-18,895	-48,994	-18,314
Diluted earnings per share, SEK**	0.26	-0.48	-1.10	-0.51
Net debt(-)/Net cash(+)	755,738	68,840	755,738	68,840
Cash flow from operating activities	-7,584	-13,847	-79,400	-29,665
Average number of shares**, ***	52,951,049	39,374,416	44,888,273	36,024,097
Number of shares at the end of the period**	51,601,285	38,984,776	51,601,285	38,984,776
Share price on closing day, SEK**	234.5	83.5	234.5	83.5
Market capitalization on closing day, MSEK	12,101	3,255	12,101	3,255
Number of employees at the end of the period	396	183	396	183

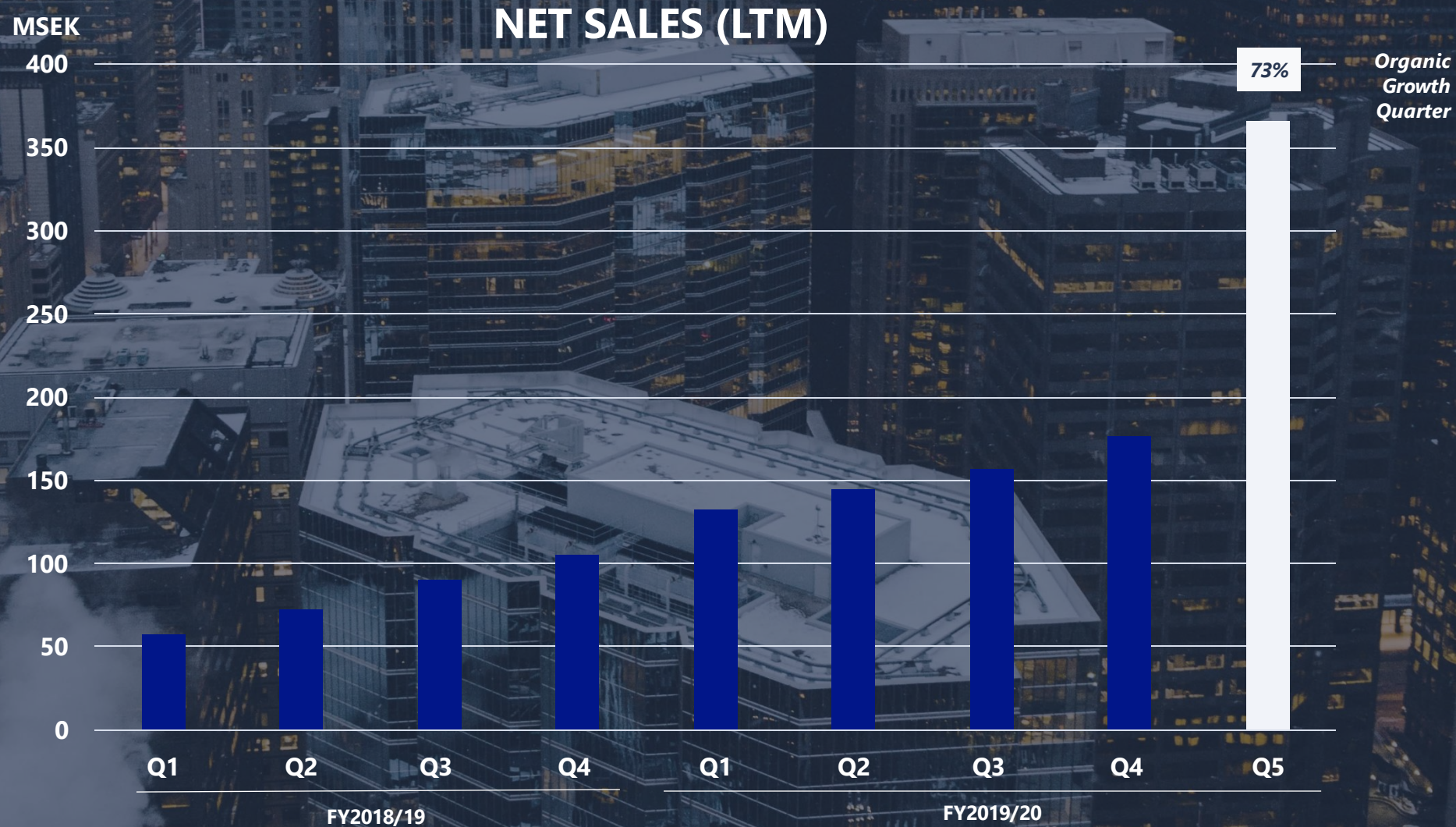
* Segment created September 2020, see note 3 in latest report

** CELLINK conducted a 4:1 split on January 10, 2020. Comparison periods have been restated for correct comparison.

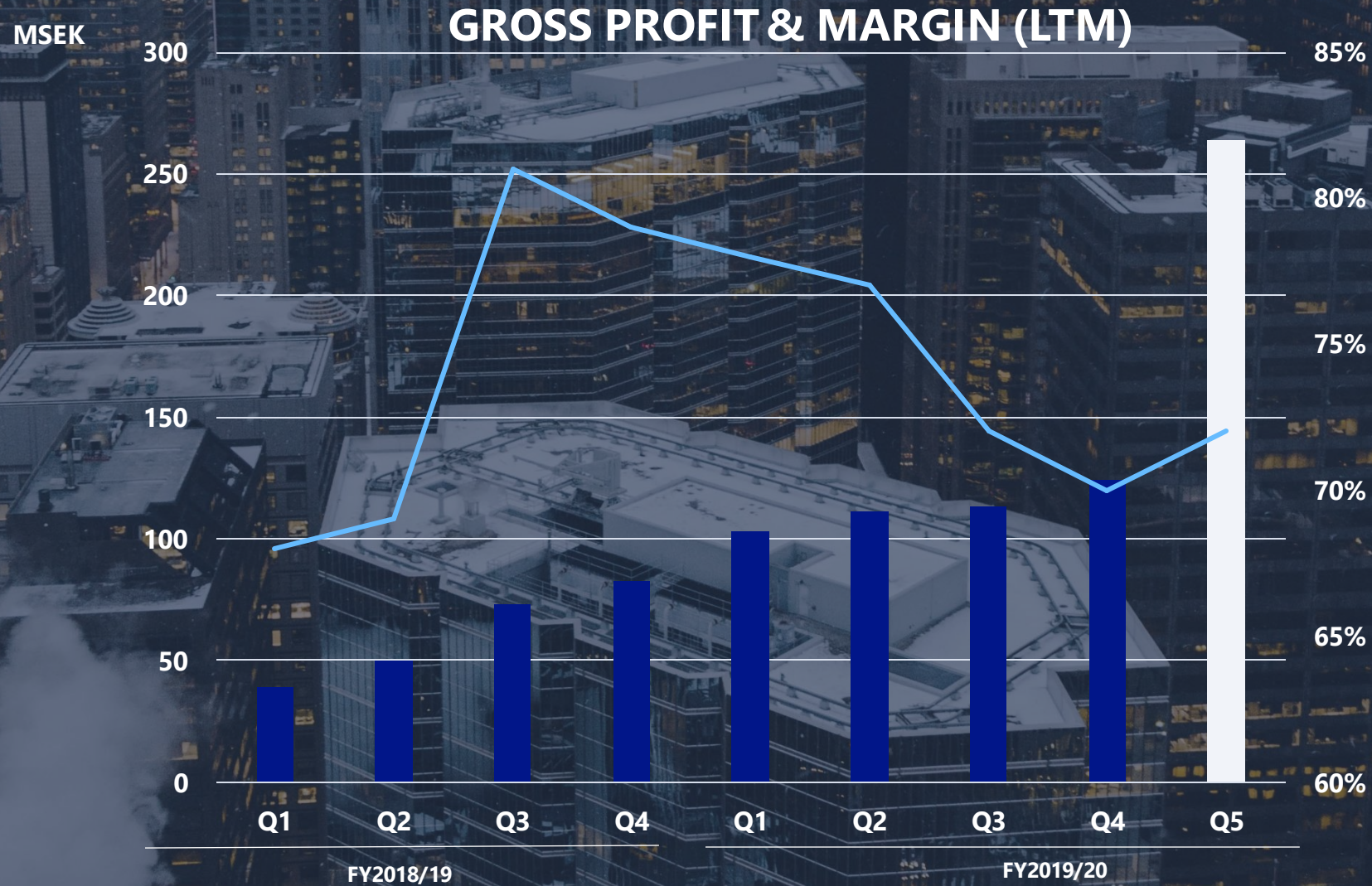
For definitions, see latest report on www.cellink.com/investors

*** Average number of shares including potential ordinary shares.

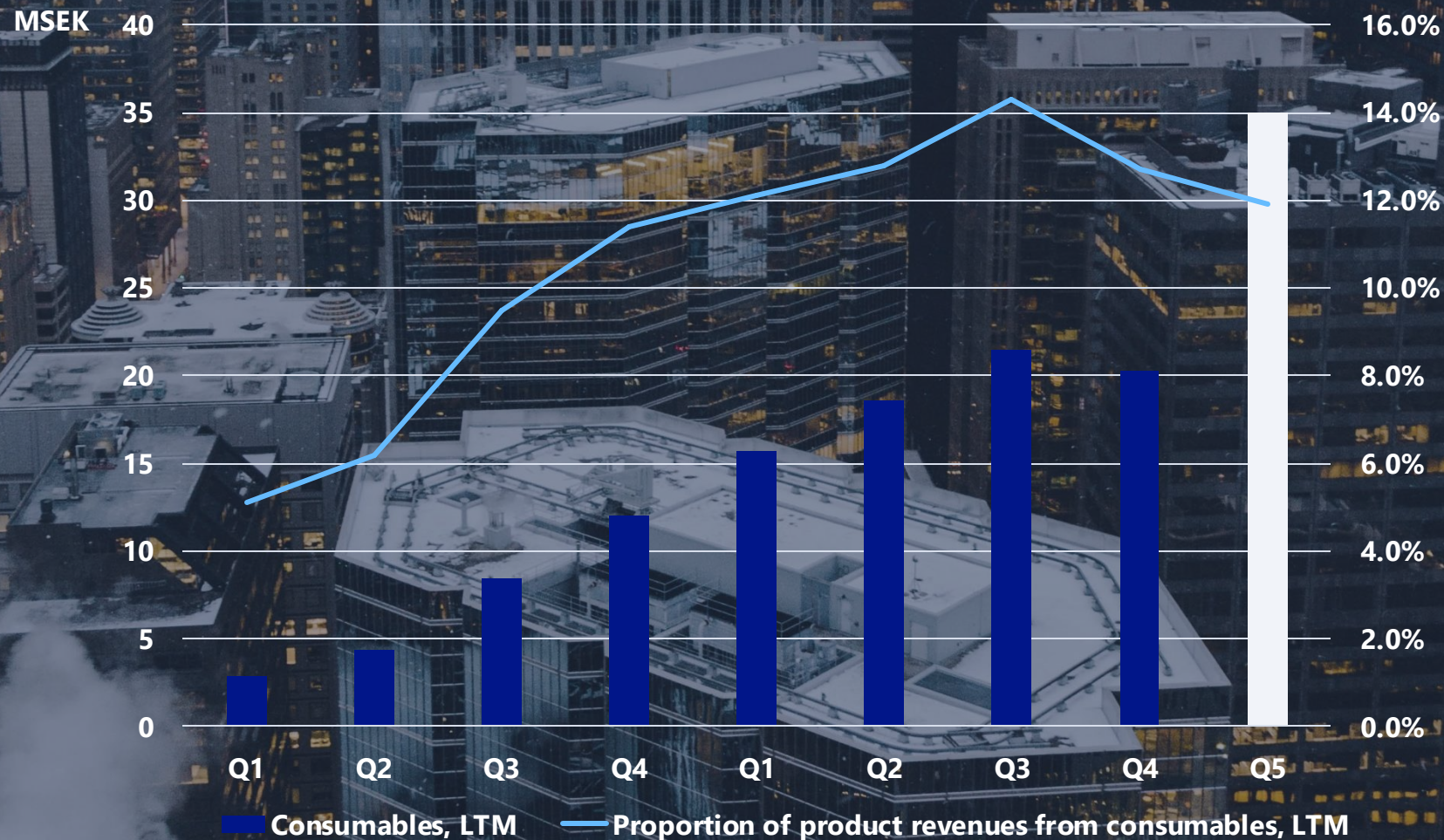
Strong organic growth in combination with improved sales levels in Q5, 2020...



... and continuous resilient gross margins



Stable revenue from consumables



FY2018/19

FY2019/20

Growth per region Q5, 2020 vs Q5, 2019 (share of sales, Q5 2020)

**NORTH
AMERICA**
143%
(49%)

EUROPE
30%
(31%)

ASIA
49%
(17%)

OTHER
-16%
(3%)

Long-term financial targets 2019-2022

Organic growth

CELLINK's objective is to achieve an annual organic sales growth of >35%, supplemented by strategic acquisitions.

EBITDA margin

CELLINK's objective is to have a positive EBITDA margin.

Capital structure

CELLINK aims to maintain a ratio of Net Debt to EBITDA of 3.0x, and may temporarily exceed this level (e.g., as a result of acquisitions).

ACQUISITION OF GINOLIS

The transaction in brief

Purchase price on cash- and debt-free basis of EUR 70 million (EUR 28 million in shares and EUR 42 million in cash).

Ginolis revenue reached EUR 18 million during 2020 with an EBITDA margin of 12%.

Pro-forma revenue growth is expected for 2021 and Ginolis growth rate is expected to be in the range of CELLINK's long term financial growth target.

Ginolis will continue as a part of CELLINK Industrial Solutions along with Scienion and Cellenion. Ginolis will remain under current entity and management post-transaction.

The Acquisition's completion and the transfer of Ginolis' shares is expected to take place by March 1, 2021 provided that all conditions for completion are met. Ginolis will be consolidated in CELLINK's financial statements from CELLINK's first quarter 2021 and in the financial reporting from March 1, 2021.

CELLINK's Board of Directors will resolve on an issue in kind of the Consideration Shares in accordance with the authorization from the extraordinary general meeting held on December 17, 2020.

Main synergies

Enabling the next generation of bioprinting systems

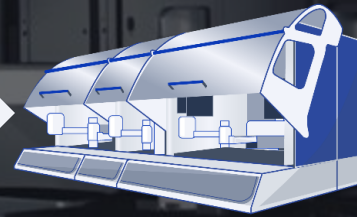
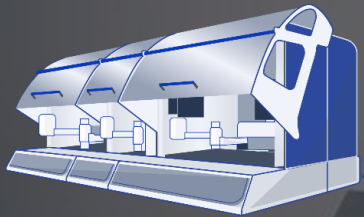
The increased demand for microfluidic and lateral flow IVD tests, PoC-tests

Synergies with the Group's existing product offering and future product development

Increased capacity to deliver larger automation workflows

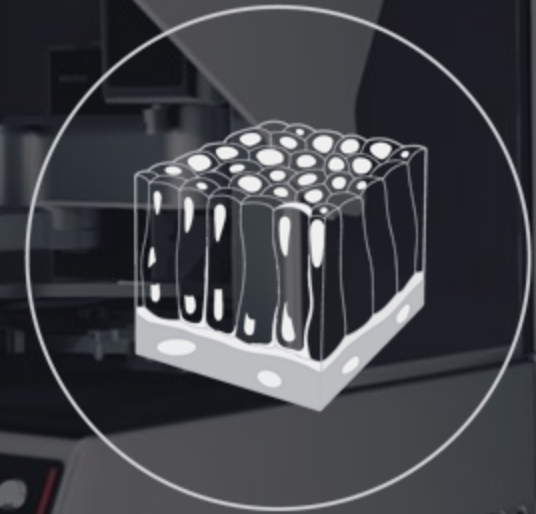
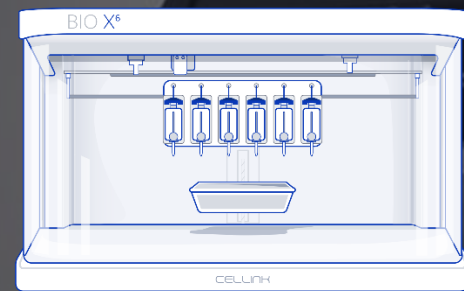
The cutting-edge modularity of the Ginolis robotics make the platforms ideal for scale-up of bioprinting systems and product offerings, enabling strategic and industrial expansion of our bioprinting capabilities to pharma and biotech customers.

Xanthia platform, enable precision-oriented manufacturing of microfluidic, multiplex assays, medical devices, and lateral flow IVD tests known as PoC tests.



Many of the great tools offered by Ginolis will ensure higher quality bioprinting experiments and results, faster throughput of printed tissues, and more reliable and reproducible data.

Ginolis' 3D Metrology system, the Pixie, will be a perfect plugin to our bioprinting workflows that will enable rapid quality assurance of bioprinted tissues to ensure a whole new level of reproducibility.



Ginolis integration strategy

100 days plan led by Business Area Manager with support from Group Executive Team

Onboarding of Ginolis to get to know Industrial Solutions and the Group

Priority to ramp up bioprinting offering and add Ginolis products to CELLINK workflow e.g., Xanthia and Pixie

Integrate to CELLINK global sales teams and streamline marketing

Focus on aligning Group-wide systems (ERP), business and sales to the Group

Alignment of R&D processes and innovation agenda

Successful integration of acquired companies



- €5 MM in transaction value – 60% in shares / 40% in cash
- Part of the bioprinting and drug development screening process
- Cross-sales opportunities and increased customer value with **CELLINK**
- **Acquired at 11x Revenue, now at ~1x revenue. (In 2 years)**



- ~€30 MM in transaction value – 60% in shares / 40% in cash
 - ~40% EBITDA margin
- Strengthen position in research workflow and with big pharma (~90% of customer base)
- Cross-sales opportunities with **CELLINK** and **Dispendix**
- **Acquired at ~7x Revenue, now at 3-5x revenue. (In 1.5 years)**



- ~€80 MM in transaction value – 50% / 50% in shares/cash
 - ~25% EBITDA margin
- Strengthen position in single-cell handling
- Creating a low volume dispensing powerhouse with **Dispendix** and a dominant player in single-cell dispensing with **Cytena**
- **Acquired at ~3.7x, now at ~2.7x. (In 4 months)**

IN THE SPOTLIGHT

Clear strategy to drive strong growth with several layers to pull

Organic initiatives	Product development	Strengthen customer value proposition by new products and service offering
	Build scale	Scale-up organization to meet increased global demand
	Geographic expansion	Expand global sales team to support organic initiatives
	Market penetration	Establish CELLINK as the leader in 3D cell culturing, single cell analysis and precision dispensing
Synergies	Value creation	Significant value-creation potential from realizing revenue and cost synergies within the Group
M&A opportunities	Buy & build	Strategic acquisitions in addition to organic growth
	New verticals and regions	Potential to branch out into new additional verticals or strengthen regions

M&A agenda

CELLINK invests in entrepreneurs' enthusiasm and passion for what they do. We aim to find and acquire companies that are built on determined people with a strong desire to create the future of medicine.

Financial targets

- Revenue growth in line with CELLINK's financial targets
- Potential for EBITDA margins above industry average
- Proven historical track record of products and customers

Strategic targets

- Increase share of ownership of the value chain and improved value proposition
- Increased market power and know-how
- Potential to branch out into new additional verticals or strengthen regions

CELLINK Outlook 2021

- Continue to push our bioconvergence agenda
- Financial targets: annual organic sales growth of >35% and positive EBTIDA margin
- Nurture the CELLINK corporate culture
- Active M&A agenda
- Focus on integrating acquired companies in order to capitalize on identified synergies e.g., offering (workflows), innovation and sales

Save the date
CELLINK Digital CMD
May 12, 2021
2-5pm (CET)

Same date as release of Q1-report 2021

Q&A SESSION

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Next interim report: Q1, 2021 – release on May 12, 2021, 08:00 (CET)

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