# HALF-YEARLY FINANCIAL REPORT H1|2019

January 1 to June 30, 2019

# PROFILE

STRATEC designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology.

Furthermore, the company offers integrated laboratory software, and complex consumables for diagnostic and medical applications. STRATEC covers the entire value chain – from development to design and production through to quality assurance.

Our partners market the systems, software and consumables, in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. STRATEC develops its products on the basis of its own patented technologies.

# CONTENTS



# CURRENT INFORMATION

- Sales in H1/2019 show year-on-year growth of 21.7% at constant currency to € 110.4 million; nominal growth of +24.1% (H1/2018: € 88.9 million)
- Adjusted EBIT for H1/2019 up 40.4% to € 12.7 million (H1/2018: € 9.1 million)
- Adjusted EBIT margin improves year-on-year by 130 basis points to 11.5%
- Successful market launch of new products and strong development pipeline
- Financial guidance for fiscal year 2019 confirmed

# KEY FIGURES[1]

| € 000s | H1/2019 | H1/2018[2] | Change | Q2/2019 | Q2/2018[2] | Change |
|---|---|---|---|---|---|---|
| Sales | 110,369 | 88,931 | +24.1% | 62,694 | 49,290 | +27.2% |
| Adjusted EBITDA | 17,343 | 12,227 | +41.8% | 9,981 | 6,664 | +49.8% |
| Adjusted EBITDA margin (%) | 15.7 | 13.7 | +200 bps | 15.9 | 13.5 | +240 bps |
| Adjusted EBIT | 12,723 | 9,060 | +40.4% | 7,644 | 5,038 | +51.7% |
| Adjusted EBIT margin (%) | 11.5 | 10.2 | +130 bps | 12.2 | 10.2 | +200 bps |
| Adjusted consolidated net income[3] | 10,284 | 7,455 | +37.9% | 6,448 | 4,098 | +57.3% |
| Adjusted earnings per share (€)[3] | 0.86 | 0.63 | +36.5% | 0.54 | 0.35 | +54.3% |
| Earnings per share (€)[3] | 0.46 | 0.24 | +91.7% | 0.35 | 0.15 | +133.3% |

[1] For comparison purposes, adjusted figures exclude amortization resulting from purchase price allocations in the context of acquisitions and the associated reorganization expenses, as well as other non-recurring effects.

[2] Retrospectively adjusted for recognition of nucleic acid purification business as discontinued operation pursuant to IFRS 5. Not retrospectively adjusted for IFRS 16.

[3] Result from continuing operations.

bps = basis points

| € 000s | 06.30.2019 | 12.31.2018 | Change |
|---|---|---|---|
| Equity | 148,571 | 152,204 | -2.4% |
| Total assets | 291,215 | 275,285 | +5.8% |
| Equity ratio (%) | 51.0 | 55.3 | -430 bps |

bps = basis points

# LETTER FROM THE BOARD OF MANAGEMENT

## Dear Shareholders, Partners and Friends of STRATEC,

*In the second quarter of 2019, STRATEC maintained the high growth momentum already seen in the first quarter. Sales for the first half of 2019 rose year-on-year by 24.1 %. This strong performance was driven by the achievement of development targets and pleasing call-up volumes for products already established on the market. Not only that, systems launched onto the market just recently also made their first notable sales contributions. Higher sales volumes and positive benefits of scale enabled the company to generate double-digit percentage growth in its adjusted EBIT as well. In October 2018, STRATEC launched an initiative to sustainably improve its earnings. Implementation of the relevant measures is progressing on schedule and we expect to achieve the efficiency enhancement potential planned for this year. In view of this strong first-half performance, we can therefore confirm the full-year targets we have set ourselves.*

*Given the high volume of development activities performed in recent years, we expect the 2019 financial year to witness an above-average number of market launches. Two systems developed by STRATEC that have now entered serial production were launched onto the European market by our partners in the first half of 2019 already and further major market launches are set to follow in the second half. Together with our strong development pipeline, these new products – with their long lifecycles – form a key element of our company's long-term growth.*

*The trend seen among our partners towards outsourcing the development and production of automation solutions to specialist companies such as STRATEC is continuing apace. Consistent with this, we made substantial progress with negotiating new development agreements once again in the first half of 2019. This makes us confident that we will be able to sign further cooperation agreements by the end of the year and further expand our in any case well-stocked development pipeline.*

*To help implement this constantly growing development pipeline, we managed to attract further highly qualified employees to our company in recent months as well. This way, we increased our workforce year-on-year by 6.3% to 1,220 employees as of June 30, 2019. The first of two complexes newly built at our Birkenfeld location was occupied on schedule in the second quarter of 2019.*

*We would like to thank our shareholders for the trust they have placed in us, which was also reflected in the high levels of approval granted at this year's Annual General Meeting. These included the approval provided for a further record dividend payment of € 0.82 per share, which we then distributed in June 2019.*

*Birkenfeld, August 2019*

*The Board of Management of STRATEC SE*

Marcus Wolfinger    Robert Siegle    Vielsack

*Marcus Wolfinger* | *Dr. Robert Siegle* | *Dr. Claus Vielsack*

# INTERIM GROUP MANAGEMENT REPORT

## Report on earnings, financial, and asset position

### Earnings position

Consolidated sales increased by 24.1% to € 110.4 million in the first six months of the 2019 financial year, compared with € 88.9 million in the previous year. On a constant currency basis, this corresponds to growth of 21.7%. This substantial sales growth was driven in particular by higher numbers of systems called up, as well as by increased sales with development and services. System sales benefited both from strong business with established products and from further growth in the sales contributed by systems recently launched onto the market. The increase in sales with development and services, by contrast, was due to the achievement of major development targets.

Given the higher volume of sales, the gross profit (gross profit on sales) rose from € 21.1 million in the previous year to € 24.8 million in the first half of 2019. As of June 30, 2019, the gross margin therefore came to 22.5%, compared with 23.7% in the previous year.

The development pipeline, which was filled to an above-average extent, led gross development expenses to rise by € 3.4 million from € 17.6 million in the previous year to € 21.0 million in the period under report.

Sales-related expenses showed a slight reduction from € 4.3 million in the previous year to € 4.1 million in the first half of 2019, while general administration expenses rose to € 9.4 million, up from € 8.0 million in the previous year.

Adjusted EBIT for the first six months of 2019 rose by 40.4% to € 12.7 million, compared with € 9.1 million in the previous year. Accordingly, the adjusted EBIT margin improved by 130 basis points to 11.5% (H1/2018: 10.2%). This margin growth was due in particular to positive benefits of scale. Not only that, the company also witnessed the first beneficial effects of its earnings improvement initiative launched in 2018. The positive impact on the margin was nevertheless partly offset by higher expenses in connection with the currently above-average volume of development activities. Furthermore, the margin was also held back by the high share of sales attributable to development and services. In this respect, the company expects to achieve a significantly stronger sales mix in the second half of the year.

Given the company's operating earnings growth, its adjusted consolidated net income from continuing operations also increased, in this case by 37.9% to € 10.3 million (H1/2018: € 7.5 million). Adjusted earnings per share from continuing operations (basic) for the first six months of 2019 rose by 36.5% to € 0.86, compared with € 0.63 in the previous year.

In the interests of comparability, key earnings figures have been adjusted to exclude amortization resulting from purchase price allocations in the context of acquisitions, associated reorganization expenses, and other non-recurring items.

A reconciliation of the adjusted figures with those reported in the consolidated statement of comprehensive income is presented in the following tables.

| € 000s | 01.01. – 06.30.2019 |
|---|---|
| **Adjusted EBIT** | 12,723 |
| **Adjustments** | |
| • Expenses relating to transactions and associated restructuring expenses | -1,285 |
| • PPA amortization | -4,535 |
| **EBIT** | 6,903 |

| € 000s | 01.01. – 06.30.2019 |
|---|---|
| **Adjusted consolidated net income from continuing operations** | 10,284 |
| **Adjusted earnings per share from continuing operations in € (basic)** | 0.86 |
| **Adjustments** | |
| • Expenses relating to transactions and associated restructuring expenses | -1,285 |
| • PPA amortization | -4,535 |
| • Current tax expenses | 350 |
| • Deferred tax income | 722 |
| **Consolidated net income from continuing operations** | 5,537 |
| **Earnings per share from continuing operations in € (basic)** | 0.46 |

### Financial position
The cash flow from operating activities rose by 8.4% to € 12.9 million in the first half of 2019, as against € 11.9 million in the previous year. This growth was due in particular to the increase in consolidated net income and to the higher volume of depreciation, amortization and non-cash expenses included in this figure. Furthermore, unlike in the previous year changes in net working capital led to an inflow of funds. By contrast, a higher volume of income taxes paid had a significantly negative impact on the cash flow performance.

The cash flow from investing activities came to € -14.8 million, compared with € 1.0 million in the first half of 2018. The previous year's period included an inflow of funds of € 8.6 million from the disposal of financial assets. This resulted from the sale of all of the shares held in a company shareholding.

STRATEC invested € 8.3 million in property, plant and equipment in the first half of 2019, compared with € 3.9 million in the previous year. This increase was due in particular to the construction activities currently underway to significantly extend the buildings at the company's headquarters in Birkenfeld.

Investments in intangible assets amounted to € 5.7 million in the first half of 2019, compared with € 3.8 million in the previous year.

The investment ratio (investments in property, plant and equipment and intangible assets/sales) therefore amounted to 12.7% in the first half of 2019, compared with 8.6% in the previous year.

The cash flow from financing activities amounted to € -1.5 million and mainly consisted of the dividend of € 9.8 million distributed to shareholders in June 2018, as well as of the taking up of loans and payments received in connection with issuing stock options in the employee stock option programs.

Cash and cash equivalents decreased from € 26.9 million as of June 30, 2018 to € 20.4 million as of June 30, 2019.

### Asset position
Total assets grew by € 15.9 million from € 275.3 million as of December 31, 2018 to € 291.2 million as of June 30, 2019.

The main changes on the assets side relate in particular to property, plant and equipment, which rose from € 39.5 million as of December 31, 2018 to € 52.5 million as of June 30, 2019. This increase was driven in particular by the investments currently being made to significantly extend the buildings at the company's headquarters in Birkenfeld, as well as to the first-time application of IFRS 16.

Due mainly to lower holdings of finished products and merchandise, inventories were reduced from € 58.5 million to € 55.0 million.

Changes on the equity and liabilities side of the balance sheet related in particular to financial liabilities, which rose from € 76.9 million as of December 31, 2018 to € 95.1 million as of June 30, 2019. This increase was principally due to the requirements of IFRS 16 (Leases), which have been applied for the first time in the 2019 financial year, as well as to the taking up of additional loans.

The equity ratio amounted to 51.0% as of June 30, 2019, as against 55.3% as of December 31, 2018. This reduction resulted in particular from the first-time application of IFRS 16, the taking up of additional loans and the dividend distributed in the first half of 2019.

## Macroeconomic and sector-specific framework

### Macroeconomic framework
In its Economic Outlook published in May, the OECD further cut its global economic growth forecast. This follows on from the reduction already published in March. Accordingly, the OECD now only expects the global economy to grow by 3.2% in 2019, marking a slowdown compared with the previous year's figure of 3.5%. In 2020, global economic growth should then recover slightly to 3.4%. The OECD nevertheless points out that the downward risks to the forecast growth rates outweigh the upward potential. The reasons stated for lower growth momentum include existing trade tensions and weaker trade and investment activities, especially in Europe and China.

Overall, the OECD expects virtually all economies to report slower growth in the next two years. Having grown by 1.8% in 2018, for example, the euro area economy is expected to grow by just 1.2% in 2019 and by 1.4% in 2020. A particularly marked loss of momentum is forecast for the German economy, with its great reliance on exports, which is expected to grow by a mere 0.7% in 2019 (2018: 1.5%).

The US economy is expected to generate growth of 2.8% in 2019, as against 2.9% one year earlier. The pace of growth is then set to slow further to 2.3% in 2020. The causes cited particularly include milder fiscal policy measures, as well as political and trade-specific uncertainties.

The OECD has also forecast a further slowdown in China's economic expansion, with growth rates of 6.2% and 6.0% predicted for 2019 and 2020 respectively (2018: 6.6%). According to the OECD, China remains a key factor in global economic growth. Should Chinese economic output show any more marked slowdown in future, then the OECD believes this would harbor further risks for global growth and trading prospects.

Given its long-term project and product lifecycles, STRATEC and the decisions its customers take concerning joint development projects are only affected by macroeconomic fluctuations to a limited extent. Having said this, the macroeconomic climate nevertheless plays a major role in STRATEC's entrepreneurial activity and is therefore extensively factored into the company's assessments and planning.

### Sector-specific framework

Based on various estimates, in-vitro diagnostics (IVD) is set to remain a growth market, with average annual global growth rates of around 5% through to 2023. By 2023, the IVD market should have an estimated volume of 88 billion US dollars, as against around 68 billion US dollars in 2018. The various segments within IVD will report different growth rates. STRATEC particularly operates in those segments which are expected to generate high growth rates. These include molecular diagnostics, for example, where growth is expected to average around 9% p.a. between 2018 and 2023. Other segments, such as blood glucose self-monitoring, are not growing as fast and are not among STRATEC's areas of activity.

Today, STRATEC offers products and solutions in numerous key areas of the IVD market. Consistently aging populations, increased prevalence of chronic diseases based on our current lifestyles, and the ever growing significance of personalized treatment – these are key market growth drivers. Over and above that, the research being performed on innovative technologies, such as specific biomarkers, will create new opportunities for future market growth.

Due not least to the increasing complexity of IVD tests, it is difficult for any company to develop proprietary products in all technology and market segments. In view of this, diagnostics groups frequently procure specific technologies to maintain their technological leadership and survive in the market. As a result, a process of consolidation has been apparent in the IVD market for years now and is expected to continue in future as well. At the same time, the constant rise in regulation recently seen in the diagnostics industry also represents an increasingly high barrier to potential competitors to STRATEC entering the market. There are only very few comparable companies with the ability to offer a comparable range of products and services from compiling specifications, through development, approval, and production of the respective instruments and solutions. The competitive situation therefore remains very limited and, alongside in-house development departments, is restricted to a handful of specialist companies. With the companies acquired in recent years, STRATEC has further extended the range of products and services it can offer to customers and accessed new market segments. This has further improved the company's competitive situation.

## Report on forecasts and other statements concerning the company's expected development

Since being founded 40 years ago, STRATEC has attached great value to sustained growth, focusing on continually developing new proprietary technologies to help attract promising and longstanding customer projects. The company leverages innovative solutions which allows its partners to service their markets with high quality products. Growth prospects for customer target markets, in particular in the area of in-vitro diagnostics, remain positive. In addition, STRATEC is benefiting from the increasing trend in the in-vitro diagnostics industry towards outsourcing the development and production of automation solutions to specialized partners such as STRATEC. Thanks to this, as well as to a full development pipeline, the company's business outlook remains positive.

Based on its positive business performance in the first half and the current order forecasts received from its customers, STRATEC confirms the financial guidance issued for the 2019 financial year. STRATEC therefore still expects to generate currency-adjusted sales growth of at least 12% (basis: € 187.8 million) in 2019 and an adjusted EBIT margin of around 14% to 15% (2018: 13.9%).

Given the construction work currently underway to significantly expand capacities at the company's headquarters in Birkenfeld and its investments in numerous development projects, STRATEC expects to report an above-average investment ratio in 2019. Investments in property, plant and equipment and intangible assets are budgeted at around 12% to 14% of sales in 2019 (previous year: 10.3%). Following completion of the construction work, the investment ratio is expected to fall significantly once again from 2020 onwards.

Depending on its ability to recruit adequate numbers of suitably qualified employees, STRATEC plans to increase the number of its employees at roughly the same percentage rate as its sales growth. This way, the company aims to do justice to continuing high demand for development services.

STRATEC's financial forecast is based on budgets that account for the specific features of its business model, as well as for numerous internal and external factors, and that weight such factors in accordance with their significance. New order figures, our customers' forecasts and their order behavior, and their stocking of services parts play a superordinate role here, as do the numbers of projects in development and negotiation. This forecast does not account for additional opportunities resulting from external growth. Given the long-term nature of its business relationships, macroeconomic developments are of subordinate significance for STRATEC. The macroeconomic factor is therefore weighted less prominently in the company's forecasts.

# Opportunity and risk report

We analyze and evaluate the risks facing the company and its business environment within the framework of our risk management system, which has been established as an early warning risk identification system. Furthermore, this system also includes an internal control system (IKS) and a compliance system to ensure compliance with the relevant legal and industry-specific requirements.

The core tasks of risk management at the STRATEC Group involve managing and monitoring the Group's internal financing requirements and securing the overall company's financial independence.

Financial risks are monitored by the reporting department and managed using detailed rolling financial and liquidity planning.

Given the further intensification in the trade and currency disputes between some countries, STRATEC has observed a slight reduction in short-term transparency within the relevant markets. Among other factors, this is reflected in a slight increase in volatility in customers' order forecasts.

From STRATEC's perspective, as of June 30, 2019 there were no further changes compared with the risks and opportunities identified in the Group Management Report for the 2018 financial year dated April 11, 2019. Details of our risk management system and our company's specific opportunity and risk profile and of our use of financial instruments can be found in Section 'D. Opportunities and Risks' in the 2018 Group Management Report.

# CONSOLIDATED BALANCE SHEET
as of June 30, 2019

## Assets

| € 000s | 06.30.2019 | 12.31.2018[1] |
|---|---|---|
| **Non-current assets** | | |
| Goodwill | 41,094 | 41,245 |
| Other intangible assets | 55,454 | 57,017 |
| Property, plant and equipment | 52,512 | 39,510 |
| Non-current financial assets | 469 | 459 |
| Non-current other receivables and assets | 1,109 | 1,109 |
| Non-current contract assets | 15,816 | 8,557 |
| Deferred taxes | 336 | 201 |
| | **166,790** | **148,098** |
| **Current assets** | | |
| Inventories | | |
| • Raw materials and supplies | 25,267 | 23,729 |
| • Unfinished products, contract fulfilment costs | 21,872 | 21,946 |
| • Finished products and merchandise | 7,820 | 12,855 |
| | **54,959** | **58,530** |
| Receivables and other assets | | |
| • Trade receivables | 34,891 | 34,750 |
| • Receivables from associates | 22 | 22 |
| • Current financial assets | 1,148 | 810 |
| • Current other receivables and assets | 7,516 | 5,747 |
| • Current contract assets | 3,016 | 1,132 |
| • Income tax receivables | 2,495 | 1,418 |
| | **49,088** | **43,879** |
| Cash and cash equivalents | 20,378 | 23,816 |
| Assets held for sale | 0 | 962 |
| | **124,425** | **127,187** |
| | | |
| | | |
| | | |
| **Total assets** | **291,215** | **275,285** |

[1] Not retrospectively adjusted for the first-time application of IFRS 16 in 2019. The figures are therefore only comparable to a limited extent with those for 2019. This particularly applies to the 'Property, plant and equipment' and 'Financial liabilities' line items.

## Shareholders' equity and dept

| € 000s | 06.30.2019 | 12.31.2018[1] |
|---|---|---|
| **Shareholders' equity** | | |
| Share capital | 12,012 | 11,969 |
| Capital reserve | 25,538 | 24,119 |
| Revenue reserves | 110,425 | 116,347 |
| Treasury stock | -89 | -89 |
| Other equity | 685 | -142 |
| | **148,571** | **152,204** |
| **Non-current debt** | | |
| Non-current financial liabilities | 82,770 | 68,933 |
| Other non-current liabilities | 242 | 417 |
| Non-current contract liabilities | 3,255 | 3,342 |
| Provisions for pensions | 3,986 | 3,811 |
| Deferred taxes | 7,073 | 7,530 |
| | **97,326** | **84,033** |
| **Current debt** | | |
| Current financial liabilities | 12,373 | 7,987 |
| Trade payables | 10,909 | 6,457 |
| Liabilities to associates | 47 | 0 |
| Other current liabilities | 7,557 | 5,835 |
| Current contract liabilities | 10,922 | 12,722 |
| Provisions | 1,293 | 1,348 |
| Income tax liabilities | 2,217 | 3,796 |
| Liabilities directly associated with assets held for sale | 0 | 903 |
| | **45,318** | **39,048** |
| **Total shareholders' equity and debt** | **291,215** | **275,285** |

[1] Not retrospectively adjusted for the first-time application of IFRS 16 in 2019. The figures are therefore only comparable to a limited extent with those for 2019. This particularly applies to the 'Property, plant and equipment' and 'Financial liabilities' line items.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## for the period January 1 to June 30, 2019

| € 000s | 01.01. – 06.30.2019 | 01.01.–06.30.2018[1] |
|---|---|---|
| Sales | 110,369 | 88,931 |
| Cost of sales | -85,561 | -67,819 |
| **Gross profit** | **24,808** | **21,112** |
| Research and development expenses | -3,857 | -4,479 |
| Sales-related expenses | -4,149 | -4,276 |
| General administrative expenses | -9,429 | -8,048 |
| Other operating income/expenses | -470 | -845 |
| **Earnings before interest and taxes (EBIT)** | **6,903** | **3,464** |
| **Net financial expenses** | **-276** | **-113** |
| **Earnings before taxes (EBT)** | **6,627** | **3,351** |
| Current tax expenses | -1,747 | -2,202 |
| Deferred tax income | 657 | 1,707 |
| **Earnings from continuing operations** | **5,537** | **2,856** |
| Earnings from discontinued operation | -1,648 | -233 |
| **Consolidated net income** | **3,889** | **2,623** |
| **Items that may not be reclassified to profit or loss** | | |
| Remeasurements of defined benefit pension plans | 0 | 36 |
| Changes in value of financial investments | 0 | -2,544 |
| **Items that may be subsequently reclassified to profit or loss** | | |
| Currency translation differences from translation of foreign operations | 826 | -3,076 |
| **Other comprehensive income (OCI)** | **826** | **-5,584** |
| **Comprehensive income** | **4,715** | **-2,961** |
| | | |
| **Basic earnings per share in €** | **0.32** | **0.22** |
| From continuing operations | 0.46 | 0.24 |
| From discontinued operation | -0.14 | -0.02 |
| No. of shares used as basis (basic) | 11,969,239 | 11,920,779 |
| **Diluted earnings per share in €** | **0.32** | **0.22** |
| From continuing operations | 0.46 | 0.24 |
| From discontinued operation | -0.14 | -0.02 |
| No. of shares used as basis (diluted) | 12,047,271 | 12,039,839 |

[1] Retrospectively adjusted to account for the reclassification of research and development expenses, sales-related and general administration expenses to cost of sales and for the recognition of the nucleic acid purification business as a discontinued operation pursuant to IFRS 5. Not retrospectively adjusted for the first-time application of IFRS 16 in 2019.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## for the period April 1 to June 30, 2019

| € 000s | 04.01.–06.30.2019 | 04.01.–06.30.2018[1] |
|---|---|---|
| Sales | 62,694 | 49,290 |
| Cost of sales | -49,009 | -36,929 |
| **Gross profit** | **13,685** | **12,361** |
| Research and development expenses | -1,959 | -2,578 |
| Sales-related expenses | -1,906 | -2,528 |
| General administrative expenses | -4,563 | -3,933 |
| Other operating income/expenses | -433 | -1,053 |
| **Earnings before interest and taxes (EBIT)** | **4,824** | **2,269** |
| **Net financial expenses** | **186** | **-118** |
| **Earnings before taxes (EBT)** | **5,010** | **2,151** |
| Current tax expenses | -874 | -1,303 |
| Deferred tax income | 8 | 974 |
| **Earnings from continuing operations** | **4,144** | **1,822** |
| Earnings from discontinued operation | 61 | -121 |
| **Consolidated net income** | **4,205** | **1,701** |
| **Items that may not be reclassified to profit or loss** | | |
| Remeasurements of defined benefit pension plans | 0 | 36 |
| Changes in value of financial investments | 0 | -45 |
| **Items that may be subsequently reclassified to profit or loss** | | |
| Currency translation differences from translation of foreign operations | -440 | -1,978 |
| **Other comprehensive income (OCI)** | **-440** | **-1,987** |
| **Comprehensive income** | **3,765** | **-286** |
| | | |
| **Basic earnings per share in €** | **0.35** | **0.14** |
| From continuing operations | 0.35 | 0.15 |
| From discontinued operation | 0.00 | -0.01 |
| No. of shares used as basis (basic) | 11,974,228 | 11,925,608 |
| **Diluted earnings per share in €** | **0.35** | **0.14** |
| From continuing operations | 0.35 | 0.15 |
| From discontinued operation | 0.00 | -0.01 |
| No. of shares used as basis (diluted) | 12,050,984 | 12,040,445 |

[1] Retrospectively adjusted to account for the reclassification of research and development expenses, sales-related and general administration expenses to cost of sales and for the recognition of the nucleic acid purification business as a discontinued operation pursuant to IFRS 5. Not retrospectively adjusted for the first-time application of IFRS 16 in 2019.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## for the period January 1 to June 30, 2018

| € 000s | Share capital | Capital reserve |
|---|---|---|
| **As of 01.01.2018** | **11,921** | **22,417** |
| Equity translations with owners | | |
| • Dividend payments | | |
| • Issue of subscription shares from stock option programs, less costs of capital issue after taxes | 40 | 1,237 |
| Allocations due to stock option programs | | 59 |
| Comprehensive income of the year | | |
| Transfer due to disposal | | |
| **As of 06.30.2018** | **11,961** | **23,713** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## for the period January 1 to June 30, 2019

| € 000s | Share capital | Capital reserve |
|---|---|---|
| **As of 01.01.2019** | **11,969** | **24,119** |
| Equity translations with owners | | |
| • Dividend payments | | |
| • Issue of subscription shares from stock option programs, less costs of capital issue after taxes | 43 | 1,259 |
| Allocations due to stock option programs | | 160 |
| Comprehensive income of the year | | |
| **As of 06.30.2019** | **12,012** | **25,538** |

| | Revenue reserves | | | Other equity | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Currency translation | | |
| | Accumulated net income | Free revenue reserves | Treasury stock | Fair value reserve | Pension plans | | IFRS 5 | Group equity |
| | **100,092** | **19,392** | **-89** | **0** | **-769** | **774** | **0** | **153,738** |
| | | | | | | | | |
| | -9,533 | | | | | | | **-9,533** |
| | | | | | | | | **1,277** |
| | | | | | | | | **59** |
| | 2,623 | | | -2,544 | 36 | -3,076 | **0** | **-2,961** |
| | -2,544 | | | 2,544 | | | **0** | **0** |
| | **90,638** | **19,392** | **-89** | **0** | **-733** | **-2,302** | **0** | **142,580** |

| | Revenue reserves | | | Other equity | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Currency translation | | |
| | Accumulated net income | Free revenue reserves | Treasury stock | Fair value reserve | Pension plans | | IFRS 5 | Group equity |
| | **96,955** | **19,392** | **-89** | **0** | **-887** | **1,572** | **-827** | **152,204** |
| | | | | | | | | |
| | -9,811 | | | | | | | **-9,811** |
| | | | | | | | | **1,302** |
| | | | | | | | | **160** |
| | 3,889 | | | | | -1 | 827 | **4,715** |
| | **91,033** | **19,392** | **-89** | **0** | **-887** | **1,571** | **0** | **148,571** |

# CONSOLIDATED STATEMENT OF CASH FLOWS
## for the period January 1 to June 30, 2019

| € 000s | 01.01. – 06.30.2019 | 01.01.–06.30.2018[1] |
|---|---|---|
| **Operations** | | |
| Consolidated net income (after taxes) | 3,889 | 2,623 |
| Depreciation and amortization | 9,201 | 8,444 |
| Current income tax expenses | 1,714 | 2,202 |
| Income taxes paid less income taxes received | -4,323 | -26 |
| Financial income | -46 | -21 |
| Financial expenses | 513 | 329 |
| Interest paid | -496 | -307 |
| Interest received | 39 | 20 |
| Other non-cash expenses | 2,990 | 691 |
| Other non-cash income | -790 | -1,119 |
| Change in net pension provisions through profit or loss | 148 | 8 |
| Change in deferred taxes through profit or loss | -608 | -1,713 |
| - Profit / + loss on disposals of non-current assets | -19 | 2,085 |
| - Increase / + reduction in inventories, trade receivables and other assets | -6,142 | -8,779 |
| + Increase / - reduction in trade payables and other liabilities | 6,803 | 7,492 |
| **Cash flow from operating activities** | **12,873** | **11,929** |
| **Investments** | | |
| Incoming payments from disposals of non-current assets | | |
| • Property, plant and equipment | 22 | 16 |
| • Financial assets | 28 | 8,597 |
| Outgoing payments for investments in non-current assets | | |
| • Intangible assets | -5,685 | -3,763 |
| • Property, plant and equipment | -8,289 | -3,874 |
| Incoming payments from sale of previously consolidated companies less cash and cash equivalents transferred | -871 | 0 |
| **Cash flow from investing activities** | **-14,795** | **976** |
| **Financing** | | |
| Incoming funds from taking up of financial liabilities | 8,000 | 0 |
| Outgoing payments for repayment of financial liabilities | -1,034 | -1,402 |
| Incoming payments from issue of shares for employee stock option programs | 1,302 | 1,277 |
| Dividend payments | -9,811 | -9,533 |
| **Cash flow from financing activities** | **-1,543** | **-9,658** |
| **Cash-effective change in cash and cash equivalents** | **-3,465** | **3,247** |
| Cash and cash equivalents at start of period | 24,095 | 24,137 |
| Impact of exchange rate movements | -252 | -484 |
| **Cash and cash equivalents at end of period** | **20,378** | **26,900** |

[1] Not retrospectively adjusted for the first-time application of IFRS 16 in 2019.

# SELECT EXPLANATORY NOTE DISCLOSURES
for the period January 1 to June 30, 2019

## Information on the company

STRATEC SE, with its legal domicile in Gewerbestrasse 35-37, 75217 Birkenfeld, Germany, designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. Furthermore, the STRATEC Group (hereinafter also 'STRATEC') offers integrated laboratory software, and complex consumables for diagnostic and medical applications. In this, the company covers the entire value chain – from development and design through to production and quality assurance. The partners market the systems, software and consumables, in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. STRATEC develops its products on the basis of its own patented technologies.

STRATEC SE is entered in the Commercial Register in Mannheim, Germany, under No. HRB 732007.

This half-yearly financial report was approved for publication by the Board of Management of STRATEC SE on August 14, 2019.

## Basis of preparation

Consistent with § 37w of the German Securities Trading Act (WpHG), the half-yearly financial report of STRATEC SE comprises interim consolidated financial statements, an interim group management report, and a responsibility statement. The interim consolidated financial statements, which have not been audited, have been prepared in abridged form in accordance with the requirements of IAS 34 (Interim Financial Reporting) and in accordance with those International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, and interpretations issued by the International Financial Reporting Interpretations Committee (IFRS IC) that were valid and endorsed by the EU as of the reporting date and, in the case of the interim group management, additionally in accordance with the applicable requirements of the German Securities Trading Act (WpHG).

Apart from those accounting standards and interpretations requiring mandatory application for the first time in the current financial year and unless indicated otherwise below, the accounting policies applied in the interim consolidated financial statements are consistent with those applied when preparing the consolidated financial statements as of December 31, 2018. A detailed description of the accounting policies was published in the notes to the consolidated financial statements in the 2018 Annual Report.

STRATEC has not made premature application of new or amended accounting standards and interpretations that have already been published but do not yet require mandatory application.

The group currency is the euro. Unless otherwise indicated, all amounts have been stated in thousand euros (€ 000s).

## Accounting standards applied for the first time in the current financial year

### IFRS 16 (Leases)

STRATEC applied IFRS 16 (Leases) for the first time as of January 1, 2019. Pursuant to IFRS 16 C5 (b), first-time application was made retrospectively as of January 1, 2019 without amending the previous year's figures. Conversion effects upon first-time application have been recognized cumulatively in equity, while the previous year's period has been presented in accordance with the previous accounting requirements.

IFRS 16 (Leases) replaces the previously valid provisions of IAS 17 (Leases) and the associated interpretations IFRIC 4 (Determining Whether an Arrangement Contains a Lease), SIC 15 (Operating Leases – Incentives), and SIC 27 (Evaluating the Substance of Transactions in the Legal Form of a Lease).

The core concept of the new standard is that the **lessee** should, as a general rule, recognize all leases and all associated contractual rights and obligations in its consolidated balance sheet. The distinction previously required by IAS 17 (Leases) between finance and operating leases longer applies for lessees. For all leases, the lessee recognizes a lease liability in its consolidated balance sheet for the obligation to make future lease payments. At the same time, the lessee recognizes a right-of-use asset. This basically corresponds to the present value of future lease payments plus directly allocable costs. Lease payments include fixed payments, variable payments to the extent that these are indexed, payments expected for residual value guarantees and, where appropriate, the exercise price for purchase options and penalties for the premature termination of lease contracts. During the term of the lease contract, the lease liability is written forward in accordance with financial considerations, while the right-of-use asset is subject to scheduled amortization. This approach generally results in higher expenses at the beginning of the term of the lease contract. The weighted average incremental borrowing rate used to discount future lease payments remaining as of January 1, 2019 amounts to 3.7%.

At the **lessor**, by contrast, the requirements of the new standard are similar to the existing provisions of IAS 17 (Leases). Lease contracts will continue to be classified either as finance or operating leases. Leases in which substantially all of the risks and rewards incidental to ownership are transferred are classified as finance leases, while all other lease contracts count as operating leases. Classification of finance leases pursuant to IFRS 16 (Leases) has been based without amendment on the criteria set out in IAS 17 (Leases).

Apart from the application of a single discount rate to a portfolio of similarly structured lease contracts, upon **first-time application** STRATEC has drawn on the simplifications provided for in IFRS 16 C10, although the practical expedient provided for in IFRS 16.C10 (b) was not relevant for STRATEC. Furthermore, STRATEC has basically drawn on the options provided for in IFRS 16.5 and the option provided for in IFRS 16.15.

Specifically, first-time application of IFRS 16 (Leases) has resulted in the following adjustments and implications:

| € 000s | 06.30.2019 | 01.01.2019 |
|---|---|---|
| Right-of-use assets | 7,537 | 8,288 |
| Lease liabilities | 7,592 | 8,288 |
| EBITDA | 944 | n/a |
| EBIT | 46 | n/a |
| Financial result | -147 | n/a |
| Consolidated net income | -81 | n/a |

## Voluntary application of accounting methods

Due to the introduction of an enhanced allocation key, upon the preparation of the 2018 consolidated financial statements the product-related quality assurance costs previously included in general administration expenses were reallocated to cost of sales. The figures reported for the comparative period have been suitably adjusted by an amount of € 258k.

Due to the activation of the new uniform ERP system at the two largest production locations, Birkenfeld and Beringen, at the beginning of the 2019 financial year and the implementation of this system at the Budapest and Anif locations in the 2018 financial year already, all locations relevant to STRATEC's production activities now have a uniform ERP system. Due to the ongoing associated improvements in STRATEC's internal reporting and the further restructuring of the allocation key, starting in the 2019 financial year the product-related project support costs previously included in research and development expenses and in sales-related expenses have now been reallocated to cost of sales. Suitable adjustments, involving an amount of € 119k in research and development expenses and an amount of € 2,707k in sales-related expenses, have been made to the figures reported for the comparative period.

## Scope of consolidation

In accordance with the requirements of IFRS 10 (Consolidated Financial Statements), the scope of consolidation for the interim consolidated financial statements of STRATEC SE (parent company) basically includes all companies controlled by STRATEC SE (subsidiaries). Specifically, the scope of consolidation comprises the following subsidiaries:

- STRATEC Biomedical Switzerland AG, Beringen, Switzerland
- STRATEC Biomedical UK, Ltd., Burton upon Trent, UK
- STRATEC Biomedical USA, Inc., Glendale, US
- STRATEC Biomedical S.R.L, Cluj-Napoca, Romania
- STRATEC Services AG, Beringen, Switzerland
- STRATEC Capital GmbH, Birkenfeld, Germany
- RE Medical Analyzers Luxembourg 2 S.à r.l., Luxembourg, Luxembourg
- Medical Analyzers Holding GmbH, Zug, Switzerland
- Diatron Medicinai Instrumentumok Laboratóriumi Diagnosztikai Fejlesztö-Gyártó Zrt, Budapest, Hungary
- Diatron US, Inc., Delaware, US
- STRATEC PS Holding GmbH, Birkenfeld, Germany
- STRATEC Consumables GmbH, Anif, Austria
- STRATEC Biomedical Inc., Southington, US
- Mod-n-More Korlátolt Kft., Budapest, Hungary

The level of shareholding and percentage of voting rights held as of June 30, 2019 was unchanged and amounted to 100% of voting capital at all of the companies listed.

Due to their immaterial significance, the following subsidiaries have not been fully consolidated in the interim consolidated financial statements:

- Sanguin International Inc., Southington, US
- STRATEC Biomedical (Taicang) Co. Ltd., Taicang, China.

## Discontinued operations

By contract signed on February 28, 2019, all shares held in **STRATEC Molecular GmbH, Berlin**, and all loans granted by STRATEC SE to STRATEC Molecular GmbH were sold. The closing of the contract took place on schedule on March 31, 2019. Furthermore, in connection with the sale the control and profit transfer agreement concluded between STRATEC SE and STRATEC Molecular GmbH in the 2013 financial year was also rescinded as of March 31, 2019. Since the interim financial statements as of September 30, 2018, assets and liabilities forming part of the disposal group had been reported separately in the balance sheet and measured in accordance with the requirement of IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations). Furthermore, the earnings from this operation were presented separately in the consolidated statement of comprehensive income. The relevant figures reported for the comparative period have been adjusted accordingly.

The assets relating to discontinued activities as of December 31, 2018 are presented in the following table:

| € 000s | 12.31.2018 |
|---|---|
| Deferred tax assets | 64 |
| Raw materials and supplies | 225 |
| Unfinished products, contract fulfillment costs | 56 |
| Finished products and merchandise | 55 |
| Trade receivables | 271 |
| Current financial assets | 1 |
| Current other receivables and assets | 11 |
| Cash and cash equivalents | 279 |
| **Assets held for sale** | **962** |

The liabilities relating to discontinued activities as of December 31, 2018 are presented in the following table:

| € 000s | 12.31.2018 |
|---|---|
| Current financial liabilities | 26 |
| Trade payables | 47 |
| Other current liabilities | 805 |
| Provisions | 25 |
| **Liabilities related to assets held for sale** | **903** |

Following the closing of the transaction as of March 31, 2019, no amounts are included in the consolidated balance sheet as of June 30, 2019.

The earnings from the discontinued operation in the period from January 1, 2019 to June 30, 2019 and in the comparative period in the previous year are structured as follows:

| € 000s | 2019 | 2018 |
|---|---|---|
| Sales | 450 | 1,234 |
| Current income and expenses | -475 | -1,473 |
| **Current earnings from discontinued operation (before taxes on income)** | **-25** | **-239** |
| Taxes on income | -15 | 6 |
| Expenses from fair value measurement less costs to sell and disposal of discontinued operation | -1,608 | 0 |
| **Earnings from discontinued operation (after taxes on income)** | **-1,648** | **-233** |

In the (abridged) cash flow statement, the discontinued operation had the following implications in the period from January 1, 2019 to June 30, 2019 and in the previous year's comparative period:

| € 000s | 2019 | 2018 |
|---|---|---|
| Cash flow from operating activities | -54 | -205 |
| Cash flow from investing activities | -36 | -14 |

As of June 30, 2018, the discontinued operation held cash and cash equivalents of € 588k.

No depreciation or amortization was attributable to the discontinued operation in the period from January 1, 2019 to June 30, 2019 (previous year: € 190k). Over the same period, non-current asset impairments of € 46k were attributable to the discontinued operation (previous year: € 0k).

# Segment disclosures

No changes in segmentation have arisen compared with the consolidated financial statements as of December 31, 2018.

### Segment data by operating segment for the period from January 1 to June 30, 2019

| | Instrumentation (includes service parts and consumables allocable to business unit) € 000s | Diatron (includes service parts and consumables allocable to business unit) € 000s | Smart Consumables € 000s | Other Segments € 000s | Total[1] € 000s | Reconciliation € 000s | Total € 000s |
|---|---|---|---|---|---|---|---|
| Sales with external customers | 81,985 | 20,673 | 5,946 | 1,765 | 110,369 | 0 | 110,369 |
| Intersegmental sales | 875 | 1,134 | 109 | 563 | 2,681 | -2,681 | 0 |
| Depreciation and amortization | 2,984 | 3,703 | 2,327 | 141 | 9,155 | 0 | 9,155 |
| EBITDA | 13,190 | 3,860 | -1,111 | 119 | 16,058 | 0 | 16,058 |
| Adjusted EBITDA | 14,475 | 3,860 | -1,111 | 119 | 17,343 | 0 | 17,343 |
| EBIT | 10,206 | 157 | -3,438 | -22 | 6,903 | 0 | 6,903 |
| Adjusted EBIT | 11,491 | 3,345 | -2,091 | -22 | 12,723 | 0 | 12,723 |
| Interest income | 1,253 | 0 | 0 | 0 | 1,253 | -1,207 | 46 |
| Interest expenses | 360 | 1,081 | 246 | 33 | 1,720 | -1,207 | 513 |
| Assets | 303,588 | 59,279 | 33,255 | 13,732 | 409,854 | -118,639 | 291,215 |
| Additions to non-current assets | 11,960 | 503 | 809 | 656 | 13,928 | 0 | 13,928 |
| Average number of employees | 653 | 216 | 159 | 93 | 1,121 | 13 | 1,134 |

[1] Excluding segment data pursuant to IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations)

### Segment data by operating segment for the period from January 1 to June 30, 2018

| | Instrumentation (includes service parts and consumables allocable to business unit) € 000s | Diatron (includes service parts and consumables allocable to business unit) € 000s | Smart Consumables € 000s | Other Segments € 000s | Total[1] € 000s | Reconciliation € 000s | Total € 000s |
|---|---|---|---|---|---|---|---|
| Sales with external customers | 62,995 | 16,912 | 6,089 | 2,935 | 88,931 | 0 | 88,931 |
| Intersegmental sales | 928 | 255 | 305 | 391 | 1,879 | -1,879 | 0 |
| Depreciation and amortization | 2,742 | 3,471 | 1,993 | 48 | 8,254 | 0 | 8,254 |
| EBITDA | 10,299 | 2,236 | -1,093 | 276 | 11,718 | 0 | 11,718 |
| Adjusted EBITDA | 10,808 | 2,236 | -1,093 | 276 | 12,227 | 0 | 12,227 |
| EBIT | 7,557 | -1,235 | -3,086 | 228 | 3,464 | 0 | 3,464 |
| Adjusted EBIT | 8,487 | 1,978 | -1,633 | 228 | 9,060 | 0 | 9,060 |
| Interest income | 1,221 | 2 | 0 | 0 | 1,223 | -1,202 | 21 |
| Interest expenses | 311 | 1,038 | 175 | 7 | 1,531 | -1,202 | 329 |
| Assets | 279,349 | 55,975 | 32,707 | 9,206 | 377,237 | -115,913 | 261,324 |
| Additions to non-current assets | 4,731 | 679 | 1,724 | 489 | 7,623 | 0 | 7,623 |
| Average number of employees | 568 | 216 | 149 | 86 | 1,019 | 26 | 1,045 |

[1] Excluding segment data pursuant to IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations)

# Sales

The sales generated from contracts with customers in the period from January 1, 2019 to June 30, 2019 were structured as follows:

| Segment | Instrumentation € 000s | Diatron € 000s | Smart Consumables € 000s | Other € 000s | Total € 000s |
|---|---|---|---|---|---|
| **Type of goods or service** | | | | | |
| Analyzer systems | 40,462 | 11,404 | 0 | 0 | 51,866 |
| Service parts and consumables | 22,075 | 8,044 | 2,896 | 0 | 33,015 |
| Development and services | 18,710 | 0 | 3,050 | 1,765 | 23,525 |
| Other | 738 | 1,225 | 0 | 0 | 1,963 |
| **Total** | **81,985** | **20,673** | **5,946** | **1,765** | **110,369** |
| **Geographical regions** | | | | | |
| Germany | 10,483 | 3,937 | 178 | 134 | 14,732 |
| European Union | 47,568 | 5,668 | 2,496 | 220 | 55,952 |
| Other | 23,934 | 11,068 | 3,272 | 1,411 | 39,685 |
| **Total** | **81,985** | **20,673** | **5,946** | **1,765** | **110,369** |
| **Time at which sales are recognized** | | | | | |
| Recognized at a point in time | 78,610 | 20,673 | 5,562 | 1,254 | 106,099 |
| Recognized over time | 3,375 | 0 | 384 | 511 | 4,270 |
| **Total** | **81,985** | **20,673** | **5,946** | **1,765** | **110,369** |

The sales generated from contracts with customers in the period from January 1, 2018 to June 30, 2018 were structured as follows:

| Segment | Instrumentation € 000s | Diatron € 000s | Smart Consumables € 000s | Other € 000s | Total € 000s |
|---|---|---|---|---|---|
| **Type of goods or services** | | | | | |
| Analyzer systems | 33,097 | 9,115 | 0 | 0 | 42,212 |
| Service parts and consumables | 20,006 | 6,865 | 3,449 | 0 | 30,320 |
| Development and services | 7,461 | 0 | 2,640 | 2,935 | 13,036 |
| Other | 2,431 | 932 | 0 | 0 | 3,363 |
| **Total** | **62,995** | **16,192** | **6,089** | **2,935** | **88,931** |
| **Geographical regions** | | | | | |
| Germany | 11,403 | 4,362 | 6 | 224 | 15,995 |
| European Union | 32,553 | 3,420 | 2,530 | 304 | 38,807 |
| Other | 19,039 | 9,130 | 3,553 | 2,407 | 34,129 |
| **Total** | **62,995** | **16,912** | **6,089** | **2,935** | **88,931** |
| **Time at which sales are realized** | | | | | |
| Recognized at a point in time | 59,120 | 16,912 | 5,858 | 2,935 | 84,825 |
| Recognized over time | 3,875 | 0 | 231 | 0 | 4,106 |
| **Total** | **62,995** | **16,912** | **6,089** | **2,935** | **88,931** |

## Property, plant and equipment

STRATEC SE invested a total of € 13,974k in intangible assets and property, plant and equipment in the first six months of the 2019 financial year (previous year: € 7,637k). The investments in intangible assets mainly relate to the capitalization of development expenses, while the investments in property, plant and equipment chiefly involve the extension to the buildings at the Birkenfeld location and the acquisition of machinery, tools, test materials, and hardware.

## Financial instruments

The following table presents the carrying amounts and fair values of individual financial assets and liabilities for each individual class of financial instruments pursuant to IFRS 9 (Financial Instruments) and reconciles these with the corresponding balance sheet items.

As financial liabilities also include the financial instruments covered by IFRS 2 (Share-based Payment), which are exempted from the scope of IFRS 7 (Financial Instruments: Disclosures), the 'Not in scope of IFRS 7' column provides a corresponding reconciliation of these items.

### Abbreviations for IFRS 9 measurement categories (Financial Instruments):

| | |
|---|---|
| **AC** | Measured at amortized cost |
| **FVTPL** | Measured at fair value through profit or loss |
| **FVTOCI** | Measured at fair value through OCI |
| **n/a** | Not attributable to any measurement category |

| Figures in € 000s<br>06.30.2019<br>(12.31.2018) | IFRS 9 category | Carrying amount | Amortized cost | Fair value<br>of which Level 1 | of which Level 2 | of which Level 3 | Not in scope of IFRS 7 | Total | Fair value |
|---|---|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | | | |
| Financial assets | | | | | | | | | |
| • Investments in associates | n/a | 158<br>(158) | | | | | 158<br>(158) | 158<br>(158) | 158<br>(158) |
| • Other financial assets | AC | 311<br>(301) | 311<br>(301) | | | | | 311<br>(301) | 311<br>(301) |
| **Current assets** | | | | | | | | | |
| Trade receivables | AC | 34,891<br>(34,750) | 34,891<br>(34,750) | | | | | 34,891<br>(34,750) | 34,891<br>(34,750) |
| Receivables from associates | AC | 22<br>(22) | 22<br>(22) | | | | | 22<br>(22) | 22<br>(22) |
| Financial assets | | | | | | | | | |
| • Amortized cost | AC | 305<br>(115) | 305<br>(115) | | | | | 305<br>(115) | 305<br>(115) |
| • Fair value through profit or loss | FVTPL | 843<br>(696) | | 819<br>(696) | 24<br>(0) | | | 843<br>(696) | 843<br>(696) |
| • Fair value through OCI | FVTOCI | 0<br>(0) | | 0<br>(0) | | | | 0<br>(0) | 0<br>(0) |
| Cash and cash equivalents | AC | 20,378<br>(23,816) | 20,378<br>(23,816) | | | | | 20,378<br>(23,816) | 20,378<br>(23,816) |
| **Total financial assets** | | | | | | | | | |
| • of which amortized cost | AC | 55,907<br>(59,004) | 55,907<br>(59,004) | | | | | 55,907<br>(59,004) | |
| • of which fair value through profit or loss | FVTPL | 843<br>(696) | | 819<br>(696) | 24<br>(0) | | | 843<br>(696) | |
| • of which fair value through OCI | FVTOCI | 0<br>(0) | | 0<br>(0) | | | | 0<br>(0) | |
| • of which not in scope of IFRS 7 | n/a | 158<br>(158) | | | | | 158<br>(158) | 158<br>(158) | |

| Figures in € 000s<br>06.30.2019<br>(12.31.2018) | IFRS 9 cate-gory | Carrying amount | Amortized cost | Fair value<br>of which Level 1 | of which Level 2 | of which Level 3 | Not in scope of IFRS 7 | Total | Fair value |
|---|---|---|---|---|---|---|---|---|---|
| **Non-current debt** | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| • Amortized cost | AC | 81,839<br>(68,572) | 81,839<br>(68,572) | | | | | 81,839<br>(68,572) | 80,976<br>(67,719) |
| • Not in scope of IFRS 7 | n/a | 931<br>(361) | | | | | 931<br>(361) | 931<br>(361) | 931<br>(361) |
| **Current debt** | | | | | | | | | |
| Financial liabilities | | | | | | | | | |
| • Amortized cost | AC | 11,609<br>(7,388) | 11,609<br>(7,388) | | | | | 11,609<br>(7,388) | 12,302<br>(8,015) |
| • Fair value through profit or loss | FVTPL | 0<br>(15) | | | 0<br>(15) | | | 0<br>(15) | 0<br>(15) |
| • Not in scope of IFRS 7 | n/a | 764<br>(584) | | | | | 764<br>(584) | 764<br>(584) | 764<br>(584) |
| Trade payables | AC | 10,909<br>(6,457) | 10,909<br>(6,457) | | | | | 10,909<br>(6,457) | 10,909<br>(6,457) |
| Liabilities to associates | AC | 47<br>(0) | 47<br>(0) | | | | | 47<br>(0) | 47<br>(0) |
| **Total financial debt** | | | | | | | | | |
| • of which amortized cost | AC | 104,404<br>(82,417) | 104,404<br>(82,417) | | | | | 104,404<br>(82,417) | |
| • of which fair value through profit or loss | FVTPL | 0<br>(15) | | | 0<br>(15) | | | 0<br>(15) | |
| • of which fair value through OCI | FVTOCI | 0<br>(0) | | | | | | 0<br>(0) | |
| • of which not in scope of IFRS 7 | n/a | 1,695<br>(945) | | | | | 1,695<br>(945) | 1,695<br>(945) | |

## Fair value hierarchy

To ensure the comparability and consistency of fair value measurements and related disclosures, IFRS 13 (Fair Value Measurement) stipulates a fair value hierarchy that allocates the input factors used in valuation methods to calculate fair value to three levels. The hierarchy grants the highest priority to prices (taken over without amendment) on active markets for identical assets or liabilities (Level 1 input factors) and the lowest priority to non-observable input factors (Level 3 input factors). The following specific definitions apply:

**Input factors:** Assumptions that would be used by market participants when determining the price of an asset or liability, including risk assumptions, such as:

(a) The risk involved in a specific valuation method used to calculate fair value (such as a price model), and
(b) The risk involved in the input factors used in the valuation method.

Input factors may be observable or non-observable.

**Level 1 input factors:** Listed prices (taken over without amendment) on active markets for identical assets or liabilities to which the company has access on the valuation date.

**Level 2 input factors:** Input factors other than the listed prices included in Level 1 that are either directly or indirectly observable for the asset or liability.

**Level 3 input factors:** Input factors not observable for the asset or liability.

**Observable input factors:** Input factors derived from market data, such as publicly available information about actual events or transactions, which reflect those assumptions that would be used by market participants when determining the price of the asset or liability.

**Non-observable input factors:** Input factors for which no market data is available and which are derived from the best information available concerning the assumptions that would be used by market participants when determining the price of the asset or liability.

No items were reclassified within the three input factor levels in the period from January 1 to June 30, 2019 or in the comparative period. The financial assets allocated to Level 1 involve shares in listed companies, which have been measured at the closing price on the stock market with the highest trading volumes as of the balance sheet date. In the comparative period, these **predominantly** involved shares in a listed US company which were sold in full in June 2018. Overall, this had the following implications for the consolidated statement of comprehensive income:

| | Level 1 € 000s | Level 2 € 000s | Level 3 € 000s |
|---|---|---|---|
| **Balance at 01.01.2018** | **12,114** | **0** | **0** |
| Total gains or losses recognized through profit or loss | | | |
| • Other operating income | 0 | 0 | 0 |
| • Other operating expenses | 0 | 0 | 0 |
| • Other financial income/expenses | 225 | -28 | 0 |
| Total gains or losses recognized in OCI | | | |
| • Changes in value | -2,544 | 0 | 0 |
| • Reclassifications out of OCI into profit or loss (other operating income) | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 |
| Retirements | | | |
| • Due to sale | -8,597 | 0 | 0 |
| • Due to derecognition | 0 | 0 | 0 |
| **Balance at 06.30.2018** | **1,198** | **-28** | **0** |
| **Balance at 01.01.2019** | **696** | **-15** | **0** |
| Total gains or losses recognized through profit or loss | | | |
| • Other operating income | 0 | 0 | 0 |
| • Other operating expenses | 0 | 0 | 0 |
| • Other financial income/expenses | 151 | 39 | 0 |
| Total gains or losses recognized in OCI | | | |
| • Changes in value | 0 | 0 | 0 |
| • Reclassifications out of OCI into profit or loss (other operating income) | 0 | 0 | 0 |
| Additions | 0 | 0 | 0 |
| Retirements | | | |
| • Due to sale | -28 | 0 | 0 |
| • Due to derecognition | 0 | 0 | 0 |
| **Balance at 06.30.2019** | **819** | **24** | **0** |

# Financial liabilities

Financial liabilities include liabilities to banks of € 77,343k (12.31.2018: € 69,534k). In some cases, the relevant loan agreements include agreements concerning compliance with specific key financial figures (covenants) and of general obligations involving restrictions on the disposability of assets and provisos concerning further borrowing.

# Risk management activities

STRATEC had concluded hedging transactions as of June 30, 2019. These involve currency futures intended to secure future cash flows from sales in USD. No use was made of the hedge accounting provisions of IFRS 9 (Financial Instruments).

# Shareholders' equity

The development in shareholders' equity at STRATEC and dividends paid is presented in the consolidated statement of changes in equity. The number of ordinary shares issued by STRATEC SE as of June 30, 2019 amounts to 12,012,795. All shares are fully paid in and are registered shares.

# Disclosures on the volume of treasury stock and on subscription rights held by the company's directors, officers and employees pursuant to § 160 (1) Nos. 2 and 5 AktG

The company owned a total of 4,995 treasury stock shares at the interim balance sheet date. This corresponds to a prorated amount of € 4,995.00 of the company's share capital and to a 0.04% share of its equity.

## Stock option programs

The company had three stock option programs (equity-settled share-based payment) as of June 30, 2019.

In the financial years 2015 to 2017, the individual members of the Board of Management were no longer granted any stock options. Rather than stock options, they were granted stock appreciation rights (cash-settled share-based payment – SARs) as a variable compensation component of a long-term incentive nature. From the 2018 financial year, a modification to this approach means that the company no longer exclusively grants stock appreciation rights (SARs), but has once again granted stock options at a ratio of 75% (SARs) to 25% (stock options).

The members of the Board of Management, managing directors, and employees held the following number of subscription rights (stock option rights) as of June 30, 2019:

| Stock option rights | Board of Management/ Managing Directors | Employees | Total |
|---|---|---|---|
| Outstanding on 01.01.2019 | 114,600 | 99,500 | 214,100 |
| Granted | 15,000 | 4,250 | 19,250 |
| Exercised | 33,000 | 10,550 | 43,550 |
| Lapsed | 0 | 0 | 0 |
| Forfeited | 0 | 0 | 0 |
| Outstanding on 06.30.2019 | 96,600 | 93,200 | 189,800 |

Of the stock option rights granted in the first six months, a total of 10,000 were granted to members of the Board of Management (previous year: 0), 5,000 to managing directors of subsidiaries (previous year: 4,000), and 4,250 to employees (previous year: 5,250).

In the first six months, 32,000 stock option rights were exercised by members of the Board of Management (previous year: 25,000), 1,000 stock options were exercised by managing directors of subsidiaries (previous year: 0), and 10,550 stock options were exercised by employees (previous year: 15,050). Of the stock options exercised by STRATEC employees in the previous year's period, 2,500 related to stock options granted to a member of the Board of Management prior to his appointment as such. To service the stock option rights thereby exercised, a total of 43,550 shares were created from conditional capital (previous year: 40,050).

As in the previous year, no stock option rights lapsed in the period under report. None of the stock option rights held by managing directors of subsidiaries were forfeited (previous year: 1,000). As in the previous year, none of the stock option rights held by employees were forfeited in the period under report.

### Stock appreciation rights

The fair value of stock appreciation rights (SARs) developed as follows:

| Stock appreciation rights (SARs) | Tranche I/2019 | Tranche I/2018 | Tranche I/2017 |
|---|---|---|---|
| Issue date | 01.15.2019 | 10.25.2018 | 01.23.2017 |
| Fair value at issue date | € 18.43 | € 16.18 | € 10.90 |
| Fair value at 12.31.2018 | n/a | € 12.03 | € 14.59 |
| Fair value at 06.30.2019 | € 15.64 | € 15.36 | € 19.11 |

The development in the number of stock appreciation rights (SARs) is presented below:

| Number of rights | Total at 01.01.2019 | Granted | Exercised/lapsed/forfeited | Total at 06.30.2019 | of which exercisable |
|---|---|---|---|---|---|
| Tranche I/2017 | 40,000 | 0 | 0 | 40,000 | 40,000 |
| Tranche I/2018 | 30,000 | 0 | 0 | 30,000 | 0 |
| Tranche I/2019 | 0 | 30,000 | 0 | 30,000 | 0 |
| **Total** | **70,000** | **30,000** | **0** | **100,000** | **40,000** |

The total obligation for the payments expected in connection with the stock appreciation rights (SARs) granted as of the reporting date amounted to € 1,695k (12.31.2018: € 945k). This item has been recognized under financial liabilities.

## Components of other comprehensive income (OCI)

The currency translation reserve of € 1,571k recognized within other comprehensive income (OCI) as of June 30, 2019 (previous year: € -2,302k; 12.31.2018: € 745k) mainly comprises currency differences arising upon the translation of the separate financial statements of companies whose functional currency is not the euro and from the translation within equity of group-internal net investments as of the reporting date. The change in this item is recognized in the 'Currency translation differences from translation of foreign business operations' line item in the statement of comprehensive income.

## Research and development expenses

Outlays for research and development expenses not meeting the criteria for capitalization set out in IAS 38 (Intangible Assets) totaled € 3.9 million in the first six months of the 2019 financial year (previous year: € 4.5 million) and mainly involved personnel expenses and costs of materials. Overall, the STRATEC Group invested a total of € 21.0 million in research and development in the first six months of 2019 (previous year: € 17.6 million).

## Select related party disclosures

In the first half of 2019, STRATEC SE did not generate any revenues from transactions with STRATEC Biomedical (Taicang) Co. Ltd. (previous year: € 1k) and purchased services of € 97k from this company (previous year: € 177k). As of the interim reporting date, STRATEC SE reported receivables of € 13k (12.31.2018: € 13k) and liabilities of € 13k (12.31.2018: € 0k). Furthermore, as of the interim reporting date STRATEC Biomedical UK, Ltd. had a receivable of € 9k due to Sanguin International Inc. (12.31.2018: € 9k). Mod-n-More Korlátolt Kft. purchased services of € 67k from STRATEC Biomedical (Taicang) Co. Ltd. in the first half of 2019 (previous year: € 0k). As of the interim reporting date, there were liabilities of € 34k in this respect (previous year: € 0k).

For his activity as a member of the Administrative Board and in the previous year also as an advisor of STRATEC Biomedical Switzerland AG, Hermann Leistner received compensation equivalent to € 7k in the period under report (previous year: € 26k).

In the first half of 2019, STRATEC SE generated revenues of € 41k from transactions with DITABIS Digital Biomedical Imaging Systems AG (previous year: € 0k) and purchased services of € 272k from this company (previous year: € 0k). As of the interim reporting date, the company had receivables of € 130k due to DITABIS Digital Biomedical Imaging Systems AG (12.31.2018: € 49k). Services were performed on customary contractual conditions.

As of June 30, 2019, the STRATEC Group had outstanding balances of € 2,641k in connection with profit participation by members of the Board of Management (12.31.2018: € 2,983k).

## Employees

Including temporary employees, STRATEC had a total of 1,220 employees as of June 30, 2019 (previous year: 1,122).

## Major events after the interim reporting date

No events of particular significance which can be expected to materially influence the Group's earnings, financial, or asset position have occurred since the interim reporting date.

## Responsibility statement

We hereby affirm that, to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group consistent with the principles of proper accounting, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year.

# FINANCIAL CALENDAR

| 08 | 11 | 11 |
|---|---|---|
| **08.15.2019** | **11.07.2019** | **11.26.2019** |
| Half-yearly Financial Report H1\|2019 | Quarterly Statement 9M\|2019 | German Equity Forum, Frankfurt am Main, Germany |

Subject to amendment.

Quarterly statements and half-yearly financial reports are neither audited nor subject to an audit review by the group auditor Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart.

# ABOUT STRATEC

STRATEC SE (www.stratec.com) designs and manufactures fully automated analyzer systems for its partners in the fields of clinical diagnostics and biotechnology. Furthermore, the company offers integrated laboratory software, and complex consumables for diagnostic and medical applications. STRATEC covers the entire value chain – from development to design and production through to quality assurance.

The partners market the systems, software and consumables, in general together with their own reagents, as system solutions to laboratories, blood banks and research institutes around the world. STRATEC develops its products on the basis of its own patented technologies.

Shares in the company (ISIN: DE000STRA555) are traded in the Prime Standard segment of the Frankfurt Stock Exchange.

# IMPRINT AND CONTACT

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**Notice**

Forward-looking statements involve risks: This half-yearly financial report contains various statements concerning the future performance of STRATEC. These statements are based on both assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, we can provide no guarantee of this. This is because our assumptions involve risks and uncertainties which could result in a substantial divergence between actual results and those expected. It is not planned to update these forward-looking statements.

This half-yearly financial report contains various disclosures that from an economic point of view are not required by the relevant accounting standards. These disclosures should be regarded as a supplement, rather than a substitute for the IFRS disclosures.

Apparent discrepancies may arise throughout this half-yearly financial report on account of mathematical rounding up or down in the course of addition.

This half-yearly financial report is available in both German and English. Both versions can be downloaded from the company's website at www.stratec.com. In the event of any discrepancies between the two, the German report is the definitive version.