



POWER

PEOPLE | INNOVATION | PARTNERSHIP

Quarterly Statement Q1|2023

January 1 to March 31, 2023

STRATEC POSTS RESULTS FOR FIRST QUARTER OF 2023 AND CONFIRMS FINANCIAL GUIDANCE

- Sales in Q1/2023 -19.8% to € 60.5 million; constant-currency -20.7% (Q1/2022: € 75.4 million)
- Adjusted EBIT margin of 6.3% in Q1/2023 as expected below previous year (Q1/2022: 19.9%)
- 2023 guidance confirmed: Constant-currency sales growth of 8.0% to 12.0% and adjusted EBIT margin of around 12.0% to 14.0% expected
- Initiation of earnings improvement program with expected positive earnings effects of € 10.0 million to 15.0 million in 2024
- Further market launches together with partners and well-stocked development pipeline

Key figures¹

€ 000s	Q1/2023	Q1/2022	Change
Sales	60,478	75,387	-19.8%
Adjusted EBITDA	7,292	18,459	-60.5%
Adjusted EBITDA margin (%)	12.1	24.5	-1,240 bps
Adjusted EBIT	3,816	15,037	-74.6%
Adjusted EBIT margin (%)	6.3	19.9	-1,360 bps
Adjusted consolidated net income	2,133	11,948	-82.1%
Adjusted earnings per share (€)	0.18	0.99	-81.8%
Earnings per share (€)	0.11	0.92	-88.0%

bps = basis points

¹ For comparison purposes, figures have been adjusted to exclude amortization resulting from purchase price allocations in the context of acquisitions and other non-recurring items (including consulting expenses in connection with M&A activities).

BUSINESS PERFORMANCE

Consolidated sales at the STRATEC Group amounted to € 60.5 million in the first quarter of 2023 (Q1/2022: € 75.4 million) and thus fell year-on-year by 19.8% (constant-currency: -20.7%). The reduction in sales is therefore consistent with original budget expectations and the indicative quarterly outlook communicated in March 2023. As expected, the sales performance in the first quarter of 2023 was particularly affected by the previous year's high basis of comparison for molecular diagnostic product lines (including service parts) on account of the pandemic. Moreover, due to stock optimization measures one customer operating in transfusion medicine posted temporarily weaker system call-up figures. Overall, this led sales with Systems and Service Parts and Consumables to decrease. By contrast, STRATEC increased its sales with Development and Services.

Adjusted EBIT stood at € 3.8 million in the first quarter of 2023, compared with € 15.0 million in the previous year's quarter. As a result, the adjusted EBIT margin amounted to 6.3% (Q1/2022: 19.9%) and was, as expected, adversely affected by negative effects of scale, changes in the product mix, and higher input costs due to inflation. The development in the first-quarter margin was also negatively influenced by lower efficiency rates seen at the start of serial production for products newly launched onto the market.

In keeping with the marked reduction in current operating profitability, adjusted consolidated net income for the first quarter of 2023 also fell, in this case from € 11.9 million in the previous year to € 2.1 million. Adjusted earnings per share (basic) came to € 0.18 (Q1/2022: € 0.99).

For comparison purposes, the earnings figures have been adjusted to exclude amortization resulting from purchase price allocations in the context of acquisitions and other non-recurring items (including consulting expenses in connection with M&A activities). A reconciliation of the adjusted figures with the figures reported in the consolidated income statement is provided below:

€ 000s	Q1/2023	Q1/2022
Adjusted EBIT	3,816	15,037
Adjustments		
• PPA amortization	-787	-936
• Other ¹	-105	0
EBIT	2,924	14,101

¹ Including consulting expenses in connection with M&A activities

€ 000s	Q1/2023	Q1/2022
Adjusted consolidated net income	2,133	11,948
Adjusted earnings per share in € (basic)	0.18	0.99
Adjustments		
• PPA amortization	-787	-936
• Other ¹	-105	0
• Taxes on income	147	157
• Interest expenses	-19	0
Consolidated net income	1,369	11,169
Earnings per share in € (basic)	0.11	0.92

¹ Including consulting expenses in connection with M&A activities

INITIATION OF EARNINGS IMPROVEMENT PROGRAM

In response to the factors currently weighing on the margin, the Board of Management already decided in March 2023 to introduce and implement an extended earnings improvement program. Work on compiling the program and analyzing the associated earnings improvement potential is now largely complete. The program particularly comprises measures in the areas of personnel, non-personnel cost reductions, and further well-focused price adjustment strategies for the product portfolio. The personnel measures do not provide for any job-cutting program, but do involve a temporary partial halt to new hiring and a reallocation of resources.

The program is expected to involve earnings improvement potential of € 10.0 million to 15.0 million (before taxes) in 2024 compared with the original company budget. This earnings improvement potential does not account for additionally anticipated effects relating to the product and sales mix or for rising efficiency in the serial production of systems recently launched onto the market.

FINANCIAL GUIDANCE

Following negative order forecast corrections received from customers for a number of molecular diagnostic product lines in the first quarter of 2023, order volumes have recently stabilized and, for some products, already started to recover. Moreover, the pandemic-driven period of high comparative figures for the previous year will moderate significantly from the second quarter of 2023. On this basis, and taken together with the performance in line with expectations in the first quarter of 2023 and further growth in sales contributions from new product launches, STRATEC can confirm its financial guidance for the 2023 financial year. Accordingly, STRATEC continues to expect constant-currency sales growth of 8.0% to 12.0% and an adjusted EBIT margin of around 12.0% to 14.0% (previous year: 16.4%).

For the 2023 financial year, STRATEC is still budgeting investments in property, plant and equipment and intangible assets corresponding to a total of 6.0% to 8.0% of sales (2022: 6.9%).

The above guidance figures do not account for those effects of the earnings improvement program for 2023 that are already possible.

PROJECTS AND OTHER DEVELOPMENTS

Together with its partners, STRATEC pressed further ahead with numerous development projects in the first quarter of 2023. Various stages of pre-serial equipment for immunohematology and molecular diagnostic system solutions, for example, were delivered to the relevant partners. Not only that: In January 2023, a US partner obtained US FDA approval for a novel test process to rapidly detect potential sepsis and assess the associated risks at an early stage. The test process draws on a smart consumable developed by STRATEC. Sepsis is one of the most common causes of death worldwide and early detection is critical to potential successful treatment.

Furthermore, several products recently launched onto the market are in a dynamic start-up phase of serial production. Key production efficiency milestones were already reached in recent weeks and the procurement of necessary input products secured. STRATEC also expects to see further market launches in the coming months. One notable example is a product version for a flow cytometry flow solution that has been extended to include additional functions.

DEVELOPMENT IN PERSONNEL

The STRATEC Group's workforce continued to grow and passed the 1,500 mark for the first time in the first quarter of 2023. Including personnel hired from temporary employment agencies and trainees, STRATEC had a total of 1,502 employees as of March 31, 2023 (previous year: 1,406). This corresponds to growth of 6.8% compared with the previous year's reporting date.

CONSOLIDATED BALANCE SHEET

as of March 31, 2023

Assets

€ 000s	03.31.2023	12.31.2022
Non-current assets		
Goodwill	37,653	36,655
Other intangible assets	52,618	51,616
Right-of-use assets	12,899	12,444
Property, plant and equipment	62,476	61,559
Non-current financial assets	3,559	3,539
Non-current contract assets	13,433	16,638
Deferred taxes	3,562	3,666
	186,200	186,117
Current assets		
Inventories	128,578	117,630
Trade receivables	43,445	51,730
Current financial assets	1,224	1,404
Current other receivables and assets	12,198	10,502
Current contract assets	7,779	6,115
Income tax receivables	1,566	1,338
Cash	25,351	22,668
	220,141	211,387
Total assets	406,341	397,504

Shareholders' equity and debt

€ 000s	03.31.2023	12.31.2022
Shareholders' equity		
Share capital	12,158	12,158
Capital reserve	35,428	35,145
Revenue reserves	184,193	182,823
Treasury stock	-35	-35
Other equity	-1,645	-4,907
	230,099	225,184
Non-current debt		
Non-current financial liabilities	85,248	84,033
Non-current contract liabilities	8,388	15,477
Provisions for pensions	3,121	3,152
Deferred taxes	9,475	9,412
	106,232	112,074
Current debt		
Current financial liabilities	18,088	15,254
Trade payables	14,798	10,865
Current other liabilities	8,284	7,532
Current contract liabilities	18,289	15,352
Provisions	1,291	1,291
Income tax liabilities	9,260	9,952
	70,010	60,246
Total shareholders' equity and debt	406,341	397,504

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to March 31, 2023

€ 000s	01.01. – 03.31.2023	01.01. – 03.31.2022
Sales	60,478	75,387
Cost of sales	-47,175	-52,771
Gross profit	13,303	22,616
Research and development expenses	-1,846	-1,841
Sales-related expenses	-3,142	-2,427
General administration expenses	-5,134	-4,370
Other operating income and expenses	-257	123
Earnings before interest and taxes (EBIT)	2,924	14,101
Net financial expenses	-793	-540
Earnings before taxes (EBT)	2,131	13,561
Taxes on income	-762	-2,392
Consolidated net income	1,369	11,169
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences from translation of foreign operations	3,262	359
Other comprehensive income (OCI)	3,262	359
Comprehensive income	4,631	11,528
Basic earnings per share in €	0.11	0.92
No. of shares used as basis (undiluted)	12,155,942	12,126,096
Diluted earnings per share in €	0.11	0.92
No. of shares used as basis (diluted)	12,174,646	12,179,658

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to March 31, 2023

€ 000s	01.01. – 03.31.2023	01.01. – 03.31.2022
I. Operations		
Consolidated net income (after taxes)	1,369	11,169
Depreciation and amortization	4,263	4,358
Current income tax expenses	666	2,385
Income taxes paid less income taxes received	-1,558	-2,402
Financial income	-29	-5
Financial expenses	581	358
Interest paid	-566	-349
Interest received	29	0
Other non-cash expenses	1,789	1,000
Other non-cash income	-852	-1,313
Change in net pension provisions through profit or loss	-25	62
Change in deferred taxes through profit or loss	96	7
Profit (-)/loss (+) on disposals of non-current assets	32	0
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-1,558	-15,518
Increase (+)/decrease (-) in trade payables and other liabilities	1,739	1,021
Cash flow from operating activities	5,976	773
II. Investments		
Incoming payments from disposals of non-current assets		
• Financial assets	0	19
Outgoing payments for investments in non-current assets		
• Intangible assets	-2,301	-2,471
• Property, plant and equipment	-2,827	-1,462
Cash flow from investing activities	-5,128	-3,914
III. Financing		
Incoming funds from taking up of financial liabilities	3,689	41,925
Outgoing payments for repayment of financial liabilities	-1,835	-36,836
Cash flow from financing activities	1,854	5,089
IV. Cash-effective change in cash (net balance of I–III)	2,702	1,948
Cash at start of period	22,668	47,184
Impact of exchange rate movements	-19	432
Cash at end of period	25,351	49,564

FINANCIAL CALENDAR

<p>04</p> <p>04.28.2023 Quarterly Statement Q1 2023</p>	<p>05</p> <p>05.17.2023 Virtual Annual General Meeting</p>	<p>07</p> <p>07.28.2023 Half-year Financial Report H1 2023</p>	<p>10</p> <p>10.27.2023 Quarterly Statement 9M 2023</p>	<p>11</p> <p>11.28.2023 German Equity Forum (Analyst Conference)</p>
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Subject to amendment.

Quarterly statements and half-year 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 life sciences. Furthermore, the company offers complex consumables for diagnostic and medical applications. For its analyzer systems and consumables, 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 patented technologies.

Shares in the company (ISIN: DE000STRA555) are traded in the Prime Standard segment of the Frankfurt Stock Exchange and are listed in the SDAX select index of the German Stock Exchange.

IMPRINT AND CONTACT

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Notice

Forward-looking statements involve risks: This quarterly statement 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 quarterly statement 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 quarterly statement on account of mathematical rounding up or down in the course of addition.

In order to improve readability, all references are to the masculine form. This formulation explicitly includes all gender identities.

This quarterly statement 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.