

PRESS RELEASE

STRATEC REPORTS RESULTS FOR 2023 FINANCIAL YEAR

- Consolidated sales in 2023 -3.8% at constant currency to € 261.9 million (2022: € 274.6 million); Constant-currency growth of 12.9% in Q4/2023
- Adjusted EBIT margin of 10.3% (2022: 16.4%) within guidance corridor
- New product launch and newly concluded development cooperations with partners
- 2024 guidance: Sales on a constant-currency basis expected to remain stable or grow slightly with adjusted EBIT margin of around 10.0% to 12.0%
- Very weak start to the year, with strong recovery in sales and earnings performance expected from second quarter of 2024

Birkenfeld, March 28, 2024

STRATEC SE, Birkenfeld, Germany, (Frankfurt: SBS; Prime Standard, SDAX) today announced its financial results and major events for the period from January 1, 2023 to December 31, 2023 with the publication of its 2023 Annual Report.

KEY FIGURES¹

€ 000s	FY 2023	FY 2022	Change	Q4/2023	Q4/2022	Change
Sales	261,911	274,625	-4.6% (cc -3.8%)	74,231	66,971	+10.8% (cc: +12.9%)
Adj. EBITDA	41,576	58,582	-29.0%	14,309	10,487	+36.4%
Adj. EBITDA margin (%)	15.9	21.3	-540 bps	19.3	15.7	+360 bps
Adj. EBIT	27,071	45,053	-39.9%	10,849	6,986	+55.3%
Adj. EBIT margin (%)	10.3	16.4	-610 bps	14.6	10.4	+420 bps
Adj. consolidated net income	16,706	34,683	-51.8%	6,964	5,134	+35.6%
Adj. earnings per share (€)	1.37	2.86	-52.1%	0.57	0.42	+35.7%
Earnings per share (€)	1.07	2.41	-55.6%	0.45	0.37	+21.6%

Adj. = adjusted
bps = basis points
cc = at constant-currency

¹ For comparison purposes, adjusted figures for 2023 have been adjusted to exclude amortization from purchase price allocations in the context of acquisitions, as well as for other one-off items (consulting and reorganization expenses in connection with M&A activities and one-off personnel expenses). In the previous year, earnings figures were additionally adjusted to exclude a provision for expected back payments of tax (including interest payments).

BUSINESS PERFORMANCE

STRATEC generated consolidated sales of € 261.9 million in the 2023 financial year (previous year: € 274.6 million). On a constant-currency basis, this corresponds to a reduction of 3.8%. Natech Plastics, Inc., which was consolidated for the first time as of July 1, 2023, contributed 270 basis points to sales. This subdued overall sales performance is particularly due to additional laboratory capacities created during the COVID-19 pandemic and thus to the low level of dynamism currently apparent for molecular diagnostics instrumentation solutions. Sales were also adversely affected by high volumes of stocks at customers and development-related delays in a new veterinary diagnostics system generation. Positive developments in other areas, such as immunohematology, and new product launches were insufficient to fully offset these reductions. In view of these factors, constant-currency sales with Systems fell by 18.5% in the 2023 financial year. Given the sharp expansion in recent years in the installed base of systems in the market, by contrast, sales with Service Parts and Consumables rose by 9.6% at constant currency. Due to an ongoing high volume of development activities, sales with Development and Services also showed significant growth of 14.8% on a constant-currency basis.

CONSOLIDATED SALES BY OPERATING DIVISION

€ 000s	FY 2023	FY 2022	Change	Constant-currency change
Systems	113,839	140,845	-19.2%	-18.5%
Service Parts and Consumables	96,169	88,763	+8.3%	+9.6%
Development and Services	49,698	43,537	+14.2%	+14.8%
Other Activities	2,205	1,480	+49.0%	+49.0%
Consolidated sales	261,911	274,625	-4.6%	-3.8%

Adjusted EBIT stood at € 27.1 million in the 2023 financial year, as against € 45.1 million in the previous year. As a result, the adjusted EBIT margin decreased from 16.4% in the previous year to 10.3% and was within the most recently published guidance corridor. Among other factors, the year-on-year reduction in profitability is due to negative scale and product mix effects. Moreover, increases in input costs could only be passed on to customers at a later point in time.

Given the reduction in operating earnings and a year-on-year increase in the tax rate, adjusted consolidated net income for the 2023 financial year fell to € 16.7 million, compared with € 34.7 million in the previous year. Adjusted earnings per share (basic) amounted to € 1.37 (2022: € 2.86).

For comparison purposes, the earnings figures for 2023 have been adjusted to exclude amortization from purchase price allocations in the context of acquisitions, as well as for other one-off items (consulting and reorganization expenses in connection with M&A activities and one-off personnel

expenses). In the previous year, earnings figures were additionally adjusted to exclude a provision for expected back payments of tax (including interest payments).

FINANCIAL GUIDANCE

For the 2024 financial year, STRATEC expects end customer demand for molecular diagnostic automation solutions to remain at a low level both temporarily and on a full-year basis, with this being due to the additional laboratory capacities built up during the COVID-19 pandemic. Moreover, this lower level of market demand is currently being partly satisfied by higher volumes of stocks at STRATEC's customers. STRATEC nevertheless expects these stock levels to normalize by the middle of 2024 and that the resultant slight rise in market demand among end users will be reflected in STRATEC's delivery volumes. Furthermore, demand remains as robust as ever in all of STRATEC's other business areas for which no significant additional capacities arose during the pandemic, such as immunodiagnostics, immunohematology, and hematology.

Overall, for 2024 STRATEC therefore expects sales on a constant-currency basis to remain stable or to grow slightly compared with the previous year. The adjusted EBIT margin is forecast at around 10.0% to 12.0% (previous year: 10.3%). Due in particular to the stock issue referred to above and to a year-on-year reduction in the volume of sales realized from development work, STRATEC expects to post a highly subdued level of momentum for its business performance in the first quarter of 2024. Subsequent to this, the latest order forecasts received from customers, among other factors, indicate a very distinct recovery in the sales performance from the second quarter of 2024 and thus a return to positive scale and product mix effects.

Due to diverse downstream effects of the pandemic, customers' order behavior continues to be marked by increased volatility. As a result, STRATEC's planning for 2024 is subject to greater uncertainties than usual. These also relate to the potential development in the product mix, the degree to which systems in the market are utilized, and the impact of further measures to enhance efficiency and make structural adjustments to the supply chain that are planned but not accounted for in the forecast.

For the 2024 financial year, STRATEC has planned investments in property, plant and equipment and in intangible assets corresponding to a total of 6.0% to 8.0% of sales (2023: 6.7%).

PROJECTS AND OTHER DEVELOPMENTS

STRATEC made progress in numerous proprietary development projects and in its development cooperations with partners in the 2023 financial year. Furthermore, new products were again launched onto the market. One example worth mentioning is the first-time launch in June 2023 of a system solution extended to include additional functions in the field of flow cytometry. New products were also transferred to serial production for partners in the smart consumables business in the financial year under report. In addition, new development cooperations were agreed with partners in the 2023 financial year. We would refer here to a major software project and a development cooperation for a modular analyzer system including consumables in the field of highly sensitive immunodiagnostics procedures for applications in blood banks and clinical diagnostics.

DEVELOPMENT IN PERSONNEL

Given the acquisition of Natech Plastics, Inc., the workforce of the STRATEC Group grew slightly in 2023. As of December 31, 2023, STRATEC had a total of 1,522 employees. This corresponds to a year-on-year increase of 2.8%. Adjusted to exclude the acquisition of Natech Plastics, Inc., the workforce showed an organic reduction of 4.1%. The temporary slowdown in workforce growth is due in particular to the earnings enhancement program initiated in March 2023.

DIVIDEND PROPOSAL

Given our company's positive medium to long-term growth prospects and consistent with its dividend policy of maintaining a distribution quota of 40% to 60% of adjusted consolidated net income, the Board of Management and Supervisory Board plan to propose the distribution of a dividend of € 0.55 per share for the 2023 financial year for approval by the Annual General Meeting on May 17, 2024 (previous year: € 0.97 per share). The year-on-year reduction in the distribution total is to be viewed against the backdrop of internal and potential external growth opportunities, associated potential financing requirements, and the acquisition of Natech Plastics, Inc. in 2023.

2023 ANNUAL REPORT

The 2023 Annual Report of STRATEC SE has been published on the company's website at www.strattec.com/financial_reports.

FORTHCOMING DATES

The Quarterly Statement Q1|2024 will be published on April 26, 2024.

CONFERENCE CALL AND AUDIO WEBCAST

To mark the publication of the definitive results for the 2023 financial year, we will be holding a conference call in English at 2.00 p.m. (CET) today, Thursday, March 28, 2024.

You will receive the dial-in data (telephone number, password + individual PIN) following brief registration at the following link: www.strattec.com/registration

The conference call will also be available at the same time as an audio webcast at www.strattec.com/audiowebcast20240328 (brief registration required). Please note that no questions can be submitted via the audio webcast. Clicking this link also enables you to follow or download the slide presentation.

ABOUT STRATEC

STRATEC SE (www.strattec.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.

FURTHER INFORMATION IS AVAILABLE FROM:

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