

PRESS RELEASE

STRATEC REPORTS FINAL FIGURES FOR 2022 FINANCIAL YEAR

- Consolidated sales in 2022 -4.4% to € 274.6 million (2021: € 287.3 million); constant-currency: -8.3%
- Adjusted EBIT margin of 16.4% (2021: 18.9%) broadly in line with original expectations
- Major product launch for one of the market leaders in molecular diagnostics and a well-stocked development pipeline
- Conversion of group management and segment reporting
- 2023 guidance: Constant-currency sales growth of 8.0% to 12.0% and adjusted EBIT margin of around 12.0% to 14.0% expected

Birkenfeld, March 30, 2023

STRATEC SE, Birkenfeld, Germany, (Frankfurt: SBS; Prime Standard, SDAX) today announced its financial results and major events for the period from January 1, 2022 to December 31, 2022 with the publication of its 2022 Annual Report.

KEY FIGURES¹

€ 000s	FY 2022	FY 2021	Change	Q4/2022	Q4/2021	Change
Sales	274,625	287,335	-4.4%	66,971	61,915	+8.2%
Adj. EBITDA	58,582	66,606	-12.0%	10,487	8,941	+17.3%
Adj. EBITDA margin (%)	21.3	23.2	-190 bps	15.7	14.4	+130 bps
Adj. EBIT	45,053	54,273	-17.0%	6,986	5,583	+25.1%
Adj. EBIT margin (%)	16.4	18.9	-250 bps	10.4	9.0	+140 bps
Adj. consolidated net income	34,683	45,122	-23.1%	5,134	4,559	+12.6%
Adj. earnings per share (€)	2.86	3.73	-23.3%	0.42	0.38	+10.5%
Earnings per share (€)	2.41	3.30	-27.0%	0.37	0.30	+23.3%

Adj. = adjusted
bps = basis points

¹ For comparison purposes, adjusted figures for 2022 have been adjusted to exclude amortization resulting from purchase price allocations in the context of acquisitions, a provision stated for expected back payments of tax (including interest payments), and other non-recurring items (including advisory expenses in connection with M&A activities). 2021 figures have been additionally adjusted to exclude an impairment loss recognized on a proprietary development project in the Diatron segment.

BUSINESS PERFORMANCE

The STRATEC Group generated consolidated sales of € 274.6 million in the 2022 financial year (2021: € 287.3 million). This corresponds to a moderate reduction of 4.4% compared with the previous year (constant currency: -8.3%). As expected, the company's sales momentum was affected above all by the previous year's high basis of comparison for molecular diagnostics systems due to the pandemic, while systems in the fields of immunodiagnostics, immunohematology, and clinical chemistry showed positive growth rates. In addition, due to ongoing bottlenecks for upstream products, particularly electronics components, the company was unable to fully meet all of its customers' requirements for a number of product lines. As a result, sales with Systems decreased by 15.8% (constant currency: -19.7%), while Service Parts and Consumables showed a 6.1% reduction in sales (constant currency: -10.0%). Due to a high volume of sales realized for development services, by contrast, sales with Development and Services increased by 77.4% (constant currency: +73.4%).

CONSOLIDATED SALES BY OPERATING DIVISION

€ 000s	FY 2022	FY 2021	Change	Constant-currency change
Systems	140,845	167,284	-15.8%	-19.7%
Service Parts and Consumables	88,763	94,530	-6.1%	-10.0%
Development and Services	43,537	24,545	+77.4%	+73.4%
Other	1,480	976	+51.6%	+41.6%
Consolidated sales	274,625	287,335	-4.4%	-8.3%

Adjusted EBIT amounted to € 45.1 million in the 2022 financial year, as against € 54.3 million in the previous year. The adjusted EBIT margin thus decreased from 18.9% in the previous year to 16.4%. This reduction is nevertheless consistent with original expectations at the beginning of the 2022 financial year. Alongside negative effects of scale, the development in the margin was adversely affected by the normalization in the product mix and by higher input costs due to inflation. By contrast, the earnings contributions from the realization of development services showed a significant year-on-year increase (particularly in the third quarter of 2022).

Given the lower level of operating earnings, adjusted consolidated net income also decreased, in this case from € 45.1 million in the previous year to € 34.7 million in the 2022 financial year. Adjusted earnings per share (basic) amounted to € 2.86 (2021: € 3.73).

For comparison purposes, the earnings figures for 2022 have been adjusted to exclude amortization resulting from purchase price allocations in the context of acquisitions, a provision stated for expected back payments of tax (including interest payments), and other non-recurring items (including advisory expenses in connection with M&A activities). A reconciliation of the adjusted figures with those

reported in the consolidated statement of comprehensive income can be found in the 2022 Annual Report also published today.

FINANCIAL GUIDANCE

For the 2023 financial year, STRATEC expects to generate constant-currency sales growth of 8.0% to 12.0%, with this being driven in particular by rising growth contributions from system solutions newly launched onto the market. By contrast, the company has recently received significantly lower order forecasts from its customers for a number of established systems and product groups which benefited from high additional demand during the COVID-19 pandemic. The Board of Management believes that the associated change in the product mix, together with a further rise in input costs due to inflation and the conversion to a new system generation in the veterinary diagnostics business, will have a temporary adverse impact on the margin in the 2023 financial year. STRATEC therefore expects its adjusted EBIT margin to decrease compared with the previous year and to amount to around 12.0% to 14.0% (previous year: 16.4%).

To respond to this expected reduction in the margin, the Board of Management has decided to initiate and promptly implement a far-reaching efficiency enhancement program. Details of the associated measures and corresponding earnings improvement potential are expected to be announced during the second quarter of 2023. Furthermore, extended price increases are being reviewed across the product portfolio. The above guidance figures do not yet account for those positive effects of the efficiency program that are already possible or for the extended price increases.

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

Indicative guidance for Q1/2023: The above guidance figures for the 2023 financial year assume that the first quarter of 2023 will be the final period to be affected by a significantly elevated previous year's basis of comparison due to the pandemic. Furthermore, the sales contributions and efficiency gains of products newly launched onto the market are expected to continually increase as the year progresses. The full-year guidance figures therefore account for a significant reduction in sales in the first quarter of 2023 and a lower initial level of profitability compared with the second half of 2023.

PROJECTS AND OTHER DEVELOPMENTS

Together with its partners, STRATEC reached major milestones in numerous development projects and launched new products onto the market in the 2022 financial year. In the third quarter of 2022, a partner (one of the market leaders in the in-vitro diagnostics sector) launched a molecular diagnostics system solution onto the market. For this partner, STRATEC developed both the instrumentation and the highly complex polymer-based consumable required to perform tests and transferred these to serial production. In view of its well-stocked development pipeline, STRATEC also expects to see numerous new product launches for new and existing partners in the coming months and years. Furthermore, STRATEC is holding promising negotiations concerning additional development cooperations and new partnerships.

STRATEC also reached further milestones in 2022 in terms of implementing sustainability aspects within its corporate strategy. In response to the increasing urgency of global climate protection, in December 2022 the Board of Management decided to further significantly step up the company's commitment to reducing greenhouse gas emissions. In this regard, the STRATEC Group plans to translate its existing "well below 2°C" target into a 1.5-degree target over a 24-month period and to have this reviewed by the Science Based Targets initiative (SBTi) based on scientific calculations. Overall, the STRATEC Group has already reduced its greenhouse gas emissions (Scopes 1 and 2) by 67.5% since 2019.

CONVERSION IN SEGMENT REPORTING

The Board of Management was extended as of January 1, 2023 to include Dr. Georg Bauer as the member responsible for sales. This step has been accompanied by significant changes affecting the future management of the STRATEC Group. As Group Sales Director, Dr. Bauer will in future centralize the sales and business development activities at existing business units and manage these for all products. Moreover, the activities and target markets of the three business units (Instrumentation, Smart Consumables, and Diatron) have become ever more closely aligned in recent years. Many development projects and products now require close involvement of the existing business units and cooperation between the three company segments. Moreover, the company's existing reporting, in which follow-up transactions (e.g. service parts) were reported under the respective business unit, involved the risk that external observers would misinterpret information pertaining to the delineation of the consumables business. Based on a reassessment and in agreement with the Supervisory Board, the Board of Management has therefore decided to manage the company on a centralized basis across all existing business activities and, in line with this, to discontinue the current allocation of activities to three business units. From the first quarter of 2023, reporting will be provided for a "one-segment company". The allocation of consolidated sales to the four operating divisions of Systems, Service Parts and Consumables, Development and Services and Other will not be affected by this change.

DEVELOPMENT IN PERSONNEL

Including personnel hired from temporary employment agencies and trainees, the STRATEC Group had a total of 1,481 employees as of December 31, 2022 (previous year: 1,398). STRATEC's team thus showed further growth once again in the 2022 financial year (+5.9% on previous year's reporting date). In view of its well-stocked development pipeline and the high volume of associated development activity, STRATEC expects to have a growing need for additional highly qualified staff in future as well.

DIVIDEND PROPOSAL

In light of its positive medium to long-term growth prospects and its very solid key financials, STRATEC would like to propose a dividend distribution of € 0.97 per share for approval by shareholders at this year's Annual General Meeting (previous year: € 0.95). Subject to approval by shareholders, this would mark the nineteenth consecutive dividend increase since payment of the first dividend in 2004.

2022 ANNUAL REPORT

The 2022 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|2023 will be published on April 28, 2023.

CONFERENCE CALL AND AUDIO WEBCAST

To mark the publication of the definitive results for the 2022 financial year, we will be holding a conference call in English at 2.00 p.m. (CEST) today, Thursday, March 30, 2023.

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

The conference call will also be available at the same time as an audio webcast at www.stratec.com/audioweecast20230330 (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.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.

FURTHER INFORMATION IS AVAILABLE FROM:

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