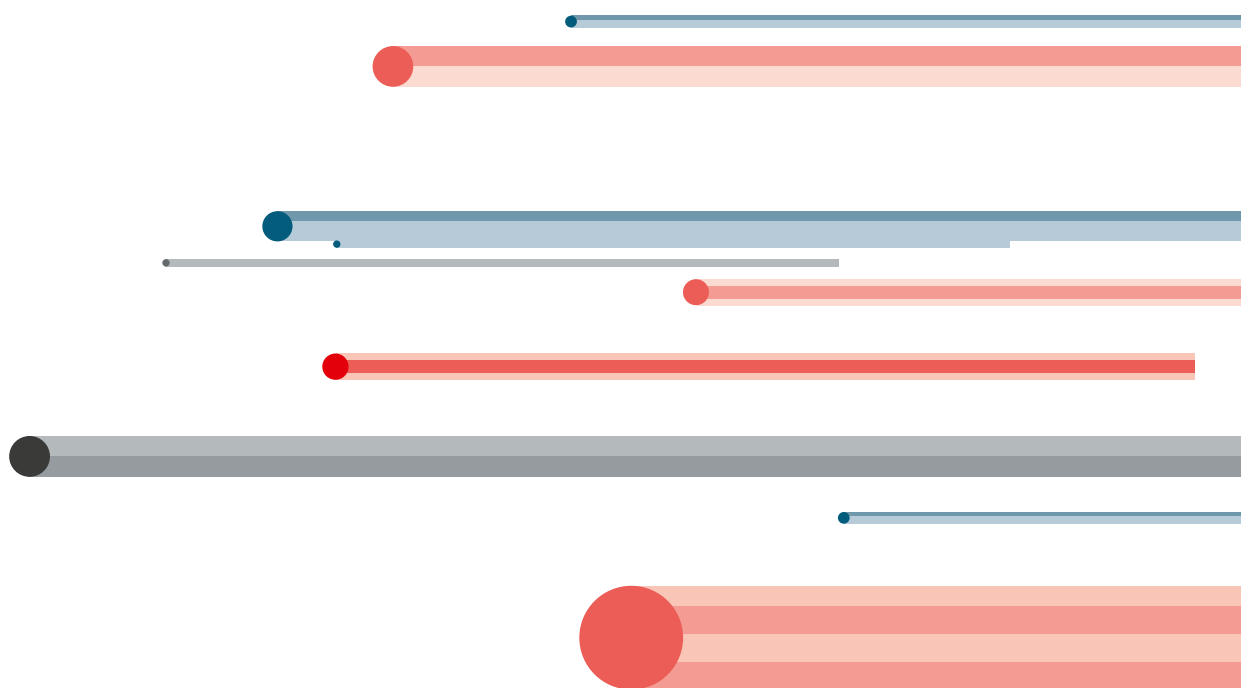




HALF-YEAR FINANCIAL REPORT H1|2020

JANUARY 1 TO JUNE 30, 2020

PROFILE

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

Furthermore, the company offers 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 / Key Figures	04
Letter from the Board of Management	05
Interim Group Management Report	06
Consolidated Balance Sheet as of June 30, 2020	12
Consolidated Statement of Comprehensive Income for the period January 1 to June 30, 2020	14
Consolidated Statement of Comprehensive Income for the period April 1 to June 30, 2020	15
Consolidated Statement of Changes in Equity for the period January 1 to June 30, 2020	16
Consolidated Statement of Cash Flows for the period January 1 to June 30, 2020	18
Selected Explanatory Notes for the period January 1 to June 30, 2020	19
Further Information	32

CURRENT INFORMATION

- 2020 financial guidance amended to account for COVID-19 pandemic: Organic sales growth of 14.0% to 18.0% and adjusted EBIT margin of around 15.5% to 16.5% expected
- COVID-19 pandemic leads to substantial additional demand for in-vitro diagnostics solutions
- Sales in H1/2020 rise year-on-year by 9.9% to € 119.4 million (H1/2019: € 108.6 million); constant-currency growth of +8.8%; system sales up by 30.6%
- Adjusted EBIT rises by 43.8% to € 18.4 million in H1/2020 (H1/2019: € 12.8 million)
- Adjusted EBIT margin improves year-on-year by 360 basis points to 15.4%

KEY FIGURES¹

€ 000s	H1/2020	H1/2019 ²	Change	Q2/2020	Q2/2019 ²	Change
Sales	119,367	108,604	+9.9%	62,863	62,035	+1.3%
Adjusted EBITDA	23,537	17,325	+35.9%	13,395	10,148	+32.0%
Adjusted EBITDA margin (%)	19.7	16.0	+370 bps	21.3	16.4	+490 bps
Adjusted EBIT	18,413	12,805	+43.8%	10,755	7,830	+37.4%
Adjusted EBIT margin (%)	15.4	11.8	+360 bps	17.1	12.6	+450 bps
Adjusted consolidated net income ³	15,595	10,455	+49.2%	9,349	6,699	+39.6%
Adjusted earnings per share (€) ³	1.30	0.87	+49.4%	0.78	0.56	+39.3%
Earnings per share (€) ³	1.01	0.48	+110.4%	0.64	0.37	+73.0%

bps = basis points

¹ To facilitate comparison, adjusted figures exclude amortization resulting from purchase price allocations in the context of acquisitions and associated reorganization expenses.

² Retrospectively adjusted to account for the recognition of the Data Solutions business unit as a discontinued operation pursuant to IFRS 5.

LETTER FROM THE BOARD OF MANAGEMENT

Dear Shareholders,
Partners and Friends of STRATEC,

STRATEC can report a very pleasing business performance for the first half of 2020. We achieved substantial year-on-year sales growth of 9.9% in the half-year period. This was driven both by very pleasing system call-up figures and by strong business with service parts and consumables. We also significantly improved our profitability, with our adjusted EBIT margin rising by 3.6 percentage points to 15.4%.

These pleasing results, particularly in the second quarter, are due among other factors to increased demand due to the COVID-19 pandemic. With our systems, we are making a key contribution, and that worldwide, to containing this global health crisis. Many of our partners launched relevant tests onto the market at an early stage of developments, and these tests are performed on systems designed and manufactured by STRATEC. We expect the additional demand for in-vitro diagnostics solutions due to the COVID-19 pandemic to impact positively on our results in the months ahead as well. This expectation is also reflected in our adjusted financial guidance for the 2020 financial year.

By acting early to take extensive measures to protect our staff and secure our supply chain, we managed to uphold our supply

capacity in the critical months of the worldwide lockdown. This was the prerequisite for successfully boosting our system output by more than a third.

Despite the challenges presented by the COVID-19 pandemic, STRATEC also reached important milestones in terms of new product developments in the first half of the year and is holding promising negotiations with partners for new projects. The strong development pipeline forms the foundation for our future sustainable growth.

By June 30, 2020, our organic workforce had grown by 14.5% compared with one year earlier. This increase was driven in particular by higher production volumes and the resultant need for additional staff.

We would like to thank our shareholders for their trust, which was also reflected in the high levels of approval granted at this year's Annual General Meeting. These included the approval of a further record dividend of € 0.84 per share, which we were then able to distribute in June 2020. This represents the sixteenth consecutive increase since payment of the first dividend in 2004.

Birkenfeld, August 2020

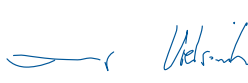
The Board of Management of STRATEC SE



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 9.9% to € 119.4 million in the first six months of the 2020 financial year (H1/2019: € 108.6 million). This corresponds to constant-currency adjusted organic sales growth of 8.8%. This growth was driven in particular by a substantial increase in sales with systems as well as service parts and consumables. Here, sales with systems rose year-on-year by 30.6% in the first half of 2020 (constant currency: +29.3%), while sales with service parts and consumables grew by 20.6% (constant currency: +19.4%). Particularly in the second quarter, both areas benefited from higher demand for in-vitro diagnostics products to contain the COVID-19 pandemic. This factor significantly offset the temporary dip in demand for some system lines due to medical tests being postponed during the worldwide lockdowns. By contrast, and consistent with expectations, due to the exceptionally high basis of comparison provided by the previous year's figure of € 23.5 million, sales with development and services fell by 49.9% (constant currency: -50.2%) to € 11.8 million.

Consolidated sales by operating division (€ 000s)

	H1/2020	H1/2019 ¹	Change
Systems	66,563	50,950	+30.6%
Service Parts & Consumables	40,677	33,739	+20.6%
Development and Services	11,792	23,525	-49.9%
Other	335	390	-14.1%
Consolidated sales	119,367	108,604	+9.9%

¹ Retrospectively adjusted

Given the higher volume of sales, the gross profit (gross profit on sales) rose from € 23.6 million in the previous year's period to € 33.7 million in the first half of 2020. As of June 30, 2020, the gross margin therefore came to 28.2%, compared with 21.7% in the first half of 2019.

As a result of the development pipeline, which was still well filled, gross development expenses remained at a high overall level of € 19.5 million in the first six months of 2020 (H1/2019: € 18.9 million).

Sales-related expenses increased from € 3.8 million in the previous year to € 5.5 million in the first half of 2020, while general administration expenses rose to € 9.6 million, up from € 9.1 million in the previous year's period.

€ 000s	H1/2020	H1/2019 ¹
Adjusted consolidated net income from continuing operations	15,595	10,455
Adjusted earnings per share from continuing operations in € (basic)	1.30	0.87
Adjustments		
• PPA amortization	-4,076	-4,535
• Expenses relating to transactions and associated restructuring expenses	0	-1,285
• Taxes on income	637	1,073
Consolidated net income from continuing operations	12,156	5,708
Earnings per share from continuing operations in € (basic)	1.01	0.48

¹ Retrospectively adjusted

Segments

The business activities of the STRATEC Group are divided into three reporting segments.

In its Instrumentation segment, STRATEC pools its business with designing and manufacturing fully automated analyzer systems, including service parts and consumables, for its clinical diagnostics and biotechnology customers.

The Diatron segment comprises the business with systems, system components, consumables and tests in the low throughput hematology and clinical chemistry segment.

The Smart Consumables segment includes the business with developing and manufacturing smart consumables in the fields of diagnostics, life sciences, and medical technology.

Instrumentation segment

Sales in the Instrumentation segment grew by 3.1 % to € 84.6 million in the first six months of the 2020 financial year (H1/2019: € 82.0 million). Within this segment, sales with systems, service parts and consumables showed double-digit percentage growth. In line with expectations, and due to the strong basis of comparison provided by the previous year's figure, sales with development and services decreased significantly. The adjusted EBIT margin improved by 60 basis points to 14.7% (H1/2019: 14.1%). The positive development in the margin was driven in particular by sales and product mix effects, which were partly offset by negative measurement items for stock appreciation rights (SARs).

Diatron segment

The Diatron segment reported substantial sales growth of 35.9% to € 28.1 million in the first half of the 2020 financial year (H1/2019: € 20.7 million). This growth in sales was driven in particular by strong call-up figures for systems, as well as by strong business volumes with service parts and consumables. Alongside the pleasing performance of molecular diagnostics products, Diatron also generated significant sales growth with veterinary diagnostics products. The adjusted EBIT margin for the first six months of 2020 improved to 26.7%, up from 16.2% in the previous year's period. Here, the development in the margin was positively affected in particular by positive benefits of scale and a strong product mix.

The cash flow from investing activities came to € -8.8 million, compared with € -14.8 million in the first half of 2019. Outflows of funds for property, plant and equipment decreased to € 6.5 million in the first half of 2020, down from € 8.3 million in the previous year's period. Among other items, investments in property, plant and equipment related to investments in the construction work currently underway to significantly expand building capacities at the company's headquarters in Birkenfeld. Investments in intangible assets amounted to € 5.0 million, compared with € 5.7 million one year earlier.

The investment ratio (investments in property, plant and equipment and intangible assets / sales) therefore amounted to 9.7% in the first half of 2020, which is slightly below the targeted corridor of 10% to 12% for the 2020 financial year as a whole.

The cash flow from financing activities amounted to € 0.1 million and mainly consisted of the dividend of € 10.1 million distributed to shareholders in June 2020, as well as of net new loans of € 8.2 million.

Cash and cash equivalents rose from € 20.4 million as of June 30, 2019 to € 25.8 million as of June 30, 2020.

Asset position

Total assets grew by € 13.3 million from € 299.4 million as of December 31, 2019 to € 312.7 million as of June 30, 2020.

Due among other factors to the disposal of the Data Solutions business unit in May 2020, non-current assets fell by € 5.8 million to € 164.4 million as of June 30, 2020, compared with € 170.3 million as of June 30, 2019. This reduction mainly resulted from a decrease in goodwill and other intangible assets.

By contrast, property, plant and equipment grew by € 3.3 million from € 47.3 million as of December 31, 2019 to € 50.7 million as of June 30, 2020. Among other factors, this growth was due to the construction work currently underway to significantly expand building capacities at the Birkenfeld location.

Current assets increased from € 129.1 million as of December 31, 2019 to € 148.3 million as of June 30, 2020. This growth was especially due to the greater need to secure inventories on account of the COVID-19 pandemic. Furthermore, the increase in sales volumes was accompanied by a rise in trade receivables from € 34.1 million to € 37.8 million.

Cash and cash equivalents amounted to € 25.8 million as of June 30, 2020, compared with € 22.7 million as of December 31, 2019.

Changes on the equity and liabilities side of the balance sheet related in particular to financial liabilities, which rose from € 100.0 million as of December 31, 2019 to € 110.4 million as of June 30, 2020.

The equity ratio amounted to 50.

To account for the considerable uncertainties surrounding future economic developments due to the possibility of a second wave, in its Economic Outlook the OECD presented two equally likely scenarios. One scenario assumes that all economies will face a second wave towards the end of the year, while the other scenario assumes that it will be possible to avoid a second wave. In the second-wave scenario, the OECD expects global gross domestic product (GDP) to contract by 7.6% in 2020. In that case, the global economy is only expected to show a slight recovery in 2021, with growth of 2.1%. If a second wave is successfully avoided, the OECD believes that the reduction in global GDP in 2020 can be limited to 6.0%. Not only that, a significantly stronger recovery could then be expected in 2021, with growth of 5.2%.

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.

In-vitro diagnostics methods also have a crucial role to play in containing the COVID-19 pandemic. After all, early diagnosis is the only way to successfully trace and interrupt chains of infection. Not only that, antibody tests enable conclusions to be drawn concerning the potential degree of immunity in the population and provide important information to be used in developing a vaccine.

Today, STRATEC offers products and solutions in numerous key areas of the IVD market. Consistently ageing 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 one 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

Long-term growth prospects in the target markets served by STRATEC's customers remain just as positive as before, particularly in the field of in-vitro diagnostics. Due to the world's aging population, technological advances, and the increasing prevalence of chronic diseases, global demand for in-vitro diagnostics applications is expected to show sustainable growth. Not only that, STRATEC is benefiting from the growing interest and willingness shown by customers in outsourcing the development and production of automation solutions to specialist partners such as STRATEC. In view of these factors, and given its very full development pipeline, the company is still positive in its assessment of its business prospects.

Given the high degree of forecasting uncertainty, the financial guidance for the 2020 financial year communicated by STRATEC on May 4, 2020 did not account for any potential implications of the COVID-19 pandemic apart from those effects that had already arisen by the end of April 2020. Drawing on the greater transparency now available, the Board of Management has decided to adjust the financial guidance for 2020 and to account for the potential implications of the pandemic.

STRATEC expects that the current additional demand among its customers due to the COVID-19 pandemic will have a significantly positive impact on its sales performance and product mix in the third and fourth quarter as well. Accounting for the potential and currently foreseeable implications of the COVID-19 pandemic, STRATEC therefore now expects to achieve constant-currency adjusted organic sales growth of between 14.0% and 18.0% in the 2020 financial year (2019 sales basis: € 214.2 million). For its adjusted EBIT margin, STRATEC now forecasts a figure of around 15.5% to 16.5% (2019: 13.7%).

STRATEC's previous financial guidance, dated May 4, 2020, was calling for constant-currency adjusted organic sales growth in a low double-digit percentage range accompanied by an adjusted EBIT margin of around 15.0% in the 2020 financial year.

For 2020, STRATEC still expects its investments in property, plant and equipment and intangible assets to correspond to around 10% to 12% of sales. Investments in property, plant and equipment mainly relate to the construction work currently underway to significantly extend the buildings at the company's headquarters in Birkenfeld. This work is scheduled for completion in the third quarter of 2020. As a result, the investment ratio is expected to decrease further in 2021.

Depending on its ability to recruit adequate numbers of suitably qualified employees, STRATEC plans to increase the number of its employees in the years ahead in order 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 additionally ensure compliance with the relevant legal and industry-specific requirements.

One of the core tasks performed by risk management at the STRATEC Group involves 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 international political insecurities currently observable and the economic effects of the COVID-19 pandemic, future developments in relevant markets and their currencies can only be assessed to a limited extent. Among other factors, this is reflected in the slight increase in volatility shown by customers in their order forecasts and in correspondingly volatile movements in exchange rates.

From STRATEC's perspective, there were no further changes as of June 30, 2020 compared with the risks and opportunities identified in the Group Management Report for the 2019 financial year dated April 2, 2020. 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 2019 Group Management Report.

CONSOLIDATED BALANCE SHEET

as of June 30, 2020

Assets

€ 000s	06.30.2020	12.31.2019
Non-current assets		
Goodwill	38,823	40,674
Other intangible assets	50,074	56,418
Right-of-use assets	7,591	8,583
Property, plant and equipment	50,682	47,338
Non-current financial assets	370	447
Non-current contract assets	15,979	15,616
Deferred taxes	925	1,207
	164,444	170,283
Current assets		
Inventories	62,925	55,978
Trade receivables	37,846	34,121
Current financial assets	2,603	1,319
Current other receivables and assets	10,460	6,124
Current contract assets	6,358	4,780
Income tax receivables	2,288	4,101
Cash and cash equivalents	25,818	22,708
	148,298	129,131
Total assets	312,742	299,414

Shareholders' equity and debt

€ 000s	06.30.2020	12.31.2019
Shareholders' equity		
Share capital	12,085	12,030
Capital reserve	28,705	26,457
Revenue reserves	119,507	120,978
Treasury stock	-65	-89
Other equity	-2,911	-369
	157,321	159,007
Non-current debt		
Non-current financial liabilities	98,452	90,378
Non-current other liabilities	6	481
Non-current contract liabilities	2,451	1,869
Provisions for pensions	5,292	5,077
Deferred taxes	7,199	6,931
	113,400	104,736
Current debt		
Current financial liabilities	11,977	9,584
Trade payables	16,103	12,266
Current other liabilities	8,604	6,016
Current contract liabilities	2,803	4,407
Provisions	1,144	1,138
Income tax liabilities	1,390	2,260
	42,021	35,671
Total shareholders' equity and debt	312,742	299,414

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 to June 30, 2020

€ 000s	01.01. – 06.30.2020	01.01.–06.30.2019 ¹
Sales	119,367	108,604
Cost of sales	-85,677	-85,045
Gross profit	33,690	23,559
Research and development expenses	-4,458	-3,856
Sales-related expenses	-5,495	-3,836
General administrative expenses	-9,584	-9,074
Other operating income and expenses	184	192
Earnings before interest and taxes (EBIT)	14,337	6,985
Net financial expenses	-207	-248
Earnings before taxes (EBT)	14,130	6,737
Taxes on income	-1,974	-1,029
Earnings from continuing operations	12,156	5,708
Earnings from discontinued operations	-3,526	-1,819
Consolidated net income	8,630	3,889
Items that may not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans	-48	0
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences from translation of foreign operations	-2,494	826
Other comprehensive income (OCI)	-2,542	826
Comprehensive income	6,088	4,715
Basic earnings per share in €	0.72	0.32
from continuing operations	1.01	0.48
from discontinued operations	-0.29	-0.15
No. of shares used as basis (basic)	12,031,695	11,969,239
Diluted earnings per share in €	0.71	0.32
from continuing operations	1.00	0.47
from discontinued operations	-0	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period April 1 to June 30, 2020

in T€	04.01.–06.30.2020	04.01.–06.30.2019 ¹
Sales	62,863	62,035
Cost of sales	-45,841	-48,972
Gross profit	17,022	13,063
Research and development expenses	-1,683	-1,687
Sales-related expenses	-2,350	-1,735
General administrative expenses	-4,435	-4,540
Other operating income and expenses	187	-91
Earnings before interest and taxes (EBIT)	8,741	5,010
Net financial expenses	69	204
Earnings before taxes (EBT)	8,810	5,214
Taxes on income	-1,157	-818
Earnings from continuing operations	7,653	4,396
Earnings from discontinued operations	-1,399	-191
Consolidated net income	6,254	4,205
Items that may not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans	-48	0
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences from translation of foreign operations	1,449	-440
Other comprehensive income (OCI)	1,401	-440
Comprehensive income	7,655	3,765
Basic earnings per share in €	0.52	0.35
from continuing operations	0.64	0.37
from discontinued operations	-0.11	-0.01
No. of shares used as basis (basic)	12,038,091	11,974,228
Diluted earnings per share in €	0.51	0.35
from continuing operations	0.63	0.36
from discontinued operations	-0.11	-0.01
No. of shares used as basis (diluted)	12,131,358	12,050,984

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period January 1 to June 30, 2020

€ 000s	Share capital	Capital reserve
As of 01.01.2020	12,030	26,457
Equity translations with owners		
• Dividend payments		
• Issue of subscription shares from stock option programs, less costs of capital issue after taxes	55	1,887
Allocations due to stock option programs		276
Allocations due to employee participation program		85
Comprehensive income of the year		
As of 06.30.2020	12,085	28,705

Other equity					
Accumulated net income	Treasury stock	Pension plans	Currency translation		Group equity
				IFRS 5	
116,347	-89	-887	1,572	-827	152,204
-9,811					-9,811
					1,302
					160
3,889			-1	827	4,715
110,425	-89	-887	1,571	0	148,571

Other equity					
Accumulated net income	Treasury stock	Pension plans	Currency translation		Group equity
				IFRS 5	
120,978	-89	-1,856	1,487	0	159,007
-10,101					-10,101
					1,942
					276
	24				109
8,630		-			

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period January I to June 30, 2020

€ 000s	01.01. – 06.30.2020	01.01. – 06.30.2019
I. Operations		
Consolidated net income (after taxes)	8,630	3,889
Depreciation and amortization	13,555	9,201
Current income tax expenses	2,028	1,714
Income taxes paid less income taxes received	-763	-4,323
Financial income	-30	-46
Financial expenses	644	513
Interest paid	-660	-496
Interest received	47	39
Other non-cash expenses	2,198	2,990
Other non-cash income	-2,733	-790
Change in net pension provisions through profit or loss	177	148
Change in deferred taxes through profit or loss	580	-608
Profit (-) / loss (+) on disposals of non-current assets	0	-19
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-21,421	-6,142
Increase (+) / decrease (-) in trade payables and other liabilities	9,621	6,802
Cash flow from operating activities	11,873	12,873
II. Investments		
Incoming payments from disposals of non-current assets		
• Property, plant and equipment	1	22
• Financial assets	805	28
Outgoing payments for investments in non-current assets		
• Intangible assets	-5,022	-5,685
•		

SELECTED EXPLANATORY NOTE DISCLOSURES

for the period January 1 to June 30, 2020

Information about the company

STRATEC SE 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 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.

STRATEC SE, whose legal domicile is at Gewerbestrasse 35-37, 75217 Birkenfeld, Germany, is a publicly listed corporation under European law and is registered in the Commercial Register in Mannheim, Germany, with the number HRB 732007.

This half-year financial report was approved for publication by the Board of Management of STRATEC SE on August 13, 2020.

Basis of preparation

Consistent with § 115 (2) in conjunction with § 117 No. 2 of the German Securities Trading Act (WpHG), the half-year 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 report, additionally in accordance with the applicable requirements of the German Securities Trading Act (WpHG).

The group currency is the euro. Unless otherwise indicated, all amounts have been stated in thousand euros (€ 000s). Due to numbers being rounded up or down, individual figures may not add up exactly to the totals stated and percentage figures may not correlate exactly with the absolute figures to which they refer.

Accounting policies applied

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 in preparing the consolidated financial statements as of December 31, 2019. A detailed description of the accounting

The following accounting standards and interpretations require mandatory application for the first time in the current financial year:

Standard	Title	Effective date ¹	EU endorsement
New and amended standards and interpretations			
IAS 1 and IAS 8	Amendments: Definition of Material	01.01.2020	11.29.2019
IFRS 3	Amendments: Definition of a Business	01.01.2020	04.21.2020
IFRS 9, IAS 39 and IFRS 7	Amendments: Interest Rate Benchmark Reform	01.01.2020	01.15.2020
Conceptual Framework	Amendments: Reference to the IFRS Conceptual Framework	01.01.2020	11.29.2019

¹ For companies like STRATEC whose financial year corresponds to the calendar year

The application of these standards and interpretations in the current financial year is consistent with the respective transition requirements. Unless explicitly required by individual standards and interpretations and explained separately below, the respective requirements have generally been applied retrospectively, i.e. the information has been presented as if the new accounting

methods had always been applied in the past. In these cases – and where called for by the respective standard – the comparative figures have been adjusted accordingly.

The aforementioned amendments did not have any implications for these interim consolidated financial statements.

Voluntary amendment

Determination of the recoverable amount when testing for impairment under IAS 36 (Impairment of Assets):

Due to the large number of variables involved, impairment tests are subject to a difficult assessment involving a significant degree of uncertainty in the estimates used. Given the dynamic development in the underlying framework due to the COVID-19 pandemic, the calculation of the fair value less costs to sell and of the value in use, which is determined as the present value of future net inflows of cash based on STRATEC's current planning, is subject to additional significant assessment uncertainties. At present, STRATEC is observing significantly positive and slightly negative effects in terms of its customer order and order forecasts. Overall, STRATEC currently expects to see a notably positive follow-up effect. In this respect, recent weeks have brought greater transparency. Although 'Smart Consumables' witnessed postponements in sales in the first half of 2020, based on updated planning the earnings and cash flow at this cash generating unit are still on budget from a full-year perspective. However, the possibility of temporary interruptions arising within the supply chain still cannot be fully ruled out. If necessary to determine the recoverable amount, the material assumptions underlying the impairment test would be adjusted accordingly.

Determination of expected credit losses upon subsequent measurement of financial assets:

STRATEC uses a sophisticated process to calculate its expected credit losses. This accounts for the creditworthiness of the debtor, the degree by which items are overdue, and the trade credit insurance policies concluded to minimize default risks. Given the dynamic development in the underlying framework due to the COVID-19 pandemic, consideration of credit default risk based on the creditworthiness of the respective debtor means that the calculation is subject to significant assessment uncertainties. If necessary, the material assumptions used to determine expected credit losses would be adjusted accordingly.

Impairment tests

STRATEC performs impairment tests pursuant to IAS 36 (Impairment of Assets) on goodwill and other intangible assets with unlimited or indefinite useful lives, as well as on intangible assets not yet ready for use, at least once a year and generally on a year-end basis. Furthermore, impairment tests pursuant to IAS 36 (Impairment of Assets) are performed when specific indications of impairment arise on the basis of external and internal sources of information. Given, among other factors, the dynamic development in the underlying framework due to the COVID-19 pandemic, STRATEC has tested its material

</

Due to its immaterial significance, the subsidiary STRATEC Biomedical (Taicang) Co. Ltd., Taicang, China, has not been included in the consolidated financial statements by way of full consolidation.

Discontinued operations

By contract dated May 4, 2020, all shares held in STRATEC Biomedical UK, Ltd., Burton upon Trent, UK, all shares held in Sanguin International Inc., Southington, US, and all loans granted by STRATEC SE to STRATEC Biomedical UK, Ltd. were sold. Due the loss of control resulting from this transaction, STRATEC Biomedical UK, Ltd. was deconsolidated as of May 4, 2020. The earnings from this operation have been presented separately in the consolidated statement of comprehensive income. The relevant figures reported for the comparative period have been adjusted accordingly. STRATEC Biomedical UK, Ltd. was allocated to the 'Others' segment. The shares in Sanguin International Inc. were reported under financial assets.

The disposal of the shares held in STRATEC Molecular GmbH impacted as follows on the asset, financial, and earnings position:

Figures upon deconsolidation € 000s

Agreed purchase price for the shares	3,403
Purchase price retention	-827
Expected payments due to purchase price retention	662
Highly probable consideration	3,238
Right-of-use assets	1,194
Property, plant and equipment	108
Inventories	1,297
Trade receivables	810

Depreciation and amortization of € 185k and impairments of non-current assets amounting to € 4,170k were attributable to the discontinued operations in the period from January 1, 2020 to April 30, 2020 (previous year: January 1 to June 30, 2019: depreciation and amortization of € 100k and impairments of € 46k).

Incoming payments from the sale of shares held in STRATEC Biomedical UK, Ltd. and STRATEC Molecular GmbH, less the cash funds thereby ceded, have been presented as a separate line item within the cash flow from investing activities, while the income from deconsolidation has been included in other non-cash income and expenses within the cash flow from operating activities.

Segment disclosures

Apart from the disposal of STRATEC Biomedical UK, Ltd., no changes in segmentation have arisen compared with the consolidated financial statements as of December 31, 2019. STRATEC Biomedical UK, Ltd. was allocated to the 'Others' segment. Existing supply and service relationships between STRATEC and STRATEC Biomedical UK, Ltd. are allocated to the 'Instrumentation' segment.

Segment data by operating segment for the period from January 1 to June 30, 2020

	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	Total¹ € 000s	Reconciliation² € 000s	Total € 000s
Sales with external customers	84,551	28,101	6,715	119,367	0	

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	Total ¹ € 000s	Reconciliation ² € 000s	Total € 000s
Sales with external customers	81,985	20,673	5,946	108,604	0	108,604
Inter-segmental sales	1,062	1,134	109	2,305	-2,305	0
Depreciation and amortization	3,025	3,703	2,327	9,055	146	9,201
EBITDA	13,291	3,860	-1,111	16,040	0	16,040
Adjusted EBITDA	14,576	3,860	-1,111	17,325	0	17,325
EBIT	10,266	157	-3,438	6,985	0	6,985
Adjusted E						

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

Segment	Instrumentation € 000s	Diatron € 000s	Smart Consumables € 000s	Total € 000s
Type of goods or services				
Analyzer systems	39,038	11,912	0	50,950
Service parts and consumables	22,444	7,936	3,359	33,739
Development and services	20,405	593	2,527	23,525
Other	98	232	60	390
Total	81,985	20,673	5,946	108,604
Geographical regions				
Germany	10,483	3,937	178	14,598
European Union	47,568	5,668	2,496	55,732
Other	23,934	11,068	3,272	38,274
Total				

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 06.30.2020 (12.31.2019)	IFRS 9 cate- gory	Carrying amount	Amortized cost	Fair value		
---	-------------------------	--------------------	-------------------	------------	--	--

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-

Furthermore, financial liabilities include the total obligation of € 3,458k stated for expected payments in connection with stock appreciation rights (SARs) granted (12.31.2019: € 1,063k). In the period under report, expenses of € 2,395k were recognized through profit or loss for cash-settled share-based payments (previous year: € 750k).

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

Stock appreciation rights (SARs)	Tranche 1/2020	Tranche 1/2019	Tranche 1/2018
Issue date	01.23.2020	01.15.2019	10.25.2018
Fair value at issue date	€ 17.55	€ 18.43	€ 16.18
Fair value at 12.31.2019	n/a	€ 17.74	€ 17.71
Fair value at 06.30.2020	€ 35.58	€ 40.36	€ 39.32

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

Furthermore, allowances of € 137k were recognized as of June 30, 2020 for expected credit losses on contract assets (12.31.2019: € 162k).

STRATEC had concluded hedging transactions as of June 30, 2020. 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, 2020 amounts to 12,085,845. All shares are fully paid in and are registered shares.

Treasury stock holdings

Select related party disclosures

In the first half of 2020, STRATEC SE purchased services of € 172k from STRATEC Biomedical (Taicang) Co. Ltd. (previous year: € 97k). As of the interim reporting date, there were receivables of € 13k (12.31.2019: € 13k) and liabilities of € 13k (12.31.2019: € 24k).

Mod-n-More Kft. purchased services of € 64k from STRATEC Biomedical (Taicang) Co. Ltd. in the first half of 2020 (previous year: € 67k). As of the interim reporting date, there were liabilities of € 30k in this respect (12.31.2019: € 34k).

Hermann Leistner did not receive any compensation in the period under report for his activity as a member of the Administrative Board of STRATEC Biomedical Switzerland AG (previous year: equivalent of € 7k).

In the first half of 2020, STRATEC SE generated revenues of € 36k from transactions with DITABIS Digital Biomedical Imaging Systems AG (previous year: €

FINANCIAL CALENDAR

08 08.13.2020 Half-Year Financial Report H1 2020	II 11.05.2020 Quarterly Statement 9M 2020	II 11.17.2020 German Equity Forum, Frankfurt am Main, Germany
---	--	---

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.