

MAKE THE
INVISIBLE
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BLE**

QUARTERLY STATEMENT 9M|2021

January 1 to September 30, 2021

STRATEC POSTS SUBSTANTIAL GROWTH AND INCREASED PROFITABILITY IN FIRST NINE MONTHS OF 2021

- Sales in 9M/2021 increase by 29.5% at constant-currency to € 225.4 million (9M/2020: € 179.1 million); nominal +25.9%
- Adjusted EBIT in 9M/2021 rises by 73.1% to € 48.7 million (9M/2020: € 28.1 million)
- Adjusted EBIT margin improves by 590 basis points to 21.6% (9M/2020: 15.7%)
- Further product launches in third quarter of 2021 and well-filled development pipeline
- Recently raised guidance for 2021 confirmed: Constant-currency sales growth of at least 16.0% and adjusted margin of around 19.0% to 20.0% expected

Dear Shareholders, Dear Partners and Friends of STRATEC,

The STRATEC Group can report a highly successful business performance and set further new records for its sales and earnings in the first nine months of 2021. Notwithstanding the high standard for comparison provided by the previous year's period, the company generated substantial growth in all its segments in the third quarter of 2021 as well. Overall, we achieved year-on-year growth of 25.9% in our consolidated sales in the first nine months 2021 while increasing our adjusted EBIT by 73.1%. Given these pleasing results and the current order situation, we were recently able to further significantly raise our financial guidance for the 2021 financial year.

We pressed further ahead with our development pipeline once again in the third quarter of 2021, with one example being the achievement of a major development milestone for a project in the field of immunohematology. Furthermore, we launched new products onto the market together with our partners and recently started further promising negotiations for numerous new projects.

The number of system placements has risen significantly in recent quarters and we have seen that this is also having an increasingly positive impact on our business with service parts and consumables. In view of this, and together with our young product portfolio and our well-stocked development pipeline, we are positive in our assessment of our company's medium to long-term growth prospects. Thanks to our strong balance sheet and our pleasing cash flow performance, we also enjoy great flexibility with regard to potential acquisitions and external growth opportunities.

We are aware of the responsibility we bear towards our employees, customers, suppliers, and other stakeholders and have always accorded great value to a sustainable corporate strategy. It was this commitment which motivated us to join the UN Global Compact, the world's largest initiative for sustainable corporate governance, in August 2021.

Thank you for the trust you have placed in us.

On behalf of the Board of Management
STRATEC SE



Marcus Wolfinger
Chief Executive Officer

Key figures¹

€ 000s	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
Sales	225,420	179,082	+25.9%	69,655	59,715	+16.6%
EBITDA	57,665	35,821	+61.0%	17,391	12,284	+41.6%
EBITDA margin (%)	25.6	20.0	+560 bps	25.0	20.6	+440 bps
Adjusted EBIT	48,690	28,121	+73.1%	14,233	9,708	+46.6%
Adjusted EBIT margin (%)	21.6	15.7	+590 bps	20.4	16.3	+410 bps
Adjusted consolidated net income	40,563	23,765 ²	+70.7%	12,016	8,170 ²	+47.1%
Adjusted earnings per share (€)	3.35	1.97 ²	+70.1%	0.99	0.67 ²	+47.8%
Earnings per share (€)	3.00	1.55 ²	+93.5%	0.92	0.54 ²	+70.4%

bps = basis points

¹ To facilitate comparison, adjusted figures exclude amortization resulting from acquisition-related purchase price allocations and an impairment recognized on a proprietary development project in the second quarter of 2021.

² Result from continuing operations.

BUSINESS PERFORMANCE

The STRATEC Group set further new records for its sales and earnings in the first nine months of 2021. Overall, consolidated sales grew year-on-year on a constant-currency basis by 29.5% (nominal: +25.9%) to € 225.4 million in the first nine months of 2021 (9M/2020: € 179.1 million). The third quarter of 2021 (consolidated sales Q3/2021: +16.7% at constant-currency) once again benefited from consistently dynamic developments in demand in all three company segments (Instrumentation, Diatron, Smart Consumables). Due to high ongoing utilization rates at systems placed with end customers and the significant expansion in the system installation basis in the preceding quarters, growth in the Service Parts and Consumables business has recently shown a further acceleration. Growth with Systems, particularly in the field of molecular diagnostics and immuno-hematology, also remained high in the third quarter of 2021. Furthermore, new market launches also contributed to the company's growth.

Adjusted EBIT for the first nine months of 2021 rose by 73.1% to € 48.7 million, compared with € 28.1 million in the previous year. Accordingly, the adjusted EBIT margin improved by 590 basis points to 21.6% (9M/2020: 15.7%). The margin performance was positively influenced by benefits of scale, as well as by a strong sales and product mix and the implementation of efficiency enhancement measures. Moreover, the charges recognized for stock appreciation rights (SARs) were significantly lower than in the previous year.

Consistent with the improvement in operating profitability, adjusted consolidated net income for the first nine months of 2021 also increased, in this case from € 23.8 million in the previous year to € 40.6 million. Adjusted earnings per share (basic) for the first nine months of 2021 rose by 70.1% to € 3.35 (9M/2020: € 1.97). Unadjusted earnings per share (basic) amounted to € 3.00, up from € 1.55 in the previous year.

To facilitate comparison, key earnings figures have been adjusted to exclude amortization resulting from acquisition-related purchase price allocations and an impairment recognized on a proprietary development project in the Diatron segment in the second quarter of 2021. A reconciliation of the adjusted figures with the figures reported in the consolidated income statement is provided below.

€ 000s	9M 2021	9M 2020
Adjusted EBIT	48,690	28,121
Adjustments		
• PPA amortization	-3,907	-6,071
• Impairment	-1,049	0
EBIT	43,734	22,050

€ 000s	9M 2021	9M 2020 ¹
Adjusted consolidated net income	40,563	23,765
Adjusted earnings per share in € (basic)	3.35	1.97
Adjustments		
• PPA amortization	-3,907	-6,071
• Impairment	-1,049	0
• Taxes on income	741	946
Consolidated net income	36,348	18,640
Earnings per share in € (basic)	3.00	1.55

¹ Results from continuing operations

PROJECTS AND OTHER DEVELOPMENTS

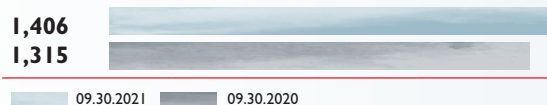
STRATEC once again launched new products onto the market together with its partners in the first nine months of 2021, while pressing further ahead with numerous development and other projects. One example in the third quarter of 2021 involves the launch of a smart consumable for a fast-growing area of clinical diagnostics on behalf of a North American player. Moreover, STRATEC gained a further partner for its proprietary immunoassay platform KleeYa®. Given its well-stocked development pipeline, STRATEC expects to see numerous major market launches in the months ahead as well. The launch of a new molecular diagnostics product family for one of the market leaders in this field is expected to take place in 2022.

STRATEC has always accorded great value to sustainable corporate governance and responsible resource handling. In August 2021, STRATEC joined the UN Global Compact, the world's largest corporate sustainability initiative. This move, which has once again underlined STRATEC's commitment to the ten universal principles of the UN Global Compact in the fields of human rights, labor, environment and anti-corruption, represents a further step by the company towards incorporating sustainability considerations into its corporate strategy.

DEVELOPMENT IN PERSONNEL

Including personnel hired from a temporary employment agency and trainees, the STRATEC Group had 1,406 employees as of September 30, 2021 (previous year: 1,315). Compared with the previous year, this corresponds to a 6.9% expansion in the workforce, a development due among other factors to the significant increase in production capacity.

Number of employees



FINANCIAL GUIDANCE

Based on the above-budget performance in the third quarter of 2021 and given current order volumes and updated risk adjustments, on October 28, 2021 STRATEC once again raised its financial guidance for the 2021 financial year as whole and published this by ad-hoc announcement. For the 2021 financial year, STRATEC currently expects constant-currency sales growth of at least 16.0%. For its adjusted EBIT margin, the company has forecast a figure of around 19.0% to 20.0%.

In view of the COVID-19 pandemic, STRATEC continues to observe increased volatility in its customers' order behavior. Global supply chains also remain tense and subject to uncertainties. The above guidance therefore specifically includes risk discounts for both sales and product mixes in the fourth quarter of 2021, as well as for potential further increases in logistics costs.

Following the completion in 2020 of the construction measures to convert and extend buildings at the Birkenfeld location, STRATEC expects its investment ratio to decrease in 2021. The company expects total investments in property, plant and equipment and intangible assets in 2021 to correspond to around 6.0% to 8.0% of sales (2020: 10.2%).

CONSOLIDATED BALANCE SHEET

as of September 30, 2021

Assets

€ 000s	09.30.2021	12.31.2020
Non-current assets		
Goodwill	38,406	37,860
Other intangible assets	50,671	50,753
Right-of-use assets	9,019	10,099
Property, plant and equipment	58,460	55,370
Non-current financial assets	3,585	581
Non-current other receivables and assets	9	0
Non-current contract assets	18,713	19,498
Deferred taxes	1,735	1,462
	180,598	175,623
Current assets		
Inventories	84,608	68,025
Trade receivables	41,234	34,782
Current financial assets	1,572	2,812
Current other receivables and assets	9,699	8,247
Current contract assets	3,531	3,144
Income tax receivable	621	1,710
Cash and cash equivalents	45,638	37,561
	186,903	156,281
Total assets	367,501	331,904

Shareholders' equity and debt

€ 000s	09.30.2021	12.31.2020
Shareholders' equity		
Share capital	12,120	12,103
Capital reserve	31,324	29,866
Revenue reserves	161,510	136,052
Treasury stock	-65	-65
Other equity	-5,161	-5,411
	199,728	172,545
Non-current debt		
Non-current financial liabilities	91,242	106,324
Non-current contract liabilities	13,051	4,373
Provisions for pensions	5,853	5,620
Deferred taxes	8,411	7,376
	118,557	123,693
Current debt		
Current financial liabilities	16,293	13,914
Trade payables	13,847	8,485
Current other liabilities	6,370	6,985
Current contract liabilities	7,351	1,902
Provisions	1,610	1,606
Income tax liabilities	3,745	2,774
	49,216	35,666
Total shareholders' equity and debt	367,501	331,904

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 to September 30, 2021

€ 000s	01.01. – 09.30.2021	01.01. – 09.30.2020 ¹
Sales	225,420	179,082
Cost of sales	-154,414	-127,113
Gross profit	71,006	51,969
Research and development expenses	-5,701	-7,745
Sales-related expenses	-7,564	-7,343
General administration expenses	-12,106	-14,802
Other operating income and expenses	-1,901	-29
Earnings before interest and taxes (EBIT)	43,734	22,050
Net financial expenses	-853	-520
Earnings before taxes (EBT)	42,881	21,530
Taxes on income	-6,533	-2,890
Earnings from continuing operations	36,348	18,640
Earnings from discontinued operations	0	-3,525
Consolidated net income	36,348	15,115
Items that may not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans	0	-48
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences from translation of foreign operations	249	-4,753
Other comprehensive income (OCI)	249	-4,801
Comprehensive income	36,597	10,314
Basic earnings per share in €	3.00	1.25
from continuing operations	3.00	1.55
from discontinued operations	0.00	-0.29
No. of shares used as basis (undiluted)	12,105,674	12,050,634
Diluted earnings per share in €	2.98	1.25
from continuing operations	2.98	1.54
from discontinued operations	0.00	-0.29
No. of shares used as basis (diluted)	12,180,897	12,136,452

¹ Retrospectively adjusted to account for the amended allocation of costs within individual functional areas.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period July 1 to September 30, 2021

in T€	07.01.–09.30.2021	07.01.–09.30.2020 ¹
Sales	69,655	59,715
Cost of sales	-47,776	-41,869
Gross profit	21,879	17,819
Research and development expenses	-1,709	-2,422
Sales-related expenses	-3,003	-2,221
General administration expenses	-3,750	-5,250
Other operating income and expenses	-182	-213
Earnings before interest and taxes (EBIT)	13,235	7,713
Net financial expenses	-140	-313
Earnings before taxes (EBT)	13,095	7,400
Taxes on income	-1,908	-916
Earnings from continuing operations	11,187	6,484
Earnings from discontinued operations	0	0
Consolidated net income	11,187	6,484
Items that may not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans	0	0
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences from translation of foreign operations	-974	-2,259
Other comprehensive income (OCI)	-974	-2,259
Comprehensive income	10,213	4,225
Basic earnings per share in €	0.92	0.54
from continuing operations	0.92	0.54
from discontinued operations	0.00	0.00
No. of shares used as basis (basic)	12,113,922	12,085,680
Diluted earnings per share in €	0.92	0.53
from continuing operations	0.92	0.53
from discontinued operations	0.00	0.00
No. of shares used as basis (diluted)	12,186,949	12,159,347

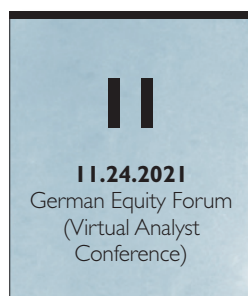
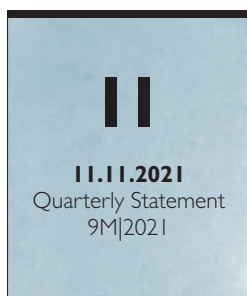
¹ Retrospectively adjusted to account for the amended allocation of costs within individual functional areas.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period January 1 to September 30, 2021

€ 000s	01.01. – 09.30.2021	01.01. – 09.30.2020
I. Operations		
Consolidated net income (after taxes)	36,348	15,115
Depreciation and amortization	13,931	18,126
Current income tax expenses	5,847	3,437
Income taxes paid less income taxes received	-3,796	-883
Financial income	-107	-37
Financial expenses	1,042	997
Interest paid	-977	-1,012
Interest received	49	39
Other non-cash expenses	3,367	2,602
Other non-cash income	-1,112	-2,700
Change in net pension provisions through profit or loss	250	238
Change in deferred taxes through profit or loss	686	87
Profit (-) / loss (+) on disposals of non-current assets	2	0
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-26,798	-26,596
Increase (+) / decrease (-) in trade payables and other liabilities	21,791	9,485
Cash flow from operating activities	50,523	18,898
II. Investments		
Incoming payments from disposals of non-current assets		
• Property, plant and equipment	37	2
• Financial assets	25	821
Outgoing payments for investments in non-current asset		
• Intangible assets	-7,492	-7,447
• Property, plant and equipment	-7,913	-10,337
• Financial assets	0	-7
Incoming payments from sale of previously consolidated companies less cash and cash equivalents transferred	0	1,927
Cash flow from investing activities	-15,343	-15,041
III. Financing		
Incoming funds from taking up of financial liabilities	10,000	24,000
Outgoing payments for repayment of financial liabilities	-26,884	-14,628
Incoming payments from issue of shares for employee stock option programs	820	2,278
Dividend payments	-10,888	-10,101
Cash flow from financing activities	-26,952	1,549
IV. Cash-effective change in cash and cash equivalents (net balance of I – III)	8,228	5,406
Cash and cash equivalents at start of period	37,561	22,708
Impact of exchange rate movements	-151	-546
Cash and cash equivalents at end of period	45,638	27,568

FINANCIAL CALENDAR



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

Published by

STRATEC SE
Gewerbestr. 37
75217 Birkenfeld
Germany
Phone: +49 7082 7916-0
Fax: +49 7082 7916-999
info@stratec.com
www.stratec.com

Head of Investor Relations & Corporate Communications

Jan Keppeler
Phone: +49 7082 7916-6515
j.keppeler@stratec.com

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 this quarterly statement, words in the masculine include words in the feminine; in parts of the quarterly statement, the masculine form has solely been used to make the document easier to read.

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.