TECAN

Press Release

Ad hoc announcement pursuant to Article 53 of the SIX Exchange Regulation Listing Rules

Tecan reports solid underlying sales growth in the first half of 2023 and confirms its outlook for full year 2023

Financial results for the first half of 2023 – Highlights

- **Sales of CHF 541.5 million (H1 2022: CHF 584.0 million)**
  - **Underlying growth of +6.8% in local currencies, excluding effects from lower COVID-related revenues and reduced material cost pass-through**
  - **Sales development of -3.6% in local currencies or -7.3% in Swiss francs, compared to a higher basis of comparison which still benefited from COVID-related sales**
- **Adjusted EBITDA of CHF 101.2 million (H1 2022: CHF 119.1 million)**
  - **Adjusted EBITDA margin of 18.7% (H1 2022: 20.4%)**
- **Adjusted net profit of CHF 65.8 million (H1 2022: CHF 80.6 million)**
  - **Adjusted earnings per share of CHF 5.16 (H1 2022: CHF 6.34)**
- **Outlook for full-year 2023 confirmed**

Operating highlights in the first half of 2023

- **Expansion of core offering in laboratory automation in key growth markets**
  - **Advancing automation for liquid biopsy and biobanking with launch of Phase Separator™ to boost efficiency and accuracy in lab workflows**
  - **Launch of a 96 channel pipetting arm with easy to use software for the Fluent® liquid handler for high-throughput workflows**
  - **Addition of unique solutions to address unmet workflow needs for proteomics and bioanalytical processes, nucleic acid purification and food safety workflows**
  - **Expansion of automated genomics portfolio and reagents offering**
- **Several new partnerships and product launches in Partnering Business**
  - **Start of commercial supplies for several new customers in all business lines of the Partnering Business; strong project pipeline**
  - **New partners cover growth fields with first revenue contribution in 2023**
- **Scaling of global manufacturing**
  - **Series production of Tecan's Cavro components established at Paramit's manufacturing facilities in Morgan Hill, USA, and Penang, Malaysia**
  - **First liquid handling and detection products manufactured at Tecan's new assembly plant in Shanghai, China, to better serve local customers**
- **Further building on sustainability activities**
  - **Absolute emissions reduction target set and submitted to the Science Based Targets Initiative (SBTi) for validation to reduce greenhouse gas emissions in line with climate science**
  - **Environmental management process has been independently audited, and ISO14001 certification achieved for Männedorf, Switzerland, headquarters**

Männedorf, Switzerland, August 15, 2023 – The Tecan Group (SIX Swiss Exchange: TECN) delivered solid underlying sales growth in the first half of 2023 and confirmed its outlook for full year 2023.

Tecan CEO Dr. Achim von Leoprechting commented: «I am pleased with our performance and the solid underlying sales growth in the first half of the year. In a very dynamic market environment with longer purchase decisions and cautious investment behavior among many customers, our teams did an outstanding job of materializing the opportunities that arose. It also stands out that we are now much more broadly positioned across multiple growth market segments. In addition to life science research and diagnostics Tecan also serves the medical devices market through strong OEM partnerships which continue to show solid growth. In addition, we were able to launch numerous new, highly innovative products directly or with partners in the first half of the year. With the continued dedication of our remarkable global teams and the support of our valued partners, we remain cautiously optimistic for the remainder of the year, as our sales funnel and new products in the Life Sciences Business and the combined offering in Partnering Business have shown promising potential.»

Financial results for the first half of 2023

Order entry for the first six months of the year was CHF 536.6 million (H1 2022: CHF 600.5 million), down 10.6% year-on-year, or 7.1% in local currencies compared to the substantial order entry achieved in the first half of 2022. In the prior-year period, COVID-related orders still contributed to the high order intake. In addition, higher inventories, for example of OEM components, were created by customers due to disrupted supply chains. As supply chains largely normalized in the first half of 2023, customers no longer needed to place orders as far in advance as they did in the prior-year period. As a result, the book-to-bill ratio also returned to normal at a level of around 1.

Reported sales in the first half of 2023 decreased by 7.3% in Swiss francs and 3.6% in local currencies to CHF 541.5 million (H1 2022: CHF 584.0 million or CHF 561.8 million when compared in local currencies). Underlying sales, on the other hand, increased by 6.8% in local currencies, excluding the effects of lower COVID-related sales and a lower pass-through of material costs compared to the prior-year period (estimated net effect of CHF -48m in local currencies and CHF -7m, respectively).

Adjusted operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) decreased by 15.0 % to CHF 101.2 million, mainly related to the lower sales volumes (H1 2022: CHF 119.1 million). The adjusted EBITDA margin amounted to 18.7% of sales (H1 2022: 20.4%).

Adjusted net profit[1] amounted to CHF 65.8 million (H1 2022: CHF 80.6 million), while adjusted earnings per share[1] reached CHF 5.16 (H1 2022: CHF 6.34). Reported net profit for the first half of

2023 was CHF 53.2 million (H1 2022: CHF 65.7 million). This figure includes integration-related costs in connection with the Paramit acquisition (CHF 5.0 million) as well as the accumulated amortization of acquired intangible assets (CHF 9.9 million).

Cash flow from operating activities increased by 17.3% to CHF 82.5 million in the first half of 2023 (H1 2022: CHF 70.3 million). In the prior-year period, inventories and safety stocks increased to ensure delivery capability in times of tight material supplies. These inventories have now been increasingly reduced again, and further reductions are expected by the end of the fiscal year. Thanks to the strong cash flow, Tecan's net liquidity position (cash and cash equivalents plus short-term time deposits less bank liabilities, loans and the outstanding bond) increased to CHF 61.7 million (December 31, 2022: CHF 41.2 million).

Information by business segment

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business reached CHF 228.6 million (H1 2022: CHF 259.1 million or CHF 246.6 million in local currencies), a decrease of 11.8% in Swiss francs or 7.3% in local currencies compared to the first half of 2022. In contrast, underlying sales increased by 5.1% in local currencies, excluding the impact of lower COVID-related sales compared to the same period last year (estimated net effect of CHF -29 million in local currencies, based on an allocation of 60% of total COVID-related sales in H1 2022). Thanks to good growth in the service business due to the higher installed base of instruments, recurring sales of services, consumables and reagents increased to 51.5% of segment sales (H1 2022: 50.9%).

Underlying demand for life science research and diagnostics solutions remained solid in many application areas, despite ongoing global economic uncertainties and more cautious spending patterns overall. In addition to good demand for existing products such as DreamPrep® NGS, newly launched products for growth areas have already enjoyed strong interest in the market, for example for liquid biopsies and biobanking, as well as new modules for the Fluent platform that enable high-throughput applications.

With order entry at the same level as sales, the book-to-bill ratio reached 1. Excluding COVID-related orders, the Life Sciences Business segment recorded its highest-ever order entry in a first half-year.

Reported operating profit in this segment (earnings before interest and taxes; EBIT) reached CHF 40.3 million (H1 2022: CHF 53.2 million). The operating profit margin amounted to 17.2% of sales (H1 2022: 19.5%), mainly due to the lower sales volumes in the first half of the year.

Partnering Business (OEM business)

The Partnering Business generated sales of CHF 312.9 million in the period under review (H1 2022: CHF 324.9 million or CHF 315.2 million in local currencies), which corresponds to a decrease

of 3.7% in Swiss francs. Sales were down 0.7% in local currencies. Underlying sales increased by 8.2% in local currencies, excluding the impact of lower COVID-related sales and a lower pass-through of material costs compared to the same period last year (estimated net effect of CHF -19 million in local currencies and CHF -7 million, respectively). Paramit reported strong double-digit growth supported by the fulfilment and subsequent revenue recognition of the high order backlog from 2022 and some pent up demand for medical products in the first half of the year. By contrast, sales of Cavro OEM components declined substantially, as these products had experienced a significant surge in demand in the prior-year period to mitigate disruptions in the supply chain and in the run-up to the transfer of production to two Paramit manufacturing sites.
Underlying demand in Partnering Business remained solid and as order entry was only marginally lower than sales, the book-to-bill ratio was close to 1.

Reported operating profit in this segment (earnings before interest and taxes; EBIT) amounted to CHF 30.8 million (H1 2022: CHF 35.5 million), while the operating profit margin reached 9.8% of sales (H1 2022: 10.9%). The integration costs (CHF 5.0 million; H1 2022: CHF 3.3 million) and amortization of acquired intangible assets in connection with the acquisition of Paramit were recognized for the Group in the Partnering Business segment. Other factors negatively impacting the segment margin were the lower sales volumes with corresponding negative economies of scale and a more negative product mix.

Additional information

Regional development

In Europe, Tecan's sales in the first six months of 2023 were still affected by a COVID-related high comparison base and developed accordingly with -18.0% in Swiss francs and -15.1% in local currencies. Against this high comparative basis, sales in the Life Sciences Business were 20.1% lower than the previous year in local currencies, and in the Partnering business they declined by 11.0% in local currencies.

In North America, sales grew by 3.5% in Swiss francs and by 6.9% in local currencies. Despite the high COVID-related basis of comparison and more cautious spending behavior, sales in the Life Sciences Business segment declined by only 1.8% in local currencies. The Partnering Business segment, on the other hand, reported a 13.2% increase in sales in local currencies, driven by strong sales growth at Paramit, which more than offset COVID-related sales in other product categories from the first half of 2022.

In Asia, sales decreased by 16.4% in Swiss francs and 10.4% in local currencies against a high COVID-affected comparative base, particularly in Japan. Due to the high basis of comparison, sales of the Partnering Business segment decreased by 26.7% in local currencies. The Life Sciences Business segment, on the other hand, recorded a 9.6% increase in sales in local currencies, with sales in China growing at the same rate as the Life Sciences Business in the Asia region as a whole.

Operating highlights for the first half of 2023

Tecan further expanded its core offering in laboratory automation in key growth markets in the first half of this year. With the launch of Phase Separator™, Tecan is advancing automation for high-growth liquid biopsy and biobanking applications to boost efficiency and accuracy in clinical, medical research and pharma lab workflows. Phase Separator is an innovative new pipetting capability available on the Fluent® Automation Workstation and represents a significant advance in liquid-separation technology of whole blood and other complex samples.
The newly launched MCA 96, a pipetting arm with 96 channels for the Fluent liquid handler together with an easy-to-use software offers an extremely wide volume range ideal for high-throughput workflows. The field-upgradeable MCA 96 with optional gripper can be combined with other arms – including another MCA 96 or an MCA 384 – to increase throughput even further.
With the launch of the Resolvex A200 Omics and Resolvex A200 24, Tecan added unique solutions to its broad automation portfolio to address unmet workflow needs for proteomics and bioanalytical processes, nucleic acid purification and food safety workflows.
The company also expanded its automated genomics portfolio and reagents offering. Among the various partnerships entered into in the first half of the year, Tecan and Oxford Nanopore build an alliance to create automated, seamless and fully compatible nanopore sequencing library preparation for any-length fragments of native DNA/RNA. To further expand its reagents offering, Tecan developed the first in a series of specialist reagent kits for its MagicPrep™ NGS library preparation system. The first kits are tailor-made for the Singular Genomics' G4™ Sequencing Platform.

In the Partnering Business, Tecan concluded several new partnerships and supported various customers with product launches and the start of commercial supplies in all business areas of the Partnering Business. This includes customized OEM systems, OEM components as well as contract development and manufacturing services. The partners are engaged in growth areas in key applications in life science research, diagnostics and the medical market with an initial revenue contribution for several customers as early as 2023. The project pipeline for new development and manufacturing projects remains rich and the broad OEM offering with strong synergies between the individual offerings is well received.

In the first half of 2023, Tecan continued to scale its global production and operational footprint. With Paramit Corporation now a fully integrated subsidiary of Tecan, the transfer of Cavro component production from its US site in San Jose, California, to the Paramit facilities in Morgan Hill, California, and Penang, Malaysia, progressed well and series production has now been successfully established at the new sites. This expansion of production capacity for Tecan's Cavro

OEM components will also make it possible to meet the planned increase in demand for these products in the future.
As a step in executing the strategy to serve local customers in China even better and meet their specific needs, Tecan opened a new assembly facility in the Shanghai Free-Trade Zone (SFTZ), where liquid handling and detection products were already manufactured in the first half of the year. The new site also fulfills local manufacturing requirements for goods destined for the Chinese market ("China for China" initiative) and offers new opportunities to advance Tecan's business in China.

Tecan's commitment to greenhouse gas emissions reduction took a further step forward in the first half of 2023, with an absolute emissions reduction target set and submitted to the Science Based Targets Initiative for validation. Tecan commits to reach net-zero greenhouse gas emissions across the value chain (scopes 1, 2 and 3) by 2050. The related targets are set out in the 2022 Annual Report, and include a commitment to purchase 100% renewable electricity by 2025.
In addition, the environmental management process has been independently audited, and ISO14001 certification achieved for Tecan's Männedorf headquarters. The 2022 Sustainability Report provides a comprehensive overview of Tecan's sustainability program and was published as part of the Annual Report 2022 on the corporate website in March.

Outlook for full-year 2023 confirmed

Tecan confirms its full-year 2023 outlook and continues to forecast sales to increase in the low to mid single-digit percentage range in local currencies. This expectation includes the negative impact of lower COVID-related sales (approximately -4 percentage points for the full year 2023, with the largest share of the impact already recorded in the first half of the year) and the reduced pass-through of material costs (at least -1 percentage point). Underlying sales, which exclude these negative effects, are expected to grow in the high single-digit percentage range in local currencies.

Tecan also continues to expect an adjusted EBITDA margin, excluding acquisition and integration-related costs, at least at around 20% of sales. This outlook assumes lower integration costs in 2023 compared to 2022. In contrast, Tecan expects the reported EBITDA margin to increase by 20-30 basis points in 2023 despite ongoing inflationary pressures.

The expectations regarding profitability are based on an average exchange rate forecast for full year 2023 of one euro equaling CHF 1.00 and one US dollar equaling CHF 0.92.
Integration and acquisition-related costs are expected to be in the low-teens of millions in Swiss francs in 2023, the accumulated amortization of all acquired intangible assets is expected to amount to around CHF 20 million.
The outlook 2023 does not take account of potential acquisitions during the course of the year.

Tecan also confirms the mid-term outlook published in March 2023.

Financial Report and Webcast

The full 2023 Interim Report can be accessed on the company's website www.tecan.com under Investor Relations.

Tecan will hold an analyst and media conference to discuss the results in the first half of 2023 today at 09:00 (CET). The presentation will also be relayed by live audio webcast, which interested parties can access at www.tecan.com. A link to the webcast will be provided immediately prior to the event.

The dial-in numbers for the conference call are as follows:
For participants from Europe: +41 (0)58 310 50 00 or +44 (0)207 059 107 0613 (UK)
For participants from the US: +1 (1) 631 570 5613
Participants should if possible dial in 15 minutes before the start of the event.

Key upcoming dates

- The 2023 Annual Report will be published on March 12, 2024
- The Annual General Meeting of Tecan's shareholders will take place on April 18, 2024

[1] The calculation of adjusted net profit and adjusted earnings per share excludes acquisition and integration costs (+CHF 5.0 million) as well as the accumulated amortization of acquired intangible assets (+CHF 9.9 million) and they were calculated with the reported Group tax rate of 15.1%.

About Tecan
Tecan (www.tecan.com) improves people's lives and health by empowering customers to scale healthcare innovation globally from life science to the clinic. Tecan is a pioneer and global leader in laboratory automation. As an original equipment manufacturer (OEM), Tecan is also a leader in developing and manufacturing OEM instruments, components and medical devices that are then distributed by partner companies. Founded in Switzerland in 1980, the company has more than 3,500 employees, with manufacturing, research and development sites in Europe, North America and Asia, and maintains a sales and service network in over 70 countries. In 2022, Tecan generated sales of CHF 1,144 million (USD 1,192 million; EUR 1,144 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TECN; ISIN CH0012100191).

For further information:

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– Financial tables on following pages –

Press Release

Tecan Group – Financial reporting
Interim consolidated financial statements as of June 30, 2023
(Key figures, unaudited)

Consolidated statement of profit or loss

January to June, CHF 1'000	2022	2023	△ in %
Sales	**584’007**	**541’499**	**-7.3%**
Cost of sales	(351’150)	(336’896)	-4.1%
Gross profit	**232’857**	**204’603**	**-12.1%**
In % of sales	*39.9%*	*37.8%*	
Sales and marketing	(69’550)	(62’965)	-9.5%
Research and development	(38’547)	(38’435)	-0.3%
General and administration	(44’941)	(41’703)	-7.2%
Other operating income	362	1’575	335.1%
Other operating expenses	(1)	-	n.a.
Operating profit (EBIT)	**80’180**	**63’075**	**-21.3%**
In % of sales	*13.7%*	*11.6%*	
Financial result	(1’615)	(393)	-75.7%
Profit before taxes	**78’565**	**62’682**	**-20.2%**
Income taxes	(12’908)	(9’484)	-26.5%
Profit for the period	**65’657**	**53’198**	**-19.0%**
In % of sales	*11.2%*	*9.8%*	

Non-GAAP EBITDA	**114’281**	**96’149**	**-15.9%**
In % of sales	*19.6%*	*17.8%*	

Non-GAAP adjusted EBITDA	**119’076**	**101’156**	**-15.0%**
In % of sales	*20.4%*	*18.7%*	

Basic earnings per share (CHF/share)	**5.17**	**4.17**	**-19.3%**
Diluted earnings per share (CHF/share)	**5.15**	**4.16**	**-19.2%**

Order entry

January to June, CHF 1'000	2022	2023	△ in % (CHF)	△ in % (LC)
Order entry	**600’482**	**536’578**	**-10.6%**	**-7.1%**

Segment information by business segments

Sales to third parties

January to June, CHF 1'000	2022	2023	△ in % (CHF)	△ in % (LC)
Life Sciences Business	259'136	228'597	-11.8%	-7.3%
Partnering Business	324'871	312'902	-3.7%	-0.7%
Total sales	**584'007**	**541'499**	**-7.3%**	**-3.6%**

Segment information

January to June CHF 1'000	Life Sciences Business		Partnering Business		Corporate / Consolidation		Total	
	2022	2023	2022	2023	2022	2023	2022	2023
Sales to third parties	259'136	228'597	324'871	312'902	-	-	584'007	541'499
Intersegment sales	12'955	5'313	749	674	(13'704)	(5'987)	-	-
Total sales	**272'091**	**233'910**	**325'620**	**313'576**	(13'704)	(5'987)	**584'007**	**541'499**
Operating profit	**53'187**	**40'287**	**35'451**	**30'807**	(8'458)	(8'019)	**80'180**	**63'075**
In % of sales	*19.5%*	*17.2%*	*10.9%*	*9.8%*			*13.7%*	*11.6%*

Sales by regions (by location of customers)

January to June CHF 1'000	Life Sciences Business		Partnering Business		Total		△ in % (CHF)	△ in % (LC)
	2022	2023	2022	2023	2022	2023		
Europe	86'064	65'037	102'237	89'448	188'301	154'485	-18.0%	-15.1%
North America	124'648	118'139	170'745	187'671	295'393	305'810	3.5%	6.9%
Asia	41'569	41'945	49'929	34'567	91'498	76'512	-16.4%	-10.4%
Others	6'855	3'476	1'960	1'216	8'815	4'692	-46.8%	-44.5%
Total sales	**259'136**	**228'597**	**324'871**	**312'902**	**584'007**	**541'499**	**-7.3%**	**-3.6%**

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Consolidated balance sheet

CHF 1'000	31.12.2022	30.06.2023	△ in %
Assets			
Current assets	764'970	811'398	6.1%
Non-current assets	1'353'376	1'266'662	-6.4%
Assets	**2'118'346**	**2'078'060**	**-1.9%**
Liabilities and equity			
Current liabilities	351'199	319'003	-9.2%
Non-current liabilities	450'987	415'743	-7.8%
Total liabilities	*802'186*	*734'746*	*-8.4%*
Shareholders' equity	1'316'160	1'343'314	2.1%
Liabilities and equity	**2'118'346**	**2'078'060**	**-1.9%**

Consolidated statement of cash flows

January to June, CHF 1'000	2022	2023	△ in %
Cash inflows from operating activities	70'287	82'456	17.3%
Cash outflows from investing activities[1]	(15'078)	(26'996)	79.0%
Cash outflows from financing activities	(43'170)	(43'052)	-0.3%
Translation differences	384	(1'780)	n.a.
increase in cash and cash equivalents	**12'423**	**10'628**	**-14.4%**
Cash and cash equivalents as per cash flow statement:			
At January 1	121'006	111'441	-7.9%
At June 30	133'429	122'069	-8.5%

[1]2023: including net cash outflow from time deposits of CHF 10 million

Consolidated statement of changes in equity

January to June, CHF 1'000	2022	2023	△ in %
Shareholders' equity at January 1	**1'224'895**	**1'357'720**	**10.8%**
Profit for the period	65'657	53'198	-19.0%
Other comprehensive income for the period	54'313	(41'993)	n.a.
Dividends paid	(35'597)	(37'024)	4.0%
New shares issued based on employee participation plans	34	1'264	3617.6%
Share-based payments	6'858	10'149	48.0%
Shareholders' equity at June 30	**1'316'160**	**1'343'314**	**2.1%**