

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

Tecan provides update on current trading and revised outlook for full year 2024

- **Substantial reductions in OEM customer forecasts as the main factor negatively impacting outlook for 2024 since last update in August**
- **Life Sciences Business continues to face a challenging market environment but is showing sequential growth in the second half of 2024**
- **Rigorous cost-down program being executed**
- **Positive mid-term outlook ahead of upcoming Capital Markets Day**
- **Major innovations in the Life Sciences Business and a robust project pipeline in the Partnering Business to be presented**

Männedorf, Switzerland, October 16, 2024 – The Tecan Group (SIX Swiss Exchange: TECN) today announced an update on its current trading and revised outlook for the fiscal year 2024.

Outlook for full year 2024

Since the publication of financial results for the first half of the year on August 13, 2024, financial performance has fallen short of expectations across both divisions, with a notable absence of the anticipated increase in order entry. Specifically, Partnering Business customers for life sciences-related instruments and those with considerable exposure to the Chinese market have deferred significant levels of demand into 2025. Additionally, instrument orders from the BioPharma sector in the Life Sciences Business continue to experience delays. No significant short-term improvement in current market conditions is anticipated, nor is any impact from the new China stimulus program in 2024.

Given the current market landscape, Tecan now projects a decline in sales in local currencies of 12-14% for the full year 2024, compared to the previous forecast of sales ranging from flat to a mid-single-digit percentage decrease. In response to lower sales volumes, Tecan has adjusted its profitability outlook and implemented a rigorous cost-down program, which includes structural changes to the cost base and stringent cost management measures. These actions are designed to mitigate margin pressures and ensure the company is well-prepared should the challenging market conditions continue longer. For full year 2024, the company now anticipates an adjusted EBITDA margin, excluding acquisition- and integration-related costs, of 16-18% of sales (previously 18-20%).

Market conditions and business segment developments

Tecan continues to navigate a challenging market environment characterized by general market weakness in China, impacting both direct sales and indirect business through global OEM customers. Additionally, reduced spending in the biopharmaceutical industry has led to decreased demand for life science research instruments, affecting both the Life Sciences Business and the Partnering Business through lower OEM customer demand.

Life Sciences Business (end-customer business)

The ongoing market weakness in China, where the stimulus program is not expected to have any impact in 2024 and has led some customers to delay orders while awaiting funding decisions, continues to pose challenges. Additionally, reduced pharma CAPEX spending remains a significant hurdle, with BioPharma customers continuing to delay projects, resulting in revenues being deferred to 2025. Despite these challenges, overall developments in the Life Sciences Business are showing signs of recovery. As a result, only a moderate segment sales decline in local currencies is expected for the second half of 2024, following a -15.5% decline in local currencies for the first half of the year. Sequentially, comparing the second half of 2024 to the first half of 2024, the Life Sciences Business segment is expected to show substantial growth. This expectation does not include any year-end budget flush in academic accounts or those of other customers, as typically seen in pre-pandemic years. Contributing to the more positive sales development in the Life Sciences Business are recovering consumables sales post-pandemic, a solid service business due to a higher installed base of instruments, and continued strong demand for newly launched products, particularly in clinical diagnostics.

Partnering Business (OEM business)

In the Partnering Business, the aforementioned factors have led to further substantial reductions in OEM customer forecasts for the full year 2024, negatively impacting Tecan's outlook for the remainder of the year. Demand for life science instrumentation remains low due to slow CAPEX spending in the pharma, academic, and government segments, impacting both the Cavro® OEM components business and the contract development and manufacturing revenues for life science instruments in the Paramit product line.

Weakness in the China market is impacting the Cavro OEM components business and sales of in-vitro diagnostics systems in the Synergence™ product line to larger global OEM customers with significant China exposure. This has led to a reduction in anticipated order entry for 2024 and a substantial deferral of revenues into 2025.

However, outside China, sales of in-vitro diagnostics systems in the Synergence product line are developing positively, with increased contributions from newly launched systems. Similarly, sales in the Paramit product line serving medical market customers are expected to remain close to the high level of the prior year when adjusted for pass-through material costs.

Positive mid-term outlook ahead of upcoming Capital Markets Day

Tecan views these market weaknesses as temporary. The company remains well-positioned, supported by robust underlying megatrends driving increased demand for healthcare solutions. At the upcoming Capital Markets Day on October 22, 2024, Tecan will reaffirm its mid-term outlook, expecting to continue outperforming the average growth rate of the underlying end markets and enhancing profitability.

Tecan anticipates returning to average organic growth rates in the mid to high single-digit percentage range in local currencies under normal market conditions, with underlying market growth of 3-5%. Profitability is expected to be enhanced through operational efficiencies, cost discipline, synergies, vertical integration, and modularity in R&D, leading to an average annual increase in the adjusted EBITDA margin of +30-50 basis points, based on the original 2024 outlook of around 20%.

Building on a proven track record of above-market growth and margin expansion over the past years, Tecan's resilient and growth-driven financial profile, strong cash conversion, and CAPEX-light requirements enable the company to continue executing an accretive M&A strategy.

At the upcoming Capital Markets Day, Tecan will highlight the strategic growth drivers that enable the company to capitalize on industry megatrends, delivering above-market growth and increased profitability.

In its Life Sciences Business division, building on its globally leading position in lab automation, Tecan will present groundbreaking innovations and product launches that will redefine automation for high-growth applications.

For the Partnering Business division, Tecan, as the trusted healthcare OEM partner, will showcase a robust project pipeline across all three service offerings, serving dynamic healthcare segments.

Key upcoming dates

- A Capital Markets Day will be hosted on October 22, 2024
- The 2024 Annual Report will be published on March 12, 2025
- The Annual General Meeting of Tecan's shareholders will take place on April 10, 2025

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 2023, Tecan generated sales of CHF 1,074 million (USD 1,194 million; EUR 1,108 million). Registered shares of Tecan Group are traded on the SIX Swiss Exchange (TECN; ISIN CH0012100191).



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