

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

Tecan reports financial results for the first half of 2024 and revises its outlook for full year 2024

Financial results for the first half of 2024 – Highlights

- **Sales of CHF 467.2 million (H1 2023: CHF 541.5 million)**
 - Sales development of -11.6% in local currencies or -13.7% in Swiss francs
 - Decline in sales mainly due to softness in the instrument business with biopharmaceutical companies globally and general market weakness in China
 - Returning to pre-pandemic seasonality with a stronger H2 weighting
- **Adjusted EBITDA of CHF 67.9 million (H1 2023: CHF 101.2 million)**
 - Adjusted EBITDA margin of 14.5% (H1 2023: 18.7%)
 - Decline in margins explained by the lower sales volume
- **Adjusted net profit of CHF 36.5 million (H1 2023: CHF 65.8 million)**
 - Adjusted earnings per share of CHF 2.86 (H1 2023: CHF 5.16)
- **Full-year outlook revised to reflect persistent weak demand and slower market recovery**

Operating highlights in the first half of 2024

- **Significant strides in launching and successfully commercializing new products targeting the key application areas of genomics, proteomics, and cell biology**
- **Partnering Business with robust project activity and product launches across all three business lines: Synergence, Cavro and Paramit**
- **Scaling of Global Operations and Commercial Channel**
 - Establishment of a direct sales office in South Korea, transitioning from distributor-only model
 - Successfully passed an FDA inspection at Tecan's facility in Penang, Malaysia
- **Further Building on Sustainability Activities**
 - Sustainability Report received almost 100% approval at AGM
 - Climate scenarios risk analysis completed, paving the way for full TCFD reporting

Männedorf, Switzerland, August 13, 2024 – The Tecan Group (SIX Swiss Exchange: TECN) today announced its financial results for the first half of 2024 and revised its outlook for full year 2024.

Tecan CEO Dr. Achim von Leoprechting commented: «In the first half of the year, we faced a challenging market environment characterized by reduced spending in the biopharma sector, which led to softness especially in our instrument business. Additionally, the end markets in life science research have faced broad but, in our view, temporary challenges. We have also experienced

general market weakness in China, which has affected our direct sales into the region as well as our indirect business exposure through global OEM customers. Despite good demand for newly launched products, particularly in the field of clinical diagnostics, we were unable to fully compensate for the decline in academic, government and biopharma customers.

We now anticipate that the weaker demand in those segments will persist longer than originally expected, while the new China stimulus program is likely to have a meaningful impact only from 2025. As a result, we have revised our outlook for the full year 2024. In response to these developments, we have defined and already implemented rigorous cost management and cost-saving measures in line with the sales development.

However, we view these market weaknesses as temporary effects. Tecan remains in a strong position, supported by robust underlying trends that are driving increased demand for laboratory automation and scaled healthcare solutions. In addition, Tecan is further expanding its leading position through the continuous launch of innovative products and new partnerships. Therefore, we are confident that we will return to our mid-term growth rate of mid-single to high-single digits once the market has normalized, potentially as early as 2025. We are also continuing to focus on leveraging our strong financial position for further inorganic strategic expansion through M&A.»

Financial results for the first half of 2024

Order entry for the first six months of the year was CHF 472.2 million (H1 2023: CHF 536.6 million), down 12.0% year-on-year, or 9.9% in local currencies. Order entry improved sequentially in the second quarter. As a result, orders exceeded sales in the first half of the year and the book-to-bill ratio returned to a level of above 1.

In a weak market environment, reported sales in the first half of 2024 decreased by 13.7% in Swiss francs and 11.6% in local currencies to CHF 467.2 million (H1 2023: CHF 541.5 million or CHF 528.5 million when compared in local currencies). The decline in sales was mainly due to softness in the instrument business with biopharmaceutical companies globally in the Life Sciences Business (sales declining >25% and contributing with over 1/3 of the total sales decline) and a general market weakness in China affecting both business segments (sales declining >20% and contributing with over 1/4 of the total sales decline). In addition, and as anticipated, Tecan did not record any further sales from the pure pass-through of material costs in the first half of 2024 (H1 2023: CHF 7.0 million). Consumables sales in the Life Sciences Business stabilized with only a slight decline compared to the previous year. In the Partnering Business, on the other hand, there were further destocking effects for consumables, spare parts and Cavro components. By contrast, the service business in the Life Sciences Business remained stable at a high level. Sales of the Paramit product line in the Partnering Business also remained at the high level of the prior-year period.

Adjusted operating profit before depreciation and amortization (earnings before interest, taxes, depreciation and amortization; EBITDA) decreased to CHF 67.9 million (H1 2023: CHF 101.2 million). As profitability is highly dependent on volume, the decline in profit is almost exclusively due to lower sales volumes. Accordingly, the adjusted EBITDA margin amounted to 14.5% of sales (H1 2023: 18.7%), including a negative effect from foreign exchange rates of around 50 basis points.

Adjusted net profit¹ amounted to CHF 36.5 million (H1 2023: CHF 65.8 million), while adjusted earnings per share¹ reached CHF 2.86 (H1 2023: CHF 5.16).

Cash flow from operating activities amounted to CHF 43.4 million in the first half of 2024 (H1 2023: CHF 82.5 million). 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 87.6 million (June 30, 2023: CHF 61.7 million, December 31, 2023: CHF 112.6 million).

Information by business segment

Life Sciences Business (end-customer business)

Sales in the Life Sciences Business reached CHF 187.5 million (H1 2023: CHF 228.6 million or CHF 221.8 million in local currencies), a decrease of 18.0% in Swiss francs or 15.5% in local currencies compared to the first half of 2023. Almost three quarters of the decline in segment sales is attributable to fewer instrument sales with biopharmaceutical companies in Europe and North America as well as the market weakness in China. Regional sales in China also provided a high basis for comparison, as segment sales there rose by around 10% in the same period of the previous year. Consumables sales in the Life Sciences Business stabilized with only a slight decline compared to the previous year and the service business remained stable at a high level. As a result, recurring sales of services, consumables and reagents increased to 59.4% of segment sales (H1 2023: 51.5%).

Order development in the Life Sciences Business improved sequentially in the second quarter compared to the previous quarter, resulting in a book-to-bill ratio of above 1 in the first half of 2024.

Reported operating profit in this segment (earnings before interest and taxes; EBIT) reached CHF 12.6 million (H1 2023: CHF 40.3 million). The operating profit margin amounted to 6.6% of sales (H1 2023: 17.2%), which is primarily due to the lower sales volume and the resulting underabsorption of fixed costs in the first half of the year.

Partnering Business (OEM business)

The Partnering Business generated sales of CHF 279.6 million in the period under review (H1 2023: CHF 312.9 million or CHF 306.6 million in local currencies), representing a decrease of 10.6% in Swiss francs and 8.8% in local currencies. No additional sales from the pure pass-through of material costs were recorded in the first half of 2024 (H1 2023: CHF 7.0 million).

Sales of in-vitro diagnostics systems in the Synergence™ product line remained stable overall

outside of China, with many customer accounts showing growth. However, market weakness in China impacted both direct sales and global OEM customers for these systems, leading to a moderate overall decline. Cavro® OEM components saw a more substantial decline as customers in the life science and diagnostics sectors reduced their inventories more slowly due to weaker end markets. Sales in the Paramit product line, which primarily serves the medical market, were nearly at the high level of the prior year when adjusted for the pass-through revenues of material costs. New orders in the Partnering Business were approximately equal to sales, resulting in a book-to-bill ratio of 1.

Reported operating profit in this segment (earnings before interest and taxes; EBIT) amounted to CHF 22.5 million (H1 2023: CHF 30.8 million), while the operating profit margin reached 8.0% of sales (H1 2023: 9.8%). Similar to the Life Sciences Business segment, lower sales volumes and the resulting negative economies of scale were the main factors affecting margin development.

Operating highlights for the first half of 2024

Innovation and product launches in key application areas

Tecan made significant strides in launching and successfully commercializing new products targeting the key application areas of genomics, proteomics, cell biology, and medical mechatronics.

Genomics: The Phase Separator™, an innovative new pipetting capability available on the Fluent® Automation Workstation since last year, continued to gain traction with both existing accounts and new customers. This technology represents a significant advance in liquid-separation, crucial for fast-growing workflows like cell-free DNA sequencing in Liquid Biopsy applications.

Proteomics: In February 2024, Tecan launched the Resolvex i300, which quickly garnered substantial market interest. The Resolvex i300 is a state-of-the-art module that can be integrated into the Fluent® automation platform or OEM developments. It automates sample preparation, cleanup, evaporation, and resuspension on a single integrated platform for both research and diagnostic workflows, being “IVD-ready” (in vitro diagnostics-ready). As proteomics applications in the life sciences market grow rapidly, and mass spectrometry remains essential to most proteomics analyses, the demand for faster throughput is expected to rise dramatically. The i300 addresses these evolving customer needs.

Cell Biology: Tecan launched the Spark Cyto 3D, enabling the analysis of complex 3D cell models, such as spheroids, organoids, and organ-on-a-chip systems. Spark Cyto 3D allows customers to culture samples in a 3D matrix, better mimicking human body conditions. Utilizing a new AI algorithm-based analysis tool, key parameters of cells growing in three dimensions can be tracked in real-time. For instance, a mini 3D representation of cancer cultivated from a patient's cancer cells can guide clinicians to the most effective drugs and treatment combinations.

Progress in Partnering Business with robust project activity

In the Partnering Business, progress continued in the first half of 2024 with robust project activity across all three business lines: Synergence, Cavro, and Paramit.

Synergence: Significant progress has been made with recently acquired projects to develop full OEM systems, with initial deliveries to new customers accelerating.

Cavro: The business with standard or customized liquid handling OEM components saw a strong development pipeline for new projects. The product roadmap lays a solid foundation for sustainable growth, positioning Cavro as a technology leader in the components space.

Paramit: The contract development and manufacturing offering saw good progress in the pipeline for new technology development and manufacturing projects. This progress reflects the dynamic period of healthcare innovation currently underway. Several new projects were secured due to synergies with the other two business lines.

Scaling of global operations and commercial channel

Tecan's global presence expanded in the first half of 2024 with the establishment of a direct sales office in South Korea. This new entity was formed following the acquisition of a long-standing distributor in the region and now includes colleagues who have worked with Tecan through this distributor relationship for over 20 years. These colleagues bring valuable local market knowledge that complements our existing businesses in the region, enabling Tecan to serve this growing market more effectively. Tecan anticipates that South Korea will benefit from increased investments in the life science research and broader healthcare market in the future.

Tecan successfully passed an extensive FDA inspection at its facility in Penang, Malaysia, underscoring the strength of Tecan's operational processes and sound business management practices. The audit provides an excellent foundation for future production of medical devices, including class 3 medical devices, paving the way for substantial growth.

Further Building on Sustainability Activities

Tecan's 2023 Sustainability Report was published as part of the Annual Report 2023 in March. At Tecan's AGM in April 2024, the Sustainability Report was put to a shareholder vote for the first time and received almost 100% approval.

Tecan's climate scenarios risk analysis was completed in the first half of the year, paving the way for full TCFD (Task Force on Climate-related Financial Disclosures) reporting later in 2024. TCFD is a framework that provides recommendations for companies to disclose information on their climate-related financial risks and opportunities, helping investors make better-informed decisions.

Outlook for full-year 2024

Based on the financial results from the first half of the year, Tecan has revised its full-year outlook. This revision is also due to the anticipation that weaker demand, driven by general market weakness, will persist longer than originally expected, while the new China stimulus program is likely to have a meaningful impact only from 2025. Consequently, Tecan now expects full-year 2024 sales in local currencies to range from on prior-year level to a decrease in the mid single-digit percentage range (previously expected to increase in the low single-digit percentage range in local currencies).

In light of the lower sales volumes, Tecan has adjusted its profitability outlook and has defined and already implemented rigorous cost management and cost-saving measures to mitigate volume-related margin pressures. The company now expects an adjusted EBITDA margin, excluding acquisition- and integration-related costs, of 18-20% of sales (previously at least around 20% of sales).

The company views these market weaknesses as temporary effects. Tecan remains in a strong position, supported by robust underlying megatrends that are driving increased demand for healthcare solutions. In addition, Tecan is further expanding its leading position through the continuous launch of innovative products and new partnerships. Therefore, Tecan reiterated its mid-term outlook, expecting to continue outperforming the average growth rate of the underlying end markets. Tecan anticipates returning to average organic growth rates in the mid to high single-digit percentage range in local currencies, while continuously improving profitability. Tecan is also continuing to focus on leveraging the company's strong financial position for further inorganic strategic expansion through M&A.

The outlook 2024 does not take account of potential acquisitions during the course of the year.

The expectations regarding profitability are based on an average exchange rate forecast for full year 2024 of one euro equaling CHF 0.95 and one US dollar equaling CHF 0.85.

Financial Report and Webcast

The full 2024 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 2024 today at 08:30 (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)207 107 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

- 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

¹ The calculation of adjusted net profit and adjusted earnings per share excludes acquisition and integration costs (+CHF 8.0 million) as well as the accumulated amortization of acquired intangible assets (+CHF 9.7 million) and they were calculated with the reported Group tax rate of 20.5%.

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:

Tecan Group

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Tecan Group – Financial reporting
Interim consolidated financial statements as of June 30, 2024
(Key figures, unaudited)

Consolidated statement of profit or loss

	2023	2024	Δ in %
January to June CHF 1'000			
Sales	541'499	467'157	-13.7%
Cost of sales	(336'896)	(306'312)	-9.1%
Gross profit	204'603	160'845	-21.4%
<i>In % of sales</i>	37.8%	34.4%	
Sales and marketing	(62'965)	(60'067)	-4.6%
Research and development	(38'435)	(32'749)	-14.8%
General and administration	(41'703)	(45'014)	7.9%
Other operating income	1'575	2'963	88.1%
Other operating expenses	-	(4)	n.a.
Operating profit (EBIT)	63'075	25'974	-58.8%
<i>In % of sales</i>	11.6%	5.6%	
Financial result	(393)	2'260	n.a.
Profit before taxes	62'682	28'234	-55.0%
Income taxes	(9'484)	(5'774)	-39.1%
Profit for the period	53'198	22'460	-57.8%
<i>In % of sales</i>	9.8%	4.8%	

Non-GAAP EBITDA	96'149	59'885	-37.7%
<i>In % of sales</i>	17.8%	12.8%	

Non-GAAP adjusted EBITDA	101'156	67'869	-32.9%
<i>In % of sales</i>	18.7%	14.5%	

Basic earnings per share (CHF/share)	4.17	1.76	-57.8%
Diluted earnings per share (CHF/share)	4.16	1.75	-57.9%

Order entry

	2023	2024	Δ in % (CHF)	Δ in % (LC)
January to June, CHF 1'000				
Order entry	536'578	472'176	-12.0%	-9.9%

Segment information by business segments

Sales to third parties

January to June, CHF 1'000	2023	2024	Δ in % (CHF)	Δ in % (LC)
Life Sciences Business	228'597	187'523	-18.0%	-15.5%
Partnering Business	312'902	279'634	-10.6%	-8.8%
Total sales	541'499	467'157	-13.7%	-11.6%

Segment information

January to June CHF 1'000	Life Sciences Business		Partnering Business		Corporate / Consolidation		Total	
	2023	2024	2023	2024	2023	2024	2023	2024
Sales to third parties	228'597	187'523	312'902	279'634	-	-	541'499	467'157
Intersegment sales	5'313	3'312	674	476	(5'987)	(3'788)	-	-
Total sales	233'910	190'835	313'576	280'110	(5'987)	(3'788)	541'499	467'157
Operating profit	40'287	12'642	30'807	22'532	(8'019)	(9'200)	63'075	25'974
<i>In % of sales</i>	17.2%	6.6%	9.8%	8.0%			11.6%	5.6%

Sales by regions (by location of customers)

January to June CHF 1'000	Life Sciences Business		Partnering Business		Total		Δ in % (CHF)	Δ in % (LC)
	2023	2024	2023	2024	2023	2024		
Europe	65'037	55'944	89'448	74'267	154'485	130'211	-15.7%	-14.4%
North America	118'139	97'247	187'671	174'555	305'810	271'802	-11.1%	-9.1%
Asia	41'945	30'784	34'567	29'592	76'512	60'376	-21.1%	-17.1%
Others	3'476	3'548	1'216	1'220	4'692	4'768	1.6%	4.2%
Total sales	228'597	187'523	312'902	279'634	541'499	467'157	-13.7%	-11.6%

Consolidated balance sheet

CHF 1'000	31.12.2023	30.06.2024	Δ in %
Assets			
Current assets	850'574	847'725	-0.3%
Non-current assets	1'223'392	1'268'753	3.7%
Assets	2'073'966	2'116'478	2.0%
Liabilities and equity			
Current liabilities	296'912	295'243	-0.6%
Non-current liabilities	428'144	414'924	-3.1%
<i>Total liabilities</i>	<i>725'056</i>	<i>710'167</i>	<i>-2.1%</i>
Shareholders' equity	1'348'910	1'406'311	4.3%
Liabilities and equity	2'073'966	2'116'478	2.0%

Consolidated statement of cash flows

January to June, CHF 1'000	2023	2024	Δ in %
Cash inflows from operating activities	82'456	43'425	-47.3%
Cash outflows from investing activities ¹	(26'996)	(13'010)	-51.8%
Cash outflows from financing activities	(43'052)	(57'795)	34.2%
Translation differences	(1'780)	2'695	n.a.
Increase/(decrease) in cash and cash equivalents	10'628	(24'685)	n.a.
Cash and cash equivalents as per cash flow statement:			
At January 1	111'441	132'965	19.3%
At June 30	122'069	108'280	-11.3%

¹2023: including net cash outflow from time deposits of CHF 10.0 million

Consolidated statement of changes in equity

January to June, CHF 1'000	2023	2024	Δ in %
Shareholders' equity at January 1	1'357'720	1'348'910	-0.6%
Profit for the period	53'198	22'460	-57.8%
Other comprehensive income for the period	(41'993)	74'683	n.a.
New shares issued based on employee participation plans	1'264	841	-33.5%
Share-based payments	10'149	10'220	0.7%
Dividends paid	(37'024)	(38'320)	3.5%
Purchase of treasury shares	-	(12'483)	n.a.
Shareholders' equity at June 30	1'343'314	1'406'311	4.7%