

Additional Information

Auditors Report	137
Statement by the Legal Representatives (Responsibility Statement)	141

Financial Calendar 2019	142
Contact	143

Auditors Report

Audit opinion of the consolidated financial statements and the combined management report

Audit opinion

We have audited the consolidated financial statements of First Sensor AG, Berlin and its subsidiaries – consisting of the consolidated balance sheet as at December 31, 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the fiscal year from January 1 to December 31, 2018 and the notes, including a summary of significant accounting policies.

Furthermore, we have audited the combined management report summarized in the management report (subsequently: combined management report) of First Sensor AG, Berlin for the fiscal year from January 1 to December 31, 2018. The non-financial Group declaration included in the company's Annual Report, to which reference is made in the combined management report was not audited in terms of its content in line with German legal regulations. We have not audited the non-financial Group declaration included in the company's Annual Report, to which reference is made in the combined management report in terms of its content in line with German legal regulations.

In our opinion based on the findings of our audit,

- the accompanying consolidated financial statements conform in all material respects with regulations of the International Financial Reporting Standards (IFRS), as applicable in the EU, and the additional German legal regulations to be applied in accordance with section 315 e (1) of the Handelsgesetzbuch (HGB – German Commercial Code) and give a fair view of the asset and financial situation of the Group as at December 31, 2018 and its earning situation for the fiscal year from January 1 to December 31, 2018 and
- the accompanying combined management report conveys a true and fair view of the company's and the Group's situation. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with the German legal regulations and accurately presents the opportunities and risks of the future development. Our audit opinion on the combined management report does not apply to the content of the non-financial Group declaration included in the company's Annual Report and the Group declaration of business management published on the company's website each of which is referred to in the combined management report.

In accordance with section 322 (3) sentence 1 of German Commercial Code (HGB), we declare that our audit has not resulted in any objections to the appropriateness of the consolidated financial statements or the combined management report.

Basis for the audit opinion

We have carried out our audit of the consolidated financial statements and the combined management report in accordance with section 317 of German Commercial Code (HGB) and the EU directive on specific requirements regarding statutory audit of public-interest entities (No. 537/2014; referred to below as "EU Regulation No. 537/2014"), taking into account the principles of proper accounting established by the German Institute of Accountants (IDW). In accordance with these regulations and principles our responsibility is described in the "Responsibility of the auditor for the audit of the consolidated financial statements and the combined management report" section of our audit opinion. We are independent from the consolidated companies in accordance with the European and German regulations on commercial and professional law and have met our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10 (2) f EU Regulation No. 537/2014, we declare that we have not carried out any prohibited non-audit services in accordance with Article 5 (1) EU Regulation No. 537/2014. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinion on the consolidated financial statements and the combined management report.

Particularly key audit matters for the audit of the consolidated financial statements

In particular, key audit matters are such matters which were most significant at our due discretion in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2018. These matters have been taken into account in connection with our audit of the consolidated financial statements as a whole and for forming our audit opinion; we do not provide a separate audit opinion on these matters.

We present what we consider to be the most important audit matter, the goodwill for impairment below:

a) the risk for the financial statements

As at the balance sheet date, the consolidated balance sheet reports six goodwill items with a carrying amount of €29.8 million (previous year: €29.8 million). This corresponds to around 17.7% of total assets (previous year: 18.7%).

The company's disclosures on goodwill are included in the following sections of the notes of the consolidated financial statements: "2. Principles of consolidation", subsection "Intangible assets/(b) Goodwill" and "5. Goodwill".

In accordance with IAS 36.90, cash generating units, to which goodwill has been assigned, are subject to an impairment test at least once a year.

As part of this test, the company uses complex valuation models which are based on forecasts of the future development of the respective operating business and the resulting payment flows. The result of the impairment test is therefore largely subject to the influence of estimated values. As a result, we consider that these matters were of particular importance during our audit.

b) Processes and conclusions of the audit

As part of our audit, we performed plausibility checks on the changes made to part of the composition of the cash-generating units and the planning underlying the impairment tests of all significant goodwill. In doing so, we also assessed these for potentially one-sided exercise of discretion.

In addition to a plausibility check of underlying planning, we assessed the reliability of the forecasts by comparing it to last year's forecasts and the realized actual figures.

In doing so, we paid particular attention to such material goodwill where the recoverable amount of the cash generating unit is only slightly above the carrying amount.

Furthermore, we examined the calculation methods used for their methodologically correct application, derivation of discount rates and, in random samples, the mathematical correctness.

The assumptions and discretionary decisions of the legal representatives which the impairment test of goodwill is based on are within acceptable limits and are balanced overall.

Other information

The legal representatives are responsible for other information. Other information consists of:

- The Group non-financial declaration included in the company's Annual Report,
- The Group declaration of business management published on the company's website, to which reference is made in the combined management report,
- The other parts of the Annual Report, not including the audited

consolidated financial statements and combined management report and our audit opinion,

- The Corporate Governance Report under No. 3.10 of the German Corporate Governance Codex and
- the statement in accordance with section 297 (2) sentence 4 HGB on the consolidated financial statements and the statement in accordance with section 315 (1) sentence 5 HGB on the combined management report.

Our audit opinion on the consolidated financial statements and on the combined management report do not apply to the other information and accordingly, we provide neither an audit opinion nor any another form of audit conclusion for this.

In connection with our audit, we have the responsibility to read the other information and in doing so, assess whether the other information

- has significant discrepancies to the consolidated financial statements, combined management report or our figures obtained in the audit or
- appear otherwise significantly misrepresented.

If on the basis of the work we implemented, we come to the conclusion that there is a significant misrepresentation of this other information, we are obligated to report this fact. In this connection, we have nothing to report.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the combined management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with the regulations of the International Financial Reporting Standards (IFRS), as

applicable in the EU, and the additional regulations in accordance with section 315 e (1) HGB, and the German legal regulations in all material respects, and that the consolidated financial statements give a fair view of the asset, financial and earning situation of the Group in accordance with the above regulations. In addition, the legal representatives are responsible for internal controls, which they have determined as necessary, to enable the preparation of consolidated financial statements that are free from significant – intended or unintended – material misstatements.

In the preparation of the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also are responsible for disclosing matters, if relevant, in connection to the continuation of the Group as a going concern. Furthermore, they are responsible for preparing the accounts on the basis of the continuation of the Group as a going concern, unless there is the intention to liquidate the Group or discontinue business operations or there is no realistic alternative.

The legal representatives are also responsible for preparing the combined management report, which overall gives a fair view of the Group's situation, and, in all material respects, is in accordance with the consolidated financial statements, complies with German legal regulations and accurately represents the opportunities and risks of the future development. In addition, the legal representatives are responsible for the precautions and measures (systems), which they considered necessary to enable the preparation of a combined management report in accordance with applicable German legal regulations and for providing sufficient suitable evidence for the statements in the combined management report.

The Supervisory Board is responsible for monitoring the Group's accounting processes for preparing the consolidated financial

statements and the combined management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the combined management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements are free as a whole from significant – intended or unintended – material misstatements, and whether the combined management report gives a fair view of the Group's situation overall and is in accordance with the consolidated financial statements in all material respects and with the knowledge gained during the audit, complies with German legal regulations and accurately presents the opportunities and risks of the development and to issue an audit report which includes our audit opinions on the consolidated financial statements and the combined management report.

Reasonable assurance is a high degree of assurance but is no guarantee that an audit conducted in accordance with section 317 HGB and the EU Regulation No. 537/2014 taking into account the principles of proper accounting established by the German Institute of Accountants (IDW) always detects a significant material misstatement. Misrepresentations can result from infringements and misstatements and are considered as significant if they could reasonably be expected to influence, individually or collectively, the economic decisions of addressees on the basis of these consolidated financial statements and combined management report.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement – intended or unintended – in the consolidated financial statements

and in the combined management report, planning and performing audit activities as a reaction to these risks and obtaining audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that material misstatements will not be detected is higher with infringements than with misstatements as infringements may include fraudulent conduct, forgery, intentional incompleteness, misrepresentations or overriding internal controls.

- We gain an understanding of the internal control system relevant for the audit of the consolidated financial statements and the precautions and measures relevant for the audit of the combined management report to plan the audit activities which are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these systems.
- We assess the adequacy of the accounting policies used by the legal representatives and the reasonableness of the values estimated by the legal representatives and the related disclosures.
- We draw conclusions on the adequacy of the reporting principles used by the legal representatives for the continuation of the Group as a going concern, and, on the basis of the audit evidence obtained, whether there is material uncertainty relating to events or conditions, which may raise significant doubts on the Group's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, we are obligated to draw attention in the audit opinion to the related disclosures of the consolidated financial statements and the combined management report, or, if these disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up until the date of our audit opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- We assess the overall presentation, the preparation and the contents of the consolidated financial statements, including the

disclosures and whether the consolidated financial statements represent the underlying transactions and events in a way that the consolidated financial statements are prepared in compliance with the regulations of the International Financial Reporting Standards (IFRS), as applicable in the EU, and the additional regulations in accordance with section 315 e (1) HGB, and the German legal regulations in all material respects, and that the consolidated financial statements give a fair view of the asset, financial and earning situation of the Group in accordance with the above regulations.

- We obtain sufficient appropriate audit evidence for the accounting information of the company or business activities within the Group to provide an audit opinion on the consolidated financial statements and the combined management report. We are responsible for directing, monitoring and implementing the audit of the consolidated financial statements. We take sole responsibility for our audit opinion.
- We assess the consistency of the combined management report with the consolidated financial statements, its compliance with legislation and the view it conveys regarding the Group's situation.
- We perform audit activities on the forward-looking statements presented by the legal representatives in the combined management report. On the basis of sufficient, suitable audit evidence, we have monitored the important assumptions on which the forward-looking statements are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not provide an independent audit opinion on the forward-looking statements or on the underlying assumptions. There is a significant, unavoidable risk that future events will significantly differ from forward-looking statements.

Our discussions with those responsible for monitoring include the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We provide those responsible for monitoring with a statement that we have complied with the relevant independence requirements and discuss all relationships and other matters with them that may reasonably be expected to have an impact on our independence and the protective measures adopted.

From the matters which we have discussed with those responsible for monitoring, we determine those matters which were most important during the audit of the consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the audit opinion, unless laws or other legislations exclude public disclosure of the facts.

Other legal requirements

Other disclosures in accordance with Article 10 EU Regulation No. 537/2014

We were elected as the auditor of the consolidated financial statements by the Annual General Meeting on May 23, 2018. Following the Annual General Meeting, we were appointed by the Supervisory Board. Since fiscal 2013, we have been continuously engaged as the auditors of the consolidated financial statements of First Sensor AG, Berlin.

We declare that the audit opinions included in this audit opinion are consistent with the additional report to the Supervisory Board in accordance with Article 11 EU Regulation No. 537/2014 (audit report).

Responsible auditor

The auditor responsible for the audit is Mr. Hans-Peter Möller."

Hanover, March 12, 2019

Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Lutz Reichert
Responsible auditor

Hans-Peter Möller
Responsible auditor

Statement by the Legal Representatives (Responsibility Statement) in Accordance With §§ 297 Abs. 2 S. 4, 315 Abs. 1 S. 5 HGB

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Berlin, March 12, 2019

First Sensor AG



Dr. Dirk Rothweiler
CEO



Dr. Mathias Gollwitzer
CFO

Financial Calendar 2019

March 21

PUBLICATION OF CONSOLIDATED FINANCIAL REPORT 2018

Publication of Annual Report 2018/press release/
Financial Statement press conference in Berlin

May 3

ANNUAL GENERAL MEETING 2019

PENTA HOTEL, Grünauer Str. 1,
12557 Berlin

May 8

DIVIDEND PAYMENT

Subject to the approval of the
Annual General Meeting

May 14

Q1 RESULT

Q1 Interim Report/press release/conference call
with analysts & webcast

May 14 – 15

GERMAN SPRING CONFERENCE 2019

Le Meridien Hotel, Frankfurt am Main

August 14

6 MONTH RESULT

6 Month Financial Report 2019/press release/
conference call with analysts & webcast

November 14

Q3 RESULT

Q3 Interim Report/press release/conference call with
analysts & webcast

November 25 – 26

GERMAN EQUITY FORUM 2019

Sheraton Frankfurt Airport Hotel, Frankfurt am Main

First Sensor AG Investor Relations

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