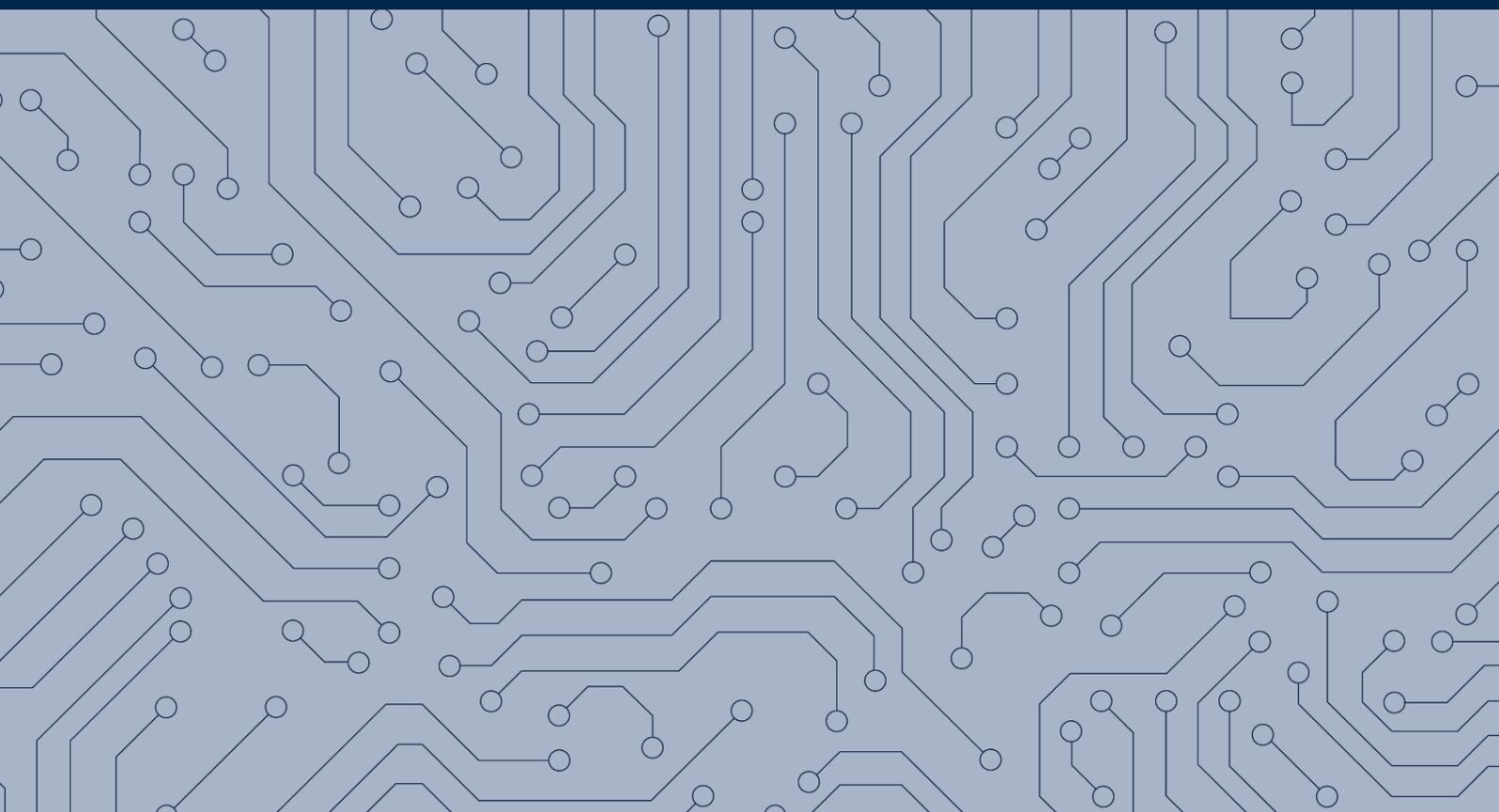


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# Interim Report on Q3 2021/2022

FIRST SENSOR AG, BERLIN



## ABOUT THIS REPORT

### **Comparability of disclosures**

The reporting period is the nine months from October 1, 2021 to June 30, 2022. Due to the change of the financial year as of October 1, 2021 to the new reporting period October 1 of a year to September 30 of the following year, comparability of the figures in this quarterly report with the calculated 9-month figures for 2021 (October 1, 2020 to June 30, 2021) in the income statement is possible to a limited extent only. To restore comparability between the reporting periods 9M 2021 and 9M 2022 with reasonable effort, some of the corresponding previous year's figures have been adjusted to reflect the Group structure applicable as of June 30, 2022 and are shown in the interim report with an asterisk\*. The previous year's figures therefore represent figures that would have resulted, had the Group structure in place on June 30, 2022 been in place on June 30, 2021. Due to the different reporting periods, an adjusted cash flow statement, among other things, for the period 9M 2021 cannot be presented.

First Sensor AG has prepared this quarterly report in accordance with the International Financial Reporting Standards (IFRS). However, this interim report was not prepared in line with IAS 34, Interim Financial Reporting, and has been neither audited nor reviewed by an auditor. The amounts presented may differ from the exact mathematic amounts as a result of rounding effects.

### **Information on formal presentation**

We are publishing this quarterly report exclusively in digital form. It is available as a full-content PDF in German and English. In the event of any discrepancies, the German version shall take precedence over the English translation.

For better readability, we refrain from references to rounding differences in this publication and use only the masculine form. It refers to persons of any gender.

### **Disclaimer**

This quarterly report contains statements that are forward-looking and do not represent any incitement to buy, hold or sell shares of First Sensor AG, but rather are intended exclusively for information purposes with regard to possible future developments at the company. Forward-looking statements are those that address activities, events or developments that management intends, expects, projects, believes or anticipates will or may occur in the future. By their nature, forward-looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from the results projected. Our results will be subject to many of the same risks that apply to the semiconductor, medical technology and industrial sectors, such as general economic conditions, interest rate fluctuations, consumer spending patterns and technological changes.

All future-oriented information in this interim report was produced on the basis of a probability-based plan and represents reasonable forward-looking statements regarding the future that cannot be guaranteed. It should be noted that all forward-looking statements only speak as of the date of this interim report and that First Sensor AG does not assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

## TO OUR SHAREHOLDERS

Dear Shareholders and Business Partners,

The economic environment has deteriorated further in recent months. Inflation rates are weighing heavily on numerous supply chains; Russia's war in Ukraine is having major implications on the supply of energy to Western countries; and inflation is not only driving price rises, but is also prompting various central banks to raise interest rates. But in these troubled times, First Sensor's business performance has been reassuringly stable. The sales figure of €86.4 million is slightly higher than in the same period of the previous year, and we are confident that we will see further improvements in profitability as well over the coming quarters.

The third quarter of the 2022 financial year was defined by continued significant progress with the company's integration into the TE Connectivity Group. The new ERP system went live according to schedule on June 1. Thanks to the efforts of an exceptionally committed and competent project team, the go-live went ahead with barely any major problems whatsoever. The system has already been used successfully to prepare the quarterly financial statements as of June 30. The new SAP system was also the prerequisite for a further integration measure involving fully integrating the sales structures for First Sensor's product range into the TE Connectivity Group model. Interfacing into the TE Connectivity model allows us to virtually reach all European customers for TE Connectivity's entire product range and inclusion in global sales structures for additional customer reach throughout the world. Combined with the other TE Connectivity products, this sales model therefore achieves a much broader market reach for First Sensor's products.

Both projects are key milestones not only for the company's integration into the TE Connectivity Group, but also for First Sensor's successful development going forward. Leaner processes and a significantly enhanced market reach will have a positive impact not just on sales performance, but on profitability as well. We are therefore willing to put up with the temporary difficulties that we faced over the reporting period in particular to give the company excellent prospects for the future.

Another integration project is entering the final stage in the second half of the year. Preparations are well underway for relocating production from the TE Connectivity site in Dortmund to Berlin-Oberschöneweide. This move will make First Sensor the exclusive European wafer production location within the TE Connectivity Group. Production reserve capacity that has been available until now will be fully utilized once the relocation is complete. Once the system is in a steady state, it is also expected to result in substantial efficiency improvements.

We are delighted by your interest in the ongoing development of our company and by your constructive support. As usual, we will keep you informed about the next steps in our journey.

The Executive Board



Thibault Kassir



Robin Maly



Dirk Schäfer

## SALES AND EARNINGS AT A GLANCE

In the third quarter of the 2022 financial year (October 1, 2021 to September 30, 2022), First Sensor's sales held steady at €29.2 million. Sales after the first nine months amounted to €86.4 million compared with €85.6 million in the same period of the previous year. To improve comparability, a pro forma income statement reflecting the current consolidated group has been prepared as a basis for comparisons with the same period of the previous year. This positive business performance is pleasing considering the bleak general economic conditions and a testament to the robust demand for our products.

Earnings for the third quarter of 2022 were temporarily reduced by the implementation of some new processes, some involving the rollout of the new SAP version, and by the changeover of the sales structure to the TE Group uniform model. Nevertheless, EBIT totaled €1.0 million in the third quarter of 2022 and €167 thousand after the first nine months (previous year: €2.3 million). This put the EBIT margin after the first three quarters at 0.2% within the margin planned for the 2022 financial year (between -2% and +2%).

## REGIONAL SALES REFLECT CHANGES IN GROUP STRUCTURE

The changes to the Group structure had a significant impact on the international distribution of sales compared with previous years. Currently, €55.2 million of sales are generated in the DACH region (Germany, Austria, Switzerland, Liechtenstein), which equates to 63.9% or nearly two thirds of total sales. The share of sales in Asia reached 15.3%, amounting to €13.2 million. The third most important sales market was the rest of Europe with €12.2 million or 14.1% of total sales. North America contributed €5.4 million or 6.2% of total sales. Comparative figures for the previous period, which take into account the changes in the Group structure and the changed reporting period (change of financial year), have not been determined for this report.

€ thousand	9M 2022
DACH <sup>●</sup>	55,186
Rest of Europe	12,218
North America	5,376
Asia	13,187
Others	439
<b>Total</b>	<b>86,397</b>

<sup>●</sup>Germany, Austria, Switzerland, Liechtenstein

## DYNAMIC ORDER SITUATION

€ thousand	Oct. 1, 2020 – Jun. 30, 2021*	Oct. 1, 2021 – Jun. 30, 2022	Δ absolute	%
Incoming orders	95,270	123,210	27,940	29.3
Orders on hand	83,712	111,553	27,841	33.3
Book-to-bill	1.15	1.06		

Incoming orders rose by 29.3% year-on-year to €123.2 million in the first nine months of the financial year (previous year: €95.3 million). Here, too, the comparative figures for previous periods were adjusted pro forma to reflect the current Group structure. Orders on hand grew accordingly by €27.8 million to reach €111.6 million. This translates into a rolling book-to-bill ratio of 1.06, signaling a promising development for the remainder of the financial year and beyond.

## CONSOLIDATED INCOME STATEMENT (IFRS)

€ thousand	Oct 1, 2020–Jun. 30, 2021*	Oct 1, 2021–Jun. 30, 2022	Δ absolute	%
Sales	85,626	86,397	771	0.9
Other operating income	3,660	763	-2,897	-79.2
Changes in inventories of finished goods and work in progress	-275	184	459	-166.7
Other own work capitalized	694	102	-592	-85.3
Cost of materials / cost of purchased services	-38,417	-41,022	-2,606	6.8
<b>Gross profit</b>	<b>51,288</b>	<b>46,423</b>	<b>-4,865</b>	<b>-9.5</b>
Staff costs	-30,660	-30,100	560	-1.8
Other operating expenses	-11,610	-10,909	701	-6.0
<b>EBITDA</b>	<b>9,018</b>	<b>5,414</b>	<b>-3,604</b>	<b>-40.0</b>
Depreciation and amortization	-6,720	-5,247	1,473	-21.9
<b>EBIT</b>	<b>2,298</b>	<b>167</b>	<b>-2,131</b>	<b>-92.7</b>
Financial result	-571	-549	22	-3.9
<b>PROFIT BEFORE TAXES</b>	<b>1,727</b>	<b>-382</b>	<b>-2,109</b>	<b>-122.1</b>
Income taxes	167	-8	-175	-104.9
<b>PROFIT OR LOSS FOR THE PERIOD</b>	<b>1,894</b>	<b>-390</b>	<b>-2,284</b>	<b>-120.6</b>

\* Pro forma income statement for the same period of the previous year, adjusted to reflect current consolidated group

First Sensor's sales totaled €29.2 million in the third quarter of the 2022 financial year (October 1, 2021 to September 30, 2022). Sales after the first nine months thus increased to €86.4 million compared with €85.6 million in the same period of the previous year, a slight increase of 0.9%. To improve comparability, a pro forma income statement reflecting the current consolidated group has been prepared as a basis for comparisons with the same period of the previous year. Sales development was therefore in line with adjusted planning, which expects sales of between €105 million and €115 million for the year as a whole.

There was an insignificant change in inventories of finished goods and work in progress over the course of the reporting period. Cost of materials, on the other hand, increased by €2.6 million or 6.8% to €41.0 million (previous year: €38.4 million), due largely to price increases for materials and energy. The cost of materials ratio thus also rose to 47.5% after 44.9% in the same period of the previous year. Gross profit fell by 9.5% to €46.4 million (previous year: €51.3 million).

Staff costs changed insignificantly, amounting to €30.1 million (previous year: €30.7 million). The staff costs ratio thus deteriorated slightly to 34.8% (previous year: 35.8%). There was a slight reduction in other operating expenses, which amounted to €10.9 million (previous year: €11.6 million). This put EBITDA at €5.4 million (previous year: €9.0 million).

Depreciation and amortization decreased to €5.2 million in the reporting period (previous year: €6.7 million). This resulted in EBIT of €167 thousand (previous year: €2.3 million). The EBIT margin after the first nine months was 0.2% (previous year: 2.7%), putting it within the margin planned for the 2022 financial year (between -2% and +2%).

A loss of €-390 thousand was reported for the first nine months of the financial year (previous year: profit of €1.9 million). This corresponds to earnings per share outstanding of €-0.04.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

<b>ASSETS</b>			
€ thousand	Sept. 30, 2021	Jun. 30, 2022	Δ absolute
Non-current assets	72,042	73,507	1,465
Inventories	30,199	32,256	2,158
Trade receivables	18,641	20,627	1,987
Current assets	1,078	2,487	1,409
Cash and cash equivalents	67,401	30,705	-36,696
<b>Total ASSETS</b>	<b>189,360</b>	<b>159,682</b>	<b>-29,678</b>

Total assets declined by €29.7 million as against the September 30, 2021 reporting date to €159.7 million (previous year: €189.4 million). The main changes in assets were the decrease in cash and cash equivalents as a result of the profit transfer to TE Connectivity and the increase in inventories, which climbed in the current environment by €2.2 million to €32.3 million (previous year: €30.2 million) in order to meet delivery obligations despite limited availability of materials. At the same time, trade receivables rose by €2.0 million to €20.7 million (previous year: €18.6 million). The reduction in cash and cash equivalents, which comprises both cash funds and receivables from shareholders (cash pooling), to €30.7 million (previous year: €67.4 million) was attributable to a number of factors including the increase in inventories, the high level of investments in the reporting period and the profit transfer to TE Connectivity.

<b>EQUITY AND LIABILITIES</b>			
€ thousand	Sept. 30, 2021	Jun. 30, 2022	Δ absolute
Equity	121,954	123,973	2,019
Non-current financial liabilities	17,103	8,626	-8,477
Non-current liabilities	2,950	2,851	-99
Current financial liabilities	28,073	9,366	-18,707
Trade payables	5,365	5,631	266
Current liabilities	13,915	9,235	-4,680
<b>Total EQUITY AND LIABILITIES</b>	<b>189,360</b>	<b>159,682</b>	<b>-29,678</b>

The considerable reduction in total assets caused the equity ratio to rise from 64.4% to 77.6%. Within equity and liabilities, the main changes were in financial liabilities, with non-current financial liabilities declining by €8.5 million to €8.6 million and current financial liabilities declining by €18.7 million to €9.4 million. Besides scheduled repayments, these changes were due to reclassifications within lease liabilities and the reclassification of a promissory note loan. Current liabilities also decreased due to the derecognition of the liability for the profit transfer to TE Connectivity. Other current liabilities decreased by €4.7 million to €9.2 million as of the end of the reporting period, chiefly due to the utilization of the restructuring provision for the closure of the site in Puchheim.

After the end of the third quarter of 2022, First Sensor has a positive net cash position of €12.7 million, €9.5 million less than at the end of the previous reporting period.

## WORKING CAPITAL

€ thousand	Sept. 30, 2021	Jun. 30, 2022	Δ absolute	%
Working capital	43,205	46,712	3,507	8.1
Capital employed	115,247	120,219	4,972	4.3

Working capital was increased by €3.5 million to €46.7 million over the first nine months of the 2022 financial year mainly as a result of the increase in inventories. Capital employed rose in line with this by €5.0 million to €120.2 million as of the end of the reporting period.

## CASH FLOW

	Oct. 1, 2021 – Jun. 30, 2022
Operating cash flow	-3,518
Cash flow from investing activities	-6,781
Cash flow from financing activities	-24,862
Free cash flow	-10,298

Cash flow from operating activities amounted to €-3.5 million after the first nine months of the year. A comparison with the corresponding prior-year period is not reasonably possible owing to the change in financial year. Cash flow from investing activities amounted to €6.8 million and was therefore at the planned level. Cash flow from financing activities was mainly defined by the profit transfer to TE Connectivity and by repayments, and amounted to €-24.9 million. Free cash flow was negative at €-10.3 million largely as a result of the lower result.

## KEY FIGURES FOR FIRST SENSOR SHARES

	Sept. 30, 2021	Jun. 30, 2022	Δ absolute	Δ in %
Share capital (€)	51,511,980	51,561,980	50,000	0.1
Number of shares (weighted, diluted)	10,292,729	10,305,396	12,667	0.1
Number of shares (basic)	10,302,054	10,314,134	12,080	0.1

## FINANCIAL CALENDAR

January 31, 2023                      Publication of 2021/2022 annual report

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April 25, 2023                      2023 Annual General Meeting

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### First Sensor AG

Peter-Behrens-Strasse 15  
12459 Berlin  
Germany

Tel            +49 (0) 30 639923 – 760

Fax            +49 (0) 30 639923 – 719

E-mail       [ir@first-sensor.com](mailto:ir@first-sensor.com)

Website     [www.first-sensor.com/de/investor-relations](http://www.first-sensor.com/de/investor-relations)