



Interim Report
Q1

To our shareholders

Dear shareholders and business partners,

It is likely that you and we shall remember the first quarter of 2020 for a long time, as it is rare for events throughout the world to have had such an impact on our lives and how we do business: it started with more and more people contracting COVID-19 in China, leading to the closure of numerous industries in Wuhan province, the effects of which we felt as well. Only shortly thereafter, COVID-19 turned our everyday life upside down, too.

Since then, working has been different at First Sensor too: as early as the beginning of February, we canceled business travel to the countries affected at the time, this was rapidly followed by a complete suspension of travel and face to face meetings plus the instigation of working from home or working subject to special hygiene rules and social distancing in our plants. But even though we could continue production on this basis, broken supply chains, the shutdown of production by our customers and a further slump in the economy have already had an impact on our business: with sales of €38.8 million, we are 6.8% down on the previous year, adjusted for costs associated with the acquisition by TE Connectivity Sensors Germany Holding AG, our EBIT margin has fallen to 0.9%.

As a consequence, we have extended the cost-cutting measures started in summer 2019 in response to the slowdown in the global economy once more in the past quarter to ensure the Group remains profitable. In view of the global lockdown of the automotive industry, we also decided in March to start short-time working at our Mobility sites in Dresden in the second quarter. We expect these measures to produce results in the months ahead, meaning that in conjunction with our order backlog and incoming orders in Medical, in particular, we still forecast to close fiscal year 2020 with sales of between €145 million and €155 million and an EBIT margin of between 3% and 6%. However, at present, nobody knows when precisely relaxation measures will allow a return to something approaching normality and thereby to doing business under every day conditions, meaning that we shall continue to monitor the trend in sales and earnings closely.

An important milestone in the history of First Sensor has almost got lost in the midst of the Corona crisis: the approval of our business combination with TE Connectivity Sensors Germany Holding AG. It has been our new majority shareholder, holding 71.87%, since March 12, and

on April 14, we concluded a domination and profit and loss transfer agreement, which now requires the approval of the Annual General Meeting on May 26, 2020. To protect shareholders, employees and service providers from infection, it will be held as a virtual Annual General Meeting for the first time without shareholders and guests being physically present.

Please stay healthy until this virtual reunion and look forward with us to soon being able, as part of the TE family, to implement our strategy for profitable growth even more rapidly!

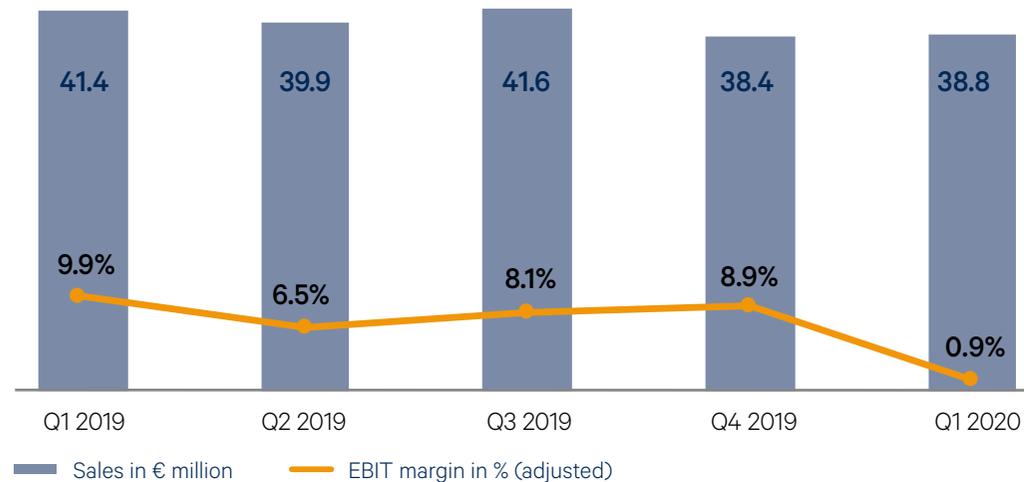
Your Executive Board



Dr. Dirk Rothweiler
CEO

Marcus Resch
CFO

Q1 2020 Strained by a slowdown in economic activity and the outbreak of COVID-19 in Asia



As expected, the sales development recorded in the final quarter of 2019 continued in the first quarter of 2020. In fact, at €38.8 million, sales rose slightly compared with Q4 2019 (€38.4 million) but were 6.3% down on the level of the previous year (€41.4 million). More subdued economic development compared with the previous year was also reflected here. Orders from Chinese customers also failed to materialize temporarily as a result of the outbreak of the Corona pandemic in China.

As a result of changes in the product mix, cost of material increased in comparison with the similar sales level in the fourth quarter of 2019 by €3.2 million to €20.1 million. Consequently, earnings fell at all levels. Accordingly, EBIT only reached €60 thousand in the first quarter of 2020 (previous year: €4.1 million), which corresponds to a margin of 0.2%. Adjusted for the special effects in connection with the combination with TE Connectivity Sensors Germany Holding AG, the EBIT margin would have amounted to 0.9%.

Developments in target markets differed

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Industrial	22,183	21,362	21,745	21,339	20,275
Medical	9,760	8,825	8,887	7,944	8,485
Mobility	9,454	9,692	10,949	9,135	10,024
Total	41,397	39,879	41,581	38,419	38,783

In the **Industrial** target market, sales fell by 8.6% in the first quarter of 2020 compared with the very good previous year. They decreased to €20.3 million (previous year: €22.2 million). This was largely attributable to the temporary loss of sales to Chinese customers caused by the Corona pandemic.

In the **Medical** target market, at €8.5 million, sales were 13.1% down on the previous year (€9.8 million). The decline was caused by a reduction in the quantities sold to various key customers. However, the increase of 6.8% compared with the closing quarter of 2019 (€7.9 million) and significant incoming orders in recent weeks provided grounds for assuming that this decrease can be made up for over the next few quarters.

In the **Mobility** target market, sales increased by 6.0% in the first quarter of 2020 to €10.0 million (previous year: €9.5 million). The increase was mostly driven by OEM pressure sensor solutions for fuel-efficient mobility. The impact of the lockdown on the automotive industry was not yet apparent in the first quarter of 2020.

Slight increase in sales in Asia despite COVID-19

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
DACH region	20,172	19,515	19,159	16,569	18,381
Rest of Europe	10,237	9,395	9,016	9,160	8,924
North America	5,281	4,614	6,810	7,176	5,135
Asia	5,389	6,034	6,432	5,395	6,048
Rest of the world	317	321	165	155	295
Total	41,397	39,878	41,581	38,419	38,783

Despite the restrictions caused by the Corona pandemic, First Sensor again benefited from the growth rates in its Asian business. Here, sales in the first quarter of 2020 increased by 12.2% to €6.0 million compared with the previous year (€5.4 million). In contrast, business was slightly down in North America, at €5.1 million (previous year: €5.3 million) or -2.8%. Sales in First Sensor's largest market, the DACH region, improved sharply following the weak fourth quarter of 2019, but, at €18.4 million (previous year: €20.2 million), failed to build on the first quarter of 2019.

Order situation signals positive business development

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Incoming orders	42,284	35,623	41,514	36,775	43,439
Order backlog	98,393	94,180	94,292	92,913	98,145
Book-to-Bill	1.02	0.89	1.00	1.00	1.12

At €43.4 million, incoming orders were 2.7% up compared with the previous year (€42.3 million). The order backlog benefited accordingly and, at €98.1 million, virtually matched the level of the previous year (€98.4 million). The book-to-bill ratio was 1.12 and points to a future positive business development.

The course of business to date and the order backlog support the Executive Board's guidance of March 19, 2020. Accordingly, fiscal 2020 will probably close with sales between €145 million and €155 million and an EBIT margin between 3% and 6%. However, from today's perspective, it is not yet possible to make a reliable estimation as to how long the restrictions resulting from the Corona pandemic will persist for the economy and society and what impact they will have on the sensor market.

Consolidated income statement (IFRS)

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Sales revenues	41,397	39,879	41,581	38,419	38,783
Other operating income	341	581	459	1,217	282
Changes in inventories	1,397	729	-1,028	-616	1,288
Other own work capitalized	772	1,029	755	1,076	591
Cost of material	-20,551	-19,268	-18,599	-16,875	-20,085
Gross profit	23,355	22,950	23,169	23,221	20,859
Personnel expenses	-12,943	-16,168	-14,043	-13,027	-14,007
Other operating expenses	-4,035	-5,426	-5,287	-5,567	-3,997
Operating result (EBITDA)	6,376	1,356	3,838	4,627	2,855
Depreciation and amortization	-1,708	-2,586	-2,248	-2,366	-2,238
Operating result before goodwill amortization (EBITA)	4,668	-2,345	1,591	2,262	617
Goodwill amortization	-558	-558	-558	-558	-558
Earnings before interest and tax (EBIT)	4,110	-1,787	1,033	1,704	60
Financial result	-218	-618	-209	-498	-633
Income before tax (EBT)	3,893	-2,405	824	1,206	-574
Taxes	-1,176	452	153	-476	-296
Net income	2,717	-1,953	977	730	-870

In the first quarter of fiscal 2020, the First Sensor Group generated sales of €38.8 million. This was 6.3% less than in the previous year (€41.4 million), but 1.0% more than in the fourth quarter of 2019 (€38.4 million). This level of sales was initially only impacted to a minor degree by the upheavals resulting from the Corona pandemic.

A less favorable product mix affected gross profit, which decreased by €2.5 million to €20.9 million (previous year: €23.4 million). The cost of materials ratio deteriorated from 49.7% to 51.8%.

This naturally affected all levels of profitability. EBITDA came to €2.9 million following €6.4 million in the previous year, equivalent to a margin of 7.4% (previous year: 15.4%). Operating earnings (EBIT) were still positive, at €60 thousand, (previous year: €4.1 million), the margin reached 0.2% (previous year: 9.9%). Adjusted for the special effects in connection with the combination with TE Connectivity Sensors Germany Holding AG, the EBIT margin would have amounted to 0.9%.

The First Sensor Group's profit for the first three months amounted to €-870 thousand (previous year: €2.7 million). This corresponds to earnings per share in circulation of €-0.08 (previous year: €0.27).

Consolidated balance sheet (IFRS)

ASSETS		
in € thousand	Dec. 31, 2019	Mar. 31, 2020
Non-current assets	95,401	95,340
Inventories	35,726	37,446
Trade accounts receivables	12,512	12,372
Current assets	3,756	5,499
Cash and cash equivalent	32,260	28,960
Total ASSETS	179,656	179,617

There were only marginal changes to total assets following the reporting date of December 31, 2019. Inventories increased temporarily by €1.7 million to €37.4 million, largely as a consequence of the standstill in Chinese industry in the first few weeks of the year. Current assets increased by €1.7 million to €5.5 million (previous year: €3.8 million) largely in connection with operating business. Cash and cash equivalents decreased conversely by 10.2% to €29.0 million (reporting date: €32.3 million).

EQUITY AND LIABILITIES

in € thousand	Dec. 31, 2019	Mar. 31, 2020
Equity	89,881	89,288
Financial liabilities	25,581	22,182
Non-current liabilities	7,038	6,874
Current financial liabilities	29,897	33,005
Trade accounts payables	8,759	11,685
Current liabilities	18,500	16,583
Total EQUITY AND LIABILITIES	179,656	179,617

Material changes on the liabilities side of the balance sheet involved non-current and current financial liabilities, which decreased by €3.4 million and increased by €3.1 million respectively because of reclassifications resulting from changes in maturities. Trade payables increased due to reporting date-related factors by €2.9 million, while current debt decreased to €16.6 million (reporting date: €18.5 million). The equity ratio was virtually unchanged at 49.7% (reporting date: 50.0%). In the course of the first three months of fiscal 2020, net debt increased from €23.2 million to €26.2 million. Gearing – the ratio of net debt to equity – came to 29.4 (December 31, 2019: 25.8).

Working capital management is having an impact

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Working capital	36,088	38,407	38,195	39,213	37,703
Capital employed	122,178	125,045	124,667	149,557	147,609

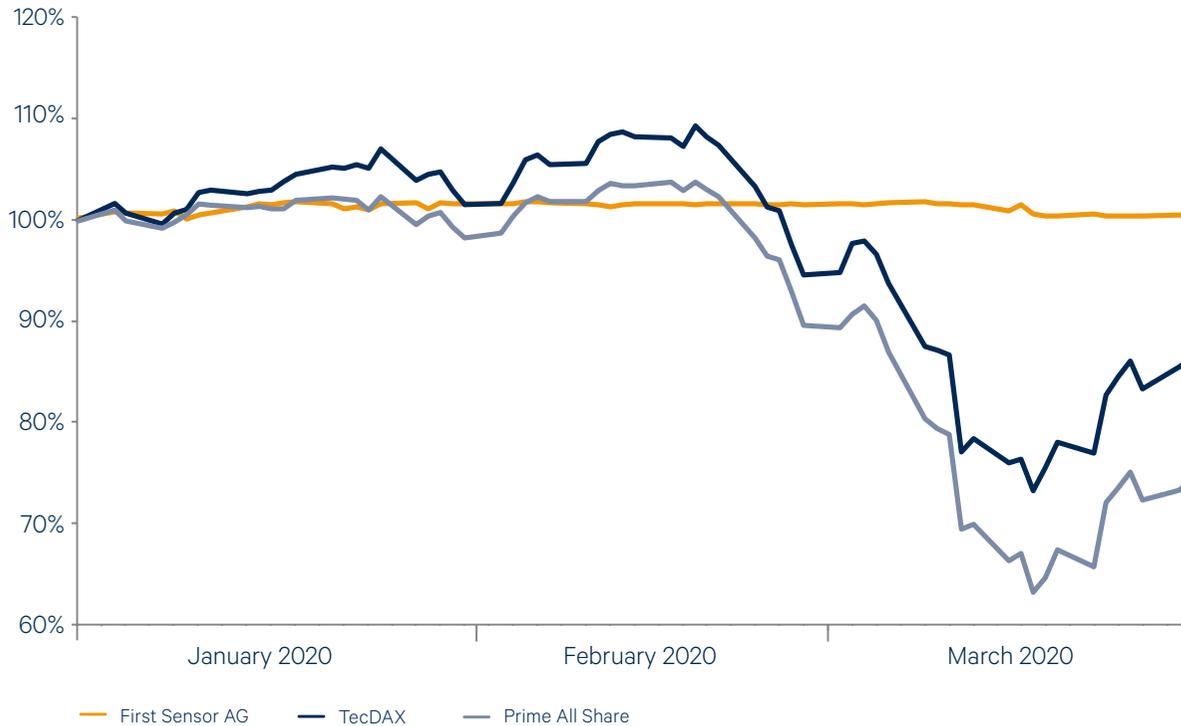
Working capital fell by €1.5 million to €37.7 million over the first three months of 2020. Here, higher trade payables compared with the increase in inventories had a positive impact. This effect also resulted in a slight reduction in capital employed to €147.6 million.

Reduced profitability depressing cash flow

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Cash flow from operating activities	5,491	1,299	6,177	7,462	156
Cash flow from investing activities	-2,474	-2,844	-2,178	-4,069	-2,550
Cash flow from financing activities	-785	-3,732	-434	-1,133	-896
Free cash flow	3,017	-1,545	4,000	3,393	-2,395

While cash flow from operating activities was positively affected by a number of factors, especially in relation to provisions, at the end of fiscal 2019, the situation reverted to normal in the first quarter of 2020. Given the reduction in profitability, operating cash flow was still just positive at €0.2 million. Following investment at a similar level to the previous year, negative free cash flow of €2.4 million remained. From the perspective of the Executive Board, the Group's liquidity position is still comfortable. First Sensor will again be able to meet its payment obligations from operating business and repay its debt financing at all times in fiscal 2020.

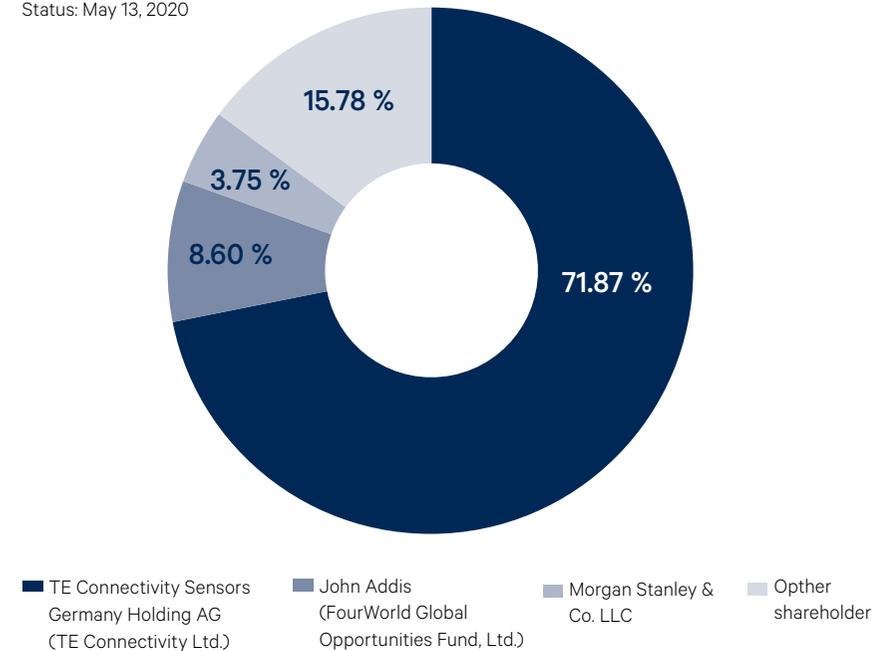
First Sensor share stable in a volatile environment



First Sensor shares started the first quarter of 2020 at a price of €37.90. While equity markets recorded historically substantial losses at times in response to the Corona pandemic, First Sensor's closing prices fluctuated in a narrow range between €37.50 and €38.55. This stability was due to the takeover bid by TE Connectivity Sensors Germany Holding AG. Having obtained all the approvals needed for the transaction, TE has held 71.87% of the shares and voting rights in First Sensor AG since March 12, 2020. The share ended the quarter at €37.90. An average of 8,283 shares changed hands every day on the XETRA electronic trading platform.

Shareholder structure according to voting rights announcements

Status: May 13, 2020



Key figures

	Dec. 31, 2019	Mar. 31, 2020	Δ absolute	in%
Share capital (EUR)	51,346,980	51,346,980	0	0%
Number of shares (non-diluted)	10,269,396	10,269,396	0	0%
Number of shares (diluted)	10,374,637	10,490,349	115,710	1.12%

First Sensor News

Domination and profit and loss transfer agreement concluded

On April 14, 2020, the Executive Board of First Sensor AG concluded a domination and profit and loss transfer agreement between First Sensor as the controlled company and TE Connectivity Sensors Germany Holding AG as the controlling company. The agreement still requires the approval of the ordinary Annual General Meeting on May 26, 2020. In it, TE Connectivity offers to acquire the shares of outstanding First Sensor shareholders in return for a cash payment of €33.27 per share. The agreement also envisages paying a guaranteed dividend for fiscal 2020 and an annual compensation payment for the outstanding shareholders of €0.56 gross per share for future fiscal years.

New shareholder representatives in the Supervisory Board

On May 1, 2020, the Charlottenburg District Court appointed new shareholder representatives to the Supervisory Board of First Sensor AG: John Mitchell (Senior Vice President and General Manager Sensor Solutions, TE Connectivity Ltd.), who was elected chairman in a constituent meeting, and Peter McCarthy (Vice President and General Manager Transportation Sensors, TE Connectivity Germany) as well as Stephan Itter (member of the Executive Board, Lápplé AG). The appointment by the court will end at the end of the ordinary Annual General Meeting on May 26, 2020, at which the shareholder representatives are elected. The previous representatives resigned on April 30, 2020.

Expanded LiDAR cooperation network

First Sensor is consolidating its market presence as a manufacturer of sensitive avalanche photodiodes and has joined the Leddar Ecosystem partner network run by LeddarTech. The Canadian company provides a scalable LiDAR platform for automotive and mobility applications. Among other issues, the collaboration includes the development of a LiDAR evaluation kit for applications in the area of front LiDAR. "Our aim is to design and develop LiDAR solutions tailored to the market, which are suitable for use in the automotive sector. The opportunity to work with LeddarTech will allow us to press ahead in the area of autonomous driving," says Vice President Development Dr. Marc Schillgalies.

Continued commitment to youth welfare organization

First Sensor Microelectronic Packaging GmbH is continuing its commitment to Kinderarche Sachsen e. V. in Radebeul. The Dresden-based manufacturer of sensor technology handed over a check for €1,000 to the independent youth welfare organization for the third time in succession. With the help of the "First Sensor helps" initiative for social commitment, the sum was raised through a fundraising campaign organized by employees, in which the photo calendar designed by the staff was given to the workforce. The money will be spent on new purchases for a residential unit run by the charitable organization, which looks after children and young people in difficult circumstances and is to be used for trips out.

First Sensor employees are donating their blood

Within the framework of the "First Sensor helps" initiative for social commitment, the headquarters of First Sensor AG in Berlin-Oberschöneweide welcomed a mobile blood donation unit from the German Red Cross (DRK) in March. Previously, 34 employees had said they were willing to give blood. Following a medical inspection, 21 of them were ultimately allowed to give blood, of whom 14 were first-time donors. They will help the treatment and emergency care of patients with their blood. According to the DRK, just over 3% of the population give blood in total - too little to supply enough blood to all patients in Germany. To supply them all long-term, approximately 6% of the population would have to donate blood regularly.

Inclusion in apprenticeships

Together with the Berufsbildungswerk Dresden (vocational training center), First Sensor Microelectronic Packaging GmbH is equipping young people with physical and mental disabilities for employment. The development and production site, which specializes in the manufacture of electronic microsystems, presented the apprenticeship pathways for a career in sensor technology for the third time in succession at the beginning of the year. The young people used the opportunity to discuss career choices and aptitude as well as the employer's key requirements with experts from HR and apprenticeship within the framework of a tour of production facilities. Anybody who developed an interest in microsystems technology as a result could subsequently apply for an internship with the aim of becoming an apprentice.

Financial calendar 2020

March 25

FINANCIAL REPORT 2019

Publication of the Annual Report 2019 &
Annual Press Conference

May 15

Q1 RESULT 2020

Publication of Q1 Interim Report 2020

May 26

**ORDINARY ANNUAL GENERAL
MEETING 2020 (VIRTUAL)**

August 13

6 MONTH RESULT 2020

Publication of 6M Interim Report 2020 & Analysts Conference

November 12

Q3 RESULT 2020

Publication Q3 Interim Report 2020

As we cannot rule out the possibility of delays, we recommend that you consult the latest set of dates at <http://www.first-sensor.com>.

First Sensor AG

Investor Relations

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FURTHER INFORMATION AND FINANCIAL CALENDAR 2020 AT WWW.FIRST-SENSOR.COM/DE/INVESTOR-RELATIONS

First Sensor prepares the Interim Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS). Nevertheless this report does not meet the requirements of IAS 34 "Interim financial reporting" and has been neither audited nor subjected to any other formal audit examination. In the presentation, rounding differences to the mathematically exact values may occur. The interim report contains statements of a predictive nature. All future-oriented specifications in this consolidated financial report were produced on the basis of a probability-based plan and represent statements regarding the future which cannot be guaranteed.