

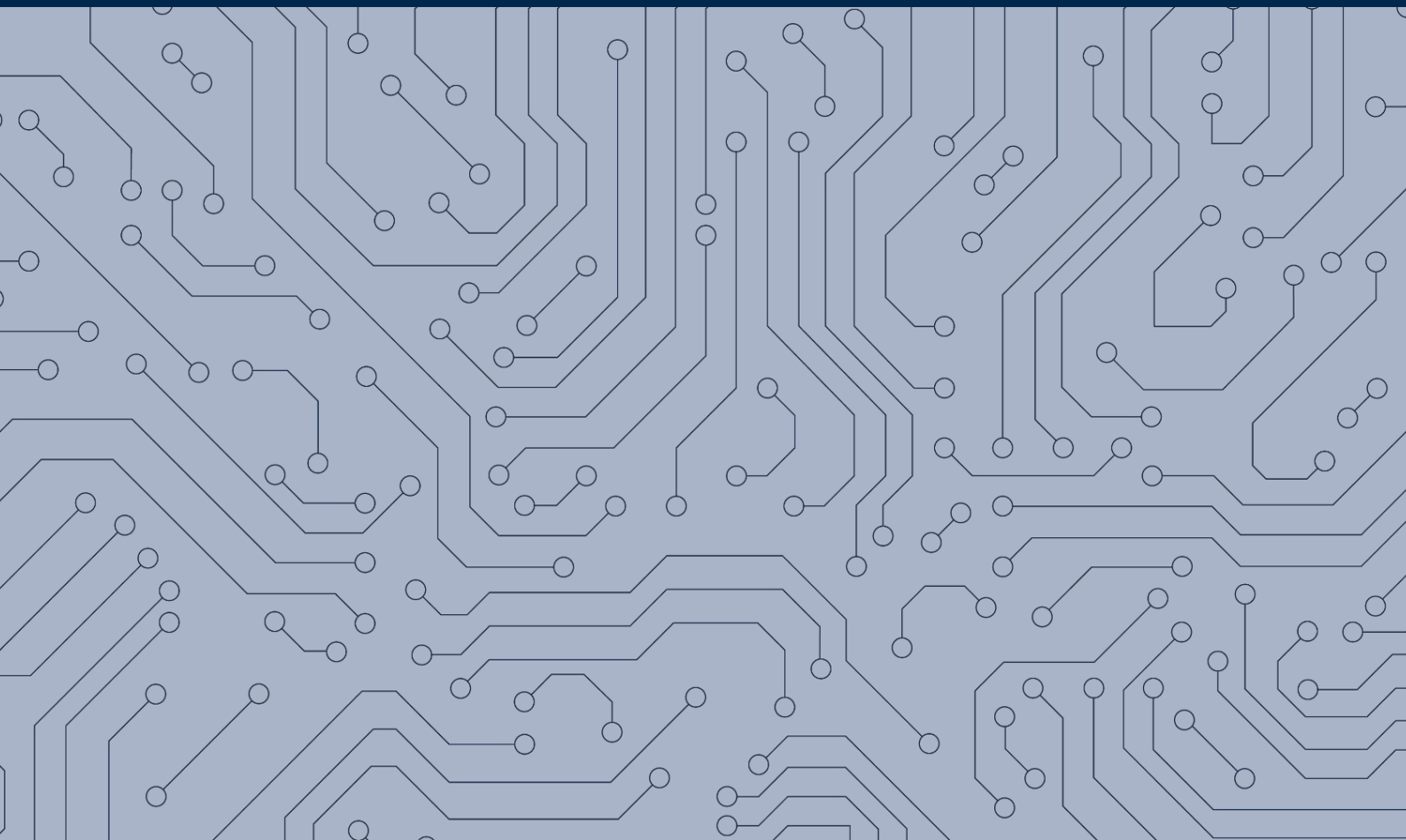
First Sensor 

is now part of



Interim Report Q1 2021

FIRST SENSOR AG, BERLIN



TO OUR SHAREHOLDERS

Dear shareholders and business partners,

Unlike the first quarter of last year, business in the first three months of 2021 was dominated by the coronavirus pandemic. However, the €4.9 million decline in sales to €33.9 million largely reflects changes to the Group structure in the last financial year and was therefore expected. A shortage of chips as well as various raw materials stood in the way of better performance in some cases, in particular in the automotive industry. In light of this, we have been working hard in recent weeks to secure our supply capacity. This aims to ensure that First Sensor has a suitable share in the post-pandemic upturn. In terms of our order backlog, the signs look promising.

Operating profitability also developed well. However, provisions for the planned closure of the Puchheim location near Munich, a one-time effect, had a significant impact on the income statement. By contrast, plans to move a wafer line and a PT line from a TE location in Dortmund to our location in Berlin-Oberschöneweide did not affect the quarterly figures. Nevertheless, we will still make some investments during the year so that both lines can contribute to sales for the first time in 2022. The plan comprises an estimated annual sales volume of up to €9 million. This will boost First Sensor's importance as a production unit at the TE Group while also helping us improve our operating efficiency.

This integration, which is proceeding as planned, also encompasses the expansion of the Executive Board: Two top-level TE executives, Sibylle Büttner and Robin Maly, were appointed to First Sensor's Executive Board on April 20, 2021. Dirk Schäfer will join the team from June 1 after resigning from his previous post as a member of the Supervisory Board on May 31, 2021. Since January, First Sensor's production manager has been a part of the Global Operations Leadership Team in the Sensors Business Unit and our sales manager has also taken on responsibility for TE sensors business in Europe, the Middle East and Africa as Director of Sales EMEA in addition to his previous responsibilities at First Sensor. His goal is for Sales to think and act as one team in the future. First Sensor is taking the lead in developing a global sales organization with a focus on standards and solutions, key accounts and key applications. These personnel appointments will help integrate First Sensor even more closely into the existing structures of the TE Group. A number of projects in all functions are contributing to this, most of which will be completed this year.

We thank you for your interest in the ongoing development of our company and will continue to update you on our progress as usual.

Your Executive Board



Sibylle Büttner



Robin Maly



Marcus Resch

ONE-TIME EFFECTS AFFECT SALES AND EARNINGS AT FIRST SENSOR¹

Sales at First Sensor reached €33.9 million in the first quarter of 2021 (previous year: €38.8 million). The €4.9 million decline (12.5%) was chiefly due to changes to the Group structure in the last financial year. In operating terms, this represented a decrease of just 4.3% on the previous year, which was not significantly affected by the pandemic. In line with sector performance, sales with customers in the automotive industry recovered whereas the Medical target market normalized following the boom in the last financial year.

Earnings in Q1 2021 were shaped predominantly by expenses in connection with the planned closure of the Puchheim location near Munich. Its activities are to be relocated to the locations in Berlin-Weißensee and Oberdischingen by the end of 2021. Earnings (EBIT) were therefore negative in the first quarter of 2021 at €-10.1 million (previous year: €+0.0 million). Adjusted for these effects and for expenses associated with the integration with TE Connectivity, the EBIT margin would have been 4.1% (previous year: 1.5%), approximately in line with the upper end of the planned margin for the 2021 financial year.

MIXED SALES PERFORMANCE ON TARGET MARKETS

| In € thousand | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| Industrial | 20,275 | 19,096 | 18,372 | 19,099 | 16,636 |
| Medical | 8,485 | 12,582 | 12,875 | 10,077 | 7,093 |
| Mobility | 10,024 | 6,470 | 7,582 | 9,822 | 10,198 |
| Total | 38,783 | 38,147 | 38,828 | 39,058 | 33,927 |

In the **Industrial** target market, sales decreased by €4.0 million (19.5%) in the first quarter of 2021 to €16.6 million (previous year: €20.3 million). This decline was driven partly by the circumstances of the pandemic but also by changes to the Group structure due to the sale of foreign subsidiaries. At 49.0%, there was only a minor change to the share of total sales (previous year: 52.3%).

Sales in the **Medical** target market declined by €1.4 million or 16.4% to €7.1 million compared with the previous year (previous year: €8.5 million) as a result of the discontinuation of a customer product and normalizing demand for pressure sensors for respirators. This put this target market's proportion of total sales at 20.9% (previous year: 21.9%).

In the **Mobility** target market, sales in the first quarter increased slightly compared with the previous year and reached €10.2 million (previous year: €10.0 million). First Sensor thus benefited from the upturn in the automotive industry for the third consecutive quarter, experiencing an increase on the previous year. This target market boosted its share of total sales to 30.1% (previous year: 25.8%).

¹ The following results in this report are presented in accordance with IFRS and additionally adjusted for transaction costs in connection with the business combination with TE Connectivity Sensors Germany Holding AG. Adjusted key figures are shown by the addition "adjusted". Figures for the first quarter of 2020 have not been adjusted retrospectively to take account of changes to the Group structure in the 2020 financial year (sale of foreign subsidiaries to TE Connectivity). This also applies to the merger loss from the retrospective merger of First Sensor Packaging GmbH with First Sensor AG as of January 1, 2020.

REGIONAL SALES REFLECT NEW GROUP STRUCTURE

The international breakdown of sales was also affected by the sale of foreign subsidiaries to TE Connectivity last year. While they continue to operate on the market in close coordination with First Sensor, they are no longer included in the consolidated financial statements. This effect is particularly striking in North America, where sales in the first quarter of 2021 came to just €1.8 million, down on €5.1 million in the same quarter of the previous year. The share of sales fell to 5.0% as a result (previous year: 13.2%). By contrast, there was no change to sales in Asia, where First Sensor's business is managed from Berlin. These remained at €6.0 million, the same as in the previous year and translating into 17.8% of total sales (previous year: 15.6%). €8.0 million was generated in Europe (previous year: €8.9 million), with the share of total sales remaining virtually stable at 23.5% (previous year: 23.0%). Sales in the DACH region (Germany, Austria, Switzerland, Liechtenstein) saw a slight decline. Sales there were down 2.5% at €17.9 million (previous year: €18.4 million) on account of the coronavirus pandemic, representing 52.8% of total sales (previous year: 47.4%).

INCOMING ORDERS GAIN MOMENTUM

| In € thousand | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 |
|-----------------|---------|---------|---------|---------|---------|
| Incoming orders | 43,439 | 31,678 | 37,604 | 41,115 | 44,844 |
| Orders on hand | 98,145 | 91,645 | 90,264 | 90,541 | 100,973 |
| Book-to-Bill | 1.12 | 0.83 | 0.97 | 0.99 | 1.04 |

In line with the economic upswing that is kicking in following the coronavirus pandemic, First Sensor has seen a substantial rise in new orders recently. Incoming orders of €44.8 million were received in Q1 2021, even exceeding the previous year's figure (€43.4 million). This pushed the order backlog above the €100 million mark again for the first time, coming to €101.0 million (previous year: €98.1 million). The rolling book-to-bill ratio increased again to 1.04.

CONSOLIDATED INCOME STATEMENT (IFRS)

| In € thousand | Q1 2020 | Q1 2021 | Δ | Δ % |
|---|---------------|----------------|----------------|-----------------|
| Sales revenues | 38,783 | 33,927 | -4,856 | -12.5% |
| Other operating income | 282 | 64 | -218 | -77.2% |
| Changes in inventories in finished goods and work-in-progress | 1,288 | 1,383 | 95 | 7.4% |
| Own work capitalized | 591 | 491 | -100 | -16.9% |
| Cost of material and purchased services | -20,085 | -16,674 | 3,412 | -17.0% |
| Gross profit | 20,859 | 19,192 | -1,667 | -8.0% |
| Personnel expenses | -14,007 | -12,228 | 1,779 | -12.7% |
| Other operating expenses | -3,997 | -14,442 | -10,445 | 261.3% |
| PROFIT FROM OPERATIONS (EBITDA) | 2,855 | -7,478 | -10,597 | n.a. |
| Depreciation | -2,795 | -2,643 | -153 | -5.5% |
| EARNINGS BEFORE INTEREST AND TAX (EBIT) | 60 | -10,121 | -10,181 | n.a. |
| Financial result | -633 | -159 | -474 | -74.9% |
| INCOME BEFORE TAX (EBT) | -574 | -10,280 | -9,706 | 1.690.9% |
| Income tax expenses | -296 | 48 | 344 | n.a. |
| Result | -870 | -10,232 | -9,362 | 1.076.1% |

Sales decreased by €4.9 million (12.5%) in the first quarter of 2021 to €33.9 million (previous year: €38.8million). Sales development was therefore in line with planning, which expected sales of between €135 million and €145 million for the year as a whole.

Material costs decreased by 17.0% to €16.7 million (previous year: €20.1 million), a disproportionately high decline relative to sales that resulted in a relative improvement in gross profit. This came to €19.2 million (previous year: €20.9), only 8.0% lower than in the previous year.

Personnel expenses were down 12.7% year on year at €12.2 million (previous year: €14.0 million), corresponding to a ratio of 30.1% (previous year: 34.4%). By contrast, profitability was significantly weighed down by other operating expenses in connection with the planned closure of the Puchheim location near Munich. It came to a total of €-14.4 million in the first quarter as against €-4.0 million in the previous year. Operating earnings (EBITDA) thus totaled €-7.5 million against €2.9 million in the previous year.

Depreciation and amortization of €2.6 million changed only slightly compared with the previous year (€2.8 million). Accordingly, EBIT came to €-10.1 million (previous year: €0.0 million). This figure would have been €1.4 million adjusted for the one-time effects, which translates into an adjusted EBIT margin of 4.1% (previous year: 0.2%) and therefore at the upper end of the forecasts for the year as a whole in operating terms.

Profit for the period at the First Sensor Group came to €-10.2 million (previous year: €-0.9 million). This corresponds to earnings per share in circulation of €-1.00 (previous year: €0.08).

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS

| In € thousand | Dec. 31, 2020 | March 31, 2021 |
|---------------------------|----------------|----------------|
| Non-current assets | 78,778 | 83,831 |
| Inventories | 29,063 | 31,110 |
| Trade accounts receivable | 20,768 | 19,921 |
| Current assets | 1,700 | 2,542 |
| Cash and cash equivalents | 49,466 | 46,396 |
| Total ASSETS | 179,775 | 183,800 |

Total assets have increased by €4.0 million to €183.8 million since December 31, 2020. This rise is attributable partly to the change in fixed assets as a result of acquiring a minority interest in a subsidiary. Inventories were also increased by €2.0 million to €31.1 million (reporting date: €39.1 million) to secure supply capacity. In line with business development, trade receivables have fallen slightly since the beginning of the year from €20.8 million to €19.9 million. Cash funds, which include cash and cash equivalents and receivables from shareholders (cashpooling), decreased to €46.4 million (reporting date: December 31, 2020: €49.5 million).

EQUITY AND LIABILITIES

| In € thousand | Dec. 31, 2020 | March 31, 2021 |
|---|----------------|----------------|
| Equity | 135,623 | 124,722 |
| Long-term loans, excluding current portion | 19,675 | 18,076 |
| Non-current liabilities | 6,185 | 5,664 |
| Short-term loans and current portion of long-term loans | 4,168 | 5,110 |
| Trade accounts payables | 5,785 | 9,611 |
| Current liabilities | 8,339 | 20,617 |
| Total EQUITY AND LIABILITIES | 179,775 | 183,800 |

On the equity and liabilities side of the balance sheet, profit for the period negatively affected equity, which declined by €10.9 million to €124.7 million. The equity ratio contracted from 75.4% to 67.9% accordingly. Trade payables saw a slightly disproportionate increase to €9.6 million as part of active working capital management (reporting date: €5.8 million). At the same time, current liabilities rose from €8.3 million to €20.6 million in connection with the planned closure of the Puchheim location. At the end of the first quarter of 2021, First Sensor had a net cash position of €17.9 million, €2.9 million more than at the last reporting date.

WORKING CAPITAL OPTIMIZED

| In € thousand | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 |
|------------------|---------|---------|---------|---------|---------|
| Working Capital | 37,703 | 37,948 | 37,705 | 43,036 | 40,530 |
| Capital employed | 147,609 | 154,478 | 147,925 | 132,911 | 134,916 |

Working capital was successfully reduced by €2.5 million to €40.5 million over the first quarter of 2021, whereas capital employed has risen by €2.0 million to €134.9 million since the reporting date, largely a result of the change to fixed assets due to acquiring a minority interest in a subsidiary.

CASH FLOW AFFECTED BY ONE-TIME EFFECT

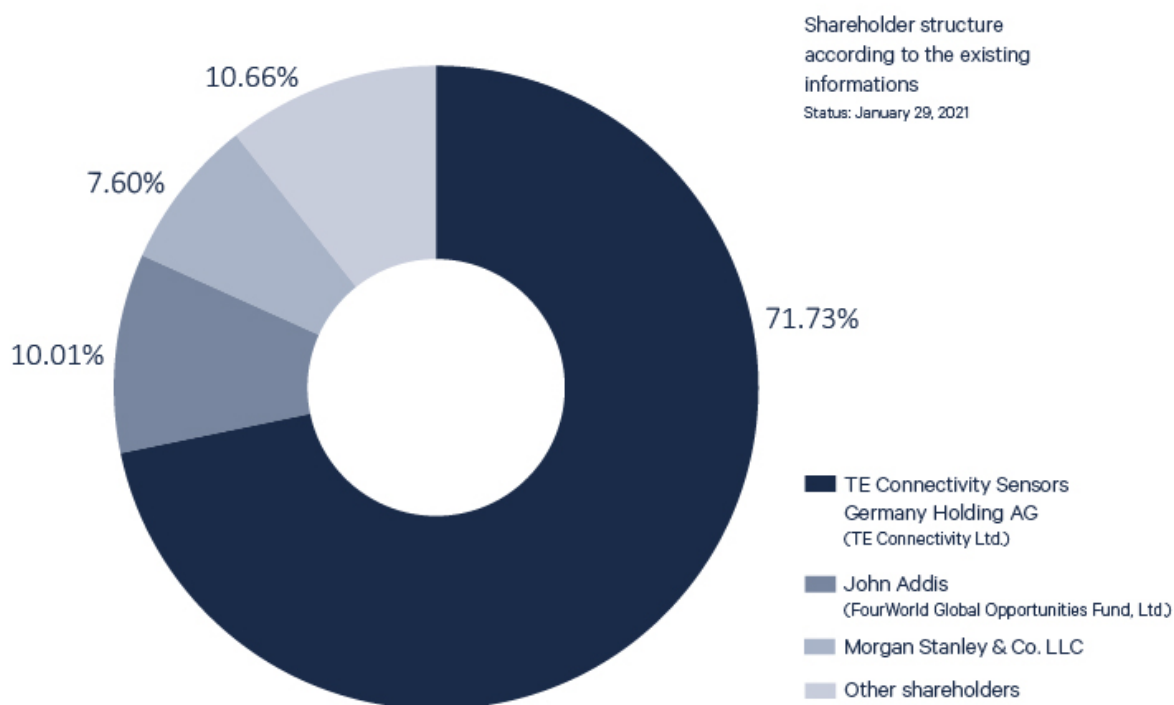
| In € thousand | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 |
|------------------------------------|---------|---------|---------|---------|---------|
| Operating Cashflow | 156 | -9,088 | 4,489 | 10,925 | 5,600 |
| Cashflow from Investment | -2,550 | -1,963 | 36,884 | 19,299 | -7,839 |
| Cashflow from financing Activities | -896 | -633 | -1,880 | -37,563 | -819 |
| Free Cashflow | -2,395 | -11,051 | 41,373 | 30,224 | -2,239 |

After three months of the year, cash flow from operating activities amounted to €5.6 million (previous year: €0.1 million). Cash flow from investing activities amounted to €7.8 million and was affected by the acquisition of a minority interest in a subsidiary as well as the usual investments. Cash flow from financing activities normalized again in the reporting period after the repayments at the end of the 2020 financial year. Free cash flow after three months is negative at €2.2 million due to the one-time effect in investments.

KEY FIGURES FOR FIRST SENSOR SHARES

| | Dec. 31, 2020 | March 31, 2021 | Δ | Δ% |
|--------------------------------------|---------------|----------------|-------|-------|
| Share capital (€) | 51,444,480 | 51,451,980 | 7,500 | 0.19 |
| Number of shares (weighted, diluted) | 10,288,896 | 10,290,396 | 1,500 | 0.19 |
| Number of shares (basic) | 10,304,360 | 10,305,398 | 1,038 | -0.65 |

SHAREHOLDER STRUCTURE ACCORDING TO AVAILABLE VOTING RIGHTS NOTIFICATIONS



FINANCIAL CALENDAR

| | | |
|-----------|-------------------------------|---|
| June 24 | Annual General Meeting | Virtual |
| June 29 | Dividend payment | Subject to approval by the Annual General Meeting |
| August 26 | 6-Month Financial Report 2021 | Publication of interim report as of June 30, 2021 |