

First Sensor 
is now part of



Interim Report

Q3

To our shareholders

Dear shareholders and business partners,

As with many of our customers, especially those in industry and the automotive sector, the Corona pandemic has again impacted our business development in the third quarter of 2020. The year-on-year fall in sales amounts to 5.8% after nine months of the year, but is consistent with our expectations for fiscal 2020, which has been dominated by Corona. In contrast, the Medical target market performed well. Here, First Sensor benefited from increased demand for pressure sensors for respirators as a consequence of the pandemic and a growing need for optical sensors for imaging diagnostics. Overall, we are still assuming that we will close fiscal 2020 with sales of between €145 and €155 million.

Earnings in the third quarter were significantly affected by the disposal of our U.S. and French subsidiaries to other subsidiaries of TE Connectivity, through which we shall leverage synergies as part of our integration in the

TE Connectivity Group. The revenue from the disposal of €40.3 million and the consequences of the transactions on the balance sheet have had a considerable impact as one-time effects on all levels of earnings and therefore slightly obscured our positive operating performance. We have improved EBIT each quarter and, after nine months, are at the upper end of our forecast with an adjusted EBIT margin of 6.4%. Developments in the fourth quarter are once again characterized by considerable uncertainties, which may impact business development over the rest of the year. For the year as a whole, we therefore still expect an adjusted EBIT margin between 3.0% and 6.0%.

We shall use the revenue from the sale of the two companies to reduce our financial liabilities, as planned, by €25 million at the end of the year and consequently strengthen the balance sheet still further. Economically challenging times, such as those we are currently facing, make it crystal clear

that solidity and stability are vital foundations for future success. We do not expect the disposal to have any major impact on sales. Both companies will continue to sell First Sensor sensors to their customers in the future. At the same time, by being more closely integrated with TE, they will be able to offer their customers an even more extensive range of services.

We shall drive this integration intensively at all levels over the next few months and I am delighted that you will provide us with constructive support as we do so.

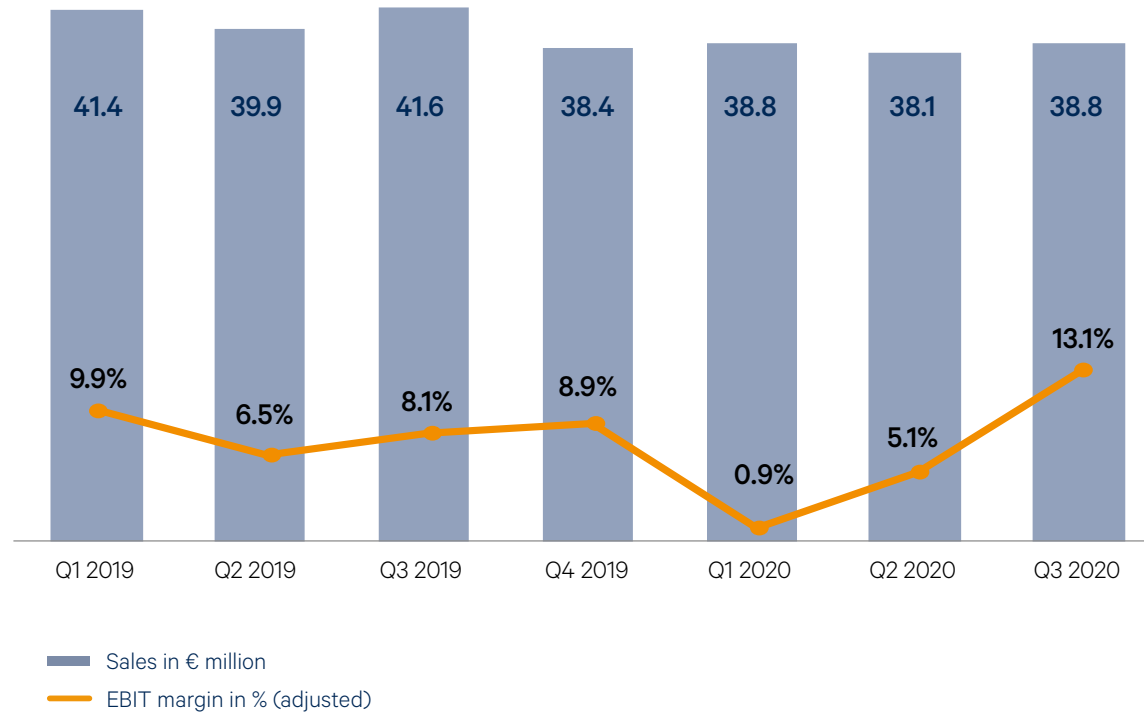
Your



Marcus Resch
Executive Board

The following results 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".

First Sensor on course in operational terms despite Corona

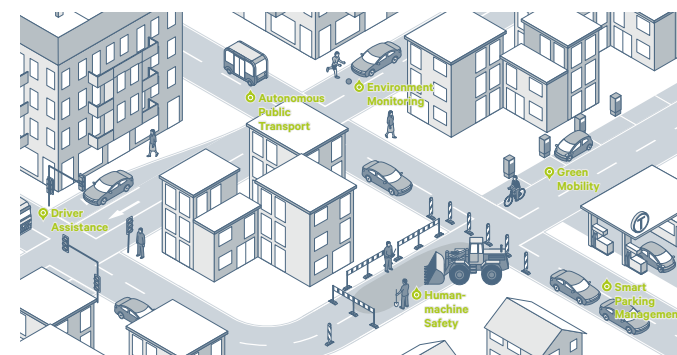
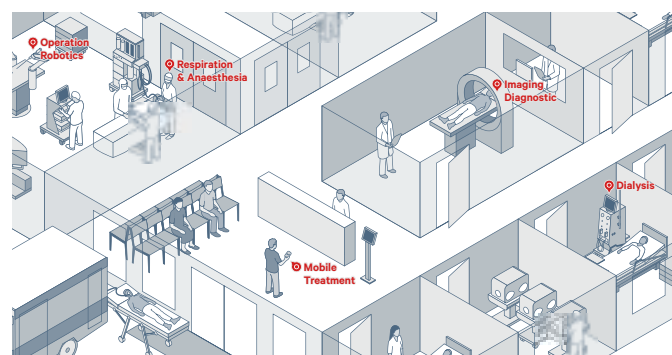
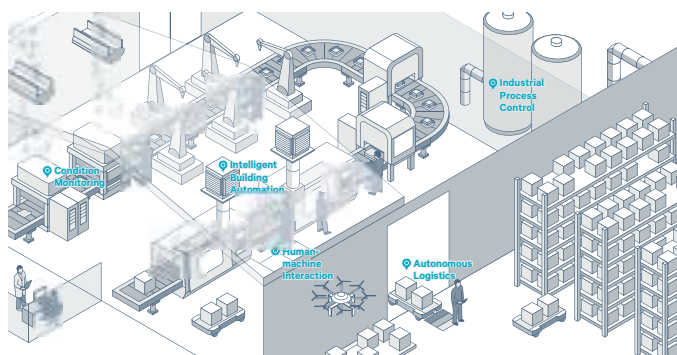


In the third quarter of 2020, at €38.8 million, First Sensor's sales were slightly up on the level of the second quarter but 6.6% down on the very successful third quarter of the previous year. The consequences of the Corona crisis have hit customers from the automotive industry particularly hard. This was also reflected in our sales after nine months of the year. At €115.8 million, they have fallen by 5.8% year-on-year. This decline is consistent with our expectations for the business development in 2020, which we expressed in March 2020 against the backdrop of the pandemic-induced economic slowdown.

Adjusted for the one-time effects associated with the business combination with TE Connectivity Sensors Germany Holding AG, EBIT reached €5.1 million in the third quarter, which equates to an adjusted EBIT margin of 13.1% (previous year: 8.0%) and reflected the efforts made to reduce expenses. After nine months, EBIT reached €50.3 million. This figure included the revenue from the disposal of the subsidiaries in France and the U.S.A to other subsidiaries of TE Connectivity. The adjusted EBIT margin for this period came to 6.4% and was therefore, as expected, down on the previous year's figure (8.2%).

Sales development presented a mixed picture

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Industrial	22,183	21,362	21,745	21,339	20,275	19,096	18,372
Medical	9,760	8,825	8,887	7,944	8,485	12,582	12,875
Mobility	9,454	9,692	10,949	9,135	10,024	6,470	7,582
Total	41,397	39,879	41,581	38,419	38,783	38,147	38,828

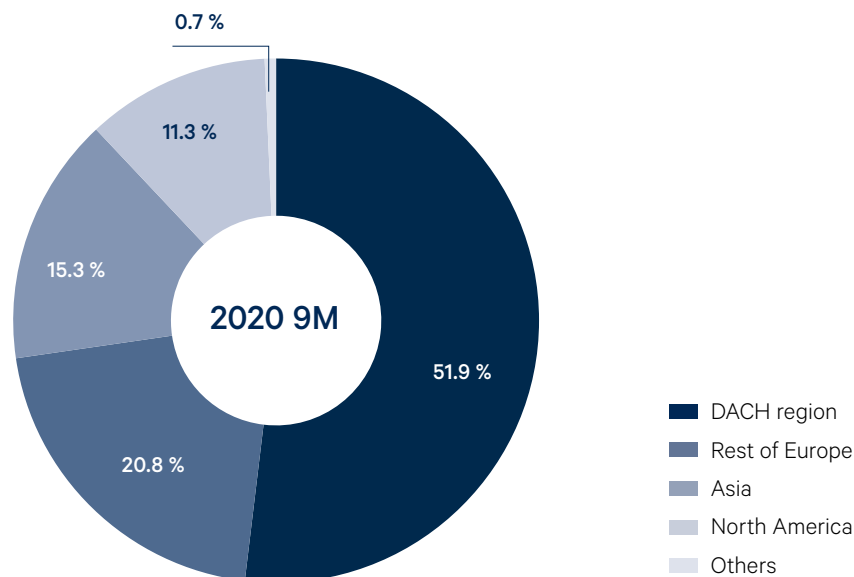


In the **Industrial** target market, sales reached €18.4 million in the third quarter of 2020 and were therefore slightly down on the previous quarter once more (€19.1 million). At €57.7 million, they were 11.6% down on the previous year's figure (€65.3 million) after nine months. This decline reflects the Corona-induced consequences, such as plant closures at many major customers in recent months. With a 49.9% share of sales through the last nine months (previous year: 53.1%), this target market is still highly significant for First Sensor.

The **Medical** target market again benefited from a boom in the third quarter of 2020. Sales continued to rise slightly compared with the previous quarter and came to €12.9 million (previous year: €8.9 million). Sales after nine months of the year came to €33.9 million (previous year: €27.5 million), representing growth of 23.6%. Growth resulted, in particular, from the temporary increase in demand for pressure sensors for respirators but also for optical sensors for medical imaging. This target market's proportion of total sales through the last nine months increased to 29.3% (previous year: 22.4%).

In the **Mobility** target market, sales in the third quarter increased slightly compared with the previous quarter and reached €7.6 million (previous year: €10.9 million). Demand from customers in Asia picked up especially here. Sales after nine months of the year came to €24.1 million (previous year: €30.1 million), representing a decline of 20.0%. This target market now represents a share of total sales through the last nine months of 20.8% (previous year: 24.4%).

Regional sales reflect pandemic rates



In the first nine months of 2020, the international breakdown of sales and the trend in sales were again significantly affected by the staggered occurrence of infections in the various regions. Sales in the DACH region (Germany, Austria, Switzerland, Liechtenstein) were comparatively stable. Here, sales increased slightly by 2.1% to €60.1 million (previous year: €58.8 million), representing 51.9% of total sales. In contrast, sales in the rest of Europe and in North America fell sharply. Sales in the rest of Europe came to €24.1 million (previous year: €28.6 million). This corresponds to a decline of 15.9% and a share of sales of 20.8%. Sales in North America even declined by 19.8% to €13.1 million (previous year: €16.3 million), representing a share of sales of 11.3%. Thanks to relaxing lockdown measures sooner, sales remained almost stable in Asia. They reached €17.7 million (previous year: €18.2 million) and therefore contributed 15.3% to total sales.

Order situation points to a slight improvement in business development

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Incoming orders	42,284	35,623	41,514	36,775	43,439	31,678	37,604
Orders on hand	98,393	94,180	94,292	92,913	98,145	91,645	90,264
Book-to-bill-ratio	1.02	0.89	1.00	1.00	1,12	0.83	0.97

Following a sharp fall in the second quarter, incoming orders recovered slightly in the third quarter of 2020. They came to €37.6 million, but were therefore still €3.9 million down on the same quarter of the previous year. After nine months, First Sensor's order backlog amounted to €90.3 million (previous year: €94.3 million). The rolling book-to-bill ratio for the past twelve months increased again following the weaker previous quarter and came to 0.97. This indicates a slight improvement in business development.



Consolidated income statement (IFRS)

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Sales revenues	41,397	39,879	41,581	38,419	38,783	38,147	38,828
Other operating income	341	581	459	1,217	282	389	41,059
Changes in inventories	1,397	729	-1,028	-616	1,288	591	-1,917
Other own work capitalized	772	1,029	755	1,076	591	547	927
Cost of material	-20,551	-19,268	-18,599	-16,875	-20,085	-18,701	-15,548
Gross profit	23,355	22,950	23,169	23,221	20,859	20,974	63,349
Personnel expenses	-12,943	-16,168	-14,043	-13,027	-14,007	-17,370	-11,481
Other operating expenses	-4,035	-5,426	-5,287	-5,567	-3,997	-3,638	-1,219
Operating result (EBITDA)	6,376	1,356	3,838	4,627	2,855	-34	50,648
Depreciation and amortization	-1,708	-2,586	-2,248	-2,366	-2,238	-2,246	-2,397
Operating result before goodwill amortization (EBITA)	4,668	-2,345	1,591	2,262	617	-2,280	48,251
Goodwill amortization	-558	-558	-558	-558	-558	-558	-558
Earnings before interest and tax (EBIT)	4,110	-1,787	1,033	1,704	60	-2,837	47,694
Financial result	-218	-618	-209	-498	-633	-354	-2,864
Income before tax (EBT)	3,893	-2,405	824	1,206	-574	-3,192	44,829
Taxes	-1,176	452	153	-476	-296	-56	-745
Net income	2,717	-1,953	977	730	-870	-3,248	44,084



In the First Sensor Group, sales in the third quarter reached €38.8 million (previous year: €41.6 million), representing a decline of 6.6% year-on-year. Sales after nine months of the year amounted to €115.8 million (previous year: €122.9 million), a fall of 5.8% on the same period in the previous year. Sales development was therefore in line with expectations.

After nine months, the gross profit came to €105.2 million (previous year: €69.5 million). The one-time effect from the disposal of the U.S. and French subsidiaries to other subsidiaries of TE Connectivity for €40.3 million and the resulting changes in the balance sheet had a major impact here and in the following items in the income statement. A more advantageous product mix, which reduced the material usage ratio to 42.1% in the third quarter of 2020 (previous year: 44.7%), also made a positive contribution.

Adjusted personnel expenses came to €38.0 million after nine months (previous year: €39.7 million). Measures to limit the impact of Corona, such as short-time working at several locations and a cautious approach to filling vacant posts, have also contributed to this reduction. Adjusted earnings (EBITDA) of €58.9 million (previous year: €18.2 million) also included one-time effects from the disposal of the subsidiaries in France and the U.S.A to other subsidiaries of TE Connectivity.

Depreciation and amortization of €8.6 million only changed slightly compared with the previous year (€8.2 million). Adjusted for the one-time effects associated with the business combination with TE Connectivity Sensors Germany Holding AG, EBIT reached €50.3 million after nine months; this figure included the abovementioned impact of the disposal of the subsidiaries in France and the U.S.A to other subsidiaries of TE Connectivity as a one-time effect. The adjusted EBIT margin for this period came to 6.4% (previous year: 8.2%) and was therefore at the upper end of the forecasts for the year as a whole.

The First Sensor Group's adjusted profit for the nine-month period amounted to €45.4 million (previous year: €1.7 million). This corresponds to adjusted earnings per share in circulation of €3.86 (previous year: €0.15). The third quarter accounted for €4.27 of this (previous year: €0.32).

In the third quarter too, extraordinary expenses were incurred in connection with the acquisition by TE Connectivity Sensors Germany Holding AG. Overall, the adverse impact from transaction costs and accruals came to €5.4 million after nine months of the year (previous year: €6.7 million). The main items affected were personnel expenses (€4.9 million, previous year: €3.4 million) and other operating expenses (€0.5 million, previous year: €3.2 million).

Consolidated balance sheet (IFRS)

ASSETS			EQUITY AND LIABILITIES		
in € thousand	Dec. 31, 2019	Sep. 30, 2020	in € thousand	Dec. 31, 2019	Sep. 30, 2020
Non-current assets	95,401	97,316	Equity	89,881	128,950
Inventories	35,726	35,739	Financial liabilities	25,581	20,494
Trade accounts receivables	12,512	9,740	Non-current liabilities	7,038	6,582
Current assets	3,756	3,658	Current financial liabilities	29,897	32,568
Cash and cash equivalent	32,260	59,688	Trade accounts payables	8,759	7,278
Total ASSETS	179,656	206,141	Current liabilities	18,500	10,269
			Total EQUITY AND LIABILITIES	179,656	206,141

Total assets have increased by €26.5 million to €206.1 million since December 31, 2019. Revenue from the disposal of the subsidiaries in France and the U.S.A made a significant contribution to this increase. As a consequence, cash and cash equivalents increased by €27.4 million to €59.7 million. In line with business development, trade receivables have fallen slightly since the beginning of the year from €12.5 million to €9.7 million.

The disposal of the subsidiaries also had an impact on the equity and liabilities side of the balance sheet. Here, equity increased to €129.0 million as a result of retained earnings in the reporting period. The equity ratio improved as a result from 50.0% to 62.6%. Net debt of €23.3 million at the reporting date was transformed into a net cash position of €6.6 million. Plans have been made to repay financial liabilities of €25.0 million, as scheduled, at the end of 2020.

Stable working capital despite Corona

in € thousand	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Working capital	36,088	38,407	38,195	39,213	37,703	37,948	37,705
Capital employed	122,178	125,045	124,667	149,557	147,609	154,478	147,925

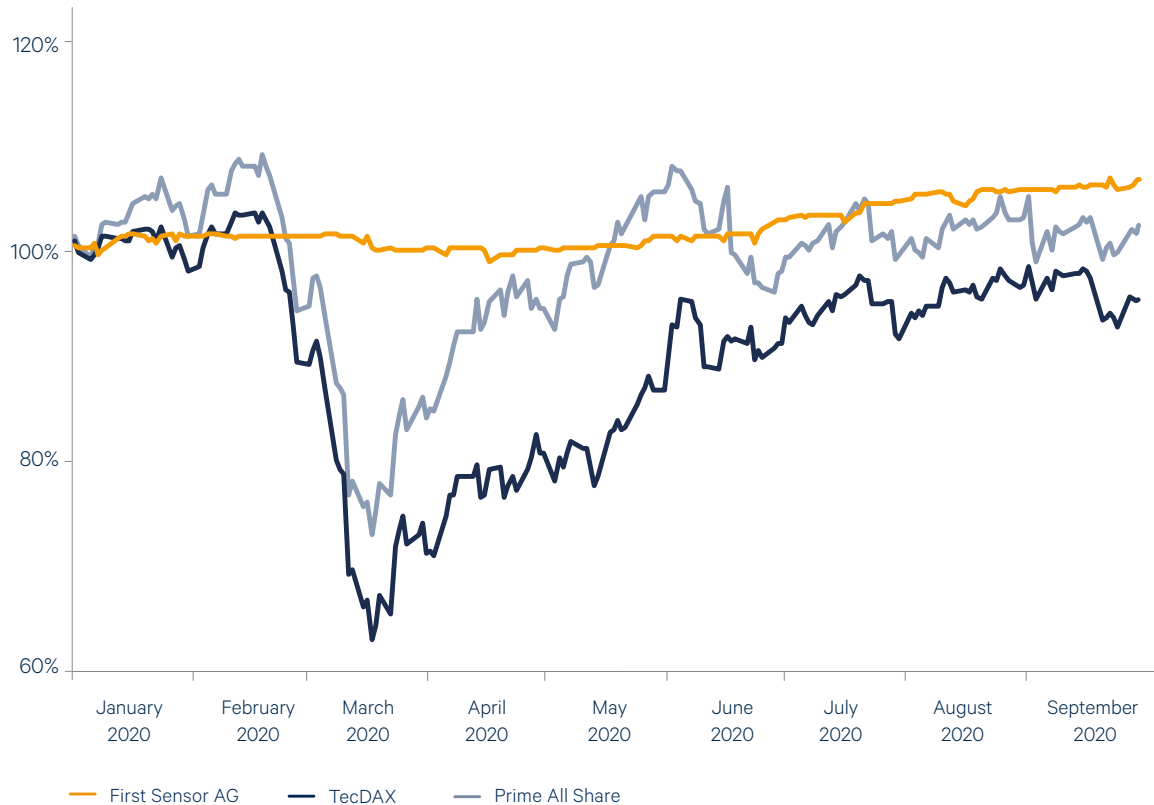
Working capital only changed immaterially in the course of the first three quarters of 2020 and recently stood at €37.7 million (previous year: €38.2 million). In contrast, capital employed decreased by almost 10.0% to €147.9 million from €150.0 million at the beginning of the year, largely due to general business development.

Cash flow affected by one-time effect

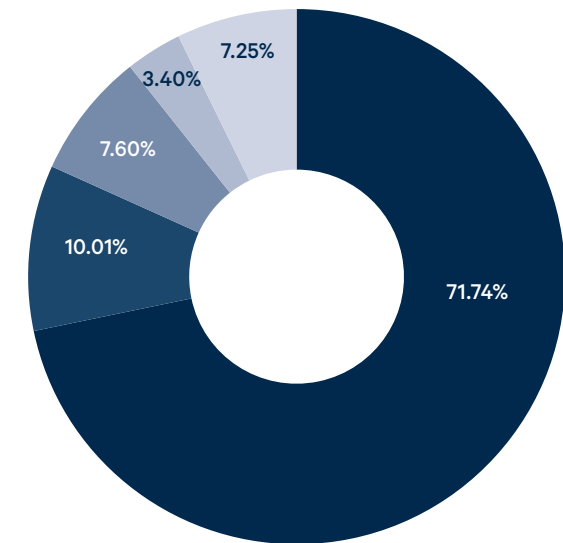
in € thousand	3M 2019	6M 2019	9M 2019	12M 2019	3M 2020	6M 2020	9M 2020
Cash flow from operating activities	5,491	6,790	12,967	20,429	156	-6,419	38,370
Cash flow from investing activities	-2,474	-5,290	-7,496	-11,565	-2,550	-4,513	-7,929
Cash flow from financing activities	-785	-4,517	-4,084	-5,217	-896	-4,043	-5,923
Free cash flow	3,017	1,500	5,471	8,864	-2,395	-10,932	30,441

After nine months of the year, cash flow from operating activities amounted to €38.4 million (previous year: €13.0 million). Here too, revenue from the disposal of the subsidiaries in France and the U.S.A made a significant contribution to this increase (€40.3 million). Cash flow from investing activities reflects the investments made and planned for 2020. Borrowings and slightly higher repayments of loans shaped cash flow from financing activities in the reporting period. Free cash flow after nine months came to €30.4 million (previous year: €5.5 million), reflecting the impact of the sale of our subsidiaries in France and the U.S.A.

The First Sensor share



Status: October 23, 2020



■ TE Connectivity Sensors Germany Holding AG (TE Connectivity Ltd.)
■ John Addis (FourWorld Global Opportunities Fund, Ltd.)
■ Morgan Stanley & Co. LLC
■ Syquant Capital SAS
■ Other shareholders

While stock market indices were highly volatile in the third quarter, the price of First Sensor shares remained very stable. It started the third quarter at €39.00 and slowly climbed to the €40.00 level, reaching it for the first time on September 10, 2020. This increase was somewhat more marked than that of the comparable index. Given the reduction in the free float, the trading volume decreased to approximately 2,200 shares per day on average (Xetra).

	Dec. 31, 2019	Sep. 30, 2020	Δ absolute	Δ in %
Share capital (€)	51,346,980	51,444,480	97,500	0.19
Number of shares, non diluted	10,269,396	10,288,896	19,500	0.19
Number of shares, diluted	10,374,637	10,307,464	-67,173	-0.65

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.