First Sensor is now part of TE connectivity

# Annual Report 2024

FIRST SENSOR AG, BERLIN

# ABOUT THIS REPORT

The reporting period is the 2023 financial year from October 1, 2023 to September 30, 2024.

To ensure this report is as current as possible, it includes all relevant information available up to the Responsibility Statement dated January 29, 2025.

## Information on Accounting

First Sensor's consolidated financial statements have been prepared in accordance with the applicable International Financial Reporting Standards (IFRS) as of the end of the reporting period and as applicable in the European Union, and the additional requirements of German commercial law.

The internal control system (ICS) provides reasonable assurance regarding the reliability of financial reporting and compliance with applicable laws and regulations. To monitor the effectiveness of the ICS, accounting-related processes are regularly reviewed.

## Information on formal presentation

This year, we are once again publishing our annual 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 of the report 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 report contains statements which are forward-looking and do not represent any incitement to purchase 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 those projected. Our results will be subject to many of the same risks that apply to the semiconductor sector or the industries of First Sensor's customers, such as general economic conditions, interest rate fluctuations, consumer spending patterns and technological changes.

All future-oriented specifications in this consolidated financial report were produced on the basis of a probability-based plan and represent reasonable forward-looking statements regarding the future which cannot be guaranteed. It should be noted that all forward-looking statements only speak as of the date of this 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 development.

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# 1 TO OUR SHAREHOLDERS

## FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders and Business Partners,

The 2024 financial year was influenced by difficult economic conditions. Germany, as First Sensor's most important sales market, also lacked the crucial boost to break free from economic crisis mode. In this light, the decline in sales to €121.4 million is explicable, especially since we are phasing out some products as part of active portfolio management.

The planned investments were also partially extended over time due to the economic environment, so that the volume in the 2024 financial year only reached €5.6 million. The focus of the activities was on improving processes in order to gain above-average benefit from a future revival in demand.

We were able to achieve success here. For example, at the Berlin-Oberschöneweide location, the throughput time per mask level was reduced by 38 percent. The yield of a pressure sensor, which is produced in high volumes, could be increased by 6%. And legitimate customer complaints were reduced by 49%. In addition, the first production facilities have been connected to the Manufacturing Execution System (MES). This will optimize the statistical process control and thus contribute to both reducing yield losses and improving process stability. As a result of the measures taken to optimize production, Berlin-Oberschöneweide won second place in the TE Connectivity internal Kaizen competition – a great success for the team and a highlight for the location.

So what do we expect for the new financial year? Currently, it looks like the overall economic and industry-related environment has not yet improved significantly. Therefore, we assume that we will probably see further slight decline in sales in the 2025 financial year. We will use the time to continue optimizing our product portfolio. As we are part of the TE Connectivity Group, we are able to offer high-precision and long-lasting measuring solutions that will withstand even the toughest conditions. Such sensors form the basis for capturing valuable data that enables users to adapt operational processes and products as needed – from industrial automation in factory environments to patient monitoring in medical facilities to intelligent automotive technologies.

These sensor technologies have a decisive influence on the quality, cost-effectiveness and safety in the respective applications by monitoring and measuring key factors. As one of the leading companies in the field of sensor technology, high-quality production is our top priority. When used as part of medical technologies our sensors conform to the EN ISO 13485 certification, for example, and therefore meet the strict requirements imposed on medical products.

What sets us apart from other sensor manufacturers is our technology, capacity and experience in adjustment and optimization of our sensors for specific applications and markets. We offer specialized technical expertise, comprehensive consulting services, and tailored quality products with which we contribute to the success of TE Connectivity.

This is only possible thanks to our employees, who accept the challenges every day in order to develop and produce the best solutions for our customers. We would like to thank you for what you have done in the past financial year. Together, we will work to ensure that First Sensor also overcomes the challenges of the future.

We are filled with optimism as we enter the new financial year, and we hope that you will continue our constructive relationship.

The Management Board

Thibault Kassir | Robin Maly | Dirk Schäfer

# REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

In the reporting period, which comprises the 2024 financial year, and thereafter, the Supervisory Board performed its duties in accordance with the law, the Articles of Association and its Rules of Procedure without restriction. It continuously monitored and advised the Management Board in its management of the company and regularly reviewed its activities. In addition, it was directly and closely involved in all decisions of strategic and fundamental importance to the company at an early stage. The Supervisory Board received all relevant information in this regard both comprehensively and promptly. Over the course of the financial year, the Management Board provided regular, prompt and comprehensive information both in writing and verbally on the status of the implementation of strategy and planning, the current business situation, business performance and the economic situation. Deviations from planning and changes to targets in relation to the forecast business performance and measures derived from them were communicated to the Supervisory Board by the Management Board, explained and discussed together. Regular reporting also included the risk situation and risk management as well as all relevant compliance and corporate governance issues. In the past financial year, there were no conflicts of interest on the part of the Management Board or the Supervisory Board members that would have required an immediate disclosure to the Supervisory Board.

There were four ordinary meetings of the Supervisory Board in the 2024 financial year, primarily held as video conferences or in hybrid format. Resolutions were also adopted by way of circulation as necessary. In addition, resolutions were regularly prepared in advance by telephone. The meeting attendance of the members of the Supervisory Board is shown below, broken down by individual member. The attendance rate was 91.7% (previous year: 79.2%).

| | Ordinary meetings of the Supervisory Board | |
|---|---|---|
| | Frequency: | in % |
| Michael Gerosa<br>(member since February 18, 2021, Chairman since April 19, 2021) | 4/4 | 100 |
| Peter McCarthy (Deputy Chairman since May 1, 2020) | 3*/4 | 75 |
| Stephan Itter (since May 1, 2020) | 4/4 | 100 |
| Rob Tilmans (since June 24, 2021) | 4/4 | 100 |
| Christoph Findeisen ** (since August 26, 2021) | 4/4 | 100 |
| Olga Wolfenberg ** (since May 3, 2019) | 3*/4 | 75 |

*) The members of the Supervisory Board were unable to attend the individual meetings in person. However, they submitted their votes on individual proposals in writing.
**) Employee representatives

While the members of the Management Board took part in the meetings of the Supervisory Board, the Supervisory Board also regularly convened without the Management Board from time to time. In the process, agenda items were discussed that either concerned the Management Board itself or internal Supervisory Board matters.

## Supervisory Board issues

As early as October 23, 2023, an amendment to the Articles of Association was resolved by way of circulation, since the share capital had increased as a result of exercised share options. At the first regular Supervisory Board meeting on November 13, 2023, the draft budget for the 2024 financial year was resolved. The change to the relevant KPIs proposed by the Management Board was approved. Furthermore, the Supervisory Board was briefed on the current risk situation of the Group and extended the appointment of Robin Maly and Dirk Schäfer to the Management Board for another three years.

At the second regular Supervisory Board meeting on January 24, 2024, the annual financial statements of First Sensor AG and the Group for the 2023 financial year were the focus, they were discussed in detail with the auditors in attendance. The report of the Supervisory Board, the consolidated non-financial report (CSR report), the remuneration report and the corporate governance declaration were also discussed and resolved. Since the ESEF tagging was not yet completed and checked, the final audit report of the auditors was not yet available at the time of the meeting. It was therefore decided to carry out the decision-making on these agenda items afterwards by way of circulation. Moreover, the Supervisory Board discussed various aspects in connection with the 2024 Annual General Meeting and the anticipated items of its agenda.

The Supervisory Board then approved the annual financial statements and the consolidated financial statements by way of circulation on January 31, 2024 after the audited financial statements were submitted. On February 21, 2024, also by way of circulation, the Supervisory Board resolved the agenda of the Annual General Meeting of April 24, 2024, and agreed with the decision of the Management Board to hold this event in person again.

At its third regular Supervisory Board meeting on May 8, 2024, the Supervisory Board decided to engage the auditing firm elected by the Annual General Meeting for the 2024 financial year. Other items on the agenda included a discussion of the current risk situation and information on preparations for the implementation of the CSRD directive. Furthermore, the Supervisory Board reviewed and resolved its skills profile.

At the fourth regular Supervisory Board meeting on September 5, 2024, the Management Board provided information about the current business situation and the Supervisory Board discussed the report for the third quarter of 2024. In addition, the updated declaration of compliance with the German Corporate Governance Code was adopted. The Supervisory Board also resolved the financial calendar and meetings schedule for the 2025 financial year.

On October 20, 2024, the Supervisory Board decided by circular resolution to amend the Articles of Association, since the share capital had increased as a result of exercised share options. At a further meeting after the end of the reporting period on November 20, 2024, the planning for First Sensor AG and the Group for the 2025 financial year (Oct. 1, 2024- Sept. 30, 2025) was discussed and decided. During this meeting, the review of the efficiency of the work of the Supervisory Board was also discussed.

## Work of the Supervisory Board

Furthermore, the subject of all Supervisory Board meetings was the Management Board's reporting on the business situation of First Sensor AG and the Group, in particular the current sales and earnings development as well as the financial and asset position on the basis of the reporting formats defined by the Supervisory Board. The Supervisory Board received detailed information on and discussed the strategy and its implementation, key transactions and the company's risk management. The Chairman of the Supervisory Board also maintained regular contact with the Management Board. The Management Board promptly informed the Chairman of the Supervisory Board of key events of significance to the assessment of the company's situation, performance and management. In addition to the meetings, there were several discussions between the Management Board and members of the Supervisory Board on operational and strategic matters.

In accordance with the legal regulations, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, was elected as the auditor by the Annual General Meeting on April 24, 2024, engaged by the Supervisory Board to audit the annual financial statements and consolidated financial statements for the 2024 financial year and the auditor's fee was determined. The Supervisory Board also addressed the financial reporting and the financial reporting process, the effectiveness of the internal control system, the risk management system and the company's compliance.

The members of the Supervisory Board are responsible for ensuring that they receive the necessary training to perform their duties, for example regarding changes in the legal framework, and is assisted in this by the company. A further efficiency review of the work of the Supervisory Board was carried out at the meeting on November 20, 2024, after the end of the reporting period.

All members of the Supervisory Board have sufficient time to perform their duties. They always had sufficient opportunity to process and discuss the reports and draft resolutions submitted by the Management Board prior to and at their meetings.

## Work of the committees

The Supervisory Board has established an Audit Committee and a Personnel and Nomination Committee. The committees each comprise two members of the Supervisory Board and prepare the resolutions of the Supervisory Board.

The Audit Committee met three times in the 2024 financial year. At the meetings on November 17, 2023, and December 12, 2023, the Audit Committee discussed in depth, with the auditors in attendance, the current status of the preparation of the financial statements and the audit work on the annual and consolidated financial statements. The scope of the audit and the key audit matters defined by the auditors were also discussed and agreed. At the meeting on April 25, 2024, the Audit Committee discussed the draft half-year report and the planning for the audit of the financial statements for the 2024 financial year.

In a further meeting after the end of the reporting period on October 17, 2024, the scope of the audit and the audit matters defined by the auditors for the annual and consolidated financial statements 2024 were discussed and agreed. On December 11, 2024, with the auditors in attendance, the current status of the preparation and audit of the financial statements for First Sensor AG and the Group was discussed. Also during this meeting, the resolution of the Supervisory Board was prepared.

The Personnel and Nomination Committee did not meet in the reporting period.

## Audit of the annual and consolidated financial statements

The auditor, BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, has audited the financial statements of First Sensor AG and the consolidated financial statements as well as the combined management report for First Sensor AG and the Group for the 2024 financial year and has issued an unqualified audit opinion on each. BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, has been the auditor for First Sensor AG and the Group since the 2023 financial year. Since the 2024 financial year, Robert Baumgarten has signed as an auditor and Martin Behrendt as the auditor responsible for the audit. The financial statements of First Sensor AG and the combined management report for First Sensor AG and the Group were prepared in accordance with German statutory provisions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and in accordance with the additional German legal regulations applicable in accordance with section 315 e(1) of the German Commercial Code. The auditor has conducted the audit in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation, taking into account German principles of proper accounting determined by the Institute of Public Auditors in Germany (IDW). The documents mentioned were distributed to the members of the Supervisory Board in good time before the resolution meeting on January 29, 2025. The financial statements of First Sensor AG, the consolidated financial statements and the combined management report were then discussed in detail at the Supervisory Board meeting. In this context, the members of the Audit Committee reported on their work closely overseeing the audit process, thereby contributing to the preparation of the resolution by the Supervisory Board. In particular, the Supervisory Board dealt with the key audit matters and the audit procedures. The discussion by the Supervisory Board also covered the non-financial disclosures for First Sensor AG and the Group as well as the remuneration report. The remuneration report was formally audited by BDO in accordance with Section 162 (3) of the German Stock Corporation Act (AktG); the CSR report was not audited by a third party. However, the auditor is satisfied that the disclosures are available and the Supervisory Board has reviewed the legality, compliance and expediency of the sustainability reporting.

The auditor's audit reports were distributed to all members of the Supervisory Board and based on draft versions were discussed at length at the accounts meeting of the Supervisory Board with the auditor in attendance on January 29, 2025. The auditor also reported on the scope, main areas and key findings of the audit and was available for additional questions and information. The auditor’s comments focused in particular on the key audit matters and the audit procedures. At this meeting, the Management Board discussed the financial statements of First Sensor AG and the Group and the risk management system. The Supervisory Board approved the results of the audit of the annual financial statements. According to the final result of its own review, it raised no objections. The Management Board prepared the annual financial statements and the consolidated financial statements. The Supervisory Board approved the annual financial statements and the consolidated financial statements after the audited financial statements were presented on January 29, 2025. The stand-alone financial statements of First Sensor AG have thus been adopted in accordance with section 172 of the German Stock Corporation Act. A resolution on the appropriation of profits is no longer required as there is now a control and profit transfer agreement with TE Connectivity.

I would like to take this opportunity – both personally and on behalf of my colleagues on the Supervisory Board – to thank the Management Board and all employees for their great commitment and outstanding performance over the past financial year, and to wish them every success in future projects and challenges.

We are also grateful to our shareholders for the trust they have shown in us. We would greatly value your continued support as an investor in First Sensor AG.

Berlin, January 29, 2025

Michael Gerosa

Chairman of the Supervisory Board

First Sensor is now part of TE connectivity

# NON-FINANCIAL REPORTING
# (CORPORATE SOCIAL RESPONSIBILITY-REPORT)

## Declaration of Compliance of First Sensor AG for the 2024 Financial Year
## (October 1, 2023 – September 30, 2024)

Dear Shareholders and Business Partners,

Why does sustainability concern all of us? According to the estimates of Welthungerhilfe (German Agro Action), there could be over 140 million environmental refugees in the world, as early as 2050. The reason: The effects of climate change on people's livelihoods are so severe that they no longer have any prospects. But the worst affected are those who have no way to escape.

Already today, we read about catastrophic hurricanes, floods and droughts more and more often, and the scientists have no doubt that these events are a consequence of a human-induced climate change. It is up to all of us to slow down this development, reduce emissions and thus contribute to ensuring that people, families and perhaps ourselves do not have to escape from environmental events. Not to mention the political upheavals that would be associated with migration on this scale.

But ESG, CSR and sustainability encompass many more issues relating to ethics and responsibility and the question of how companies position themselves in these areas. This CSR report gives account of First Sensor's commitment as part of the TE Connectivity Group once again. We are talking about the status we have reached and the goals we have set ourselves. For the period from October 1, 2023 to September 30, 2024, we again used the format of the German Sustainability Code as the basis for our compilation. However, as in the previous year, we also worked within the framework of the GRI standard; some references in the text therefore refer to this.

As part of the TE Connectivity group, First Sensor contributes to the process of TE Connectivity group-wide data collection. These quantitative disclosures in the present report naturally relate only to the locations of First Sensor. And just to be clear, we wish to inform you that neither this report nor its contents have undergone a formal review or audit.

Thank you for your interest!

The First Sensor CSR Team

MAIN ISSUES

## General information

On September 30, 2024, the First Sensor Group consisted of the parent company First Sensor AG, based in Berlin, and one subsidiary (GRI 102-1). The company has been listed since 1999. TE Connectivity Sensors Germany Holding AG has been the largest shareholder in First Sensor AG since 2020, with an interest of approximately 72% (GRI 102-5); there is a control and profit transfer agreement in place between the companies.

In the 2024 financial year First Sensor generated total sales of €121.4 million (GRI 102-7) with an average of 668 employees (646 FTEs). 53.2% of sales was generated in the DACH region (Germany, Austria, Switzerland), while sales generated from customers in the rest of Europe accounted for 19.5%. 5.7% of sales was attributable to North America and 21.2% of sales was generated in Asia (GRI 102-6). The rest of the world accounts for 0.4%  of sales. As of the reporting date September 30, 2024, the balance sheet total of the Group amount to €118.6 with the equity ratio of 87.3% percent (GRI 102-7).

On the sensor systems growth market, First Sensor develops and produces standard products and customer-specific solutions for the ever-increasing number of applications on different target markets (GRI 102-6).

Throughout the value chain, two core competencies distinguish First Sensor as a company. Firstly, the Group has expert knowledge in detecting physical parameters through the design and production of silicon-based sensor chips. Secondly, First Sensor uses its expertise in microelectronic layout and connection technology to process these chips with the best form factor for the application in question. System solutions for new applications on various markets are an avenue for additional growth. Such sensor systems not only measure but also respond intelligently to the results and communicate with other systems (GRI 102-2).

The import and export of products is subject to regulation by the respective jurisdictions in which First Sensor operates. For a small portion of the products, government import and export licenses may be required, the issuance of which can be influenced by geopolitical and other events. As part of the TE Connectivity Group – consisting of the parent company TE Connectivity plc. and its subsidiaries –, First Sensor has a trade compliance organization and other systems in place to apply for licenses and for compliance with the relevant regulations. Any failure to maintain compliance with domestic and foreign trade regulation could limit the ability to import or export raw materials and finished goods into or from the jurisdiction concerned (GRI 102-2).

## Employees (GRI-102-8)

Mainly as a result of the restrained business development, the number of employees at First Sensor in the 2024 financial year was reduced. The number of permanent employees fell by -10.5% to 621 FTE (full time equivalent) as of the reporting date of September 30, 2024. The proportion of women in relation to permanent employees was once again 32.3 % on average for the year (previous year: 32.8%). To handle fluctuations in utilization and temporarily fill vacant positions, First Sensor works with temporary employment agencies that meet general quality standards. Usually, around 10% of these employees are taken on as permanent employees over the course of a financial year.

| Number of employees | Permanent employees (m/f/o) | Temporary employees (m/f/o) |
|---|---|---|
| Germany | 434/208/3 | 7/2/0 |

As of: September 30, 2024

First Sensor offers staff a variety of working time models to take into account the wishes and needs of employees due to the demands of family life or dependents requiring temporary care. This stems from our belief that the happiness of employees has a direct effect on their commitment and motivation. As of the reporting date, September 30, 2024, the proportion of part-time employees increased slightly to 14.2% (previous year: 12.6%).

| Number of employees | Full-time employees (m/f/o) | Part-time employees (m/f/o) |
|---|---|---|
| Germany | 409/153/3 | 25/55/0 |

As of: September 30, 2024

# STRATEGY

## 01 Strategic analysis and measures

As part of the TE Connectivity Group, First Sensor is included in its parent company's strategy for key sustainability areas.
TE Connectivity has published the Group's sustainability strategy in the sustainability report entitled "One Connected World." One Connected World aims to create a safer, sustainable, productive and connected world. In 2023, the strategy was revised and expanded. It aims to specify further TE Connectivity's responsibility for its impact on the world, employees and products. In particular, it presents the management's responsibility in accounting for this and undertaking to do more.

One Connected World was already introduced in 2020 throughout the entire TE Connectivity Group. It identified where progress can be made and defined how success in sustainability should be measured. This included launching the One Connected World Network (OCWN), which oversees the strategy's implementation and makes recommendations for better achieving our goals. In the reporting year, TE Connectivity Group updated the OCWN structure to have a leadership network, which consists of executives who lead and monitor progress of the strategy, and a core team, which consists of subject-matter experts and program managers who drive progress throughout the company.

Through a double materiality analysis with customers, shareholders and employees in 2022, areas were identified by TE Connectivity in which the company's own economic activities have the greatest impact. In preparation for reporting under the CSRD (Corporate Sustainability Reporting Directive), this materiality analysis was reviewed in the reporting year and aligned with the requirements of the reporting standards.

The sustainability strategy addresses three focus areas: planet, products and people with the goal of creating a safer, sustainable, productive and connected world. Strong governance principles and the commitment to ethical business underscore every aspect of this strategy.

"Planet" stands for the goal of sustainable business by promoting a culture of continuous improvement in terms of emissions, the use of renewable energies, water and waste, and thus reducing the ecological footprint. "Products" focuses on innovative and sustainable products that have a positive impact on customers and society, including a diverse and responsible supply chain. And "People" is aimed at empowering people to thrive. The focus is on inclusion and diversity, human rights and the safety of business activities. This also includes promoting global, diverse teams with an inclusive and dedicated culture and developing a wide range of STEM (*science, technology, engineering, and math*) talents for the future.

The sustainability challenges, opportunities, and risks associated with First Sensor's core activities are incorporated in the company through the implementation of the TE Connectivity sustainability strategy and are controlled and monitored by the management. As part of the TE Connectivity group, First Sensor pursues the same goals and also involves the entire value chain when it comes to social and environmental challenges.

The various aspects of sustainability can be seen in a variety of activities performed by the companies of the First Sensor Group. Long-term business success is thus combined with environmental and social responsibility, because sustainable business practices help to align the company for a successful future and make it an attractive employer and a good neighbor at its locations.

This is another reason why transparency on the various aspects of sustainability, with the help of this report, for instance, is a top priority for First Sensor. The company interacts with stakeholders in various formats. The active dialogue is sought in the belief that understanding and trust can only grow through interaction (GRI 103-2). In this context, the TE Connectivity Group's locations also engage in philanthropy and volunteer with various charities around the world within two main focus areas: education and technology, and health and human services.

First Sensor also uses its products to make a contribution to sustainable development, for example in monitoring water quality. Sustainability is also important because it provides business opportunities. The corresponding risks are carefully minimized and monitored.

The standards First Sensor applies are based on internationally recognized principles and guidelines (GRI 102-12). These include:

- The UN Sustainable Development Goals (SDGs)
- the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD)
- the fundamental conventions of the International Labour Organization (ILO)
- the UN Guiding Principles for Business and Human Rights
- the Ten Principles of the UN Global Compact
- the management guideline on the social responsibility of organizations and the environmental management standard of the International Organization for Standardization (ISO 26000 and ISO 14001)
- the German Corporate Governance Code

The Management Board is responsible for the preparation of the non-financial declaration/the CSR report and submits it to the Supervisory Board in accordance with section 170 (1) sentence 2 the Aktiengesetz (AktG – German Stock Corporation Act). According to section 171 AktG, the Supervisory Board is responsible for the audit of the content of the non-financial declaration/the non-financial report. The result of this audit must be reported in writing to the Annual General Meeting by the Supervisory Board (Section 171 (2) AktG). The non-financial declaration is also audited by the auditor in accordance with section 317(2) sentence 4 of the Handelsgesetzbuch (HGB – German Commercial Code) (GRI-102-32). This audit is limited to determining whether the non-financial statement has been submitted.

## Risks and opportunities

As a listed company, First Sensor has established a risk and compliance management system as an integral part of corporate governance. This also covers risks from the ESG (environmental, social, governance) topic area and applies to all locations and business areas (GRI 102-11). Details on this can be found in the risk report, which forms part of the combined management report of First Sensor AG. The risk management system provides indications of the company's current performance with regard to the defined topic areas and can reliably identify weaknesses. The Management Board of First Sensor AG is responsible for the effectiveness of risk and compliance management, while the Supervisory Board advises on and monitors this process. The Group's opportunity situation is also assessed quarterly in a systematic process alongside the risk situation and incorporated into business decisions.

# 02 Materiality

In 2022, TE Connectivity performed a double materiality analysis by means of a structured survey of stakeholders (employees, managers, investors) (GRI 102-15). The aim of the analysis was to ensure that the Group addresses aspects that are truly relevant. This also allowed the Group to update its understanding of the major impact and what is most important to the company and its shareholders, employees, and other stakeholders. In preparation for reporting under the CSRD (Corporate Sustainability Reporting Directive), this materiality analysis is being reviewed and aligned with the requirements of the reporting standards.

As a result of the analysis, a number of material topics for TE Connectivity were identified, including the most significant climate change, sustainable supply chain, product responsibility, human rights as well as occupational health and safety at the workplace. Additional areas were identified, such as responsible entrepreneurial commitment, diversity, equality and inclusion, waste, well-being, attractiveness as an employer, water, social commitment, nature and resource management, transparency and integrity in business life.

The review of the materiality analysis also provided another opportunity to exchange views with customers, investors, employees and other stakeholders. This input and the assessment then formed the basis for revising the One Connected World strategy at company level and for the ambitious goals that more deeply integrate corporate responsibility at TE Connectivity.

In 2022, First Sensor's own materiality analysis was compared against TE Connectivity's materiality analysis. As they were found to be closely matched, TE Connectivity's materiality analysis was then adopted for the purposes of strategic harmonization. This approach is in line with the ongoing integration into the TE Connectivity Group.

## 03 Goals

Building on the sustainability strategy, in its 2023 Corporate Responsibility Report, TE Connectivity formulated ambitions to be achieved, typically by 2030 or 2032, together with the steps needed to do so. The ambitions include:

Product:

- Embed sustainability in product lifecycle
- Partnership with suppliers to strengthen sustainability in the supply chain

Planet:

- Greenhouse gas (GHG) emissions reduction
- continuous reduction of waste generated and disposed of in our operations
- Reduction targets for specific locations in areas with extremely high and high water stress

People:

- Respecting human rights throughout our value chain
- Industry leader for workforce diversity and an inclusive, equitable workforce
- Zero-injury workplace
- Empower all employees to develop a connection with well-being
- Impact 10 million people through STEM education
- Top tier employer for employee engagement and inclusion in this industry

Governance:

- Put values into practice to be a leading ethical business partner

There are specific plans for these ambitions, which are clearly defined with a time frame for achievement of the ambitions. These goals of the TE Connectivity Group also take precedence for First Sensor (GRI 103-2). The TE Connectivity Group issues an annual sustainability report detailing its strategy, goals, measures, and progress. First Sensor's goals and activities have been combined with those of TE Connectivity as part of the integration process. Achievement of the strategic sustainability goals is also monitored here.

Qualitative goals are also being operationalized at First Sensor in order to make them measurable. At the level of TE Connectivity, it is ensured that the data are objective, reliable, and sound. The data used in this report relate to the First Sensor locations only and are not audited.

## 04 Vertical integration

As a manufacturer of chips, sensors and sensor solutions, First Sensor purchases considerable amounts of raw materials, components and services from suppliers (GRI 102-9). The total volume amounted to €60.9 million in the 2024 financial year (previous year: €69.2 million). Sustainability plays an important role in First Sensor's business relationships, partly because customers are increasingly including the company in the implementation of their sustainability strategies. As part of the TE Connectivity Group, First Sensor focuses on the following goals for sustainable supply chains:

- Management of the supply chain, including ISO 9001, codes of conduct, due diligence and evaluation of suppliers taking into account environmental, social and human rights aspects
- Emergency planning for the supply chain, transparency, and traceability
- Relevant policies, guidelines, and environmental management systems (GRI 103-2).

This provides further assurance that sustainability aspects are actively embedded throughout the value chain.

In parallel, First Sensor is actively involved in the measures taken within the TE Connectivity Group. To ensure that the entire supply chain is sustainable and ethically justifiable, a robust program for social responsibility of suppliers has been developed, which focuses on responsible business practices. In addition, suppliers will be involved in this program to help them reduce their carbon footprint and, consequently, their Scope 3 emissions. And finally, supplier diversity is promoted, which is crucial for building a resilient, responsible supply chain (GRI 103-2).

TE Connectivity works with more than 32,000 direct and indirect suppliers worldwide. The approach to responsible sourcing is detailed in TE Connectivity's Supplier Code of Conduct (SCC Guide), which sets out the expectations and ethical principles for suppliers. The SCC Guide was developed using best practices advocated by the Organization of Economic Co-operation and Development and the United Nations (UN) Global Compact, among others. First Sensor suppliers are assessed using a scorecard model or in supplier audits (GRI 102-10). Certain high-risk suppliers may also be monitored by third-party auditors to ensure that they operate to appropriate standards for the ethical treatment of their workers and safety at workplace (GRI 413-2).

Another positive aspect in terms of sustainability is the long service life of First Sensor products. As "distributors", at least in sense meant by regulations, customers are conscientiously informed about responsible disposal. In accordance with the requirements of the Elektrogesetz (ElektroG – German Electrical and Electronic Equipment Act), First Sensor has registered with the National Register for Waste Electric Equipment and is working with an external service provider to implement the legal requirements. The analysis did not identify any business activities of First Sensor with a significant actual or potential negative impact on the local community (GRI 413-2).

PROCESS MANAGEMENT

## 05 Accountability

The Management Board is accountable for corporate social responsibility (CSR) and for implementing measures. The integration into the TE Connectivity Group has led to a harmonization of group policies in this regard in recent years. The large number of Group-wide activities is handled by various departments and mostly managed by the TE Connectivity Group (GRI 102-20). The entire team supports the Management Board in further developing the sustainability strategy, it regularly reports on the status, suggests projects and measures and coordinates the implementation (GRI 102-26).

In accordance with the statutory provisions, the Supervisory Board reviews the lawfulness, compliance and expediency of the sustainability reporting (GRI 102-32). This also includes the annual review of the effectiveness of the risk management processes with regard to economic, environmental and social issues (GRI 102-30,-31).

## 06 Rules and processes

First Sensor is part of the TE Connectivity Group and thus is included in its management structures and reporting lines. This also applies to the implementation of the sustainability strategy (GRI 103-2). General goals are pursued with the help of local rules, processes and structures. Guidelines and responsibilities are therefore clearly regulated throughout the Group.

First Sensor is subject to these regulations that set out TE Connectivity's values, principles, and standards and that are binding upon all employees (GRI 102-16). Details on this can be found in TE Connectivity's sustainability report (One Connected World). Many guidelines are referenced in the "TE Connectivity Guide to Ethical Conduct". These guidelines also include the supply chain, e.g. "TE Connectivity Supplier Code of Conduct."

## 07 Control

First Sensor already introduced the TE Connectivity Guide to Ethical Conduct throughout the company in the 2022 financial year and trained its employees accordingly. These internal regulations on ethical conduct set out TE Connectivity's expectations and fundamental values as the basis for all employees' work. The corresponding regulations on the social responsibility of suppliers, which clarify the values and principles by which the company manages its business, also form part of the guidelines.

First Sensor's locations report various performance indicators for the areas identified by TE Connectivity as material (GRI 102-31). The data are gathered using the same methods at all company locations, meaning that they are consistent and can be combined. For example, these include managing and controlling the reduction of emissions or the consumption of resources. The First Sensor data are consolidated at the level of the TE Connectivity Group and are therefore included in TE Connectivity's reporting. Data in this report relate to the First Sensor locations only and have not been audited externally.

An essential requirement for business success is the responsible management and monitoring of the company. The guiding principle for this is the German Corporate Governance Code presented by the Government Commission, as currently amended. With the last version that came into force, environmental and social sustainability aspects of the management and monitoring of companies gained much more significance as a result of new principles and recommendations. First Sensor effectively fulfills the requirements of the Code, providing reasons for any deviations in its annual declaration of compliance.

In important cases, such as suspected compliance violations by members of the Management Board, the Supervisory Board is informed directly. This also applies to any concerns that employees may have regarding the implementation of the sustainability system (GRI 102-33). In the 2024 financial year, there were no violations that would have required reporting to the Supervisory Board (GRI 102-34).

## 08 Incentive systems

The remuneration system for the Management Board of First Sensor AG is intended to promote value-driven management geared towards sustainably increasing the company's success. This includes remuneration in line with market levels and an incentive system based on the achievement of ambitious and not exclusively short-term targets. The Supervisory Board determines the compensation taking into account the duties of the respective member of the Management Board, their personal performance as well as the economic situation and the success of the company. It reviews the achievement of the agreed targets annually. The elements of the remuneration system also include a long-term component in the form of stock option plans or comparable instruments. Further details can be found in the remuneration report (GRI 102-35). A remuneration system that applies when new Executive Board contracts are entered into or existing contracts are renewed was last put to the shareholders for their approval at the 2021 Annual General Meeting.

The members of the Executive Board did not have any contracts with First Sensor AG in the reporting period, but rather are managers within the TE Connectivity Group. The remuneration of all members of the Executive Board is not determined by the Supervisory Board of First Sensor. Consequently, First Sensor's remuneration system does not apply to the remuneration of all members of the Executive Board.

In addition to a fixed salary, the managers and some employees of the company also receive variable remuneration based on the achievement of the company's targets and on operating and personal goals. The members of the Supervisory Board receive compensation, which is defined in the Articles of Association. A component geared towards sustainability is still not intended.

Performance-based remuneration in line with market levels is important to First Sensor (GRI 102-36). Otherwise, it would not be possible to satisfy the company's need for motivated staff when competing for talented employees. A vertical comparison between the Management Board compensation in relation to the compensation of other employees in the company (GRI 102-38) was part of the process of developing the compensation system.

## 09 Stakeholder participation

All groups that were taken into account in the materiality analysis are regarded as stakeholders by First Sensor. Open and respectful dialog with these stakeholders on economic, environmental, and social issues is the responsibility of the Executive Board (GRI 102-21). If necessary, the Supervisory Board is also on hand to answer any questions, e.g. for investors, as stipulated in the Corporate Governance Code.

Through the TE Connectivity purchasing organization and TE Connectivity Solutions GmbH (Schaffhausen, Switzerland – TESOG) as the sole sales and distribution partner, First Sensor is closely integrated into the value chain of its suppliers and customers. This ensures that the high standards of TE Connectivity are also taken into account at the level of First Sensor.

As an employer, the Group has a social commitment and seeks to employ the best employees on a market where there is a shortage of specialists. The company takes part in job fairs to position itself as an attractive employer. Thanks to its close cooperation with research institutions and membership of professional bodies, First Sensor is able to identify technological changes at an early stage and respond appropriately.

First Sensor is integrated into the respective immediate environment at its locations and maintains contact with the authorities and its neighborhoods. Various formats exist to keep these different stakeholder groups adequately informed and promote dialog. For the acquisition of young talent, these include, for example, Girls' Day, internships for students and trainees, participation in various apprenticeship fairs, cooperation with the ANH/DCA training association, Enter-Technik (fair: Market of Opportunities) and various online platforms for recruiting new employees. At the Heinz-Brandt School and the Klax School, events were used to introduce students to First Sensor as a training company and the profession of microtechnologist.

Finally, the capital market is informed about First Sensor’s sustainability policy comprehensively and in good time. In accordance with the disclosure requirements relevant to listed companies, all relevant information is also available on the company’s website. Shareholders can exercise their codetermination and information rights directly at the Annual General Meeting. The company gives presentations on itself and also discusses sustainability aspects at events for investors and media representatives, such as the accounts press conferences and analyst events. The results of all forms of dialog are also used to develop the sustainability management system further.

## 10 Product and innovation management

Together with capacities from the TE Connectivity Group, customers are supported in their search for specific solutions with development capacities. Through its products, the company also helps its customers to make their processes more efficient and environmentally friendly, for instance through greater energy efficiency or reduced emissions.

In several decentralized applications, energy consumption is a key criterion for fulfilling customer requirements and securing competitive advantages for both product buyers and the company itself. This is why great emphasis has been placed on the energy consumption of sensors and sensor systems in the development process. However, the sensors and sensor systems from First Sensor are a small component of the end product, whose energy consumption is often several times higher. Overall, First Sensor’s contribution towards energy savings is therefore only within the per thousand range of the end products’ energy requirements (GRI 302-4). The social and environmental impact of the key products has not yet been determined (GRI 416-1), though their EU Taxonomy eligibility and alignment has been reviewed.

In its own activities as well, the company focuses on reducing its environmental impact by using energy, resources and materials as efficiently as possible, especially in production. Employees are particularly significant when it comes to potential improvements. Thanks to an extensive knowledge of the processes, their ideas can provide vital information. Different formats are used at the various locations, for instance the company suggestion scheme or ideas management, online or as a board on display in production. Here, suggestions for improvement are submitted by employees, checked in a structured manner, and implemented with the employees concerned if deemed suitable for the company. The idea of incorporating employees’ suggestions is not only intended to reduce the environmental impact of the company’s activities but is, of course, also in the company’s business interests.

Product specifications are very closely coordinated during development to prevent the use of products from having a negative impact on customers and the environment.

# ENVIRONMENT

## 11 Use of natural resources

The production sites of First Sensor AG had an environmental management system in accordance with ISO 14001, the certification of which is expected to be renewed in 2025. Beyond this, however, First Sensor has limited options for influencing the rest of the value chain. For example, it is not easy to access raw materials that have been obtained through a recycling process (GRI 301-2). The company does not collect information on the consumption of resource by its products in customer applications, such as energy consumption (GRI 301-2).

Since the 2022 financial year, data on various different effects of the company's activities have been collected and included in the analyses at the level of TE Connectivity (GRI 103-2). These include the input and output of water, energy, and emissions. No measures for preserving species diversity or influencing biodiversity are currently defined.

The responsibility of suppliers for environmental issues is a fixed component of the procurement process (GRI 308-1). The concept of responsible sourcing is outlined in TE Connectivity's Supplier Code of Conduct (SCC Guide), which sets the expectations and ethical principles for suppliers.

## 12 Resource management

The careful use of resources is a central aspect of the TE Connectivity sustainability strategy. The Task Force on Climate-related Financial Disclosures (TCFD) was established to improve and standardize the disclosure of climate-related risks and opportunities by companies. Since the financial year 2020, TE Connectivity reports in accordance with this framework. Energy and water consumption are at the center of the strategy and goals, apart from the measures that address climate change.

Operating standards for energy efficiency have been introduced by TE Connectivity. The respective energy consumption is tracked and the readings are used to identify the areas with the greatest potential for improvement. Options for the local use of renewable energy on site are also considered in order to increase the use of carbon-neutral energy. The goal is to use 80% of the required electricity from renewable energies in company's own real properties by 2025. Three First Sensor locations are certified according to DIN EN ISO 50001 (energy management).

In order to establish the necessary transparency, First Sensor also reports relevant key figures. The current figures and the comparative figures for the previous year are provided for information purposes, but have not been audited.

| Energy consumption at First Sensor AG (Group) | 2023 | 2024 |
|---|---|---|
| Total energy [kWh] | 13,830,860 | 13,748,089 |
| Energy costs [€] | 3,689,566 | 4,123,995 |

The reduction of water withdraw from targeted sites is another aspect of TE Connectivity's sustainability strategy. Production at TE Connectivity's locations is not particularly water-intensive in its own right, but water is required in various stages of production. Particular attention is therefore given to locations in water-stressed regions. Water stress occurs when demand for water exceeds the amount available over a specific period or when poor water quality limits the use of water. TE Connectivity has set a goal to reduce water consumption at these particular locations.

| Water consumption at First Sensor AG (Group) | 2023 | 2024 |
|---|---|---|
| Water consumption [$m^3$] | 51,198 | 45,793 |
| Waste water [$m^3$] | 51,512 | 45,793 |

As part of the TE Connectivity Group, First Sensor is integrated into its goals and measures. As before, no surface water, water from wetlands, rivers, lakes or oceans, groundwater, rainwater, or waste water from other companies is used at the Group's First Sensor locations – only water from the municipal suppliers (GRI 303-1). As First Sensor's production site in Berlin-Oberschöneweide is located in a water protection area, special measures have been taken to protect the water here.

## 13 Climate emissions

Another important component of TE Connectivity's sustainability strategy is the reduction of climate-related emissions. TE Connectivity sees GHG emissions as the Group's most significant environmental impact. The majority of Scope 1 and Scope 2 greenhouse gas emissions currently come from energy use. Corresponding targets for energy savings have been pursued since 2009 with the aim of saving more energy by 2030.

Another important aspect is the reduction of sulfur hexafluoride (SF6) gas, which is used, for example, as an insulator in medium voltage switchgear, but also in electron beam technology as the basis for a multitude of specialized applications in semiconductor manufacturing and in microelectromechanical systems. SF6 is the most potent known greenhouse gas and many times more harmful than carbon dioxide. Emissions have already been reduced significantly by way of targeted measures by the TE Connectivity Group (GRI 305-1).

The reduction of emissions is also an aspect of product creation. As reduced energy consumption of new products causes fewer emissions, it also contributes towards environmental protection.

Reducing greenhouse gas emissions as a result of energy consumption is a key aspect of climate protection and limiting climate change for First Sensor. Measures for saving energy are therefore incorporated at many points and in many processes at First Sensor, as this is necessary from an environmental and a business standpoint. Three First Sensor locations are certified according to DIN EN ISO50001 (energy management). The Berlin locations and the subsidiary First Sensor Lewicki GmbH have already switched completely or partially to renewable energy supply in 2023. In order to establish the necessary transparency, First Sensor reports key figures on emissions. The current figures and the comparative figures for the previous year are provided for information purposes, but have not been audited.

| Greenhouse gas emissions at First Sensor AG (Group) | 2023 | 2024 |
|---|---|---|
| Total Scope 1 [tons of $CO_2$equivalent] | 219 | 222 |
| Total Scope 2 [tons of $CO_2$equivalent] | 967 | 840 |

*Scope 1 emissions are emissions from sources that are under the direct responsibility or control of the company. Scope 2 emissions are indirect greenhouse gas emissions from purchased energy, such as electricity, steam, district heating or cooling, that is generated outside the limits of the company's own system but is consumed by the company.*

# SOCIETY

## 14 Employee rights

As part of the TE Connectivity Group, First Sensor is included in sustainability aspects that concern social and community issues. TE Connectivity's One Connected World strategy is focused on the company's social responsibility. Its goals include being a top employer in terms of employee engagement and inclusion in the industry, becoming an industry leader in workforce diversity with inclusive, equal employment opportunities, occupational safety with reducing the total recordable incident rate (TRIR) to 0.12, respecting human rights throughout the entire value chain, and impact 10 million people through STEM education.

For First Sensor, whose locations are all in Germany, employee rights are a high priority. Many of these are enshrined in law, and the corresponding frameworks are of course applied at First Sensor, too. Key topics here include fair pay, protection against termination, transparent disciplinary and dismissal practices, and agreements on working hours, vacation, and parental leave. Internationally, the fundamental conventions of the International Labour Organization (ILO) in particular are important in the context of employee rights. Compliance with relevant standards, including on the part of suppliers, is described in the Supplier Code of Conduct (SCC guide).

Specific aspects at First Sensor include application of the Mindestlohngesetz (German Minimum Wage Act), experience with parental leave, the involvement of the works council in key organizational decisions, training and continuing professional development, diversity in the executive bodies and among employees, the compensation of female and male employees and discrimination in general (GRI 202-1, 401-3, 402-1, 404, 405, 406). First Sensor is fully aware of its responsibility and takes all the relevant regulations into account, which is also in its own interests. Since 2019, employees have been represented on the Supervisory Board by one man and one woman.

## 15 Equal opportunities

For the future success of the company, First Sensor's attractiveness as an employer is of great importance in order to ensure long-term loyalty to the company among its best talents. Highly qualified and motivated employees are a key factor, which is why First Sensor does not limit itself to compliance with just the minimum national and international standards. The health and professional development opportunities of employees are also central and highly important issues in the area of strategic HR management. Of course, this includes anti-discriminatory recruitment and a work environment in which diversity is seen as an asset every day (GRI 103-2, 406-1). The Diversity Charter was signed back in 2018. Furthermore, it is expressly stated that discrimination is not tolerated. No incidents of discrimination were reported in the reporting period.

First Sensor already supported initiatives that contribute to preserving and promoting equal opportunities and diversity within the company. Therefore, a diversity concept that emphasizes this was adopted in the 2022 financial year. Equal opportunities do not just apply in relation to men, women and other gender identities, but also in relation to younger and older employees and staff of different religions, cultural groups and skin colors, for example. The impartial integration of people with disabilities in the work process naturally contributes to this as well. These efforts are fully in line with TE Connectivity's corresponding goals: "Our goal is to create a culture in which everyone can fully integrate themselves at their work. To support the company's goals and the values of TE, we drive business results worldwide by building a workforce and a supplier network that represents our global markets and the customers we serve. We also strive for a work environment in which all employees are engaged and feel that diversity is valued and that all opinions count. We measure this success by setting aspirations for our workforce demographics and analyzing our engagement and inclusion indicators through our "Every Voice Counts" survey". The focus of the activities and offers to promote diversity in the 2024 financial year was the "Pride Month" and mandatory training on the ethics and compliance policy for all employees.

In the medium and long term, the Supervisory Board also aims to appoint a woman to the Management Board of the company. To avoid setting a target that the Supervisory Board did not consider realistic to achieve with the resources available to it and not in the interests of the Company, it has limited itself to a target figure of 0 percent. The Management Board of the company has also decided on a target figure for the proportion of women in the two management levels below the Management Board in accordance with section 76 (4) AktG. By June 30, 2027, the proportion of women at these levels should reach 28.6%. The first level below the Management Board comprises 48 managers as of the reporting date, of whom 9 are female, which corresponds to 18.8%. Therefore, the target of 28.6% has not yet been met. A second management level below the Board of Management no longer exists in the current structure.

First Sensor is not party to collective wage agreements. As part of the integration, the TE Connectivity Global Job Framework was introduced at First Sensor. It ensures comparable compensation for comparable work, regardless of gender, age and other personal characteristics. Moreover, agreements are negotiated with the respective First Sensor employee representation bodies and recorded in works agreements (GRI 102-41).

Owing to the age structure, it is also important for First Sensor to create the conditions required to help employees find a healthy work-life balance. This includes efforts to make individual working hours more flexible through flextime, part-time and temporary home-working solutions. In addition, it goes without saying that women and men receive the same pay for the same work. 32.2% of First Sensor's employees are female, which is an excellent ratio for a high-tech company. The global job framework also creates the conditions for continuing to assess all positions within the company with zero discrimination. This applies to all First Sensor locations (GRI 102-4).

No information was requested in accordance with the Entgelttransparenzgesetz (German Wage Transparency Act) in the 2024 financial year. Since 2019, further information on pay transparency at First Sensor has been provided in a report that can be accessed on the website.

The materiality analysis assigned high priority to the occupational health and safety aspect (GRI 403-1, -2, -3). The physical well-being of employees and safety at work play an especially important role in HR work at First Sensor. Measures for preventive healthcare are largely the responsibility of HR and include, for example, fruit and beverages, flu vaccinations, optional and mandatory examinations, working from home, a company-supplied bicycle, and back care courses. In addition, 2024 health days were carried out in collaboration with a health insurance scheme.

All First Sensor employees are informed and made aware of the individual hazards at their place of work, which is supported by intensive training and seminars. Health, safety and environmental (HSE) management of First Sensor has been integrated into the TE Connectivity system, which is presented in the "Environment, Health and Safety Policy" (EHS Policy). This ensures that all First Sensor sites apply the same standards as other TE Connectivity locations.

Audits are carried out at First Sensor to identify potential for improvement. The findings, whether in the management system or at an operational level, are now being processed. As all areas of EHS management are heavily regulated, this is supported by the EHS software Quentic in practice. This database is a tool for providing the directory of authorization and permits as well as the directory of hazardous substances. The program is also used to carry out the risk assessments required by law. All employees can complete their compulsory annual general occupational health and safety courses online using Quentic, which ensures very high quality and saves resources. These instructions are supplemented by so-called “instructions”, for example on occupational safety or unsafe situations and through safety initiatives, for example Safety Week.

Employees are provided with appropriate personal protective equipment where necessary. Hazardous substances, such as those used in production, are labeled appropriately and according to regulations. This is intended to prevent chronic and acute illnesses. Noise is avoided as far as possible or corresponding protective measures taken. Of course, every employee is entitled to refuse to perform any work that they consider to be dangerous. At the same time, information of this kind is valuable because it highlights opportunities to identify and remedy vulnerabilities as soon as possible.

First Sensor is required to report work accidents. However, the reporting obligation only applies to accidents that result in an inability to work for more than three days (GRI 403-2). As part of the integration into the TE Connectivity Group, the key figure system was harmonized. First Sensor now determines the "total recordable incident rate" (TRIR). The TRIR calculations reflect the number of recordable injuries per 100 full-time employees in a period of one year. A recordable incident is any work-related injury or sickness that leads to death, loss of consciousness, absence from work, limited work activity, a transfer to a different job, or medical treatment that goes beyond first aid. The data for First Sensor's locations are as follows:

| Total recordable incident rate of First Sensor AG (Group) | 2023 | 2024 |
|---|---|---|
| Total number of hours worked | 1,030,577.89 | 946,257 |
| Number of incidents | 1 | 1 |
| TRIR per 100 employees | 0.19 | 0.21 |

First Sensor's TRIR is thus well below the average for manufacturing companies (2.8), and instead is closer to the typical level for companies in the field of technical services (0.4).

## 16 Qualifications

Training and further professional development are highly valued at First Sensor as they ensure that employees can always rise to the growing challenges of their professional environment. In the 2024 financial year, €241 thousand (previous year: €337 thousand) was spent on corresponding measures (GRI 404-1). First Sensor is also a qualified training organization. Based on long-term personnel planning, the aim is to cover the requirements for talented young members of staff by also providing high-quality, needs-based training within the company's existing workforce. First Sensor provides professional training for micro-technologists (17), specialists in warehouse logistics (3) and mechatronics engineers (2). The company employed 22 apprentices as of September 30, 2024 (previous year: 23), and so the training rate is 3.4%.

Only 32% of employees at the First Sensor Group are over 50 years old. Nevertheless, the challenges of demographic change should not be ignored in the long term.

| | |
|---|---|
| Below 30 years of age | 16% |
| Age 31-40 | 30% |
| Age 41-50 | 22% |
| Over 51 years of age | 32% |

For a production company, First Sensor has a comparatively high proportion of university/college graduates with 35.5% due to the high technological requirements.

## 17 Human rights

TE Connectivity's global presence means that the TE Connectivity Group and thus also First Sensor are required to focus on protecting global human rights. For this reason, the first human rights risk assessment has now been performed to identify areas involving strengths and risks for TE Connectivity's own activities and in its supply chain. Accordingly, the company has adopted and published its own Global Human Rights Policy.

To embed human rights awareness throughout the company and improve efforts to mitigate risks, tools have been developed to identify and address risks in the supply chain. This also includes the implementation of a tool for identifying forced labor in the due diligence audit of the supply chain. In addition, the SSR audits, which are carried out on behalf of TE Connectivity and serve to identify risks such as human trafficking and child labor, have been expanded.

The company's own Code of Conduct ensures that human rights, fundamental principles and employment rights are fully recognized, supported and promoted by First Sensor wherever possible. This Code is in accordance with TE Connectivity's corresponding guidelines. These state that nobody will be employed against their will or forced to work involuntarily. TE Connectivity stands against and prohibits all forms of slavery or practices similar to slavery. This Code of Conduct applies to all TE Connectivity employees and contractors in every country in which the TE Connectivity Group operates. All suppliers are expected to adhere to this policy as well as to TE's Supplier Code of Conduct (GRI 412-1, 2, 3).

First Sensor reviews suppliers from regions considered to be at risk of human rights violations in conjunction with supplier questionnaires (GRI 407-1). Corresponding audits reviews can be carried out in the context of supplier management (GRI 414-2).

## 18 Community

It is not just the shareholders of the listed stock corporation, but also many other groups that benefit from sustainable business development, including customers, employees, suppliers and, not least, society in general.

TE Connectivity also supports the communities at its business locations. For example, employees can use the Community Ambassador Program to advocate for positive change in their communities. For the more than 100 ambassadors and local committees, this program gives them the opportunity to decide on the charity donations and volunteer work of TE Connectivity. A large part of the company's donations are made through the Community Ambassador Program or comparable programs for donations and volunteer work. This allows employees to personally commit to the charitable purposes of TE Connectivity.

## 19 Political influence

First Sensor does not exert political influence based on basic considerations and does not give donations to political parties (GRI 415-1). First Sensor is a member of various initiatives and associations. This network primarily serves for professional dialog and membership does not entail any political influence (GRI 102-13).

## 20 Compliance with the law and regulations

Compliance with the law is a top priority at First Sensor. In addition to the statutory framework, the company's specific expectations regarding compliance are enshrined in the Code of Conduct. The code thus combines the obligation to comply with the law with the particular requirements of ethical conduct as the basis for business activities.

As part of the TE Connectivity Group, First Sensor has adopted TE Connectivity's standards on ethics and compliance in this area, too. TE Connectivity's Guide to Ethical Conduct (EN) provides directors, managers and employees with the necessary information and resources to live by the company's values and make sound and ethical decisions every day. These values also apply to the company's partners, including contractors, vendors, suppliers and other stakeholders.

In terms of content, the guide covers all relevant areas and establishes a connection to the values that are respected throughout the Group, which aim to ensure integrity among each other and towards customers, partners and other stakeholders. By focusing on these fundamental values – integrity, accountability, inclusion, teamwork, and innovation – the Guide also serves as a binding framework for the activities of members of the Supervisory Board and the Management Board as well as all employees and managers (GRI 102-17).

Compliance with the principles of the Guide is integrated into the structures and processes of First Sensor's risk and compliance management system (GRI 205-1). There is a procedure for reporting violations against the code (whistle-blowing), also confidentially or anonymously. In the 2024 financial year, 4 reports were received for the locations of First Sensors AG; 3 workplace-related cases and 1 compliance-related case. All 4 reported cases have since been investigated and revealed that 25% were justified and 75% were unjustified (GRI 205-3).

The prevention of corruption is a particularly important area of compliance. Corruption is not just a trivial offense to give the company a supposed advantage in the short term, but rather a major risk as it can permanently damage the company's market position (GRI 205-1). Fairness towards all business partners, customers, suppliers and employees is essential for long-term business success. This is why a detailed section on dealing with business partners and third parties can be found in the TE Connectivity Guide to Ethical Conduct, which is supplemented by further internal guidelines. This expectation is communicated not just to all members of the Supervisory Board and the Management Board, all employees and managers, but also to suppliers through supplier management and the supplier code (GRI 205-2).

No sanctions within the First Sensor Group were imposed in connection with prosecuted legal violations or violations of economic or social provisions in the 2024 financial year (GRI 419-1).

## EU TAXONOMY

With its "Sustainable Finance" action plan, the European Commission intends to promote the flow of capital to sustainable investments and address the financial risks arising from climate change, scarcity of resources, destruction of the environment, and social problems. The EU Taxonomy, which came into force in 2020, is a system for classifying environmentally sustainable economic activities. Companies like First Sensor are required to make disclosures on this Taxonomy.

These disclosures include the following key performance indicators (KPIs): disclosure of the share of revenue generated with products/services associated with economic activities that are to be classified as environmentally sustainable. In addition, companies must report the respective share of capital expenditure (CapEx) and operating expenditure (OpEx) in connection with assets or processes associated with economic activities that can be classified as environmentally sustainable. The applicable regulations are the delegated acts on the EU taxonomy, which were published for the purposes of climate protection and climate change adaptation. Delegated acts were published on November 21, 2023 for the objectives of sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and reduction of environmental pollution, and the protection and restoration of biological diversity and ecosystems. They were to be applied from January 2024.

In the first step, economic activities may meet the criteria to be classified as Taxonomy-eligible. Their respective Taxonomy alignment is reviewed in the next step. Economic activities are considered to be Taxonomy-aligned if they make a substantial contribution to achieving one or more of the environmental objectives, while also doing no significant harm to any other environmental objective and complying with minimum safeguards for labor standards and human rights.

The transparency resulting from the disclosure of quantitative (KPIs) and qualitative disclosures on revenues, investments and operating expenses is intended to make business models comparable in terms of their environmental sustainability and thereby contributing to effective capital market allocation and thus sustainable development in the sense of the EU Action Plan.

First Sensor is aware of its responsibility for sustainable business practices and, as part of the TE Connectivity Group, will be included in the parent company's Corporate Responsibility Program. TE Connectivity reports on its sustainability strategy and its implementation in its annual Corporate Responsibility Report. This sets out the Group's progress in driving the corporate values of integrity, accountability, inclusion, teamwork, and innovation in conjunction with global challenges in terms of social and ecological activism. The strategy is built around the ambitions for 2030/2032, and the report covers the progress made in the reporting period as well as other planned activities. First Sensor will be included in the reporting of performance indicators (see Performance Summary) and the relevant standards (GRI, SASB, TCFD).

Reporting on Taxonomy-eligible and Taxonomy-aligned economic activities under the EU Taxonomy is obligatory for First Sensor. Following a due review of the applicable technical assessment criteria, First Sensor therefore makes the following declaration:

| | 2023 | 2024 |
|---|---|---|
| Taxonomy-eligible economic activities | 0% | 0% |
| Non-Taxonomy-eligible economic activities | 100% | 100% |

| | 2023 | 2024 |
|---|---|---|
| Taxonomy-aligned economic activities | 0% | 0% |
| Non-Taxonomy-aligned economic activities | 100% | 100% |

The Taxonomy-aligned investments amount to 0% (previous year: 0%) and the operating expenses likewise to 0% (previous year: 0%).

The following tables are the "Reporting templates for the KPIs of non-financial companies" in accordance with Annex V of Delegated Regulation 2023/2486 of the European Commission of 27 June 2023:

First Sensor is now part of TE connectivity

**Table 1: revenue**

| Economic Activities | Code | Turnover | Proportion of Turnover, 2024 | Climate Change Mitigation | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity | Climate Change Mitigation | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity | Minimum Safeguards | Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2023 | Category enabling activity | Category transitional activity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year: 2024 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | | | |
| | | in thous. EUR | in % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | J/N | Y/N | Y/N | Y/N | Y/N | in % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| **Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | – | – | % | % | % | % | % | % | | | | | | | | | | |
| Of which Enabling | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | |
| Of which Transitional | | – | – | – | | | | | | – | – | – | – | – | – | – | – | | – |
| | | | | | | | | | | | | | | | | | | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| | | – | – | – | – | – | – | – | – | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| **Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | – | – | – | – | – | – | – | – | | | | | | | | – | | |
| **A. Turnover of Taxonomy eligible activities (A.1+A.2)** | | – | – | – | – | – | – | – | – | | | | | | | | – | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **Turnover of Taxonomy-non-eligible activities** | | **121,434** | **100%** | | | | | | | | | | | | | | | | |
| **Total** | | **121,434** | **100%** | | | | | | | | | | | | | | | | |

Codes:
Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL – Taxonomy eligible activity for the relevant objective

Template according to footnote (c) of Environmental DA Annex V

| | Proportion of turnover/Total turnover | |
|---|---|---|
| | Taxonomy-aligned per objective | Taxonomy-eligible per objective |
| CCM | 0% | 0% |
| CCA | 0% | 0% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0% |

**Table 2: CAPEX**

| | Year: 2024 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities | Code | CAPEX | Proportion of CAPEX, 2024 | Climate Change Mitigation | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity | Climate Change Mitigation | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity | Minimum Safeguards | Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CAPEX, year 2023 | Category enabling activity | Category transitional activity |
| | | in thous. EUR | in % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | in % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| **CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | – | – | % | % | % | % | % | % | | | | | | | | | | |
| Of which Enabling | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | |
| Of which Transitional | | – | – | – | | | | | | – | – | – | – | – | – | – | – | | – |
| | | | | | | | | | | | | | | | | | | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| | | – | – | – | – | – | – | – | – | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| **CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | – | – | – | – | – | – | – | – | | | | | | | | – | | |
| **A. CAPEX of Taxonomy eligible activities (A.1+A.2)** | | – | – | – | – | – | – | – | – | | | | | | | | – | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **CAPEX of Taxonomy-non-eligible activities** | | **5,580** | **100%** | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| **Total** | | **5,580** | **100%** | | | | | | | | | | | | | | | | |

Codes:
Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL – Taxonomy eligible activity for the relevant objective

Template according to footnote (c) of Environmental DA Annex V

| | Proportion of CAPEX Total CAPEX | |
|---|---|---|
| | **Taxonomy-ligned per objective** | **Taxonomy-eligible per objective** |
| CCM | 0% | 0% |
| CCA | 0% | 0% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0% |

**Table 3: OPEX**

| Economic Activities | Code | OPEX | Proportion of OPEX, 2024 | Climate Change Mitigation | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity | Climate Change Mitigation | Climate Change Adaptation | Water | Pollution | Circular Economy | Biodiversity | Minimum Safeguards | Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OPEX, year 2023 | Category enabling activity | Category transitional activity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Year: 2024 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | | | |
| | | in thous. EUR | in % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | in % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| **OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | – | – | % | % | % | % | % | % | | | | | | | | | | |
| Of which Enabling | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | |
| Of which Transitional | | – | – | – | | | | | | – | – | – | – | – | – | – | – | | – |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| | | – | – | – | – | – | – | – | – | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |
| **OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | – | – | – | – | – | – | – | – | | | | | | | | – | | |
| **A. OPEX of Taxonomy eligible activities (A.1+A.2)** | | – | – | – | – | – | – | – | – | | | | | | | | – | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **OPEX of Taxonomy-non-eligible activities** | | **3,910** | **100%** | | | | | | | | | | | | | | | | |
| **Total** | | **3,910** | **100%** | | | | | | | | | | | | | | | | |

Codes:
Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL – Taxonomy eligible activity for the relevant objective

Template according to footnote (c) of Environmental DA Annex V

| | Proportion of OPEX/Total OPEX | |
|---|---|---|
| | Taxonomy-aligned per objective | Taxonomy-eligible per objective |
| CCM | 0% | 0% |
| CCA | 0% | 0% |
| WTR | 0% | 0% |
| CE | 0% | 0% |
| PPC | 0% | 0% |
| BIO | 0% | 0% |

# 2 COMBINED MANAGEMENT REPORT OF FIRST SENSOR GROUP AND FIRST SENSOR AG

## 2.1 BASIC INFORMATION ON THE FIRST SENSOR GROUP

### 2.1.1 Group structure and business activities

#### Business purpose and legal group structure

In accordance with the articles of association, the business purpose of the company is the development, production and distribution of all types of sensor systems as well as electronic components and devices in Germany and abroad. The First Sensor Group (hereinafter also referred to as "First Sensor" or "the Group") consisted of the parent company First Sensor AG, headquartered in Berlin, and the subsidiary First Sensor Lewicki GmbH, in which First Sensor AG holds all shares, as of the reporting date (September 30, 2024). The group management report was consolidated with the management report of First Sensor AG in accordance with section 315 (5) of the German Commercial Code (HGB) in conjunction with section 298 (2) HGB.

TE Connectivity Sensors Germany Holding AG, Bensheim, has been the largest shareholder in First Sensor AG since 2020, with an interest of approximately 72%. There has been a control agreement between the companies since April 14, 2020 (entered into the commercial register as of July 6, 2020), and there is a profit transfer agreement applicable beginning on January 1, 2021.

In accordance with the articles of association, the business purpose of the company is the development, production and distribution of all types of sensor systems as well as electronic components and devices in Germany and abroad. The First Sensor Group (hereinafter also referred to as "First Sensor" or "the Group") consisted of the parent company First Sensor AG, headquartered in Berlin, and the subsidiary First Sensor Lewicki GmbH, in which First Sensor AG holds all shares, as of the reporting date (September 30, 2024). The group management report was consolidated with the management report of First Sensor AG in accordance with section 315 (5) of the German Commercial Code (HGB) in conjunction with section 298 (2) HGB.

TE Connectivity Sensors Germany Holding AG, Bensheim, has been the largest shareholder in First Sensor AG since 2020, with an interest of approximately 72%. There has been a control agreement between the companies since April 14, 2020 (entered into the commercial register as of July 6, 2020), and there is a profit transfer agreement applicable beginning on January 1, 2021.

#### Segments

First Sensor develops, produces and distributes sensor chips, sensor components, sensors and sensor systems. Sales are reported geographically according to the origin of end customers (DACH region, rest of Europe, North America, Asia, rest of the world). Segmentation pursuant to IFRS 8, which is reflected in internal organizational and reporting structures and is the basis for the management approach of the Executive Board, does not exist.

#### Locations

The Group had a total of four development and production sites in Germany in the 2024 financial year: Berlin (Oberschöneweide and Weissensee), Dresden (Klotzsche) and Oberdischingen. They specialize in different products and stages of the sensor systems value chain.

#### Business processes, products and services

On the sensor systems growth market, First Sensor develops and manufactures standard products and customer-specific sensor solutions for the ever-increasing number of applications on different target markets.

Throughout the value chain, two core competencies distinguish First Sensor as a company. Firstly, the Group has expert knowledge in detecting physical parameters through the design and production of silicon-based sensor chips. Secondly, First Sensor uses its expertise in microelectronic layout and connection technology to process these chips with the best form factor for the application in question. Additional growth can be generated through system solutions for new applications in the various markets. Such sensor systems not only measure but also respond intelligently to the results and communicate with other systems.

On this basis, First Sensor focuses on the product areas of pressure and advanced electronics, and develops and produces an extensive range of its own standard sensors, which are primarily sold through TE Connectivity's sales network. Thanks to its years of expertise in sensor systems, First Sensor is also able to offer bespoke sensor solutions to address the specific application challenges posed by key customers' products. The company also has a large number of technical solutions in the area of actuation systems and embedded software, which it uses to provide support for system approaches. For this reason, product and technology development is a vital core process.

Through its collaboration with TE Connectivity Solutions GmbH (Schaffhausen, Switzerland - TESOG), First Sensor can supply customers in more than 140 countries. On the basis of corresponding agreements, TESOG is the sales and distribution partner of First Sensor AG, and took on all the company's sales activities in the 2022 financial year.

## Procurement and sales markets

First Sensor sources raw materials, products and services for its business processes. More than three-quarters have their origin in Europe (76.7% ), 13.8% come from Asia and 9.5% stem from America. Since June 1, 2022, First Sensor AG's products have been sold exclusively via the distribution partner TESOG. The regional breakdown of revenue is based on the location of TESOG's end customer. In the 2024 financial year as before, the largest sales volume was achieved in German-speaking countries. The share of the DACH region (Germany, Austria, Switzerland, Liechtenstein) amounted to 53.2% (previous year: 57.5%). First Sensor generated 19.5% (previous year: 14.1%) of its revenue in non-German-speaking European countries. The group generated 5.7% of revenue in North America, with a focus on the USA (previous year: 12.4%). 21.2% (previous year: 15.7%) of revenue was generated in Asia, with a focus on China, and 0.4% (previous year: 0.3%) in the rest of the world.

The fundamental sales trend in the Group is also reflected accordingly at First Sensor AG as an individual company.

## External influences

External factors influencing the business, such as legal, political, economic, ecological and social conditions that could cause a change in customer demand behavior, as well as regulatory conditions, are - in both a positive and negative sense - of minor significance for First Sensor.

As a result of its integration into the TE Connectivity Group, First Sensor is not just benefiting from the rapid growth in the number of sensor applications that are being developed for new functions and for safety, comfort and efficiency. TE Connectivity's global reach is also significantly increasing the number of potential customers that can be served. This combination should also reduce potential fluctuations due to economic cycles.

## 2.1.2 Objectives and strategies

### Strategic orientation of business units

First Sensor is part of TE Connectivity and is therefore incorporated into TE Connectivity's strategy for its Sensors business area. The strategy is to seamlessly connect people, machinery and the world so that everyone in the world can lead a better life. To this end, innovative sensor solutions are developed that add value for employees, customers and investors. They are intended to help make the networked world a safer, more productive and more reliable place. TE Connectivity is committed to the values of innovation, integrity, reliability, inclusion and teamwork. In its various action areas, TE Connectivity's medium-term focus is on a strong growth strategy.

First Sensor's activities are focused on applications in industrial automation and condition monitoring as well as motion control. In addition, the group focuses on applications in medical technology such as diagnostics and patient monitoring.

Pressure sensors are a key component of its product portfolio. Here, First Sensor offers products suitable for industry and medical technology applications. Customers often seek bespoke solutions in these high-tech applications. With more than 30 years of application experience, First Sensor is able to create tailor-made solutions for a number of different sectors – from high-performance, platform-based pressure sensors for pneumatics and hydraulics, including for the automation of industrial systems, to custom-made products for highly specialized medical technology applications.

The product range in the photonics area comprises LiDAR applications, imaging modules and light detectors. They are predominantly used in industrial, medical and transport applications. First Sensor primarily focuses on applications in the industrial and medical sectors here. In the 2024 financial year, as part of product range management, a decision was made to place more focus on production services than on in-house development in the photonics sector.

In the area of advanced electronics especially, First Sensor is focused on the rising demand for complex solutions that combine several functions in customer applications. This requires core competencies in chip design and production as well as in installation and connection technology. Not only this, but the company is also building and expanding its expertise in other process technologies, as well as in software and sensor communication. The cooperation with TE Connectivity is giving rise to additional options that are due to be further validated on an ongoing basis.

First Sensor develops not just products, but solutions as well. When selling solutions, it is important to develop a deep understanding for customers' systems and to identify trends and system problems that need to be solved. This frequently also entails an increased share of sensors in these applications and use cases. This way, customers receive a more comprehensive value proposition. At the same time, the procurement process can be streamlined and complexity and costs can be reduced, for example by using fewer suppliers.

### Strategic financing measures

First Sensor primarily finances its business operations from its operating cash flow and cash funds or via the cash pool with TE Connectivity. Additional financing requirements could also be covered by the main shareholder in the future. There has been no strategic financing in the narrower sense to date, and there are also no such plans for the future.

## 2.1.3 Internal management system

The Management Board is responsible for the strategic orientation of the company. The Supervisory Board advises it and monitors the Management Board in line with the law and the Articles of Association. The medium-term planning for the next three years is derived from the strategic objectives once a year. The detailed planning for the following year is prepared on this basis. The Management Board coordinates this with the Supervisory Board and implements it.

The Executive Board regularly discusses strategic and significant operational issues with the employees of the first management level below the Executive Board, analyzes the current business development, and advises on how to deal with opportunities and risks. Moreover, these managers have direct reporting lines to the regional and global functional line managers at TE Connectivity.

The First Sensor Group is primarily managed by way of the continuous controlling of the achievement of goals in relation to annual and medium-term planning. The aim is to identify deviations as early as possible so that suitable measures can be implemented promptly.

## Key performance indicators used

Since the 2024 financial year, First Sensor has primarily been managed according to the target figures of sales and investment volume. These are the most significant key performance indicators (KPIs). The change in the controlling KPIs compared to the 2023 financial year were presented in the forecast report of the 2023 annual report.

Information on the non-financial performance indicators can be found in the non-financial corporate statement (CSR report). They are not taken into account by the Management Board for the assessment of the Group's net assets, financial position and results of operations.

### 2.1.4 Research and development

Various new uses of sensors and sensor systems are the driving forces for First Sensor's planned growth. Development activities are therefore highly relevant to the company's success. Development defines the implementation of customer-specific solutions and is responsible for the production development process and the building of prototypes. Development also forms the basis for First Sensor's platform and technology strategy. It is an integral part of the strategy and roadmap of TE Connectivity's Sensors business unit. As a result of the advanced integration into the TE Connectivity Group, development work is now divided between organizational units that also include locations outside the First Sensor Group. The R&D activities presented below therefore primarily relate to further developments and adjustments by First Sensor employees, the results of which are not necessarily linked to First Sensor's production locations.

The overall expertise comprises semiconductor development and sensor design, layout and connection technology through to prototype construction, sensor electronics, software and system integration. Project management coordinates the units within the product development projects to ensure that the defined project objectives are achieved.

The organizational structure is geared towards sensor technology. The photonics development area deals with the development of photodiodes and imaging sensors. The development of pressure sensors works in conjunction with the corresponding developers at TE Connectivity in the Pressure & Force development area.

In terms of processes, all development activities are based on TE Connectivity's project governance process, "LEANPD" (Lean Enterprise Accelerated New Product Development). Software solutions were harmonized and document management was connected to the TE Connectivity infrastructure.

#### Procedures and key areas

Regardless of whether the stimulus for a development project comes from a customer or from within the company, First Sensor's development activities operate according to a structured process. Before the project even begins, the first step is to review the business case. This means looking not only at the time frame and costs, but also at the project's potential for First Sensor and TE Connectivity. If the review reaches a positive conclusion, the project's implementation can begin. Development is organized on the basis of a multistage process from creating a design to producing prototypes all the way through to preparation for series production. The process uses pre-defined milestones and standardized reporting requirements to ensure that, at every stage of the development project, the results are in line with the desired aim and any deviations are identified, analyzed and processed in a timely manner.

The medium and short-term development activities are bundled along the overarching corporate strategy at TE Connectivity level in a technology and product roadmap. This ensures that projects involving key customers or high sales volumes are prioritized. For this reason, one focus area is customer-specific sensor solutions and thus the development of new sensor chips. These are supplemented by innovative signaling electronic systems and layout and connection technologies.

#### Cooperations

First Sensor follows an approach of opening up innovation processes and entering into strategic partnerships with industrial partners and research institutes. Each partner benefits from sharing expertise and can contribute its respective core competencies in the context of joint projects. Through regular close contact with research institutes, Development also plays its part in ensuring that scientific findings are applied in usable innovation.

The Group does not conduct its own research outside the existing cooperations.

## R&D key figures

The annual R&D expenses are funded with a budget. Project costs are determined within the context of internal orders and are included in the income statement as expenses. With the integration into the structures and processes of the TE Connectivity Group, internally generated intangible assets were no longer capitalized.

| In € thousand, unless otherwise indicated | 2023 | 2024 |
|---|---|---|
| R&D expenses | 4,189 | 2,865 |
| R&D ratio in % | 3.1 | 2.4 |
| New capitalization of development costs | 16 | 0 |
| Carrying amounts of capitalized costs | 1,818 | 0 |
| Amortization of capitalized development costs | 342 | 2,254 |
| Number of R&D employees (FTEs) | 52 | 47 |
| Number of patents and licenses | 17 | 16 |

In the 2024 financial year, R&D expenditure was €2.9 million. The R&D ratio in relation to sales thus fell to 2.4 percent. 47 employees work in development.

## R&D results

In the past financial year, development work mainly focused on products and technologies in the areas of MEMS pressure and gas sensors as well as photonic sensors.

The focus in the development of pressure sensors was in the area of brake systems for a leading German car manufacturer as well as flow sensors for applications in gas supply in the semiconductor industry, medical technology and climate control. A new type of oxygen sensor for medical technology has also been developed.

In photonics, a number of customized developments for photodiodes and imaging sensors were completed, mainly for infrared applications. These include aerospace applications in the 1,064 nm wavelength range and APD LiDAR sensors at 905 nm. For example, reliable and solderable new packages for APD arrays, developed according to automotive standards, were presented here.

Furthermore, projects were undertaken in the field of measurement automation, in particular the automation of visual inspection.

New manufacturing processes such as jetting & snow blasting have also been enhanced, and the latest technological market trends in particle reduction and material application have been evaluated in order to meet the increased requirements for the packaging of imaging sensors.

Development projects like the examples mentioned usually contribute to sales after 6 to 24 months. Patents and utility models are registered on a purely selective basis. The company firstly examines whether the benefits of an application outweigh the risks of disclosure, whether there is a strategic necessity and whether an application is required for competitive reasons. Patents are subsequently subjected to an annual review. If the market situation or the company's strategic focus have changed, or if their value can no longer be demonstrated, the company may decide to let certain patents expire.

## 2.2 ECONOMIC REPORT

### 2.2.1 General economic and sector conditions

#### Performance of the economy as a whole

The International Monetary Fund (IMF) expects global growth to be stable but not overwhelming in 2024. There were notable revisions compared to previous forecasts, with the upward revisions for the United States offsetting the downward revisions for other advanced economies – particularly the largest European countries. The IMF still sees the long-term development not very optimistic. Persistent structural headwinds – such as population aging and weak productivity – are holding back potential growth in many economies.

In its latest forecast as of October 2024, the global economy is expected to grow by 3.2% in 2024, one tenth of a percentage point less than in 2023. The IMF expects the strongest growth in India and China, among the larger countries, in 2024 with 7% and 4.8% respectively. For the US economy, the IMF expects a slight deterioration to 2.8%. For the Eurozone, the IMF expects only low values with 0.8% growth in 2024. The IMF is more optimistic than the German government about the prospects for 2024: Here it expects stagnation with a growth of 0%, while the Federal Government assumes that the German economy will shrink by 0.2% in 2024.

#### Developments on the sensor market

Market research institute, World Semiconductor Trade Statistics (WSTS), expected the global semiconductor market to grow by 16.0% in 2024 following a decline of 8.2% last year. Two main categories of semiconductors are expected to drive growth with double-digit growth rates: logic with 10.7% and memory with 76.8%. For the sensor market worldwide, they again expect a significant decline of 7.4% in 2024 after -9.4% the previous year. The regional differences remain very pronounced: For the semiconductor industry as a whole in 2024, a significant growth of 25.1% and 17.5% is expected for the Americas and Asia-Pacific regions, respectively. In contrast, a slight growth of 0.5% is expected for Europe, while a slight decline of 1.1% is predicted for Japan.

For 2024, the German Electrical and Electronic Manufacturers' Association (ZVEI) expects only a slight increase of 1% in the global electronics market. The main cause of this is the generally weak industrial economy, where negative impacts include high interest rates, geopolitical uncertainty and buying restraint. For the German electronics market, the association expects a decline of 4% in 2024, after growth of 4% in the previous year. Over the course of 2024, incoming orders in the industry fell by 10.9% compared to the previous year. Domestic orders fell by 12.0%, and foreign orders decreased by 10.0%.

The larger companies of the German industry association (AMA – Association for Sensorics and Measurement e.V.) reported a stronger decline in revenue and orders at the beginning of the reporting period. Revenue initially fell by 6% and incoming orders by 3%. The members of the association still expect a slight growth of 2% for 2024, especially due to the burdens caused by the situation in the automotive industry.

## 2.2.2 Financial position and financial performance

### The position of the Group

### Business performance in the 2024 financial year and comparison with forecast development

In the 2024 financial year, the sales of the First Sensor Group reached €121.4 million (previous year: €134.6 million). The 9.8% decline in revenue reflects the more difficult market environment in particular. This means that the original forecast for the 2024 financial year was missed, but the adjusted range of €115 to €125 million was achieved. The reasons for this were the general weakness of the industrial market and the failure of the expected catch-up scenario, as well as the unsuccessful reduction of inventories through sales.

In view of the economic environment, some of the planned investments were spread out over a longer period. The investment volume therefore amounted to €5.6 million and was thus also not within the range of the original forecast, but in line with the latest guidance of €5 to €7 million.

Overall, performance in the reporting period was therefore not in line with expectations.

### Targets for key performance indicators for the 2024 financial year

Consolidated sales of between €135 and €145 million were originally forecast for the 2024 financial year. These planned sales were reduced on April 11, 2024 to sales between €115 and €125 million.  The planned investment volume was originally expected to be in the range of €8 to €10 million. On July 9, 2024, this range was reduced to between €5 and €7 million.

### Comparison of target and actual figures for 2024

The following table shows the figure achieved in the 2023 financial year, the original and the adjusted guidance for the 2024 financial year as well as the figure achieved in the 2024 financial year:

| | Oct. 1, 2022-<br>Sept. 30, 2023 | Guidance<br>Jan. 31, 2024 | Adjusted guidance<br>Apr. 11, 2024 | Adjusted guidance<br>Jul. 9, 2024 | Oct. 1, 2023-<br>Sept. 30, 2024 |
|---|---|---|---|---|---|
| Sales in € million | 134.6 | 135 to 145 | 115 to 125 | 115 to 125 | 121.4 |
| Investments in € million | 10.4 | 8 to 10 | 8 to 10 | 5 to 7 | 5.6 |

This meant that the original plans regarding revenue and investment volume were not met, but the forecasts adjusted during the year were achieved.

## Financial performance

### Sales development

The First Sensor Group's sales reached €121.4 million in financial year 2024 compared to €134.6 million in financial year 2023. The decline in sales was mainly volume-related and could not be offset by selective price adjustments. In total, they did not reach the level of the original forecast. The decline in revenue was largely volume-related and could not be offset by selective price adjustments. The 9.8 percent decline in revenue was mainly due to the more difficult market environment, in which revenue recognition could not be realized as planned with the originally planned reduction in inventory; in addition, some customer call-offs have been postponed to subsequent periods.

| € thousand | Oct. 1, 2022-Sept. 30, 2023 | Oct. 1, 2023-Sept. 30, 2024 | Δ absolute | in % |
|---|---|---|---|---|
| DACH* | 77,389 | 64,592 | -12,797 | -16.5 |
| Rest of Europe | 18,968 | 23,711 | 4,743 | 25.0 |
| North America | 16,721 | 6,893 | -9,828 | -58.8 |
| Asia | 21,190 | 25,692 | 4,502 | 21.2 |
| Others | 342 | 546 | 204 | 59.6 |
| **Total** | **134,610** | **121,434** | **-13,176** | **-9.8** |

The significant decline in sales in the 2024 financial year is mainly attributable to the DACH region and North America. Sales in the DACH region represent 53.2% of total sales and were down by 16.5%. In North America, sales fell by more than half following the strong 2023 financial year. The region therefore represents 5.7% of total sales. By contrast, sales in the rest of Europe and Asia increased, but were only able to mitigate the decline. Sales in the rest of Europe rose by 25.0%, accounting for 19.5% of total sales. Asia again showed strong growth with an increase of 21.2%, now accounting for 21.2% of sales. The rest of the world accounts for 0.4% of sales. The sales revenue includes €2.1 million attributable to the 2023 financial year; this was already presented in the half-year report.

### Order situation[1]

The order situation weakened further in the reporting period. Sales of €121.4 million were offset by incoming orders amounting to €97.1 million. As of the reporting date, this results in an order backlog of €58.9 million and a book-to-bill ratio of 0.84. The volatility of incoming orders has increased slightly since the integration into the TE Connectivity sales structure, so the significance for the financial year 2025 is only limited.

| € thousand | Oct. 1, 2022-Sept. 30, 2023 | Oct. 1, 2023-Sept. 30, 2024 | Δ absolute | in % |
|---|---|---|---|---|
| Sales | 134,610 | 121,434 | -13,176 | -9.8 |
| *Sales from products* | *129,329* | *115,693* | *-13,636* | *-10.5* |
| *Sales from services* | *5,300* | *5,741* | *441* | *8.3* |
| Incoming orders | 105,224 | 97,085 | -8,139 | -7.7 |
| Orders on hand | 77,465 | 58,857 | -18,707 | -24.1 |
| Book-to-bill ratio | 0.81 | 0.84 | 0.03 | - |

[1] The section "Order situation" is not part of the audit by BDO AG Wirtschaftsprüfungsgesellschaft

## Results

The sales of the First Sensor Group in the 2024 financial year amounted to €121.4 million (previous year: €134.6 million), which corresponds to a decline of 9.8%. Other operating income amounted to €0.9 million (previous year: €1.4 million). The inventory of finished and work in progress fell by €1.1 million (previous year: €+4.1 million). Other own work capitalized amounted to €0 thousand (previous year: €16 thousand). Gross revenue (excluding other operating income) fell accordingly by 13.3% to €120.3 million (previous year: €138.8 million).

The cost of materials decreased by 14.8% to €59,0 million (previous year: €69.2 million). This corresponds to a materials ratio of 48.6% (previous year: 51.4%). The gross margin in relation to gross revenue reached 51.3% after 50.7% in the previous year.

Staff costs, which amounted to €42.5 million in the previous year, decreased slightly by 1.7% to €41.8 million in the reporting period. The reason for this was an adjustment in the deployment of personnel at the Weissensee and Dresden locations. Other operating expenses also declined and amounted to €14.1 million (previous year: €16.5 million), mainly due to the optimization of purchases and the fall in inflation. Accordingly, earnings before interest, taxes, depreciation and amortization (EBITDA) reached €6.3 million, compared to €12.0 million in the previous year. The EBITDA margin was 5.2% (previous year: 8.9%).

Depreciation on property, plant and equipment and amortization of intangible assets increased significantly to €24.5 million (previous year: €7.7 million), mainly as a result of the necessary write-off of goodwill and amortization of internally generated intangible assets. Operating income (EBIT) was therefore €-18.2 million. (previous year: €4.2 million). This corresponds to an EBIT margin of-15.0% (previous year: 3.1%).

The financial and currency result amounted to €0.7 million in the reporting period (previous year: €0.2 million). Earnings before taxes (EBT) consequently reached €-17.5 million (previous year: € 4.4 million). After taxes of €-0.2 million (previous year: €-0.3 million), the consolidated profit or loss reached €-17.7 million (previous year: €4.1 million) Due to the fiscal unity, income taxes are primarily incurred by the parent company. Earnings per share were €-1.72 /€-1.72 (previous year: €0.40/€0.40; diluted/undiluted). In accordance with the terms of the control and profit transfer agreement, minority shareholders receive annual compensation in accordance with section 304 of the Aktiengesetz (AktG – German Stock Corporation Act), which is paid by the majority shareholder. First Sensor AG merely pays the tax incurred on this (€242 thousand).

## Financial position

## Principles and aims of financial management

The aim of First Sensor's financial management is to ensure the necessary liquidity for its production processes, growth and investments at all times. It is managed centrally by First Sensor AG. It primarily includes liquidity management, the borrowing of external funds and the management of interest and exchange rate risks. First Sensor has been part of the TE Connectivity cash pool since the 2020 financial year.

The risk of rising interest rates relates to borrowings that are now used only in a limited amount and mostly with fixed interest rates. Therefore, the company does not use interest rate swaps on floating rate borrowings. First Sensor counteracts the foreign currency risks of purchased materials and services by agreeing payments in euro for preference.

The Group-wide Financial Risk Management Directive enables the early identification of exchange rate and interest risks and regulates the authorized hedging instruments. As of the reporting date of September 30, 2024 the risk and materiality limits determined did not indicate any need for action to conclude hedging transactions.

## Capital structure

As of the reporting date, September 30, 2024, the consolidated equity amounted to €118.6 million (previous year: €126.8 million). Based on the total equity and liabilities of €143.0 million (previous year: €169.0 million), this results in an equity ratio of 82.9% (previous year: 75.1 percent). The change is mainly due to the shortening of the balance sheet as a result of the write-off to goodwill and the valuation allowance on inventories on the asset side and the decrease in trade payables on the liability side.

Non-current financial liabilities including lease liabilities were further reduced in the reporting period and amount to €5.2 million (previous year: €7.5 million). This is essentially a KfW loan originally amounting to €13.0 million. An account with a credit balance is pledged as collateral, which is reported as other current or non-current assets in the amount of €5.3 million (previous year: €6.9 million) in accordance with the terms of their maturity. Therefore, no covenants and the release of collateral are agreed.

| | 09/30/2023 | 09/30/2024 |
|---|---|---|
| Gearing ratio: Net debt to EBITDA | -2.3 | -4.7 |
| Income coverage: EBITDA to interest expense | 44.0 | -31.9 |
| Own funds ratio* | 86.0 | 82.9 |

* The own funds ratio corresponds to the equity ratio (previous year figure adjusted for goodwill).

| € thousand | 09/30/2023 | 09/30/2024 | Δ absolute | in % |
|---|---|---|---|---|
| Non-current financial liabilities (incl. lease liabilities) | 7,518 | 5,179 | -2,339 | -31.1 |
| Current financial liabilities (incl. lease liabilities) | 4,540 | 2,369 | -2,171 | -47.8 |
| Cash and cash equivalents | 1,531 | 478 | -1,053 | -68.8 |
| Cash pool receivables | 27,832 | 22,008 | -5,824 | -20.9 |
| Receivables from shareholders from loss compensation | 0 | 9,345 | 9,345 | 100.0 |
| Pledged bank balances | 6,906 | 5,281 | -1,625 | -23.5 |
| Net debt (+)/net cash (-) | **-24,211** | **-29,564** | **-5,353** | **-22.1** |

The short-term financial liabilities were reduced mainly due to repayments as of the reporting date and amounted to €2.4 million (previous year: €4.5 million).

Cash and cash equivalents and cash pool receivables (see also explanations in note 4.8) decreased as of the reporting date of September 30, 2024 by a total €6.9 million and amounted to €22.5 million (previous year: €29.4 million). In addition, there is a claim for loss compensation totalling €9.3 million in the reporting year. Overall, First Sensor has a net cash position of €29.6 million (previous year: €24.2 million).

First Sensor can utilize the credit facilities it has been granted, but can first take advantage of the financing options within the TE Connectivity Group if necessary. It can therefore also be assumed for the future that First Sensor will be able to finance its planned growth and investments from the resources at its disposal. Recourse to the capital market is not planned for the foreseeable future.

First Sensor does not use off-balance sheet financing instruments.

## Investments

Investments in intangible assets were still negligible and primarily occur at the level of TE Connectivity. In the area of property, plant and equipment, €5.3 million (previous year: €10.4 million) were invested, primarily in new machines and equipment at the locations in Berlin for capacity expansion and process stabilization or improvement.

The amortisation increased significantly to €18.1 million (previous year: €2.1 million), mainly as a result of the write-off to goodwill (see also explanations in note 4.4). Depreciation of property, plant and equipment increased to €6.4 million (previous year: €5.6 million).

| € thousand | Oct. 1, 2022-Sept. 30, 2023 | Oct. 1, 2023-Sept. 30, 2024 | Δ absolute | in % |
|---|---|---|---|---|
| Investments in intangible assets | 9 | -239 | -248 | n.a. |
| Investments in property, plant and equipment | -10,357 | -5,341 | 5,026 | -48.5 |
| **Investments** | **-10,358** | **-5,580** | **4,778** | **-46.1** |
| **Cash flow from investing activities** | **-7,548** | **1,117** | **8,665** | **n.a.** |
| Amortisation | -2,095 | -18,072 | -15,977 | 762.6 |
| Depreciation of property, plant and equipment | -5,629 | -6,430 | -801 | 14.2 |
| - *of which due to leases in accordance with IFRS 16* | *-747* | *-712* | *-35* | *-4.7* |
| **Write-offs** | **-7,724** | **-24,502** | **-16,778** | **217.2** |

## Liquidity

The value of the cash and cash equivalents as of September 30, 2024 was €0.5 million. The operating cash flow for the 2024 financial year reached €0.6 million and was thus still positive compared to the previous year's figure of €14.1 million. The cash flow from investing activities was €1.1 million (previous year: €-7.6 million), mainly due to reduced payments for investments. The free cash flow as balance from the operating cash flow and the net cash used in investing activities therefore reached €1.7 million (previous year: €6.5 million).

| € thousand | Oct. 1, 2022-Sept. 30, 2023 | Oct. 1, 2023-Sept. 30, 2024 | Δ absolute | in % |
|---|---|---|---|---|
| Operating cash flow | 14,089 | 561 | -13,528 | -96.0 |
| Net cash used in investing activities | -7,548 | 1,117 | 8,665 | n.a. |
| Net cash from financing activities | -5,909 | -2,731 | 3,178 | -53.8 |
| Change in cash and cash equivalents | 632 | -1,053 | -1,685 | n.a. |
| Cash and cash equivalents at the beginning of the financial year | 899 | 1,531 | 632 | 70.3 |
| Cash and cash equivalents at the end of the financial year | 1,531 | 478 | -1,053 | -68.8 |
| Free cash flow | 6,541 | 1,678 | -4,863 | -74.3 |

The Executive Board therefore continues to consider the Group's liquidity position to be comfortable, also due to the financing options within the TE Connectivity Group. First Sensor will again be able to meet its payment obligations from operating activities and repay its debt financing at all times in the 2025 financial year.

To assess First Sensor's solvency, the following table shows the company's liquidity in the form of liquidity ratios. Cash and cash equivalents are shown in relation to current liabilities to calculate the cash ratio. The quick ratio includes current receivables and the current ratio also takes inventories into account.

| in % | 09/30/2023 | 09/30/2024 | ΔPP |
|---|---|---|---|
| Cash ratio | 94.3 | 201.5 | 107.2 |
| Quick ratio | 171.7 | 298.6 | 126.9 |
| Current ratio | 348.2 | 520.0 | 171.8 |

## Net assets

The total equity and liabilities fell in the 2024 financial year to €143.0 million (previous year: €169.0 million). The equity ratio increased to 82.9% (previous year: 75.1%). The change is mainly due to the reduction in the balance sheet total by €26.0 million, primarily due to the write-offs to goodwill on the one hand and the significant decline in trade payables as of the balance sheet date on the other hand.

## Assets

The non-current assets decreased by €20.5 million to €56.7 million (previous year: €77.2 million), mainly due to the complete write-offs to goodwill (€-16,0 million) and to intangible assets (€-2.1 million). Property, plant and equipment were reduced slightly by €0.9 million, as the scheduled depreciation on property, plant and equipment of €6.5 million exceeded the investments of €5.6 million.

The total of current assets also decreased, from €91.8 million to €86.3 million. Significant changes here affected inventories, which fell from €43.6 million to €36.8 million in the reporting period, mainly as a result of the impairment of inventories as of the balance sheet date by €6.7 million, which were recognized as an expense. Current financial assets increased by €3.5 million to €33,0 million (previous year: €29.5 million).

## Equity and liabilities

On the equity and liabilities side, equity was reduced to €118.6 million (previous year: €126.8 million). The subscribed capital increased by the issue of 4,000 shares under a share option plan. The change in the capital reserves of €0.1 million also results from the newly issued shares. Due to the IFRS result, retained earnings were reduced to €56,0 million (previous year: €64.4 million).

Non-current financial liabilities were reduced to €5.2 million in the reporting period (previous year: €7.5 million). As a result, total long-term liabilities fell to €7.5 million (previous year: €10.0 million). The short-term liabilities also decreased significantly from €32.1 million to €16.9 million, primarily due to the significant decrease in trade payables by €-7.8 million.

As of September 30, 2024, the working capital changed only slightly and amounted to €45.1 million (previous year: €45.5 million). Capital employed fell to €102.0 million (previous year: €122.7 million). Due to the negative result, the ROCE (Return on Capital Employed) reached 17.8% (previous year: 3.5%).

First Sensor is now part of TE connectivity

# Net assets, financial position and results of operations of First Sensor AG (HGB)

## First Sensor AG's results of operations

## Income statement of First Sensor AG (HGB)

| € thousand | Oct. 1, 2022-Sept. 30, 2023 | Oct. 1, 2023-Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Sales | 122,875 | 111,861 | -11,015 | -9.0 |
| Changes in inventories of finished goods and work in progress | 4,397 | -1,670 | -6,067 | n.a. |
| Other own work capitalized | 16 | 0 | -16 | -100.0 |
| **Gross revenue** | **127,289** | **110,191** | **-17,098** | **-13.4** |
| Miscellaneous other operating income | 1,407 | 840 | -567 | -40.3 |
| Costs of materials | -50,155 | -40,756 | 9,399 | 18.7 |
| Cost of purchased services | -15,258 | -14,994 | 264 | 1.7 |
| **Gross profit** | **63,283** | **55,280** | **-8,002** | **-12.6** |
| Wages and salaries | -33,306 | -32,719 | 587 | -1.8 |
| Social security contributions | -6,373 | -6,501 | -127 | -2,0 |
| Miscellaneous other operating expenses | -16,691 | -14,053 | 2,637 | 15.8 |
| **EBITDA** | **6,912** | **2,008** | **-4,904** | **-70.9** |
| Amortization of intangible assets and depreciation of property, plant and equipment | -8,918 | -15,412 | -6,494 | -72.8 |
| **Operating income (EBIT)** | **-2,006** | **-13,404** | **-11,398** | **568.2** |
| Income from profit transfer agreement | 4,042 | 3,768 | -274 | -6.8 |
| Other interest and similar income | 268 | 733 | 465 | 173.6 |
| Interest and similar expenses | -85 | -82 | 3 | -3.5 |
| **Profit before tax** | **2,219** | **-8,984** | **-11,203** | **n.a.** |
| Income taxes | -303 | -328 | -25 | -8.2 |
| Other taxes | -30 | -33 | -3 | -10.0 |
| **Income before profit transfer/loss absorption** | **1,886** | **-9,345** | **-11,232** | **n.a.** |
| profit transfer/loss absorption | -1,886 | 9,345 | 11,232 | n.a. |
| **Profit or loss** | **0** | **0** | **0** | **-** |
| Loss/profit carryforward | 41,986 | 41,986 | 0 | - |
| Appropriation/distribution of earnings | 0 | 0 | 0 | - |
| **Net retained profits (after profit transfer)** | **41,986** | **41,986** | **0** | **-** |

Sales generated by First Sensor AG on a standalone basis fell by 9.0% to €111.9 million in the 2024 financial year (previous year: €122.9 million). The reasoning is reflected in the Group. Inventories of finished goods and works in progress fell by €1.7 million in the reporting period. No own work was capitalized in the 2024 financial year (previous year: €16 thousand). Gross revenue amounted to €110.2 million (previous year: €127.3 million). Other operating income fell to €0.8 million (previous year: €1.4 million).

The cost of materials in relation to gross revenue fell by 14.8% to €55.8 million (previous year: €65.4 million). This corresponds to a cost of materials ratio of 50.8% (previous year: 51.4%). Gross profit amounted to €55.3 million (previous year: €63.3 million). Staff costs fell slightly to €39.2 million (previous year: €39.7 million). This corresponds to a staff costs ratio of 35.7% (previous year: 31.2%).

Other operating expenses decreased to €14.1 million (previous year: €16.7 million). The write-offs were significantly higher in the individual financial statements than in the previous year at €15.0 million (previous year: €8.9 million) due to the write-offs to goodwill and the depreciation of the internally generated assets. The operating income (EBIT) amounted to €-13.4 million (previous year: €-2.0 million).

There is a profit transfer agreement with First Sensor Lewicki GmbH, which results in income of €3.8 million (previous year: €4.0 million). Other interest and similar income and expenses amounted to €0.7 million (previous year: €0.2 million).

The pre-tax result amounts to €-9,0 million (previous year: €2.2 million). Taxes on income and earnings amount to €-0.3 million (previous year: €-0.3 million). The profit transfer agreement in place with TE Connectivity Germany Sensors Holding AG leads to an adjustment of the net loss for the year. The loss compensation by TE Connectivity amounts to €9.3 million (previous year profit transfer: €-1.9 million).

For the financial year 2024, First Sensor AG reports a net income of €0, as in the previous year.

## Financial position and net assets of First Sensor AG

### ASSETS

| € thousand | 09/30/2023 | 09/30/2024 | Absolute change | in % |
|---|---|---|---|---|
| Intangible assets | 876 | 667 | -209 | -23.8 |
| Internally generated intangible assets | 1,818 | 0 | -1,818 | -100.0 |
| Goodwill | 7,817 | 0 | -7,817 | -100.0 |
| Payments on account | 31 | 0 | -31 | -100.0 |
| Property, plant and equipment | 49,475 | 49,399 | -76 | -0.2 |
| Shares in affiliated companies | 7,912 | 7,912 | 0 | 0.0 |
| **Non-current assets** | **67,928** | **57,978** | **-9,950** | **-14.6** |
| Inventories | 41,439 | 34,454 | -6,985 | -16.9 |
| Trade receivables | 84 | 94 | 10 | 11.4 |
| Receivables from affiliated companies | 42,480 | 44,749 | 2,269 | 5.3 |
| Other assets | 7,218 | 5,554 | -1,664 | -23.1 |
| Cash and cash equivalents | 1,140 | 395 | -745 | -65.4 |
| **Total current assets** | **92,362** | **85,246** | **-7,116** | **-7.7** |
| Prepaid expenses | 53 | 205 | 152 | 285.9 |
| **ASSETS** | **160,342** | **143,428** | **-16,914** | **-10.5** |

As of the reporting date of September 30, 2024, total equity and liabilities fell by 10.5% to €143.4 million (previous year: €160.3 million).

On the asset side, goodwill was reduced to €0 million (previous year: €7.8 million) and the related internally generated intangible assets to €0 million (previous year: €1.8 million) due to impairment losses following lower sales assumptions and less reduction in inventories compared to previous planning. Property, plant and equipment changed only slightly and amounted to €49.4 million (previous year: €49.5 million) as a result of the investments in the reporting period, which were below the level of their write-offs. Overall, non-current assets fell by €10,0 million to €58,0 million (previous year: €67.9 million).

Current assets decreased from €92.4 million to €85.2 million. Significant changes affected inventories, which fell to €34.5 million (previous year: €41.5 million). Due to the changeover of distribution to the affiliated company TESOG as the sole sales and distribution partner, the trade receivables as of the reporting date amounted to only €94 thousand (previous year: €84 thousand). The receivables from affiliated companies in the amount of €35.4 million (previous year: €42.5 million) include the receivables from TESOG as well as the cash pool receivables. Other assets were reduced by €1.7 million to €5.6 million. Cash and cash equivalents amounted to €0.4 million as of the reporting date (previous year: € 1.1 million).

## EQUITY AND LIABILITIES

| € thousand | 09/30/2023 | 09/30/2024 | Absolute change | in % |
|---|---|---|---|---|
| Issued capital | 51,657 | 51,677 | 20 | 0.0 |
| Capital reserves | 22,203 | 22,308 | 105 | 0.5 |
| Retained earnings | 6,004 | 6,004 | 0 | 0.0 |
| Net retained profits | 41,986 | 41,986 | 0 | 0.0 |
| **Equity** | **121,850** | **121,976** | **126** | **0.1** |
| Special reserve for investment subsidies and grants | 2,276 | 2,132 | -144 | -6.3 |
| Provisions | 9,290 | 6,218 | -3,072 | -33.1 |
| Liabilities to banks | 6,906 | 5,281 | -1,625 | -23.5 |
| Liability due to profit transfer | 1,886 | 0 | -1,886 | -100.0 |
| Advances received on account of orders | 1 | 70 | 69 | 6,900.0 |
| Trade payables | 6,976 | 4,971 | -2,004 | -28.7 |
| Liabilities to affiliated companies | 7,650 | 2,098 | -5,552 | -72.6 |
| Other payables | 3,506 | 681 | -2,825 | -80.6 |
| **EQUITY AND LIABILITIES** | **160,342** | **143,428** | **-16,914** | **-10.5** |

The equity of First Sensor AG amounted to €122.0 million as of the balance sheet date, which meant only a slight increase (previous year: €121.9 million). As a result of the balance sheet reduction, the equity ratio rose to 85.0% (previous year: 76.0%).

The provisions are related to outstanding invoices, personnel obligations and possible warranty claims. They fell from €9.3 million to €6.2 million. Regular repayments further reduced liabilities to banks from €6.9 million to €5.3 million. Based on the control and profit transfer agreement with TE Connectivity, €1.9 million was reported as a liability as of the previous year's reporting date. The trade payables were reduced to €5.0 million (previous year: €7.0 million). Other payables, including VAT liabilities, were reduced to €0.7 million (previous year: €3.5 million).

Operating cash flow amounted to €0.5 million (previous year: €14.6 million). Cash flow from investing activities amounted to €0.5 million (previous year: €-9.4 million) on account of the investments made. Accordingly, free cash flow was €1.1 million (previous year: €5.2 million). Cash flow from financing activities totalled €-1.8 million in the reporting year (previous year: €-4.9 million).

## Overall statement

In the 2024 financial year, the First Sensor Group's sales reached €121.4 million after €134.6 million in the 2023 financial year. This decline was not in line with the original forecast and reflects the challenging overall and industry-specific environment.

All in all, the Group has not reached the original, but the adjusted revenue guidance of €115 to €125 million.

The planned investments were partially extended due to the economic environment, so that the volume in the 2024 financial year only reached €5.6 million. The focus of the activities was on improving processes in order to gain above-average benefit from a future revival in demand.

The investment volume also did not reach the original forecast, but the adjusted guidance of €5 to €7 million.

Overall, the development in the reporting period was therefore not within the scope of the original expectations.

The First Sensor Group could not avoid the economic environment in the 2024 financial year and, in view of the challenges, still made good progress in the financial year in operational terms; the same applies to First Sensor AG. This creates the conditions for a medium and long-term expansion of the business and a successful future.

## Overall statement on First Sensor AG

Sales of between € 125 million and € 135 million were expected for the 2024 financial year. The sales of €111.9 million achieved were below this original target. No separate target for the investment budget was planned for First Sensor AG, as around 95% of the Group's volume is attributable to the individual company. Overall, business development fell short of expectations due to the overall and industry-specific conditions.

## Development of non-financial performance indicators

The separate non-financial report (CSR report) has been made permanently available on the company's website.

## Employees

The number of employees at First Sensor declined in the 2024 financial year, mainly as a result of unsatisfactory business development. The number of permanent employees fell by 10.5% to 621 FTE (Full Time Equivalent) as of the reporting date of September 30, 2024. In addition, on the reporting date, 30 trainees were employed at First Sensor (previous year: 23), the training rate is 3.4%.

First Sensor AG had 574 employees (full-time equivalents; previous year: 651) as of the end of the reporting period.

# SUPPLEMENTARY REPORT

Reference is made to the disclosures in the notes (section 4.37).

## 2.3 FORECAST, OPPORTUNITY AND RISK REPORTForecast report

### General economic and sector conditions

The International Monetary Fund (IMF) published its latest forecast for economic development on October 22, 2024. According to that, the global economy is also expected to grow by 3.2% in 2025. For the USA, the IMF anticipates a slight deterioration and predicts growth of 2.2% for 2025. For the Eurozone, the IMF also expects only poor figures in 2025 with 1.2% growth. The IMF has also lowered its expectations for German economic growth in 2025 compared to the previous forecast. For example, the German economy is only expected to grow by 0.8% in 2025. The IMF is therefore more optimistic than various research institutes, which recently forecast very subdued growth of 0.3 to 0.4% on average for 2025. They argued that the outlook has deteriorated in recent months, primarily because the mood and expectations of companies have deteriorated significantly again since the autumn.

The risks for the global outlook are rather negative according to the IMF given the increased political uncertainty. Sudden volatility outbursts in the financial markets could exacerbate financial conditions and weigh on investment and growth. Further disruptions to the disinflation process, potentially triggered by new commodity price peaks amid ongoing geopolitical tensions, could prevent central banks from relaxing monetary policy, posing significant challenges to financial policy and financial stability.

Among the reasons for the deteriorating expectations for Germany, the IMF includes the shortage of skilled workers, but also weak domestic consumption. Further, Germany would be burdened by budget consolidation and a sharp decline in property prices, the IMF's report says.

As a result of the integration into the TE Connectivity Group, the effects of the economic development in some regions of the world on First Sensor have decreased. However, a worldwide negative development would also put a strain on the business development of First Sensor in the 2025 financial year (October 01, 2024 – September 30, 2025).

### Development of the sensor market

According to a study by the market research institute World Semiconductor Trade Statistics (WSTS), the semiconductor market is expected to continue to grow considerably in 2025. This growth is primarily expected to come from the logic and memory sectors, for which an increase of 10 and 25% respectively is forecast. All other sectors are reckoned to feature single-digit growth rates, including sensors at 6.3%. For the semiconductor industry as a whole America and Asia-Pacific are expected to maintain their double-digit growth year-on-year, while the growth rate for Europe is anticipated to be 8.7%.

Among the most important factors influencing the growth of the sensor market are the increasing demand for IoT technology-based devices, the increasing demand for sensors in “Smart City” applications, advances in the automation sector, and new applications of radar in remote sensing. Further, the increasing expansion of portable devices and innovative applications in the biomedical sector, as well as growth in the automotive sector, are expected to create lucrative opportunities for the global market.

Members of the German Association for Sensors and Measurement (AMA) recently reported a 6% decline in sales. This development was less than expected, but in line with the trend of the manufacturing industry in Germany. Incoming orders have also been declining recently. The general situation is now also having an impact on the employment situation. About a fifth of member companies report short-time work. In view of the declining economic growth, the AMA association believes that innovation and diversification are the best approaches for positive development. In particular, digitalization, automation and the expansion of sustainable technologies continue to offer potential for future growth for member companies in the industry.

## Business performance forecast for the 2025 financial year (October 1, 2024, to September 30, 2025)

### Sales

The First Sensor Group generated sales of €121.4 million in the 2024 financial year (October 1, 2023 – September 30, 2024). The sales performance therefore did not correspond to the original expectations (€135 million to €145 million), but to the forecast adjusted on April 11, 2024 (€115 million to €125 million).

For the 2025 financial year, First Sensor expects sales between €110 million and €120 million and thus a further temporary slight decline in sales. This expectation results, on the one hand, from the weaker market environment and, on the other hand, from the active management of the product portfolio, which is why individual products will be phased out or have already been phased out.

### Investment

Investments in the 2024 financial year reached €5.6 million and thus were also below the original forecast (€8 million to €10 million), but rather closer to the forecast of €5 million to €7 million adjusted on July 9, 2024.

For the second key performance indicator, the realization of the planned investment volume in the 2025 financial year, a figure in the range of €5 and €7 million is again budgeted. This budget is a good basis for the future successful development of the Group and creates a solid foundation for further growth.

### 2024 financial year and guidance for 2025

| | 2024 | Guidance for 2025 | Key premises |
|---|---|---|---|
| Sales in € million | 121.4 | 110 to 120 | Economic environment continues to be negative, active management of the product portfolio |
| Investment in € million | 5.6 | 5 to 7 | For capacity expansions and modernizations in the financial year 2025 |

### Financial position

In the financial year 2025, property, plant and equipment and inventories will remain at the level of the previous year as planned. Operations will be financed from existing cash and cash equivalents and the receivables from cash pooling reported under financial assets as well as from operating cash flow. First Sensor is now part of the TE Connectivity cash pool and has cash and cash equivalents of €0.5 million and cash pool credit of €22,0 million at its disposal as of the reporting date. In addition, there is a claim for loss compensation from the majority shareholder in the amount of €9.3 million.

Cash flow was strained in 2024 by the business performance under more difficult conditions. It is expected to develop significantly positive again in the 2025 financial year. Moreover, First Sensor expects to report a positive net cash position throughout the 2025 financial year as well.

## Outlook for First Sensor AG

For the financial year 2025, the Management Board does not expect a further significant decline in sales. Following sales of €112.0 million in the 2024 financial year, sales of between €105 million and €115 million are therefore expected for the 2025 financial year.

Around 83% of the Group's investment budget for the 2025 financial year is accounted for by First Sensor AG.

## Overall statement

The Group's sales reached €121.4 million, the investment volume was €5.6 million. Both were not in line with the original forecast, but with the adjusted range.

First Sensor is focusing on leveraging the opportunities for growth afforded by its integration into the TE Connectivity Group. The Management Board of First Sensor AG therefore assumes that the First Sensor Group will continue to perform positively moving ahead and that the investment will lay the foundation for successful performance in the medium term as well.

The Management Board expects the 2025 financial year to be challenging and forecasts a slight decline in sales to between €110 million and €120 million with an investment volume of between €5 million and €7 million. In the medium and long term, the Management Board still expects the company to develop positively.

## 2.3.2 Report on risks and opportunities

In this report, risks and opportunities refer to influences or events that could make it likely that short and medium-term corporate performance will exceed or fall short of the management's targets. The aim of opportunity management is to identify such opportunities at an early stage and to pursue them purposefully. Risk management, on the other hand, is intended to ensure that risks are not only identified in good time, but that countermeasures are implemented in a timely manner in order to control and, if possible, minimize their impact on the company.

### Risk management system

First Sensor AG and its subsidiary are exposed to a multitude of risks in the course of their business activities, which are inseparably connected with entrepreneurial action. This can have a negative impact on the financial position and financial performance. Handling risks carefully is therefore a fundamental part of responsible corporate governance. Active risk awareness, an open risk culture and an effective risk management system are thus necessary to ensure short and long-term success of the company.

First Sensor has a risk management and internal control system for which the Executive Board of First Sensor AG is responsible. The corresponding guideline was updated in the 2024 financial year. It is intended to ensure that the risk situation is analyzed regularly and that the identified risks are assessed, managed and controlled. The company's risk management system is integrated into the corresponding TE Connectivity management system. This also defines the internal control framework of TE Connectivity and the respective companies as well as worldwide compliance with the Sarbanes-Oxley Act (SOX), and compliance with the underlying legislation. Risk management is run by the Finance department in close cooperation with the management of the companies, locations and business areas. It is supplemented by compliance management that also takes into account the implementation and compliance with the ethical principles of corporate governance (Code of Conduct) as well as the legal provisions that are the guidelines for the actions of the companies of the TE Connectivity Group. The Supervisory Board is regularly informed of the company's risk situation and compliance in a structured process and monitors the effectiveness of the risk management system within this framework.

### Objectives and strategies

The most important goals of risk and compliance management are to identify potential risks at an early stage, reliably assess their probability of occurrence and possible impact on the business, control them and - to the greatest extent possible - limit them in a sensible way. At the same time, opportunities for success must be utilized, unless their risk content exceeds an appropriate level. On this basis, the risks are managed by appropriate measures in accordance with the First Sensor Group's corporate strategy.

Various strategies are pursued depending on the risk assessment. Risks that could be seriously detrimental to the company's development or that would even pose a threat to its continued existence are avoided as far as possible. The impact of less significant risks is mitigated. For example, specific maximum values are prescribed for this, regular and systematic checks are carried out and the rigorous separation of functions is ensured. Risks are outsourced where possible and expedient, for example to insurers or suppliers. Other risks are entered into in a conscious and controlled manner. The terms of the control and profit transfer agreement with TE Connectivity provides First Sensor's minority shareholders with effective protection against risks and their possible consequences for corporate development.

### Structures and processes

The structures and processes of the Enterprise Risk Management (ERM) are standardized throughout the Group. The basis is the so-called "First Sensor Risk House", which is based on the COSO ERM framework. It covers five risk categories that are essential for the company, and is supplemented by compliance management.

First Sensor’s risk categories:

1. STRATEGIC RISKS
2. OPERATING RISKS
3. FINANCIAL RISKS
4. COMPLIANCE RISKS
5. SUSTAINABILITY RISKS

Along these risk categories, the risk assessment is carried out on a quarterly basis, i.e. the identification and evaluation of potential risks to which the company is exposed. This is carried out on a decentralized basis and documented using appropriate uniform reporting formats. To this end, each reporting entity considers and assesses a large number of risk types within the risk categories. The individual reports created on this basis are then validated in the Group Finance department and consolidated into an overall risk situation for the Group. The result of this structured process is reflected in the quarterly risk report, which is communicated in writing to the Management Board and Supervisory Board of First Sensor AG. These analyses form the basis for any management measures that may be taken.

To actively limit the risks classified as relevant for First Sensor through suitable control activities and to regularly check the defined control activities for appropriateness and effectiveness, the ERM is supplemented by an Internal Control System (ICS). The scope and effectiveness of the system are regularly monitored and, where necessary, expanded by adding new control activities in the form of guidelines or process instructions, for example. The control activities are supplemented by the TE Connectivity Group’s ICS.

Risk reporting is supplemented by robust opportunity reporting. The opportunity situation of the First Sensor Group is therefore also systematically collated on a quarterly basis in parallel with the risk situation.

## Risk assessment

Risk assessment is based on an assessment matrix specific to the company that takes into account the probability of occurrence and potential amount of damage of possible events and then derives priorities on this basis.

| Probability of occurrence | Rating | Potential damage per event | Rating |
|---|---|---|---|
| Very unlikely | 0 | none | 0 |
| Unlikely, but possible | 1 | <€500 thousand | 1 |
| Likely, if no countermeasures are taken | 2 | >€500 thousand <€2 million/and/or achievement of strategic targets is jeopardized | 2 |
| Very likely, if no countermeasures are taken | 3 | >€2 million and/or achievement of strategic targets is jeopardized and/or compliance with legal requirements and regulations is compromised | 3 |

The probability of occurrence and the possible impact in each case are weighted on a rating scale of zero to three and multiplied by each other. If the risk factor calculated from this is higher than the materiality threshold of three, measures to manage the risk are defined and their effectiveness monitored periodically. Accordingly, the cumulative risks are assigned to the categories “low”, “medium” or “high”.

## Principal risks

Principal risks (with a risk factor of three or more), which are reported on below, are defined by the Management Board as those that affect the achievement of the company’s goals at the time of this report being prepared and that are thus relevant to decision-making for knowledgeable readers. The presentation and assessment of the risks is carried out after the implementation of risk limitation measures (net consideration).

## Strategic risks

Strategic risks include macroeconomic risks and specific product and technology risks.

First Sensor currently assesses macroeconomic risks as “medium”. The German economy is still missing dynamic impulses to find a way out of crisis mode. Customers in the various sales markets also feel this. Inflation, on the other hand, has settled back to a normal level. Significant deterioration in the economic conditions would also impact First Sensor and its customers.

The risks arising from products and technologies are chiefly countered by the active management of the product portfolio and regularly updated strategic technology roadmaps.

The strategic risks are classified as “medium” overall.

## Operating risks

Sales risks, development and technology risks, production risks, quality risks, purchasing and inventory risks, IT risks and human resources risks are grouped together as operating risks.

The profile of the sales risks has changed since the 2022 financial year as a result of the transition in sales to cooperation with TE Connectivity Solutions GmbH (Schaffhausen, Switzerland). Since then, the necessary resources for sales have been managed by TE Connectivity. Sales risks are therefore mainly limited to negotiations with end customers regarding prices and agreed purchase volumes. They are therefore rated as "medium".

Different measures have been taken for the challenges identified in the development and technology area in the past year, in order to limit the impact on the operating business. Among other things, new suppliers were qualified to ensure stable deliveries and targeted improvements in production quality were introduced. The development and technology risks are therefore assessed as "medium".

Production and quality risks are minimized by investing in new machinery and equipment. They are therefore classified as “medium”.

At the time of this report being prepared, IT risks arise only at one subsidiary. In addition, First Sensor is exposed to general risks in connection with cyber security incidents and other disruptions to the IT infrastructure. These are mitigated by technical measures and employee training at TE Connectivity level. They represent a “medium” risk for the First Sensor Group as a whole.

The personnel risks that the company faces are rated as "low". In line with business development, the need for additional skilled workers has noticeably reduced. These risks are therefore classified as "low".

Operational risks are classified as "medium" overall.

## Financial risks

Risks from the accounting process and financial reporting, liquidity and exchange rate risks, working capital risks and insurance and liability risks are grouped in the financial risks category.

These risks have become less relevant for First Sensor thanks to the business combination with TE Connectivity. While reporting has become more demanding under the new Group guidelines, this can be managed with the appropriate capacity. As First Sensor is a participant in the TE Connectivity cash pool arrangement, the liquidity risks can be disregarded. The same applies to the risks arising from changes in exchange rates as First Sensor now operates almost exclusively in the euro area. Only in the area of working capital is there still an increased stock of supplies to ensure delivery capability, which involves a risk, however, which has decreased significantly following the impairments in the reporting year. The financial risks are still assessed as "low" overall.

## Regulatory risks

Regulatory risks include political risks, legal risks and compliance risks. The political risks include geopolitical and trade conflicts. Overall, these risks are rated as “low” at First Sensor.

## Sustainability risks

Sustainability risks are defined as risks relating to ESG (environmental, social, governance) aspects at First Sensor. In line with non-financial reporting, these risks were included in the risk assessment.

In the 2024 financial year, there were no risks that needed to be reported. Overall, these risks are therefore classified as "low".

## Summary of the risk situation

In the opinion of the Management Board, the risks to which First Sensor is exposed at the time of this report being prepared and for the current planning period are manageable. These include the potential effects of the war in Ukraine and other geopolitical conflicts, though these cannot be reliably estimated. In any event, the Management Board does not consider the continued existence of the Group to be as risk in any way. Particularly in view of the access to the cash pool and the profit and loss transfer agreement with TE Connectivity and the resulting obligation to assume losses, the First Sensor Group's risk-bearing capacity is not limited to its own quantitative capabilities. Despite the comprehensive analysis of risks, their occurrence cannot be completely ruled out.

## Opportunities and risks for First Sensor AG

The business development of First Sensor AG is subject to the same risks and opportunities as the group due to its role in the group. Please refer to the information at Group level in the report on risks and opportunities in this regard.

## Opportunity management system

As is the case with risks, opportunities within the Group are also systematically identified, transparently documented and incorporated into business decisions. They represent possible future developments or events that may lead to a positive deviation from forecasts or targets for the company. As with risks, First Sensor differentiates between opportunities based on whether they are of a strategic, operating, financial or regulatory nature.

## Strategic opportunities

The merger with TE Connectivity and the integration into the sales network of TE Connectivity offer additional opportunities for First Sensor. This is reflected in a number of new projects with interesting potential. The efficient combination of resources in development, sales, production and purchasing offers opportunities that First Sensor can only exploit in conjunction with TE Connectivity. In order to exploit these opportunities, investments in production must be made and the necessary material must be available in sufficient quantities.

## Operating opportunities

First Sensor has significantly increased the number of new development projects with the help of TE Connectivity, for example in the area of transmitters and pressure sensors. If these applications for industrial or medical technology make it to market faster than expected or if demand is higher than expected, First Sensor's growth targets may prove too conservative. Here, First Sensor has the opportunity to significantly increase its market presence through the sales range of the TE Connectivity network. Furthermore, First Sensor is likewise benefiting from the TE Connectivity supplier network and thus reducing the impact of delays in supply chains. The further integration with TE also gives First Sensor fresh prospects in terms of recruitment and staff retention as part of a strong, global partner.

Many customers have entered into framework agreements with terms of one to two years that guarantee purchase volumes while at the same time also defining purchase variances. As positive purchase variances are not incorporated into operational planning, this may give rise to opportunities for additional contributions to sales.

First Sensor is also continuing to work on optimizing its production processes under the heading of "operational excellence". In addition to the manufacturing execution system (MES), this also includes targeted investments in new equipment. If individual measures are realized faster than planned, this could lead to an increase in monthly production volumes and thus to more sales. The same applies to unplanned higher revenue with key customers, which would always have a positive impact on profitability due to economies of scale.

## Financial and regulatory opportunities

First Sensor does not currently anticipate opportunities that would affect the company in either of these categories.

## Summary of the opportunity situation

First Sensor is well positioned to systematically take advantage of opportunities in the Group's strategic target markets with its products and internal measures. While the company is working specifically to exploit these opportunities, it is unlikely, particularly in the current market environment, that short-term successes can be achieved here.

## Internal control system and risk management system in relation to the group accounting process

A key objective of the accounting-related ICS is to ensure a legally compliant (group) financial statement and thus ensure the reliability and transparency of financial reporting. First Sensor has implemented structures, processes and checks in order to achieve this goal. These aim to ensure that the results of the accounting process are free from errors and available on schedule. The accounting-related ICS is designed by the Management Board and its effectiveness is monitored by the Supervisory Board of First Sensor AG.

The accounting-related ICS of First Sensor was designed in accordance with the standards of the American Institute of Certified Public Accountants. It provides a framework for auditing the five financial statement assertions: the completeness of transactions within a reporting period, the actual existence and occurrence of a recorded transaction, the correct valuation and allocation of a transaction, a review of the accuracy of rights and obligations, and a review of whether transactions are reported in the correct accounts. The financial statement assertions, together with the control objectives, shall help ensure complete coverage of the risks. On the basis of a uniform, structured and understandable documentation of all controls in all significant processes, the effectiveness of the accounting-related ICS shall be monitored.

The accounting-related ICS of First Sensor is also included in the corresponding management system of TE Connectivity. The internal control system of the company, as part of the TE Connectivity Group, is shaped by more than 80 financial guidelines and more than 450 guidelines for the various functional areas. A regular audit of these policies is carried out at all locations of the company to help ensure compliance. Measures and processes are in place to help ensure the operational effectiveness of the company's ICS. These measures include the ongoing monitoring and evaluation of control processes, regular employee training, the separation of responsibilities to prevent fraud and errors, and a feedback mechanism for quick problem solving.

The internal review of financial reporting is a critical component of the company's internal control system and serves as a safeguard to ensure the accuracy and reliability of the company's financial reporting. This review, which is conducted annually, includes an examination of the financial records to identify and eliminate potential risks of misrepresentation or fraud. The process consists of two parts, with these being the so-called policy self-assessment, and corresponding random checks, and financial review, which is based on a critical balance sheet analysis. Once the process is complete, the results are reported to management. Significant findings are addressed via a Corrective Action Plan (CAP).

An independent assessment of the appropriateness and effectiveness of the internal controls is carried out by the Internal Audit Team of TE Connectivity. It checks the company's key financial and economic aspects. This is done via two independent audits, the classic operational audit and the continuous audit. The frequency of the operational audit depends on the respective business unit and a prior risk assessment. The audit process usually takes four to eight weeks. The continuous audit is applied to all decentralized "standardized" processes. Aspects of compliance are also part of these audits. At the end of the audits, a final discussion is held with the management, in which the internal audit team presents its findings and assigns an evaluation grade. Based on the conclusions, Corrective Action Plans (CAP) are established to implement optimizations.

The ongoing development and adjustment of the accounting-related ICS contribute to ensuring and continually improving the reliability of the accounting. Despite these efforts, even appropriate and functional systems cannot guarantee with absolute certainty that risks will be identified and managed.

# TAKEOVER RELATED DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A (1) AND 315A (1) HGB

## Composition of subscribed capital

The composition of subscribed capital is presented in section [4.11] of the Notes to the Consolidated Financial Statements. All shares grant identical rights in accordance with the AktG (German Stock Corporation Act).

## Restrictions affecting voting rights or the transfer of shares

The company's Executive Board is not aware of any restrictions affecting voting rights or the transfer of shares. Otherwise only the statutory provisions in accordance with section 136 (1) AktG and trading bans in accordance with Article 19 (11) MAR apply, especially to members of the Executive Board.

## Direct interests in the company's share capital of more than 10%

Disclosures on direct or indirect interests in the share capital exceeding 10% of the voting rights can be found in section [4.34] of the notes to the Consolidated Financial Statements. and in section “Weitere Angaben” of the notes to the financial statements of First Sensor AG.

## Holders of shares with special rights conferring control powers

There are no shares with special rights, in particular, no shares conferring control powers.

## Type of voting right control when employees hold an interest in the share capital and do not exercise their controlling rights directly

Employees who hold an interest in the share capital exercise their voting rights directly.

## Statutory provisions and Articles of Association concerning the nomination and dismissal of Executive Board members and amendments to the Articles of Association

Statutory provisions apply concerning the nomination and dismissal of executive board members (sections 84 and 85 AktG) and amendments to the Articles of Association (section 179 AktG).

## Authorization of the Executive Board to issue shares and repurchase shares

The capital is conditionally increased for issuing stock options to the Executive Board and managers. Details of the share option plans can be found in section [4.19] of the Notes to the Consolidated Financial Statements.

## Agreements that are subject to the condition of a change of control and agreements on compensation in the event of a takeover bid

The change of control took place in 2020, TE Connectivity now holds the majority of the shares in First Sensor AG. No agreements to cover another change of control were concluded.

First Sensor is now part of TE connectivity

# OTHER DECLARATIONS

The declaration of compliance pursuant to Article 161 AktG (German Stock Corporation Act) and the corporate declaration of business management are permanently available in the Investor Relations/Corporate Governance section of the company's website at www.first-sensor.com.

The remuneration report pursuant to Section 162 of the German Stock Corporation Act (AktG), the applicable remuneration system pursuant to Section 87a of the German Stock Corporation Act (AktG) and the most recent remuneration resolution of the Annual General Meeting pursuant to Section 113 (3) of the German Stock Corporation Act (AktG) are also published on the Company's website.

The company prepares a report on sustainability (separate non-financial Group report) based on the format of the German Sustainability Code and the framework of the GRI standard. The report is a separate component of the Annual Report and is also available for download on the company's website.

With regard to risk management in relation to financial instruments, please refer to section 4.33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT in the notes to the consolidated financial statements. Due to its role in the Group, the same disclosures apply to First Sensor AG.

Berlin, January 29, 2025

First Sensor AG

| | | |
|---|---|---|
| Thibault Kassir | Robin Maly | Dirk Schäfer |
| Member of the Executive Board | Member of the Executive Board | Member of the Executive Board |

# 3 CONSOLIDATED FINANCIAL STATEMENTS FOR 2024

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)

### 3.1.1 Consolidated statement of financial position, assets (IFRS)

| **ASSETS** in € thousand | Note | Sept. 30, 2023 | Sept. 30, 2024 | Change |
|---|---|---|---|---|
| Intangible assets | *(4.3)* | 2,801 | 720 | -2,081 |
| Goodwill | *(4.4)* | 15,979 | 0 | -15,979 |
| Property, plant and equipment | *(4.5)* | 53,144 | 52,291 | -853 |
| Non-current financial assets | *(4.8)* | 5,281 | 3,656 | -1,625 |
| **Total non-current assets** | | **77,205** | **56,668** | **-20,537** |
| Inventories | *(4.6)* | 43,622 | 36,751 | -6,871 |
| Trade receivables | *4.7)* | 16,599 | 15,344 | -1,255 |
| Current financial assets | *(4.8)* | 29,458 | 32,979 | 3,521 |
| Other current assets | *(4.9)* | 576 | 781 | 205 |
| Cash and cash equivalents | *(4.10)* | 1,531 | 478 | -1,053 |
| **Total current assets** | | **91,786** | **86,333** | **-5,453** |
| **Total ASSETS** | | **168,991** | **143,000** | **-25,991** |

### 3.1.2 Consolidated statement of financial position, equity and liabilities (IFRS)

| **EQUITY AND LIABILITIES** in € thousand | Note | Sept. 30, 2023 | Sept. 30, 2024 | Change |
|---|---|---|---|---|
| Issued capital | *(4.11)* | 51,657 | 51,677 | 20 |
| Capital reserves | *(4.12)* | 10,811 | 10,916 | 105 |
| Retained earnings | *(4.12)* | 64,367 | 55,977 | -8,390 |
| **Total equity** | | **126,835** | **118,571** | **-8,264** |
| Provisions for pensions | *(4.13)* | 184 | 214 | 30 |
| Non-current financial liabilities | *(4.15)* | 7,518 | 5,179 | -2,339 |
| Other non-current financial liabilities | *(4.17)* | 2,321 | 2,132 | -189 |
| **Total non-current liabilities** | | **10,023** | **7,525** | **-2,498** |
| Provisions for taxes | *(4.28)* | 838 | 235 | -603 |
| Other current provisions | *(4.14)* | 168 | 66 | -102 |
| Current financial liabilities | *(4.15)* | 4,540 | 2,369 | -2,171 |
| Advance payments received on orders | | 17 | 75 | 58 |
| Trade payables | *(4.18)* | 14,736 | 6,940 | -7,796 |
| Other current liabilities | *(4.18)* | 11,834 | 7,220 | -4,614 |
| **Total current liabilities** | | **32,133** | **16,904** | **-15,229** |
| **Total EQUITY AND LIABILITIES** | | **168,991** | **143,000** | **-25,991** |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

## 3.1.3 Consolidated income statement

| € thousand | Note | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Change |
|---|---|---|---|---|
| Sales | *(4.20)* | 134,610 | 121,434 | -13,176 |
| Other operating income | *(4.21)* | 1,436 | 891 | -545 |
| Changes in inventories of finished goods and work in progress | *(4.22)* | 4,142 | -1,093 | -5,235 |
| Other own work capitalized | *(4.23)* | 16 | 0 | -16 |
| Cost of materials/cost of purchased services | *(4.24)* | -69,234 | -59,004 | 10,230 |
| Staff costs | *(4.25)* | -42,530 | -41,798 | 732 |
| Other operating expenses | *(4.26)* | -16,477 | -14,090 | 2,387 |
| **EBITDA** | | **11,963** | **6,340** | **-5,623** |
| Depreciation of property, plant and equipment and amortization of intangible assets | | -7,724 | -24,502 | -16,778 |
| **EBIT** | | **4,239** | **-18,162** | **-22,401** |
| Financial result | | 150 | 666 | 516 |
| **Profit before taxes and non-controlling interests** | | **4,389** | **-17,496** | **-21,885** |
| Income taxes | *(4.28)* | -303 | -242 | 61 |
| **Profit or loss for the period** | | **4,086** | **-17,738** | **-21,824** |
| **Earnings per share in € (basic)** | *(4.29)* | **0.40** | **-1.72** | **-2.12** |
| **Earnings per share in € (diluted)** | *(4.29)* | **0.40** | **-1.72** | **-2.12** |

## 3.1.4 Other comprehensive income

| € thousand | Note | Oct. 1, 2022 – Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Change |
|---|---|---|---|---|
| **Profit or loss for the period** | | **4,086** | **-17,738** | **-21,824** |
| Actuarial gains and losses on defined benefit plans | *(4.13)* | -1 | 3 | 4 |
| **Items not subsequently reclassified to profit or loss** | | **-1** | **3** | **4** |
| **Items that can be subsequently reclassified to profit or loss** | | **0** | **0** | **0** |
| **Total other comprehensive income** | | **-1** | **3** | **4** |
| **Total comprehensive income** | | **4,085** | **-17,735** | **-21,820** |
| Thereof attributable to First Sensor AG shareholders | | 4,085 | -17,735 | -21,820 |

## 3.1.5 Consolidated Statement of Changes in Equity (IFRS)

| € thousand | Number of shares in thousands | Issued capital | Capital reserves | Retained earnings | Other reserves | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| Note | *(4.11)* | *(4.11)* | *(4.12)* | *(4.12)* | *(4.12)* | | |
| As of October 1, 2022 | 10,322 | 51,612 | 10,574 | 62,174 | 0 | 0 | 124,360 |
| Profit or loss | 0 | 0 | 0 | 4,086 | 0 | 0 | 4,086 |
| Other comprehensive income | 0 | 0 | 0 | -1 | 0 | 0 | -1 |
| Total comprehensive income | 0 | 0 | 0 | 4,085 | 0 | 0 | 4,085 |
| Loss compensation by / Profit transfer to TE Connectivity Sensors Germany Holding GmbH, Bensheim | 0 | 0 | 0 | -1,886 | 0 | 0 | -1,886 |
| Share-based remuneration | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital increase from the issue of new shares (IFRS 2) | 9 | 45 | 237 | 0 | 0 | 0 | 282 |
| Other changes | 0 | 0 | 0 | -6 | 0 | 0 | -6 |
| As of September 30, 2023 | 10,331 | 51,657 | 10,811 | 64,367 | 0 | 0 | 126,835 |

| € thousand | Number of shares in thousands | Issued capital | Capital reserves | Retained earnings | Other reserves | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| Note | *(4.11)* | *(4.11)* | *(4.12)* | *(4.12)* | *(4.12)* | | |
| As of October 1, 2023 | 10,331 | 51,657 | 10,811 | 64,367 | 0 | 0 | 126,835 |
| Profit or loss | 0 | 0 | 0 | -17,738 | 0 | 0 | -17,738 |
| Other comprehensive income | 0 | 0 | 0 | 3 | 0 | 0 | 3 |
| Total comprehensive income | 0 | 0 | 0 | -17,735 | 0 | 0 | -17,735 |
| Loss compensation by TE Connectivity Sensors Germany Holding GmbH, Bensheim | 0 | 0 | 0 | 9,345 | 0 | 0 | 9,345 |
| Capital increase from the issue of new shares (IFRS 2) | 4 | 20 | 105 | 0 | 0 | 0 | 125 |
| Other changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As of September 30, 2024 | 10,335 | 51,677 | 10,916 | 55,977 | 0 | 0 | 118,571 |

First Sensor is now part of TE connectivity

## 3.1.6 Consolidated Statement of Cash Flows (IFRS)

| € thousand | Note | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Change |
|---|---|---|---|---|
| **PROFIT BEFORE TAXES** | | **4,389** | **-17,496** | **-21,885** |
| Interest paid | | -138 | -676 | -538 |
| Depreciation of property, plant and equipment and amortization of intangible assets | | 7,724 | 24,502 | 16,778 |
| Gains/losses on the disposal of non-current assets | | 158 | 32 | -126 |
| Other non-cash expenses/income* | | 5,213 | 9,261 | 4,049 |
| Changes in provisions | | -331 | -69 | 262 |
| Changes in working capital* | | 2,487 | -10,977 | -13,464 |
| Changes in other assets and liabilities | | -3,101 | -3,171 | --70 |
| Income taxes paid | | -2,311 | -845 | 1,466 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | **14,089** | **561** | **-13,528** |
| Payments for investments in property, plant and equipment and intangible assets | | -10,358 | -5,580 | 4,778 |
| Proceeds from disposal of property, plant and equipment, intangible assets and equity investments | | 1,352 | -2 | -1,354 |
| Changes of investments in financial assets | | 1,048 | 5,824 | 4,776 |
| Interest received | | 411 | 875 | 464 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | **-7,548** | **1,117** | **8,665** |
| Proceeds from shareholders | | 282 | 125 | -157 |
| Repayments of financial liabilities | | -5,183 | -1,921 | 3,262 |
| Repayments of lease liabilities | | -736 | -736 | 0 |
| Interest paid | | -272 | -198 | 74 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | **-5,909** | **-2,731** | **3,178** |
| | | | | |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | | **632** | **-1,053** | **-1,685** |
| | | | | |
| Changes in cash and cash equivalents due to exchange rate movements | | 0 | 0 | **0** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | *(4.30)* | **899** | **1,531** | **632** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | *(4.30)* | **1,531** | **478** | **-1,053** |

* Reclassification of write-downs on inventories in the previous year's column

# 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4.1 GROUP PROFILE

### Parent company

The parent company is First Sensor AG, based in Berlin, Peter-Behrens-Straße 15, 12459 Berlin, registered in the Berlin-Charlottenburg commercial register in section B under the number HRB 69326 First Sensor AG is listed on the regulated market of the Frankfurt Stock Exchange in the Prime Standard segment under ISIN DE0007201907.

First Sensor AG and its subsidiary, hereinafter referred to as First Sensor, are active in the field of sensor production and microsystems technology. The company's business focuses primarily on the development, manufacture and sale of customized optical and non-optical semiconductor sensors and sensor systems. In addition, First Sensor develops and manufactures highly reliable, customer-specific hybrid circuits and products for microsystems technology and advanced packaging.

These consolidated financial statements take into account all events known to the Executive Board up to January 29, 2025.

As the parent company of the First Sensor Group, First Sensor AG prepares consolidated financial statements for the smallest group of companies for fiscal year 2024 in accordance with the International Financial Reporting Standards (IFRS, as adopted by the EU) and the additional requirements of German commercial law. The consolidated financial statements are published in the electronic Federal Gazette.

The First Sensor Group is included in the consolidated financial statements of TE Connectivity Ltd., Schaffhausen, Switzerland (also referred to as TE Connectivity), which prepares consolidated financial statements for the largest group of companies as of September 30, 2024, and publishes them on the Internet on the homepage of TE Connectivity plc (https://investors.te.com/financial-reports/annual-reports/default.aspx). The immediate parent company of First Sensor AG is TE Connectivity Sensors Germany Holding AG, Bensheim.

### Financial reporting principles

The consolidated financial statements of First Sensor were prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date, as adopted by the European Union, as well as the applicable provisions of German commercial law.

The financial year of the First Sensor Group (First Sensor AG and its subsidiaries) covers the period from October 1 of one year to September 30 of the following year. The reporting period covers a period of twelve months.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are shown in thousands of euros (€ thousand).

The consolidated income statement was prepared using the nature of expense method.

To improve the clarity of presentation, individual items are summarized in the consolidated balance sheet and the consolidated statement of comprehensive income. The breakdown of these items is shown in the notes to the consolidated financial statements. Rounding differences to the mathematically exact figures may occur in the presentation.

The accounting and valuation methods applied are basically the same as those used in the previous year. As in the previous year, the balance sheet structure was structured according to descending maturity. Current liabilities are assumed to be settled within 12 months.

### Published standards and interpretations effective for IFRS financial statements for the first time as of September 30, 2024:

The first-time application of the amendments to IFRS 17 Insurance Contracts: Application of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts and the amendments from the reform of reference interest rates (phase 2) relating to IFRS 9, IAS 39, IFRS 7, IFRS 16 and IFRS 17 did not result in any material changes.

## Published standards and interpretations not yet effective for IFRS financial statements as of September 30, 2024:

- Amendments to IAS 1 - Classification of liabilities as current or non-current: no material impact
- Amendment to IAS 7 and IFRS 7 - Disclosures in connection with reverse factoring agreements: no material impact
- Amendments to IFRS 16: Lease liability from a sale and leaseback transaction: no material impact

Amendments to standards (expected to come into force at the start of the financial year after January 1, 2025):

- Amendments to IAS 21: Foreign currency translation in the absence of exchangeability: no material impact

The following amendments are effective for the annual reporting period beginning on January 1, 2026

- Amendments to the classification and measurement of financial instruments (amendments to IFRS 9 Financial Instruments and IFRS 7)
- Contracts that relate to nature-dependent electricity (amendments to IFRS 9 and IFRS 7)

The following standards and amendments are to be applied for the annual reporting period beginning on January 1, 2027

- IFRS 18 Presentation and disclosure in the financial statements
- IFRS 19 Subsidiaries without public accountability: Disclosures.

The company has applied and will apply the new standards and interpretations when they become mandatory in the EU. There will be no early voluntary application. The company does not expect any significant adjustment requirements for the amendments adopted and the resulting adjustments.

## Significant discretionary decisions and uncertainties as well as changes in estimates

In preparing the consolidated financial statements, some assumptions and estimates have been made that have affected the amount and presentation of the assets and liabilities, income and expenses recognized. The most important assumptions and key sources of estimation uncertainty, as a result of which there is a risk that an adjustment to the carrying amounts of assets and liabilities will be necessary within the next financial year, are explained below:

- The determination of the fair values of assets and liabilities, useful lives of assets and impairments of assets is based on management assessments and budgets. Explanations can be found under 4.4.
- As part of the impairment tests, assumptions are made that form the basis for determining the recoverable amount. In addition, the cash-generating unit was redefined in the previous financial year. Please refer to the section below "Impairment testing of goodwill and non-current assets".
- In order to reflect changes in expectations regarding future sales trends and the associated usability of inventories, the valuation guidelines for inventory valuation were amended. This adjustment resulted in a negative effect on earnings of €6,657 thousand for the current financial year.
- In line with the valuation carried out at TE Connectivity, the risk-free interest rate was determined using a different method this year. The effect of this change has no material impact on the impairment test (4.4).
- With regard to revenue recognition, assumptions may be required at various points in the contract assessment. It is also necessary to assess whether revenue is recognized at a point in time or over time. Revenue can only be determined at a point in time using the sales model. Recalculations regarding the profitability of the products sold can lead to debits or credits in the following year (4.20). In the reporting year, this led to additional revenue of €2,117 thousand.

The actual values may deviate from the assumptions and estimates made in individual cases at a later date. Corresponding changes would be recognized in profit or loss at the time when better knowledge becomes available. All assumptions and estimates are made to the best of our knowledge and belief in order to give a true and fair view of the net assets, financial position and results of operations of the Group. The carrying amounts recognized in the consolidated financial statements and subject to these uncertainties can be found in the consolidated balance sheet and the associated notes to the consolidated financial statements.

## Impairment test of goodwill and non-current assets

First Sensor tests goodwill and other non-current assets for impairment annually on the basis of the provisions of IAS 36. The basis for the impairment test is the comparison between the carrying amount of an asset and the recoverable amount that can be generated from the asset or group of assets or the cash-generating unit. The recoverable amount is the higher of fair value less costs to sell and value in use.

The value in use is calculated by discounting the operating cash flow for the planning period using the weighted average cost of capital (WACC) derived from a peer group analysis.

The value in use was determined on the basis of Group planning. An indicative check using the capitalized earnings value method was not carried out.

Earnings planning is essentially based on past experience in conjunction with management's expectations regarding the development of the cash-generating unit and the relevant market. Significant non-current assets that are tested annually for impairment are the goodwill reported in the First Sensor Group and intangible assets with indefinite useful lives that were acquired as part of business combinations. Intangible assets with finite useful lives and property, plant and equipment are only tested for impairment if there are objective indications of impairment.

As part of the impairment test, it was identified that the value in use of the cash-generating unit (CGU) was below its carrying amount. This led to the complete write-off of goodwill in the 2024 financial year. As the impairment requirement exceeded the goodwill, the internally generated intangible assets were tested for impairment. This resulted in an additional need to write down internally generated intangible assets in the amount of €1,534 thousand. Details are provided under bullet point 4.3.

## Share-based remuneration

First Sensor has granted selected employees and board members share-based remuneration in the past. The measurement of personnel expenses for these share-based payments includes estimates of the fulfillment of the conditions associated with these options and of market parameters. The recognition of personnel expenses from the share options granted has been completed since March 2023.

## 4.2 PRINCIPLES OF CONSOLIDATION

### Consolidated group

The consolidated financial statements of the Group include First Sensor AG and the company it controls. Control results from the fact that First Sensor AG directly or indirectly holds more than 50% of the voting rights or subscribed capital of a company and/or can control the financial and business policy of a company in such a way that it benefits from its activities.

Losses of a subsidiary are allocated to non-controlling interests even if this results in a negative balance, provided that there is a corresponding reimbursement claim against the non-controlling shareholders. The following company was included in the consolidated financial statements as a fully consolidated subsidiary:

| Company | Registered office | Principal activities | Ownership interest |
|---|---|---|---|
| First Sensor Lewicki GmbH | Oberdischingen, Germany | Development, microelectronic assembly and sale of components and modules; power electronics | 100% |

### Consolidation methods

The annual financial statements of the subsidiary included in the consolidated financial statements are based on uniform accounting standards, reporting periods and reporting dates that correspond to those of the parent company.

Intragroup balances and transactions and the resulting intragroup profits and dividends between consolidated companies were eliminated in full.

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the sum of the consideration transferred, measured at fair value at the acquisition date, and the non-controlling interests in the acquiree. For each business combination, the non-controlling interests in the acquired company are measured either at fair value or at the corresponding proportion of the identifiable net assets of the acquired company.

Most of the costs incurred as part of the business combination are recognized as expenses. When the Group acquires a company, it assesses the appropriate classification and designation of the financial assets and liabilities assumed in accordance with the contractual terms, economic circumstances and conditions prevailing at the time of acquisition.

An agreed contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration that represents a financial asset or a financial liability are recognized in the consolidated income statement in accordance with IFRS 9. A contingent consideration that is classified as equity is not remeasured and its subsequent settlement is recognized in equity.

Goodwill is initially recognized at cost, which is measured as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed of the Group. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the consolidated statement of comprehensive income. After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units of the Group that are expected to benefit from the business combination. This applies regardless of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

If goodwill has been allocated to a cash-generating unit and a division of this unit is sold, the goodwill attributable to the division sold is taken into account as part of the carrying amount of the division when determining the result from the sale of this division. The value of the portion of goodwill disposed of is determined on the basis of the relative values of the operation disposed of and the remaining portion of the cash-generating unit.

Following the sale or liquidation of investments in subsidiaries, these are deconsolidated within the Group. For this purpose, all assets and liabilities of the sold companies are removed from the consolidated balance sheet and the existing consolidation entries are reversed. As part of the deconsolidation process, the balance sheets of the foreign subsidiaries are translated at the closing rate applicable at the time of deconsolidation. Only the receivables and/or liabilities of the Group parent company remain in the consolidated balance sheet.

## Currency translation

The reporting currency of the First Sensor Group is EUR and corresponds to the functional currency of the parent company. All Group companies have EUR as their functional currency, so there are no translation effects from foreign currencies in the balance sheet.

Foreign currency transactions are translated from the foreign currency into the functional currency on initial recognition at the spot rate applicable at the time of the transaction. Translation differences arising from the settlement of monetary items or the translation of monetary items at exchange rates different from those at the time of initial recognition are recognized as income or expense in the consolidated income statement.

Non-monetary items that were measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rate prevailing on the date on which the fair value was last determined.

## Foreign subsidiaries

No interests in a foreign subsidiary were held in the 2023/24 financial year.

## Cash and cash equivalents

Cash and cash equivalents include cash, term deposits with remaining terms of up to three months and sight deposits.

Funds with limited availability and remaining terms of over three months are recognized under current and non-current financial assets.

## Financial assets

Financial instruments are recognized on the trade date as soon as First Sensor becomes a contractual party to the financial instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs are included if the financial asset or financial liability is not measured at fair value with changes in value recognized in profit or loss for the period. The subsequent measurement of financial liabilities is presented in a separate subsection.

Under IFRS 9, all financial assets are divided into two categories for subsequent accounting, namely those measured at amortized cost and those measured at fair value. If financial assets are measured at fair value, income and expenses can either be recognized in full in profit or loss for the period (at fair value through profit or loss, FVTPL) or in other comprehensive income (at fair value through other comprehensive income, FVTOCI).

If a financial asset meets the following two conditions, it is measured at amortized cost (using the effective interest method if applicable):

- The objective of the company's business model is achieved by collecting the contractual cash flows of financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely repayments of parts of the nominal value and interest on the parts of the nominal value not yet repaid.

The acquisition costs are calculated taking into account all discounts and premiums on acquisition and include all fees that are an integral part of the effective interest rate and transaction costs. Interest income is recognized in the consolidated income statement under the item financial result. If a financial asset meets the following two conditions, it is measured at fair value with changes in value recognized in other comprehensive income (FVTOCI):

- The objective of the company's business model is to hold the financial assets in order to collect the contractual cash flows and to sell these financial assets, as well as to sell them.
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely repayments of portions of the principal amount and interest on the unpaid portion of the principal amount.

All other financial assets that do not meet the above conditions must be measured at fair value with changes in value recognized in profit or loss for the period (at fair value through profit or loss, FVTPL), unless they are part of a hedging relationship.

First Sensor recognizes impairment losses on debt instruments measured at amortized cost or at FVTOCI for expected losses on financial assets ("expected loss model").

## Derecognition

Financial assets or a part of a financial asset are derecognized when First Sensor loses control over the contractual rights that comprise the asset or when the contractual rights to the cash flows expire. When a financial asset is derecognized, the difference between the carrying amount and the total consideration received or receivable is recognized in the consolidated income statement. In the case of assets recognized as FVTOCI, the cumulative gains or losses recognized in other comprehensive income are reclassified to the consolidated income statement.

## Impairment

First Sensor determines the expected credit losses of financial assets on the balance sheet date using the expected loss model and recognizes impairment losses on debt instruments measured at amortized cost or at FVTOCI. The amount of the expected defaults and the criteria used to assess the default risk are updated or reviewed at the end of a reporting period.

The expected loss model distinguishes between the general and simplified approach: In the general approach, the three-stage model is used, starting with the "12-month expected credit loss" (stage 1) and, if necessary, migration to the "lifetime expected credit loss" (stages 2 and 3).

When assessing the default risk, the company takes into account both qualitative and quantitative information that is available and relevant for decision-making in order to support such an assessment. This includes both historical and future information, including industry trends, ratings and collateral. Country-specific default rates from the past are also used to determine the respective probability of default.

The company uses the simplified approach for trade receivables. Accordingly, impairments are recognized for these financial instruments on the basis of expected defaults over their entire term. Past and future-oriented information is used to derive the probabilities of default and to determine the expected loss.

Impairment losses are recognized in the consolidated income statement.

## Offsetting

Financial assets and liabilities are offset so that only the net amount is reported in the consolidated balance sheet. This is only done if there is currently a legal right to offset the recognized amounts against each other and the intention is to settle on a net basis or to settle the associated liability at the same time as the asset in question is realized. In the reporting period, the assets and liabilities relating to the cash pool with Tyco Electronics Germany Holdings GmbH in particular were offset.

## Fair value

The fair value of financial instruments traded on active markets is determined by the quoted market price or publicly quoted price (bid price offered by the buyer for a long position and ask price for a short position) on the reporting date without deducting transaction costs.

The fair value of financial instruments that are not traded on an active market is determined using suitable valuation methods.

Valuation techniques include the use of recent arm's length transactions between knowledgeable, willing parties, comparison with the current fair value of another financial instrument that is substantially the same, the use of discounted cash flow methods and other valuation models.

Please refer to the section on derivative financial instruments for an analysis of the fair values of financial instruments and further details on how financial instruments are measured.

The company assumes that the fair values of the financial assets and financial liabilities essentially correspond to their carrying amounts.

## Inventories

Raw materials and supplies intended for the production of inventories are valued at acquisition or production cost and are not written down to a value below their acquisition or production cost if the finished products in which they are included can probably be sold at or above production cost. Any selling costs still to be incurred must be taken into account. However, if a fall in the price of these materials indicates that the production costs of the finished products will be higher than the net realizable value, the materials are written down to the net realizable value. If the reasons for a previous write-down no longer apply, the write-ups are recognized as a reduction in the cost of materials.

Work in progress and finished goods are valued at the lower of production cost or market value. Production costs include direct personnel costs, material costs and the attributable share of production overheads. They are determined on the basis of cost center and cost unit accounting. Interest on borrowed capital is not capitalized. Obsolete items and those with low turnover are written down appropriately.

Impairment requirements for inventories are determined as part of marketability tests and coverage analyses.

## Property, plant and equipment

Property, plant and equipment are recognized at acquisition or production cost less accumulated depreciation.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. No borrowing costs were capitalized in the past financial year. On disposal of property, plant and equipment, the historical cost and accumulated depreciation are derecognized and any gain or loss on disposal is recognized in profit or loss.

Depreciation is recognized on a straight-line basis over the following useful lives:

| | |
|---|---|
| Buildings | 25 to 33 years |
| Operating and office equipment | 1 to 23 years |

The useful lives and amortization methods are reviewed regularly to ensure that the economic benefits are consistent with the amortization period.

Assets under construction are capitalized at acquisition or production cost and depreciated from the date of completion and commissioning. Production costs include the production-related full costs. This includes direct production costs and production overheads incurred in connection with the construction of the facilities as a result of the work performed by the Group’s own employees.

## Intangible assets

The requirements of IAS 38 for the capitalization of internally generated intangible assets are no longer met at the First Sensor Group, so this will no longer apply for the first time in fiscal year 2024. This assessment is in line with the guidelines applied in the TE Connectivity Group.

The requirements of IAS 38 for the capitalization of development costs are no longer met, so they are not capitalized. Projects already started (assets under construction) are released to the income statement.

In addition, acquired developments (production expertise) are recognized as intangible assets if they can be reliably measured and control exists over the exploitation of the results of these development projects.

Intangible assets subject to wear and tear are recognized at cost less accumulated amortization and accumulated impairment losses. Intangible assets not subject to amortization (goodwill) are recognized at cost less accumulated impairment losses. In accordance with IAS 38, depreciable intangible assets are amortized on a straight-line basis over their estimated useful life. The amortization period begins as soon as the asset can be used. The amortization period and schedule are reviewed annually at the end of each financial year.

### (a) Software

Software is capitalized at cost and reported as an intangible asset if these costs are not an integral part of the associated hardware. Software is amortized on a straight-line basis over a period of three to five years.

### (b) Goodwill

Goodwill is initially measured at cost. This results from the excess of the total consideration transferred and the amount of the non-controlling interest over the fair values of the identifiable assets acquired and liabilities assumed, taking deferred taxes into account.

If there is an indication that goodwill is impaired and at least once a year on the balance sheet date, the recoverable amount for the cash-generating unit (CGU) to which the goodwill belongs is determined. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. If the recoverable amount is only up to 10% higher than the carrying amount, a theoretical impairment potential is determined using a sensitivity analysis. For this purpose, the underlying earnings before interest and taxes (EBIT) are reduced by 5% to 10% and the risk-free basic interest rate is increased by 0.5 to 1 percentage point and the effects on the capitalized goodwill are determined.

### (c) Research and development costs

Expenses from research and development activities are recognized in profit or loss in the period in which they are incurred, unless the requirements of IAS 38.57 are met in the case of development expenses.

### (d) Developments

First Sensor has acquired development work as part of one of its acquisitions. This will be amortized on a straight-line basis over 20 years. Amortization is recognized when the marketing of the development begins.

### (e) Impairment of non-current assets

Property, plant and equipment and intangible assets are always tested for impairment if events or changes in external circumstances indicate that the recoverable amount of the asset on the reporting date is permanently below its carrying amount or if an annual impairment test is required (goodwill and intangible assets not yet in use as well as intangible assets with an indefinite useful life). If the carrying amount of an asset exceeds the lower fair value, an impairment loss is recognized for property, plant and equipment and intangible assets carried at cost. The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell corresponds to the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable parties.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount must be estimated for each individual asset or, if this is not possible, for the smallest identifiable cash-generating unit.

## Provisions and contingent liabilities

Provisions are recognized in accordance with IAS 37 for obligations whose maturity or amount is uncertain. A provision must always be recognized if

- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefit will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision represents the best possible estimate of the amount required to settle the obligation existing on the balance sheet date, i.e. the amount that the company would have to pay to settle the obligation on the balance sheet date or to transfer it to a third party on that date on the basis of a reliable estimate. The valuation is based on a full cost approach, taking into account future cost increases.

Non-current provisions are discounted using a pre-tax interest rate if the effect of this is material. In the event of discounting, the increase in provisions due to the passage of time is recognized as interest expense.

In the notes to the consolidated financial statements, contingent liabilities are liabilities that arise from a possible obligation due to a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent liabilities can also arise from a present obligation that is based on past events but has not been recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

## Financial liabilities

All financial liabilities were measured either at amortized cost using the effective interest rate method or as FVTPL in the reporting period.

Financial liabilities are classified at FVTPL if:

- the fair value option was exercised;
- the liability is held for trading; or
- the liability is for contingent claims of an acquirer in conjunction with a business combination as referred to by IFRS 3.

Negative market values from derivatives are recognized as FVTPL.

Financial liabilities classified as FVTPL are recognized at fair value. Changes in fair value are recognized in the consolidated income statement unless they are part of a hedging relationship.

Financial liabilities classified at amortized cost are recognized at fair value less directly attributable transaction costs. In the case of financial liabilities carried at amortized cost, gains and losses are recognized in profit or loss as part of amortization using the effective interest method and in the event of derecognition.

Financial liabilities are no longer reported if they have been repaid, i.e. if the obligations specified in the contract have been settled, canceled or have expired.

As at the balance sheet date, all financial liabilities were measured at amortized cost using the effective interest method.

## Employee benefits

## Defined benefit plans

Provisions for pensions and similar obligations are calculated in accordance with IAS 19 as employee benefits using the actuarial projected unit credit method. The defined benefit obligations are calculated annually by independent actuarial experts. When calculating these benefit obligations, the current long-term capital market return and current assumptions about future salary and pension increases are taken into account in addition to biometric calculation bases. The actuarial interest rate for the eurozone is derived using iBoxx™ Corporates AA corporate bonds. The probability of fluctuation was taken into account depending on the length of service and the age of the pension beneficiaries. The direct pension commitments in Germany are calculated using biometric data in accordance with the 2018 G mortality tables by Prof. Dr. Klaus Heubeck.

Actuarial gains and losses resulting from changes in actuarial assumptions or from differences between previous actuarial assumptions and actual developments are recognized immediately in other comprehensive income, taking deferred taxes into account.

The actuarial gains and losses recognized in other comprehensive income and the related deferred taxes are not released to the consolidated income statement in subsequent periods. The actuarial gains and losses recognized in the respective reporting period and the related deferred taxes are presented separately in the consolidated statement of comprehensive income.

There are no plan assets that would reduce the pension obligation.

## Share options

A stock option plan allows selected employees, i.e. the Executive Board, managing directors, and First Sensor employees, to share in the company's future performance in the medium and long term.

Share-based payments settled in the form of equity instruments are accounted for in accordance with IFRS 2, under which the Group recognizes the goods or services received and the corresponding increase in equity directly at the fair value of the goods or services received, provided this can be reliably estimated. If this is not the case, the Group determines their value and the corresponding increase in equity indirectly by reference to the fair value of the equity instruments granted. Exercise conditions that are not market conditions are not included in the estimate of fair value. Instead, the Group takes these into account by adjusting the number of equity instruments included in the determination of the transaction amount.

The expenses resulting from the granting of equity instruments and the corresponding increase in equity are recognized over the period in which the exercise or performance conditions must be met (vesting period). This period ends on the date of the first exercise option, i.e. the date on which the employee in question becomes irrevocably entitled. The cumulative expenses from the granting of equity instruments reported on each balance sheet date up to the date of the first exercise option reflect the portion of the vesting period that has already expired and the number of equity instruments that will actually become exercisable at the end of the vesting period according to the Group's best estimate. The amount reported in the consolidated income statement reflects the development of the cumulative expenses recognized at the beginning and end of the reporting period.

No expense is recognized for remuneration rights that do not become exercisable. This does not apply to remuneration rights for which certain market conditions must be met before they can be exercised. These are considered exercisable regardless of whether the market conditions are met, provided that all other performance conditions are met.

The dilutive effect of the outstanding share options is taken into account as an additional dilution in the calculation of earnings per share (for details, see Note 4.29. Earnings per share)

## Government grants

Government grants are recognized at fair value if there is reasonable assurance that the grants will be received and the company will comply with the conditions attached to them.

Expense-related grants are recognized as income over the period necessary to match them with the related expenses for which they are intended to compensate. Grants for an asset are presented in the consolidated balance sheet as deferred investment grants and subsidies. These are released to the income statement in equal annual installments over the expected useful life of the asset in question.

## Revenue recognition

Revenue is recognized in accordance with the five-step approach of IFRS 15. This involves checking whether the performance promises represent separate, distinct performance obligations or whether the contract contains other promises that represent separate performance obligations to which a portion of the transaction price must be allocated.

The model consists of the following five steps:

- identifying the contract with the customer;
- identifying the stand-alone performance obligations in the contract;
- determining the transaction price;
- allocating the transaction price to performance obligations;
- recognition of revenue (at a point in time or over a period of time);

Revenue is recognized in line with the transfer of control to the customer. In the Group, revenue is predominantly recognized at a point in time when the customer obtains ownership of the products.

## Other operating income

Other operating income is recognized if the economic benefit can be reliably estimated and was received during the reporting period.

## Interest income

Interest is recognized pro rata temporis taking into account the effective yield on the asset.

## Taxes

## Deferred taxes

Due to the domination and profit and loss transfer agreement concluded on April 14, 2020 with TE Connectivity Sensors Germany Holding AG as the parent company, which was approved by the Annual General Meeting by resolution on May 26, 2020, a tax group relationship within the meaning of section 14 of the *Körperschaftsteuergesetz* (KStG – German Corporation Tax Act) exists with effect from January 1, 2021. There is also a profit and loss transfer agreement between First Sensor AG as the parent company and First Sensor Lewicki GmbH as a subsidiary and thus a tax group relationship within the meaning of section 14 KStG. As a result of the consolidated tax group for corporate income tax and trade tax purposes, the taxable income and trade income of First Sensor AG and First Sensor Lewicki GmbH will be allocated to TE Connectivity Sensors Germany Holding AG as the ultimate parent company from the 2021 assessment and tax period. As a result, no deferred taxes have been recognized since January 1, 2021.

## Income taxes

The actual tax refund claims and tax liabilities for the current period and for previous periods are measured at the amount expected to be refunded by the tax authorities or paid to the tax authorities. The tax rates and tax laws used to calculate the amount are those that are enacted or substantively enacted by the balance sheet date in the countries in which the Group operates.

Current taxes relating to items recognized directly in equity are not recognized in the consolidated income statement, but in other comprehensive income.

## Leases

In accordance with IFRS 16, all contractual agreements in which the Group is the lessee are assessed according to whether an asset is clearly identifiable, the Group receives substantially all of the economic benefits during the term and has the right to control the asset. If this is the case, a right-of-use asset and a lease liability are recognized in the consolidated statement of financial position. The lease liability is initially measured at the present value of the future lease payments. The interest rates on which the leases are based are used for discounting. For contracts without their own interest rate, Group incremental borrowing rates are used depending on the term of the contracts; these incremental borrowing rates are between 1.39% and 2.79%. In addition, sufficiently fixed payments for extension and purchase options as well as variable payments (e.g. index-based payments) are included in the calculation of the lease liability. The lease liability is recognized as a liability under current and non-current financial liabilities depending on its maturity. The right-of-use asset is initially recognized at the amount of the lease liability plus initial direct costs. The right-of-use assets are recognized as a separate item under property, plant and equipment and depreciated on a straight-line basis over the term of the lease. If the useful life of the underlying asset is shorter than the term of the lease, it is depreciated over the shorter period. The leases recognized in the balance sheet have terms of between 1 month and 35 years.

The lease liability is subsequently measured by increasing the carrying amount by the interest on the lease liability (using the effective interest method) and reducing the carrying amount by the lease payments made. When assessing these contracts, use is made of the simplification options for short-term leases with terms of less than one year and for leases with small amounts (small-ticket leases with underlying assets of less than USD 5,000). Neither right-of-use assets nor lease liabilities are recognized for such leases. Instead, the lease expenses are recognized as an expense in the consolidated income statement. The option of forming a portfolio of similar contracts is not utilized.

## Derivative financial instruments and hedging

## Default and liquidity risk

First Sensor ensures that sufficient cash and credit lines are available to meet its financial obligations at all times. Default risks or the risk that a contractual partner will not meet its payment obligations are managed through the use of credit commitments, credit lines and control procedures. Where appropriate, the company obtains collateral in the form of rights to securities or agrees framework compensation agreements.

The maximum default risk is limited to the carrying amount of the financial instruments capitalized in the consolidated balance sheet.

## Currency risk

As the Group companies mainly conduct business in euros, there is no significant exchange rate risk. If material purchases were made abroad in the reporting period, foreign currency risks were reduced by invoicing in EUR in some cases.

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## 4.3 INTANGIBLE ASSETS

| € thousand | Concessions, licenses and similar | Internally generated intangible assets | Customer base | Payments on account | Total |
|---|---|---|---|---|---|
| Cost of purchase | | | | | |
| October 1, 2022 | 9,771 | 4,081 | 19,573 | 286 | 33,711 |
| Additions | 29 | 0 | 0 | 0 | 29 |
| Disposals | -1,677 | -635 | 0 | -55 | -2,364 |
| Reclassifications | 194 | 0 | 0 | -149 | 45 |
| September 30, 2023 | 8,319 | 3,446 | 19,573 | 82 | 31,421 |
| | | | | | |
| Cumulative depreciation | | | | | |
| October 1, 2022 | 7,998 | 1,937 | 19,573 | 50 | 29,558 |
| Additions | 1,039 | 342 | 0 | 1 | 1,382 |
| Disposals | -1,671 | -649 | 0 | 0 | -2,321 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 |
| September 30, 2023 | 7,366 | 1,629 | 19,573 | 51 | 28,619 |
| Carrying amount as of October 1, 2022 | 1,773 | 2,144 | 0 | 236 | 4,153 |
| Carrying amount as of September 30, 2023 | 953 | 1,818 | 0 | 31 | 2,801 |

| € thousand | Concessions, licenses and similar | Internally generated intangible assets | Customer base | Payments on account | Total |
|---|---|---|---|---|---|
| Cost of purchase | | | | | |
| October 1, 2023 | 8,319 | 3,446 | 19,573 | 82 | 31,421 |
| Additions | 11 | 0 | 0 | 0 | 11 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 31 | 0 | 0 | -31 | 0 |
| September 30, 2024 | 8,361 | 3,446 | 19,573 | 51 | 31,432 |
| | | | | | |
| Cumulative depreciation | | | | | |
| October 1, 2023 | 7,366 | 1,629 | 19,573 | 51 | 28,619 |
| Additions | 275 | 1,818 | 0 | 0 | 2,093 |
| Disposals | -1 | 0 | 0 | 0 | -1 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 |
| September 30, 2024 | 7,641 | 3,446 | 19,573 | 51 | 30,712 |
| Carrying amount as of October 1, 2023 | 953 | 1,818 | 0 | 31 | 2,801 |
| Carrying amount as of September 30, 2024 | 720 | 0 | 0 | 0 | 720 |

Intangible assets were neither pledged as security for liabilities nor otherwise restricted as of the end of the reporting period.

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## 4.4 GOODWILL

| € thousand | Oct. 1, 2022 to Sept. 30, 2023 | Oct 1, 2023 to Sept. 30, 2024 |
|---|---|---|
| Cost of purchase | | |
| October 1 | 25,275 | 25,275 |
| Additions | 0 | 0 |
| Disposals | 0 | 0 |
| September 30 | 25,275 | 25,275 |
| | | |
| Cumulative depreciation | | |
| October 1 | -9,296 | -9,296 |
| Additions | 0 | -15,979 |
| Disposals | 0 | 0 |
| September 30 | -9,296 | -25,275 |
| Carrying amount as of October 1 | 15,979 | 15,979 |
| Carrying amount as of September 30 | 15,979 | 0 |

To test goodwill for impairment, the value in use of the First Sensor Group as a cash-generating unit was calculated and compared with the corresponding carrying amount. If the carrying amount is higher than the value in use, an impairment loss is recognized. The value in use is calculated by discounting the operating cash flows for the planning period using the WACC derived from a peer group analysis.

The following basic assumptions were made as parameters for the impairment test:

| Assumptions in impairment test | 2023 | 2024 |
|---|---|---|
| Risk-free basic interest rate | 2.64% | 4.61% |
| Market risk premium | 7.06% | 7.01% |
| Beta factor | 1.18% | 1.11% |
| Pre-tax borrowing rate | 6.79% | 5.54% |
| WACC pre-tax | 10.81% | 10.30% |

First Sensor was further integrated into the TE Connectivity Group in the financial year. Following the acquisition by TE Connectivity Sensors Germany Holding AG, a control agreement was concluded between the acquirer and First Sensor AG on April 14, 2020 (entered into commercial register on July 6, 2020) and a profit and loss transfer agreement was concluded with effect from January 1, 2021. In the 2022 financial year, the First Sensor Group was integrated into the global sales organization of the TE Connectivity Group. With the takeover of sales activities, pricing was also adjusted accordingly. In this context, it was also determined that the TE Connectivity Group will not charge the First Sensor Group any tax allocations.

With a change in the WACC before taxes of -/+1%, the valuation difference between value in use and carrying amount changes significantly from €18.6 million to €28.6 million or €5.9 million. A change in the growth rate of +/-1% results in an increase in the difference to €23.7 million and €12.4 million respectively. A simultaneous increase in the WACC by 1% and a reduction in the growth rate by 1% (worst-case scenario) would result in a change in value in use of €32.4 million.

## First Sensor AG (formerly: Sensortechnics Group including First Sensor Technology GmbH and MEMSfab GmbH)

In the 2011 financial year, First Sensor acquired all shares in MEMSfab GmbH. This acquisition resulted in goodwill of €455 thousand. Based on the merger agreement dated June 27, 2013 with addendum dated October 30, 2013, the company was merged with First Sensor AG as a whole and dissolved without liquidation in accordance with section 2 of the UmwG *(Umwandlungsgesetz*– German Transformation Act).

In the 2018 financial year, the impairment test was changed to the effect that the goodwill resulting from the acquisitions of First Sensor Technology GmbH, the Sensortechnics Group and MEMSfab GmbH, which have been included in First Sensor AG for several years, is subject to a uniform impairment test based on First Sensor AG as a cash-generating unit (CGU). The background to this is that, at the latest since the respective mergers with First Sensor AG, the value creation process within First Sensor AG is increasingly no longer isolated in the individual units, but rather takes place across these individual units. For example, the development and production process is now managed in such a way that certain value creation processes that can no longer be viewed in isolation take place in the individual units. Since the introduction of the new SAP ERP system on 1 January 2018, supply and service relationships between the individual units are no longer mapped and managed as isolated sub-processes within the respective units, but as an overarching, ongoing production process. The identified cash flows within the units can therefore no longer be regarded as largely independent of the other units.

In connection with the acquisition by the TE Connectivity Group and the integration of the First Sensor Group into the TE Connectivity Group, all material foreign subsidiaries, most of which stem from the acquisition of the Sensortechnics Group, were sold in the 2020 financial year. Goodwill of €13,837 thousand was derecognized in this context. The amount of goodwill disposed of was measured on the basis of the ratios of the fair values of the disposed and remaining entities. Goodwill was tested for impairment both before and after disposal.

Thes company's goodwill was tested for potential impairment on the basis of the value in use and using the following assumptions:

- Based on the 2024 financial year, sales are expected to remain stable in the next financial year. Sales are expected to increase slightly in 2026 and moderately in 2027.
- An organic growth rate of 1.5% was assumed for the planning figures for 2027 (terminal value).
- The discount factor, based on the WACC method, is calculated at 10.3% excluding taxes (previous year: 10.81% before taxes).
- As in the previous year, the detailed planning period is 3 years.

The impairment test resulted in an impairment as at the reporting date. The reasons for this impairment are assumptions of reduced sales and a reduced reduction in inventories compared to previous planning. The impairment amount exceeds the value of goodwill, meaning that intangible assets, internally generated intangible assets and property, plant and equipment were also tested for impairment. With regard to intangible assets and property, plant and equipment, there was no need for impairment; only internally generated intangible assets did not stand up to the test and were written off in full. As the product portfolio will be subject to change in the future, the Executive Board's assumptions regarding forecasts are based on the assumption that no additional revenue will be generated from development services.

# 4.5 PROPERTY, PLANT AND EQUIPMENT

| € thousand | Land and buildings | Technical equipment and machinery | Operating and office equipment | Advance payments, assets under construction | Right-of-use assets | Total |
|---|---|---|---|---|---|---|
| Cost of purchase | | | | | | |
| October 1, 2022 | 19,705 | 53,536 | 5,358 | 15,362 | 5,504 | 99,465 |
| Additions | 170 | 6,713 | 53 | 3,429 | 101 | 10,466 |
| Disposals | -1 | -12,018 | -2,191 | -6 | -1,513 | -15,729 |
| Reclassifications | 608 | 12,192 | 401 | -13,246 | 0 | -45 |
| Exchange differences | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in the consolidated group | 0 | 0 | 0 | 0 | 0 | 0 |
| September 30, 2023 | 20,482 | 60,423 | 3,621 | 5,539 | 4,092 | 94,157 |
| Cumulative depreciation | | | | | | |
| October 1, 2022 | 9,628 | 32,859 | 4,177 | 18 | 2,212 | 48,893 |
| Additions | 631 | 4,494 | 470 | 0 | 747 | 6,342 |
| Disposals | -1 | -10,524 | -2,187 | 0 | -1,509 | -14,221 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Exchange differences | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in the consolidated group | 0 | 0 | 0 | 0 | 0 | 0 |
| September 30, 2023 | 10,258 | 26,829 | 2,460 | 18 | 1,450 | 41,015 |
| Carrying amount as of October 1, 2022 | 10,078 | 20,677 | 1,180 | 15,344 | 3,292 | 50,571 |
| Carrying amount as of September 30, 2023 | 10,224 | 33,594 | 1,161 | 5,522 | 2,642 | 53,144 |

| € thousand | Land and buildings | Technical equipment and machinery | Operating and office equipment | Advance payments, assets under construction | Right-of-use assets | Total |
|---|---|---|---|---|---|---|
| Cost of purchase | | | | | | |
| October 1, 2023 | 20,483 | 60,422 | 3,621 | 5,539 | 4,090 | 94,155 |
| Additions | 143 | 907 | 8 | 4,513 | 39 | 5,610 |
| Disposals | 0 | -33 | -590 | 0 | -336 | -960 |
| Reclassifications | 410 | 7,006 | 66 | -7,483 | 0 | 0 |
| Exchange differences | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in the consolidated group | 0 | 0 | 0 | 0 | 0 | 0 |
| September 30, 2024 | 21,035 | 68,302 | 3,106 | 2,569 | 3,795 | 98,807 |
| Cumulative depreciation | | | | | | |
| October 1, 2023 | 10,258 | 26,829 | 2,460 | 18 | 1,450 | 41,015 |
| Additions | 659 | 4,683 | 376 | 0 | 712 | 6,429 |
| Disposals | -1 | -5 | -590 | 0 | -332 | -928 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 |
| Exchange differences | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in the consolidated group | 0 | 0 | 0 | 0 | 0 | 0 |
| September 30, 2024 | 10,916 | 31,507 | 2,246 | 18 | 1,829 | 46,516 |
| Carrying amount as of October 1, 2023 | 10,224 | 33,594 | 1,161 | 5,522 | 2,642 | 53,144 |
| Carrying amount as of September 30, 2024 | 10,119 | 36,795 | 860 | 2,551 | 1,966 | 52,291 |

The right-of-use assets were allocated to property, plant and equipment in the statement of financial position; the development of the right-of-use assets included in property, plant and equipment (IFRS 16) is shown below:

| € thousand | Right-of-use assets for land and buildings | Right-of-use assets for operating and office equipment | Right-of-use assets for vehicles | Total |
|---|---|---|---|---|
| Cost of purchase | | | | |
| October 1, 2022 | 4,849 | 18 | 636 | 5,502 |
| Additions | 55 | 0 | 48 | 103 |
| Disposals | -1,502 | -1 | -10 | -1,513 |
| Exchange differences | 0 | 0 | 0 | 0 |
| Changes in the consolidated group | 0 | 0 | 0 | 0 |
| September 30, 2023 | 3,402 | 17 | 673 | 4,092 |
| | | | | |
| Cumulative depreciation | | | | |
| October 1, 2022 | 1,772 | 11 | 429 | 2,212 |
| Additions | 620 | 2 | 124 | 746 |
| Disposals | -1,503 | 0 | -6 | -1,509 |
| Exchange differences | 0 | 0 | 0 | 0 |
| Changes in the consolidated group | 0 | 0 | 0 | 0 |
| September 30, 2023 | 889 | 13 | 547 | 1,449 |
| Carrying amount as of October 1, 2022 | 3,077 | 6 | 206 | 3,290 |
| Carrying amount as of September 30, 2023 | 2,513 | 4 | 126 | 2,642 |

| € thousand | Right-of-use assets for land and buildings | Right-of-use assets for operating and office equipment | Right-of-use assets for vehicles | Total |
|---|---|---|---|---|
| Cost of purchase | | | | |
| October 1, 2023 | 3,402 | 17 | 673 | 4,092 |
| Additions | 26 | 0 | 13 | 39 |
| Disposals | -46 | 0 | -290 | -336 |
| Exchange differences | 0 | 0 | 0 | 0 |
| Changes in the consolidated group | 0 | 0 | 0 | 0 |
| September 30, 2024 | 3,382 | 17 | 396 | 3,795 |
| | | | | |
| Cumulative depreciation | | | | |
| October 1, 2023 | 889 | 13 | 547 | 1,449 |
| Additions | 622 | 3 | 86 | 712 |
| Disposals | -46 | 0 | -286 | -332 |
| Exchange differences | 0 | 0 | 0 | 0 |
| Changes in the consolidated group | 0 | 0 | 0 | 0 |
| September 30, 2024 | 1,466 | 17 | 347 | 1,829 |
| Carrying amount as of October 1, 2023 | 2,513 | 4 | 126 | 2,642 |
| Carrying amount as of September 30, 2024 | 1,916 | 0 | 49 | 1,966 |

## 4.6 INVENTORIES

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 |
|---|---|---|
| Raw materials and supplies | 17,117 | 12,138 |
| Unfinished goods | 20,373 | 19,245 |
| Finished goods and products | 6,108 | 5,361 |
| Advance payments on inventories | 23 | 7 |
| **Total** | **43,622** | **36,751** |

Inventories are valued according to the FIFO principle. The method for calculating the impairment of inventories was adjusted in the 2024 financial year. The method is described in the inventory valuation guidelines and resulted in an increased write-down of €6,657 thousand compared to the previous year. The impairment on inventories amounted to €12,554 thousand in the 2024 financial year (previous year: €5,897 thousand). The breakdown is €6,268 thousand (previous year: €3,298 thousand) for inventories, €5,684 thousand (previous year: €2,026 thousand) for work in progress and €602 thousand (previous year: €573 thousand) for finished goods. Non-adjusted inventories amounted to €15,306 thousand (previous year: €14,092 thousand) and are broken down into €4,113 thousand (previous year: €4,880 thousand) for inventories, €7,649 thousand (previous year: €6,983 thousand) for work in progress and €3,544 thousand (previous year: €2,230 thousand) for finished goods. The cost of sales in the 2024 financial year included consumption of inventories in the amount of €84,946 thousand (previous year: €102,914 thousand). As in the previous year, there were no inventories assigned as security as at the reporting date.

## 4.7 TRADE RECEIVABLES

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 |
|---|---|---|
| Trade receivables | 16,627 | 15,369 |
| Less impairment losses | -28 | -25 |
| **Total** | **16,599** | **15,344** |

Trade receivables are not interest-bearing and are generally due within 30 days. Trade receivables as at September 30, 2024 include receivables of €13,642 thousand (previous year: €15,121 thousand) from affiliated companies, primarily from the TE Connectivity sales company. Receivables from the sale of goods and services of €25 thousand (previous year: €28 thousand) were impaired. The impairments relate to receivables from third parties from the period before the changeover to the TE Connectivity sales organization. The impairments were made on a case-by-case basis and using past and future-oriented information when deriving the probabilities of default and determining the expected loss.

The individual value adjustments correspond to a default rate of 0.2% (previous year: 0.2%).

The development of the allowance account is as follows:

| € thousand | Oct. 1, 2022 - Sept. 30, 20223 | Oct. 1, 2023 - Sept. 30, 2024 |
|---|---|---|
| **Beginning of the period** | **542** | **28** |
| Charge for the year | 0 | 5 |
| Utilization | -514 | -8 |
| Unused amounts reversed | 0 | 0 |
| Deconsolidation | 0 | 0 |
| **End of the period** | **28** | **25** |

As at September 30, 2024, the age structure of overdue trade receivables was as follows

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Not due | 16,055 | 14,413 | -1,443 | -9.0 |
| Less than 60 days | 0 | 0 | 0 | 0.0 |
| Between 61 and 90 days | 67 | 36 | -31 | -46.3 |
| Between 91 and 120 days | 0 | 2 | 2 | n.a. |
| More than 120 days | 477 | 692 | 215 | 45.2 |
| **Total** | **16,599** | **15,344** | **-1,255** | **-7.6** |

In the previous reports, the tables contained unbalanced open items, which were also corrected retrospectively. The aging of receivables arises primarily from customer complaints, which entail a time-consuming review process and regularly lead to confirmation of the receivable at the end of the review or are resolved by issuing a credit note.

## 4.8 CURRENT AND NON-CURRENT FINANCIAL ASSETS

Current financial assets mainly include receivables from shareholders (cash pooling) in the amount of €22,008 thousand (previous year: €27,832 thousand). In the reporting year, this also includes the current portion of the pledged bank account, which secures the KfW loan, in the amount of €1,625 thousand (previous year: €1,625 thousand).

Non-current financial assets amounting to €3,656 thousand (previous year: €5,281 thousand) exclusively represent the non-current portion of the bank account pledged as collateral for the KfW loan, which is explained in more detail in Note 4.15.

The amount of the credit balance in the LBBW bank account, which serves as collateral for the KfW loan, always corresponds exactly to the liability from the loan.

## 4.9 CURRENT OTHER ASSETS

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 |
|---|---|---|
| Prepaid expenses | 58 | 205 |
| VAT receivables | 0 | 0 |
| Others | 518 | 576 |
| **Total** | **576** | **781** |

The increase in other current assets is largely due to prepayments and deferred income, which amounted to €440 thousand in the reporting year (previous year: €195 thousand).

## 4.10 CASH AND CASH EQUIVALENTS

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 |
|---|---|---|
| Bank balances | 1,531 | 478 |
| **Total** | **1,531** | **478** |

Some bank balances bear interest at variable interest rates for balances that can be terminated daily. The fair value of cash and cash equivalents at financial institutions amounts to €478 thousand (previous year: €1,531 thousand).

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## 4.11 ISSUED CAPITAL

The share capital, which is reported as subscribed capital in the consolidated balance sheet, amounted to €51,677,480.00 as at the balance sheet date (previous year: €51,657,480.00) and is composed of 10,335,496 shares (previous year: 10,331,496 shares) with a notional value of €5.00 per share in accordance with section 160 (1) no. 3 HGB. The share capital of First Sensor AG increased by €20,000.00 compared to the previous year as a result of subscription rights exercised under the 2016 share option program.

| Oct. 1, 2022 - Sept. 30, 2023 | Shares* | Share capital** |
|---|---|---|
| **Beginning of the financial year** | **10,322** | **51,612** |
| 2016 stock option plan | 9 | 45 |
| **End of the financial year** | **10,331** | **51,657** |

| Oct. 1, 2023 - Sept. 30, 2024 | Shares* | Share capital** |
|---|---|---|
| **Beginning of the financial year** | **10,331** | **51,657** |
| 2016 stock option plan | 4 | 20 |
| **End of the financial year** | **10,335** | **51,677** |

* Number of shares in thousand

** € thousand

### Contingent capital

The contingent capital of First Sensor AG is presented in the following table:

| € thousand | Sept. 30, 2022 | Sept. 30, 2023 |
|---|---|---|
| Contingent Capital 2016/II | 295 | 94 |
| **Total** | **295** | **94** |

As at September 30, 2024, the contingent capital amounted to a total of €94 thousand (previous year: €295 thousand). The contingent capital increase will only be carried out to the extent that the holders of subscription rights under the 2016/II share option plan exercise their subscription rights.

## 4.12 RESERVES

Changes in reserves were as shown in the Consolidated Statement of Changes in Equity. The items are explained below:

#### (a) Capital reserves – share premium

By exercising 4,000 subscription rights from the 2016 SOP at an exercise price of €31.32, the capital reserve increased in 2024 by the exercise price above the nominal value per share (€5.00) by a total of €105 thousand (previous year: €237 thousand). The average share price at the time the options were exercised was €59.80.

### (b) Capital reserves – stock options

The expense from current share option programs recognized in the income statement under personnel expenses and as an addition to capital reserves amounts to €0 thousand (previous year: €0 thousand).

### c) Retained earnings

Retained earnings include retained earnings and other retained earnings as well as actuarial gains and losses from the remeasurement of pensions. This income amounted to €3 thousand as at September 30, 2024. The loss compensation claim from the profit and loss transfer agreement concluded with TE Connectivity led to an increase in retained earnings of €9,345 thousand in the 2024 financial year (previous year: €-1,886 thousand). This disclosure corresponds in essence to a dividend payment.

Retained earnings decreased by a total of k€8,390.

### d) Other reserves

Due to the currency adjustment items no longer required, the other reserves have been reduced to €0

## 4.13 PROVISIONS FOR PENSIONS

Members of the management of a company that was merged into FIRST SENSOR AG, later the Munich branch (FSM), which was closed in 2021, have received defined benefit pension commitments. The pension plans are based on years of service. The pension commitments are financed through the creation of pension provisions. As at the balance sheet date, pension provisions amounted to €214 thousand (previous year: €184 thousand). Pension obligations and the expenses required to cover these obligations are measured in accordance with IAS 19 (Employee Benefits) (projected unit credit method). The interest expense is recognized through profit or loss in the financial result and any current service cost is recognized through profit or loss in personnel expenses. Actuarial gains and losses and any past service cost are recognized directly in equity.

The defined benefit obligation has changed as follows:

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 – Sept. 30, 2024 |
|---|---|---|
| Defined benefit obligation (DBO) on January 1 | 254 | 235 |
| Past service cost | 0 | 0 |
| Net interest expense | 9 | 8 |
| Actuarial gains (-)/losses (+) | -1 | -3 |
| Pension payments | -27 | -26 |
| Defined benefit obligation (DBO) on December 31/September 30 | **235** | **214** |

As in the previous year, there are no asset values that would reduce the pension obligation. The amount of the provision therefore corresponds to the defined benefit obligation. Pension payments of €26 thousand (previous year: €27 thousand) were expected for the 2024 financial year. Pension payments of a comparable amount are also expected for the 2025 to 2028 financial years.

The calculations are based on the 2018 G mortality tables produced by K. Heubeck and the following assumptions:

| in % | Sept. 30, 2022 | Sept. 30, 2023 |
|---|---|---|
| Interest rate | 4.10 | 3.40 |
| Salary trend | 0 | 0 |
| Pension trend | 2.50 | 2.00 |

A change in the material actuarial assumptions (interest rate, salary trend, pension trend) of one percentage point up or down would have an impact of less than €50 thousand on the defined benefit obligation in each case.

## 4.14 OTHER PROVISIONS

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 – Sept. 30, 2024 |
|---|---|---|
| Other current provisions on October 1 | 427 | 168 |
| Utilization | -341 | 0 |
| Unused amounts reversed | 0 | -102 |
| Arising during the year | 81 | 0 |
| Deconsolidation | 0 | 0 |
| Other current provisions on September 30 | 168 | 66 |

Other current provisions are current at all times shown and relate exclusively to provisions for warranty obligations. These were recognized as liabilities for products sold in the past two years. The assumptions underlying the calculations of the warranty provision are based on the sales subject to warranty and the currently available information on complaints that fall within the two-year warranty period

## 4.15 FINANCIAL LIABILITIES

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 |
|---|---|---|
| Current up to 1 year | 3,808 | 1.650 |
| Non-current | 5,306 | 3.656 |
| of which 1 to 5 years | 5,306 | 3.656 |
| of which more than 5 years | 0 | 0 |
| Total | 9,114 | 5.306 |

The financial liabilities reported in the consolidated statement of financial position also include lease liabilities in accordance with IFRS 16. These are explained separately in the notes to the consolidated financial statements under item 16 and are not included in the above breakdown of financial liabilities. Current financial liabilities decreased by €2,158 thousand, of which €1,886 thousand was attributable to the profit transfer from the 2023 financial year and €271 thousand to the repayment of loans. Of the non-current financial liabilities, €1,650 thousand was attributable to the repayment of the KfW loan. The interest due on this has been paid in full.

The financial liabilities include a KfW loan with an original value of €13 million. The loan was taken out in 2018 with a term of 10 years and a fixed interest rate of 1.15% p.a. and was repaid quarterly from March 31, 2020. The carrying amount as at September 30, 2024 is €5.3 million. A pledged credit account at Landesbank Baden-Württemberg serves as collateral.

### Others

As at the reporting date of September 30, 2024, First Sensor had unutilized credit lines with banks of €0 thousand (previous year: €1,000 thousand). Due to the cash pool with the TE Connectivity Group set up in the 2020 financial year, no more bank credit lines are required. In conjunction with the cash pooling agreement with TE Connectivity, all movements in the participating bank accounts were offset on an ongoing basis.

## 4.16 LEASE LIABILITIES

The lease liabilities included in the financial liabilities item are broken down as follows:

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 |
|---|---|---|
| Current up to 1 year | 733 | 719 |
| Non-current | 2,211 | 1.522 |
| of which 1 to 5 years | 1,547 | 858 |
| of which more than 5 years | 664 | 664 |
| **Total** | **2,944** | **2.241** |

Interest expenses for lease liabilities amounted to €116 thousand (previous year: €186 thousand). The amounts still recognized as lease expenses in the consolidated income statement due to the simplification rules applied amounted to €24 thousand (previous year: €39 thousand) and are reported within other operating expenses

## 4.17 OTHER NON-CURRENT FINANCIAL LIABILITIES

Non-current other liabilities include deferred investment grants/allowances amounting to €2,132 thousand (previous year: €2,321 thousand). These relate to government grants and were mainly granted in the form of investment subsidies for the newly constructed production facilities in Berlin. The investment subsidies granted are linked to proof of the investment measures carried out as well as future compliance with the retention requirements for the subsidized assets and the creation of jobs.

## 4.18 OTHER CURRENT FINANCIAL LIABILITIES

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 |
|---|---|---|
| Liabilities due to staff | 3,692 | 3,028 |
| Liabilities from tax | 3,271 | 774 |
| Deferred trade payables | 4,713 | 3,252 |
| Social security liabilities | 5 | 13 |
| Liabilities and deferrals for restructuring costs | 0 | 0 |
| Others | 153 | 153 |
| **Total** | **11,834** | **7,220** |

Liabilities to personnel mainly represent bonus obligations and collectively agreed special payments from current employment contracts. Tax liabilities mainly result from wage and value added tax to be paid. All other current liabilities are non-interest-bearing. Trade payables are broken down into Group liabilities and non-Group liabilities in the following table:

| in TEUR | 01.10.2022-30.09.2023 | 01.10.2023-30.09.2024 | Δ absolute | in % |
|---|---|---|---|---|
| External trade payables | 10,616 | 6,121 | -4,495 | -42.3 |
| Liabilities to affiliated companies | 1,218 | 1,099 | -119 | -9.8 |
| **Total** | **11.834** | **7.220** | **-4,614** | **-39.0** |

# 4.19 SHARE-BASED REMUNERATION

## Stock option plan 2016/II

In the 2024 financial year, only the Stock Option Plan 2016/II remains.

This stipulates that options to purchase ordinary shares may be granted to members of the Management Board, to members of the management of affiliated companies of the company, to employees of the company and to employees of affiliated companies of the company.

| | SOP 2016/II |
|---|---|
| **Annual General Meeting resolution** | **May 4, 2016** |
| Term of stock option plan | 3 years |
| Vesting period after issue | 4 years |
| Exercise period after vesting period | 3 years |
| **Maximum pre-emption rights (total volume)** | **520,000** |

The exercise of the options is subject to the following conditions:

The 2016/II stock option plan was resolved at the Annual General Meeting on May 4, 2016. It provides for up to 520,000 pre-emption rights to be issued to members of the Executive Board, members of management at affiliated companies in Germany and abroad and managers of the company until December 31, 2019. If pre-emption rights are forfeited because beneficiaries leave the company within the authorization period, a corresponding number of pre-emption rights can be reissued.

The total volume of pre-emption rights under the 2016/II stock option plan breaks down among the groups of beneficiaries as follows:

- members of the Executive Board of the company will receive a maximum of up to 160,000 options in total (up to around 30.8%);
- members of management at affiliated companies will receive a maximum of up to 70,000 options in total (up to around 13.5%);
- managers of the company will receive a maximum of up to 290,000 options in total (up to around 55.7%).

Pre-emption rights can be issued for the first time in the 2016 financial year.

The pre-emption rights can be exercised for the first time after a vesting period of four years from the respective issue date. The pre-emption rights have a total term of seven years from the issue date; after this they are forfeited without replacement. After the end of the vesting period, pre-emption rights can be exercised if the performance target has been achieved within 30 trading days prior to exercise. The exercise price is equal to the average closing price of the shares on the 30 consecutive trading days before the respective issue date of the options plus 20%. However, the exercise price for the pre-emption rights issued in the 2017 and 2018 financial years is at least €15.00. The performance target has been achieved if the closing price of the shares meets or exceeds the exercise price on 30 consecutive trading days. The exercise price for the pre-emption rights is €11.95 per right in the first tranche, €16.03 in the second tranche and €31.32 in the third tranche.

In addition to the achievement of the performance target, the exercise of pre-emption rights is also subject to the strict requirement that the beneficiary must have acquired one share in the company for every ten pre-emption rights granted no later than six months after the issue date of the respective pre-emption rights, and must have held these shares continuously in their own name until the date when these pre-emption rights are first exercised. If there is no such proof of the acquisition of shares, the pre-emption rights cannot be exercised.

Pre-emption rights can be inherited but they cannot be transferred or sold. They cannot be pledged.

Contingent Capital 2016/II was created in the amount of €2,600,000.00 to serve the 2016/II stock option plan.

290,000 pre-emption rights in total were granted under the 2016/II stock option plan in the 2016 financial year. 110,000 of these pre-emption rights were granted to the then CFO. The value per option issued was €2.00 and was calculated using the Black-Scholes model. 78,000 pre-emption rights in total were granted under the 2016/II stock option plan in the 2017 financial year. 25,000 of these pre-emption rights were granted to the then CFO. The value per option issued was €3.08 and was calculated using the Black-Scholes model. The calculation was based on the following parameters: share price on the grant date of €11.73, volatility of 39.4% and an interest rate of 0.0%. It was also assumed that there would be an annual non-exercise rate of 15%.

101,000 pre-emption rights in total were granted under the 2016/II stock option plan in the 2018 financial year. 25,000 of these pre-emption rights were granted to the then CFO. The value per option issued was €7.91 and was calculated using the Black-Scholes model. The calculation was based on the following parameters: share price on the grant date of €25.20, volatility of 44.32% and an interest rate of 0.0%. It was also assumed that there would be an annual non-exercise rate of 15%.

160,000 pre-emption rights were settled on the departure of the former Chief Financial Officer in the 2020 financial year.

The number of exercisable share options at the beginning of the 2024 financial year amounted to 7,000. In the course of the financial year, 4,000 share options were converted into new shares, meaning that the number of exercisable share options at the end of the 2024 financial year was 3,000.

# NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 4.20 SALES

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| DACH* | 77,389 | 64,592 | -12,797 | -16.5 |
| Rest of Europe | 18,968 | 23,711 | 4,743 | 25.0 |
| North America | 16,721 | 6,893 | -9,828 | -58.8 |
| Asia | 21,190 | 25,692 | 4,502 | 21.2 |
| Others | 342 | 545 | 203 | 59.4 |
| **Total** | **134,610** | **121,434** | **-13,176** | **-9.8** |

Sales mainly result from the sale of customer-specific semiconductor sensors and sensor systems, as well as services in connection with sales to end customers of the sales company. The payment term for deliveries and services rendered is 30 days. Sales deductions amounting to €30 thousand (previous year: €27 thousand) were granted in the reporting period. Regional distribution is based on the end customer. The First Sensor Group records the majority of its sales with the sales organization of TE Connectivity Solutions GmbH (TESOG), based in Switzerland.

## 4.21 OTHER OPERATING INCOME

Other operating income breaks down as follows:

| € thousand | Oct. 1, 2021 - Sept. 30, 2022 | Oct. 1, 2022 - Sept. 30, 2023 | Absolute change | in % |
|---|---|---|---|---|
| Income from the reversal of provisions and deferred liabilities | 176 | 441 | 265 | 150.6 |
| Income from other benefits in kind | 32 | 23 | -9 | -28.1 |
| Charging on of distribution costs | -6 | 1 | 7 | n.a. |
| Others | 1,235 | 426 | -809 | -65.5 |
| **Total** | **1,437** | **891** | **-545** | **-38.0** |

## 4.22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Unfinished goods and work in progress | 2,913 | -6,996 | -9,909 | n.a. |
| Finished goods | 1,229 | 5,904 | 4,675 | 380.4 |
| **Total** | **4,142** | **-1,092** | **-5,234** | **n.a.** |

## 4.23 OWN WORK CAPITALIZED

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Capitalized development costs | 16 | 0 | -16 | -100.0 |
| Other capitalized costs | 0 | 0 | 0 | 0.0 |
| **Total** | **16** | **0** | **-16** | **-100.0** |

Due to the ongoing integration into the TE Connectivity Group, development work is no longer being performed only within the First Sensor Group, but now mainly at other legal entities of the TE Connectivity Group. The reduction in own work capitalized is therefore in line with expectations.

Research and development costs recognized as expenses amounted to €2,864 thousand in the 2024 financial year (previous year: €4,681 thousand).

## 4.24 COST OF MATERIALS, COST OF PURCHASED SERVICES

The cost of materials breaks down as follows:

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Raw materials and supplies | 54,070 | 44,103 | -9,967 | -18.4 |
| Purchased services | 15,164 | 14,901 | -263 | -1.7 |
| **Total** | **69,234** | **59,004** | **-10,230** | **-14.8** |

## 4.25 STAFF COSTS

The staff costs break down as follows:

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Wages and salaries | 34,722 | 33,922 | -800 | -2.3 |
| Overtime and holiday payments | 1,031 | 980 | -51 | -4.9 |
| Social security contributions including pension plans | 6,670 | 6,799 | 129 | 1.9 |
| Retirement provision | 106 | 97 | -9 | -8.5 |
| **Total** | **42,530** | **41,798** | **-732** | **-1.7** |

First Sensor is now part of TE connectivity

## 4.26 OTHER OPERATING EXPENSES

Other operating expenses include the following items:

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Other operating requirements | 4,753 | 3,652 | -1,101 | -23.2 |
| IT costs | 2,651 | 3,012 | 361 | 13.6 |
| Costs for premises | 1,702 | 1,426 | -276 | -16.2 |
| Group allocation | 972 | 1,153 | 181 | 18.6 |
| Other expenses | 1,800 | 806 | -994 | -55.2 |
| Maintenance and repairs | 950 | 767 | -183 | -19.3 |
| Work clothing and protective equipment | 535 | 669 | 134 | 25.0 |
| Vehicle costs | 466 | 470 | 4 | 0.9 |
| Travel costs | 382 | 400 | 18 | 4.7 |
| Prior-period expenses | 3 | 257 | 254 | n.a. |
| Training costs | 337 | 240 | -97 | -28.8 |
| Legal and consulting fees | 486 | 199 | -287 | -59.1 |
| Insurance | 136 | 170 | 34 | 25.0 |
| General administration expenses | 508 | 163 | -345 | -67.9 |
| Audits of financial statements | 146 | 144 | -2 | -1.4 |
| Recruitment costs | 121 | 130 | 9 | 7.4 |
| Investor Relations | 34 | 102 | 68 | 200.0 |
| Communication costs | 91 | 88 | -3 | -3.3 |
| Sales and marketing expenses | 117 | 79 | -38 | -32.5 |
| Supervisory Board remuneration | 60 | 60 | 0 | 0.0 |
| Other taxes | 37 | 38 | 1 | 2.7 |
| Disposal of assets | 158 | 28 | -130 | -82.3 |
| Goods handling costs | 30 | 27 | -3 | -10.0 |
| Warranty expenses | 2 | 10 | 8 | n.a. |
| **Total** | **16,477** | **14,090** | **-2,387** | **-14.5** |

The other operating expenses include expenses for short-term leases with a term of less than one year of €24 thousand (previous year: €39 thousand) and lease expenses for low-value assets of €48 thousand (previous year: €93 thousand).

## 4.27 FINANCIAL RESULT

The financial result broke down as follows:

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Interest income | 411 | 875 | 464 | 112.9 |
| Interest expenses | -272 | -198 | 74 | -27.2 |
| Others | 11 | -10 | -21 | -190.9 |
| **Total** | **150** | **666** | **517** | **344.7** |

Interest income mainly results from interest on cash and cash equivalents in the cash pool in the amount of k€795 (previous year: k€408). Interest expenses amounting to €198 thousand (previous year: €272 thousand) mainly result from lease accounting in accordance with IFRS 16 and the KfW loan as well as other investment loans. No new investment loans were taken out.

The other financial result includes both currency gains of €141 thousand (previous year: €30 thousand) and currency losses of €-151 thousand (previous year: €-19 thousand).

## 4.28 INCOME TAXES

Due to the consolidated income tax group with TE Connectivity Sensors Germany Holding AG, taxes are only incurred for the First Sensor Group on income attributable to minority shareholders. Deferred tax assets and liabilities are no longer recognized due to the consolidated tax group.

The material components of income taxes are as follows:

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Current income taxes | 303 | 242 | -61 | -20.1 |
| Deferred taxes | 0 | 0 | 0 | 0.0 |
| **Reported tax amount** | **303** | **242** | **-61** | **-20.1** |

The reconciliation of income tax expense or income and the product of the reported profit for the period and the applicable Group tax rate is as follows:

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| **Profit before income taxes** | **4,389** | **-17,496** | **-21,885** | **n.a.** |
| Tax rate | 30% | 30% | | |
| **Calculated tax expenses/income (expenses positive, income negative)** | **1,317** | **-5,249** | **-6,566** | **n.a.** |
| Prior-period taxes | -4 | -86 | -82 | >500 |
| Reversal of tax provisions | 0 | 21 | 21 | 100.0 |
| Taxes on compensation for non-controlling interests | 307 | 307 | 0 | 0.0 |
| Consolidated tax group with TE Connectivity | -1,317 | 5,249 | 6,566 | n.a. |
| **Tax income/expense** | **303** | **242** | **-61** | **-20.1** |

Income taxes include income taxes paid or payable in Germany.

Income taxes for 2024 comprise corporation tax including solidarity surcharge and trade income tax. In the Federal Republic of Germany, the corporation tax rate on distributed and retained profits is 15%. In addition, a solidarity surcharge of 5.5% is levied on corporation tax.

The tax expense is shown in the statement of changes in provisions under the items "Utilization" and "Additions". Utilization results from the advance payments made on income taxes.

| in TEUR | 01.10.2022 - 30.09.2023 | 01.10.2023 - 30.09.2024 |
|---|---|---|
| **Tax provisions on October 01** | **531** | **838** |
| Consumption | - | -845 |
| Resolution | - | -86 |
| Feed | 307 | 328 |
| Disposal of consolidated companies | - | - |
| **Tax provisions as at September 30** | **838** | **235** |

As in the previous year, there are no tax loss carryforwards.

## 4.29 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The amounts used to calculate basic and diluted earnings per share are shown in the table below:

| € thousand, unless otherwise indicated | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Net profit attributable to shareholders | 4,086 | -17,738 | -21,824 | n.a. |
| Weighted average shares outstanding (basic) in thousands | 10,330 | 10,333 | 3 | 0,0 |
| **Earnings per share (basic) in €** | **0.40** | **-1.72** | **-2.12** | **n.a.** |
| Dilutive effect from share options | 7 | 8 | 1 | 14.3 |
| Weighted average outstanding shares (diluted) | 10,337 | 10.340 | 3 | 0.0 |
| **Earnings per share (diluted) in €** | **0.40** | **-1.72** | **-2.12** | **n.a.** |

## 4.30 CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

In accordance with section 74 of the German Fiscal Code (*Abgabenordnung*), First Sensor AG, and thus the Group, is liable for the taxes incurred by the tax group parent where the tax liability is based on the business operations of First Sensor AG. A claim is not expected.

Court actions and claims arising from disputes that occur in the ordinary course of business could be enforced against the companies in the group. The risks involved are analyzed in the light of the likelihood of their occurrence. Although the outcome of these disputes cannot always be accurately forecast, the Executive Board is of the opinion that no material obligations will arise from them.

Further financial obligations arise from renting office premises and office equipment, from leases for capital assets, vehicles and technical office equipment, from long-term building leases, from building leases and from allocations from defined contribution pension plans. Since January 1, 2019, all rental and lease obligations have been measured in accordance with IFRS 16 and recognized in property, plant and equipment or as a financial liability. The expenses for short-term leases with a term of less than one year and lease expenses for low-value assets remaining in other operating expenses amount to €324 thousand in the reporting period (previous year: €394 thousand).

Other financial obligations break down as follows:

| € thousand | 2025 | 2026 to 2028 | From 2029 |
|---|---|---|---|
| Purchase order commitment | 14,680 | 3,049 | 0 |
| Guarantees | 0 | 0 | 0 |
| **Total** | **14,680** | **3,049** | **0** |

Purchase commitments 2025 relate to ordered fixed assets and inventories.

## 4.31 SEGMENT REPORTING

Since the sale or dissolution of its foreign subsidiaries, the First Sensor Group consists only of the parent company, First Sensor AG, and First Sensor Lewicki GmbH. The consolidated results of the parent company and its subsidiary are determined, prepared and analyzed by the company's Executive Board on a monthly basis. However, these business units do not represent segments within the meaning of IFRS 8.

Although the First Sensor Group generates 92% of its sales with TE Connectivity Service Gesellschaft mbH, Switzerland, there is no dependency in this case, as TE Connectivity Service Gesellschaft mbH, Switzerland, is a related company for the First Sensor Group due to its affiliation with the TE Connectivity Group and is more likely to be regarded as a sales company.

## 4.32 RELATED PARTY TRANSACTIONS

Related parties within the meaning of IAS 24 are the majority shareholder TE Connectivity Sensors Germany Holding AG, TE Connectivity plc, Ireland, and its subsidiaries and associates. Transactions with related parties mainly relate to the cash management system, ongoing delivery and clearing transactions and service contracts. First Sensor utilizes potential economies of scale by participating in the TE Connectivity Group's cash management system. All transactions with related parties are contractually agreed. The company is not aware of any circumstances that would contradict the assumption that all transactions with related parties are conducted on the same terms and conditions as are customary with unrelated third parties.

Transactions with persons or companies that can be influenced by First Sensor or that can influence First Sensor must be disclosed if the corresponding transactions have not already been recognized in the consolidated financial statements through the inclusion of consolidated companies.

The following transactions were carried out with individuals and companies deemed related parties of First Sensor:

### Goods and services between First Sensor and companies of the TE Connectivity Group:

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 |
|---|---|---|
| **Sale of goods and services** | | |
| Sales | 123,201 | 112,174 |
| Other operating income | -9 | 0 |
| **Purchase of goods** | | |
| Cost of material | -78,874 | -69,027 |
| Other operating expenses | -4,112 | -4,094 |
| **Financing** | | |
| Other interest and similar income | 461 | 806 |

In addition to trade receivables, there are receivables from the majority shareholder under the profit and loss transfer and domination agreement. These amounted to €9,345 thousand as at 30/09/2024 (previous year: liability of €1,886 thousand). This is also explained below under 'Receivables from and liabilities to companies in the TE Connectivity Group'.

Other operating expenses break down as follows:

| in TEUR | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 | Δ absolut | in % |
|---|---|---|---|---|
| IT expenses | 2,034 | 2,571 | 537 | 26.4 |
| TE Connectivity charges | 1,285 | 1,104 | -181 | -14.1 |
| Insurance expenses | 120 | 165 | 45 | 37.5 |
| Other operating expenses | 131 | 117 | -14 | -10.7 |
| Administrative costs | 79 | 69 | -10 | -12.7 |
| Asset disposals (residual carrying amount in the event of book loss) | 180 | 28 | -152 | -84.4 |
| Vehicle costs | -3 | 18 | 21 | -700.0 |
| Travel expenses, hospitality | 21 | 12 | -9 | -42.9 |
| Quality management expenses | 258 | 10 | -248 | -96.1 |
| Other operating supplies | 7 | 0 | -7 | -100.0 |
| **Total** | **4,112** | **4,094** | **-18** | **-0.4** |

Due to the change in the sales model, revenue with companies of the TE Connectivity Group amounted to 92% in the 2024 financial year.

In the financial year, management services were increasingly transferred to service units of the TE Connectivity Group as part of the integration into the TE Connectivity Group. Group allocations from service contracts increased accordingly.

## Receivables from and liabilities to companies of the TE Connectivity Group:

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 |
|---|---|---|
| **Trade** | | |
| payables | 15,034 | 13,589 |
| Cash pool | 28,934 | 22,008 |
| from the loss adjustment by TE Connectivity* | 0 | 9,345 |
| **Trade** | | |
| Payables | 7,495 | 1,746 |
| from the profit transfer to TE Connectivity* | 1,886 | 0 |

*Majority shareholder

## Member of the Management Board

- Thibault Kassir, Scottsdale, AZ, USA
- Robin Jan Maly, Meilen, Switzerland
- Dirk Karl Schäfer, Mannheim

The members of the Executive Board of First Sensor AG are not granted or promised any remuneration by First Sensor AG or a third party for their activities as members of the Executive Board. For the Executive Board member Dirk Karl Schäfer, First Sensor AG receives a recharge of salary components (€49 thousand) from the employer (TE Connectivity Germany GmbH) in line with the time spent. With effect from February 1, 2024, the employment contract of Executive Board member Robin Maly with his employer, TE Connectivity Solutions GmbH, Schaffhausen, Switzerland, was amended to the effect that Executive Board member Robin Maly spends a certain proportion of his working time on the First Sensor Group. As a result of this amendment, the proportion of his remuneration in Switzerland for the period from February to September 2024 attributable to the time spent is reported in the remuneration report (€109 thousand).

Further details can be found in the remuneration report.

## The Supervisory Board

The remuneration of the Supervisory Board is governed by Article 13 of the Articles of Association and determined by the Annual General Meeting. The remuneration system for the Supervisory Board is governed in accordance with the latest resolution of the Annual General Meeting on June 24, 2021. After the end of the financial year, members of the Supervisory Board accordingly receive remuneration of €20 thousand for each full year of membership of the Supervisory Board. This increases to €50 thousand for the Chairman and €30 thousand for the Deputy Chairman. The members of the Supervisory Board are covered by third-party financial loss insurance (D&O insurance) taken out by the company at an appropriate amount in the interests of the company. These premiums are paid by the company. No deductible has been agreed.

The company reimburses each member of the Supervisory Board for any reasonable expenses incurred in the performance of their duties for which proof has been provided and for any VAT that is incurred on their remuneration.

The remuneration of the members of the Supervisory Board amounted to €60 thousand in the 2023 financial year (previous year: €60 thousand). Supervisory Board members do not receive any performance-based remuneration and do not participate in the company's stock option plan.

## Other related parties

There were no other transactions with other related parties in the 2024 financial year.

## 4.33 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Risk management for financial instruments

In the reporting period, First Sensor sold its products and services worldwide and purchased materials on an international market. As the Group companies are increasingly conducting business that is denominated in euro and material purchases abroad were made in euro as far as possible in the reporting period, which led only to a limited extent to market risks owing to changes in exchange rates.

As required, foreign exchange risks are reduced by concluding foreign exchange forward transactions in connection with material purchases. This did neither occur in the previous reporting period nor in the 2024 financial year.

The company's main financial instruments comprise trade receivables, cash and cash equivalents, current financial assets (cash pool), trade payables, promissory note loans, overdraft facilities and bank loans. The aim of these financial liabilities is to finance the company's business operations. The principal risks result from default, liquidity, currency, interest rate and fair value risks. There are no other price risks from financial instruments.

### Fair value risk

The fair value of financial assets and financial liabilities is the amount for which the instrument could be exchanged in a current transaction (other than a forced sale or liquidation) between independent market participants in an arm's length transaction. The methods and assumptions used to determine the fair values are as follows:

The fair value of unquoted instruments, loans and non-current financial liabilities and obligations from finance leases is estimated by discounting future cash flows using interest rates currently available for borrowings at comparable terms, credit risks and remaining maturities.

In the past, First Sensor has concluded derivative financial instruments with various financial institutions with good credit ratings. Interest rate swaps are measured using a valuation method with input parameters observable on the market. The most frequently used valuation methods include forward price and swap models using present value calculations. The models include various parameters, such as the creditworthiness of business partners, spot and forward exchange rates and yield curves. The changes in the counterparty default risk had no impact on the assessment of the effectiveness of the hedging relationship and other financial instruments recognized at fair value. No such contracts were concluded with financial institutions in the 2023 or 2024 financial years.

### Classification and fair value

The following table reconciles the balance sheet items as at September 30, 2024 of the financial instruments to the classes and measurement categories of IFRS 9. In addition, the aggregated carrying amounts per balance sheet item are shown, which essentially correspond to the fair values. Lease liabilities are recognized and measured in accordance with IFRS 16. These are explained separately in item 16 in the notes to the consolidated financial statements. In the consolidated balance sheet, lease liabilities are reported under financial liabilities.

| | Categories of financial instruments (IFRS 9) | | | Reconciliation to line item | Line item |
|---|---|---|---|---|---|
| Sept. 30, 2023 | Debt instruments at fair value through profit or loss and derivatives | Financial assets at amortized cost | Financial liabilities at amortized cost | | |
| ASSETS in € thousand | | | | | |
| Trade receivables | - | 16,599 | - | - | 16,599 |
| Current financial assets | - | 29,458 | - | - | 29,458 |
| Cash and cash equivalents | - | 1,531 | - | - | 1,531 |
| Equity and liabilities in € thousand | | | | | |
| Non-current financial liabilities* | - | - | 5,306 | 2,212 | 7,518 |
| Other non-current financial liabilities | - | - | - | 2,321 | 2,321 |
| Current financial liabilities* | - | - | 3,808 | 733 | 4,540 |
| Trade payables | - | - | 14,736 | - | 14,736 |
| Other current liabilities | - | - | - | 11,834 | 11,834 |

The following table reconciles the balance sheet items as at September 30, 2024 of the financial instruments to the classes and measurement categories of IFRS 9. In addition, the aggregated carrying amounts per balance sheet item are shown, which essentially correspond to the fair values.

| | Categories of financial instruments (IFRS 9) | | | Reconciliation to line item | Line item |
|---|---|---|---|---|---|
| Sept. 30, 2024 | Debt instruments at fair value through profit or loss and derivatives | Financial assets at amortized cost | Financial liabilities at amortized cost | | |
| ASSETS in € thousand | | | | | |
| Trade receivables | - | 15,344 | - | - | 15,344 |
| Current financial assets | - | 32,979 | - | - | 32,979 |
| Cash and cash equivalents | - | 478 | - | - | 478 |
| Equity and liabilities in € thousand | | | | | |
| Non-current financial liabilities* | - | - | 3,656 | 1,522 | 5,179 |
| Other non-current financial liabilities | - | - | - | 2,132 | 2,132 |
| Current financial liabilities* | - | - | 1,650 | 719 | 2,369 |
| Trade payables | - | - | 6,940 | - | 6,940 |
| Other current liabilities | - | - | - | 7,220 | 7,220 |

The net result from financial assets and financial liabilities recognized in the consolidated income statement amounted to €60 thousand in the 2024 financial year (previous year: €-203 thousand).

## Fair value hierarchy

The Group uses the following hierarchy for each valuation technique to determine and report fair values of financial instruments:

- Level 1: quoted (non-adjusted) prices on active markets for similar assets or liabilities;
- Level 2: techniques where all inputs with a material effect on the recognized fair value are observable, either directly or indirectly;
- Level 3: techniques using inputs with a material effect on the recognized fair value and not based on observable market data.

In the past, First Sensor recognized derivative financial instruments at fair value. They are subject to recurring measurement at fair value and were allocated to level 2.

As at the balance sheet date, all financial assets and liabilities in the Group were measured at amortized cost.

There were no changes to the methods used to determine fair value during the reporting period. The assessment of whether there has been a transfer between the levels of the fair value hierarchy for financial assets and liabilities recognized at fair value is carried out at the end of the reporting period. No reclassifications were made in the past reporting period.

## Derivate financial instruments

There were no contracts for currency hedges in the 2024 or 2023 financial years.

## Interest rate sensitivity

As the cash and cash equivalents are due on a daily or current basis, they are only subject to an insignificant risk of fluctuations in value. A change in interest rates of 100 basis points would have a maximum impact on net profit of €0.1 million (previous year: €0.1 million).

## Exchange rate risks and exchange rate sensitivity

The Group subsidiaries perform transactions predominantly settled in euros. Only a small amount of trade receivables and trade payables were in foreign currencies. These currencies are of minor importance due to the amounts in foreign currency.

There are no material carrying amounts of financial assets and liabilities denominated in foreign currencies in the 2024 financial year that are subject to exchange rate risk recognized in profit or loss. As there will no longer be any investments in foreign companies at the end of the 2023 financial year, the risk in the event of a devaluation of the euro against the relevant currencies used in the financial statements of the former subsidiaries denominated in foreign currencies will virtually cease to apply. In addition, bank accounts held in foreign currencies at First Sensor AG were also included in the TE Connectivity cash pool, meaning that First Sensor no longer had any significant foreign currency holdings in bank accounts as at September 30, 2024.

With the change in the sales model, receivables are invoiced exclusively in euro. Only purchases are still made in foreign currency to a very limited extent. The relevant currency is USD. The exchange rate risk is negligible.

## Risk of default

The risk of default is the risk of financial losses in the event that a counterparty does not fulfill its obligations towards the Group. The risk of default relates in particular to trade receivables, other financial assets at amortized cost and the investment of cash and cash equivalents. A default event occurs when the contracting party is unable to meet its obligations to the Group. This can relate to payment delays or insolvency. The maximum default risk to which the Group is exposed is limited to the carrying amount of financial assets recognized as of the end of the reporting period (see: Classification and fair value).

The risk of default relates in particular to trade receivables; however, this is of minor importance due to its integration into the TE Connectivity sales model. The risk of default is considered immaterial also for all other financial assets.

The Group regularly monitors the payment behavior of the remaining external customers and contracting parties. Impairment losses are recognized for trade receivables on the basis of information on the current economic situation of the counterparty and historical experience regarding payment behavior. Impairments are therefore recognized if the expected future cash flows are lower than the carrying amount of the receivables. The Group's receivables from the sales company are actively managed by the International Shared Service Center.

No collateral or other credit improvement measures are in place to mitigate the risk of default. In accordance with IFRS 9, First Sensor uses the expected loss model to calculate impairment losses so that expected losses are also recognized and not just losses that have already occurred.

## Liquidity risk

Given the integration into cash pooling, First Sensor considers the liquidity risk to be lower.

Liquidity risk also includes maturities of liabilities. Trade payables are subject to fixed payment terms with suppliers. There is thus no risk of earlier payments.

The Group monitors the liquidity volume using an automated reporting tool. This tool takes into account cash and cash equivalents, the maturity of financial investments and financial assets (e.g. receivables, current financial assets) and expected cash flows from operating activities on a daily basis.

The contractually agreed, undiscounted interest and principal payments of the Group's financial liabilities have the following maturities as at the respective balance sheet date:

| Sept. 30, 2023 in € thousand | Maturing in less than 1 year | Maturing in 1 to 5 years | Maturing in more than 5 years | Total |
|---|---|---|---|---|
| Interest-bearing loans and overdrafts | 2,265 | 5,710 | 0 | 7,975 |
| Trade payables | 14,736 | 0 | 0 | 14,736 |
| Other liabilities | 11,834 | 0 | 0 | 11,834 |
| Lease liabilities | 733 | 1,547 | 664 | 2,944 |
| **Total** | **29,568** | **7,257** | **664** | **37,489** |

| Sept. 30, 2024 in € thousand | Maturing in less than 1 year | Maturing i n 1 to 5 years | Maturing in more than 5 years | Total |
|---|---|---|---|---|
| Interest-bearing loans | 1,650 | 3,656 | 0 | 5,306 |
| Trade payables | 6,940 | 0 | 0 | 6,940 |
| Other liabilities | 7,220 | 0 | 0 | 7,220 |
| Lease liabilities | 719 | 1,004 | 518 | 2,241 |
| **Total** | **16,529** | **4,660** | **518** | **21,707** |

Financial liabilities repayable on demand are always assigned to the earliest time band.

## Risk concentration

The Group is focused on one customer as a sales partner. Nevertheless, the Executive Board does not see a risk concentration, because TESOG is careful to ensure a balanced customer portfolio, long-standing customer relations and risk diversification with regard to industry-specific end markets and regional sales markets.

## Capital management

The primary objective of First Sensor's capital management is to ensure the necessary liquidity for production processes, growth and investments at all times. Management is performed centrally by First Sensor AG. It primarily comprises liquidity management, the procurement of debt capital and the management of interest rate and currency risks. First Sensor has participated in TE Connectivity's cash pool since the 2020 financial year.

The Group's capital structure is managed in line with changes in the economic environment. If necessary, First Sensor will primarily utilize the financing options within the TE Connectivity Group. It can therefore also be assumed for the future that First Sensor will be able to finance its planned growth and investments from the funds available. The management monitors the company's capital structure at regular intervals.

The Group uses the equity ratio to monitor its capital:

| € thousand | Sept. 30, 2023 | Sept. 30, 2024 | Absolute change | in % |
|---|---|---|---|---|
| Equity | 126,835 | 118,571 | -8,264 | -6.5 |
| Total equity and liabilities | 168,991 | 143,000 | -25,991 | -15.4 |
| Equity ratio | 75.1% | 82.9% | 7.8 pp | - |

Due to an amendment to the loan agreements in calendar year 2023, no financial covenants are required of the company in the reporting period.

# 4.34 FURTHER DISCLOSURES BASED ON HGB REGULATIONS

The following disclosures contain additional information that is required in the notes to the consolidated financial statements in accordance with the Handelsgesetzbuch (HGB – German Commercial Code).

## Member of the Management Board

| Name | Position on the Executive Board |
|---|---|
| Thibault Kassir | Member of the Executive Board without a separate business area (from April 14, 2022) |
| Robin Jan Maly | Member of the Executive Board without a separate business area (from April 20, 2021) |
| Dirk Karl Schäfer | Member of the Executive Board without a separate business area (from June 1, 2021) |

The members of the Executive Board jointly represent the company without their own separate business areas.

## The Supervisory Board

| Name/<br>job title | Position on the Supervisory Board | Membership of statutory supervisory board | Membership of comparable domestic or foreign supervisory committees |
|---|---|---|---|
| Michael Gerosa<br>*Senior Director/Regional Controller EMEA, TE Connectivity Ltd., Schaffhausen, Switzerland* | Chairman of the Supervisory Board since April 19, 2021 (member of the Supervisory Board since February 18, 2021) | None | TE Connectivity Poland Services sp. z o.o. in Krakow, Poland (Member of the Board of Directors),<br>Tyco Electronics Finland Oy in Helsinki, Finland (Member of the Board of Directors),<br>TE Connectivity Svenska AB in Upplands-Vasby, Sweden (Member of the Board of Directors),<br>Tyco Electronics Saudi Arabia Limited in Riyadh, Saudi Arabia (Member of the Board of Directors),<br>TE Connectivity (Denmark) ApS in Glostrup, Denmark (Member of the Board of Directors),<br>Tyco Electronics (Gibraltar) Limited in Gibraltar (Member of the Board of Directors) |
| Peter McCarthy<br>*Senior Director Product Management, TE Connectivity Germany GmbH, Bensheim, Germany* | Deputy Chairman of the Supervisory Board since May 26, 2020<br>Member of the Supervisory Board since May 1, 2020 | None | None |
| Stephan Itter<br>*CEO, Läpple AG, Heilbronn, Germany* | Member of the Supervisory Board since May 1, 2020 | Läpple Automotive GmbH, Teublitz; FIBRO GmbH, Weinsberg, Germany | None |
| Olga Wolfenberg<br>*(employee representative)* | Member of the Supervisory Board since May 3, 2019 | None | None |
| Rob Tilmanns<br>*Director of Commercial Excellence, TE Connectivity Corporation, Berwyn/USA* | Member of the Supervisory Board since June 24, 2021 | None | None |
| Christoph Findeisen<br>*(Employee representative)* | Member of the Supervisory Board since August 26, 2021 | None | None |

## Disclosure in accordance with Article 160 (1) 8 AktG

According to the voting rights notifications we have received, the following individuals/companies held more than 3% of the shares in First Sensor AG as of September 30, 2024. This information can deviate from the current voting rights held if a reporting threshold has not been reached since the last notification, meaning that the person or institution concerned was not required to submit a voting rights notification:

| Notifying name/company | Domicile | Date of notification | Date threshold affected | Date of publication | Threshold reached, exceeded or fallen below | Percentage of voting rights at time of notification | Voting rights | Allocation according to |
|---|---|---|---|---|---|---|---|---|
| TE Connectivity Ltd. Shareholder: TE Connectivity Sensors Germany Holding AG | Schaffhausen, Switzerland | Mar. 13, 2020 | Mar. 12, 2020 | Mar. 13, 2020 | 3%, 5%, 10%, 15%, 20%, 25%, and 30% exceeded | 71.87 | 7,380,905 | Section 34 WpHG |
| John Addis Shareholder: FourWorld Capital Management LLC | Wilmington, Delaware, United States of America | Sept. 3, 2021 | Sept. 2, 2021 | Sept. 7, 2021 | 10% exceeded | 12.31 | 1,267,452 | Section 34 WpHG |
| Syquant Capital SAS | Paris, France | Oct. 23, 2020 | Oct. 20, 2020 | Oct. 23, 2020 | 3% exceeded | 3.4 | 349,767 | Section 34 WpHG |

## Employees

The average headcount, broken down by production and administration, is as follows:

| Average headcount | Oct. 1, 2023 to Sept. 30, 2024 |
|---|---|
| Production | 300 |
| Administration | 369 |
| **Total** | **669** |

An average of 30 apprentices were also employed.

## Fees of the auditor

| € thousand | Oct. 1, 2022 - Sept. 30, 2023 | Oct. 1, 2023 - Sept. 30, 2024 |
|---|---|---|
| Audits of financial statements (thereof for previous year: 0 / 23) | 150 | 183 |
| Other confirmation services (thereof for previous year: 0 / 0) | 0 | 0 |
| **Total** | **150** | **183** |

The audit fees for the financial statements comprise the audit of First Sensor AG's separate financial statements in accordance with HGB, First Sensor's consolidated financial statements in accordance with IFRS and the financial statement of First Sensor Lewicki GmbH in accordance with HGB. The auditor audits the separate financial statements of the company and the consolidated financial statements from the 2023 audit period.

## Waiver of disclosure in accordance with section 264(3) HGB

The following German subsidiary with the legal status of a limited liability corporation has met the conditions to exercise exemption in accordance with section 264(3) HGB and has therefore not published its annual financial statements:

First Sensor Lewicki GmbH, Oberdischingen

## 4.35 CORPORATE GOVERNANCE

The company has issued a declaration of compliance in accordance with section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act) and made this permanently available on the company's website.

## 4.36 SUPPLEMENTARY REPORT

There were no significant events after the end of the 2024 financial year that would have had a notable effect on the financial position and financial performance of First Sensor AG or the Group.

Berlin, January 29, 2025

First Sensor AG

| | | |
|---|---|---|
| Thibault Kassir | Robin Maly | Dirk Schäfer |
| Member of the Management Board | Member of the Management Board | Member of the Management Board |

# 5 FURTHER INFORMATION

## 5.1. INDEPENDENT AUDITORS REPORT

***The following translation is for convenience only. In case of discrepancies the German version of the Auditors Report takes precedence over this English translation.***

To First Sensor AG, Berlin

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

### Audit opinions

We have audited the consolidated financial statements of First Sensor AG, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at September 30, 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from October 1, 2023 to September 30, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the combined management report (management report for the company and the Group) of First Sensor AG for the financial year from October 1, 2023 to September 30, 2024. In accordance with the German legal requirements, we have not audited the content of the components of the combined management report listed under "OTHER INFORMATION".

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at September 30, 2024 and of its financial performance for the financial year from October 1, 2023 to September 30, 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the components of the combined management report listed under "OTHER INFORMATION".

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

### Basis for audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under these rules and policies are further described in the “AUDITORS' RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT” section of our report. We are independent of the group entities in accordance with European and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that, with the exception of the services described below, we have not provided any non-audit services prohibited under Article 5 (1) of the EU Audit Regulation and that we have remained independent while conducting the audit. In the past fiscal year, a BDO network company provided services in accordance with Article 5 (1) subparagraph 2 (d) EU-APrVO to an indirect parent company of First Sensor AG. These services are of minor importance for the audited consolidated financial statements and, after assessing their quantitative and qualitative significance, did not endanger our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

## Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from October 1, 2023 to September 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following matter to be a key audit matter to be communicated in our auditor's report:

- Existence and impairment of inventories

### Existence and impairment of inventories

#### Facts and circumstances

In the consolidated financial statements of First Sensor AG, Berlin, inventories with a total carrying amount of €36.8 million (previous year: €43.6 million) are reported in the consolidated balance sheet. Inventories account for around 25.7% (previous year: 25.8%) of the Group's total assets and are spread across four production sites and several external warehouses. The impairment on inventories amounted to €12.6 million as at September 30, 2024 (previous year: €5.9 million). The change of €6.7 million was recognized as cost of materials or change in inventories. Inventories are measured at the lower of cost and net realizable value. Items with a low turnover rate or high inventory turnover are written down to the lower net realizable value in all inventory groups using a write-down procedure. Due to changed expectations regarding the future development of sales and the associated realizability of inventories, the legal representatives adopted an adjusted valuation guideline with changed discount rates in the 2024 financial year. This led to significantly higher impairment losses on inventories compared to the previous year, with a negative effect on earnings of €6.7 million.

Due to the significance of inventories for the presentation of the Group's financial position, the amount of the impairment losses recognized and in light of the discretion exercised by the executive directors in determining the new discount rates, this is a key audit matter. The company's disclosures on the measurement of inventories are contained in sections "4.1 Presentation of the Group's financial position", subsection "Significant accounting judgments and uncertainties as well as changes in estimates", "4.2 Consolidation principles", subsection "Inventories" and "4.6 Inventories" of the notes to the consolidated financial statements.

#### Audit approach and conclusions

As part of our audit, we assessed the Company's processes and systems relating to inventory valuation, in particular with regard to the determination of the discount rates used, and satisfied ourselves of the appropriateness and implementation of relevant internal controls. We examined the client's valuation process and verified the correct application of the discount rates. In order to assess the appropriateness of the resulting impairments, we obtained evidence of sales prices as part of our case-by-case testing. We critically assessed the adjusted valuation guideline and evaluated the reasonableness of the changed discount rates based on discussions with the legal representatives, among other things. In addition, we observed the inventories at all four Group locations and examined the development of inventories up to the balance sheet date. For inventories stored in third-party warehouses, we obtained third-party confirmations on a sample basis.

On the basis of the audit procedures we performed, we were able to verify the existence of the inventories and satisfy ourselves of the appropriateness of the assumptions made by the legal representatives when determining the impairment losses.

## Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises:

- the information contained in the combined management report that is not part of the management report and marked as unaudited. This includes the "Order situation" subsection in section 2.2.2. "Earnings, financial and net assets position".
- the separately published (group) statement on corporate governance, to which reference is made in section 2.5. "OTHER NOTES" of the combined management report
- the separately published report on sustainability (non-financial group report), to which reference is made in section 2.5. "OTHER NOTES" of the combined management report
- the separately published remuneration report within the meaning of Section 162 AktG, to which reference is made in section 2.5. "OTHER NOTES" of the combined management report
- the remaining parts of the annual report with the exception of the audited consolidated financial statements and combined management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information

- are materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appear to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

## Responsibility of the company's management and the Supervisory Board for the consolidated financial statements and the combined management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. Furthermore, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

## Auditor’s responsibility for the audit of the consolidated financial statements and the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition we

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We are solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to address independence threats. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## OTHER STATUTORY AND LEGAL REQUIREMENTS

## Report on assurance in accordance with section 317(3a) HGB on the electronic reproductions of the consolidated financial statements and the management report prepared for publication purposes

### Audit opinion

We have performed an assurance engagement in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF documents") contained in the file "52990036Z3X91Z60TZ27-2024-09-30-de.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore does not extend to the information contained in these reproductions or any other information contained in the above-mentioned file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this opinion and our opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from October 1, 2023 to September 30, 2024 contained in the preceding "REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT", we do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

### Basis for audit opinion

We conducted our audit of the reproduction of the consolidated financial statements and of the combined management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and IDW Auditing Standard: *Audit of the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)).* Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the ESEF documents*" section. Our audit practice has applied the requirements of the IDW Quality Management Standards, which implement the International Standards on Quality Management of the IAASB.

### Responsibility of management and the Supervisory Board for the ESEF documents

The company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the executive directors of the company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

## Auditor's responsibility for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain professional skepticism. In addition

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of the Delegated Regulation (EU) 2019/815 as applicable at the reporting date regarding the technical specification for this file.
- Evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) according to Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

## OTHER DISCLOSURES IN ACCORDANCE WITH ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the annual general meeting on April 24, 2024. We were engaged by the audit committee on May 16, 2024. We have been the group auditor of First Sensor AG without interruption since the financial year 2022/2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 EU Audit Regulation (audit report).

## OTHER ISSUE – USE OF THE AUDIT REPORT

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and combined management report converted to ESEF format - including the versions to be filed in the company register - are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

## RESPONSIBLE AUDITOR

The auditor responsible for the audit is Martin Behrendt.

Berlin, January 31, 2025

BDO AG

Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| signed Baumgarten | signed Behrendt |
| Wirtschaftsprüfer (German Public Auditor) | Wirtschaftsprüfer(German Public Auditor) |

## 5.2. STATEMENT BY THE LEGAL REPRESENTATIVES (RESPONSIBILITY STATEMENT)

### In accordance with sections 297, para. 2, sentence 4, 315, para. 1, sentence 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, liabilities, financial position and profit or loss of the group, and the group management report, which has been combined with the management report of First Sensor AG, 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, January 29, 2025

Thibault Kassir    Robin Maly    Dirk Schäfer

# 5.3. FINANCIAL CALENDAR

The financial calendar includes all dates for fiscal year 2025 (Oct. 1, 2024 - Sept. 30, 2025).

| | |
|---|---|
| January 31, 2025 | Publication of Annual Report 2024 |
| January 31, 2025 | Annual press conference 2025 |
| January 31, 2025 | Analyst conference 2025 |
| February 21, 2025 | Publication Q1 Quarterly Statement 2025 |
| April 24, 2025 | Annual General Meeting 2025 |
| May 15, 2025 | Publication of interim report (6-Month Financial Report) as of March 31, 2025 |
| August 14, 2025 | Publication Q3 Quarterly Statement 2025 |


## First Sensor AG

Peter-Behrens-Straße 15

12459 Berlin

Deutschland

Tel +49 (0) 30 639923 – 760

Fax +49 (0) 30 639923 – 719

E-Mail ir@first-sensor.com

Website www.first-sensor.com/de/investor-relations