JENOPTIK

MORE LIGHT

# Interim Financial Report of the Jenoptik Group

(unaudited)

January to June 2020

# At a glance – Jenoptik Group

| in million euros | Jan. – June 2020 | Jan. – June 2019 | Change in % | April – June 2020 | April – June 2019 | Change in % |
|---|---|---|---|---|---|---|
| **Revenue (adjusted)[1]** | **329.0** | **373.4** | **– 11.9** | **164.6** | **195.1** | **– 15.7** |
| Revenue | 329.0 | 383.1 | – 14.1 | 164.6 | 199.1 | – 17.4 |
| **EBITDA (adjusted)[2]** | **42.2** | **54.3** | **– 22.3** | **24.9** | **30.5** | **– 18.3** |
| EBITDA | 37.9 | 54.0 | – 29.9 | 24.3 | 30.2 | – 19.6 |
| **EBITDA margin (adjusted)[2]** | **12.8%** | **14.5%** | | **15.2%** | **15.6%** | |
| EBITDA margin | 11.5% | 14.1% | | 14.7% | 15.2% | |
| **EBIT (adjusted)[2]** | **19.6** | **32.5** | **– 39.7** | **13.5** | **19.7** | **– 31.8** |
| EBIT | 15.6 | 32.2 | – 51.7 | 13.1 | 19.4 | – 32.6 |
| **EBIT margin (adjusted)[2]** | **6.0%** | **8.7%** | | **8.2%** | **10.1%** | |
| EBIT margin | 4.7% | 8.4% | | 7.9% | 9.7% | |
| Earnings after tax | 10.6 | 24.2 | – 56.4 | 11.0 | 14.0 | – 21.8 |
| Earnings per share in euros | 0.18 | 0.42 | – 56.6 | 0.19 | 0.25 | – 22.8 |
| **Free cash flow (adjusted)[2]** | **17.8** | **– 14.6** | **n/a** | **2.7** | **– 9.5** | **n/a** |
| Free cash flow | 16.0 | – 14.6 | n/a | 1.6 | – 9.5 | n/a |
| **Cash conversion rate (adjusted)[2]** | **42.0%** | **– 27.0%** | | **10.6%** | **– 31.3%** | |
| Cash conversion rate | 42.3% | – 27.1% | | 6.5% | – 31.6% | |
| **Order intake (adjusted)[1]** | **333.9** | **381.6** | **– 12.5** | **122.2** | **177.2** | **– 31.0** |
| Order intake | 333.9 | 392.5 | – 14.9 | 122.2 | 182.2 | – 32.9 |

| | June 30, 2020 | Dec. 31, 2019 | June 30, 2019 |
|---|---|---|---|
| **Order backlog (in million euros, adjusted)[1]** | **478.0** | **464.7** | **520.7** |
| Order backlog (in million euros) | 478.0 | 466.1 | 522.5 |
| Frame contracts (in million euros) | 44.4 | 49.9 | 56.8 |
| **Employees (incl. trainees, adjusted)[1]** | **3,998** | **4,089** | **4,041** |
| Employees (incl. trainees) | 3,998 | 4,122 | 4,074 |

[1] Prior-year figures without HILLOS GmbH

[2] Figures adjusted for structural and portfolio measures (see explanation on pages 9 and 30)

Please note that there may be rounding differences in this report compared to the mathematically exact amounts (currency units, percentages).

# Summary of Business Performance, January to June 2020

- Business with the semiconductor equipment industry and with public-sector contractors remained positive in the first half-year of 2020. The share of revenue generated abroad increased slightly. At 329.0 million euros, revenue in the first six months was down on the prior-year period, mainly due to restrictions caused by the corona pandemic and developments in the automotive sector.
  See Earnings Position – Page 9

- Measures taken to mitigate the impact of the COVID-19 pandemic had a positive effect on profitability over the first six months. Adjusted EBITDA improved from 17.3 million euros in the first quarter to 24.9 million euros in the second quarter. For the full first half-year, the fall in revenue resulted in an adjusted EBITDA of 42.2 million euros (prior year: 54.3 million euros). The adjusted EBITDA margin came to 12.8 percent (prior year: 14.5 percent).
  See Earnings Position – Page 11

- In the first six months, Jenoptik received new orders worth a total of 333.9 million euros (prior year: adjusted 381.6 million euros). As expected, demand dropped off sharply in the second quarter due to project postponements and cancellations. The book-to-bill ratio remained unchanged at 1.02. The order backlog grew slightly to a value of 478.0 million euros (31/12/2019: adjusted 464.7 million euros).
  See Earnings Position – Page 12

- Thanks to active working capital management, the free cash flow improved to 16.0 million euros (prior year: minus 14.6 million euros). On an adjusted basis, it came to an even higher 17.8 million euros. The balance sheet and financing structure remained robust, despite difficult times due to the continuing pandemic. At 61.3 percent, the equity ratio was just above the figure of 60.5 percent at the end of 2019.
  See Financial and Asset Position – Page 13

- Division highlights
  **Light & Optics:** Continuing robust business performance with the semiconductor equipment industry; decline in other areas, and revenue from HILLOS no longer included. Improved EBITDA margin of adjusted 22.1 percent (prior year: 20.8 percent). Order intake worth 139.6 million euros almost at adjusted prior-year level; increase in book-to-bill ratio. Sharp rise in free cash flow.
  **Light & Production:** Persistently strong uncertainty in the automotive industry led to a significant fall in revenue and earnings. Restructuring measures initiated. Project postponements and one larger cancellation resulted in a significantly lower order intake.
  **Light & Safety:** Good business performance thanks to stable capital spending patterns by public-sector customers. Growth in revenue and appreciable improvement in margins. Order intake down on prior year for project-related reasons.
  **VINCORION:** Revenue virtually unchanged; earnings slightly down on prior year. More new orders received than in prior-year period; improved book-to-bill ratio. Sharp rise in free cash flow.
  See Segment Report – from Page 15

- Extensive measures taken to cushion the impact of the corona pandemic.
  See Opportunity and Risk Report and Forecast Report – Page 20 and 23

- For the full year 2020, the Executive Board currently expects to generate revenue (excluding TRIOPTICS) of between 770 and 790 million euros. The EBITDA margin, adjusted for the impacts of structural and portfolio measures, is expected to be between 14.5 and 15.0 percent.
  See Forecast Report – Page 23

# Business and Framework Conditions

## Group Structure and Business Activity

Jenoptik is a global photonics group and a supplier of high-quality and innovative capital goods. The Group is thus primarily a technology partner to industrial companies. In the Light & Safety and VINCORION divisions, we are also a supplier to the public sector, in part indirectly through system integrators.

Jenoptik provides the majority of its products and services to the photonics market. Our key markets primarily include the semiconductor equipment industry, the medical technology, automotive, mechanical engineering, traffic, aviation, and security and defense technology industries.

The Jenoptik Group operates in the three photonics divisions:
- Light & Optics
- Light & Production
- Light & Safety.

All three build on extensive expertise in optics, sensors, imaging, robotics, data analysis, and human-machine interfaces. Activities based on mechatronic technologies are managed under the VINCORION brand.

At the beginning of the year, the JENOPTIK AG Executive Board decided to stop the sales process for VINCORION initiated in July 2019 and instead to continue to operate it as an independent investment.

With this organizational structure we have achieved a good market and customer-driven approach to doing business. Business operations have been combined according to a common understanding of markets and customers based on the same business models. This helps us to increase the reach of our products and solutions and opens up improved growth opportunities.

### Purchases and sales of companies.

In February 2020, Jenoptik acquired the Spanish INTEROB Group, consisting of INTEROB, S.L. and INTEROB RESEARCH AND SUPPLY, S.L. INTEROB specializes in projects relating to the plant planning, design, manufacture, and integration of automation solutions, as well as robotics applications with a focus on the automotive industry. The acquisition allows the Jenoptik Group to boost its position as a turnkey provider of automated production solutions. In 2019, INTEROB posted some 22 million euros of revenue; its profitability was above the average in the Jenoptik Group. Jenoptik will consolidate 2020 revenue and earnings, including the impacts arising from the purchase price allocation, on a pro rata basis. Further information on the acquisition can be found in the Notes, on page 32.

In March 2020, Jenoptik acquired the remaining 33.42 percent of shares in JENOPTIK Japan Co. Ltd. from its partner Kantum Ushikata Co., Ltd. and converted the company into a wholly-owned group subsidiary. Jenoptik Japan's business covers photonic components, systems, and equipment of Jenoptik – in addition to diode lasers, primarily laser machines, optics, and industrial metrology. Jenoptik will chiefly focus its investment on sales structures and thus its local presence.

On July 2, 2020, Jenoptik announced its acquisition of a 100-percent stake in TRIOPTICS GmbH. TRIOPTICS is a leading international supplier of measurement and production systems for optical components and sensors in the digital world. The acquisition of TRIOPTICS allows Jenoptik to further sharpen its focus on high-growth cutting-edge industries. Closing is expected in the third quarter of 2020. Further information on the acquisition can be found in the Report on Post-Balance Sheet Events, on page 20.

There were no further company acquisitions or disposals in the first six months of 2020.

## Targets and Strategies

A concentration on photonic technologies for high-growth markets remains at the heart of our “Strategy 2022” and the future development. The aim is to transform Jenoptik into a global, streamlined photonics company over the next few years. The strategy, under the motto of “More Light”, comprises three main elements: “More Focus”, “More Innovation”, and “More International”. The greater concentration on the core competencies will contribute to the optimum use of existing capacities and thus a more efficient allocation of resources. By 2022, we want to increase our R+D output, including developments on behalf of customers, to around 10 percent of revenue. We also want international diversity to define the company more strongly than ever before. That means international teams bringing together diverse cultural backgrounds, and more local decision-making, with at least one division to be based abroad by 2022.

The acquisition of TRIOPTICS allows Jenoptik to shore up its position as a focused photonics group.

To achieve the goals of “Strategy 2022”, we are
- focusing on our core areas of expertise in the field of photonics,
- reorganizing and simplifying our corporate structure,
- actively managing our portfolio with a view to additional as well as transformational acquisitions and selective divestments,
- continuing to work on further internationalization in conjunction with greater vertical integration and customer proximity in our growth regions,
- investing more heavily in research and development, expanding our system and application expertise, and becoming a full solutions provider,
- promoting an active cultural change within the company,
- continuing to steadily strengthen our financial resources.

The Jenoptik Executive Board has defined the following priorities for the 2020 fiscal year:
- growth in Asia,
- global business excellence, and
- cultural change.

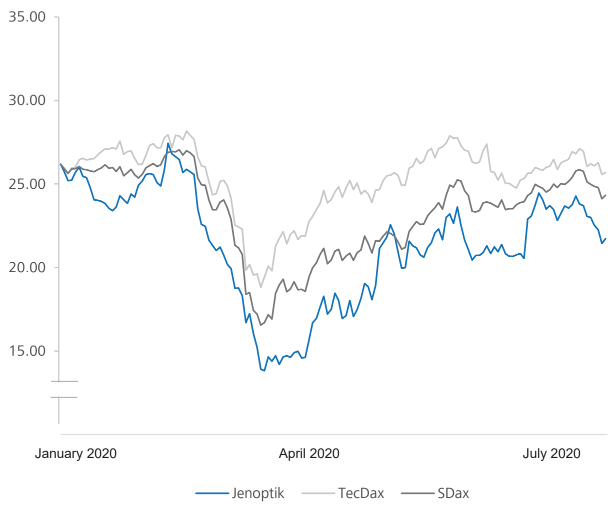
For more information on the strategic trajectory of the Jenoptik Group, we refer to the 2019 Annual Report and the details given in the “Targets and Strategies” chapter from page 77 on, as well as on the Jenoptik website.

## The Jenoptik Share

Due to uncertainties caused by the corona pandemic, the first half-year of 2020 saw strong price fluctuations on the stock markets, resulting in considerable turmoil, particularly on the international financial markets. After the dramatic losses seen from mid-February to March, prices had picked up again by the end of the first half-year, guided entirely by hopes that economic activity would soon return to normal. The German technology index (TecDax) stood at 2,954 points at the end of June 2020, a year-to-date fall of 3.6 percent. On the last day of trading in the second quarter, the SDax was down 8.8 percent, at 11,536 points.

Over the period covered by the report, the Jenoptik share was unable to escape the development in the overall market. After starting the year with a closing price of 26.18 euros on the first day of trading, the share price dropped dramatically in mid-February, and reached its lowest value of 13.82 euros on March 19. Following notification of an initial outlook for 2020, the share price slowly began to recover in May and ultimately ended trading at 20.84 euros on June 30, reducing the shortfall from the beginning of the year to 20.4 percent. As of this time, Jenoptik’s market capitalization was 1,192.8 million euros.

In July, the share was boosted by JENOPTIK AG’s acquisition of TRIOPTICS GmbH and continued to increase in value. The closing price on July 31, 2020 was 21.72 euros, equating to a market capitalization of 1,243.2 million euros.



The company received a number of voting right notifications in the first six months of 2020. Allianz Global Investors reported a stake of 10.11 percent in March. In April, notification was received that DWS Investment GmbH was reducing its shareholding to 9.82 percent. Other institutional investors such as BlackRock, Invesco, Capital Group, and the SMALLCAP World Fund reduced their investments in Jenoptik to below 3.0 percent. A detailed list of received voting right notifications can be viewed in the Investors/Share section of the Jenoptik website.

Turbulence on the stock market caused by economic uncertainties and lows in share prices led to lively stock exchange trading in the first half of the year. Compared to the prior-year period, a higher average of 224,563 Jenoptik shares changed hands per day on the Xetra, the floor exchanges, and Tradegate (prior year: 137,406). This equates to an increase of 63.4 percent on the prior year. On the TecDax, Jenoptik was in 23rd place (prior year: 19th) in terms of free float market capitalization (89.0 percent) as of June 2020, and 26th (prior year: 25th) in terms of exchange turnover.

The Executive Board and Supervisory Board of JENOPTIK AG propose to pay a dividend of 0.13 euros per share to the virtual Annual General Meeting on August 7, 2020 (prior year: 0.35 euros). Subject to approval by the AGM, the total payout will amount to 7.4 million euros (prior year: 20.0 million euros). JENOPTIK AG has been consistently distributing a share of its profits to shareholders since 2011.

Earnings per share

| | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 |
|---|---|---|
| Earnings attributable to shareholders in thousand euros | 10,520 | 24,230 |
| Weighted average number of outstanding shares | 57,238,115 | 57,238,115 |
| Earnings per share in euros | 0.18 | 0.42 |

Earnings per share are the earnings attributable to shareholders divided by the weighted average number of shares outstanding.

Jenoptik key share figures

| | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 |
|---|---|---|
| Closing share price (Xetra) on 30/6/ in euros | 20.84 | 28.45 |
| Highest share price (Xetra) in euros | 27.44 | 36.45 |
| Lowest share price (Xetra) in euros | 13.82 | 22.76 |
| Market capitalization (Xetra) on 30/6/ in million euros | 1,192.8 | 1,628.4 |
| Average daily trading volume in shares[1] | 224,563 | 137,406 |

[1] Source: Deutsche Börse

At present, a total of twelve research companies and banks regularly report on Jenoptik. At the time this report was prepared, six analysts recommended buying the share, while six advised investors to hold their shares. As of the end of July, the average price target across all analysts was 25.75 euros.

As a result of the travel restrictions imposed due to the coronavirus pandemic, the management was only able to attend international events such as roadshows and investor conferences in person at the beginning of 2020. As the year continued, the Executive Board and the investor relations team regularly presented the company to investors and analysts at virtual capital market events.

## Development of the Economy as a Whole and of the Individual Sectors

The corona pandemic had a severe effect on the global economy in the first half-year of 2020. According to the International Monetary Fund (IMF), the world experienced an unprecedented crisis leading to a deep recession. Tough lockdown measures significantly weakened economic output – in the second quarter even more severely than in the first. The IMF reported that a unique combination of factors such as social distancing to contain the virus, rapidly rising case numbers, loss of income, declining demand, supply interruptions, and uncertain prospects all contributed to a slowdown or halt to investment in many areas and a weakening in consumer spending.

Exports, too, were affected by corona-related production and work stoppages. According to the Federation of German Wholesale and Foreign Trade (BGA), border closures, disruptions in logistics, and interruptions in supply chains left deep scars, especially in trading between China, the US, Germany, and the eurozone. According to the latest figures reported by the Federal Statistical Office, in May 2020 German exports slumped by almost 30 percent compared to May of the prior year.

For the second quarter, the Federal Statistical Office calculated a fall of the gross domestic product in Germany by 10.1 percent. As restrictions were gradually eased, the month of May saw a slight upturn, as shown by economic indicators. According to the German Federal Ministry for Economic Affairs and Energy, the industry has already bottomed out. Industrial production and orders increased in May compared to the prior month; foreign demand grew almost solely due to orders from the eurozone, with manufacturers of capital goods seeing the sharpest rise. Com-pared to the prior year, order intakes in German industry were down almost 30 percent.

In the USA, the spread of corona immensely impacted on the economy and labor market. Inconsistent lockdown and easing measures across the various states, combined with consistently high case numbers, led into deep recession. According to the US Department of Commerce, economic output in the first quarter shrank at an annualized rate of 5 percent, the sharpest decline since the 2009 economic crisis. Investments, exports, and consumer spending all fell significantly. In the second quarter, the gross domestic product even decreased by 32.9 percent, as the struggle to contain the pandemic has led to extensive plant and business closures and strongly limited private consumption. Positive economic indicators were the resurgence in industrial orders in May, especially for durable goods such as machinery, and rising industrial production in June – even though the quarter as a whole saw the sharpest slump in decades.

For the first time since 1992, China reported a fall in GDP in the first quarter of 2020 (minus 6.8 percent compared to the prior year). The economy, however, had returned to stability by the second quarter, with GDP increasing by 3.2 percent compared to the prior-year quarter, according to the National Bureau of Statistics of China. Measured against the prior quarter, this increase was even 11.5 percent. As coronavirus restrictions began to be eased, the upswing in China was driven by domestic demand, growth in industrial production and services, and government support measures.

After a temporary easing in the spring of 2020, the trade conflict between the USA and China has recently intensified again. In July, the USA imposed sanctions against China, whose security law for the Hong Kong Special Administrative Region was criticized worldwide.

The European Commission presented a new industrial strategy for a competitive, green, and digital Europe in March. This strategy explicitly names photonics as one of its key enabling technologies. However, reduced or postponed investment in mechanical engineering, in the automotive industry, or in the healthcare sector due to the pandemic put considerable pressure on the photonics industry in the first half-year 2020, according to a survey conducted by the German industry association Spectaris in cooperation with Optecnet Germany. In the Photonics World Market index prepared by Spectaris, in the first quarter of 2020 revenue of the 14 photonics companies it analyzed was 19 percent down on the prior-year quarter. Many companies suffered from border and plant closures, especially in the first quarter of 2020, the latter primarily at the beginning of the pandemic in China, where many optical components are manufactured. China's relatively early reopening in late March acted to ease supply chains again. In addition, many photonics manufacturers were classified as "essential businesses" due to their relevance to other areas such as medical technology or diagnostics and were therefore not obliged to shut down. Some companies that produce testing and imaging products such as infrared sensors actually saw demand increase.

According to Spectaris, a good start to the year did not spare the medical technology industry from the effects of the corona pandemic; this particularly affected small and medium-sized companies that make products not directly needed to fight the pandemic. Two thirds of the German companies surveyed by Spectaris and MedicalMountains in April assessed their business situations as worsened; some 60 percent reported a significant drop in demand.

Despite the corona crisis, the global semiconductor industry has proven to be robust so far this year, at least in North America, as shown by data from the Semiconductor Industry Association (SIA). In the first quarter of 2020, global revenue was just 3.6 percent down on the prior quarter but almost 7 percent up on the prior year. After a slight decline in April, in line with seasonal patterns, revenue grew again in May. Here, too, supply chains were interrupted and manufacturers and suppliers in Asia partly affected by production stoppages in the first quarter. Early fears of longer-term bottlenecks in the supply chain, however, did not come to pass. Moreover, semiconductor companies in the USA and Western countries were frequently exempted from government-imposed closures due to their importance for network infrastructures.

In the first quarter of 2020, global revenue at semiconductor equipment manufacturers was 13 percent down on the prior quarter but 13 percent up on the prior-year figure. Through the end of May, revenue figures underlined the industry's strong, sustained resilience despite the corona-related macroeconomic slump in other industries and the unsure outlook.

Demand in Germany's export-oriented mechanical and plant engineering industry fell significantly due to the coronavirus in the first half-year 2020; in April, a drop of over 31 percent was the greatest seen since the 2009 financial crisis. With China and the USA being the key foreign markets, the effects of the pandemic there were also felt directly in Germany. As reported by the German Mechanical Engineering Industry Association (VDMA), the slump in demand particularly affected the segments of the mechanical engineering industry with large numbers of customers in the automotive industry. Although supply chain easing continued in June, corona-related restrictions impeded the industry's sales and service activities and impacted on revenues and order books.

The corona crisis led to an unprecedented slump on the international passenger car markets in the first half-year of 2020, as reported by the German Association of the Automotive Industry (VDA) in July. The European market was hit hardest with four consecutive months of unheard-of declines in production and sales – the latter falling by nearly 40 percent. In the USA, volumes of light vehicles fell by almost a quarter in the first half-year of 2020, while light trucks, which make up a large part of the market, fell by just under a fifth. China was the only country to see a slight recovery since May, with measures to ease restrictions and revive the market boosting sales. Car manufacturers and automotive suppliers reacted to the low level of demand and the temporary break in the supply chains with production stoppages, plant closures, cost-cutting measures, and job cuts. This led to passenger car production in Germany in the first half of 2020 falling to its lowest level in 45 years, according to VDA.

In the traffic safety sector, the German Federal Statistical Office's accident statistics published in July 2020 indicate that the number of road deaths in Germany in 2019 fell to its lowest level in 60 years. Compared to the prior year, 7 percent fewer people died on Germany's roads. The corona pandemic led to a sharp reduction in mobility and lower traffic volumes on European roads in the first half-year of 2020, as reported by the European Transport Safety Council (ETSC). Commercial transportation was also greatly reduced by the lockdown, as indicated by anonymized data provided by Verizon Connect. As restrictions began to be eased, traffic volumes gradually picked up again. In Germany, the first section control radar, which operates using Jenoptik technology, recorded more than 1,000 speeding violations since it began operation in November 2019 up to the end of June 2020, as reported by the Federal Ministry of the Interior in early July. With regard to driving behavior and accident incidence, the results show a significant increase in traffic safety; there were no more serious accidents.

The corona pandemic unleashed an enormous crisis in the aviation industry, among aircraft manufacturers, and their suppliers. Global air traffic collapsed by a half in March and April; German national carrier Lufthansa alone reduced its flights to 1955 levels. Border closures forced airlines to park finished aircraft; they ordered fewer new planes or canceled existing orders. Excess capacity, production stoppages, growing cost pressures, and an unsure outlook all weigh heavily on the overall industry. Boeing delivered just 20 planes in the second quarter; deliveries were down a massive 80 percent on the prior year. Airbus also reported a slump in orders and postponements; no new orders were received in May and June.

The German Federal Ministry for Economic Affairs and Energy published its 2019 Armaments Export Report for the German security and defense technology industry in July. Compared to the prior year, export licenses saw an increase of 4.8 to a value of over 8.0 billion euros. According to provisional figures, permits almost halved to 2.78 billion euros in the first half of 2020 compared with the same period last year, as reported by the Federal Ministry for Economic Affairs and Energy. Export licences for third countries were worth 1.7 billion euros and were largely due to large orders in the maritime sector. With regard to actual deliveries, only figures for the first four months of this year are available. According to the Federal Ministry for Economic Affairs and Energy armaments worth 492 million euros were delivered in the first four months of this year, 40 percent more than in the same prior-year period.

No important new reports were published for other sectors relevant to Jenoptik. We therefore refer to pages 91ff. of the 2019 Annual Report.

# Earnings, Financial and Asset Position

The tables in the Half-Year Report, which show a breakdown of the key indicators by segment, include the Corporate Center (holding company, shared services, real estate) and consolidation effects under "Other". Jenoptik operates in the following reportable segments: the Light & Optics, Light & Production, Light & Safety divisions, and VINCORION.

## Effects of Structural and Portfolio Measures

In the context of the planned strategic development of Jenoptik the Executive Board has initiated a set of structural and portfolio measures. The aim of these measures is to accelerate growth or increase profitability in the medium and long term. For reasons of transparency of these measures, adjusted EBITDA, EBIT and free cash flow are additionally reported for both the Group and the segments. These figures were adjusted for expenses and income resulting from site optimization/restructuring and cost reduction programs as well as for the costs related to M&A activities. To enable comparisons, the figures for the prior-year period have also been adjusted. The effects of the COVID-19 pandemic on the operational business performance, including the effects of the measures initiated to contain it, are not included in the adjustments to EBITDA, EBIT and free cash flow.

For reconciliation to the adjusted figures see table on page 30.

## Change to Method of Consolidation for HILLOS GmbH since 1/1/2020

Due to the planned reduction in production capacities used by the partners themselves, HILLOS GmbH has qualified as a joint venture (formerly joint operation), and is therefore no longer consolidated proportionately since the beginning of fiscal year 2020. As a result, indicators such as order intake and contributions to revenue and earnings are no longer included pro rata in the various items of the Consolidated Financial Statements. Instead, the economic success of this joint venture is now reported in other operating income. Nevertheless, in order to ensure comparability of the information, we have adjusted the prior-year contributions of HILLOS GmbH with regard to revenue, order intake and backlog, and employees.

## Earnings Position

Even in these challenging times, Jenoptik has, in part, a crisis-resistant business model and is in a good financial and asset position. At the time this report was prepared, all production sites were open and operating.

The company's operating business performed as expected from January through early March. Since the end of March, however, significant impacts arising from the corona pandemic and increasing uncertainty in the automotive industry have become apparent and compromised business performance in these areas in the second quarter.

Over the first six months of 2020, the Group generated revenue of 329.0 million euros (prior year: adjusted 373.4 million euros). The contribution to revenue made by the INTEROB Group, acquired in February 2020, came to 5.3 million euros. The prior year revenue was adjusted for the 9.7 million-euro

Revenue

| in million euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | Change in % |
|---|---|---|---|
| **Group (adjusted)[1]** | **329.0** | **373.4** | **– 11.9** |
| Group | 329.0 | 383.1 | – 14.1 |
| Light & Optics (adjusted)[1] | 137.7 | 153.0 | – 10.0 |
| Light & Optics | 137.7 | 162.7 | – 15.3 |
| Light & Production | 74.3 | 111.3 | – 33.2 |
| Light & Safety | 55.7 | 48.4 | 15.1 |
| VINCORION | 58.8 | 59.1 | – 0.5 |
| Other | 2.4 | 1.6 | |

[1] Prior-year figures without HILLOS GmbH

R+D output

| in million euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | Change in % |
|---|---|---|---|
| **R+D output** | **35.7** | **34.1** | **4.7** |
| R+D expenses | 22.1 | 24.6 | – 10.0 |
| Capitalized development costs | 4.5 | 1.2 | 279.8 |
| Developments on behalf of customers | 9.1 | 8.3 | 8.8 |

contribution by HILLOS GmbH in the Light & Optics division. In the Light & Optics division, the semiconductor equipment unit remained at a high level, even during the corona pandemic, but developments in the other two units, Biophotonics and Industrial Solutions, resulted in lower revenue overall. The Light & Production division saw a sharp decline in revenue due to the impacts of the corona pandemic. As expected, business with public-sector contractors developed positively. In the first half-year of 2020, the Light & Safety division saw a sharp rise in revenue, while VINCORION remained at the same level as in the prior year.

With the exception of the Middle East/Africa region, Jenoptik posted revenue falls in all regions in the period covered by the report. Asia/Pacific was hit hardest, falling from 48.8 million euros in the prior year to a present 37.2 million euros. The effects of the corona pandemic were already highly apparent in this region in the first quarter. These effects were also felt in Germany, however, where revenue fell 18.8 percent to 85.0 million euros, and in America, which saw a drop of 14.9 percent to 89.2 million euros. Combined revenue in the strategic priority regions of the Americas and Asia/Pacific, at 126.4 million euros or 38.4 percent, was down on the adjusted prior-year figure of 152.7 million euros or 40.9 percent.

Revenue in Europe (excl. Germany) of 100.5 million euros was almost unchanged thanks to the acquisition of INTEROB (prior year: adjusted 99.9 million euros). The share of revenue generated abroad increased marginally to 74.2 percent (prior year: adjusted 72.0 percent).

The cost of sales fell to 219.3 million euros (prior year: 245.0 million euros), but to a lesser extent than revenue due to the fixed cost elements. At 109.7 million euros, gross profit was also down on the prior-year figure of 138.1 million euros; the gross margin came to 33.3 percent (prior year: 36.0 percent).

Research and development activities remained at a strong level. In the first six months, R+D expenses amounted to 22.1 million euros (prior year: 24.6 million euros). Development expenses on behalf of customers posted in cost of sales increased slightly to 9.1 million euros (prior year: 8.3 million euros). This, together with the increase in capitalized development services, resulted in the R+D output increasing to 35.7 million euros (prior year: 34.1 million euros). This equates to a share of group revenue of 10.9 percent (prior year: 8.9 percent).

As a result of travel restrictions imposed due to the corona crisis, a multitude of canceled trade shows, and lower personnel

EBITDA (adjusted)[1]

| in million euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | Change in % |
|---|---|---|---|
| Group | 42.2 | 54.3 | – 22.3 |
| Light & Optics | 30.7 | 32.0 | – 4.3 |
| Light & Production | – 3.4 | 11.9 | n/a |
| Light & Safety | 10.9 | 6.6 | 66.9 |
| VINCORION | 4.1 | 4.5 | – 7.7 |
| Other | – 0.1 | – 0.7 | |

[1] Figures without structural and portfolio adjustments (see explanation on pages 9 and 30)

EBIT (adjusted)[1]

| in million euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | Change in % |
|---|---|---|---|
| Group | 19.6 | 32.5 | – 39.7 |
| Light & Optics | 25.1 | 27.0 | – 7.0 |
| Light & Production | – 9.5 | 5.9 | n/a |
| Light & Safety | 7.4 | 3.0 | 146.5 |
| VINCORION | 0.7 | 1.2 | – 42.7 |
| Other | – 4.0 | – 4.5 | |

[1] Figures without structural and portfolio adjustments (see explanation on pages 9 and 30)

EBITDA

| in million euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | Change in % |
|---|---|---|---|
| Group | 37.9 | 54.0 | – 29.9 |
| Light & Optics | 30.3 | 32.0 | – 5.5 |
| Light & Production | – 4.7 | 11.9 | n/a |
| Light & Safety | 10.6 | 6.6 | 61.8 |
| VINCORION | 4.1 | 4.5 | – 7.7 |
| Other | – 2.4 | – 1.0 | |

EBIT

| in million euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | Change in % |
|---|---|---|---|
| Group | 15.6 | 32.2 | – 51.7 |
| Light & Optics | 25.0 | 27.0 | – 7.3 |
| Light & Production | – 10.9 | 5.9 | n/a |
| Light & Safety | 7.1 | 3.0 | 135.3 |
| VINCORION | 0.7 | 1.2 | – 42.7 |
| Other | – 6.3 | – 4.9 | |

expenses, the selling expenses fell to 41.9 million euros at the end of June 2020 (prior year: 47.4 million euros). Due to fixed costs and lower revenue, the selling expenses ratio of 12.7 percent was slightly up on the prior-year figure of 12.4 percent. Administrative expenses totaled 29.6 million euros (prior year: 31.0 million euros). Increased personnel expenses following adjustments to pay rates were largely offset by impacts arising from the measurement of share-based remuneration for members of the top management. In addition, fewer external services were purchased in the first half-year of 2020 than in the same period of 2019. The administrative expenses ratio rose to 9.0 percent (prior year: 8.1 percent).

Aggregated, other operating income and expenses came to minus 0.6 million euros (prior year: minus 2.9 million euros). These two items were in part affected by the aforementioned effects of structural and portfolio measures, amounting to minus 2.2 million euros (prior year: minus 0.3 million euros), but also by currency effects and reversals of impairment losses.

Measures taken to limit the impacts of the COVID-19 pandemic, such as implementing short-time working and the use of government grants worth in total 4.7 million euros, led, in particular, to lower personnel expenses, and thus had a positive effect on profitability over the course of the year.

Compared to 17.3 million euros in the first quarter, adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization, incl. impairment losses and reversals) improved to 24.9 million euros in the second quarter. However, from January through June 2020, adjusted EBITDA reduced, in line with the decline in revenue, to 42.2 million euros and was thus 22.3 percent down on the comparable prior-year figure of 54.3 million euros. The adjusted EBITDA margin consequently fell to 12.8 percent (prior year: 14.5 percent). The effects of structural and portfolio measures included in the other operating expenses and functional costs items, worth a total of minus 4.4 million euros (prior year: minus 0.3 million euros), produced a sharp reduction in the reported EBITDA compared to the prior year. Effects arising from these measures cover minus 0.8 million euros of expenses for restructuring/site optimization, minus 2.4 million euros for cost-cutting programs, and minus 1.1 million euros for M&A activities.

Adjusted for the impacts of structural and portfolio measures, amounting to minus 4.1 million euros, income from operations (EBIT) in the first six months of 2020 came to 19.6 million euros, also significantly down on the prior-year figure of 32.5 million euros. The EBIT item also includes impacts arising from the purchase price allocations for acquisitions in prior years and the first half-year of 2020, amounting to minus 3.6 million euros (prior year: minus 3.5 million euros). The adjusted group EBIT margin fell to 6.0 percent (prior year: 8.7 percent).

In particular due to currency losses arising from the measurement of financial investments and lower positive impacts arising from the remeasurement of cash positions, the balance of financial income and financial expenses reduced. This was countered by the dividend payment from a real estate firm, which is included in investment income. Over the reporting period, the financial result thus fell to minus 2.2 million euros (prior year: minus 1.5 million euros). At 13.4 million euros (prior year: 30.7 million euros), the Group therefore achieved significantly lower earnings before tax. Income taxes amounted to 2.8 million euros (prior year: 6.5 million euros), The overall tax rate fell slightly to 20.8 percent (prior year: 21.1 percent);

Order situation

| in million euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | Change in % |
|---|---|---|---|
| Order intake (adjusted)[1] | 333.9 | 381.6 | – 12.5 |
| Order intake | 333.9 | 392.5 | – 14.9 |

| | 30/6/2020 | 31/12/2019 | Change in % |
|---|---|---|---|
| Order backlog (adjusted)[1] | 478.0 | 464.7 | 2.9 |
| Order backlog | 478.0 | 466.1 | 2.5 |
| Frame contracts | 44.4 | 49.9 | – 11.1 |

[1] Prior-year figures without HILLOS GmbH

Employees (incl. trainees)

| | 30/6/2020 | 31/12/2019 | Change in % |
|---|---|---|---|
| Group (adjusted)[1] | 3,998 | 4,089 | – 2.2 |
| Group | 3,998 | 4,122 | – 3.0 |
| Light & Optics (adjusted)[1] | 1,334 | 1,383 | – 3.5 |
| Light & Optics | 1,334 | 1,416 | – 5.8 |
| Light & Production | 1,080 | 1,093 | – 1.2 |
| Light & Safety | 480 | 496 | – 3.2 |
| VINCORION | 792 | 795 | – 0.4 |
| Other | 312 | 322 | – 3.1 |

[1] Prior-year figures without HILLOS GmbH

the cash effective tax rate came to 22.7 percent (prior year: 15.2 percent). Group earnings after tax fell to 10.6 million euros (prior year: 24.2 million euros). Group earnings per share accordingly came to 0.18 euros (prior year: 0.42 euros).

Demand dropped off significantly in the first half-year of 2020, particularly in the second quarter, due to project post-ponements and cancellations resulting from the corona pandemic. The order intake value fell to 333.9 million euros (prior year: adjusted 381.6 million euros). The first half-year of 2019 was adjusted for orders of HILLOS GmbH worth 10.9 million euros. VINCORION posted appreciably more orders than in the prior-year period. The order intake in the Light & Optics division fell marginally, while continuing market uncertainty and the corona pandemic impacted strongly on business in the Light & Production division. The Light & Safety division, in which the order intake is strongly dependent on project business and is thus subject to fluctuations, also posted fewer orders in the first six months of 2020. The Group's book-to-bill ratio of 1.02 was at the prior-year level (prior year: adjusted 1.02 / not adjusted 1.02).

The value of the order backlog saw an acquisition-related slight increase to 478.0 million euros, despite only muted order intake as well as postponements or project cancellation (31/12/2019: adjusted 464.7 million euros). Of this order backlog, 286.3 million euros or 59.9 percent (prior year: adjusted 336.3 million euros / not adjusted 338.0 million euros or adjusted 64.6 percent / not adjusted 64.7 percent) are due to be converted to revenue in the present fiscal year.

As of June 30, 2020, there were also frame contracts worth 44.4 million euros (31/12/2019: 49.9 million euros). Frame contracts are contracts or framework agreements where the exact amount and time of occurrence cannot yet be specified precisely.

The number of Jenoptik employees fell 2.2 percent (adjusted) or by 91 persons in the first six months of 2020, to 3,998 (31/12/2019: 4,089 employees, excl. HILLOS GmbH). At the end of June 2020, 1,003 people were employed at the foreign locations (31/12/2019: 988 employees).

As of June 30, 2020, the company had a total of 136 trainees (31/12/2019: 156 trainees).

Detailed information on the development of the divisions can be found in the Segment Report from page 15 on.

## Financial and Asset Position

Over the first six months of 2020, COVID-19 impacted on the operating activities of the Jenoptik businesses and thus on many items in the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows. Despite the challenges posed by the pandemic, active management allows the Group to ensure healthy balance sheet ratios and a comfortable liquidity situation. Jenoptik thus succeeded in significantly improving its free cash flow in the first half-year of 2020. As of June 30, 2020, the Group also had unused lines of credit worth around 200 million euros.

At the end of the first six months of 2020, the debt-to-equity ratio, that of borrowings to equity, improved to 0.63 (31/12/2019: 0.65). This was due to a slight increase in equity, while borrowings fell, in part due to repayment of a debenture loan.

Cash and cash equivalents declined as of June 30, 2020, partly due to the acquisition of INTEROB and the repayment of a debenture loan. Despite a slight fall in financial debt, this resulted in net debt of 26.6 million euros (31/12/2019: minus 9.1 million euros). Nevertheless, there is still sufficient financial headroom to ensure the company's scheduled strategic growth.

In the period covered by the report, the Group supported future growth by investing 21.2 million euros in property, plant, and equipment, and intangible assets, impacting on liquidity; this figure was significantly up on the prior-year period (prior year: 16.8 million euros). At 14.4 million euros, the largest share of capital expenditure was devoted to property, plant, and equipment (prior year: 14.6 million euros), in part for new technical equipment, an expansion in production capacities, and the new build at the Villingen-Schwenningen site. Capital expenditure for intangible assets rose to 6.8 million euros (prior year: 2.1 million euros), due to the costs involved in setting up and partially launching an SAP S/4 HANA system and an increase in capitalized development services arising from internal projects. At 22.6 million euros, scheduled depreciation remained almost unchanged (prior year: 21.8 million euros).

Despite lower earnings before tax cash flows from operating activities increased sharply to 26.7 million euros as of June 30, 2020 (prior year: minus 7.6 million euros). This growth was chiefly attributable to active working capital management. The increase in inventories here was more than offset by the reduction in trade receivables.

At the end of June 2020, cash flows from investing activities came to minus 40.6 million euros (prior year: minus 6.9 million euros). Over the reporting period, they were mainly influenced by payments for the acquisition of INTEROB. Capital expenditure for intangible assets and for property, plant, and equipment also increased. Other key items included proceeds from sale of and capital expenditure for financial assets within the framework of short-term disposition, where the net inflow was lower than in the prior year.

As a result of the significantly higher cash flows from operating activities, the free cash flow increased sharply to 16.0 million euros (prior year: minus 14.6 million euros), despite the increase in payments arising from operative investing activities in the reporting period. Adjusted for the cash impacts of structural and portfolio measures, the free cash flow rose to as much as 17.8 million euros. The free cash flow is calculated on the basis of the cash flow from operating activities (before interest and taxes) less the capital expenditure for intangible assets and property, plant, and equipment. In the first half-year of 2020, the adjusted cash conversion rate was 42.0 percent (prior year: minus 27.0 percent). On a non-adjusted basis, the figure was 42.3 percent (prior year: minus 27.1 percent).

Cash flows from financing activities amounted to minus 26.4 million euros in the first six months (prior year: minus 44.9 million euros), and were particularly influenced by taking out a KfW loan (KfW - Kreditanstalt für Wiederaufbau) for the new build in Villingen-Schwenningen. This was offset by repayments of bonds and loans, as a debenture loan was repaid in the second quarter. Payments to acquire the remaining 33.42 percent of shares in JENOPTIK Japan Co. Ltd. are included in the “capital expenditures for purchase of non-controlling interests” item. Since the Annual General Meeting was post-poned to early August due to the corona crisis, the dividend payment is not yet included in the cash flows from financing activities for the first half-year.

At 1,072.8 million euros as of June 30, 2020, the total assets of the Jenoptik Group were virtually unchanged on the 2019 year-end figure (31/12/2019: 1,083.3 million euros). Major changes in the individual items were attributable, among other things, to the repayment of a debenture loan, the taking out of a loan, and the acquisition of INTEROB.

On the assets side, the acquisition of INTEROB primarily had the effect of boosting non-current assets to a value of 581.2 million euros (31/12/2019: 555.2 million euros). Intangible assets saw a particularly strong increase. In addition to the acquisition of INTEROB, the increase in internal development projects also contributed to this growth. Shares in associated companies increased due to the amended inclusion of HILLOS GmbH as a joint venture (formerly joint operation).

In contrast, current assets decreased to 491.5 million euros (31/12/2019: 528.1 million euros). Trade receivables reduced in value by 31.3 million euros, despite the INTEROB receivables included in this item for the first time. Due to the recognition of revenue at the end of the year, this item increased sharply as of December 31, 2019. As a result of active receivables management, but also lower revenue, in part due the COVID-19 pandemic, receivables had decreased in value by June 30, 2020. Following the aforementioned acquisition, contract assets also particularly increased in value to 66.9 million euros (31/12/2019: 54.9 million euros). Inventories increased to 176.8 million euros (31/12/2019: 153.7 million euros). Payment of the first tranches of the INTEROB purchase price, in particular, resulted in a fall in cash and cash equivalents. Current financial investments decreased only slightly compared to the prior year. Combined cash, cash equivalents, and current financial investments came to a value of 123.5 million euros (31/12/2019: 168.7 million euros).

As of June 30, 2020 working capital of 215.6 million euros was only marginally down on the figure of 217.8 million euros on December 31, 2019. It was, however, significantly down on the prior-year figure (30/6/2019: 256.4 million euros). On the assets side, the increase in inventories and contract assets was largely offset by the decrease in trade receivables. On the liabilities side, trade accounts payable did fall but were more than offset by the rise in contract liabilities. The working capital ratio, that of working capital to revenue based on the last twelve months, increased to 26.9 percent compared to year-end 2019 due to the fall in revenue (31/12/2019: 25.5 percent) but was lower than the figure in the prior-year period (30/6/2019: 30.8 percent).

As of June 30, 2020, equity of 657.8 million euros was slightly above the level as at year-end 2019 (31/12/2019: 655.4 million euros). While net profit for the period had a positive impact, equity was reduced by currency differences and the acquisition of shares in JENOPTIK Japan Co. Ltd. In light of the slight increase in equity and almost constant total assets, the equity ratio increased to 61.3 percent (31/12/2019: 60.5 percent).

Non-current liabilities rose to 188.6 million euros (31/12/2019: 176.0 million euros), in part due to the increase in non-current financial debt after taking out a KfW loan and owing to first-time consolidation of INTEROB liabilities assumed by Jenoptik. On the other hand, other non-current liabilities increased due to the contingent purchase price liabilities in connection with the acquisition of INTEROB. A major element of the non-current liabilities are the debenture loans issued in 2015, currently totaling 69.0 million euros (31/12/2019: 69.0 million euros).

Current liabilities fell to 226.4 million euros (31/12/2019: 251.9 million euros), mainly due to repayment of a debenture loan worth 21.5 million euros. Other current provisions also fell, in particular due to lower provisions for personnel expenses and warranties. An increase in advances received, on the other hand, produced a rise in contract liabilities. The increase in the other current non-financial liabilities item is chiefly due to the accrual of vacation entitlements throughout the year and Christmas bonuses.

There were also no changes to assets and liabilities not included on the balance sheet, for more information on this, we refer to the details on page 104 of the 2019 Annual Report and the details on contingent liabilities on page 201.

# Segment Report

The revenue, order intake, and order backlog numbers provided in the segment report are external figures.

## Light & Optics

In interpreting the business performance of the Light & Optics division, it should be noted that HILLOS GmbH is qualified as a joint venture (formerly joint operation) from the 2020 fiscal year on, and is therefore no longer proportionately consolidated. As a result, indicators such as order intake and contributions to revenue and earnings are no longer included pro rata in the various items of the Consolidated Financial Statements. Instead, the economic success of this joint venture is now reported in other operating income. In order nevertheless to ensure comparability of the information, we have adjusted the prior-year contributions of HILLOS GmbH with regard to revenue, order intake and backlog, and employees.

In the first six months of 2020, the Light & Optics division generated revenue of 137.7 million euros, 10.0 percent below the adjusted and thus comparable prior-year figure of 153.0 million euros. Despite the coronavirus pandemic, business with the semiconductor equipment industry remained highly robust, but the division reported sharp declines in its Biophotonics and Industrial Solutions units. On a regional level, revenue in Germany fell to 21.7 million euros (prior year: 33.5 million euros), in the Americas to 30.1 million euros (prior year: 35.3 million euros). Revenue of 25.2 million euros in the Asia/Pacific region reflected a slight upswing in business compared to the prior year (prior year: 24.8 million euros). Overall, the division's share of group revenue was 41.9 percent (prior year: 41.0 percent).

Adjusted for the impacts of structural and portfolio measures, EBITDA reduced at a lower rate than revenue, and was down 4.3 percent on the prior year, to 30.7 million euros (prior year: 32.0 million euros). The adjusted EBITDA margin consequently saw an appreciable improvement from 20.8 percent to 22.1 percent. This development was attributable in particular to cost reductions in the functional areas.

By the end of the first half-year of 2020, the division reported an order intake worth 139.6 million euros, almost at the same level as in the prior year (prior year: adjusted 142.1 million euros). Set against revenue, this resulted in the book-to-bill ratio improving from adjusted 0.93 to 1.01 over the reporting period.

At the end of June 2020, the order backlog remained at a strong value of 139.0 million euros (31/12/2019: adjusted 143.5 million euros).

Light & Optics at a glance

| in million euros | 30/6/2020 | 30/6/2019 | Change in % |
|---|---|---|---|
| Revenue | 137.7 | 162.7 | – 15.3 |
| EBITDA | 30.3 | 32.0 | – 5.5 |
| EBITDA margin in %[1] | 21.9 | 19.5 | |
| EBIT | 25.0 | 27.0 | – 7.3 |
| EBIT margin in %[1] | 18.1 | 16.5 | |
| Capital expenditure | 8.3 | 7.8 | 6.3 |
| Free cash flow | 16.7 | – 2.6 | n/a |
| Cash conversion rate in % | 55.1 | – 8.2 | |
| Order intake | 139.6 | 153.0 | – 8.8 |
| Order backlog[2] | 139.0 | 144.9 | – 4.1 |
| Frame contracts[2] | 15.1 | 12.4 | 21.9 |
| Employees[2] | 1,334 | 1,416 | – 5.8 |

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2019

Light & Optics at a glance (adjusted)

| in million euros | 30/6/2020 | 30/6/2019 | Change in % |
|---|---|---|---|
| Revenue[1] | 137.7 | 153.0 | – 10.0 |
| EBITDA[2] | 30.7 | 32.0 | – 4.3 |
| EBITDA margin in %[2, 3] | 22.1 | 20.8 | |
| EBIT[2] | 25.1 | 27.0 | – 7.0 |
| EBIT margin in %[2, 3] | 18.1 | 17.5 | |
| Free cash flow[2] | 16.7 | – 2.6 | n/a |
| Cash conversion rate in %[2] | 54.5 | – 8.2 | |
| Order intake[1] | 139.6 | 142.1 | – 1.7 |
| Order backlog[1, 4] | 139.0 | 143.5 | – 3.2 |
| Employees[1, 4] | 1,334 | 1,383 | – 3.5 |

[1] Prior-year figures without HILLOS GmbH

[2] Figures without structural and portfolio adjustments (see explanation on pages 9 and 30)

[3] Based on total revenue (prior-year figure based on adjusted total revenue)

[4] Prior-year figures refer to December 31, 2019

In the light of generally solid business performance and thanks to factoring and the reduction in inventories, the adjusted free cash flow (before interest and taxes) improved to 16.7 million euros (prior year: minus 2.6 million euros). The free cash flow in the prior year was negatively impacted, in particular by the increase in receivables and contract assets.

Jenoptik invested in Japan in the first quarter, acquiring the remaining 33.42 percent of shares in JENOPTIK Japan Co. Ltd. from its longstanding partner and minority shareholder Kantum Ushikata Co., Ltd.

In addition, the Jenoptik Group announced its acquisition of TRIOPTICS GmbH, Wedel near Hamburg, in early July. The company specializes in measurement and production systems for optical components. At closing, which is expected in the third quarter, the acquired company will be integrated in the Light & Optics division.

## Light & Production

The Light & Production division proved to be most susceptible to the ongoing reluctance to invest and considerable uncertainty within the automotive industry, which has been seen since 2019 and particularly increased over the first half-year of 2020 as the corona pandemic spread. In the first six months, the division's revenue fell considerably, by 33.2 percent on the prior-year period to a figure of 74.3 million euros (prior year: 111.3 million euros). While the Automation & Integration unit saw fairly stable development compared to the prior year, especially due to the acquisition of the Spanish company INTEROB, the Metrology and Laser Processing units reported steep declines in the first half of 2020. INTEROB (first-time consolidation on February 4, 2020) contributed revenue of 5.3 million euros over the reporting period. In the Americas, Light & Production generated revenue of 32.7 million euros (prior year: 48.0 million euros), while revenue in the Asia/Pacific region fell from 20.5 million euros to 6.3 million euros. The division's share of group revenue consequently fell to 22.6 percent (prior year: 29.1 percent).

Stable development in the automation business was not sufficient to offset underutilization in the other units. Weak business in Asia, together with project postponements and the temporary closure of two Jenoptik plants in the division as a result of the corona pandemic, were primarily responsible for the significant decline in earnings. In order to counter these developments, projects for structural and portfolio adjustments were initiated and measures to contain the impacts of the COVID-19 pandemic were taken already at the beginning of the year.

Light & Production at a glance

| in million euros | 30/6/2020 | 30/6/2019 | Change in % |
|---|---|---|---|
| Revenue | 74.3 | 111.3 | – 33.2 |
| EBITDA | – 4.7 | 11.9 | n/a |
| EBITDA margin in %[1] | – 6.4 | 10.7 | |
| EBIT | – 10.9 | 5.9 | n/a |
| EBIT margin in %[1] | – 14.7 | 5.3 | |
| Capital expenditure | 2.5 | 4.0 | – 38.0 |
| Free cash flow | 0.7 | 1.6 | – 57.5 |
| Cash conversion rate in % | – 14.6 | 13.6 | |
| Order intake | 65.0 | 113.0 | – 42.5 |
| Order backlog[2] | 90.6 | 81.6 | 11.0 |
| Employees[2] | 1,080 | 1,093 | – 1.2 |

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2019

The division's EBITDA adjusted for the effects of structural and portfolio measures worth minus 1.4 million euros, came to minus 3.4 million euros in the reporting period (prior year: 11.9 million euros). The measures cover effects of minus 1.1 million euros for restructuring and site optimization, and minus 0.3 million euros for M&A activities.

Adjusted EBIT was down to minus 9.5 million euros (prior year: 5.9 million euros) and includes PPA impacts of minus 3.3 million euros (prior year: minus 3.1 million euros).

The order intake in Light & Production fell to 65.0 million euros (prior year: 113.0 million euros), reflecting the first major order cancellation and other postponed projects. In the first six months of 2020, the book-to-bill ratio reached a figure of 0.87 (prior year: 1.01).

Including the orders of INTEROB of 13.9 million euros, the division's order backlog at the end of the reporting period was up on the 2019 year-end figure and worth 90.6 million euros (31/12/2019: 81.6 million euros).

In addition to the change in working capital, the division's lower earnings were the main reason for the reduction in the free cash flow (before interest and taxes) to adjusted 1.3 million euros (prior year: 1.6 million euros).

In February 2020, the Jenoptik Group acquired INTEROB, based in Valladolid, Spain. The company specializes in the design, construction, and integration of customized automation solutions, as well as robotics applications.

Light & Production at a glance (adjusted)

| in million euros | 30/6/2020 | 30/6/2019 | Change in % |
|---|---|---|---|
| EBITDA[1] | – 3.4 | 11.9 | n/a |
| EBITDA margin in %[1, 2] | – 4.5 | 10.7 | |
| EBIT[1] | – 9.5 | 5.9 | n/a |
| EBIT margin in %[1, 2] | – 12.8 | 5.3 | |
| Free cash flow[1] | 1.3 | 1.6 | – 22.1 |
| Cash conversion rate in %[1] | – 37.7 | 13.6 | |

[1] Figures without structural and portfolio adjustments (see explanation on pages 9 and 30)

[2] Based on total revenue

## Light & Safety

Despite the spread of the coronavirus, stable capital spending patterns by public-sector customers helped the Light & Safety division to achieve very good business performance overall in the first half-year of 2020. Revenue rose 15.1 percent to 55.7 million euros (prior year: 48.4 million euros). Over the reporting period, the Americas saw significant growth of 54.0 percent to 16.1 million euros, with Asia/Pacific growing 86.2 percent to a value of 5.2 million euros. In Germany, too, revenue in the first six months of 2020 increased marginally to 13.8 million euros (prior year: 12.9 million euros). The division's share of group revenue grew to 16.9 percent (prior year: 12.6 percent).

As a result of good business performance, the Light & Safety division also managed to significantly improve its operating results. Over the reporting period, adjusted EBITDA increased to 10.9 million euros (prior year: 6.6 million euros). The adjusted EBITDA margin consequently saw an appreciable improvement to 19.6 percent (prior year: 13.5 percent).

The order intake is subject to typical fluctuations and, for project-related reasons, reduced to 41.9 million euros in the first six months of 2020 (prior year: 50.6 million euros). Also due to dynamic revenue growth, the book-to-bill ratio fell to 0.75 (prior year: 1.04).

Light & Safety posted several order intakes in the period covered by the report. As an example, the division received further orders for traffic safety technology from the USA and Canada at the beginning of the year. These orders are intended to support "Vision Zero", a multinational traffic safety project that aims to drastically reduce the number of traffic accidents and deaths or serious injuries on motorways and highways. Jenoptik further secured an order for section control systems from TFL (Transport for London) in Great Britain. The system is now monitoring a section of road on which illegal street races frequently took place in the past. The division also posted a good order intake in its home market of Germany, particularly for mobile speed monitoring systems and its leasing business.

The division's order backlog fell 22.6 percent in value to 54.1 million euros (31/12/2019: 69.9 million euros).

At 6.6 million euros, the adjusted free cash flow (before interest and taxes) was considerably higher than in the prior year (prior year: 0 million euros), primarily due to the improved operating result in the reporting period.

### Light & Safety at a glance

| in million euros | 30/6/2020 | 30/6/2019 | Change in % |
|---|---|---|---|
| Revenue | 55.7 | 48.4 | 15.1 |
| EBITDA | 10.6 | 6.6 | 61.8 |
| EBITDA margin in %[1] | 19.0 | 13.5 | |
| EBIT | 7.1 | 3.0 | 135.3 |
| EBIT margin in %[1] | 12.8 | 6.2 | |
| Capital expenditure | 1.5 | 1.4 | 4.5 |
| Free cash flow | 6.3 | 0 | n/a |
| Cash conversion rate in % | 59.1 | – 0.3 | |
| Order intake | 41.9 | 50.6 | – 17.3 |
| Order backlog[2] | 54.1 | 69.9 | – 22.6 |
| Frame contracts[2] | 6.6 | 12.6 | – 47.3 |
| Employees[2] | 480 | 496 | – 3.2 |

[1] Based on total revenue
[2] Prior-year figures refer to December 31, 2019

### Light & Safety at a glance (adjusted)

| in million euros | 30/6/2020 | 30/6/2019 | Change in % |
|---|---|---|---|
| EBITDA[1] | 10.9 | 6.6 | 66.9 |
| EBITDA margin in %[1, 2] | 19.6 | 13.5 | |
| EBIT[1] | 7.4 | 3.0 | 146.5 |
| EBIT margin in %[1, 2] | 13.4 | 6.2 | |
| Free cash flow[1] | 6.6 | 0 | n/a |
| Cash conversion rate in %[1] | 60.8 | – 0.3 | |

[1] Figures without structural and portfolio adjustments (see explanation on pages 9 and 30)
[2] Based on total revenue

## VINCORION

In the first six months of the year, VINCORION generated revenue of 58.8 million euros, thereby only just falling short of the prior year (prior year: 59.1 million euros). This good business performance was mainly due to strong demand in the Power Systems unit. On a regional level, mechatronic activities grew most strongly in the Middle East/Africa, where revenue increased from 0.9 million euros to 4.1 million euros. Revenue in Europe (excl. Germany) also increased slightly, proving relatively stable in the light of the COVID-19 pandemic at 15.9 million euros (prior year: 14.3 million euros). The division's share of group revenue grew from 15.4 percent to 17.9 percent.

Due to revenue mix effects, VINCORION's operating result was marginally down. Over the reporting period, EBITDA came to 4.1 million euros, down on the 4.5 million euros in the prior year. The EBITDA margin fell from 7.6 percent in the prior year to a present 7.0 percent.

At 84.3 million euros, the order intake in the period covered by the report significantly exceeded the prior-year figure of 73.8 million euros. With the exception of the Aviation area, all of the other units in VINCORION saw their order intakes grow in line with expectations. The book-to-bill ratio thus improved to 1.43, compared with 1.25 in the prior year. VINCORION received a number of orders in the first half-year of 2020, such as for spare parts for the Patriot missile defense system's diesel engines or to supply over 700 generators for military ground vehicles to a further US customer.

In light of good growth in the order intake, VINCORION's order backlog also grew in value, by 23.9 million euros to 193.6 million euros (31/12/2019: 169.7 million euros), and was thus strongly up on all the quarters in the prior year.

The free cash flow (before interest and taxes) came to 0.1 million euros. Mainly influenced by the operating result and the change in working capital, this figure was an improvement on the comparable prior-year period (prior year: minus 7.4 million euros).

VINCORION at a glance

| in million euros | 30/6/2020 | 30/6/2019 | Change in % |
|---|---|---|---|
| Revenue | 58.8 | 59.1 | – 0.5 |
| EBITDA | 4.1 | 4.5 | – 7.7 |
| EBITDA margin in %[1] | 7.0 | 7.6 | |
| EBIT | 0.7 | 1.2 | – 42.7 |
| EBIT margin in %[1] | 1.1 | 2.0 | |
| Capital expenditure | 4.4 | 1.9 | 129.9 |
| Free cash flow | 0.1 | – 7.4 | n/a |
| Cash conversion rate in % | 2.4 | – 164.4 | |
| Order intake | 84.3 | 73.8 | 14.2 |
| Order backlog[2] | 193.6 | 169.7 | 14.1 |
| Frame contracts[2] | 22.6 | 24.9 | – 9.2 |
| Employees[2] | 792 | 795 | – 0.4 |

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2019

# Report on Post-Balance Sheet Date Events

Jenoptik announced its acquisition of TRIOPTICS GmbH on July 2. The transaction is scheduled to take place in two steps. Jenoptik will initially acquire a 75 percent stake, with the remaining shares to follow at the end of 2021. TRIOPTICS is a leading international supplier of measurement and production systems for optical components and sensors in the digital world. The company, based in Wedel near Hamburg, has over 400 employees worldwide, and in 2019 generated revenue of approximately 80 million euros, with an EBITDA margin of around 27 percent. TRIOPTICS is strongly present in European and Asian markets with its own subsidiaries. The company generates more than half of its revenue in Asia. The acquisition of TRIOPTICS allows Jenoptik to further sharpen its focus on high-growth cutting-edge industries. At the same time, the company continues to drive profitable growth and is expanding its international reach. The acquisition is still subject to approval from the German competition authority (Bundeskartellamt); closing is expected in the third quarter of 2020.

At the time this report was prepared, there were no other events after the balance sheet date of June 30, 2020 that were of significance to the Group or had a significant influence on Jenoptik's earnings, financial, or asset positions.

# Opportunity and Risk Report

Within the framework of the reporting on opportunity and risk management, we refer to the details on pages 117ff. of the 2019 Annual Report published at the end of March 2020.

The COVID-19 pandemic and the actions taken by governments around the world to reduce its spread have also affected Jenoptik's business operations.

The company has therefore put in place emergency plans for its sites, covering all organizational levels, that aim to minimize the risks to the health and safety of its workforce. These plans are continuously being reviewed and adapted to match local conditions.

As the present situation may affect the Jenoptik Group's supply chains in the medium to long term, Global Purchasing is working to identify and mitigate potential risks in a focused and systematic way.

We expect only minor changes to our risk exposure in the Light & Safety division's project business with public-sector contractors and in VINCORION. However, there may be impacts on our business with the aviation industry, due production cutbacks and reduced demand for spare parts. There are market risks due to the uncertainties surrounding the development of demand in the aviation industry and resulting production rates, but these remain difficult to assess.

In the Light & Production division, Jenoptik is dependent, in particular, on the development of the automotive industry and its capital spending patterns. In addition to already existing challenges the industry faces, based on technological shifts and sales trends, which may pose risks to our success as a supplier to this industry, the corona crisis presents additional business risks. These comprise extended project lead times, postponements, cancellations, and significant negative impact on global supply chains. Restrictions on international travel and access to car manufacturers' plants are impacting on the ability to plan installations, technical acceptance procedures for systems, and our service business.

As the global situation is highly dynamic at present, the risks of the virus pandemic for Jenoptik still cannot be assessed in detail or conclusively.

There were no other major changes in the opportunities and risks described in the Annual Report during the course of the first six months of 2020. All the same, we continue to analyze the potential effects of the trade policies enacted by the present US government and the impacts of Brexit at the end of the transition period.

# Forecast Report

## Outlook for the Economy as a Whole and the Jenoptik Sectors

In June 2020, the International Monetary Fund (IMF) again lowered its revenue forecast based on the impacts of the corona pandemic. It believes that year-on-year global economic output will fall 4.9 percent in 2020, with severe repercussions for the labor market, tax revenues, and corporate balance sheets. The OECD goes further and is expecting growth of minus 6 percent. In Germany, the IMF forecasts a drop of 7.8 percent. Within the eurozone, GDP is expected to contract by 10.2 percent, especially considering the significant negative figures of over 12 percent expected in France, Spain, and Italy, all countries heavily affected by the pandemic. China is the only country expected to see moderate growth this year.

Early economic indicators such as the ifo Business Climate Index or the Purchasing Managers Index suggest a minor recovery in the second half of the year. Economists, however, are divided over the significance of the incipient upswing: in Germany, for example, experts assume that the country's GDP will not return to a pre-corona level until 2022.

At present, the IMF expects global GDP to grow 5.4 percent, albeit from a low level, in the coming year. There are concerns, however, that recessions in many countries could mutually reinforce one another. With China focusing on boosting its domestic economy and the USA in a deep recession, there is no "locomotive" in the global economy. According to IMF forecasts, economic output in the USA is due to contract by 8.0 percent this year.

Global trade in 2020 will likely fall almost 12 percent. The Federation of German Wholesale and Foreign Trade (BGA) also believes that global trade will take some time to return to former levels following border closures, logistical disruptions, and supply chain interruptions. In countries with persistently high rates of infection, economic activity is being hampered by necessary lockdown and social distancing measures.

Growth forecast of gross domestic product

| in percent / in percentage points | 2020 (forecast June) | 2020 (forecast April) | 2021 |
|---|---|---|---|
| World | – 4.9 | – 3.0 | 5.4 |
| USA | – 8.0 | – 5.9 | 4.5 |
| Euro zone | – 10.2 | – 7.5 | 6.0 |
| Germany | – 7.8 | – 7.0 | 5.4 |
| China | 1.0 | 1.2 | 8.2 |
| Emerging economies | – 3.0 | – 1.0 | 5.9 |

Source: International Monetary Fund, World Economic Outlook

Economists see a second big corona wave as a huge risk for the eurozone. In early July, the EU Commission announced that it is expecting a more severe recession than previously assumed due to the corona pandemic. The economic effects of the lockdown are more serious, the easing measures are progressing in smaller steps than expected, thus slowing down the recovery. Overall, economic output in the eurozone this year is expected to contract by 8.7 percent. At 6.1 percent, the recovery in 2021 is expected to be more muted than previously forecast.

According to the US Federal Reserve, the outlook for the US economy is difficult to predict. Recovery, it believes, it strongly dependent on the success of measures to contain the pandemic and lasting support for the economy from the government.

In the current year, the corona pandemic will result in a loss of revenue at many photonic companies, as shown by a survey conducted by the German industry association Spectaris in cooperation with Optecnet Germany. As a result of significantly lower demand, some 80 percent of those companies surveyed are expecting revenue to drop; half are even expecting double-digit minus figures. Taking the long view, light-based technologies and imaging techniques are growth drivers for many different global trends such as the digital transformation, greater sustainability, "Industry 4.0", advanced manufacturing, and smart cities. The increasing use of photonics is also driving growth in medical technology, life sciences, and information and communication technology, not least because of the digitization of the global economy, which has been intensified in part by corona. The market researchers at BlueWave Consulting are therefore forecasting annual average revenue growth in the photonics industry of 4.7 percent from 2020 through 2026, as reported by the Novus Light trade journal in May. Following a figure of 591 billion US dollars in 2019, the global industry is due to be worth 812 billion US dollars by 2026.

According to a survey conducted by Spectaris and Medical-Mountains, the export-oriented German medical technology industry is expecting reduced revenues due to the corona-related weakening of the order situation. If the economy were to pick up from June onward, the manufacturers surveyed would record an average year-on-year fall in revenue of 18 percent.

The semiconductor industry outside Asia has to date been little affected by the corona crisis, according to the SIA industry association, but significant uncertainties will remain over the rest of the year. The SIA is therefore forecasting for 2020 only a slight increase in revenue of 3.3 percent, to a value of 426 billion US dollars, compared with 412.3 billion US dollars in the prior year. Global revenues are expected to rise 6.2 percent in 2021. By contrast, a report issued by IT analyst Gartner in April forecasts a revenue fall of 0.9 percent to 415.4 billion US dollars in 2020. This is due to a significant decline in the production of smartphones and dwindling demand for vehicles and consumer electronics, while the hyperscale data centers and communications infrastructure sectors will benefit from increasing digitization in the world of work and e-commerce.

According to the latest "World Fab Forecast" published by Semiconductor Equipment and Materials International (SEMI), expenditure on semiconductor equipment will fall 4 percent in 2020 compared to the prior year, even if, after a weak first half-year, capital expenditure picks up again in the second half of the year. A new record figure of 67.7 billion US dollars could be achieved in the coming year, according to SEMI, which would equate to growth of 24 percent. After losing around half of its share of global chip production in the last two decades, the US industry is now due to be boosted with the help of government support such as the "American Foundries Act" or the "CHIPS for America Act". One example is the double-digit billion sum to be invested in construction of a new chip factory and in research funding.

According to the VDMA, it is not possible to say when the weak order situation In the German mechanical and plant engineering industry will lastingly improve, despite some initial, albeit fragile, early indicators. A survey conducted by the VDMA revealed that half of those companies asked are expecting revenue to fall 10 to 30 percent in 2020. Supply chain problems may be easing, but travel and movement restrictions in many countries, as well as health and hygiene regulations, are still hindering sales, installation, and service activities. Industry representatives also expect USA companies to hold back on investment prior to the presidential election in November, pushing back any upswing in the US to 2021 at the earliest.

The robotics and automation industry (R+A) is not able to escape the impacts of the corona pandemic. In a report issued in early July, the VDMA's R+A sector group forecasts a year-on-year drop in revenue of at least 20 percent. Over the long term, however, the prospects for growth are good. Infection protection regulations, for example, could lead to greater use of robots, collaborative robots ("cobots"), and automated process steps. Digitization, also for remote maintenance and virtual commissioning of complex plants, will help to advance the smart factory.

According to a study conducted by consultants AlixPartners, the corona crisis will result in acquisitions and severe market consolidation in the automotive industry. Only financially strong and innovative manufacturers and suppliers will survive this. For China, the USA, and Europe, the German Association of the Automotive Industry (VDA) sees vehicle sales falling a total of 28 percent this year, with the European market being hit hardest. The massive slump seen from March through May cannot be made up, according to the ACEA industry association. AlixPartners believes that Europe will not return to pre-crisis levels for five years. In China, the fall in sales of 10 to 20 percent will probably not be as severe as initially feared, as the Chinese association CAAM predicts, since a slight recovery already began in May. According to the VDA, the global passenger car market will shrink by 17 percent this year to 65.9 billion units, provided the corona pandemic is further contained. Passenger car production and exports could both decline by around a quarter in Germany.

The aviation industry has been in crisis mode since the outbreak of the pandemic. France plans to support the industry with a 15-billion-euro rescue package. In its response to the crisis, European aircraft manufacturer Airbus intends to cut production and deliveries by 40 percent for two years. Estimates suggest that 15,000 jobs may be lost at Airbus, and another 16,000 at Boeing. Airbus states that no final assembly sites will be shut; all models will continue to be produced, albeit at a reduced speed. A return to 2019 production levels will not be possible until the years 2023 to 2025 at the earliest.

No new major forecasts have been issued for the other sectors. We therefore refer to pages 129ff. of the 2019 Annual Report.

## Future Development of Business

Even in the current difficult situation, the Jenoptik Group is pursuing its goal of securing profitable growth in the medium and long term. This will be aided by an expansion of the international business, the resultant economies of scale, higher margins from an optimized product mix, increasing service business, but also improved cost discipline. A good asset position and a viable financing structure give Jenoptik sufficient room for maneuver to finance both organic and inorganic growth. Acquisitions to boost our photonics business will continue to be very closely scrutinized.

In early July, Jenoptik announced the acquisition of TRIOPTICS GmbH, a leading international supplier of measurement and production systems for optical components and sensors (see the Report on Post-Balance Sheet Events for further information). Depending on the date of first-time consolidation and not including PPA impacts, the transaction will already have a positive effect on Jenoptik's business performance in 2020.

Jenoptik is a diversified company with its three photonics divisions and its mechatronics business, and also has a well-balanced portfolio of products and services that ensure stability during crises and help the company to better offset fluctuations than other companies. Business performance is showing a mixed picture in the various sectors and divisions. The Executive Board expects only minor impacts on project business arising from the COVID-19 pandemic with public-sector contractors in the Light & Safety division and in VINCORION. The semiconductor equipment business has been little affected in recent months and at present. By contrast, the Executive Board sees significant impacts in the automotive and aviation sectors.

At the beginning of the year, the Executive Board took precautionary action allowing to it to react quickly and efficiently to the new situation while also boosting the company's financial strength. In addition to securing the cash flow, liquidity, and profitability, measures were implemented to secure the operating businesses and the supply chain network, as well as to optimize the working capital. Short-time working was introduced at a number of Jenoptik businesses and at the Corporate Center in the second quarter. As a responsibly-minded employer, Jenoptik increased the short-time allowance to 80 percent to help provide the best possible support to its employees and their families. In addition, there will be no increases in 2020 for either collectively agreed or non-collectively agreed wages, and the Chairman of the Executive Board waives his salary increase previously agreed for the year.

In view of these measures and ongoing close consultation and constructive discussion with all stakeholders, Jenoptik still considers itself well equipped to emerge from the corona crisis in a stronger position. The Executive Board also reserves the right to take further action should circumstances warrant.

In its outlook from May 2020, the Executive Board stated that it expected to meet analysts' average market expectations of around 800 million euros of revenue and an EBITDA margin of some 14.3 percent at the time the Quarterly Statement as of March 31, 2020 was released.

Supported by the measures described above, and in view of an anticipated stronger second half-year, the Executive Board expects to achieve revenue of 770 to 790 million euros for the full year 2020 (not including the impacts arising from the acquisition of TRIOPTICS GmbH). The EBITDA margin, adjusted for the impacts of structural and portfolio measures, is expected to be between 14.5 and 15.0 percent. The Executive Board sees at least slight signs of recovery in the economy and the absence of a further corona wave as prerequisites for a stronger second half of the year.

The projects for structural and portfolio adjustments initiated are due to help the Group achieve again accelerated growth and improved profitability starting next year at the latest.

All statements on the future development of the business situation have been made on the basis of current information available at the time the report was prepared. A variety of known and unknown risks, uncertainties, and other factors may cause the actual results, the financial situation, the development, or the performance of the company to diverge significantly from the information provided here.

# Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

| in thousand euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | 1/4 to 30/6/2020 | 1/4 to 30/6/2019 |
|---|---|---|---|---|
| Revenue | 328,975 | 383,099 | 164,563 | 199,120 |
| Cost of sales | 219,320 | 245,000 | 108,817 | 126,639 |
| Gross profit | 109,655 | 138,100 | 55,746 | 72,481 |
| Research and development expenses | 22,134 | 24,593 | 11,016 | 12,042 |
| Selling expenses | 41,858 | 47,384 | 19,734 | 24,056 |
| General administrative expenses | 29,554 | 31,043 | 13,435 | 14,916 |
| Other operating income | 11,039 | 8,307 | 5,416 | 3,013 |
| Other operating expenses | 11,590 | 11,194 | 3,915 | 5,092 |
| EBIT | 15,558 | 32,191 | 13,062 | 19,388 |
| Result from other investments | 1,384 | 3 | 1,384 | 3 |
| Financial income | 2,724 | 2,267 | 1,112 | – 742 |
| Financial expenses | 6,316 | 3,770 | 1,856 | 679 |
| Financial result | – 2,208 | – 1,500 | 641 | – 1,419 |
| Earnings before tax | 13,351 | 30,691 | 13,702 | 17,970 |
| Income taxes | – 2,782 | – 6,466 | – 2,725 | – 3,934 |
| Earnings after tax | 10,568 | 24,225 | 10,977 | 14,036 |
| Results from non-controlling interests | 48 | – 5 | 88 | – 70 |
| Earnings attributable to shareholders | 10,520 | 24,230 | 10,889 | 14,105 |
| | | | | |
| Earnings per share in euros (undiluted = diluted) | 0.18 | 0.42 | 0.19 | 0.25 |

## Consolidated Comprehensive Income

| in thousand euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | 1/4 to 30/6/2020 | 1/4 to 30/6/2019 |
|---|---|---|---|---|
| Earnings after tax | 10,568 | 24,225 | 10,977 | 14,036 |
| Items that will never be reclassified to profit or loss | – 1,956 | – 6,346 | – 532 | – 3,569 |
| Actuarial gains / losses arising from the valuation of pensions and similar obligations | – 582 | – 9,295 | 842 | – 5,150 |
| Equity instruments measured at fair value through other comprehensive income | – 1,375 | 0 | – 1,375 | 0 |
| Deferred taxes | 0 | 2,949 | 0 | 1,581 |
| Items that are or may be reclassified to profit or loss | – 4,520 | 3,513 | 2,012 | – 237 |
| Cash flow hedges | – 331 | – 981 | 2,558 | 910 |
| Foreign currency exchange differences | – 4,819 | 4,902 | 96 | – 897 |
| Deferred taxes | 630 | – 408 | – 642 | – 250 |
| Total other comprehensive income | – 6,476 | – 2,833 | 1,480 | – 3,806 |
| Total comprehensive income | 4,092 | 21,392 | 12,456 | 10,230 |
| Thereof attributable to: | | | | |
| Non-controlling interests | 25 | – 16 | 86 | – 83 |
| Shareholders | 4,067 | 21,408 | 12,371 | 10,312 |

# Consolidated Statement of Financial Position

| Assets in thousand euros | 30/6/2020 | 31/12/2019 | Change | 30/6/2019 |
|---|---|---|---|---|
| Non-current assets | 581,250 | 555,207 | 26,042 | 548,921 |
| Intangible assets | 236,191 | 212,736 | 23,455 | 205,313 |
| Property, plant and equipment | 248,129 | 251,123 | – 2,994 | 241,158 |
| Investment property | 4,219 | 4,263 | – 44 | 4,309 |
| Investments in associates | 13,248 | 5,776 | 7,472 | 5,412 |
| Financial investments | 860 | 2,497 | – 1,637 | 1,579 |
| Other non-current assets | 673 | 1,094 | – 421 | 2,523 |
| Deferred tax assets | 77,930 | 77,718 | 212 | 88,626 |
| Current assets | 491,513 | 528,126 | – 36,613 | 472,791 |
| Inventories | 176,795 | 153,678 | 23,117 | 201,114 |
| Current trade receivables | 105,598 | 136,881 | – 31,283 | 141,230 |
| Contract assets | 66,925 | 54,875 | 12,049 | 34,554 |
| Other current financial assets | 3,098 | 5,449 | – 2,351 | 713 |
| Other current non-financial assets | 15,646 | 8,557 | 7,090 | 14,483 |
| Current financial investments | 64,874 | 69,661 | – 4,787 | 49,768 |
| Cash and cash equivalents | 58,577 | 99,025 | – 40,449 | 30,928 |
| Total assets | 1,072,762 | 1,083,333 | – 10,571 | 1,021,712 |

| Equity and liabilities in thousand euros | 30/6/2020 | 31/12/2019 | Change | 30/6/2019 |
|---|---|---|---|---|
| Equity | 657,802 | 655,444 | 2,358 | 596,276 |
| Share capital | 148,819 | 148,819 | 0 | 148,819 |
| Capital reserve | 194,286 | 194,286 | 0 | 194,286 |
| Other reserves | 314,162 | 311,682 | 2,479 | 252,516 |
| Non-controlling interests | 535 | 657 | – 122 | 655 |
| Non-current liabilities | 188,563 | 176,008 | 12,555 | 191,384 |
| Pension provisions | 31,478 | 31,643 | – 165 | 46,210 |
| Other non-current provisions | 17,418 | 17,864 | – 446 | 16,887 |
| Non-current financial debt | 130,803 | 122,562 | 8,241 | 123,669 |
| Other non-current liabilities | 6,617 | 2,254 | 4,363 | 1,804 |
| Deferred tax liabilities | 2,247 | 1,685 | 562 | 2,815 |
| Current liabilities | 226,397 | 251,881 | – 25,484 | 234,053 |
| Tax provisions | 1,698 | 6,443 | – 4,745 | 4,152 |
| Other current provisions | 34,881 | 51,887 | – 17,006 | 43,058 |
| Current financial debt | 19,232 | 36,996 | – 17,764 | 36,030 |
| Current trade payables | 79,479 | 83,730 | – 4,251 | 59,362 |
| Contract liabilities | 54,278 | 43,882 | 10,396 | 61,121 |
| Other current financial liabilities | 12,324 | 12,520 | – 196 | 7,020 |
| Other current non-financial liabilities | 24,505 | 16,423 | 8,083 | 23,310 |
| Total equity and liabilities | 1,072,762 | 1,083,333 | – 10,571 | 1,021,712 |

# Consolidated Statement of Changes in Equity

| in thousand euros | Share capital | Capital reserve | Retained earnings | Equity instruments measured through other comprehensive income | Cash flow hedges |
|---|---|---|---|---|---|
| Balance at 1/1/2019 | 148,819 | 194,286 | 281,938 | 197 | – 1,793 |
| Changes in accounting policies[1] | | | – 3,034 | | |
| Balance at 1/1/2019[1] | 148,819 | 194,286 | 278,904 | 197 | – 1,793 |
| | | | | | |
| Net profit for the period | | | 24,230 | | |
| Other comprehensive income after tax | | | | | – 693 |
| Total comprehensive income | | | 24,230 | | – 693 |
| Dividends | | | – 20,033 | | |
| Balance at 30/6/2019 | 148,819 | 194,286 | 283,101 | 197 | – 2,486 |
| | | | | | |
| Balance at 1/1/2020 | 148,819 | 194,286 | 326,456 | 882 | – 1,890 |
| | | | | | |
| Net profit for the period | | | 10,520 | | |
| Other comprehensive income after tax | | | | – 1,375 | – 179 |
| Total comprehensive income | | | 10,520 | – 1,375 | – 179 |
| Acquisition of non-controlling interests | | | – 1,565 | | |
| Other adjustments | | | – 23 | | |
| Balance at 30/6/2020 | 148,819 | 194,286 | 335,388 | – 493 | – 2,069 |

[1] Adjusted due to initial application of IFRS 16

| Cumulative exchange differences | Actuarial effects | Equity attributable to shareholders of JENOPTIK AG | Non-controlling interests | Total | in thousand euros |
|---|---|---|---|---|---|
| 795 | – 26,961 | 597,281 | 671 | 597,952 | Balance at 1/1/2019 |
| | | – 3,034 | | – 3,034 | Changes in accounting policies[1] |
| 795 | – 26,961 | 594,247 | 671 | 594,918 | Balance at 1/1/2019[1] |
| | | | | | |
| | | 24,230 | – 5 | 24,225 | Net profit for the period |
| 4,233 | – 6,363 | – 2,822 | – 11 | – 2,833 | Other comprehensive income after tax |
| 4,233 | – 6,363 | 21,408 | – 16 | 21,392 | Total comprehensive income |
| | | – 20,033 | | – 20,033 | Dividends |
| 5,028 | – 33,324 | 595,622 | 655 | 596,276 | Balance at 30/6/2019 |
| | | | | | |
| 8,000 | – 21,765 | 654,788 | 656 | 655,444 | Balance at 1/1/2020 |
| | | | | | |
| | | 10,520 | 48 | 10,568 | Net profit for the period |
| – 4,305 | – 594 | – 6,453 | – 23 | – 6,476 | Other comprehensive income after tax |
| – 4,305 | – 594 | 4,067 | 25 | 4,092 | Total comprehensive income |
| | | – 1,565 | – 146 | – 1,711 | Acquisition of non-controlling interests |
| | | – 23 | | – 23 | Other adjustments |
| 3,695 | – 22,359 | 657,267 | 534 | 657,801 | Balance at 30/6/2020 |

# Consolidated Statement of Cash Flows

| in thousand euros | 1/1 to 30/6/2020 | 1/1 to 30/6/2019 | 1/4 to 30/6/2020 | 1/4 to 30/6/2019 |
|---|---|---|---|---|
| Earnings before tax | 13,351 | 30,691 | 13,702 | 17,970 |
| Financial income and financial expenses | 3,592 | 1,503 | 744 | 1,421 |
| Depreciation and amortization | 22,592 | 21,797 | 11,495 | 10,808 |
| Impairment losses and reversals of impairment losses | – 292 | 0 | – 292 | 0 |
| Profit / loss from asset disposals | – 127 | 26 | – 13 | 51 |
| Other non-cash income / expenses | – 996 | – 557 | – 579 | – 93 |
| Operating profit before adjusting working capital and further items of the statement of financial position | 38,119 | 53,461 | 25,057 | 30,158 |
| Change in provisions | – 18,364 | – 16,602 | – 16,313 | – 17,794 |
| Change in working capital | 12,497 | – 38,914 | 1,072 | – 13,725 |
| Change in other assets and liabilities | 2,539 | 3,998 | – 3,362 | 1,299 |
| Cash flows from operating activities before income tax payments | 34,791 | 1,943 | 6,453 | – 62 |
| Income tax payments | – 8,099 | – 9,536 | – 6,116 | – 6,666 |
| Cash flows from operating activities | 26,692 | – 7,594 | 337 | – 6,728 |
| Capital expenditure for intangible assets | – 6,828 | – 2,124 | – 2,656 | – 768 |
| Proceeds from sale of property, plant and equipment | 2,403 | 181 | 2,217 | 29 |
| Capital expenditure for property, plant and equipment | – 14,370 | – 14,644 | – 4,432 | – 8,744 |
| Proceeds from sale of financial investments | 286 | 0 | 286 | 0 |
| Capital expenditure for financial investments | – 30 | 0 | – 30 | 0 |
| Acquisition of consolidated entities | – 27,184 | – 684 | – 3,135 | – 684 |
| Proceeds from sale of financial assets within the framework of short-term disposition | 25,000 | 35,159 | 10,000 | 25,000 |
| Capital expenditure for financial assets within the framework of short-term disposition | – 20,000 | – 25,000 | 0 | – 15,000 |
| Interest received | 90 | 225 | 25 | 115 |
| Cash flows from investing activities | – 40,633 | – 6,887 | 2,275 | – 51 |
| Dividends paid | 0 | – 20,033 | 0 | – 20,033 |
| Capital expenditure for purchase of non-controlling interests | – 1,711 | 0 | 0 | 0 |
| Proceeds from issuing bonds and loans | 13,169 | 14 | 1,304 | – 10 |
| Repayments of bonds and loans | – 27,621 | – 18,270 | – 25,364 | – 15,837 |
| Lease payments | – 5,994 | – 4,889 | – 3,002 | – 2,504 |
| Change in group financing | – 1,831 | 702 | – 1,221 | – 871 |
| Interest paid | – 2,406 | – 2,436 | – 1,588 | – 1,655 |
| Cash flows from financing activities | – 26,395 | – 44,913 | – 29,871 | – 40,911 |
| Change in cash and cash equivalents | – 40,336 | – 59,393 | – 27,259 | – 47,690 |
| Effects of movements in exchange rates on cash held | – 140 | 580 | 54 | – 382 |
| Changes in cash and cash equivalents due to valuation adjustments and scope of consolidation | 28 | 487 | 448 | 288 |
| Cash and cash equivalents at the beginning of the period | 99,025 | 89,255 | 85,334 | 78,712 |
| Cash and cash equivalents at the end of the period | 58,577 | 30,928 | 58,577 | 30,928 |

# Disclosures on Segment Reporting

## January 1 to June 30, 2020

| in thousand euros | Light & Optics | Light & Production | Light & Safety | VINCORION | Other | Consolidation | Group |
|---|---|---|---|---|---|---|---|
| Revenue | 138,399 | 74,355 | 55,741 | 58,782 | 25,238 | – 23,541 | 328,975 |
| | (163,990) | (111,364) | (48,426) | (59,110) | (24,835) | (– 24,626) | (383,099) |
| thereof intragroup revenue | 666 | 12 | 0 | 10 | 22,853 | – 23,541 | 0 |
| | (1,329) | (18) | (0) | (60) | (23,218) | (– 24,626) | (0) |
| thereof external revenue | 137,733 | 74,343 | 55,741 | 58,772 | 2,385 | 0 | 328,975 |
| | (162,660) | (111,346) | (48,426) | (59,050) | (1,617) | (0) | (383,099) |
| Germany | 21,654 | 19,174 | 13,820 | 28,003 | 2,385 | 0 | 85,037 |
| | (33,533) | (24,599) | (12,875) | (32,064) | (1,617) | (0) | (104,688) |
| Europe (without Germany) | 53,522 | 15,961 | 15,123 | 15,923 | 0 | 0 | 100,529 |
| | (63,273) | (17,534) | (13,499) | (14,340) | (0) | (0) | (108,647) |
| Americas | 30,059 | 32,730 | 16,135 | 10,312 | 0 | 0 | 89,236 |
| | (35,254) | (47,994) | (10,477) | (11,087) | (0) | (0) | (104,812) |
| Middle East / Africa | 7,257 | 169 | 5,433 | 4,122 | 0 | 0 | 16,982 |
| | (5,785) | (760) | (8,764) | (886) | (0) | (0) | (16,196) |
| Asia / Pacific | 25,241 | 6,309 | 5,230 | 411 | 0 | 0 | 37,191 |
| | (24,816) | (20,459) | (2,809) | (673) | (0) | (0) | (48,757) |
| EBITDA | 30,284 | – 4,732 | 10,599 | 4,133 | – 2,439 | 13 | 37,859 |
| | (32,039) | (11,938) | (6,553) | (4,477) | (– 1,137) | (120) | (53,989) |
| EBIT | 25,022 | – 10,912 | 7,111 | 673 | – 6,352 | 17 | 15,558 |
| | (26,978) | (5,891) | (3,021) | (1,175) | (– 4,998) | (124) | (32,191) |
| Research and development expenses | 9,713 | 4,192 | 6,010 | 2,240 | 56 | – 78 | 22,134 |
| | (9,971) | (4,482) | (5,326) | (4,804) | (61) | (– 51) | (24,593) |
| Free cash flow (before income taxes) | 16,685 | 691 | 6,259 | 101 | – 114 | – 7,626 | 15,996 |
| | (– 2,634) | (1,626) | (– 17) | (– 7,362) | (– 7,687) | (1,428) | (– 14,645) |
| Working capital[1] | 73,560 | 53,273 | 14,861 | 82,367 | – 7,293 | – 1,206 | 215,561 |
| | (77,915) | (50,104) | (14,818) | (84,149) | (– 8,969) | (– 194) | (217,822) |
| Order intake (external) | 139,582 | 64,973 | 41,857 | 84,294 | 3,215 | 0 | 333,920 |
| | (152,980) | (113,014) | (50,593) | (73,788) | (2,130) | (0) | (392,505) |
| Frame contracts[1] | 15,094 | 0 | 6,645 | 22,615 | 0 | 0 | 44,355 |
| | (12,386) | (0) | (12,615) | (24,916) | (0) | (0) | (49,916) |
| Assets[1] | 260,456 | 315,190 | 115,153 | 194,961 | 859,007 | – 672,005 | 1,072,762 |
| | (273,204) | (274,235) | (114,993) | (192,443) | (887,458) | (– 659,000) | (1,083,333) |
| Liabilities[1] | 87,820 | 256,154 | 96,666 | 149,662 | 136,040 | – 311,382 | 414,960 |
| | (121,585) | (200,162) | (99,142) | (145,579) | (160,814) | (– 299,393) | (427,889) |
| Additions to intangible assets, property, plant and equipment and investment properties | 8,255 | 2,479 | 1,478 | 4,388 | 4,134 | 0 | 20,734 |
| | (7,769) | (3,996) | (1,415) | (1,908) | (3,375) | (0) | (18,464) |
| Scheduled depreciation and amortization | 5,554 | 6,180 | 3,489 | 3,460 | 3,913 | – 4 | 22,592 |
| | (5,060) | (6,047) | (3,531) | (3,302) | (3,861) | (– 4) | (21,797) |
| Number of employees on average (without trainees) | 1,315 | 1,077 | 477 | 750 | 309 | 0 | 3,928 |
| | (1,333) | (1,072) | (465) | (761) | (323) | (0) | (3,955) |

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBIT = Earnings before interest and taxes

Prior-year figures are in parentheses.

[1] Prior-year figures refer to December 31, 2019

# Segment Report with adjusted Information

January 1 to June 30, 2020

| in thousand euros | Light & Optics | Production | Light & Safety | VINCORION | Other | Consolidation | Group |
|---|---|---|---|---|---|---|---|
| Revenue[1] | 138,399 | 74,355 | 55,741 | 58,782 | 25,238 | – 23,541 | 328,975 |
| | (154,298) | (111,364) | (48,426) | (59,110) | (24,835) | (– 24,606) | (373,428) |
| thereof intragroup revenue[1] | 666 | 12 | 0 | 10 | 22,853 | – 23,541 | 0 |
| | (1,309) | (18) | (0) | (60) | (23,218) | (– 24,606) | (0) |
| thereof external revenue[1] | 137,733 | 74,343 | 55,741 | 58,772 | 2,385 | 0 | 328,975 |
| | (152,989) | (111,346) | (48,426) | (59,050) | (1,617) | (0) | (373,428) |
| Germany[1] | 21,654 | 19,174 | 13,820 | 28,003 | 2,385 | 0 | 85,037 |
| | (33,447) | (24,599) | (12,875) | (32,064) | (1,617) | (0) | (104,602) |
| Europe (without Germany)[1] | 53,522 | 15,961 | 15,123 | 15,923 | 0 | 0 | 100,529 |
| | (54,532) | (17,534) | (13,499) | (14,340) | (0) | (0) | (99,906) |
| Americas[1] | 30,059 | 32,730 | 16,135 | 10,312 | 0 | 0 | 89,236 |
| | (34,433) | (47,994) | (10,477) | (11,087) | (0) | (0) | (103,991) |
| Middle East / Africa[1] | 7,257 | 169 | 5,433 | 4,122 | 0 | 0 | 16,982 |
| | (5,785) | (760) | (8,764) | (886) | (0) | (0) | (16,196) |
| Asia / Pacific[1] | 25,241 | 6,309 | 5,230 | 411 | 0 | 0 | 37,191 |
| | (24,793) | (20,459) | (2,809) | (673) | (0) | (0) | (48,733) |
| EBITDA[2] | 30,654 | – 3,363 | 10,935 | 4,133 | – 153 | 13 | 42,219 |
| | (32,039) | (11,938) | (6,553) | (4,477) | (– 797) | (120) | (54,329) |
| EBIT[2] | 25,100 | – 9,542 | 7,446 | 673 | – 4,067 | 17 | 19,627 |
| | (26,978) | (5,891) | (3,021) | (1,175) | (– 4,658) | (124) | (32,531) |
| Free cash flow (before income taxes)[2] | 16,700 | 1,267 | 6,644 | 101 | 665 | – 7,626 | 17,751 |
| | (– 2,634) | (1,626) | (– 17) | (– 7,362) | (– 7,687) | (1,428) | (– 14,645) |

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBIT = Earnings before interest and taxes

Prior-year figures are in parentheses.

[1] Prior-year figures without HILLOS GmbH

[2] Figures without structural and portfolio adjustments (see explanation on page 9)

## Reconciliation for Segments

| in thousand euros | Light & Optics | Light & Production | Light & Safety | VINCORION | Other | Group |
|---|---|---|---|---|---|---|
| EBITDA | 30,284 | – 4,732 | 10,599 | 4,133 | – 2,425 | 37,859 |
| Effect on EBITDA | 370 | 1,369 | 336 | 0 | 2,285 | 4,360 |
| Restructuring and site optimization | – 281 | 1,102 | 0 | 0 | 0 | 821 |
| Cost reduction programs | 651 | 0 | 336 | 0 | 1,460 | 2,447 |
| M&A costs | 0 | 267 | 0 | 0 | 825 | 1,092 |
| EBITDA adjusted | 30,654 | – 3,363 | 10,935 | 4,133 | – 140 | 42,219 |
| | | | | | | |
| EBIT | 25,022 | – 10,912 | 7,111 | 673 | – 6,335 | 15,558 |
| Effect on EBIT | 78 | 1,369 | 336 | 0 | 2,285 | 4,069 |
| Restructuring and site optimization | – 573 | 1,102 | 0 | 0 | 0 | 529 |
| Cost reduction programs | 651 | 0 | 336 | 0 | 1,460 | 2,447 |
| M&A costs | 0 | 267 | 0 | 0 | 825 | 1,092 |
| EBIT adjusted | 25,100 | – 9,542 | 7,446 | 673 | – 4,049 | 19,627 |

# Notes to the Interim Consolidated Financial Statements for the First Six Months of 2020

## Parent Company

The parent company is JENOPTIK AG headquartered in Jena and registered in the Commercial Register at the local court of Jena in Department B under the number HRB 200146. JENOPTIK AG is listed on the German Stock Exchange in Frankfurt and traded on the TecDax and SDax, amongst others.

## Accounting in accordance with International Financial Reporting Standards (IFRS)

The accounting policies applied in preparing the 2019 consolidated financial statements were also applied in preparing the interim consolidated financial statements as at June 30, 2020, which were prepared on the basis of the International Accounting Standard (IAS) 34 “Interim Financial Reporting”, with the exemption of the standards applied for the first time in fiscal year 2020. The 2019 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These policies were individually described in detail in the Notes to the 2019 Annual Report. The Annual Report is available on the website under www.jenoptik.com using the path Investors/Reports and Presentations.

The interim consolidated financial statements were prepared in euros, the currency used in the Group, and figures are presented in thousand euros, if not otherwise stated. Please note that there may be rounding differences as compared to the mathematically exact values (monetary units, percentages, etc.).

The following IFRS were applied for the first time in the fiscal year 2020:

Amendments to IAS 1 and IAS 8 “Definition of materiality”. The amendments to IAS 1 and IAS 8 regarding the definition of materiality were published in October 2018. Information is deemed material if the omission, misstating or obscuring of such information could reasonably influence the decision of the primary users. For the first time the new definition of materiality takes into account the obscuring of information. Materiality is considered in the context of the primary users of financial statements as these have been defined in the conceptual framework since 2010. The amendments were made in order to adapt the definition of materiality to the 2018 conceptual framework and to make it applicable more easily. The amendments were already taken into account within the previously conducted materiality assessments, such that there were no effects on the present interim financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”. The amendments to IFRS 9, IAS 39 and IFRS 7 regarding the Interest Rate Benchmark Reform were published in September 2019 and represent the first phase of the IASB’s work on the impact of the reform of the Interbank Offered Rates (IBOR). The internationally targeted reforms led to uncertainties regarding the long-term viability of the IBOR. The amendments provide temporary reliefs both in IFRS 9 and IAS 39 that are intended to allow hedge accounting to be maintained in the period prior to the formal replacement of existing interest rate benchmarks through alternative, near risk-free rates (RFR). The reliefs apply to all hedging relationships directly affected by the reform of the interest rate benchmarks. When evaluating the recognition of cash flow hedges it is assumed that the reforms will not lead to any changes to the interest rate benchmarks. The same applies to the assessment of the economic relationship under IFRS 9 or the effectiveness assessment in accordance with IAS 39. Since there are no financial instruments in hedging transactions at Jenoptik which are linked to the IBOR in the function of the reference interest rate, there are no effects on the interim financial statements.

Amendments to IFRS 3 “Definition of a business operation”. The amendments to IFRS 3 regarding the definition of a business operation were published in October 2018. They are intended to help companies to determine whether a transaction should be accounted for as a merger or an acquisition of assets. They specify the minimum requirements for a business operation, that presuppose the existence of input factors and a substantial process that essentially enables the generation of outputs. The previously required assessment of whether market participants are enabled to replace missing elements in this process, no longer applies. Additional guidelines are intended to help assessing whether an acquired process is substantial. In addition, the definitions of a business operation and output have been narrowed to the extent that these must involve performance obligations towards customers. An optional concentration test is introduced to facilitate a simplified assessment. The amendments to the standard do not have any effect on the present interim financial statements.

## Estimates

The preparation of the consolidated financial statements in accordance with IFRS to be applied in the EU requires that assumptions are made for certain items, affecting their recognition in the statement of financial position or in the statement of comprehensive income as well as the disclosure of contingent receivables and liabilities. All assumptions and estimates are made to the best of the Group's knowledge and belief in order to provide a true and fair view of the net assets, financial position and result of operations of the Group. The underlying assumptions and estimates are constantly reviewed. In the light of the COVID-19 pandemic, there is increased uncertainty about estimates and risks with regard to significant book value adjustments compared to the information in the Notes of the Annual Report as of December 31, 2019, on page 148 which mainly relate to the following facts:

- Estimation of expected losses in the context of the evaluation of trade receivables (see also section "Trade receivables" on page 34)
- Determination of the recoverable amount in the course of regular impairment tests in accordance with IAS 36, in particular with regard to the forecast of cash flows.

Because of the increased uncertainty with respect to the forecasts of cash flows within the evaluation of goodwill, Jenoptik has made an indicative calculation based on existing risks due to business model and headroom by adding a premium to the capitalization interest rate. In addition, various economic and theoretical scenario calculations were carried out taking into account further discounts on the forecasted cash flows of the current corporate planning. These calculations did not show that the recoverable amount was below the book value of the audited cash-generating units.

## The Group of Entities Consolidated

The consolidated financial statements of JENOPTIK AG include 39 fully consolidated subsidiaries (31/12/2019: 37) of which 11 (31/12/2019: 12) have their legal seat in Germany and 28 (31/12/2019: 25) abroad. HILLOS GmbH which was consolidated as a joint operation until December 31, 2019, will be valued as an associated entity from 2020, so that 2 companies (31/12/2019: 1) are now included in the consolidated financial statements using the at-equity method.

In February 2020 Jenoptik acquired the Spanish INTEROB-Group, consisting of INTEROB S.L. and INTEROB RESEARCH AND SUPPLY, S.L. INTEROB specialized in the design, construction, manufacture and integration of customized automation solutions as well as robotics applications with a focus on the automotive industry. With the acquisition Jenoptik Group strengthens its position as a full-service provider of automated manufacturing solutions.

The information below is based on provisional figures. On the one hand, the provisional nature concerns the determination of the purchase price depending on the achievement of defined performance indicators (EBITDA) in 2019 and, on the other hand, the determination of the acquired net assets based on the not yet fully completed evaluation of the intangible assets identified in the process of the purchase price allocation. The first-time consolidation is expected to be finalized by the end of fiscal year 2020.

The purchase price in the amount of 34,851 thousand euros comprises a fixed cash component (29,562 thousand euros) whose amount is influenced by the EBITDA achieved in 2019, and a conditional component (5,289 thousand euros) which depends on the attainment of defined performance indicators in the years 2019 to 2022 and is recognized at fair value.

The conditional component of the purchase price includes a standard earn-out as well as an earn-out premium in the event that the acquired companies exceed the targets. The actual EBITDA achieved and the deviation from the forecasted EBITDA in the respective fiscal years are the parameters which determine the amounts of both earn-out components. In this context, the level of the earn-out is not limited. The Jenoptik Group assumes a target achievement in accordance with the planning for the treatment of the conditional purchase price component in the statement of financial position. The expected earn-out payments were discounted using a term and risk-equivalent interest rate.

In return, Jenoptik acquired the following net assets as at the date of the initial consolidation:

| in thousand euros | Total |
|---|---|
| Non-current assets | 10,912 |
| Current assets | 21,610 |
| Non-current liabilities | 5,224 |
| Current liabilities | 11,835 |

The acquired assets include receivables with a gross value of 7,396 thousand euros. The general risk of default is taken into account by means of an allowance amounting to the expected loss of 126 thousand euros. Cash and cash equivalents amounting to 207 thousand euros are also included in the acquired assets.

In the course of the provisional purchase price allocation related to the acquisition of shares in INTEROB, property, plant, equipment and inventories were revaluated and a customer base as well as an order backlog were identified as intangible assets. The intangible assets are amortized over periods of between three and seven years. Goodwill at the amount of 19,389 thousand euros was also recognized for the acquisition of the skilled personnel as well as for synergy effects arising from the expansion of the range of services in the field of automation solutions and robotics applications, the enlarged customer base and the opening of new markets. The group goodwill is allocated to the group of cash-generating units "Light & Production" and is not tax-deductible.

Contingent liabilities were not identified as part of the acquisition.

Costs for the purchase of INTEROB arose in the years 2019 and 2020 with a total amount of 267 thousand euros. The costs of 103 thousand euros incurred in 2020 were reported in other operating expenses.

In March 2020, Jenoptik acquired the remaining 33.42 percent of shares in JENOPTIK Japan Co. Ltd. from its partner Kantum Ushikata Co., Ltd. and converted the entity into a wholly-owned group subsidiary. This majority-preserving increase was shown as a transaction between owners within equity.

There were no further acquisitions or disposals of companies in the first six months of 2020.

## Material Transactions

The Executive Board of JENOPTIK AG decided, in agreement with the Supervisory Board, to propose to the virtual Annual General Meeting on August 7, 2020, to pay a dividend of 0.13 euros for the fiscal year 2019. Of the accumulated profit of 85,620,600.56 euros in fiscal year 2019, a sum of 48,179,645.61 euros will be allocated to revenue reserves, and 30,000,000.00 euros will be carried forward.

In February 2020 Jenoptik acquired the Spanish INTEROB-Group, consisting of INTEROB S.L. and INTEROB RESEARCH AND SUPPLY, S.L. (for details see chapter "The Group of Entities Consolidated" on page 32f.).

In January 2020 the Executive Board of JENOPTIK AG decided to stop the process of selling VINCORION, started in July 2019.

There were no other transactions with a significant influence on the interim consolidated financial statements of Jenoptik as at June 30, 2020.

## Classifications of Material Financial Statement Items

Revenue. A breakdown of revenues from contracts with customers by divisions and geographical regions is presented in the segment report on page 29f. The breakdown of revenues into revenues recognized over time and revenues recognized at a point in time in accordance with IFRS 15 is shown in the table on the following page. The revenues recognized over time included services such as customer-specific development projects and customer-specific volume productions particularly carried out in the divisions Light & Optics and VINCORION.

| in thousand euros | Light & Optics | Light & Production | Light & Safety | VINCORION | Other | Group |
|---|---|---|---|---|---|---|
| External revenue | 137,733 | 74,343 | 55,741 | 58,772 | 2,385 | 328,975 |
| | (162,660) | (111,346) | (48,426) | (59,050) | (1,617) | (383,099) |
| thereof recognized over time | 59,008 | 42,079 | 15,262 | 11,036 | 2,385 | 129,770 |
| | (46,907) | (21,366) | (15,760) | (11,689) | (1,617) | (97,338) |
| thereof recognized at a point in time | 78,725 | 32,264 | 40,479 | 47,736 | 0 | 199,205 |
| | (115,754) | (89,981) | (32,666) | (47,362) | (0) | (285,762) |

Prior-year figures are in parentheses.

### Property, plant and equipment

| in thousand euros | 30/6/2020 | 31/12/2019 |
|---|---|---|
| Land, buildings | 157,323 | 148,267 |
| Technical equipment and machinery | 49,561 | 50,435 |
| Other equipment, operating and office equipment | 26,886 | 27,707 |
| Payments on-account and assets under construction | 14,359 | 24,714 |
| Total | 248,129 | 251,123 |

### Inventories

| in thousand euros | 30/6/2020 | 31/12/2019 |
|---|---|---|
| Raw materials, consumables and supplies | 69,299 | 68,459 |
| Unfinished goods and work in progress | 85,419 | 65,323 |
| Finished goods and merchandise | 19,821 | 17,648 |
| Payments on-account | 2,255 | 2,247 |
| Total | 176,795 | 153,678 |

Trade receivables. In the light of consequences of the COVID-19 pandemic, in addition to the systematic evaluation routines for determining the expected default risk for trade receivables, individualized evaluation adjustments are made (post-model adjustments). In particular, geographic location, industry, public support measures as well as individual agreements with respective customers are included in the evaluation.

### Current trade receivables

| in thousand euros | 30/6/2020 | 31/12/2019 |
|---|---|---|
| Trade receivables from third parties | 100,008 | 129,094 |
| Receivables from due requested advance payments | 5,166 | 7,583 |
| Trade receivables from unconsolidated associates and joint operations | 106 | 112 |
| Trade receivables from investment companies | 318 | 92 |
| Total | 105,598 | 136,881 |

### Non-current financial debt

| in thousand euros | 30/6/2020 | 31/12/2019 |
|---|---|---|
| Liabilities to banks | 83,691 | 72,182 |
| Liabilities from leases | 47,112 | 50,380 |
| Total | 130,803 | 122,562 |

### Current financial debt

| in thousand euros | 30/6/2020 | 31/12/2019 |
|---|---|---|
| Liabilities to banks | 8,815 | 26,285 |
| Liabilities from leases | 10,417 | 10,712 |
| Total | 19,232 | 36,996 |

Current trade payables

| in thousand euros | 30/6/2020 | 31/12/2019 |
|---|---|---|
| Trade payables to third parties | 79,329 | 83,618 |
| Trade payables to unconsolidated associates, joint operations and investment companies | 150 | 113 |
| Total | 79,479 | 83,730 |

Other current non-financial liabilities

| in thousand euros | 30/6/2020 | 31/12/2019 |
|---|---|---|
| Liabilities to employees | 14,675 | 7,669 |
| Liabilities from other taxes | 6,194 | 4,974 |
| Liabilities from social security | 1,601 | 1,714 |
| Liabilities to employer's insurance association | 1,207 | 1,312 |
| Accruals | 514 | 343 |
| Miscellaneous current non-financial liabilities | 315 | 410 |
| Total | 24,505 | 16,423 |

# Financial Instruments

The carrying amounts listed below for shares in unconsolidated associates and investment companies, cash and cash equivalents, contingent liabilities and derivatives with and without hedging relations correspond to their fair value. The carrying amounts of the remaining items represent an appropriate approximation of their fair value. In the following presentation, the non-current and current portion of each item of the statement of financial position was aggregated.

Financial assets

| in thousand euros | Valuation category according to IFRS 9[1] | Carrying amounts 30/6/2020 | Carrying amounts 31/12/2019 |
|---|---|---|---|
| Financial investments | | | |
| Current cash deposits | AC | 64,874 | 69,661 |
| Shares in unconsolidated associates and investments | FVTOCI | 850 | 2,487 |
| Shares in entities which are subject to the at-equity valuation | -[2] | 13,248 | 5,776 |
| Loans granted | AC | 10 | 10 |
| Trade receivables | AC | 105,598 | 136,881 |
| Other financial assets | | | |
| Derivatives with hedging relations | - | 65 | 810 |
| Derivatives without hedging relations | FVTPL | 1,831 | 1,032 |
| Other financial assets | AC | 1,488 | 4,252 |
| Cash and cash equivalents | AC | 58,577 | 99,025 |

[1] AC = Amortized costs
FVTPL = Fair value through Profit & Loss
FVTOCI = Fair value through other comprehensive income
[2] Valuation according to IAS 28

As part of capital management, new cash investments are regularly made and payments are collected on scheduled due dates. Cash deposits decreased in value by a total of 4,787 thousand euros over the reporting period.

Financial liabilities

| in thousand euros | Valuation category according to IFRS 9[1] | Carrying amounts 30/6/2020 | Carrying amounts 31/12/2019 |
|---|---|---|---|
| Financial debt | | | |
| Liabilities to banks | AC | 92,506 | 98,467 |
| Liabilities from leases | -[2] | 57,529 | 61,091 |
| Trade payables | AC | 79,479 | 83,730 |
| Other financial liabilities | | | |
| Contingent liabilities | FVTPL | 5,902 | 771 |
| Derivatives with hedging relations | - | 3,312 | 4,078 |
| Derivatives without hedging relations | FVTPL | 112 | 847 |
| Other financial liabilities | AC | 9,615 | 9,078 |

[1] AC = Amortized costs
FVTPL = Fair value through Profit & Loss
[2] Valuation according to IFRS 16

The classification of fair values is shown in the following overview of financial assets and liabilities measured at fair value:

| in thousand euros | Carrying amounts 30/6/2020 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Shares in unconsolidated associates and investments | 850<br>(2,487) | 0<br>(0) | 0<br>(0) | 850<br>(2,487) |
| Derivatives with hedging relations (assets) | 65<br>(810) | 0<br>(0) | 65<br>(810) | 0<br>(0) |
| Derivatives without hedging relations (assets) | 1,831<br>(1,032) | 0<br>(0) | 1,831<br>(1,032) | 0<br>(0) |
| Contingent liabilities | 5,902<br>(771) | 0<br>(0) | 0<br>(0) | 5,902<br>(771) |
| Derivatives with hedging relations (liabilities) | 3,312<br>(4,078) | 0<br>(0) | 3,312<br>(4,078) | 0<br>(0) |
| Derivatives without hedging relations (liabilities) | 112<br>(847) | 0<br>(0) | 112<br>(847) | 0<br>(0) |

Prior-year figures are in parentheses.

Fair values which are available as quoted market prices at all times, are allocated to level 1. Fair values determined on the basis of directly or indirectly observable parameters, are allocated to level 2. Level 3 contains measurement parameters which are not based on observable market data.

The fair values of all derivatives are determined using the generally recognized measurement method. In this context, the future cash flows determined via the agreed forward rate or interest rate are discounted using current market data. The market data used in this context is taken from leading financial information systems, such as for example Reuters. If an interpolation of market data is applied, it is done on a straight-line basis.

The fair value of contingent liabilities was measured by taking into consideration the expected and discounted payment outflows as of the reporting date.

The contingent liabilities recognized as of June 30, 2020, mainly result from variable purchase price components negotiated as part of the acquisitions of the OTTO Group and the INTEROB Group. The contingent liabilities to the OTTO Group are recognized at the fair value of 374 thousand euros. The variable purchase price components from the acquisition will be paid out in the second half of 2020. The additions result from the expected earn-out payments from the acquisition of the INTEROB Group which were recognized as of June 30, 2020, with a fair value of 5,528 thousand euros, taking into account maturity and risk-equivalent discounting. These variable purchase price components are expected to be paid out in the years 2022 and 2023.

The development of financial assets and liabilities measured at fair value through profit and loss and assigned to level 3 can be found in the table below:

| in thousand euros | Shares in unconsolidated associates and investments | Contingent liabilities |
|---|---|---|
| Balance at 1/1/2020 | 2,487 | 771 |
| Additions | 30 | 5,289 |
| Disposals | – 313 | 0 |
| Changes in the group of entities consolidated | 20 | 0 |
| Gains and losses recognized in operating result | 0 | – 397 |
| Gains and losses recognized in financial result | 0 | 239 |
| Remeasurement through other comprehensive income | – 1,375 | 0 |
| Balance at 30/6/2020 | 850 | 5,902 |

## Relief and support measures

In order to mitigate the economic consequences of the COVID-19 pandemic and the overall economic developments – especially in the automotive industry – the Group applied for and received public monetary support in the first half of 2020. In particular, monetary support was granted for short-time work and partially as a result of declining sales abroad. In case the receipt of the country-specific public support was virtually certain, a receivable was recognized in the balance sheet. In the first half of 2020, monetary support in the total of 4,702 thousand euros was granted particularly leading to lower personnel costs and a corresponding improvement in the financial and earnings situation.

## Related Party Disclosures

For the period under review no material business transactions were performed with related parties.

## German Corporate Governance Code

The current statement given by the Executive Board and Supervisory Board pursuant to § 161 of the German Stock Corporation Act [Aktiengesetz (AktG)] regarding the German Corporate Governance Code has been made permanently available to shareholders on the Jenoptik website www.jenoptik.com using the path Investors/Corporate Governance. Furthermore, the statement can also be viewed on site at JENOPTIK AG.

## Litigations

JENOPTIK AG and its group entities are involved in several court or arbitration proceedings. Provisions for litigation risks, respectively litigation expenses, were set up in the appropriate amounts in order to meet any possible financial burdens resulting from any court decisions or arbitration proceedings. In case of a material impact on the economic situation of the Group, these litigations are described in the Annual Report 2019. As at June 30, 2020, no further litigations arose that based on current assessment could have a material effect on the financial position of the Group.

## Events after the Reporting Period

On July 2, 2020, Jenoptik announced the acquisition of TRIOPTICS GmbH. The transaction will take place in two steps. Jenoptik will initially take over 75 percent of the shares, the remaining shares by the end of 2021. TRIOPTICS is a leading international provider of measurement and manufacturing systems for optical components and sensors in the digital world. The company headquartered in Wedel near Hamburg, employs over 400 people worldwide and achieved sales around 80 million euros in 2019 with an EBITDA margin of around 27 percent. With its own locations, TRIOPTICS maintains a strong presence in European and Asian markets. The company generates more than half of its revenues in Asia. With the acquisition of TRIOPTICS Jenoptik consistently strengthens its focus on strongly growing future industries. At the same time the company is driving its profitable growth strategy and expanding its international presence. The closing is expected in the third quarter of 2020.

There were no further events after the balance sheet date of June 30, 2020, that were of significance to the Group or had a significant influence on Jenoptik’s earnings, financial or asset positions at the time this report was prepared.

# Assurance from the Legal Representatives

To the best of our knowledge, we assure that the interim consolidated financial statements prepared in accordance with the applicable principles for the interim financial reporting give a true and fair view of the net assets, financial position and result of operations of the Group and that the interim group management report presents a fair view of the performance of the business including the operating result and the position of the Group, together with a description of the significant opportunities and risks associated with the anticipated development of the Group.

Jena, August 5, 2020

| | |
|---|---|
| Dr. Stefan Traeger | Hans-Dieter Schumacher |
| President & CEO | Chief Financial Officer |

## Dates

August 7, 2020
Annual General Meeting of JENOPTIK AG 2020 (virtual)

November 10, 2020
Publication of Quarterly Statement
January to September 2020

## Contact


Investor Relations

Phone +49 3641 65-2291
E-mail ir@jenoptik.com

Communication und Marketing

Phone +49 3641 65-2255
E-mail pr@jenoptik.com

www.jenoptik.com
www.twitter.com/Jenoptik_Group
www.linkedin.com/company/jenoptik
www.instagram.com/jenoptik_morelight


You may find a digital version of this Interim Report on our internet http://www.jenoptik.com.

Our app „Publications" provides an optimized view of the report on mobile devices with iOS and Android operating systems.