MORE LIGHT

Quarterly Statement of the Jenoptik Group

January to March 2021

At a glance – Jenoptik Group

	Jan. – Mar. 2021	Jan. – Mar. 2020	Change in %
Revenue (in million euros)	176.0	164.4	7.0
Light & Optics	94.2	69.3	35.8
Light & Production	36.7	38.9	– 5.8
Light & Safety	19.2	26.5	– 27.6
VINCORION	25.4	28.1	– 9.7
Other[1]	0.5	1.5	
EBITDA (in million euros)	20.0	13.6	47.1
Light & Optics	19.3	14.5	32.8
Light & Production	– 0.2	– 4.1	95.2
Light & Safety	0.2	4.9	– 96.4
VINCORION	3.1	1.0	215.9
Other[1]	– 2.3	– 2.7	
EBITDA margin	11.4%	8.3%	
Light & Optics[2]	20.4%	20.8%	
Light & Production[2]	– 0.5%	– 10.6%	
Light & Safety[2]	0.9%	18.6%	
VINCORION[2]	12.0%	3.4%	
EBIT (in million euros)	6.1	2.5	142.7
EBIT margin	3.4%	1.5%	
Earnings after tax (in million euros)	3.8	– 0.4	n/a
Earnings per share (in euros)	0.07	– 0.01	n/a
Free cash flow (in million euros)	15.7	14.4	9.2
Cash conversion rate	78.8%	106.0%	
Order intake (in million euros)	268.3	211.7	26.8
Light & Optics	132.7	74.3	78.5
Light & Production	64.4	60.2	6.9
Light & Safety	41.2	22.3	85.3
VINCORION	28.8	53.4	– 46.1
Other[1]	1.3	1.5	

	March 31, 2021	Dec. 31, 2020	March 31, 2020
Order backlog (in million euros)	561.3	460.1	522.5
Light & Optics	219.0	179.1	142.6
Light & Production	99.7	74.7	121.6
Light & Safety	69.4	46.0	63.5
VINCORION	172.4	160.3	194.9
Other[1]	0.7	0.0	0.0
Frame contracts (in million euros)	46.9	42.3	50.3
Employees (head count and incl. trainees)	4,401	4,472	4,093
Light & Optics	1,872	1,845	1,380
Light & Production	995	1,040	1,108
Light & Safety	491	489	489
VINCORION	756	775	801
Other[1]	287	323	315

[1] Other includes Corporate Center (holding, shared services, real estate) and consolidation.

[2] Based on total revenue

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

OTTO Vision Technology GmbH (OTTO) has been part of the Light & Optics division since January 1, 2021. In the prior year the company was part of the Light & Production division. For this reason, the figures reported here for the comparative periods differ from the figures in the respective prior-year reports.

Summary of Business Performance, January to March 2021

- Strong order intake: In the first quarter of 2021, the Jenoptik Group's order intake increased to 268.3 million euros, a considerable improvement on the prior year (prior year: 211.7 million euros). The order backlog grew to 561.3 million euros (31/12/2020: 460.1 million euros).
  See Earnings Position – Page 8

- Revenue up on prior year: In the first three months, revenue of 176.0 million euros was higher than in the prior-year period (prior year: 164.4 million euros), particularly due to the contribution made by the Light & Optics division.
  See Earnings Position – Page 6

- Profitability improved noticeably: EBITDA grew to 20.0 million euros (prior year: 13.6 million euros), initial positive effects from the restructuring measures introduced contributed to this. The EBITDA margin increased to 11.4 percent (prior year: 8.3 percent).
  See Earnings Position – Page 7

- Financial resources further boosted: Free cash flow improved to 15.7 million euros (prior year: 14.4 million euros). Debenture bonds were successfully placed. The balance sheet and financing structure remained very robust. Due to increased total assets, the equity ratio of 47.3 percent was below the figure of 51.5 percent at the end of 2020.
  See Financial and Asset Position – Page 10

- Division highlights
  Light & Optics: Order intake sharply up on prior year at 132.7 million euros. Increase in revenue thanks to continuing good business performance with the semiconductor equipment industry; improvement in Biophotonics and Industrial Solutions areas, and TRIOPTICS' contribution. Profitability remained at high level; EBITDA margin of 20.4 percent (prior year: 20.8 percent); strong rise in free cash flow.
  Light & Production: Order intake up from high prior-year level. Restructuring measures contributed to improved profitability; revenue down, earnings up on prior year.
  Light & Safety: Order intake significantly up on prior year, resulting in appreciably higher order backlog. Revenue and earnings still considerably below prior-year level due to project-related business as well as delays in supply of electronic components due to the pandemic.
  VINCORION: Project postponements resulted in significant fall in order intake. Revenue down, in part due to developments in the aviation industry and the Power Systems area; earnings improved on prior year.
  See Segment Report – from Page 12 on

- For the 2021 fiscal year, the Executive Board is expecting revenue growth in the low double-digit percentage range and an EBITDA margin of 16.0 – 17.0 percent (prior year: 14.6 percent).
  See Forecast Report – Page 17

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, consumer and electronics manufacturing, automotive and mechanical engineering, traffic, aviation, and security and defense technology industries.

The Jenoptik Group operates in the three following photonics divisions:

- Light & Optics
- Light & Production
- Light & Safety.

In addition, its mechatronic activities are managed under the VINCORION brand.

All three build on extensive expertise in optics, sensors, imaging, robotics, data analysis, and human-machine interfaces.

This organizational structure enables 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.

More information on the Group structure and business activity can be found in the 2020 Annual Report from page 78 on.

Purchases and sales of companies

There were no company acquisitions or disposals in the first three months of 2021.

Targets and Strategies

A concentration on photonic technologies for high-growth markets is the core of our strategy and future development. Over the coming years, Jenoptik aims to push on with its development into a global, streamlined photonics company. Our main aim is to target markets where technological expertise justifies a price premium. Our solutions contribute to increased efficiency and precision of our customers' products and processes as well as to resource conservation and more sustainability. A concentration on optics and photonic technologies is at the heart of our "Strategy 2022," and we also focus on internationalization and innovation. By 2022, we want to increase our R+D output, including developments on behalf of customers, to around 10 percent of revenue. Diversity and international mindedness will also mark out Jenoptik more strongly than ever before.

In order to implement the growth strategy, we

- are focusing on our core areas of expertise in the field of photonics and optics,
- are actively managing our portfolio with a view to additional purchases as well as transformational acquisitions and selective divestments,
- are continuing to work on further internationalization in conjunction with greater vertical integration and customer proximity in our growth regions,
- want to drive innovation even more strongly and be an innovation leader in our markets,
- are ensuring greater sustainability and resource conservation, as well as helping to achieve global sustainability targets with our photonic products and solutions,
- are expanding our system and application expertise and developing into a solutions provider,
- are continuing to steadily strengthen our financial resources, and
- are promoting an active cultural change within the company.

For more information on the strategic trajectory of the Jenoptik Group, we refer to the 2020 Annual Report and the details given in the "Targets and Strategies" chapter from page 84 on, as well as on the Jenoptik website.

Earnings, Financial and Asset Position

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

Earnings Position

In the fiscal year 2020 Jenoptik reported figures that were adjusted for structural and portfolio measures, in the current fiscal year, Jenoptik is no longer reporting adjusted figures. Prior-year figures are also non-adjusted. In the information provided on business performance of the segments, it should be noted that OTTO was integrated into the Light & Optics division (formerly Light & Production) as of January 1, 2021.

In what are currently still challenging times, Jenoptik has, in part, a crisis-resistant business model and a good financial and balance sheet position. Business with the semiconductor equipment industry remained at a very good level, with improvement seen in a number of areas, such as biophotonics or the automotive industry. The aviation industry, however, saw continued weak growth due to the coronavirus pandemic.

Over the first three months of 2021, Group revenue was above the prior-year figure, at 176.0 million euros (prior year: 164.4 million euros).

In the Light & Optics division, demand in the semiconductor equipment area remained at a high level over the first three months of the year, and both the biophotonics and industrial solutions areas saw growth. In addition, in particular TRIOPTICS contributed to the division's rise in revenue. The slight pick-up in demand from the automotive industry was not yet reflected in the Light & Production division's revenue figure, which was down on the prior year. The decline in revenue in the Light & Safety division is primarily attributable to the fact that its business is heavily project-based, and on delays in the delivery of electronic components due to the pandemic. VINCORION's revenue was down year-on-year, partly due to weaker business in the power systems area and with the aviation industry.

Over the first three months of 2021, the Asia/Pacific region saw a sharp rise in revenue, primarily due to TRIOPTICS' contribution. By contrast, revenue in the Americas fell. In these two strategic priority regions, combined revenue came to 71.6 million euros, or 40.7 percent of total revenue, and was thus up on the prior-year figure of 62.2 million euros or 37.8 percent. Germany and Europe (excl. Germany) both also saw revenue growth, while the Middle East/Africa region declined over the period covered by the report. The share of revenue generated abroad was broadly unchanged at 74.0 percent (prior year: 74.2 percent).

The cost of sales rose to 122.6 million euros (prior year: 110.5 million euros) and thus at a slightly stronger rate than revenue. This was in part due to the revenue-related increase in material costs, higher personnel expenses following both the acquisitions made in 2020 and salary increases as well as

Revenue

in million euros	1/1 to 31/3/2021	1/1 to 31/3/2020	Change in %
Group	**176.0**	**164.4**	**7.0**
Light & Optics	94.2	69.3	35.8
Light & Production	36.7	38.9	– 5.8
Light & Safety	19.2	26.5	– 27.6
VINCORION	25.4	28.1	– 9.7
Other	0.5	1.5	

R+D Output

in million euros	1/1 to 31/3/2021	1/1 to 31/3/2020	Change in %
R+D output	**17.9**	**18.5**	**– 3.2**
R+D expenses	9.4	11.1	– 15.0
Capitalized development costs	2.8	2.1	31.1
Developments on behalf of customers	5.7	5.3	7.8

PPA impacts of minus 1.8 million euros. The gross profit of 53.4 million euros was almost on a par with the prior-year figure of 53.9 million euros; the gross margin came to 30.3 percent (prior year: 32.8 percent).

Over the first three months, research and development expenses came to 9.4 million euros (prior year: 11.1 million euros). Development expenses on behalf of customers recognized in cost of sales came to 5.7 million euros (prior year: 5.3 million euros). Development costs to be capitalized increased slightly, mainly in connection with development projects in the Light & Optics division and in VINCORION. The Group's R+D output came to 17.9 million euros, marginally down on the prior-year figure of 18.5 million euros, equating to a share of group revenue of 10.2 percent (prior year: 11.3 percent).

In the first three months of 2021, selling expenses amounted to 24.8 million euros (prior year: 22.1 million euros). This increase is mainly due to the acquisition of TRIOPTICS and higher depreciation in connection with PPA impacts. At 14.1 percent, the selling expenses ratio was up on the prior-year level of 13.5 percent.

Administrative expenses of 16.2 million euros were virtually unchanged (prior year: 16.1 million euros), although the prior-year figure does not include TRIOPTICS' administrative expenses. The latter, however, were offset, among others, by lower personnell and travel expenses in the Group. The administrative expenses ratio fell to 9.2 percent (prior year: 9.8 percent).

Impairment gains and losses in connection with the valuation of receivables amounted to minus 0.7 million euros (prior year: 0.7 million euros).

Other operating income and expenses came to 3.8 million euros (prior year: minus 2.7 million euros). These two items were in part affected by a higher currency exchange result. The prior year also included restructuring costs in the other operating expenses item.

Measures taken to limit the impacts of the COVID-19 pandemic, such as short-time working and, especially abroad, government grants were utilized in the amount of 1.9 million euros (prior year: 0 million euros); this resulted in particular in lower personnel expenses and thus had a positive effect on profitability.

Profitability improved significantly over the reporting period from January through March 2021. Positive impacts from the restructuring measures taken in 2020 also contributed to the rise. The EBITDA margin increased to 11.4 percent (prior year: 8.3 percent). EBITDA improved to 20.0 million euros (incl. PPA impacts of minus 1.8 million euros) and was thus 47.1 percent up on the prior-year figure of 13.6 million euros. In the prior year, EBITDA also included costs for structural and portfolio measures (costs for the merger, consolidation, or closure of sites, restructuring, cost-cutting programs, and in connection with M+A activities) amounting to 3.7 million euros.

EBITDA

in million euros	1/1 to 31/3/2021	1/1 to 31/3/2020	Change in %
Group	**20.0**	**13.6**	**47.1**
Light & Optics	19.3	14.5	32.8
Light & Production	– 0.2	– 4.1	95.2
Light & Safety	0.2	4.9	– 96.4
VINCORION	3.1	1.0	215.9
Other	– 2.3	– 2.7	

EBIT

in million euros	1/1 to 31/3/2021	1/1 to 31/3/2020	Change in %
Group	**6.1**	**2.5**	**142.7**
Light & Optics	13.1	11.7	11.9
Light & Production	– 3.0	– 7.0	57.4
Light & Safety	– 1.5	3.2	n/a
VINCORION	1.3	– 0.7	n/a
Other	– 3.9	– 4.6	

Income from operations (EBIT) of 6.1 million euros in the first three months was also significantly higher than the prior-year figure of 2.5 million euros. The Group EBIT margin was 3.4 percent (prior year: 1.5 percent). The EBIT item also includes impacts arising from the purchase price allocations of minus 5.5 million euros as a result of acquisitions in prior years (prior year: minus 1.7 million euros).

Overall, financial income and financial expenses fell, despite higher interest rates for financing and compounding, as the prior-year figure included negative impacts arising from the valuation of financial investments. Over the reporting period, the financial result thus rose to minus 2.2 million euros (prior year: minus 2.8 million euros).

At 3.9 million euros, the Group achieved significantly higher earnings before tax (prior year: minus 0.4 million euros). Income taxes were unchanged at 0.1 million euros (prior year: 0.1 million euros). Due to the higher earnings before tax, the overall tax rate grew to 2.5 percent (prior year: minus 16.2 percent). Following regional profit distribution, the cash effective tax rate as of the reporting date was 41.6 percent (prior year: less than 0 due to negative earnings before tax). Group earnings after tax rose to 3.8 million euros (prior year: minus 0.4 million euros). Group earnings per share accordingly came to 0.07 euros (prior year: minus 0.01 euros).

The strong order intake seen in the fourth quarter of 2020 continued in the first quarter of 2021, rising 26.8 percent to 268.3 million euros in the period from January through March (prior year: 211.7 million euros). The Light & Optics division reported continuing good demand from the semiconductor equipment industry. The biophotonics area also secured more new orders in the first quarter of 2021. TRIOPTICS too contributed to the increase. Despite a high basis for comparison, the Light & Production division posted order growth. In the first quarter of 2020, the Group had received a major order in the field of automation; as a result of the pandemic, however, this order was unfortunately canceled in the second quarter. The Light & Safety division also posted significantly more orders, particularly in North America. In this division the order intake is strongly influenced by projects and thus subject to fluctuations. VINCORION, by contrast, posted an order intake sharply down on the prior year. Overall, the significant rise in the Group's order intake produced a strong increase in the book-to-bill ratio, to 1.52 (prior year: 1.29).

The order backlog increased to 561.3 million euros (31/12/2020: 460.1 million euros). Of this order backlog, 420.4 million euros or 74.9 percent (prior year: 366.3 million euros or 70.1 percent) are to be converted to revenue in the present fiscal year.

As of March 31, 2021, there were also frame contracts worth 46.9 million euros (31/12/2020: 42.3 million euros). Frame contracts are contracts or framework agreements where the exact sum and time of occurrence cannot yet be specified precisely.

Order situation

in million euros	1/1 to 31/3/2021	1/1 to 31/3/2020	Change in %
Order intake	268.3	211.7	26.8

	31/3/2021	31/12/2020	Change in %
Order backlog	561.3	460.1	22.0
Frame contracts	46.9	42.3	10.9

Employees (head count and incl. trainees)

	31/3/2021	31/12/2020	Change in %
Group	4,401	4,472	– 1.6
Light & Optics	1,872	1,845	1.5
Light & Production	995	1,040	– 4.3
Light & Safety	491	489	0.4
VINCORION	756	775	– 2.5
Other	287	323	– 11.1

The number of Jenoptik employees fell 1.6 percent or by 71 persons in the first three months of 2021, to 4,401 (31/12/2020: 4,472 employees). While employee numbers in the Light & Optics division rose slightly due to the transfer of OTTO, they fell in both the Light & Production division and VINCORION, in part due to the restructuring measures now in place. In the US, employees were transferred from the Other segment to the Light & Optics division.

At the end of March 2021, 1,092 people were employed at the foreign locations (31/12/2020: 1,112 employees), and the company had a total of 168 trainees (31/12/2020: 189 trainees).

Detailed information on the development of the divisions can be found in the Segment Report from page 12 on.

Financial and Asset Position

Over the first three months of 2021, COVID-19 continued to impact on the operating activities of the Jenoptik businesses and thus on the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows.

Despite the corona-related challenges, the Group continues to ensure healthy balance sheet ratios and an amply supply of liquidity.

In March, Jenoptik placed debenture bonds with sustainability components worth 400 million euros on the capital market at attractive terms. Of this sum, 130 million euros was disbursed in March; the remaining 270 million euros will be paid out in September 2021. The debenture bonds were significantly oversubscribed and comprise several tranches with terms of five, seven, and ten years, which were issued not only in euros but also, to a lesser extent, in US dollars. Investors from Germany and abroad were offered both fixed and variable interest rate options. The funds will give the Group room for maneuver for investments in its core business of photonics and acquisitions. They will also be used to finance the acquisition of the remaining 25 percent in TRIOPTICS at the end of 2021. In addition, utilization of the syndicated loan agreement was reduced by 110 million euros in April, and existing debenture bonds in the amount of 14 million euros were repaid. The bridge financing mechanism, which had not been utilized, was terminated early.

At the end of the first three months of 2021, the debt-to-equity ratio, that of borrowings to equity, was 1.11 (31/12/2020: 0.94). This was due to a significant increase in borrowings, particularly in connection with the placement of the aforementioned debenture bonds.

As of March 31, 2021, cash and cash equivalents were sharply up, especially as a result of the issued debenture bonds. The considerable increase in financial debt was more than offset by the even greater rise in cash and cash equivalents, resulting in net debt falling slightly, to 189.4 million euros (31/12/2020: 201.0 million euros). The Group therefore has sufficient financial headroom to ensure the company's scheduled strategic growth. As of March 31, 2021, the Group also had unused lines of credit worth over 100 million euros.

Jenoptik invested 9.5 million euros in property, plant, and equipment and intangible assets over the reporting period, impacting on liquidity (prior year: 14.1 million euros). At 5.9 million euros, the largest share of capital expenditure was again spent on property, plant and equipment (prior year: 9.9 million euros), including new technical equipment and an expansion in production capacities. Capital expenditure declined significantly in the Light & Production division; the prior year had included expenditure for the new build at the Villingen-Schwenningen site. Capital expenditure for intangible assets fell to 3.5 million euros (prior year: 4.2 million euros). Investment was mainly attributable to costs in connection with setting up and launching an SAP S/4 HANA system and the development costs from internal projects to be capitalized. Scheduled depreciation and amortization increased to 13.9 million euros (prior year: 11.1 million euros), mainly due to impacts arising from the purchase price allocation for the companies acquired in the 2020 fiscal year.

Lower positive impacts arising from changes in working capital and other assets and liabilities contributed to a reduction in cash flows from operating activities as of March 31, 2021, to 23.2 million euros, despite higher earnings before tax (prior year: 26.4 million euros).

At the end of March 2021, cash flows from investing activities came to minus 9.0 million euros (prior year: minus 42.9 million euros), which over the reporting period were particularly affected by lower investments in intangible assets and property, plant, and equipment, and lower expenditure for and proceeds from sale of short-term investments. The prior year had also included payments for the acquisition of INTEROB in the cash flows from investing activities item.

Although cash flows from operating activities were down on the prior-year figure, lower expenditure for and proceeds from sale of operative investing activities resulted in a slight increase in the free cash flow over the reporting period, to 15.7 million euros (prior year: 14.4 million euros). The free cash flow is calculated on the basis of the cash flow from operating activities (before interest and taxes) less the proceeds from sale of and expenditure for intangible assets and property, plant, and equipment. In the first three months of 2021, the cash conversion rate came to 78.8 percent (prior year: 106.0 percent).

Cash flows from financing activities increased to 125.7 million euros in the first three months (prior year: 3.5 million euros), and were particularly influenced by the proceeds from the issue of the debenture bonds placed in March (tranche with value date in March 2021).

At 1,489.9 million euros as of March 31, 2021, the total assets of the Jenoptik Group were up on the 2020 year-end figure (31/12/2020: 1,338.8 million euros).

Non-current assets rose to 855.3 million euros (31/12/2020: 848.9 million euros). Intangible assets saw a particularly strong increase compared to year-end 2020, rising from 487.1 million euros to 494.1 million euros, mainly due to currency effects. Advances for intangible assets also increased, while acquired patents, trademarks, and software fell, primarily due to scheduled depreciation and amortization.

Current assets rose to 634.6 million euros (31/12/2020: 489.9 million euros), essentially due to the placement of the debenture bonds, which resulted in cash and cash equivalents increasing sharply, from 63.4 million euros at year-end 2020 to 203.9 million euros. Overall, cash, cash equivalents, and current financial investments came to 208.8 million euros on March 31, 2021 (31/12/2020: 68.3 million euros). Inventories increased to 213.8 million euros, due to advance performance for future revenue (31/12/2020: 191.4 million euros). There was only a slight increase in contract assets, particularly in the Light & Production division. By contrast, trade receivables fell by 21.6 million euros, in particular due to a high level of receivables at year-end 2020 following strong revenue in the fourth quarter.

As of March 31, 2021, the working capital fell slightly compared to the year-end 2020, to 266.1 million euros (31/12/2020: 268.1 million euros / 31/3/2020: 221.5 million euros). On the assets side, the increase in inventories was largely offset by the decrease in receivables. On the liabilities side, the increase in contract liabilities was only partially offset by the decline in trade accounts payable. The working capital ratio, that of working capital to revenue based on the last twelve months, was down compared to year-end 2020, to 34.2 percent, but up compared to the prior-year period, as TRIOPTICS was included in revenue on only a pro rata basis from the end of September 2020 on but fully included in the balance sheet items (31/12/2020: 34.9 percent / 31/3/2020: 26.5 percent).

As of March 31, 2021, equity of 704.5 million euros was above the level as at year-end 2020 (31/12/2020: 689.4 million euros). In addition to the increase in net profit for the period, currency differences and actuarial effects also had a positive impact here. In the light of significantly higher total assets, the equity ratio fell to 47.3 percent (31/12/2020: 51.5 percent).

Non-current liabilities were primarily affected by the issue of the debenture bonds, and rose to 339.5 million euros (31/12/2020: 233.0 million euros). Five debenture bonds worth around 130 million euros were valued on March 31, 2021. Further debenture bonds of around 270 million euros were issued with initial value date in September 2021. Non-current financial debt increased sharply, from 138.4 million euros at the end of 2020 to 251.6 million euros. Non-current liabilities also include the debenture bonds issued in 2015, currently totaling 55.0 million euros (31/12/2020: 69.0 million euros), of which one tranche was reclassified into current liabilities. Due to higher interest rates and a positive development of plan assets, pension provisions decreased to 30.8 million euros (31/12/2020: 35.2 million euros).

Current liabilities increased to 445.9 million euros (31/12/2020: 416.4 million euros), in part due to the scheduled early repayment, in April 2021, of around 14 million euros of the debenture bonds issued in 2015 and the associated reclassification of the amount from non-current to current financial debt. The increase in the other current non-financial debt item is chiefly due to the accrual of vacation entitlements throughout the year and Christmas bonuses.

There were no changes to assets and liabilities not included in the balance sheet; for more information on this, we refer to the details on page 117 of the 2020 Annual Report.

Segment Report

The revenue, order intake, and order backlog numbers provided in the segment report relate to business with external third parties.

Light & Optics

In the information provided on business performance in the Light & Optics division, it should be noted that OTTO was integrated into the division (previously Light & Production division) as of January 1, 2021 for the purpose of better utilizing synergy. Prior-year figures were adjusted accordingly.

On the closing date of September 24, 2020, Jenoptik successfully completed the acquisition of an initial 75-percent stake in Wedel-based optics specialist TRIOPTICS GmbH. The company specializes in measurement and production systems for optical components. TRIOPTICS was integrated into the Light & Optics division. The company was not included in the financial statements until the closing date and is thus not shown in the prior-year figures for the first three months such as revenue, earnings, order intake, and order backlog.

In the first three months of 2021, the Light & Optics division generated revenue of 94.2 million euros, a significant 35.8 percent above the prior-year figure of 69.3 million euros. The figure includes a substantial revenue contribution from TRIOPTICS. Over the first three months of 2021, business with the semiconductor equipment industry remained at a strong level. The biophotonics and industrial solutions areas also generated higher revenue than in the comparable period in the prior year.

Light & Optics at a glance

in million euros	31/3/2021	31/3/2020	Change in %
Revenue	94.2	69.3	35.8
EBITDA	19.3	14.5	32.8
EBITDA margin in %[1]	20.4	20.8	
EBIT	13.1	11.7	11.9
EBIT margin in %[1]	13.9	16.8	
Capital expenditure	5.3	4.6	15.4
Free cash flow	15.9	3.9	304.9
Cash conversion rate in %	82.6	27.1	
Order intake	132.7	74.3	78.5
Order backlog[2]	219.0	179.1	22.3
Frame contracts[2]	14.1	12.6	11.9
Employees[2]	1,872	1,845	1.5

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2020

On a regional level, revenue grew in all regions except the Middle East/Africa, with Asia/Pacific seeing the strongest increase, from 11.2 million euros to 24.1 million euros, chiefly thanks to the contribution from TRIOPTICS. Revenue also increased in Germany, in Europe, and in the Americas. Overall, the division's share of group revenue was 53.5 percent (prior year: 42.2 percent).

EBITDA showed a year-on-year rise of 32.8 percent to 19.3 million euros (prior year: 14.5 million euros). TRIOPTICS also contributed, in spite of PPA impacts with a value of minus 1.8 million euros. The strong rise in revenue resulted in an EBITDA margin of 20.4 percent, which, due to the PPA impacts for TRIOPTICS, was just down on the prior-year figure of 20.8 percent.

EBIT increased to 13.1 million euros (prior year: 11.7 million euros), incl. PPA impacts of minus 4.1 million euros.

In the first three months of 2021, the division posted a significant increase in its order intake, by 78.5 percent to 132.7 million euros (prior year: 74.3 million euros). This was attributable to a strong order intake from the semiconductor equipment industry, growth in the biophotonics area, and new orders from TRIOPTICS. Set against revenue, this resulted in the book-to-bill ratio improving from 1.07 in the prior year to 1.41 over the reporting period.

As of the end of March 2021, the good order intake led to an order backlog of 219.0 million euros, sharply up on the figure at year-end 2020 (31/12/2020: 179.1 million euros).

In the light of good business performance, positive impacts from the working capital (prior year: negative effects), and TRIOPTICS' contribution, the free cash flow (before interest and taxes) quadrupled to 15.9 million euros (prior year: 3.9 million euros).

Light & Production

In the information provided on business performance in the Light & Production division, it should be noted that OTTO was integrated into the Light & Optics division as of January 1, 2021. Prior-year figures were adjusted accordingly.

The impacts of the coronavirus pandemic from the prior year, in particular a lower order backlog at the beginning of the year, was still noticeable in the Light & Production division. Performance has, however, since picked up, particularly with regard to the order intake.

In the first three months, the division's revenue was 5.8 percent down on the prior-year figure, at 36.7 million euros (prior year: 38.9 million euros). While the laser processing area posted minor growth, the two other areas – industrial metrology and automation & integration – were still down on the prior year, mainly due to project postponements.

In the Americas, revenue in the Light & Production division fell to 15.1 million euros (prior year: 20.0 million euros), Germany and Asia/Pacific both saw growth. The division's share of group revenue fell to 20.9 percent (prior year: 23.7 percent).

Light & Production at a glance

in million euros	31/3/2021	31/3/2020	Change in %
Revenue	36.7	38.9	– 5.8
EBITDA	– 0.2	– 4.1	95.2
EBITDA margin in %[1]	– 0.5	– 10.6	
EBIT	– 3.0	– 7.0	57.4
EBIT margin in %[1]	– 8.1	– 18.0	
Capital expenditure	0.9	0.5	79.9
Free cash flow	5.8	3.6	61.9
Cash conversion rate in %	< 0	< 0	
Order intake	64.4	60.2	6.9
Order backlog[2]	99.7	74.7	33.5
Employees[2]	995	1,040	– 4.3

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2020

The restructuring and cost-cutting measures taken by the Light & Production division in the 2020 fiscal year were already starting to show positive results in the first quarter of 2021. In the prior year, EBITDA had also included restructuring costs. Over the reporting period, the division almost achieved EBITDA break-even, with minus 0.2 million euros (prior year: minus 4.1 million euros). Significantly improved profitability was achieved, which was reflected in an increase in the EBITDA margin from minus 10.6 percent in the prior-year period to minus 0.5 percent in the first quarter of 2021.

EBIT came to minus 3.0 million euros (prior year: minus 7.0 million euros), incl. PPA impacts of minus 1.3 million euros arising from the acquisitions of Prodomax, INTEROB and Five Lakes Automation (prior year: minus 1.5 million euros).

Improved sentiment in the automotive industry, the key sector for the Light & Production division, was reflected in its order intake. In the first three months of 2021, this order intake increased year-on-year to 64.4 million euros, although the prior-year figure of 60.2 million euros included a large order in the field of automation that was then canceled in the second quarter due to the pandemic. In the reporting period, the division received several orders in the field of automation & integration in North America, totaling more than 40 million US dollar. The orders from Automotive Tier 1 key accounts consist of automation lines that shall produce structural assemblies for several major automotive OEMs. The book-to-bill ratio of 1.75 in the first three months of 2021 exceeded the prior-year figure of 1.55.

At the end of the period covered by the report, the division's order backlog, worth 99.7 million euros, was sharply up on the figure at year-end 2020 (31/12/2020: 74.7 million euros).

Thanks to higher earnings before tax and good ongoing working capital management, the division's free cash flow (before interest and taxes) grew to 5.8 million euros (prior year: 3.6 million euros). The prior year's capital expenditure had also been affected by the new build at the Villingen-Schwenningen site.

Light & Safety

Business in the Light & Safety division is predominantly project-based. This resulted in a 27.6-percent fall in revenue, to 19.2 million euros, in the first quarter of 2021 (prior year: 26.5 million euros). Due to pandemic-related delays in the supply of electronic components, fewer deliveries were made than planned. In addition, larger projects in the Americas and the Middle East/Africa had contributed to revenue in the prior-year period, and both these regions decreased in the first quarter of 2021. Revenue in the Americas fell by 57.0 percent to 2.9 million euros (prior year: 6.9 million euros). It was also down in the other regions. The division's share of group revenue declined to 10.9 percent (prior year: 16.1 percent).

The decline in revenue was also reflected in the division's profitability. Over the reporting period, EBITDA decreased to 0.2 million euros (prior year: 4.9 million euros). The EBITDA margin consequently saw an appreciable drop to 0.9 percent (prior year: 18.6 percent).

The division's order intake is subject to typical fluctuations in project business, and in the first three months of 2021 rose sharply to a value of 41.2 million euros (prior year: 22.3 million euros), thus outperforming all quarters in the prior year. In part due to lower revenue, the book-to-bill ratio increased to 2.15 (prior year: 0.84).

In the first quarter, the division received several orders for traffic safety equipment in North America worth a total of approximately 20 million euros. The orders were awarded as part of "Vision Zero," a multinational traffic safety project that aims to drastically reduce the number of traffic accidents and deaths or serious injuries on the roads.

The division's order backlog grew 50.8 percent to 69.4 million euros (31/12/2020: 46.0 million euros).

Significantly lower earnings before tax and the reduction in trade accounts payable resulted in a significantly lower free cash flow (before interest and taxes) of minus 6.6 million euros (prior year: 2.5 million euros).

Light & Safety at a glance

in million euros	31/3/2021	31/3/2020	Change in %
Revenue	19.2	26.5	– 27.6
EBITDA	0.2	4.9	– 96.4
EBITDA margin in %[1]	0.9	18.6	
EBIT	– 1.5	3.2	n/a
EBIT margin in %[1]	– 7.6	12.0	
Capital expenditure	1.2	0.7	78.3
Free cash flow	– 6.6	2.5	n/a
Cash conversion rate in %	< 0	51.5	
Order intake	41.2	22.3	85.3
Order backlog[2]	69.4	46.0	50.8
Frame contracts[2]	11.5	8.9	28.9
Employees[2]	491	489	0.4

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2020

VINCORION

In the first three months of the year, VINCORION generated revenue of 25.4 million euros, thereby falling short of the prior-year figure (prior year: 28.1 million euros). While demand in the energy & drive business grew, revenue falls were posted in the power systems area and, due to the pandemic, in the business with the aviation industry.

On a regional basis, VINCORION achieved its strongest growth in the Americas, where revenue grew 4.7 million euros (prior year: 2.3 million euros). Revenue was also up in Germany, but, in line with project volumes, fell in Europe and the Middle East/ Africa region. The division's share of group revenue reduced from 17.1 percent to 14.4 percent.

Cost-cutting measures were also put in place in VINCORION and helped to improve the operating result, with EBITDA in the reporting period increasing to 3.1 million euros, compared to 1.0 million euros in the prior year, and the EBITDA margin improving from 3.4 percent in the prior year to a present 12.0 percent.

Project postponements, particularly in the power systems area, and weaker business in the aviation area due to the pandemic, led to a significant fall in the order intake for the reporting period, to of 28.8 million euros (prior year: 53.4 million euros). The division's book-to-bill ratio declined to 1.13, compared with 1.90 in the prior year.

Due to lower revenue, VINCORION's order backlog remained at a strong value of 172.4 million euros (31/12/2020: 160.3 million euros).

The free cash flow (before interest and taxes) came to 6.5 million euros. As the positive impact arising from the reduction in working capital in the first quarter of 2021 was lower than in the comparable prior-year period, it remained below the high prior-year figure of 9.2 million euros.

VINCORION at a glance

in million euros	31/3/2021	31/3/2020	Change in %
Revenue	25.4	28.1	– 9.7
EBITDA	3.1	1.0	215.9
EBITDA margin in %[1]	12.0	3.4	
EBIT	1.3	– 0.7	n/a
EBIT margin in %[1]	5.1	– 2.7	
Capital expenditure	2.9	2.0	42.9
Free cash flow	6.5	9.2	– 29.1
Cash conversion rate in %	212.8	948.5	
Order intake	28.8	53.4	– 46.1
Order backlog[2]	172.4	160.3	7.6
Frame contracts[2]	21.3	20.8	2.5
Employees[2]	756	775	– 2.5

[1] Based on total revenue

[2] Prior-year figures refer to December 31, 2020

Opportunity and Risk Report

Within the framework of the reporting on risk and opportunity management, we refer to the details on pages 133ff. of the 2020 Annual Report published in March 2021.

The worsening of the COVID-19 pandemic in winter 2020/21 and the action taken by governments and authorities to contain the pandemic naturally also have an impact on Jenoptik's business activities.

Jenoptik has set up task forces and crisis teams in a number of functional areas and the divisions, as well as rapid testing centers, to carefully monitor and mitigate the different impacts of COVID-19. Our primary concern is to ensure the health and safety of our employees and safeguard our operating business. Our contingency plans and measures are continuously reviewed and adapted to reflect local circumstances.

We expect COVID-19 to have only a minor effect on our risk exposure in the Light & Safety division's project business with public-sector contractors and in VINCORION. VINCORION generates a large part of its revenue in project business, where product developments and launches offer long-term growth prospects. However, the pandemic-related increase in public debt could make it more difficult for public-sector contractors to invest in the future, as budget consolidation could be given higher priority in the short and medium term once the pandemic ends. VINCORION's Aviation and Customer Support areas are particularly affected by global travel restrictions in civil air traffic. Despite a still highly dynamic global situation that may present opportunities, e.g., in short-term changes to travel policies, advancing testing strategies, and the global vaccination program, we still do not expect the aviation market to fully recover before 2025 in our risk assessment.

In the Light & Production division, Jenoptik is dependent on the development of the automotive industry and its capital spending patterns. In addition to current challenges facing the industry based on technological shifts and sales trends, which may pose risks to our success as a supplier to this industry, uncertainty continues due to the COVID-19 pandemic. We are still contending with increased project lead times and the risk of project postponements. Restrictions on international travel and access to car manufacturers' plants are still in place and impacting on our ability to plan installations, technical acceptance procedures for systems, and our service business. Opportunities exist as a result of the upturn in sales in the Asia and North America regions and the highly dynamic market of vehicle models and suppliers. At the same time, the initiated operational improvement programs and structural adjustments to the product portfolio and workforce aim to reduce any risks.

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 report during the course of the first three months of 2021.

Forecast Report

Future Development of Business

Even in the current difficult situation caused by the pandemic, 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, and improved cost discipline. In part due to the debenture bonds placed in March 2021, Jenoptik still enjoys a good asset position and a viable financing structure, giving the company room for maneuver to finance both organic and inorganic growth through potential acquisitions.

Jenoptik is a diversified company with its three photonics divisions and its mechatronics business, and has a well-balanced portfolio of products and services that ensures stability during crises and helps the company to offset fluctuations. Business performance continues to be different in the various sectors and divisions. In recent months and also at present, the semiconductor equipment business is performing positively and is set to continue doing so as digitization continues. Signs of recovery after the pandemic-related decline in the prior year can be seen in the biophotonics sector, with some positive signs also discernible in the automotive market. By contrast, rapid recovery is not expected in the aviation industry.

The structural adjustment and portfolio management projects launched in 2020 are already beginning to show results, which are expected to intensify in the coming months and then take full effect in the 2022 fiscal year, helping to accelerate growth and improve the Group's profitability.

Based on good order intake growth in the fourth quarter of 2020 and the first quarter of 2021, a well-filled project pipeline, the continued promising development in the semiconductor equipment business, and an upturn in demand in the automotive and biophotonics areas, the Executive Board expects further growth in the current fiscal year. In addition to the organic growth in the divisions, TRIOPTICS, which will be consolidated for the full year for the first time, will also make a contribution to positive development.

For 2021, Jenoptik is expecting revenue growth in the low double-digit percentage range, including TRIOPTICS (prior year: 767.2 million euros). The Group currently expects EBITDA (earnings before interest, taxes, depreciation, and amortization, including impairment losses and reversals) to increase significantly in the current fiscal year (prior year: 111.6 million euros). The EBITDA margin is due to come in at between 16.0 and 17.0 percent (prior year: 14.6 percent).

Due to the still continuing uncertainty generated by the COVID-19 pandemic, a more precise forecast is currently not possible. However, it is planned to specify the forecast during the course of the year.

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.

Jena, May 10, 2021

Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

in thousand euros	1/1 to 31/3/2021	1/1 to 31/3/2020
Revenue	175,987	164,412
Cost of sales	122,584	110,503
Gross profit	**53,404**	**53,909**
Research and development expenses	9,447	11,118
Selling expenses	24,821	22,124
General administrative expenses	16,196	16,119
Impairment gains and losses	– 691	688
Other operating income	7,341	3,666
Other operating expenses	3,528	6,405
EBIT	**6,061**	**2,497**
Financial income	1,294	1,612
Financial expenses	3,504	4,460
Financial result	**– 2,210**	**– 2,848**
Earnings before tax	**3,851**	**– 352**
Income taxes	– 96	– 57
Earnings after tax	**3,755**	**– 408**
Results from non-controlling interests	– 529	– 40
Earnings attributable to shareholders	4,284	– 369
Earnings per share in euros (undiluted = diluted)	**0.07**	**– 0.01**

Consolidated Comprehensive Income

in thousand euros	1/1 to 31/3/2021	1/1 to 31/3/2020
Earnings after tax	**3,755**	**– 408**
Items that will never be reclassified to profit or loss	2,894	– 1,424
Actuarial gains / losses arising from the valuation of pensions and similar obligations	3,890	– 1,424
Income taxes	– 996	0
Items that are or may be reclassified to profit or loss	8,534	– 6,532
Cash flow hedges	– 2,555	– 2,889
Foreign currency exchange differences	10,962	– 4,915
Income taxes	127	1,272
Total other comprehensive income	**11,427**	**– 7,955**
Total comprehensive income	**15,182**	**– 8,364**
Thereof attributable to:		
Non-controlling interests	– 269	– 61
Shareholders	15,451	– 8,303

Consolidated Statement of Financial Position

Assets in thousand euros	31/3/2021	31/12/2020	Change	31/3/2020
Non-current assets	**855,320**	**848,943**	**6,377**	**586,801**
Intangible assets	494,121	487,075	7,046	235,697
Property, plant and equipment	264,100	263,499	601	250,865
Investment property	4,223	4,175	48	4,241
Investments accounted for using the equity method	13,610	13,410	200	13,259
Financial investments	2,846	2,926	– 80	2,519
Other non-current assets	2,722	3,276	– 554	558
Deferred tax assets	73,699	74,583	– 884	79,662
Current assets	**634,564**	**489,900**	**144,664**	**522,406**
Inventories	213,802	191,406	22,396	168,737
Current trade receivables	116,400	138,010	– 21,609	118,213
Contract assets	76,736	74,735	2,001	62,545
Other current financial assets	3,343	6,492	– 3,149	2,763
Other current non-financial assets	15,450	10,958	4,491	10,116
Current financial investments	4,888	4,894	– 6	74,697
Cash and cash equivalents	203,945	63,405	140,540	85,334
Total assets	**1,489,884**	**1,338,843**	**151,041**	**1,109,207**

Equity and liabilities in thousand euros	31/3/2021	31/12/2020	Change	31/3/2020
Equity	**704,450**	**689,391**	**15,059**	**645,369**
Share capital	148,819	148,819	0	148,819
Capital reserve	194,286	194,286	0	194,286
Other reserves	350,119	334,668	15,451	301,815
Non-controlling interests	11,226	11,618	– 392	449
Non-current liabilities	**339,528**	**233,029**	**106,499**	**197,255**
Pension provisions	30,773	35,178	– 4,405	32,737
Other non-current provisions	17,854	17,039	815	17,233
Non-current financial debt	251,576	138,410	113,166	135,225
Other non-current liabilities	28,137	29,545	– 1,408	9,375
Deferred tax liabilities	11,188	12,858	– 1,670	2,685
Current liabilities	**445,906**	**416,423**	**29,483**	**266,583**
Tax provisions	2,584	2,624	– 40	5,627
Other current provisions	53,723	52,482	1,241	50,860
Current financial debt	146,639	130,871	15,768	40,896
Current trade payables	88,041	89,747	– 1,706	79,741
Contract liabilities	52,752	46,274	6,478	48,301
Other current financial liabilities	77,644	75,327	2,317	19,660
Other current non-financial liabilities	24,523	19,098	5,425	21,498
Total equity and liabilities	**1,489,884**	**1,338,843**	**151,041**	**1,109,207**

Consolidated Statement of Cash Flows

in thousand euros	1/1 to 31/3/2021	1/1 to 31/3/2020
Earnings before tax	3,851	– 352
Financial income and expenses	2,383	2,848
Depreciation and amortization	13,932	11,098
Profit / loss from asset disposals	– 130	– 114
Other non-cash income / expenses	– 3,316	– 418
Change in provisions	1,115	– 2,051
Change in working capital	4,552	11,425
Change in other assets and liabilities	2,674	5,902
Cash flows from operating activities before income tax payments	25,060	28,338
Income tax payments	– 1,883	– 1,983
Cash flows from operating activities	23,177	26,355
Capital expenditure for intangible assets	– 3,518	– 4,172
Proceeds from sale of property, plant and equipment	152	186
Capital expenditure for property, plant and equipment	– 5,947	– 9,938
Acquisition of consolidated entities less acquired cash	0	– 24,049
Proceeds from sale of financial assets within the framework of short-term disposition	197	15,000
Capital expenditure for financial assets within the framework of short-term disposition	0	– 20,000
Proceeds from other financial investments	334	0
Capital expenditure for other financial investments	– 245	0
Interest received and other income	43	65
Cash flows from investing activities	– 8,985	– 42,908
Dividends to non-controlling interests of subsidiaries	– 123	0
Acquisition of non-controlling interests	0	– 1,711
Proceeds from issuing bonds and loans	134,185	11,865
Repayments of bonds and loans	– 2,427	– 2,258
Payments for leases	– 3,308	– 2,992
Change in group financing	– 1,195	– 609
Interest paid and other expenses	– 1,454	– 818
Cash flows from financing activities	125,678	3,476
Change in cash and cash equivalents	139,870	– 13,077
Effects of movements in exchange rates on cash held	1,127	– 195
Changes in cash and cash equivalents due to valuation	– 457	– 420
Cash and cash equivalents at the beginning of the period	63,405	99,025
Cash and cash equivalents at the end of the period	203,945	85,334

Dates

June 9, 2021
Annual General Meeting
of JENOPTIK AG 2021 (virtual)

August 11, 2021
Publication of Interim Report
January to June 2021

November 10, 2021
Publication of Quarterly Statement
January to September 2021

Contact

Investor Relations & Communications

Phone +49 3641 65-2291
E-mail ir@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 Quarterly Statement on our internet www.jenoptik.com.