



ANNUAL REPORT 2021



KEY FIGURES

in € m*	2021	2020	2019	Changes to previous year in %	in € m*	12/31/2021	12/31/2020	12/31/2019	Changes to previous year in %
Sales revenues	214.7	170.5	162.0	26 %	Total assets	227.3	190.1	181.2	20 %
Incoming orders	322.5	181.6	166.5	78 %	Long-term assets	95.5	95.0	93.5	1 %
Gross results	112.6	88.7	82.0	27 %	Equity	128.7	114.9	103.0	12 %
Gross profit margin	52.4 %	52.0 %	50.6 %	0.4 Pp.	Liabilities	98.6	75.2	78.2	31 %
Full costs for research and development	28.1	23.7	23.1	19 %	Equity ratio	56.6 %	60.4 %	56.8 %	-3.8 Pp.
Research and development ratio	13.1 %	13.9 %	14.3 %	-0.8 Pp.	Net cash	19.0	23.0	16.0	-17 %
EBITDA	44.5	34.6	30.0	29 %	Working Capital	48.7	27.3	28.8	78 %
EBIT	28.4	20.1	17.0	41 %	Number of employees for the period (full time equivalents)	864	808	806	7 %
EBT	28.0	20.4	16.9	37 %	Share price (XETRA) in €	158.80	72.00	54.40	>100 %
EBT Marge	13.0 %	12.0 %	10.4 %	1.0 Pp.	Number of shares in circulation	9,971,231	10,005,264	10,007,757	<1 %
Net income	20.8	15.1	12.9	38 %	Market capitalization	1,583.4	720.4	544.4	>100 %
Weighted average number of shares	9,987,043	10,005,060	9,942,657	<1 %					
Result per share (€)	2.08	1.51	1.29	38 %					
Cash flow from operating activities	25.3	37.3	24.7	-32 %					
Cash flow from investing activities	-15.3	-23.3	-34.4	-34 %					
Free Cash flow	10.0	14.0	-9.7	-28 %					

* unless otherwise stated

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REPORT OF THE MANAGEMENT BOARD

Dear shareholders, employees, customers, and business partners of Basler AG,

We are very pleased with the strong profitable growth in financial year 2021. Despite the corona pandemic, the semiconductor crisis, and the cyberattack, we considerably increased our sales and result in a double-digit range and decisively progressed important strategic projects in our transformation to a full-range provider with solutions competency.

After signs of market recovery in the fourth quarter of 2020, our incoming orders per quarter continuously grew to a level of € 85 million. In the entire financial year, our incoming orders accumulated to a new all-time high of approximately € 323 million (compared to previous year: +78 %). Measured in units, we even doubled our yearly incoming orders leaving the industry with its 30 % growth in incoming orders far behind. Against the background of an increasing shortage in semiconductor components and ongoing pandemic conditions, the strong demand led to an extreme burden on the supply chain. Within a few weeks, delivery times on the procurement side for some critical semiconductor components increased to over 12 months and remained on this level. Consequently, this caused supply interruptions, significantly increased delivery times and order backlogs. In this difficult situation, we did our utmost in order to support our customers in the best possible way. In this process, we took on extreme workloads, long-term purchase commitments, considerable extra costs and reallocations of our R&D capacities to short-term component modifications. Taking into account the crisis situation on the procurement markets, we are very proud that we were able to increase our sales and delivered units by approximately 30 % compared to the previous year. We expressly thank our customers for their loyalty, understanding and patience. Despite all adversities, you can be sure that we are continuously striving for constantly improving our delivery performance and supporting your business in the best possible way.

Mid November, we were hit by an unexpected global cyberattack. Our communications channels were limited for several days and our production and logistics processes stood still for two weeks. An effective crisis management, a quick professional support and an incredible commitment of our employees allowed us to put large parts of the data, systems and processes back into operation by the beginning of December and to severely limit the damage for our company and our customers. Once again, this particular situation showed our organization's resilience and the value of our unique company culture. In the management board we are still deeply touched by the performance of our recovery team in the past months. In parallel to the reconstruction, the security of our IT systems was considerably increased and we approach an increasingly digitized future in a very resilient way.

In 2021, we stayed on course and in addition to the operating business pushed forward important strategic projects. On April 1, we implemented a group-wide re-organization, started a comprehensive recruiting program for approximately 150 employees in the first quarter, celebrated the topping out ceremony of our building expansion at our headquarters and recorded progress in our S4Hana project for further digitization of our group. Last but not least, we acquired our two Korean distribution partners at the end of the financial year and thus – as of the coming fiscal year - we will possess a strong direct sales organization in four of the five largest country markets for image processing. We warmly welcome approximately fifty new Korean employees.

According to our strategy, we invested 13 % of our sales in R&D in order to underline our transformation to a full-range provider with solutions competency through an attractive technology and product roadmap in the long term. In doing so, step by step, our software suite Basler pylon moves to



Alexander Temme
CCO

Dr. Dietmar Ley
CEO

Arndt Bake
CDO/CIO

Hardy Mehl
CFO/COO

the center of our product offering, pylon quickly develops from a configuration tool for cameras to a universal tool for developing computer vision applications. A uniform software interface to a very wide range of coordinated hardware components for image processing offers to our customers shorter development times. From this year on, it will provide step-by-step functionalities for automatic image analysis and for creating complete image processing applications.

In the second quarter, we increased our business forecast. Despite the escalating crisis in the second half-year and the cyberattack shortly before the end of the year, we closed the year within our increased forecast. The results in brief: incoming orders € 322.5 million (+78 % compared to the previous year), sales € 214.7 million (+26 % compared to the previous year) and pre-tax result € 28 million (+37 % compared to the previous year). The capital market honored our performance; in summer we surpassed for the first time a market capitalization of € 1 billion and were admitted to the SDAX on October 29, 2021. We are pleased with the trust that is reflected since the beginning of the year in the strong share price increase by 121 % to € 158.80 on December 31, 2021. At the same time, this share price increase is an incentive for us to fulfill the expectations associated with it.

Particularly under the difficult conditions in the past year, our employees as well as their families and partners contributed extraordinarily to this success. We would like to take this opportunity to express our heartfelt thanks for their passion and tireless commitment and combine this with an appropriate profit

participation. We are very pleased with our customers' and distribution partners' loyalty and comprehension as well as with the support and tight communication with our key suppliers. Only together we can master the current challenges in the supply chain in the best possible way. We would also like to thank our supervisory board and our shareholders for the trustful and long-term oriented cooperation. We would like to let our shareholders participate in the success of the company. According to our dividend policy, we will forward a proposal to the general meeting 2022 suggesting to pay a regular dividend for the financial year 2021 in the amount € 0.62 per share.

Financial year 2022 is also expected to be characterized by supply bottlenecks, pandemic limitations and political uncertainties. However, we optimistically start into the new financial year due to our large order backlog of approximately € 140 million and the continuing strong demand at the turn of the year. On the basis of current information, we plan to reach sales within a corridor of € 235 million to € 265 million in fiscal year 2022. Depending on sales, we expect a pre-tax return rate between 9 and 12 %. The broad forecast corridor reflects the current uncertainties and the relatively early date for a forecast within the financial year.

With a positive business situation, a continuously increasing number of employees, unique market access, solid liquidity, and a significantly extended and highly innovative product portfolio we start highly motivated into the financial year 2022. The financial year ahead of us will be an important milestone

in achieving our ambitious medium-term planning. We have recently updated our medium-term planning until financial year 2025. Henceforth, we aim to reach sales of approximately € 400 million until 2025 at a solid pre-tax return rate of approximately 12 %. In addition to these economic targets we also pursue social and ecological targets within a sustainable company development. In doing so, we strive for synergistically connected economic, ecological and social targets and through computer vision technology contribute to increase the quality of life. By 2030, we aim to emit no greenhouse gases in scopes 1 and 2.

We look forward to work together with you shaping the future growth of Basler AG and would like to give you detailed insights of the past fiscal year.

We hope you enjoy reading it.

Ahrensburg, March 25, 2022

The Management Board



Dr. Dietmar Ley
CEO



Arndt Bake
CDO/CIO



Hardy Mehl
CFO/COO



Alexander Temme
CCO

REPORT OF THE SUPERVISORY BOARD

Dear Ladies and Gentlemen,

In the elapsed fiscal year 2021, the supervisory board has fulfilled its incumbent obligations according to the law, the German Corporate Governance Code, the articles of incorporation and the rules of procedure of the supervisory board and has continuously monitored and advised the management board in its management activities. The management board has provided the supervisory board with written and oral reports on the economic position of Basler AG, its foreign subsidiaries, and its divisions on a monthly basis and has discussed the business and economic situation in detail with the chairman of the supervisory board.

In fiscal year 2021, six regularly occurring supervisory board meetings took place. These were held on March 25, 2021, May 19, 2021, June 15, 2021, September 13, 2021, November 16, 2021, and December 8, 2021. All members of the organization attended the meetings. Due to Covid-19 as well as the related travel restrictions, some of the supervisory board meetings 2021 were held virtually. Only the meeting on September 13 and November 16 (hybrid) took place in person.

The management board and the supervisory board cooperate closely for the benefit of the company. The basis for this cooperation is frank and trusting discussions. The management board has coordinated the company's strategic orientation with the supervisory board and has reported in regular intervals to the supervisory board about the state of implementation. The supervisory board was involved in all major decisions of fundamental importance to the company. The management board has informed the supervisory board at regular intervals about all relevant issues concerning the company's business development and risk situation. The chairman of the supervisory board

is in regular contact with the CEO, and was informed by him about current developments and unusual occurrences and has passed them on accordingly to the other members of the supervisory board. The supervisory board consented to those business dealings which, according to the law and the company's articles of incorporation, required its consent. This applies to decisions and measures of fundamental importance to the company's situation with regard to assets, finances, and revenue.

Significant issues the supervisory board dealt with in the elapsed fiscal year were inter alia:

- ▶ Consultation on and conclusion of the annual balance sheet for 2020 and the proposals for the shareholders' meeting
- ▶ Dividends for fiscal year 2020 including the proposal for the shareholders' meeting
- ▶ Economic and market-specific developments
- ▶ Situation of the relevant markets and Basler AG's position in these markets
- ▶ Advancement of the corporate strategy
- ▶ New Business Development
- ▶ M&A activities
- ▶ Further development of the company organization



Horst W. Garbrecht
Supervisory Board

Prof. Dr. Mirja Steinkamp
Supervisory Board

Norbert Basler
Founder & Chairman of the
Supervisory Board

**Prof. Dr. Eckart
Kottkamp**
Vice Chairman of the Supervi-
sory Board

Dorothea Brandes
Supervisory Board

Dr. Marco Grimm
Supervisory Board

- ▶ Expansion of business premises
- ▶ Investments
- ▶ Liquidity and working capital
- ▶ Company taxes
- ▶ Investor Relations
- ▶ Share buyback program
- ▶ Corporate planning and budget for the group for fiscal year 2022
- ▶ 4-year-planning for the group 2022-2025
- ▶ Correctness and effectiveness of the internal control system (ICS)
- ▶ Correctness and effectiveness of the risk management system (RMS)
- ▶ Correctness and effectiveness of the compliance management system (CMS)
- ▶ Changes of legal requirements
- ▶ Adjustment catalogue of business transactions requiring approval
- ▶ Sustainability reporting
- ▶ Commitment to and amendments of the Corporate Governance Code
- ▶ Selection procedure for the statutory auditor
- ▶ Personnel development of the management board

- ▶ Remuneration of the management board
- ▶ Efficiency of the supervisory board's work
- ▶ Rules of procedures of the supervisory board
- ▶ Personnel development of the supervisory board
- ▶ Articles of association issues
- ▶ Effects of the corona pandemic
- ▶ Exchange and advice regarding the cyber attack on the company

The BDO AG Wirtschaftsprüfungsgesellschaft which was selected as annual auditor by the shareholders' meeting on May 19, 2021, was commissioned by a letter of October 27, 2021 by the chairman of the supervisory board's audit committee, Dr. Mirja Steinkamp, to perform the audit. The annual auditor participated in the supervisory board meeting on March 25, 2022, in which the presented annual balance sheet and the reported essential results were discussed.

The accounting, the annual balance sheet as of December 31, 2021, and the management report for Basler AG, along with the group's annual balance sheet as of December 31, 2021, and the group's management report have been audited by the annual auditor, the BDO AG Wirtschaftsprüfungsgesellschaft, they have been found to be compliant with the applicable laws and the company's articles of incorporation, and they have each been furnished with an unconditional audit certificate. The supervisory board took consenting notice of the audit result.

The supervisory board, on its part, examined the company's and the group's annual balance sheets and the company's and the group's management reports in the context of the applicable legal regulations. No objections were raised. The supervisory board approved of and therewith established the annual balance sheet for Basler AG as prepared by the management board.

In accord with the Corporate Governance Code, the supervisory board regularly reviewed the efficiency of its work and improved it. Furthermore, the supervisory board performed on its own authority education and training measures required to perform its duties. In this context, Norbert Basler, Dorothea Brandes as well as Marco Grimm participated in the „Qualified Supervisory Board Update Course (QAIF)“ of Interfin Forum GmbH on May 6, 2021, which was confirmed by a certificate issued by Deutsche Börse. Furthermore, Horst W. Garbrecht passed the examination for qualified supervisory board before Interfin Forum GmbH in December 2021, this was also confirmed by a certificate of Deutsche Börse.

Since January 2021, Norbert Basler is member of the advisory board of AT Holding GmbH. AT Automation Technology GmbH - a company that offers infrared and 3D camera technology - operates under the umbrella of AT Holding GmbH and is thus to be considered as a market participant. This advisory board is not a decision-making body, but only acts in an advisory capacity. The acceptance of the mandate was coordinated with the management board in advance and was deemed to be non-critical. The other members of the supervisory board do not perform any advisory or executive functions for customers, suppliers, lenders or other business partners.

The report compiled by the management board according to § 312 of the Stock Corporation Act (AktG) on relations with affiliate companies was audited by the annual auditor and furnished with the following audit certificate:

“Following our duly performed audit and evaluation we herewith confirm that

- ▶ the actual information given in the report is correct

and

- ▶ the company’s performance was not inappropriately high for the legal transactions specified for the reporting year”.

The supervisory board took consenting note also of this audit report of the annual auditor. The supervisory board states after the concluding result of its own audit, that no objections are to be raised regarding the management board’s statements on relations with affiliate companies.

A fiscal year full of challenges - Stress test passed

In the elapsed fiscal year Basler AG played strengths out to the full: The company was massively challenged by the self-imposed targets as well as by difficult external conditions.

The strategy-driven transformation to a vision solution provider, the associated reorganization, the implementation of a new company software, the personnel growth, the expansion of the company headquarters, several M&A projects, and an ambitious sales and profitability goal were challenging enough on their own.

The ongoing corona pandemic but especially the semiconductor procurement crisis and finally a cyber attack at the end of the year- this additionally made the fiscal year 2021 the most challenging in the last two decades.

However, not only the targeted goals regarding sales and profitability were achieved and market shares gained under most difficult circumstances, but also all long-term important investments in the future were made. Thus, the company delivered record results for the elapsed fiscal year and at the same time is well positioned for the future.

Once again, this success can be explained by the passion and willingness to perform, the enthusiasm for change and innovation, and the professionalism of all employees, and thus by the culture of this company. The underlying values are not questioned by strong growth, company acquisitions, increased globalization and increasing complexity. They are rather the absolute prerequisite for successfully appearing on the market as an essential designer. Furthermore, it will be the most important task for the supervisory board, the management and all employees to protect and further develop this company culture as long-term success prerequisite.

Also in the future, the condition of AG as a capital market oriented company whose majority is family owned will be a solid base for securing momentum, agility and readiness for change in competitiveness through stability and reliability in its values.

The competence with which the company managed last fiscal year's challenges is proof of the signification of this understanding and at the same time mission, not to slacken in the continuous further development of it.

The supervisory board expressly thanks all employees, managers as well as the members of the management board of Basler AG for their valuable contribution and the excellent results of their work in an equally successful and challenging fiscal year.

Ahrensburg, March 25, 2022

For the Supervisory Board



Norbert Basler

Founder & Chairman of the Supervisory Board



Prof. Dr. Eckart Kottkamp

Vice Chairman of the Supervisory Board



Horst W. Garbrecht

Supervisory Board



Prof. Dr. Mirja Steinkamp

Supervisory Board



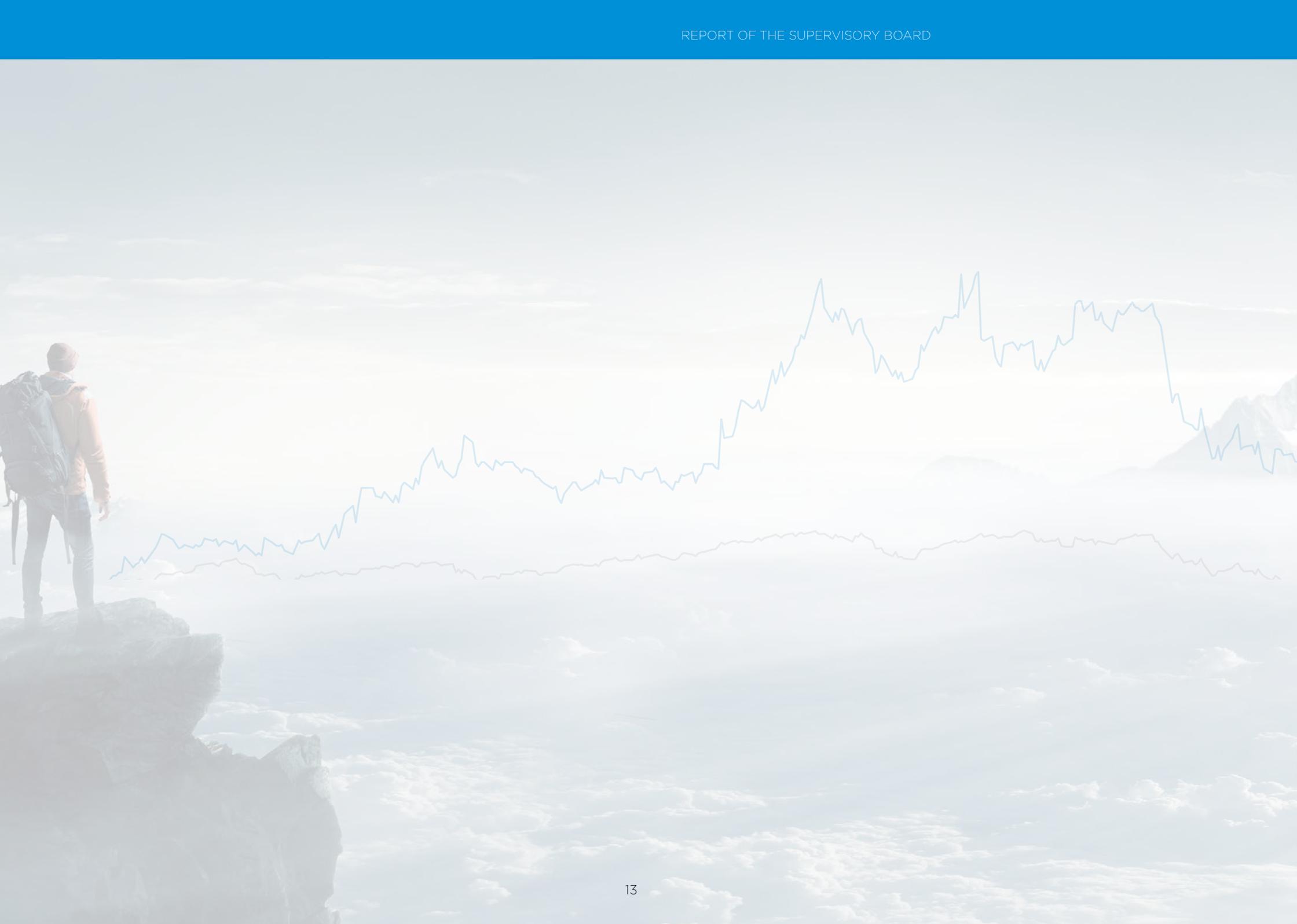
Dorothea Brandes

Supervisory Board



Dr. Marco Grimm

Supervisory Board



THE BASLER SHARE

The Basler share opened the year at a price of € 72.00 and closed at a price of € 75.00 on the fourth day of the year - the lowest closing price of the entire fiscal year. However, in the following weeks the price steadily developed and exceeded the € 100.00 mark at the end of March, shortly after the publication of the financial reporting for 2020 and of the double-digit growth forecast for 2022.

Despite the clear increase of the sales forecast from € 190 million – € 210 million to € 205 million – € 225 million and of the pre-tax profit margin from 12 – 14 % to 13 – 15.5 % on May 4, the second quarter developed well. The share price fluctuated between € 105.00 – 110.00. With the reporting of the half-year result and the included confirmation of the annual forecast, Basler gained further confidence in the capital market making the share price increase to over € 124.00 on the day of the reporting, despite the uncertainties on the procurement market.

The third quarter was characterized by a continuously strong growth of the share price and culminated in the highest closing price of the year of € 171.20 on the day before the reporting of the third quarter results at the beginning of November.

Despite very strong third quarter results, they did not fulfill the high expectations. Due to the ongoing shortage of semiconductor components and the subsequent limitations of the production volume as well as an increase of material costs, the forecast corridor was confirmed in the middle of the given range although incoming orders showed an all-time high. This caused the share price drop to € 150.00 directly after the reporting.

Despite this minor setback in a very strong stock market year for Basler AG, the share price closed at € 158.80 on December 31, 2021 corresponding to a share price increase of >100 % since the beginning of the year.

This strong performance led to the inclusion in the SDAX in the fourth quarter and resulted in the fourth strongest performance of this index in 2021.

Also in 2021, Basler AG benefitted from the strong business in Asia. This region better managed the Covid-19 pandemic than Europe and America in the first half of the year. Moreover, due to strong presence in the semiconductor, electronics and logistics sector, Basler developed significantly better than its competitors and was able to deliver at a high degree despite supply bottlenecks in the procurement markets. This business success together with reliable forecasts and financial as well as organizational stability, was obviously rewarded by investors and caused the share price of Basler AG to rise disproportionately compared to its peers.

SHARE PRICE DEVELOPMENT 2021

Basler (Xetra) vs. TecDax



SHAREHOLDERS' MEETING

For the second time in the company history, the shareholders' meeting that took place on March 19, 2021, was conducted virtually. The registered and logged-in investors were given an extensive company presentation by the management board informing them about the strategic direction of the company and the course of business in 2020. After a general debate, all items were approved by more than 95 % of the voters present.

Please find detailed information about the general meeting 2021 here www.baslerweb.com/en/company/investors/annual-general-meeting/2021.

The 2022 shareholders' meeting is scheduled for May 23 and will again be conducted virtually.

SHARE BUYBACK PROGRAM

Convinced that sales and results would increase over the following years, in September 2011 the management board first decided to conduct a share buyback program. In the course of the past ten years, further share buyback programs followed.

With the approval of the supervisory board, on December 9, 2020, the management board of Basler AG decided to terminate the share buyback program that was restarted on March 11, 2020, and suspended at that time and to start a new share buyback program based on the resolution of the shareholders' meeting of May 26, 2020. The new share buyback program amounts to a total of € 10.0 million with a term running until May 25, 2025.

The basis of the share buyback program was the authorization pursuant to section 71 (1) no. 8 of the AktG dated May 26, 2020, agenda item 8 of this shareholders' meeting. According to this, the company may acquire treasury shares on the basis of the currently registered share capital up to a total amount of € 1,050,000.00 divided into 1,050,000 shares. The authorization is valid until the end of May 25, 2025.

At the reporting date December 31, 2021, the company held 528,769 own shares corresponding to 5.036 % of total shares of 10.5 million shares.

In principle, the company is allowed to use the shares for all legal purposes provided for in the authorization. In particular, this share buyback program is intended to buy own shares for a later use as acquisition currency.

The share buyback program is implemented as a programmed buyback program within the meaning of Art. 1 lit. a of Regulation (EU) 2016/1052. The program is managed by Joh. Berenberg, Gossler & Co. KG. The credit institution has been instructed, at its own discretion but within the framework of the following provisions, not to buy more than 25 % of the average daily trading volume of the 20 trading days on the respective trading venue prior to the purchase date from the respective daily turnover. In this context, the purchase price per share (excluding ancillary purchase costs) may not exceed or fall short of the share price determined on the trading day by the opening auction in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange by more than 10 %.

The extent to which own shares are actually acquired will depend in particular on market conditions. The acquisition is carried out via the stock exchange in compliance with the provisions of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse („Market Abuse Regulation“) and the delegate regulation (EU) 2016/1052 of the Commission of March 8, 2016 adopted on the basis of Article 5 (6) of the Market Abuse Regulation supplementing regulation (EU) No. 596/2014 of the European Parliament and of the Council by regulatory technical standards for the conditions applicable to buyback programs and stabilization measures („Delegated Regulation“) and the volume limits and other purchase restrictions and publication requirements provided for therein. The company has the right to suspend or prematurely terminate the share buyback program at any time.

DIVIDEND 2021 € 0.62

DIVIDEND AND APPROPRIATION OF EARNINGS

Due to the solid business development in the fiscal year 2021, the management board of Basler AG has decided to propose to the general meeting 2021 to pay a dividend.

Our dividend strategy is to pay approximately 30 % of the net result every year, however, always depending on the business development and planned investments in growth and in the future of the company.

Along the company's dividend strategy, the proposal will be made in the general annual meeting of 2022 to pay a dividend for the fiscal year 2021 of € 0.62 per share. This corresponds to an amount of € 6.2 million and to 30 % of the net income of fiscal year 2021.

CAPITAL MARKET COMMUNICATION

Continuous and open communication with all capital market participants is very important to Basler AG. We value the direct contact to analysts, investors, and private shareholders. We communicate with institutional investors via conference calls, individual meetings, and roadshows or at capital market conferences. It is during the general meeting, at smaller conferences, as well as in personal discussions where we inform private investors about the development of the company. However, IR work has been different since March 2020. Communication stayed intense, but limited to digital formats. We very much hope that in the second half year of 2022 we can get in direct contact again with our investors and are already looking forward to a personal reunion.

In the elapsed fiscal year, Basler AG participated in three (previous year: two) roadshows and seven (previous year: eight) capital market conferences. Furthermore, many investors sought direct contact with the company. We addressed this interest via conference calls.

As a listed family company, in 2021 we again concentrated our investor relations work mainly on investors pursuing a long-term strategy focusing on listed

family companies like Basler AG which are comfortable with correspondingly limited trade volumes, even though they considerably increased in the elapsed fiscal years. Due to this clear orientation as well as the very stable business development, the quality and quantity of our investors' meetings considerably improved further in 2021 despite this additional year characterized by only digital contact maintenance.

In the previous year, the analysts of Warburg Research, Berenberg Bank, Jeffries as well as Matelan Research regularly prepared studies about Basler AG (previous year: 4). You can find some of the current recommendations via www.baslerweb.com/Investors in the Share >> Analyst recommendations section.

In addition to this, we offer comprehensive information in the internet via www.baslerweb.com/Investors where you can find our quarterly reports, half year reports, and annual financial reports, along with analyst presentations and press releases, as well as the financial calendar for the current year showing all important publication dates and the date of the shareholders' meeting.

CONTACT

For questions about our company or the Basler share, please contact our investor relations department:

Tel. 04102 463 0

Fax 04102 463 108

ir@baslerweb.com

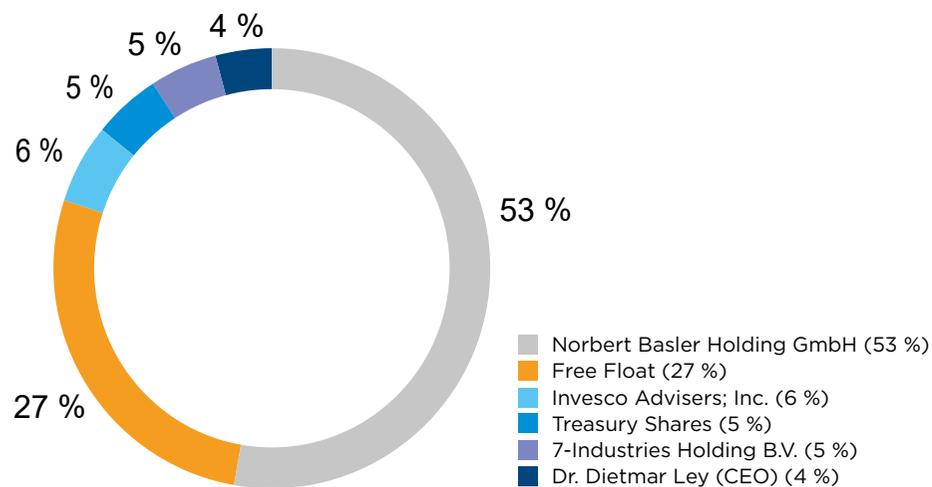
www.baslerweb.com/Share

REGULAR INFORMATION

If you wish to receive information about our company regularly, please contact our investor relations department via www.baslerweb.com/Investors.

SHARE-RELATED INFORMATION

ISIN: DE0005102008
 Symbol: BSL
 Prime Standard branch: Industrial
 Industry group: Advanced Industrial Equipment
 Admission segment: Prime Standard / Regulated Market
 Designated sponsor: M. M. Warburg
 Number of shares: 10,500,000
 Member of the following indices: SDax, CDax, Prime All Share (Performance and price index), DAXsubsector Advanced Industrial Equipment (Performance).

SHAREHOLDER STRUCTURE**SHARE OWNERSHIP BY THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD**

	12/31/2021 Number of shares in pieces	12/31/2020 Number of shares in pieces
Supervisory Board		
Norbert Basler	-	-
Dorothea Brandes	-	-
Horst W. Garbrecht	-	-
Dr. Marco Grimm	-	-
Prof. Dr. Eckart Kottkamp	-	-
Prof. Dr. Mirja Steinkamp	-	-
Management Board		
Arndt Bake	2,075	1,850
Dr. Dietmar Ley	379,206	378,882
Hardy Mehl	5,901	5,550
Alexander Temme	-	-

SHARE PRICE KEY FIGURES

	2021	2020	2019	2018
Market capitalization in € million (as of 12/31)	1,583.4	720.4	544.4	397.5
Annual closing price in € (as of 12/31)	158.8	72.0	54.4	124.0
Year high in €	171.20	72.20	57.20	218.70
Year low in €	75.00	34.15	33.70	120.40
Annual development	>100 %	+33 %	+30 %	-36 %

CORPORATE GOVERNANCE

REPORT OF THE BASLER GROUP

The Basler Group is a global organization with an international shareholder structure. The management board and the supervisory board attach particular emphasis on responsible and transparent management and a control of the company that is oriented to sustainable value increase. A meaningful and transparent company communication, the respect for shareholders' interest, a forward-looking approach to changes and risks, as well as an efficient and responsible cooperation between the management board and the supervisory board are major aspects of good corporate governance. The latter promotes the trust of the shareholders, business partners, employees, and finally of the society within the Basler Group. At the same time, these principles are important orientation standards for managing and controlling the group.

The corporate governance report pursuant to § 289f and § 315d HGB (German Commercial Code) is part of the combined management report. Pursuant to § 317 (2) sentence 6 HGB, the auditor's examination of the disclosures pursuant to § 289f and § 315d HGB is to be limited to whether the disclosures have been made. As part of the corporate governance report, the management board and supervisory board also report on the corporate governance of the company.

Declaration of Conformity with the German Corporate Governance Code

"The management board and the supervisory board of Basler AG declare after due examination that in the elapsed fiscal year 2021, Basler AG complied with the recommendations of the German Corporate Governance Code pursuant to the version of December 16, 2019 (hereinafter called "code") with the following exceptions:

B. COMPOSITION OF THE MANAGEMENT BOARD

B.3

Mr. Alexander Temme was appointed to the management board as of January 1, 2021 - initially for four years until December 31, 2024. By this, the company ensures the contracts of the members of the management board to expire with a time lag so that at no time two personnel decisions have to be taken at the same time. In view of Mr. Temme's moving up to the management board after a long time management position in the company associated with a great relationship of trust, the supervisory board considers this decision to be sound.

C. COMPOSITION OF THE SUPERVISORY BOARD

C.1, C.2 AND C.7

In its proposals to the general meeting, the supervisory board will continue to observe legal requirements and give priority to women in case of equal qualification. In doing so, the company's international activities, potential conflicts of interest as well as diversity will be considered. The decision on the candidates which the supervisory board considers to be the most appropriate ones, is to be taken whenever a new election is scheduled. The supervisory board and the management board do not consider it as useful to be bound to pre-formulated abstract targets for selecting candidates instead of freely deciding on a person which is available and seems to be most suitable for the position. Therefore, the supervisory board does not give concrete targets according to point C.1 DCGK (Deutscher Corporate Governance Kodex, German Corporate Governance Code) nor does it set an age limit for members of the supervisory board according to point C.2 DCGK. Subsequently, such targets will neither be taken into account for proposals to the responsible electoral bodies nor will be reported regarding their state of implementation.

G. REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

G.1

The remuneration system of Basler AG provides for financial performance criteria for the granting of variable remuneration components. Non-financial performance criteria are used in corporate management, but they are not used as a basis for determining the variable remuneration components

G.6, G.7, G.10

The remuneration system of the management board is based on a „bonus bank system” which is set up as follows:

The total target achievement (-100 % to 400 %) is multiplied by a defined variable component of the target salary (25 % of the agreed target salary) and results in the amount in Euro for the bonus entitlement of the respective member of the management board for the elapsed fiscal year. Accordingly, the bonus entitlement can amount from -25 % (malus) to +75 % of the target salary.

The bonus entitlement calculated in that way is not paid immediately. In order to satisfy the required long-term and multi-year assessment basis, the bonus amounts are paid out on a delayed basis by a bonus bank and are subject to the interim risk of a substantial reduction due to a subsequent deterioration in performance. A separate account is kept for the bonus claims of each member of the management board.

The bonus or malus calculated for the elapsed fiscal year is booked to the individual account. Allowing for the previous balance this results in a current account balance. If this account balance is positive one third will be paid out. Two thirds will be forwarded to a new account and be considered in the next year. Negative balances must be compensated by positive balances or bonus deposits before payouts can be made by the bonus bank.

In order to create a special performance incentive for the management board and to motivate its members to work in the long run on increasing the value of the company, the supervisory board decided to convert a part of the bonus

into shares. Since 2018, an individually fixed percentage part of the respective future claim for variable remuneration of above 100 % of target achievement will be granted in shares. In this case, the above described bonus bank procedure will also come into effect.

The total remuneration consists of the fixed salary (75 % of the target salary) and the payment made by the bonus bank.

If the targets agreed upon concerning profitability and growth are achieved on average over several years, the actual total remuneration will be in the amount of the target salary. If the targets are clearly missed for a long time, only the fixed salary will be paid out (75 % of the target salary) in the long term.

In case of significant overachievement of the profitability and the growth target over several years a gradually increasing total remuneration of a maximum of 175 % of the target salary will be paid out.

The supervisory board considers the remuneration system appropriate and long-term oriented. It also prevents conflicts of interest and misaligned incentives in the best possible way. A detailed description of the remuneration system can be found in the remuneration report. In many aspects it is oriented at the DCGK (Deutscher Corporate Governance Kodex, German Corporate Governance Code), however, it slightly deviates from the recommendations of the Corporate Governance Code in points G.6, G.7, and G.10:

G.6 AND G.7

This recommendation is deliberately not complied with. Instead, a profound strategy process is conducted every year in which the supervisory board and the management board agree upon the medium and long-term company targets and derive hereof the short-term oriented targets for the variable remuneration.

G.10

The company considers a ratio of 50 % of the over-performance amount as a payout in shares to be appropriate. The transfer to the bonus bank as well as the payout are conducted analogously to the process for the variable remuneration

in money. One third of the resulting annual balance is paid out and two thirds are carried forward.

COMPANY WEBSITE

The declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) is available on the internet at

www.baslerweb.com/en/company/investors/corporate-governance/.

The declarations of conformity and the corporate governance reports for previous years can also be viewed there.

RELEVANT DISCLOSURES REGARDING CORPORATE GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS AND WHERE THEY ARE MADE AVAILABLE TO THE PUBLIC

The Basler Group is to be perceived as a responsible globally acting company with high ethical and legal standards.

The joint basis for acting is the specific culture of the Basler Group. It is reflected in the fair and respectful treatment of colleagues towards each other and towards third parties and is further characterized by the willingness to perform, open communication, trustworthiness and the conservation of natural resources.

These principles are summarized in the “code of conduct” as well as in the sustainability strategy of the Basler Group. This code of conduct is binding for all employees regardless of their function or position within the group. A constant reflection of these values and their incorporation into our daily activities represents a clear commitment to the company’s culture and ensures its long-term business success. The “code of conduct” can be found on the company’s website:

www.baslerweb.com/en/company/investors/sustainability.

Further information about this subject can be found in the non-financial

declaration in chapter 10.

Further information on corporate management is provided in the group management report under 1.2 Management System.

COMPLIANCE AS WELL AS OPPORTUNITIES AND RISKS REPORT

The principles of a responsible corporate governance include a continuous and responsible balancing of opportunities and risks. The aim of an opportunities and risks management is to develop a strategy and set up targets that create an even balance between growth and profitability targets on the one hand and the risks linked herewith on the other hand. Details of the opportunities and risks management system of the Basler Group can be found in the group management report <<5. Opportunities and Risks Report >>.

COMPLIANCE

The compliance of business activities with all relevant laws and standards as well as within the company’s internal principles is a basic prerequisite for sustainable successful business. Thus, the Basler Group’s success is not only based on good business politics, but also on an economically ethical integrity, trust and the open and fair treatment of employees, customers, business partners, shareholders and other stakeholders.

COMPLIANCE-CULTURE AND TARGETS

Compliance has always been a major part in risk prevention and company culture of the Basler Group. The aim is to always act in compliance with all relevant laws, norms, international standards and internal guidelines. The Basler Group pursues a preventive compliance approach and strives for a corporate culture that raises awareness and educates the employees in order to prevent potential violation of the rules. By doing so, the management board and the managers bear a special responsibility. Within their area of responsibility, they are role models and urged to ensure observation of the compliance requirements, to clearly communicate the expectations to each employee and to consistently set an example of compliant and ethical behavior.

COMPLIANCE-ORGANIZATION

The compliance activities are closely linked with the risk management and the internal control system. The legal department controls the compliance activities within the group by creating appropriate structures and processes as well as by giving support for an efficient implementation of compliance measures. In addition, the legal department is available as a contact for individual questions from the organization.

COMPLIANCE-PROGRAM AND COMMUNICATION

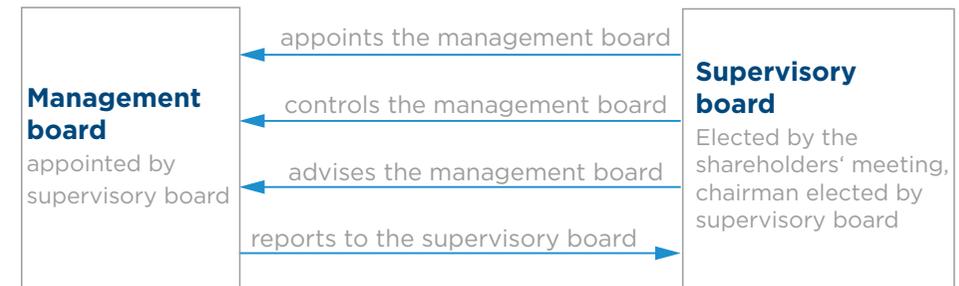
The compliance structures and measures to ensure the observation of laws, guidelines, and ethical principles are consequently aligned to the risk situation of the group and continuously developed further. The compliance activities' starting point for all employees is the binding code of conduct of the group. In addition to the company's website, employees can access the code of conduct and further company guidelines via the group's intranet platform.

COMPLIANCE-REPORTING CHANNELS, REVIEWS AND FURTHER DEVELOPMENT

Reliable reporting channels and the protection of internal whistleblowers from sanctions are major elements for the identification of compliance risks. In addition to direct contact with their supervisors, employees of the Basler Group can also report possible violations of laws or policies via a whistleblowing system set up for this purpose without disclosing their identity. All reported clues and violations are timely investigated and evaluated; if necessary, appropriate measures and sanctions are taken. The observation of internal guidelines and legal requirements are regularly subject to internal audits by the corporate audit department. The management board and the supervisory board are regularly informed about facts relevant for compliance as well as about the expansion of the compliance structures and planned compliance measures.

DESCRIPTION OF METHOD OF WORK OF MANAGEMENT BOARD AND SUPERVISORY BOARD

Basler AG is a German stock corporation acting in line with the dual management and control structure of the two organs: management board and supervisory board.



MANAGEMENT BOARD

Composition

Pursuant to § 7 of the Articles of Association the management board consists of at least two members. The members of the management board are appointed by the supervisory board. Together with the management board it ensures long-term succession planning. The age limit for management board members is 70 years. A minimum age does not exist.

Dr. Dietmar Ley, Chief Executive Officer - with Basler since 1993

Arndt Bake, Chief Digital Officer, Chief Innovation Officer - with Basler since 2001

Hardy Mehl, Chief Financial Officer, Chief Operations Officer - with Basler since 1999

Alexander Temme, Chief Commercial Officer - with Basler since 2002

The members of the management board do not hold any other mandates in other statutory supervisory boards or comparable domestic or foreign supervisory bodies.

Method of Work

The supervisory board has issued rules of procedure for the management board that govern both the cooperation within the management board and the cooperation between the management board and the supervisory board. In line with the interests of the company, the management board performs its management duties aiming for a sustainable increase of the value of the company.

The management board bears overall responsibility for the management of the Basler Group. The management board decides jointly on all matters that are of particular importance and scope for the company or its subsidiaries. The management board is responsible for the preparation of the quarterly statements, the half-year financial report as well as for the preparation of the annual and consolidated financial statements and the combined management report of the Basler Group. The management board reports to the supervisory board regularly, promptly and comprehensively in written and verbal form on all relevant issues relating to business development, corporate planning, strategic alignment, opportunity and risk management, and compliance.

The supervisory board is involved in a timely manner in all decisions that may have a significant impact on the net assets, financial position and results of operations of the company and is kept fully informed by the management board. In the case of acquisition projects, the management board provides detailed information on the progress and status of the project at an early stage and coordinates the acquisition and integration process closely with the supervisory board.

SUPERVISORY BOARD

Composition

Compared to the previous year, the personnel composition of the supervisory board has remained unchanged in fiscal year 2021. The supervisory board consists of the following six members:

Norbert Basler, Chairman of the supervisory board

Prof. Dr. Eckart Kottkamp, Vice chairman of the supervisory board

Horst W. Garbrecht, Member of the supervisory board

Prof. Dr. Mirja Steinkamp, Member of the supervisory board

Dorothea Brandes, Employees' representative in the supervisory board

Marco Grimm, Employees' representative in the supervisory board

The members of the supervisory board are elected by the annual general meeting or by the employees. The chairman or chairwoman of the supervisory board is elected by the supervisory board from among its members. He or she coordinates the work of the supervisory board and represents the interests of the supervisory board externally.

Information on other mandates held by members of the supervisory board can be found in the notes to the consolidated financial statements. The compensation of the members of the supervisory board is commented on in the group's remuneration report. From May 13, 2022, on, this report is open to the public and subject to approval by the annual general meeting on May 23, 2022.

General Requirements / Competence Profile

In line with the German Corporate Governance Code, the supervisory board agreed upon concrete targets for its composition and resolved on a competence profile for the entire organ of the supervisory board of the Basler Group. Accordingly, each member of the supervisory board must fulfill the legal and statutory requirements for membership of the supervisory board (§ 100 (1) to (4) AktG). Each member of the supervisory board must have the knowledge and skills required to properly perform the duties incumbent upon him or her by law and under the Articles of Association. The members of the supervisory board as a whole must be familiar with the sector in which the company operates (§ 100 (5) AktG). Each member of the supervisory board must be sufficiently available and willing to devote the necessary time and attention to

the office. In addition to these general requirements, the entire body should meet the following requirements in particular:

- ▶ Each member should have a general understanding of the Basler Group's business, in particular the global market environment, individual business areas, customer needs, the regions in which the company operates and the strategic alignment of the company.
- ▶ At least one member should have expertise in the fields of accounting or auditing.
- ▶ One or more members should particularly fulfill the criterion of international exposure or have acquired operational experience in internationally active companies.
- ▶ One or more members should have expertise in the field of business administration.
- ▶ The full board should include one or more members with experience in governance, compliance and risk management.
- ▶ All members should have operational experience in personnel management.

The supervisory board of the company currently considers the aforementioned objectives for the composition of the supervisory board to have been met.

The proposals to the annual general meeting for the election of supervisory board members are based on the competence profile of the supervisory board and the objectives for the composition of the entire body. Against this background, the supervisory board has not currently set an age limit for supervisory board members.

The length of service of the individual supervisory board members can be viewed on the following website:

www.baslerweb.com/en/company/management/supervisory-board/

The individual supervisory board mandates of the members of the supervisory board as well as their shareholdings and those of the members of the management board are shown in the Notes to the Annual Report.

Independence of Members of the Supervisory Board

The shareholder representatives in the supervisory board have determined what they consider to be an appropriate number of independent shareholder representatives in the supervisory board, taking into account the ownership structure of the company. The supervisory board in its current composition complies with this determination. The number and names of the shareholder representatives are shown in the table below:

www.baslerweb.com/en/company/investors/corporate-governance/supervisory-board/

The supervisory board essentially bases its assessments of independence on the indicators mentioned in the current version of the Corporate Governance Code dated December 16, 2019. More detailed explanations are required for:

The classification of the chairman of the supervisory board Norbert Basler as „independent“ of the company and its management board. Norbert Basler is considered independent by the other shareholder representatives on the supervisory board despite his twenty-two-year membership of the company's supervisory board and his (indirect) shareholder position. In his activities as a member of the supervisory board, he has never given cause to doubt that he always performed his duties on the supervisory board in a dutiful and proper manner. The other shareholder representatives on the supervisory board are therefore convinced of his independence. There were and are no significant business relationships between Norbert Basler and the company or any of its dependent companies. Neither is Norbert Basler a close family member of a member of the Basler AG's management board.

The classification of the member of the supervisory board Prof. Dr. Eckart Kottkamp as „independent“ of the company and its management board. Prof. Dr. Eckart Kottkamp is considered independent by the other shareholder representatives on the supervisory board despite his more than fifteen-year

membership of the company's supervisory board. In his activities as a member of the supervisory board, he has never given cause to doubt that he always performed his duties on the supervisory board in a dutiful and proper manner. The other shareholder representatives on the supervisory board are therefore convinced of his independence. There were and are no significant business relationships between Prof. Dr. Eckart Kottkamp and the company or any of its dependent companies. Neither is Prof. Dr. Eckart Kottkamp a close family member of a member of the Basler AG's management board.

Working Method

The supervisory board assists the management board in an advisory capacity, monitors the management board in its management of the company, and reviews all significant business transactions by inspecting the relevant documents on the basis of the German Stock Corporation Act, the company's Articles of Association, and the rules of procedure for the supervisory board and management board. The supervisory board is also informed by the management board about business developments outside the regular supervisory board meetings. In this way, it can accompany the operating business with advice and recommendations on an appropriate basis.

The supervisory board supplements the management board's rules of procedures by determining a catalogue of transactions requiring consent. The supervisory board acts on the basis of own rules of procedures shown under www.baslerweb.com/CorporateGovernance. Furthermore, the supervisory board adopts the annual financial statements and approves the consolidated financial statements. Each year, the chairman of the supervisory board explains the activities of the supervisory board in his report to the shareholders as part of the annual report. He is also available to answer questions at the annual general meeting. Additional information on the management board and supervisory board, in particular on their working methods and the mandates held by their members, can be found in the report of the supervisory board, the notes to the consolidated financial statements and the management report.

Together with the management board, the supervisory board also ensures long-term succession planning. For doing so, the supervisory board regularly exchanges views with the management board. Together, the management board and supervisory board evaluate the suitability of potential successor

candidates and discuss how suitable internal candidates can be developed further. The supervisory board also reviews on an ongoing basis whether the composition of the management board continues to be the best possible. To this end, the chairman of the supervisory board discusses with the management board in particular what knowledge, experience and professional and personal competencies should be available on the management board, also with a view to the strategic development of the company, and to what extent the management board is already composed in accordance with these requirements.

Committees of the Supervisory Board

The rules of procedure of the supervisory board provide for the formation of two committees; both committees have been formed and are working in accordance with the contents of the rules of procedure of the supervisory board:

The audit committee prepares negotiations and resolutions of the supervisory board regarding the following:

- ▶ the accounting system and the effectiveness of the risk management system
- ▶ the internal control system and the internal audit system for the required independence of the auditor
- ▶ the issuing of the audit mandate to the auditor
- ▶ the determination of audit focuses and the fee agreement
- ▶ compliance
- ▶ assessment of the quality of the audit by the auditor

The chairwoman of the audit committee is independent and has in-depth expertise in the fields of accounting and auditing. She is not a member of the management board of the company. The chairman of the supervisory board is a member, but not chairman, of the audit committee.

Composition of the Audit Committee:

Prof. Dr. Mirja Steinkamp, Chairwoman of the Audit Committee

Norbert Basler, Member of the Audit Committee

Prof. Dr. Eckart Kottkamp, Member of the Audit Committee

The Nomination Committee seeks suitable candidates for the supervisory board, whom it recommends to the supervisory board for its election proposal to the annual general meeting. It is composed exclusively of shareholder representatives.

Composition of the Nomination Committee:

Norbert Basler, Chairman of the Nomination Committee

Horst W. Garbrecht, Member of the Nomination Committee

Prof. Dr. Eckart Kottkamp, Member of the Nomination Committee

Self-assessment of the Supervisory Board work

The supervisory board regularly assesses the effectiveness of the performance of its duties as entire body and in its committees. The assessment is based on a catalogue of criteria developed by the supervisory board.

Remuneration of the Management Board and the Supervisory Board

In accordance with the recommendations of the German Governance Code, Basler has been reporting the remuneration of all members of the management board and supervisory board on an individualized basis for some time. The remuneration of the management board includes various components. On the basis of the contracts concluded with them, the members of the management board are entitled to a fixed and an annual variable remuneration as well as fringe benefits. Part of the variable remuneration is paid in shares. The structure of

the remuneration system for the management board and the appropriateness of the remuneration are regularly reviewed and determined by the supervisory board.

In line with customary market practice, the company grants all members of the management board additional benefits fixed in their management board contracts, some of which are regarded as non-cash benefits and taxed accordingly, in particular the use of a company car and the granting of accidental insurance coverage. As a rule, sideline activities are subject to approval.

The terms of the contracts of the members of the management board are linked to the term of their appointment to the management board. The contracts of the management board members provide for a post-contractual non-competition clause. The members of the management board are contractually prohibited from providing services to or for a competitor for a period of one and a half years after leaving the company.

Basler AG commissioned a study on the remuneration of the management board and supervisory board in fiscal year 2019. This confirms the appropriateness of the system and the level of compensation and names comparable companies. The benchmark companies were domestic technology companies listed in the Prime Standard with sales of between € 100 million and € 200 million. The study also provided suggestions for the further development of the remuneration system.

According to the recommendations of the German Corporate Governance Code, the members of the supervisory board receive a fixed remuneration.

The remuneration report 2021 for the management board and the supervisory board, the applicable remuneration system pursuant to § 87 a Sec 1 and 2, sent. 2 Aktiengesetz (Stock Corporation Act) as well as the auditor's report pursuant to § 162 Aktiengesetz (Stock Corporation Act) are open to the public with reservation from May 13, 2022 on until approval of the annual general meeting on May 23, 2022, under:

www.baslerweb.com/en/company/investors/corporate-governance/.

In line with the legal changes introduced by the Act Implementing the Second Shareholders' Rights Directive (ARUG II), which came into force on January 1, 2020, the supervisory board has further developed the existing management board remuneration system. The further developed system also essentially complies with the recommendations of the German Corporate Governance Code (GCGC) in the version dated December 16, 2019. Pursuant to § 113, paragraph 3 Aktiengesetz (Stock Corporation Act) the remuneration system was approved by a resolution of the annual general meeting on May 19, 2021. The draft resolution can be found in the invitation to the annual general meeting 2021 and is open to the public under www.baslerweb.com/en/company/investors/annual-general-meeting/2021/ together with the voting results.

TARGET FIGURES FOR PROPORTIONS OF WOMEN, §§76 PARA. 4, 111 PARA. 5 AKTIENGESETZ (STOCK CORPORATION ACT) AND DIVERSITY CONCEPT

Pursuant to § 111 paragraph 5 Stock Corporation Act, the supervisory board shall set targets for the proportion of women in the supervisory board and the management board.

There have been no formulated written diversity concepts for the supervisory board as well as for the management board to date. The management board consists of experienced managers. Before their board activities, all of them were responsible for different areas in the company. Their professional backgrounds and focus complement each other very well. Their individual curricula vitae can be found at

www.baslerweb.com/en/company/management/board

In its meeting in March 2018, the supervisory board decided that for the time being, an increase of the female quota in the supervisory board and the management board is desirable but does not have to be achieved. Currently, no position in the management board is occupied by a woman. The female quota in the supervisory board is 33 %.

In its proposals to the general meeting, the supervisory board will continue to observe legal requirements and give priority to women in case of equal

qualification. The decision on the candidates which the supervisory board considers to be the most appropriate ones, is to be taken whenever a new election is scheduled. The supervisory board and the management board do not consider it as useful to be bound to pre-formulated abstract targets for selecting candidates instead of freely deciding on a person which is available and seems to be most suitable for the position.

In January 2022, the supervisory board and the management board decided that a female quota of 30 % of senior executives and 32.5 % of department heads should be achieved or maintained in the group by the end of 2025.

The first level of management beneath the Management Board is the divisional management and below it follows the department management. On December 31, 2021, approximately 23.08 % of Basler AG's divisional managers and 29.21 % of its department managers were female.

The targets for promoting the participation of women in management positions have not yet been met at the end of the reporting period. This is due to the M&A transactions of smaller companies which had mostly males in management positions in the past years. The possibilities in the context of organic growth over the short period of time were not sufficient to compensate for this effect. In addition, there were significant new hires in 2021, however, most of them for development. Typically, the number of female applicants in this area is relatively low.

The company offers a special training program (high potential program) in order to qualify talented employees for leadership roles. The 2021 program sequence again focused on the promotion of women in leadership positions. The goal is to identify and promote suitable managers in order to sustainably increase the percentage of women in management positions.

FURTHER DISCLOSURES ON CORPORATE GOVERNANCE

Accounting and Auditing

Basler AG prepares its consolidated financial statements and consolidated interim reports in accordance with the International Financial Reporting Standard

(IFRS). Basler AG's annual financial statements (separate financial statements) are prepared in accordance with the provisions of the German Commercial Code (HGB). The consolidated financial statements are prepared by the management board, audited by the auditor and approved by the supervisory board. BDO AG Wirtschaftsprüfungsgesellschaft was elected by the annual general meeting as auditor/consolidated financial statements auditor for the fiscal year 2021. BDO took part in the supervisory board's discussions on the annual financial statements and consolidated financial statements on March 25, 2022, and reported on the results of this audit. In addition, the auditors were available to the supervisory board to provide additional information and answer questions on the audit.

Transparency and Communication

Basler attaches great importance to open and trusting communication with shareholders and other stakeholders and maintains a fair, timely and reliable dialog. All information relevant to the capital market is published simultaneously in German and English and made available on the Company's website. This includes annual and quarterly reports, corporate news and insider information, information on the Annual General Meeting and company presentations. The financial calendar with the relevant publication and event dates can also be found there.

Shareholders and Annual General Meeting

At the annual general meeting, shareholders can exercise their rights and cast their votes. The management board presents the consolidated and annual financial statements, explains the company's prospects and, together with the supervisory board, answers shareholders' questions. In accordance with the provisions of stock corporation law, the invitation to the annual general meeting and the associated documents and information will be made available on the website of Basler AG or displayed for inspection at the company's offices on the day the meeting is convened. In exercising voting rights, Basler supports its shareholders by appointing proxies who vote in accordance with the shareholders' instructions.

Directors' Dealings, Voting Rights and Stock Option Plan

Basler AG provides information on trading in shares of the company by members of the management board and supervisory board (directors' dealings) in accordance with Art. 19 MAR, as well as on reported changes in shareholdings if the voting rights thresholds defined in the German Securities Trading Act are reached, exceeded or fallen below. Information on the shareholdings of the management board and the supervisory board can be found in the notes. The Basler Group currently has no stock option plan.

Ahrensburg, March 25, 2022

Dr. Dietmar Ley
CEO

Arndt Bake
CDO/CIO

Hardy Mehl
CFO/COO

Alexander Temme
CCO

Norbert Basler
Founder & Chairman of the
Supervisory Board

Prof. Dr. Eckart Kottkamp
Vice Chairman of the Supervisory
Board

Horst W. Garbrecht
Supervisory Board

Prof. Dr. Mirja Steinkamp
Supervisory Board

Dorothea Brandes
Supervisory Board

Dr. Marco Grimm
Supervisory Board

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1. BASIC BASLER GROUP INFORMATION

1.1 BUSINESS MODEL

Basler AG is headquartered in Ahrensburg near Hamburg (Germany), the other group companies (hereinafter also called “Basler group” or “Basler”) develop and manufacture image processing components for professional users. The majority of sales are related to digital cameras that are mainly used in industrial mass production, medical technology, traffic control as well as logistics. Furthermore, the Basler group continuously expands its product range in order to become a full line provider of image processing tools and components with solution competency. Basler products are recognized for innovation, high reliability, simple integration and an outstanding price performance ratio. Target customers are national and international manufacturers of investment goods (OEM customers), integrating image processing components and solutions in their own systems and equipment and marketing them to end users. The customers are mainly supported by a direct sales organization and/or by regional sales partners (distributors). Basler AG’s component products are generic and usable in many industries and / or applications. After the OEM customer’s successful integration within its product development (so-called design-in), they become a firm part of the specific customer solution. Since the customer normally does not change its components supplier throughout the life cycle of its own products, the design-in phase will typically be followed by a long-term stable business relationship. Based on the range and technology of standard components, Basler also offers customization for high-volume OEM customers.

Basler AG owns subsidiaries in the USA, Singapore, Taiwan, China, Japan, and Korea. The subsidiaries are fully consolidated in the financial statements. Further representative offices are located in Poland, UK, Finland, France, Malaysia, and the Netherlands. The subsidiaries and representative offices mainly provide sales, support and marketing activities. Additionally, there is a production site in the Singapore subsidiary for the supply of the local Asian markets. Moreover, customized adaptations for the Asian market are developed in Taiwan.

External factors influencing the business model are the general macroeconomic situation and the demand situation in the regional markets in Asia, Europe, and North America. Due to the alignment towards industrial goods manufacturers, the economic situation of the machinery and plant construction industry - particularly the semiconductor and electronics sector - is of particular importance for the business development of the group. Due to the expansion started in the past years to business outside of factory applications into, for example, the medical market and traffic technology market as well as the logistics market, Basler opens up further long-term growth potential and reduces the cyclicity of its business. Basler participates and at the same time drives the development of computer vision technology, which is growing step by step into further areas of application due to increasing performance, price reduction, ease of use and digitization.

1.2 CONTROL SYSTEM

Basler pursues a self-financed, profitable growth strategy. Organic growth forms the main focus, but is supplemented by corporate acquisitions. An annual strategy process defining the alignment of the company regarding target markets, positioning, service program, technologies, sales strategy, and financial key figures are the basis of the group management. The key financial indicators are sales and pre-tax return (result earnings before taxes / sales). In addition, the economic value creation is controlled via the return on capital employed (ROCE) and free cash flow are used to manage the group.

The strategy process concludes with a qualitative and quantitative mid- and long-term planning as well as with a budget for the upcoming fiscal year. Performance indicators that are essential for the group management are derived from both planning perspectives and summarized in a balanced score card system (BSC) with derived scorecards for key value-added processes. The BSC figures and the underlying scorecards are updated monthly and discussed within the management team. On the operational level there is a so-called “daily management” or “shop floor management” where the daily work progress and continuous improvements are controlled. Thus, potential deviations from the targets are recognized at an early stage on different hierarchical levels and addressed by appropriate counter- and preventive measures.

In order to ensure a high quality, robustness and reliability of the manufactured products and of the corporate value creation processes applied, Basler has implemented a worldwide quality management system (QM system). On a regular basis a quality management review is conducted in which the management board checks the effectiveness of the existing management system together with the process owner and provide for its sustained improvement. During the year, internal audits are carried out to check whether the processes in practice are in line with the process descriptions of the QM system. Additionally, once a year, an external audit is held in order to verify whether the QM system is applied according to the provisions of the DIN ISO 9001:2015 and ISO 13485:2016 (Medical Norm). Furthermore, once a year an audit conducted by the internal audit department takes place in business areas selected by the supervisory board. A compliance management system is used to manage adherence to standards, laws and ethical guidelines.

1.3 RESEARCH AND DEVELOPMENT

As a technology company, Basler relies on an early recognition of technological trends and their fast integration in product development. Since image processing technology develops fast and the company pursues a sustainable growth strategy, the average annual investment in research and development (R&D) amounts to approximately 13 - 15 % of sales. R&D activities are structured as follows:

- ▶ Controlled innovation management
- ▶ Pre-development of new technologies
- ▶ Development of new platform architectures for future product lines as well as corresponding manufacturing technologies
- ▶ Development of new product lines and products on existing product platforms

- ▶ Customer specific adjustments of products and integrated image processing solutions
- ▶ Maintenance of existing products

Within innovation management, the collection, valuation, testing and selection of innovative ideas follows a special process. The principle “fail fast, learn fast” is applied during the entire process. In the framework of the process, technological as well as commercial aspects are considered, so if successful, at the end of the innovation process, a qualified product or business idea is identified which can be scaled by applying classic product creation processes.

Pre-development examines technologies that seem to be reasonable for integration in future products. As far as possible, Basler aims to master new technologies prior to platform or product developments in order to have sufficiently analyzed possible risks beforehand. This way, product developments can be conducted more efficiently and closer to planning. Already at this stage selected customers are informed about technology developments in order to get early feedback from customers and / or markets.

Within the platform and product development, the following measures in the financial year 2021 should be particularly pointed out:

- ▶ Development of new platform technologies:
 - Expansion of the current ace 2 and boost camera platforms by further sensor families and interfaces
 - Finalization and serial transfer of a new platform for frame grabbers specially designed for Basler boost cameras
 - Expansion of the pylon development software by image processing algorithmics
 - Expansion of the strategic collaboration with Amazon Web Services (AWS) in the area of an AI platform for machine vision

► Product development:

- Expansion of the ace 2 product line by new CMOS sensors and new features
- Expansion of the new boost camera line by new high resolution and faster image sensors
- Development and qualification of complementary accessories particularly in the area of cables, lenses, interface cards and lighting
- Expansion of the dart series by two further camera models with 5 and 13 mega pixels for the i.MX 8M plus application processor from NXP Semiconductors
- Processing Board as Development Kit based on the i.MX 8M plus SoC from NXP

For confidentiality reasons this report does not go into more detail regarding innovations and pre-developments. Due to the shortages of semiconductor components, in financial year 2021, expenditures for adjustments during the life cycle were significantly higher than in previous years. In order to preserve the delivery capability and - wherever possible - to improve it, a special task force was established that carried out re-designs in case of scarce components.

Compared to the previous year, the expenses for R&D (personnel costs, depreciation, other operating expenses as well as directly attributable overhead) considerably increased from € 23.7 million to € 28.1 million and amounted to 13.1 % of sales. Due to new hirings, the number of full-time equivalent employees in research and development increased from 200 (December 31, 2020) to 221 (December 31, 2021). Overall, the corona pandemic had no significant impact on the working capacity and productivity in the research and development area. However, in November 2021, a cyberattack led to considerable decreased productivity in research & development in the last weeks of the financial year. Viewed over the entire year, the innovative strength of the company could be maintained and powerful investments were made in the medium to long-term technological future of Basler.

The expenses include third-party services in the amount of € 375 thousand (previous year: € 362 thousand). The capitalized investments in own developments amounted to € 8.0 million (previous year: € 10.5 million). The amount of depreciation for own developments amounted to € 9.7 million (previous year: € 8.5 million).

At the end of fiscal year 2021, Basler was the owner of 96 patents and patent applications; 39 are granted, 57 are in the process of application. Furthermore, Basler is the owner of 5 utility models and 22 designs.

2 ECONOMIC REPORT

2.1 BASIC CONDITIONS

The global economic growth of 5.7 % was above the initial expectations of 4.9 %. The euro zone grew by 5.2 % and the USA by 5.5 %. In Germany, the economic growth of 2.6 % was below the forecast of 4.4 %. China recorded an economic growth of 8 % and thus was slightly below the forecast of 9 %; however, again showed the greatest increase. (source: Berenberg, Economy and Financial Markets, Outlook 2022).

The market for robotics and automation that is relevant for Basler developed significantly stronger after the pandemic-related setback in the previous year. Incoming orders of German companies in this sector recorded a strong increase of 23 % and sales revenues increased by 18 %. (source: VDMA Statistic Jan. – Nov. 2021).

After a difficult market environment in 2020, the capital goods industry started to recover in the fourth quarter of 2020. The recovery rapidly gained momentum at the beginning of 2021. The continuing boom in the area of capital goods for electronics, semiconductors and logistics was increasingly accompanied by revivals in other application areas. However, the increasing demand was met with limited supply of semiconductor components on the procurement market. As a result of this shortage, the demand was not fully covered, delivery times and order backlogs gradually increased in the course of the year. Prices

for scarce semiconductor components increased. This development was also reflected by the numbers of the purchase manager index. While the total index significantly rated above the expansion threshold of 50 due to the strong demand, the delivery times' index decreased below the mark of 20 and remained on a historically low level. (source: PMI, IHS Markit).

2.2 BUSINESS DEVELOPMENT

After a single-digit growth in 2020 and an increasingly positive market momentum towards the end of the year, Basler originally aimed for sales of € 190 million – € 210 million and a pre-tax return rate of 12 % - 14 %.

Compared to the previous year, incoming orders strongly increased by 65 % in the first half-year. Sales followed with a slight time lag. In the first half-year, they increased by 30 %, compared to the previous year. However, the bottlenecks for components increasingly tightened in the course of the year and led to a constantly high level of incoming orders of € 85 million in the third quarter followed by a significant gap between supply and demand in the fourth quarter. Due to the situation in the procurement markets, sales remained on a level of approximately € 50 million per quarter and increased material costs for spot buys from brokers burdened the gross margin. Strong demand, the pandemic situation and supply bottlenecks characterized the course of the year. In addition to these challenging conditions, a group-wide cyberattack in the month of November complicated the situation and led to a production stop of approximately two weeks and considerable decreased productivity in all functional areas. Despite these circumstances Basler kept its forecast from end of March of € 190 - 210 million which was increased in the middle of the year to € 210 - 220 million and an EBT margin of 12 - 14 %, respectively 13 - 15 %. The group achieved sales amounting to € 214.7 million and a pre-tax return rate of 13 %. Incoming orders grew by 78 % from € 181.6 million to € 322.5 million. With these results, Basler again gained further market shares and expanded its market leadership. With a growth of 26 %, the Basler business considerably developed

above the average industry level of 17 %. (source: VDMA Statistics Dec. 2021). This success is mainly based on the broad diversification of industries and regions as well as a crisis-proven operating management and highly motivated employees. The special challenges posed by the corona pandemic, the crisis on the procurement markets and the cyberattack were successfully mastered. The strategic investments made in recent years in the product portfolio and market access had an increasingly positive effect in the crisis year 2021. Also in financial year 2021, the company continued its investment path and hired approximately 150 new employees and carried out further M&A transactions. In January 2021, Basler acquired both of its Korean distribution partners and thus significantly expanded its direct presence with over 50 employees in the fifth largest country market for image processing from the next fiscal year on. Basler closes the financial year 2021 with a very strong order backlog. With a book-to-bill ratio of just under 1.5, the company starts the new financial year with particularly full order books. Also in financial year 2022, the challenge of procuring semiconductor components will be the limiting factor for growth.

In addition to the operating business, the company achieved further milestones and awards in the past fiscal year. In May 2021, the Basler management received the Axia Best Managed Companies Award for the second time. With this award, a high-caliber jury honored Basler and other medium-sized enterprises as outstanding, particularly versatile and strongly globally oriented companies that are exemplary for the courage and innovative strength of the German economy. The companies were evaluated in the areas of strategy, productivity & innovation, culture & commitment and governance & finances. After the market capitalization exceeded the rate of € 1 billion in summer, the Basler share price continued to increase and Basler was included in the SDAX on October 29, 2021.

SALES REVENUE 2021 € 214.7 million

PRE-TAX MARGIN 2021 13.0 %

2.3 PROFIT SITUATION

in € million	2021	2020	Change	in %
Sales revenues	214.7	170.5	44.2	26 %
Currency result	0.1	-0.1	0.2	>100 %
Costs of service performed	-102.2	-81.7	-20.5	25 %
Gross result	112.6	88.7	23.9	27 %
Other operating income	1.2	1.1	0.1	9 %
Expenses	-85.4	-69.7	-15.7	23 %
Operating result	28.4	20.1	8.3	41 %
Financial result	-0.4	0.3	-0.7	>100 %
Earnings before profit tax	28.0	20.4	7.6	37 %
Taxes	-7.2	-5.3	-1.9	36 %
Group's annual surplus	20.8	15.1	5.7	38 %

With revenues in an amount of € 214.7 million, 2021 sales increased by € 44.2 million compared to the previous year. The material costs increased accordingly from € 81.7 million in 2020 to € 102.2 million. Compared to the previous year, the gross margin (gross result / sales) slightly increased from 52.0 % to 52.5 %, although increased costs due to purchases via brokers dominated the second half of the year as a result of the bottlenecks in the supply chain. The cost increase on the purchasing side was not passed on to the customers.

The personnel costs developed from € 68.6 million in 2020 to € 79.3 million in 2021. They include a general market-oriented salary increase as well as individual salary increases and an increase of the number of employees. Furthermore, a provision for a profit-sharing bonus for all employees was created. The average number of employees increased from 857 to 914 employees in 2021. In addition

to operational positions to manage sales growth, new positions of particular strategic relevance were created in the areas of marketing, sales, R&D and digitization. Compared to the previous year, the material expenses increased by € 4.6 million to € 20.3 million. This significant increase was mainly due to reoccurring travel and event expenditures as a result of slowly decreasing corona restrictions. Moreover, the expenditures for digitization and M&A consulting increased. It can be assumed that the level of non-personnel costs will gradually return to the pre-corona pandemic level in the coming years. Some cost types are expected to be sustainably lower. On the other hand, non-personnel costs for digitization are expected to rise.

With a pre-tax result of € 28.0 million (previous year: € 20.4 million) and a pre-tax margin (pre-tax result / sales) of 13 % (previous year: 12 %), Basler closed the financial year at the upper end of the original forecast with a double-digit increase of 37 % compared to the previous year, despite the difficult procurement market conditions and the cyber attack.

The tax expense for financial year 2021 amounted to € 7.2 million corresponding to a tax ratio of 26.0 % (previous year: 26 %).

The after-tax result increased from € 15.1 million in 2020 to € 20.8 million and corresponds to an after-tax return of 9.7 %.

The order backlog at the end of the fiscal year was on a historical record level due to the supply bottlenecks for semiconductor components and the very strong demand. It amounted to € 140.9 million (previous year: € 32.4 million). This very strong order backlog ensures a solid basis for the fiscal year 2022 and at the same time is a large challenge for the operating processing since the shortage of semiconductor components will presumably not significantly improve in 2022.

2.4 FINANCIAL SITUATION

The liquidity management of the group is aimed at meeting the demand for capital such that organic growth is sustainably self-financed by a positive free cash flow. Temporary peak amounts for acquisitions are partially debt-financed

FREE CASH FLOW 2021 € 10.0 million

and replaced by equity in the long term via positive cash flows. In doing so, maturity risks, ratings of the creditors as well as costs of equity and the costs of debt are appropriately balanced striving for independence from outside creditors. Furthermore, the dividend policy provides for a constant distribution ratio of 30 % of the earnings after tax, unless there are particular economic disturbances.

In the financial year 2021, a positive cash flow of € 25.3 million (previous year: € 37.3 million) was generated from current business activity. This was negatively impacted in particular by the increase in inventories and rising receivables due to increased deliveries at the end of the year. The reason for the strong increase in capital tied up in raw materials was a relatively low number of missing bottleneck parts, which, however, severely limited the planned increase in production output and thus rising material consumption.

In the reporting period, the cash flow from investing activities amounted to € -15.3 million (previous year: € -23.3 million)

The free cash flow calculated as the sum of cash flows from operational activity and investment summed up to € 10.0 million (previous year: € 14.0 million).

On the financing side, liabilities to banks in an amount of € 4.1 million were paid off in 2021. At the balance sheet date, unused credit lines with banks amounted to € 10.6 million.

Considering dividend payments, payouts for treasury shares and further KfW loans amounting to € 15 million, the total of the cash flow from financing activities amounted to € -3.1 million (previous year: € -1.3 million).

At the end of the financial year, liquid assets amounted to € 54.8 million (previous year: € 47.9 million). The company liquidity was secure at all times.

LIQUID ASSETS 2021 € 54.8 million

2.5 ASSET SITUATION

in € million	2021	2020	Change	in %
Intangible assets	66.0	64.8	1.2	2 %
Tangible assets	12.6	12.1	0.5	4 %
Buildings and land in finance lease	16.1	17.2	-1.1	-6 %
Deferred tax claims	0.8	0.9	-0.1	-11 %
Long-term assets	95.5	95.0	0.5	1 %
Inventories	37.1	20.0	17.1	86 %
Receivables from deliveries and services	33.3	19.5	13.8	71 %
Other short-term assets	6.6	7.7	-1.1	-14 %
Bank balances and cash balances	54.8	47.9	6.9	14 %
Short-term assets	131.8	95.1	36.7	39 %
Total assets	227.3	190.1	37.2	20 %
Equity	128.7	114.9	13.8	12 %
Long-term interest bearing bank liabilities	32.0	21.1	10.9	52 %
Liabilities from finance lease	8.9	11.4	-2.5	-22 %
Other long-term liabilities	2.1	1.7	0.4	24 %
Deferred taxes	9.4	9.7	-0.3	-3 %

Long-term liabilities	52.4	43.9	8.5	19 %
Current financial debt	4.1	4.1	0.0	0 %
Short-term provisions	12.1	5.6	6.5	>100 %
Liabilities from finance lease	3.6	3.4	0.2	6 %
Current other financial debt	26.4	18.2	8.2	45 %
Current financial debt	46.2	31.3	14.9	48 %
Total liabilities	227.3	190.1	37.2	20 %

Compared to the previous year, the intangible assets increased to € 66.0 million (previous year: € 64.8 million) due to the capitalization less depreciation of own developments by € 1.2 million.

Investments in tangible assets amounted to € 3.9 million (previous year: € 2.7 million), much of which was attributable to other operating and office equipment costs.

Buildings and land under finance leases decreased by € 1.1 million due to scheduled depreciations in line with the repayment of financial liabilities.

Compared to the previous year's level, inventories considerably increased by € 17.1 million since in the second half of the year the production volume did not increase as scheduled due to missing bottleneck parts. In addition, available raw materials were built up as safety stock. There are no devaluation risks.

Compared to the previous year, trade receivables increased by € 13.8 million to € 33.3 million. This was due to the fact that in December the production shortfall caused by the cyberattack in November was partially made up, resulting in unusually high deliveries in the final month of the fiscal year.

Bank balances and cash on hand showed an increase of € 6.9 million compared to the previous year.

In comparison to the previous year, equity increased by € 13.8 million to € 128.7 million. This increase in equity is due to the annual surplus minus the distribution of a dividend of € 5.8 million.

The long-term liabilities to banks increased by € 10.9 million to € 32.0 million due to drawdowns from KfW loans in the amount of € 15 million minus regular repayments.

Other current provisions increased by € 6.5 million to € 12.1 million due to the performance-related contract components and the formation of a provision for an employee profit-sharing scheme. By doing so, Basler would like to honor the extraordinary commitment and good results of its employees in a very challenging year.

The other short-term liabilities increased from € 18.2 million at the end of 2020 to € 26.4 million. This increase is mainly due to the increase in trade accounts payable by € 7.8 million.

At the reporting date, the sum of order commitments amounted to € 56.7 million (previous year: € 19.0 million). There have been no premature payment obligations in the elapsed fiscal year. Due to the structural supply bottlenecks for semiconductor components, Basler AG is forced to accept significantly longer order horizons in order to secure material supplies. In some cases, the order horizons were up to 18 months in the past fiscal year.

2.6 FINANCIAL PERFORMANCE INDICATORS

In addition to the mentioned figures, further performance indicators are measured and are used for managing the company.

Inter alia, productivity in the Basler group is measured based on the result per employee (EBITDA divided by FTEs). In the financial year 2021, the result per employee increased from € 42.8 thousand in the previous year to € 51.5 thousand. Following a disproportionately low level of organizational expansion in the previous year, a start was made in fiscal 2021 on further scaling the organization and filling strategically relevant positions due to the

significantly improved market outlook. Since a significant proportion of the organization is working on the future of the company, this is to be considered as anticyclical investment in the medium-term future of the company in order to take further steps within the transformation from a camera maker to a full-range vision provider company. Within the group-wide lean management system, we are continuously working on further increasing the efficiency of our processes.

The gross profit margin (gross result / sales) slightly increased from 52 % in the previous year to 52.5 %. Although the higher utilization rate resulted in low overhead costs and above-average savings were achieved in material procurement, these positive effects were nevertheless vaporized by additional costs in material procurement of bottleneck parts via brokers. The management seeks to maintain the gross margin in the range of 50 % in the long term, in order to push ahead the volume strategy sustainably with great innovative power. Above 50 %, priority will be given to gaining market share over optimizing the gross margin until further notice.

in € million	2021	2020
EBIT	28.4	20.1
Inventories	37.1	20.0
Receivables from deliveries and services	33.3	19.5
Liabilities from deliveries and services	-18.8	-11.1
Fixed assets	95.5	95.0
Capital employed	147.1	123.4
ROCE (EBIT/ Capital employed)	19 %	16 %

At the end of the financial year, the ROCE amounted to 19 % (previous year: 16 %). The increase resulted from the disproportionate rise in profit in relation to the capital employed.

Despite considerable investments in the future, the management assumes an overall return of approximately 20 % in the upcoming years. However, this performance indicator will be considered to be subordinate to sales growth and pre-tax return rate in the corporate management. Furthermore, the management of the company strives to be financially independent, also in periods of weaker economic activity and therefore steers the company with relatively high financial resources.

The working capital (inventories plus receivables from deliveries and services minus liabilities from deliveries and services) amounted to € 51.6 million (previous year: € 28.4 million) at the end of the financial year. The increase is mainly due to temporarily higher material inventories as a result of supply bottlenecks for semiconductor components and the increase in trade receivables due to sales growth. In the long term, the Basler group strives for a working capital level of around 17 - 19 % of sales. However, due to structurally induced bottlenecks in semiconductor components, increased inventories are expected until the end of 2023, as delivery capability is given higher priority than capital commitment. For achieving this target, an interdisciplinary team is working on measures for continuously optimizing the working capital.

The equity ratio (equity / balance sheet total) decreased from 60.4 % in 2020 to 56.6 % at the end of the elapsed fiscal year. This is due to the increase of the balance sheet total, since the equity increased.

2.7 OVERALL STATEMENT

Following an emerging recovery at the end of the previous year, a steady increase in global demand for image processing components set in over the course of the fiscal year. The growth in the areas of semiconductors, electronics and logistics was strengthened by an increasing revival in other industries in the course of the year. This led to a double-digit growth in the industry. According to the VDMA (VDMA, Verein Deutscher Maschinen- und Anlagenbau, German Engineering Association) the German industry for industrial image processing components grew by 17 % in sales and by 28 % in incoming orders. In this strongly revived market environment, at a growth rate of 26 %, the company gained further market shares and in particular clearly outperformed the

EQUITY RATIO 2021 **56.6 %**

industry with an increase in incoming orders of 78 %. In the course of the year, Basler AG increased its forecast and closed the year within this increased forecast despite increased material costs due to intermediate purchases from brokers and a group-wide cyberattack at the end of the year. Despite early increases in material orders, substantial purchases on the spot market, significant efforts in the area of procurement and a special task force for rapid product adaptations, Basler's demand for semiconductor components was far from met. As a result, delivery times and the order backlog rose strongly over the fiscal year. In total, the Basler group generated sales of € 214.7 million and incoming orders of € 322.5 million. The open order backlog amounted to € 140.9 million at the end of the year. The gross margin slightly increased, personnel costs and material costs developed at a lower rate than sales and in total, the pre-tax result increased to € 28.0 million and the pre-tax return rate increased by one percentage point to 13 %. The management endeavours to maintain a pre-tax return rate of at least 12 %. Above this level, priority is given to sales growth and a long-term average growth rate of at least 15 % per year is targeted. Until further notice, expenses for developments will continuously be increased and kept at a level of approximately 14 % of sales. Also in 2021, the management adhered to its investment path and gained further competitive advantages thanks to its consistent growth course. As a result of the continuous expansion of the product portfolio and the sales and marketing organization, at the end of 2021, Basler has a broad product range and one of the best market accesses in its industry. This market access was powerfully expanded at the end of the financial year due to the acquisition of two distributors in Korea. As of January 2022, Basler has a direct Korean sales organization including more than 50 very experienced colleagues. The Basler brand has the leading brand awareness and stands for high reliability, ease of use and a very good price-performance-ratio. The VSD study "Brand Awareness" from 2019 names Basler as one of the top 5 providers for vision technology regarding price/performance ratio, customer support, and functionality, and is in first place for quality. Highly motivated and continuously striving for achieving more, in the event of a positive market development, the Basler group plans to reach a sales level of € 400 million by 2025. Besides a further expansion of the strong market position in factory automation, adjacent markets like medical, traffic, and logistics are to be opened further. Moreover, Basler will continue to develop from a camera supplier to a full provider of image processing components and

customized solutions. Due to the progress made in the elapsed fiscal year, a solid financial and asset position as well as the potentials in the area of market and technology, the management team feels assured in its strategic orientation and looks to the future with confidence and motivation.

The goal of Basler is to let the shareholders participate in the success and, at the same time, maintain sufficient liquidity in order to finance the growth course of the company. Based on the business results in 2021 and the current outlook for the upcoming year, the proposal will be made to this year's shareholders' meeting in May 2022 to pay a dividend in the amount of € 0.62 (previous year: € 0.58) per share eligible for subscription (corresponds to € 6.2 million). This corresponds to the usual distribution ratio of 30 %.

3. SUPPLEMENTARY REPORT

There are no relevant events affecting the annual financial statement to report after the reporting date.

4. FORECAST REPORT

After a strong market development accompanied by an undersupply of semiconductor components, Basler AG starts with an extremely high order backlog into the new fiscal year. Market forecasts for the demand side are positive. The Berenberg Bank assumed in its annual outlook a real GDP growth of 4.3 % for 2022. The VDMA (Verband Deutscher Maschinen- und Anlagenbau, VDMA; German Engineering Association) has not yet published a forecast for the computer vision market in 2021 as - for reasons of prudence - it would like to wait for the course of the first quarter.

The Association of Manufacturers of Machinery and Equipment for the early cycle Semiconductor Industry (SEMI) assumes a recovery of the economic situation and a market growth of 10 % for 2022 compared to 2021 (source:

DIVIDEND 2021 € 0.62

GROUPS SALES FORECAST 2022 € 235 - 265 million

Market Study SEMI). The supply situation for critical semiconductor components will in all likelihood not yet ease noticeably in 2022, thus once again curbing the full growth potential. In 2022, the VDMA expects a sales growth of 10 % for the robotic and automation market and 7 % for the machine vision market.

- In consideration of the above mentioned market outlooks, the management plans for sales revenues within a corridor of € 235 to 265 million. Depending on the business development, the group strives for a pre-tax return rate between
- 9 % and 12 %. Currently, the corridors are relatively broad and particularly reflect the uncertainties in the supply chains for semiconductor components and in the integration of the newly acquired companies.

5. OPPORTUNITIES AND RISKS REPORT

The growth strategy pursued by Basler can only be implemented if opportunities are seized and, at the same time, measures are taken in order to minimize threatening risks in an appropriate way.

The purpose of the opportunity and risk management system at Basler is:

- ▶ to systematically record and evaluate opportunities and risks and to generate transparency within the executive team
- ▶ to avoid risks that are unacceptable or to reduce avoidable risks to an acceptable level,
- ▶ to agree within the executive team how the probability of occurrence of relevant risks for the company can be limited and to derive corresponding measures.

Essential parts of the opportunities and risks management system are the risk strategy, the risk atlas, the risk matrix, and the measures for risk management. Again, in the elapsed fiscal year, the risk inventory was conducted. Here, risks

were identified and quantified according to their occurrence probability and monetary amounts, and measures were defined in order to minimize risk. The sum of identified risks has been compared to the defined risk cover amount (available capital for covering risks). The risk capacity of the group was not exceeded. The risk management system is flanked by the internal control system (ICS), the early risk detection system, the internal auditing, the compliance management, and the quality management system and finally by the annual external audit in the frame of the EN ISO 9001:2015.

The accumulated expected value of the top ten risks (without growth risks) amounts to € 14 million. The expected value is the estimated probability of occurrence multiplied by the possible impact. The active management of the probabilities of occurrence reduces the risks. The group's risk-bearing capacity is put at € 70 million. Major risks identified were:

- ▶ trade and political conflicts between China and the USA and the Western nations
- ▶ material availability and cost increases in the purchase of semiconductors (chip crisis)
- ▶ increase of influence by Chinese competitors
- ▶ cyber risks
- ▶ project risks during implementation of SAP/Hana

Risks are presented on a net basis.

5.1 INTERNAL ORGANIZATION

The subject of this category is the business model, the structural and process organization, the IT infrastructure and communication, and personnel.

PRE-TAX RETURN FORECAST 2022 9 - 12 %

The company is essentially organized by functions with divisional elements and superimposed project organizations. Flat hierarchy and short decision-making processes are intended to maintain the flexibility and the exchange among employees despite increasing growth. In the frame of a comprehensive lean management initiative, the company is aligned to its main value streams and continuously works on increasing their efficiency. Furthermore, strategy deployment and planning processes have been set up ensuring a breakdown of the company strategy and a managed capital allocation to different operational levels.

As a technology company, Basler is heavily depending on the knowledge and commitment of its employees. We continuously work on maintaining innovation fostering structures, processes, behavior patterns, and cultures – despite an increasing size of the company. We are striving for an organization that is able to further optimize the existing business and at the same time go to new technologies and markets in an agile and innovative manner.

In times of the corona pandemic, the organization and the culture were put to the test. Although pandemic risks were not previously recorded as a potential risk, the pandemic spread of corona was successfully responded to. Office activities were completely transferred to home office within a very short time. Production processes were redesigned while maintaining special protection against infection. Communication from management to the employees was changed to regular video messages and the transparency of business development was increased once again. Compared to 2020, the pandemic situation was additionally sharpened by a very strong order situation and considerable supply bottlenecks. Moreover, the company was hit by an almost worldwide cyberattack in November and successfully managed the recovery within a few weeks. This extreme situation demonstrated the employees' high level of identification with the company, their loyalty and their team spirit. The continuous nurturing and active further development of the corporate culture have been key success factors for mastering the special challenges in fiscal year 2021 in a successful way. This experience confirms management's conviction to continue the course of the past years in terms of corporate culture and leadership, in order to make Basler strong in crisis situations in the future.

The company's IT infrastructure is continuously expanded and improved in order to increase the security and the efficiency of the company. The security concept includes regular penetration testings and analysis. In order to further limit remaining risks, the company has a cyber insurance. In financial year 2021, Basler for the first time became victim of a wide-ranging cyberattack. In the course of the attack, large parts of the company including the production were crippled for two weeks. The emergency plans for such an event worked. An effective crisis management, the high level of expertise of the immediately involved specialists and the tireless commitment of the employees that were involved in the recovery process enabled customer-relevant production and logistics processes to be restored within two weeks. The complete recovery of all systems dragged on into the first quarter. Particularly the development systems needed more time due to their high complexity. After the cyberattack, the IT systems of the Basler group are considerably more robust. External cyber experts carry out a 24/7 monitoring and all employees are significantly more sensitized to cyber risks.

5.2 FINANCE

Credit default risk is countered by a credit and receivables management system, in which larger customers are continually subject to credit checks and their credit limits are stored in the system according to their rating. In case of an exceeding of a credit limit, the specific situation is checked and, if necessary, the delivery of further goods are stopped. Outstanding debts are subject to a three-stage default action. Default risks are countered through individual valuation allowances. In the fiscal year 2021, despite the corona pandemic, individual value adjustments and write-offs on accounts receivables were posted in the amount of only € 1 thousand (previous year: € 7 thousand).

The management of liquidity is made in collaboration between accounting (including treasury), controlling, sales and strategic purchasing. Based on the four-year planning and the budget for the current fiscal year, a liquidity planning is prepared, regularly updated and part of the monthly reporting. On this basis, liquidity requirements are recognized on time and – if necessary – be financed at an early stage. As of the balance sheet date, there are unused credit lines with banks amounting to € 10.6 million.

As a medium-sized technology company with significant expenses for research and development and a positive rating, Basler gets low interest KfW loans.

Basler currently has a high equity ratio, a high cash balance and reports net assets. Basler management currently does not see a liquidity risk.

5.3 PROCUREMENT MARKET

In principle, there is a risk of a certain dependence on suppliers of technological components. On the suppliers' side, we reduce the risk by establishing long-term business relationships and regular supplier audits, and by regularly observing the procurement markets. As far as technically possible and economically useful, a second source is built up. Furthermore, processes and systems are implemented in order to ensure the short-term availability and the adherence to delivery dates of components. The situation on the procurement market for semiconductor and electronics components considerably deteriorated due to structural scaling limits in the course of the strongly increasing demand in 2021. Capacity bottlenecks at semiconductor component manufacturers, corona-related closures at back-end processes and long production lead times led to a considerable undersupply and subsequently to increasing prices, delivery times and order backlogs in 2021. The great discrepancy between supply and demand is expected to ease only in the medium term, since investments in capacity expansions on medium-sized structure sizes, which are generally used in the industry are only decided on hesitantly and in some cases there are several years lead times between the investment decision and the effective increase in production. Additionally, the current undersupply is strengthened by the trade tensions between the USA and China. Beside a continuous professional supply chain management, this particular situation on the procurement market is met by a special package of measures. The key elements of this program are increased inventory levels, long-term order horizons, daily screenings of spot markets and carrying out of interim purchases at strongly increased prices, allocation processes and a dedicated task force to quickly qualify and implement product changes. Due to these measures the production volume in 2021 increased by approximately 30 % despite the semiconductor crisis. However, the result and the capital commitment were considerably affected. Due to the very strong order backlogs and the sustained demand, the company

will continue to pursue this course for the time being and give top priority to delivery capability. Generally, the negotiation position is strengthened by the expansion of the market-leading position and the orientation towards the volume business.

Due to the extraordinary situation of the corona pandemic, there were and are risks in the supply chains. Lockdowns and increased protection against infection led to an increase in delivery times, a reduction in delivery quantities and even a temporary interruption of deliveries. However, outside the semiconductor components, the Basler group's supply chain management system was able to cushion this stress situation without any significant impact on its customers.

The special pandemic situation combined with a currently strong excess demand for electronics and semiconductor components is currently and will in the upcoming quarters lead to a considerably increased risk on the procurement markets as well as in the production and supply chain. Separate production sites and value-added chains in Ahrensburg and Singapore structurally dampen the risk. Furthermore, this special situation is countered by intensive contact with suppliers, long ordering horizons and higher inventories. The company intensively looks for the turning point in order to change course at an early stage as soon as demand decreases.

5.4 SALES MARKET AND COMPETITION

There is a risk of a further delay of the expected market growth in the short term due to macroeconomic, geopolitical or scarce semiconductor components. Due to the very high order backlog, order cancellations cannot be ruled out in the event of declining demand. However, in the medium and long term it can be assumed that the computer vision market will develop positively driven by increasing automation and new application fields. The forecasts coming from associations and market research institutes assume a sustainable growth in a single digit percentage range for applications in industrial mass production and a double digit percentage growth in newer sales markets, like traffic, logistics and medical. Since Basler continuously expands its product portfolio and pushes the diversification of possible applications, the business model is estimated to be scalable and future-proof.

Due to its broad portfolio mix of industries and customers, as well as its design-in characteristics, the volatility of the camera business in the capital goods markets is relatively low. Due to Basler's focusing on the volume segments of the market for image processing components in conjunction with active work on new application fields, the share of sales with customers outside industrial mass production increases in the long run, and thus improves the sales risk structure.

Due to constantly emerging applications for image processing and the lack of substituting technologies, the computer vision market in the capital goods market is expected to continue to grow in the near future. However, temporarily there will be fluctuations in demand in individual target markets. This applies in particular to capital goods markets in the semiconductor and electronics industry.

The stronger dynamic in the Asian markets tends to increase the volatility of the business of the Basler group and requires a higher adaptability from the structure and process organization. Furthermore, in the upcoming years, further localization will be necessary in order to get closer to the main sales markets.

The intensity of competition in the industrial camera market further increased in 2021. In the past years, the competitive landscape particularly changed due to takeovers and aggressive investments of Chinese competitors from the video surveillance industry. Also the distribution landscape gradually becomes part of the consolidation trend. Regional distributors are taken over by new entrants or larger acting distributors or manufacturers. Compared to the competitors, the Basler group is ahead regarding product portfolio, market access, and brand recognition. Basler strives for gradually expanding its market position relative to the competition and for transferring from a camera maker to a full range provider. The competitive environment is gradually consolidating from small niche providers to larger, globally active competitors. The top competitors of Basler are: Teledyne DALSA/FLIR (Canada), HIK (China), Dahua (China), TKH Group (Netherlands) and IDS-Imaging (Germany). The Chinese competitors HIK Vision and Dahua, which entered the computer vision market a few years ago, are currently mainly active in China, but they are growing disproportionately

fast and are considered by the management of the Basler Group to be very serious competitors due to their financial strength, competence and aggressive approach.

The risk of market price and margin erosion is countered through robust and innovative products. A slim product design, the use of platform architectures, as well as lean manufacturing processes are key success factors for the company's competitiveness and differentiation power. Furthermore, competitive advantages are achieved by economies of scale reached by the volume strategy. There are increasingly better opportunities for differentiation that arise from the positioning as a full range provider due to well-coordinated single components, a unified software development kit and an additional consultancy service. Additionally, the direct market access in important sales regions (USA, China, Germany, Korea from 2022 on) leads to relative competitive advantages and a strengthening of the gross revenues.

Given the current shareholder structure with the Norbert Basler Holding GmbH as majority shareholder, a hostile takeover of Basler AG can almost be excluded. The shareholder structure is nonetheless constantly checked for changes. At the end of the elapsed fiscal year, Basler AG held 528,769 pieces of its own shares.

5.5 POLITICAL AND LEGAL RISKS

Due to the regional diversification of the camera business in almost 60 countries of which 20 countries belong to the OECD, the risk of political events with catastrophic effects on the business is considered manageable. Effects on Basler's revenues were not expected and failed to materialize. A warlike escalation of the Ukraine conflict would have a very limited direct economic impact due to a small business share with Russia. However, any second-series effects could have a negative impact on demand for capital goods and thus on demand for imaging components. The risks arising from the trade conflict between the USA and China are much higher due to the size of these sales and procurement markets. Trade restrictions and increased customs tariffs may motivate customers to change to local suppliers, if any exist, in the long run. Basler further minimized this risk with a second production site in Singapore

as well as an own sales company in China and the USA and will increasingly localize value creation activities in the coming years to counter the risk of further “decoupling” between East and West in the medium to long term.

Legal risks are mitigated by appropriate insurances. The legal department is involved in contract negotiations as well as in change processes. Additionally, in special cases, external experts are consulted for legal and tax advice. Within the context of the risk management system and sensitive information, furthermore, we continuously work on the subject „Business damage due to own employees“. Currently, there are no indications for criminal activities or gross negligence. In addition, the intensive cultivation of the corporate and management culture promotes ethical and legally compliant behavior as well as openness in communication.

Furthermore, there is a risk of patent infringements. Basler counters this with a multi-stage testing procedure in the development process. The review is carried out by the legal department in cooperation with experienced development employees and external law firms.

The development and maintenance of the Basler brand are integral parts of the competitiveness and product policy and are legally protected. Name and logo of Basler as well as key product names are registered and protected brands.

The war in the Ukraine has no material impact on the business of Basler, since sales that are generated with Russia and the Ukraine are less than 1 % of the total sales. As part of the risk management system, possible further effects will be critically monitored and analyzed in the coming fiscal year.

5.6 OPERATING RISKS

Another essential success factor is an on time and targeted product development. The implemented processes and planning instruments in the product development are continuously reviewed and adjusted according to requirements so that development processes can - within the scope of usual deviations - be concluded on schedule and according to budget. In the 3D ToF and embedded vision, Basler currently is one of the pioneers working in a technological early stage. Insofar, these developments are linked with higher technological and market risks.

In the design-in business the continuous development and the winning of customer projects is a major precondition for long-term positive sales development. To protect a sustainable sales growth, Basler started a multi-year program for increasing the efficiency of sales processes in 2019. In 2021, important milestones were achieved within this process. The pipeline with an increasing scope of new projects supports the long-term striven for growth of 15 % per year.

Due to the ISO certification and the lean management approach, the production corresponds to modern standards and is oriented to manage variations of incoming orders, as well as being able to implement an appropriate capacity utilization of employees and machines. At the end of 2021, the maximum machine capacity amounted to approximately 1 million units (calculation based on a three-shift-operation). With a current output quantity of about 550,000 units, Basler is very well prepared for the medium-term demand. Due to historical experiences and a certain intransparency as well as a high volatility, particularly in the Asian markets, the management consciously accepts some idle costs in order to secure deliverability. In financial year 2021 and currently, the maximum output quantity is extremely limited due to the semiconductor crisis. The resulting very high order backlog and the uncertainties in the supply chains take the operational processes and employees in these processes to their limits every day.

In the financial years 2021/2022, Basler plans to recruit group-wide over 300 new employees. The productive recruitment and initial training of new employees are a huge challenge in view of the current labor market situation and therefore represent a growth limiting risk. This risk is successfully countered through professional personnel marketing, a standardized onboarding, an open company culture, as well as possibilities to reconcile work and family life. Supported by growth, individual development and a motivating corporate culture, there is a very low fluctuation rate in the Basler group. It amounted to 1 % group-wide in the financial year 2021 and represents a sustainable strategic advantage in the competition for talent.

The successful integration of the acquired companies represents an operational challenge for Basler. They are accompanied by dedicated project and change management. At the beginning of the new financial year, Basler acquired its

two Korean sales partners. By mid-2022, the two companies and the original Basler team will be formed into a total company of over 50 employees.

5.7 OVERALL STATEMENT

As manufacturer of image processing components for the investment goods industry the management board assesses the corporate strategy risk still to be low. This assessment is based on the fact that there are currently no comprehensive substituting technologies for computer vision and machine viewing becomes increasingly important in the industry/factory automation as well as in all other areas, as for example in traffic, medical, logistics or for system providers for the retail trade. Due to Basler image processing components being typically integrated in machines and equipment during the complete life cycle of the machine connected with a high barrier of change for the customer, business is quite predictable. On the other hand, the increasing share of project business from the Asian markets partially reduces the ability to plan.

Basler's growth strategy is based on an expansion of the product portfolio as well as on opening new sales markets and application fields. By doing so, Basler strives for an over average growth development of the company compared to the market. Diversification into new fields of application is steadily reducing the already low level of dependence on individual vertical markets.

The Asian sales market – particularly China – will most likely continue to show the highest growth rates in the medium term. Due to its direct market access and the alignment of the product portfolio, Basler is very well positioned to benefit from this trend. On the one hand, there is the opportunity of disproportionate growth rates, and on the other hand there is the risk of an increasing reliance on relatively competitive and cyclical Asian markets. It is to be expected that financially strong Chinese competitors and the ongoing consolidation of Western competitors will continue to increase the competition intensity in the future. The management of the Basler group meets this tension by a balanced investment policy and by ensuring a sustainable and profitable growth for the company.

A short-term weakening of demand is currently not foreseeable, but the structural bottlenecks in the availability of semiconductor components entail the risk that demand will not be met over the next 12-24 months. As a result, market growth could weaken due to supply-side factors. The management board meets this risk of any short-term fluctuations on the sales and procurement markets by a liquidity policy that is based on a solid cash balance and a high equity ratio. Furthermore, it strives for a positive free cash flow and an even balance between investments in growth that are effective in the long run and a short-term profitability.

There were no significant events outside of ordinary business operations that are not described in the management report.

6. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM RELATED TO THE ACCOUNTING PROCESS

The management board of Basler is responsible for the preparation and accuracy of the consolidated financial statements as well as for the consolidated management report. This is guaranteed by including the accounting processes of the Basler group in the quality management system, which is valid for the entire group. The processes are on principle designed in accord with the "four-eye" principle and a strict separation of functions. They are supported by the group-wide SAP system or by the ERP system Yonyou in China that include a firm authorization concept where all individual financial statements of the Basler group are prepared in accordance with group-wide standards. If included companies prepare individual financial statements according to other accounting standards or with other ERP systems, the group-wide standards for commercial financial statements II (IFRS standards) apply, which are processed centrally in group accounting.

The accounting principles as well as controls to monitor process and data quality for an automated preparation of financial statements are stored in this SAP system.

The closing processes are almost completely automated and are governed by appropriate computer based workflows. The completeness and correctness of accounting data are regularly reviewed by sampling inspections, plausibility checks and by manual control supported by the software used.

Within its activity, the supervisory board of Basler, and particularly the audit committee, regularly addresses key aspects of accounting, risk management and ICS, as well as audit assignments and key audit areas for the auditors and the internal auditing.

7. RISK REPORTING RELATED TO THE USE OF FINANCIAL INSTRUMENTS

Because of Basler's high export rate, the majority of the payments are made in foreign currencies. Due to sales revenues minus material purchases and other expenses in the respective foreign currency, payment surpluses in CNY, USD, JPY occurred and in the future also in KRW. Foreign currency balances are always exchanged into EUR. Furthermore, surpluses in foreign currencies that possibly evolve in the future are hedged using forward exchange contracts, the maturity of which in general does not exceed twelve months. Thus, currency risks from fluctuations of the exchange rate are minimized.

Derivative transactions are not used for speculative purposes, but merely serve to minimize foreign currency risks. As of the balance sheet date, there were no derivative transactions in foreign currencies.

Basler exclusively concludes derivative transactions with its principal banks. We consider the risk of a default of the counterparty to be very low.

8. REPORT PURSUANT TO § 315a HGB (GERMAN COMMERCIAL CODE)

In the course of the fiscal year 2021, a re-organization was carried out in order to align the group organization towards the strategic transformation from a single component manufacturer to a full-range and solutions provider for OEM customers. In the course of this, the responsibilities within the management board were modified: On January 1, 2021, Alexander Temme, a long-time employee of Basler AG, was appointed to the management board. He replaced John P. Jennings who since the beginning of 2021 is responsible for managing the Americas business. Thus, the management board of Basler AG still consists of four members who are responsible for the following assignment of functions: Dr. Dietmar Ley is responsible for M&A, research and development as well as personnel and organizational development, Alexander Temme is responsible for sales, market communications, and the subsidiaries, Arndt Bake is responsible for innovation, software & digitization, IT, new business, solutions business; and Hardy Mehl is responsible for product business, production, purchasing and logistics, finance, legal, investor relations, and facility.

The Articles of Incorporation of Basler AG include the following provisions regarding appointment and dismissal of members of the management board:

"The appointment of the members of the management board, the revocation of their appointment, and the conclusion, modification, and termination of employment contracts with the members of the management board is effected by the supervisory board. The same applies for the appointment of a member of the management board as chairman and for other members of the management board as deputy chairman."

The Articles of Incorporation of Basler AG can only be changed by the shareholders' meeting and only by three quarters of the share capital represented at the time of passing of the resolution.

The share capital of Basler AG amounting to € 10.5 million is divided into 10.5 million of no-par-value bearer shares.

On December 31, 2021, the Norbert Basler Holding GmbH, which in turn is held at 100 % by the Basler-Beteiligungs-GmbH & Co. KG, was holding 5,530,152 shares and thus 52.67 % of the voting rights in Basler AG.

The authorization of the management board as regards the issue or buyback of own shares is regulated in the Articles of Incorporation as follows:

"The management board is authorized to increase the company's capital stock once or several times up to a total of € 5,250,000 by May 26, 2025 with the supervisory board's approval by the issuing of up to 5,250,000 new bearer stock certificates against cash contributions and/or contributions in kind. In doing so, shareholders are entitled to subscription rights. However, the management board is authorized, subject to approval by the supervisory board, to exclude subscription rights for the shareholders for fractional amounts. Furthermore, with the supervisory board's approval, the management board may exclude the shareholders' subscription rights in order to be able to offer the new shares of the company to third parties against subscription in kind for the purpose of acquiring companies or participating in companies or claims against the company or affiliated companies. The exclusion of the subscription right by the management board is permissible with the supervisory board's approval, even if the increase in capital against cash subscription does not exceed 10 % of the capital stock of the amount of € 10,500,000.00 and the issue amount does not fall considerably short of the officially reported price of the already quoted stock of similar funding at the time of ultimately determining the issue price (§ 203 Sec. 1 sentence 1 in connection with § 186 Sec. 3 sentence 4 German Stock Corporation Act (AktG)). The market price is the arithmetic average of the closing prices of the company stock in electronic trading at the Frankfurt Stock Exchange (XETRA trade) or a successor system during the last ten trading days prior to exercising the authorization.

With the supervisory board's approval, the management board is authorized to determine the details of the increase in capital stock and the conditions of issuing shares, in particular in determining the issue amount."

The management board is in addition authorized to buy own shares not exceeding 10 % of the current share capital until May 26, 2025. The authorization can be exercised partially or fully, once or several times, for one or several purposes. It may, however, also be exercised by companies that are dependent or majority owned by the corporation or on their behalf by third parties. According to the corporation's choice, the acquisition may be effected (i) via the stock market or (ii) via a public purchase bid directed to all shareholders of the company or a public invitation directed to all shareholders of the company to make sales offers or (iii) via a public offer directed to all share-holders to exchange shares for shares of a company listed within the meaning of § 3 Sec. 2 German Stock Corporation Act (AktG) or by a public invitation to tender such an offer.

With the supervisory board's approval, the management board is authorized to use the shares thus obtained and previously obtained shares for all legally permissible purposes.

With the supervisory board's approval, the management board is in addition authorized to use the shares obtained according to this authorization and the previously obtained own shares to grant shares to other employees of the corporation, to members of the executive board and to employees of companies that are affiliated with the corporation within the meaning of §§ 15 ff. German Stock Corporation Act (AktG) as far as these persons are entitled to their purchase based on employee share ownership plan.

With the supervisory board's approval, the management board is in addition authorized to use the shares obtained according to this authorization and previously obtained own shares to fulfill conversion rights, options, and conversion obligations, respectively, due to convertible bonds, partial debentures, and bonds with warrants implying conversion rights, options, and conversion obligations, respectively, issued by the company or by companies that are dependent or majority owned by the corporation.

With the supervisory board's approval, the management board is in addition authorized to withdraw own shares without further decision by the shareholders' meeting.

The shareholders' subscription rights for own shares are excluded as far as these shares are used in accord with the above authorizations.

The management board will inform the shareholders' meeting about each acquisition of own shares and their use. Further issues according to § 315 a German Code of Commercial Law do not exist.

9. GROUP DECLARATION REGARDING CORPORATE GOVERNANCE (§ 315d OF THE GERMAN COMMERCIAL CODE, HGB), CORPORATE GOVERNANCE REPORT

You will find the group declaration on corporate governance, the declaration of conformity with the corporate governance code, explanatory notes on corporate governance practices, and a description of the working methods of the management board and supervisory board at www.baslerweb.com/en/company/investors/ under Corporate Governance.

10. NON-FINANCIAL STATEMENT GROUP (§§ 315b TO 315c HGB)

ABOUT THIS STATEMENT

Pursuant to the law for "strengthening the non-financial reporting" in the management report and the group management report (CSR Directive Implementation Law), the Basler group (briefly: "group" or "Basler") is obliged to set up a non-financial statement for financial year 2021. The present summary of the non-financial statement meets this reporting requirements according to §§ 315b and 315c in connection with 289c to 289e HGB (German Commercial Code). The report focuses on the most important topics of the materiality

analysis insofar as they are not already covered in other chapters of the annual report.

The information provided applies primarily to the head office in Ahrensburg as well as the smaller branches in Neumünster and Mannheim. In the coming financial years, the company plans to grow in the still small foreign branches and to roll out the processes described in this report and established in the German branches across the group. The group includes the scope of consolidation described in the annual report (please see group notes (IFRS) in the 2021 Annual Report, chapter "Basics of Consolidation"). Concepts only applying to individual areas or locations are marked as such.

In accordance with § 289c (3) of the German Commercial Code (HGB), the non-financial report must include material risks that are very likely to have a serious negative impact on the Group. Basler has implemented an internal risk management system for the systematic recording of risks. The results of Basler's risk management are described separately in the chapter „Opportunity and risk report“ in the group management report.

Sustainability Management and Materiality Analysis

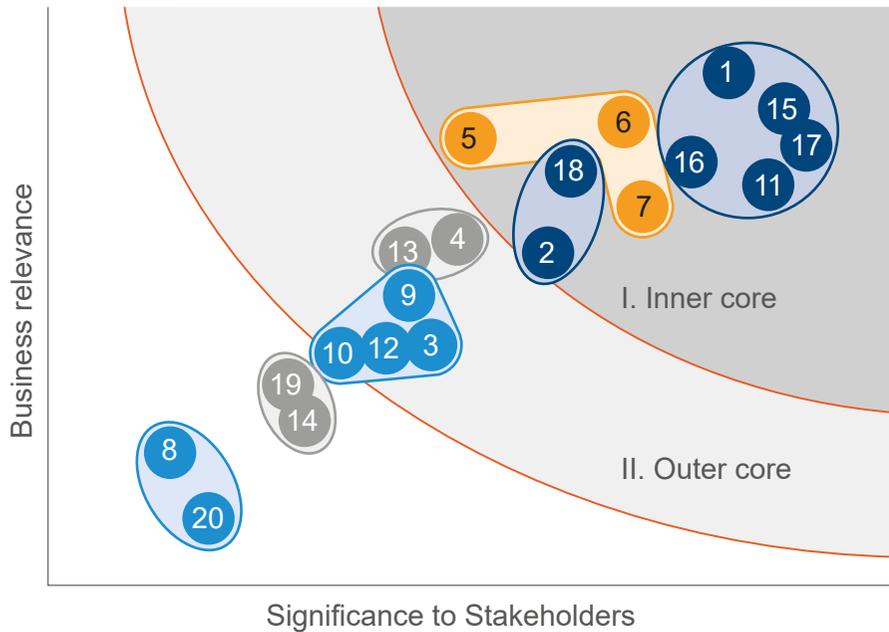
In fiscal 2021, the Basler group created and successfully filled a new full-time position for sustainability management. The aim is to ensure that issues of corporate responsibility and, in particular, economic, ecological and social sustainability are better addressed and that the diverse tasks are brought together in a concentrated manner.

As an initial measure, the updates of the materiality analysis carried out for the first time four years ago was checked and then revised to include the most important impact factors (risks and opportunities) and effects (impact) for the Group. After intensive consultation, the management board, together with top management, decided on this basis to integrate sustainability into the overall strategy using selected targets and key performance indicators. From now on, the implementation and advancement of the sustainability targets will be regularly monitored by the management board and supervisory board as an integral part of the overall strategy.

Results of the Materiality Analysis

From a comprehensive collection of topics of possible sustainability aspects a list comprising twenty relevant topics was prepared taking into consideration international reporting standards, regulatory and social trends as well as industry-specific requirements and an internal kick-off workshop.

In a survey within the top management including all key corporate functions, the business relevance (opportunities and risks) as well as the significance for the respective assigned stakeholders (impact) were recorded, according to the authoritative principle of „double materiality“. The following materiality matrix summarizes the results:



Business and Governance		Enviromental	
1	Customer satisfaction	3	Decarbonization
2	Data security in products	8	Energy efficient products
11	Financial performance	9	Green supply chain
15	Innovation capacity	10	E-waste reduction / circular
16	Integrity & compliance	12	Harmful chemicals
17	Product performance & quality	20	Waste (other than e-waste)
18	Supply chain resilience		
Employee matters		Social	
5	Development & training	4	Diversity & equality
6	Safety & health	13	Human rights / resp. sourcing
7	Satisfaction & work-life-balance	14	Inclusion
		19	Social Engagement

Only those topics are listed that were rated as important in both dimensions. For Prioritization, a further differentiation was made above this hurdle for core and less central topics. The topics of the inner core concern the basic pre-requisites for the long-term company success, the outer core includes the currently most relevant ecological and social topics. The core topics are in the focus of the sustainability strategy and are increasingly coordinated in a central way. Outside the core are those topics, that are driven forward in a more central way and in cooperation between the involved persons and departments.

Business and Leadership

In both dimensions, the economic sustainability is far at the top with a central group around customer satisfaction, innovation capability, product performance and the financial ratios, as well as integrity and compliance.

A second group in the inner core are the two more defensive topics of supply chain resilience and product data security.

Employee Concerns

Also in the innermost core is a group around employee issues: Satisfaction and work-life balance and health and safety, plus still in the inner core, but slightly set back from a stakeholder perspective, is the employee development and training element.

Ecology

Downstream from the business and employee topics, but still located in the outer core, is a group around four ecological topics: The decarbonization of the company, environmental protection and nature conservation in the supply chain, the management of potential pollutants, and electronic waste.

The topics of waste avoidance (with the exception of electronic waste) and energy-efficient products, on the other hand, tend to be on the periphery in relative terms.

Social

Also in the outer core, the social issues of diversity and equal treatment as well as human rights and responsibility in the supply chain form a major group, with inclusion and social engagement below them.

Sustainability Strategy

The sustainability strategy adopted by the management board takes account of the results of the materiality analysis and also of the values lived by the Basler group. The well-being of employees is given top priority alongside business aspects and is understood to be closely linked to them: As a technology-oriented company that relies above all on its ability to innovate in order to solve its customers' problems, Basler is particularly dependent on the fresh ideas, creativity and commitment of all its colleagues around the world and aims to continue offering attractive working conditions for the best young talents in the future.

At the same time, the group is very conscious about ecological and social aspects also playing a central role in a modern economy for the long-term

success of the company. Basler follows the philosophy of not only wanting to avoid burdens on people and the environment, but also to make a measurable contribution to a world worth living in the sense of shared value creation. One of the ambitious targets is to become climate-neutral in direct greenhouse gas emissions from own processes by 2030 (scope 1 and 2). The determination of a reduction target for indirect emissions, as for example sales and purchase logistics of so-called scope 3 is to take place in fiscal year 2022 after a further forward planning. One important element of the sustainability strategy is to address markets in which Basler can specifically support the challenges of overall social change toward a more sustainable economy of the future with its own products, development and innovation and make even better use of the resulting opportunities. Furthermore, Basler intends to remain a highly attractive employer in the long term by constantly investing in the skills of its employees with a good working environment and in a trusting corporate culture at all its subsidiaries worldwide.

Business Model

Basler is an internationally leading manufacturer of image processing components for applications in factory automation, medical, traffic and many further markets. The Basler group employs almost 900 employees worldwide.

Decisive factors for the more than 30-year company development is the maintaining of a value-oriented corporate culture, the courage to take risks, the willingness to consider constant change as normal, and the passion to drive customer-oriented innovations and thus lead the company sustainably into the future. Reliability and trustworthiness are key brand values for which Basler AG stands with customers, employees, suppliers, partners and other stakeholders.

The company's vision and mission is to develop computer vision technologies that are used in applications to enhance the quality of life. For example, image processing components from Basler are used in production processes to minimize waste, in semiconductor and electronics production, in medical technology for the early detection of cancer, in logistics for faster order processing in web stores, in recycling of materials or in food inspection.

Further explanations of Basler AG's business model can be found in section 1.1 of the management report.

BUSINESS AND LEADERSHIP

Customer Satisfaction

Aim:

Regular customer satisfaction surveys are intended to ensure the long-term success of the company and to better understand the problems faced by customers.

Key Measures and Due Diligence Processes:

The company uses the industry-standard Net Promoter Score (NPS) method to continuously assess customer satisfaction. In addition to the rating, customers have the option of providing written comments.

After a completed sales opportunity or after a completed support request in customer service, a request is sent to the respective customer for evaluation. The results are evaluated on a monthly basis and appropriate measures are derived from them.

Results:

The result of customer satisfaction survey is mapped in the form of a key figure in the company's balanced scorecard, which is used to derive process improvements and further measures. As a result of continuous monitoring and mapping in the balanced scorecard, the company immediately initiates measures as soon as the NPS falls below the target value of 40.

Quality and Data Security of the Products

Aim:

Within the software development the customers' data security and the operating capability of their machines with Basler software and hardware components is the highest goal. Therefore, Basler relies on a sustainable and

multi-secured release process which ensures high quality and fail-safety of the software components and minimizes the risk for data leaks and vulnerability of the Basler components.

Key Measures and Due Diligence Processes:

Special processes such as „pair programming“, „review processes“ and „continuous integration“ with a high unit test and automated test coverage are used in development. Secure signing in the build and release procedures also ensures protection against forgery, so that customers can always rely on Basler as the source of original software.

In the course of an expansion of software and cloud offerings, the topic of data security will gain relevance in the future. In this context, additional, thorough test procedures (e.g., "penetration tests") will be introduced to ensure the highest possible data security.

After the cyberattack, further measures were taken to further increase data security and the resilience of the company as a whole (see opportunities and risks report).

The constant further development of the employees and the use of up-to-date libraries, tools and frameworks also contribute to a modern and secure software product.

Direct support and the evaluation of customer feedback support the development to continue to improve.

Innovation Capability

More than ever, the computer vision industry is transforming, inter alia driven by powerful new technologies and an increasing competition. For Basler, this change means constantly adapting new technologies and adjusting product offerings. The company's innovation capability plays a key role in this challenge.

Aim:

The work method in the company is to become „ambidextrous“. This means that the competencies in the company are just as pronounced for working in an innovation context as they are for working in the mature core business. In addition, in the long term, a significantly higher proportion of sales is to be attributable to innovation projects than it is the case today. For 2030, this share is expected to more than double compared to 2021. In doing so, the company also intends to make greater use of the opportunities presented by the shift to a more sustainable economy.

Key Measures and Due Diligence Processes:

The implementation of the newly defined innovation macro process was completed in 2021. The focus in redefining the process was on identifying relevant technology trends in time, identifying customer and market problems, and increasing the speed of innovation. In addition, an innovation team was defined for the first time, which was given its own budget for research and development.

In addition, sustainability is included as a separate master profile in the innovation process in order to stimulate and specifically promote the development of innovative solutions for more environmentally and climate-friendly products or business models.

Results:

The annual target for innovation speed was achieved and annual sales attributable to innovation projects exceeded expectations.

Integrity and Compliance**Aim:**

The compliance of business activities with all relevant laws and standards as well as with the company's internal principles is a basic prerequisite for sustainable successful business. The Basler group's success is therefore based

not only on good business policy, but also on business ethics, trust and open and fair dealings with employees, customers, business partners, shareholders and other stakeholders.

Key Measures and Due Diligence Processes:

The code of conduct is mandatory throughout the group and is continuously developed further.

In addition to direct contact with their supervisor, employees of the Basler group can also report indications of possible violations of laws or guidelines via an external ombudsman without disclosing their identity.

The Basler code of conduct gives handling instructions for the following subjects:

- ▶ Compliance with laws and regulations
- ▶ Human rights
- ▶ Work and health safety
- ▶ Working conditions
- ▶ Discrimination, fair dealing
- ▶ Anti-Harassment - Dealing with harassment
- ▶ Freedom of speech

In addition, specifications are made for the conduct of business. This includes

- ▶ Competition law, antitrust law
- ▶ Corruption, bribery, venality
- ▶ Invitations and gifts

In addition, there are requirements for dealing with conflicts of interest, selecting and dealing with business partners, data protection, environmental and climate protection, trade controls, protection of trade secrets, insider trading and more.

Results:

For fiscal year 2021, the Group became aware of a violation of the provisions of the code of conduct, which has been investigated accordingly and has led to corrective and preventive measures.

Supply Chain Resilience

Details and measures for the resilience of the supply chain can be found in the Opportunities and Risk Report.

Environment

Already many years ago, the company established an operational environment management. More details can be found in the Environmental Policy Statement of Basler AG. In the following, some points from this will be explained in more detail.

Climate Protection

Limiting further global warming through greenhouse gas emissions is essential for a livable future on our planet. In the meantime, nearly all nations worldwide have agreed on the goal of limiting the increase in average global temperature, which is partly caused by the emission of greenhouse gases, to at least below 2 °C above pre-industrial levels, and to make efforts to limit additional warming to no more than 1.5 °C.

With an ambitious climate neutrality target published for the first time in this report, the Basler group aims to play its part in minimizing the impacts and risks associated with climate change and supporting the decarbonization of industry.

Aim:

By 2030, the Basler group aims to no longer generate any net greenhouse gases in processes directly assigned to the company. This affects the so-called scopes 1 (corporate facilities and fleet of vehicles) and 2 (electricity and energy purchased for heating and cooling). A further reduction target is to be set for so-called scope 3 greenhouse gases caused in upstream and downstream activities in the course of financial year 2022. This includes for example purchasing and logistics or the commuting of employees.

Key Measures and Due Diligence Processes:

The implementation will initially focus on scopes 1 and 2 targets and the production sites in Germany and Singapore before the other foreign companies are included. In the long term, innovations and measures in logistics purchasing, development and supply chain management will be decisive for the scope 3 targets.

From fiscal year 2022 on, in order to monitor the achievement of targets, a corporate carbon footprint will be prepared annually for the previous year and the current values will be published regularly from the next annual report onwards.

Measures in scopes 1 and 2:

Basler AG purchases its electricity from the public utility in Ahrensburg which is 100 % from renewable energy sources. A continuous maintenance of our technical equipment as well as the use of latest technologies and environmental standards ensure the highest possible energy efficiency. Furthermore, the extension of the company building, which is currently being implemented, will be carried out according to the latest technical standards.

First measures in scope 3:

In the past fiscal year, the provision of a ticket for public transport in Hamburg and the participation in the Business Bike program were implemented as subsidies for employees in order to create further incentives for climate-friendly commuting.

The Basler group has also reduced its environmental impact by traveling less and conducting many meetings via digital tools.

Offsetting unavoidable emissions:

For those emissions that cannot be further avoided up to the set targets at the respective point in time for technological or serious business reasons, emission rights corresponding to the remaining amount of CO₂ equivalents are purchased from this point in time via the official EU emissions trading system and thus withdrawn from the market. The voluntary purchase of CO₂ emission rights is always only the second-best solution for achieving emission targets. The goal is to assume responsibility through serious compensation measures after all other reasonable means have already been exhausted.

Electronic waste and pollutants

Electronics contain valuable raw materials, the extraction of which consumes energy and can cause environmental damage; on the other hand, pollutants can be released into the environment if they are not disposed of properly. Therefore, the company also wants to take a proactive approach in this field in order to contribute to an efficient and more environmentally friendly economy of the future.

Aims:

Therefore, the Basler group set itself the goal of reducing the directly caused electronic waste and minimize as far as possible pollutants.

The electronic waste (in kg) generated in the production in relation to the sales volume is to be continuously increased. This includes the categories devices, boards and cables that are continuously weighed before being handed over to certified recyclers. The corresponding key figures will be published in the upcoming annual reports.

Key Measures and Due Diligence Processes:

Basler complies with all regulatory requirements regarding ROHS and REACH and in its manufacturing process, Basler only uses hazardous substances (for

example soldering paste) if this is necessary. Before using these substances, a substitution check is conducted, meaning that it is verified whether there is a more sustainable alternative.

Metal scrap, boards and plastics are collected in separately marked waste containers and disposed of by certified specialist companies.

In addition, the further reduction of potential pollutants as well as indirect electronic waste will be included as a further objective in the development and innovation processes.

Results:

The company will include target values for the avoidance of electronic waste with corresponding key figures from the next Sustainability Report.

Employees

Employee Matters

Qualified, motivated and health employees are the basis for the Basler group's success. Therefore, the management of Basler attaches particular importance to offer an attractive working environment to its employees including suitable training and education for demanding activities. The basis for this is a safe work environment in the administration and commercial area.

Further development & training of employees, employee satisfaction and work-life balance

Aim:

The recruitment and retaining of qualified managers and specialists for a successful implementation of the company's growth strategy and the continuous development of employees. Furthermore, a good work-life balance should ensure that employee satisfaction remains in equilibrium in the long term.

Key Measures and Due Diligence Processes:

The satisfaction of the employees has a great influence on the identification as well as the performance and thus on the success of the company. Against this background, the company carries out a weekly measurement of employee satisfaction in order to identify fluctuations at an early stage and take countermeasures if necessary. The associated catalog of changing questions includes the four categories of enjoyment of work, level of information, resilience and leadership behavior. The value is part of the group's balance scorecard and thus represents a central optimization parameter. In addition, the position of a Working Environment Manager was created in fiscal year 2021 to bundle and advance the topics of occupational safety and ergonomics as well as employee health and satisfaction as a holistic task.

A good work-life balance is also of particular importance in this context. Therefore, Basler AG fosters the reconciliation of the demands of work and family life.

Basler gives special attention to own in-house trainings of young people, in order to find suitable junior staff, but also in order to confirm the social commitment in the Ahrensburg region. In 2021, the number of trainees amounted to 18 (previous year: 24).

Another key aspect of the personnel policy is the continuous development of the employees through internal and external seminars, courses, on the job trainings, or self-study. An important component of the concept is the Basler Academy, which was implemented in fiscal 2021 and will enable all employees to take online training courses tailored to their needs at any time and from any location. Once a year, development reviews with the employees are conducted in which employee and manager agree on development objectives. The progress is reviewed regularly.

Also the company culture is an important element of the company's success and the retaining of employees. The handling of these values, as well as their safeguarding and further development of the company – also in view of the past and future strong growth of Basler – is a great concern of the company.

Results:

Due to the measures that were taken, the Basler group ensured an appropriate qualification of its employees and an attractive working environment. Additionally, new employees were hired. The employees' satisfaction is reflected in a low fluctuation rate of 1.01 % (previous year: 2.07 %). This rate is calculated by dividing the group's own terminations for the full year 2021 by the total number of employees in the group as of the reporting date December 31, 2021 (excluding apprentices, temporary staff, interns & final-year students).

In 2021, the average number of employees of the group was 914 (previous year: 857), 36.73 % (previous year: 37.67 %) of them are female. Converted to the number of equivalents of full-time employment the average number of employees was 864 (previous year: 808).

The interest in a good work-life-balance and the reconciliation of family and work is - inter alia - reflected in the part-time rate. This amounts to 24.06 % (previous year: 25.72 %) and on the manager level it amounts to 26.24 % (previous year: 27.43 %).

The expenses for training of the Basler group amounted to € 500 thousand in financial year 2021 (previous year: € 394 thousand).

In 2021, the number of hours in the Basler academy for internal trainings per employee amounted to 5.43 hours. The Basler academy – only implemented in 2021 - is an advancement of the Basler college. For the Basler college no survey of training hours was made in the past.

The continuous employee satisfaction survey has - inter alia - set itself the target to ensure a balanced work-life-balance of the employees. In addition to various part-time models and flexible working time and places, Basler AG offers child care services for emergencies and during special working hours. This may be made use of in the company childcare room or at home. Since 2011, the company is certified as „family-friendly company“ by the Hertie Foundation. Regular audits confirm a very good implementation and cultural embedding of the reconciliation of work and family at Basler AG. Furthermore, the company offers the option of sabbaticals to its employees.

In the two past years that were characterized by Covid-19, home office work considerably gained importance. The company supported this to the best of its ability and heavily invested during this period to ensure that employees are suitably well equipped at home.

The values of corporate culture shown under www.baslerweb.com/en/company/investors/sustainability/ are regularly updated, supported with different group-wide activities throughout the year and actively lived.

Work Safety and Health

Aim:

Basler AG ensures the safety and health of its employees through regular trainings and instructions.

Key Measures and Due Diligence Processes:

In order to ensure the well-being of the employees, legal work safety requirements are observed. They are recorded in a safety manual that is accessible to all employees in the intranet. Furthermore, annual work safety trainings take place. Due to Basler AG's production structure that consists of various machines and partly requires clean-room conditions, operating procedures for air pollution control and sound minimization are key safety measures. These requirements are met by using air circulation systems in the shop floors. Additionally, legally prescribed fire protection measures are taken in the form of a central fire alarm system, fire protection walls, smoke ventilation systems, and sprinkler systems.

For identifying potential dangers and need for action as well as deriving measures, an external agency for work safety regularly conducts inspections of the business premises as well as the building. These inspections include inter alia a review of the storage of dangerous materials, emissions and fine dust in buildings as well as further dangers for the employees' health. Regular measurements of the room air in the production area are made for monitoring the air quality. To avoid an increased dust loading additional measurements and cleaning measures are carried out.

In order to raise employee awareness of how to avoid hazards and to ensure that this awareness is maintained in the long term, introductions and regular instruction on occupational safety, health and fire protection are carried out. Some of the employees are specially trained in first aid and as safety officers or fire protection and evacuation assistants and receive regular training.

Furthermore, Basler AG has a cooperation with the Fürstenberg Institute which supports the company in the health management focusing on the prevention of stress factors.

Free of charge fruits and mineral water are available for the employees. Basler AG subsidizes lunch for all employees in the company bistro in Ahrensburg.

In 2021, the corona pandemic also posed major challenges for the Basler Group in terms of occupational safety, among other things. Employees' health was a top priority at all times. A variety of measures were successfully implemented to protect the entire team while at the same time fully maintaining business operations. In addition to strict hygiene regulations, production and office workplaces were strictly separated. For the majority of office activities, employees are still able to work from home.

Results:

Due to the implemented measures and processes the company achieved a high level of safety and health of its employees. In 2021, the sickness rate at Basler AG amounted to 4.69 % (previous year: 4.72 %).

In the past year, Basler AG together with company physicians, offered several vaccination appointments against Covid-19 for its employees.

The occupational accident rate at Basler AG amounted to 0.02 % in 2021 (previous year: 0.00 %). This rate is calculated by dividing the hours lost due to occupational accidents by the hours worked by all employees as of December 31, 2021. Occupational accidents are accidents suffered by employees at work or on their way to work. The absence must be a direct consequence of the accident.

Social Matters

Diversity and Equal Opportunities

Aim:

In order to offer an attractive and effective working environment, diversity and equal opportunities are supported.

Against this background, the management board and the supervisory board decided that until the end of 2025 a female quota of 30 % should be achieved in executive functions and of 32,5 % on head of department level. The supervisory board has decided that, until further notice, an increase in the quota of women on the supervisory board and the management board will be sought but does not have to be achieved.

Key Measures and Due Diligence Processes

Basler is not bound by collective bargaining agreements and does not refer to existing collective bargaining agreements in matters of remuneration. The German sites have a transparent salary system that regulates the remuneration of employees. This salary system is based on job descriptions that are drawn up independently of individuals and evaluated by an external institute. This ensures a gender-neutral and person-independent classification.

The company's staff is characterized by a variety of home countries and cultures. In order to promote the integration of employees of different nationalities and generations, language classes are offered, and in video conferences and during visits in the subsidiaries an intensive exchange takes place. Furthermore, projects are carried out with international participants additionally supporting the integration in social events. The majority of the communication of the company is in German and English language.

The company offers a special development program (High Potential Program) to qualify talented employees for management positions. In the 2021 program run, the focus of the internationally launched program was placed on promoting women in management positions.

At the group's headquarters in Ahrensburg, great importance is attached to the issue of work and integration. There is a works council and a representative body for people with disabilities, and the barrier-free expansion of the company is constantly being driven forward.

Results:

Due to integration measures and high international composition, the Basler Group has a great diversity within the global workforce, whereby the company strives for a continuous increase of depth of value added in the foreign subsidiaries and for transforming from an international company to a global one. By using digital tools, the international collaboration and thus the diversity in thought and action could be further increased despite of Covid-19.

With Prof. Dr. Mirja Steinkamp as well as Dorothea Brandes as employee representative, the female representation in the supervisory board of Basler AG is currently more than 30 %. The management board currently exists of four male members. Regarding the change in the management board on January , 2021, there was a very qualified candidate within the company and thus an external search was not considered.

The first management level below the management board is the divisional management or the executives, and below that the department management. On December 31, 2021, 23.08 % of the executives and 29.21 % of the department managers were female. The targets for promoting the participation of women in management positions had not yet been achieved by the end of the reporting period. This development is due to the M&A transactions of smaller companies in the past four years, in which predominantly men hold executive positions. The opportunities within the scope of organic growth over the short period were not sufficient to compensate for this effect. In addition, while there were significant new hires in 2021, this was with the largest share in development. Typically, the number of female applicants in this area is relatively low.

The special promotion program (high potential program) of Basler Group could also be performed in the Covid-19 affected year 2021. It is planned to give half of the places to women and to focus the contents on different gender roles in leading positions. The aim is to identify and promote executives in order to

significantly increase in the long run female proportion in leadership positions. It is planned to give half of the places to women and to focus the contents on different gender roles in leading positions. The aim is to identify and promote executives in order to significantly increase female proportion in leadership positions. In the past year, 6 employees were selected for the High Potential Program (5 women and 1 man). 3 of these female employees have since moved into management positions.

Eleven employees (three of them female) participated with their ideas in the group-wide innovation competition 2021. Nine employees were from Ahrensburg, two were from Mannheim.

In financial year 2021, the company had 20 (previous year: 18) employees who are covered by the Severely Disabled Persons Act.

Responsible Procurement / Respect of Human Rights

Respect for human rights is a non-negotiable norm for the Basler group. To ensure that the Basler group does not permit any form of human rights violations in its business relationships, internal and external communications and the corresponding due diligence processes will be continuously expanded and improved.

Aim:

An aim of this concept is to avoid human rights violation in Basler AG's business relations.

Key Measures and Due Diligence Processes:

At the end of the fiscal year, the Basler group decided to introduce a further developed corporate policy on conflict minerals in order to gain more certainty along the supply chain about the origin and extraction conditions of tin, tantalum, tungsten, gold and cobalt. The corresponding declaration can be found online at www.baslerweb.com/en/company/investors/sustainability/.

The aim of the declaration and the due diligence process that was implemented with it is to ensure a comprehensive monitoring of the supply chain and to oblige suppliers to comply with appropriate due diligence requirements. The Basler group thus assumes responsibility beyond what is legally required to ensure that the minerals contained in the products are not sourced from conflict and high-risk areas where human rights are disregarded and violated. Should violations be disclosed or become probable in the course of the review, appropriate measures will follow in cooperation with the suppliers.

In addition, compliance with human rights and other legal requirements is also enshrined in the group-wide code of conduct. This does not only include the group's own business practices, but also obliges all business partners to comply with basic human rights or higher standards and violations can be reported via the whistleblower system (see also Integrity and Compliance).

Result:

The company's conflict minerals policy has been published and the corresponding monitoring process for Basler AG has been implemented. In the course of 2022, the process will be implemented throughout the group and all eligible suppliers will be involved and contractually obligated to comply with it. In future annual reports, the Basler group will report openly and transparently on any violations that have come to light and any corrective measures initiated.

For the financial year 2021, no cases of violations of human rights emerged at Basler AG or in its business activities.

The complete code of conduct is shown under:

www.baslerweb.com/en/company/investors/sustainability/.

Social Commitment

Basler AG bears social responsibility. This is particularly valid for the headquarters in Ahrensburg where the majority of the employees reside.

Aim:

Basler AG's aim is to promote the local economic and social development considering interests of local stakeholder groups.

Key Measures and Due Diligence Processes:

As one of the biggest private employers in Ahrensburg, the group plays an important role for the local economy and society. The group fulfills this role in different external and internal areas.

Thus, the headquarters in Ahrensburg offers workshops for schools in order to arouse interest for the different occupational areas within the company and to attract attention at an early stage as a local employer. This also includes the company's donation of HuCon (Human Controlled Roboter) Sets to secondary schools for the promotion of computer science education

Furthermore, there is an educational partnership via Wissenfabrik e.V., through which the company sponsors the KiTec project. KiTec helps children in daycare centers, elementary schools and the first years of secondary schools to experience technology, to understand technical contexts and to become creative themselves with ageappropriate tool and material boxes.

Moreover, Basler AG supports social projects as „Wi mook dat“ at the Arche in Billstedt.

In 2021, the Mannheim site organized the participation in the Mannheim company run for the entire Basler AG.

Other fixed components of the annual program are hackathons organized by the company for up-and-coming programmers or participation in Girls Day.

Dr. Dietmar Ley, CEO of the company, is a member of the board of the professional association Robotics and Automation of the VDMA (Verein Deutscher Maschinen- und Anlagenbau, German Engineering Association).

Furthermore, Hardy Mehl is member of the board of the professional association Image Processing of the VDMA (Verein Deutscher Maschinen- und Anlagenbau, German Engineering Association) and Arndt Bake is member of the board of the European Machine Vision Association (EMVA).

Result:

Basler AG's social commitment fosters the local and national economy as well as the society. Special attention is given to new talents.

In 2021, all these actions were also firmly scheduled, but many of them unfortunately had to be cancelled due to corona.

Information according to Regulation (EU) 2020/852

In accordance with Regulation (EU) 2020/852 and the relevant provisions of the associated Delegated Regulation (EU) 2021/2178, the Basler group discloses for the first time the shares of taxonomy-eligible and non-taxonomy-eligible economic activities at Group level:

A „taxonomy-suitable economic activity“ means an economic activity described in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852, regardless of whether that economic activity meets all of the technical assessment criteria set out in those delegated acts.

Group-wide, absolute values in € thousand

Activities	Sales	(in %)	Investments	(in %)	Operating Expenses	(in %)
Taxonomic (A)	0	0 %	0	0 %	0	0 %
Non-taxonomic (B)	214,728	100 %	15,725	100 %	85,450	100 %
Total (A+B)	214,728	100 %	15,725	100 %	85,450	100 %

Qualitative data according to Regulation (EU) 2021/2178 Annex I Section 1.2

Notes to the benchmarks:

The total figures for sales, capital expenditures and operating expenses have been determined in accordance with the Regulation; furthermore, reference is made to the explanations in the published IFRS notes under item 3 „Accounting policies“.

Notes on the assessment of taxonomy eligibility:

Sales: The Basler group did not generate any sales from the economic activities listed in Annex I and II to Delegated Regulation (EU) 2021/2139 in fiscal year 2021 due to its product range - as a manufacturer of industrial cameras and provider of machine vision solutions.

These currently include only those sectors that the EU Commission considers to be particularly significant for achieving the climate neutrality targets, for example the generation of electricity, the production of renewable energy technologies, or the transportation sector.

Investments and operating expenses: In fiscal year 2021, the Basler group did not make any investments or operating expenses aimed at making the economic activities taxonomy-suitable or purchase taxonomy-suitable products and services from other taxonomy-suitable activities that would be associated with a corresponding plan or the management of „green“ assets.

All revenues, capital expenditures, and operating expenses relevant to the definition of the taxonomy were reviewed by a team from Accounting, Sustainability, and Facility for taxonomy eligibility as defined by the regulation and related delegated regulations.

11. DECLARATION OF THE LEGAL REPRESENTATIVES

In accordance with § 312 (3) sentence 3 of the German Stock Corporation Act (AktG), Basler has prepared a report on relations with affiliated companies. This report concludes with the following statement by the management board. "We declare that in the legal transactions listed in the report on relations with affiliated companies and persons, Basler AG received appropriate consideration according to the circumstances known to us at the time the legal transactions were carried out and that we were not disadvantaged. No other measures within the meaning of § 312 of the German Stock Corporation Act (AktG) have been taken or omitted."

Ahrensburg, March 25, 2022

Management Board



Dr. Dietmar Ley

CEO



Arndt Bake

CDO/CIO



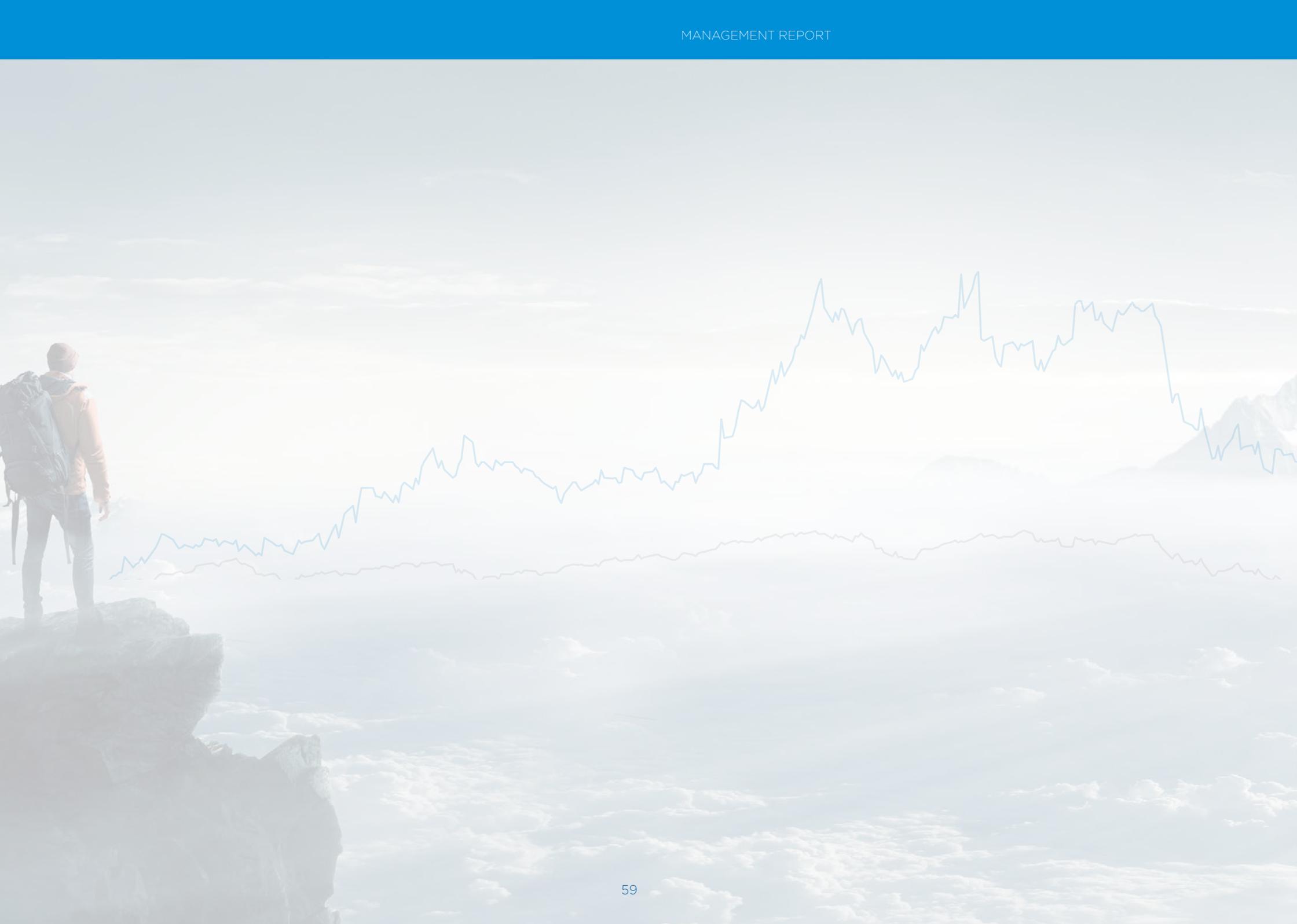
Hardy Mehl

CFO/COO



Alexander Temme

CCO



CONSOLIDATED PROFIT AND LOSS STATEMENT

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2021 to December 31, 2021

in € k	Notes	01/01/ - 12/31/2021	01/01/ - 12/31/2020
Sales revenues	4, 24	214,728	170,459
Currency earnings	3.1	157	-51
Cost of sales		-102,248	-81,738
Gross profit on sales		112,637	88,670
Other income	5	1,174	1,133
Sales and marketing costs		-34,883	-30,565
General administration costs		-20,395	-17,391
Research and development	6		
<i>Full costs</i>		-28,147	-23,705
<i>Capitalisation of intangible assets</i>		8,004	10,497
<i>Depreciations intangible</i>		-9,738	-8,455
Research and development		-29,881	-21,663
Other expenses		-291	-121
Operating result		28,361	20,063
Financial income	7	186	1,120
Financial expenses	7	-591	-769
Financial result		-405	351
Earnings before tax		27,956	20,414
Income tax	8	-7,200	-5,305
Group's year surplus		20,756	15,109
of which are allocated to			
shareholders of the parent company		20,756	15,109
non-controlling shareholders		0	0
Average number of shares	9.4	9,971,231	10,005,420
Earnings per share diluted = undiluted (€)	9.4	2.08	1.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2021 to December 31, 2021

in € k	Notes	01/01/ - 12/31/2021	01/01/ - 12/31/2020
Group's year surplus		20,756	15,109
Result from differences due to currency conversion, directly recorded in equity (to be reclassified to the consolidated income statement in the future under certain conditions)	3.1, 18.3	2,408	-759
Adjustment Finance Lease w/o income effect/ IFRS 15 (not to be reclassified subsequently to the consolidated income statement)	3.12	0	215
Total result, through profit or loss		2,408	-544
Total result		23,164	14,565
of which are allocated to			
shareholders of the parent company		23,164	14,565
non-controlling shareholders		0	0

CONSOLIDATED CASH FLOW STATEMENT

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2021 to December 31, 2021

in € k	Notes	01/01/ - 12/31/2021	01/01/ - 12/31/2020
Operating activities			
Group's period surplus		20,756	15,109
Increase (+) / decrease (-) in deferred taxes	11	-206	326
Payout/ incoming payments for interest		827	844
Depreciation of fixed assets	9.1	16,172	14,508
Change in capital resources without affecting payment	18.3	2,625	-759
Increase (+) / decrease (-) in accruals	20	6,576	1,128
Profit (-) / loss (+) from asset disposals		1	-4
Increase (-) / decrease (+) in reserves	12	-17,097	911
Increase (+) / decrease (-) in advances from demand	13	1,804	142
Increase (-) / decrease (+) in accounts receivable	13	-13,833	-83
Increase (-) / decrease (+) in other assets		930	4,565
Increase (+) / decrease (-) in accounts payable		7,759	503
Increase (+) / decrease (-) in other liabilities		-981	128
Net cash provided by operating activities		25,333	37,318
Investing activities			
Payout for investments in fixed assets		-15,726	-14,993
Incoming payments for asset disposals		433	183
Expenses for acquisitions less cash acquired		0	-8,492
Net cash provided by investing activities		-15,293	-23,302

in € k	Notes	01/01/ - 12/31/2021	01/01/ - 12/31/2020
Financing activities			
Payout for amortisation of bank loans		-4,110	-5,287
Payout for amortisation of finance lease		-3,498	-3,412
Incoming payment for borrowings from banks		15,000	11,040
Interest payout		-494	-447
Interest portion finance lease		-333	-397
Incoming payment for sale of own shares		83	0
Payout for own shares		-3,916	-228
Dividends paid		-5,801	-2,602
Net cash provided by financing activities		-3,069	-1,333
Change in liquid funds		6,971	12,683
Funds at the beginning of the period		47,860	35,177
Funds at the end of the period		54,831	47,860
Composition of liquid funds at the end of the period			
Cash in bank and cash in hand	16	54,831	47,860
Payout for taxes		-3,695	-3,438

GROUP BALANCE SHEET

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2021 to December 31, 2021

in € k	Notes	12/31/2021	12/31/2020
Assets			
A. Long-term assets			
I. Intangible assets	10	38,556	37,346
IV. Goodwill	3.10, 10	27,474	27,474
II. Fixed assets	10	12,645	12,125
III. Buildings and land in finance lease	3.9, 17	16,065	17,151
V. Other financial assets	29	5	5
VI. Deferred tax assets	11	776	879
		95,521	94,980
B. Short-term assets			
I. Inventories	12	37,131	20,034
II. Receivables from deliveries and services	13	33,304	19,471
III. Other short-term financial assets	14	1,853	2,198
IV. Other short-term assets	14	2,247	1,413
V. Claim for tax refunds	15	2,392	4,176
VI. Cash in bank and cash in hand	16	54,831	47,860
		131,758	95,152
		227,279	190,132

in € k	Notes	12/31/2021	12/31/2020
Liabilities			
A. Equity	18		
I. Subscribed capital		9,971	10,005
II. Capital reserves		26,818	22,590
III. Retained earnings		94,237	87,091
IV. Other components of equity		-2,370	-4,778
		128,656	114,908
B. Long-term debt			
I. Long-term liabilities			
1. Long-term liabilities to banks	19	32,011	21,121
2. Other financial liabilities		545	638
3. Liabilities from finance lease	17	8,873	11,366
II. Non-current provisions	20	1,603	1,080
III. Deferred tax liabilities	11	9,401	9,710
		52,433	43,915
C. Short-term debt			
I. Other financial liabilities	19	4,110	4,110
II. Short-term accrual liabilities	20	12,086	5,644
III. Short-term other liabilities			
1. Liabilities from deliveries and services		18,831	11,072
2. Other short-term financial liabilities		5,312	4,394
3. Liabilities from finance lease	17	3,589	3,437
IV. Current tax liabilities		2,262	2,652
		46,190	31,309
		227,279	190,132

DEVELOPMENT OF FIXED ASSETS FOR FISCAL YEAR 2021

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2021 to December 31, 2021

in € k	Acquisition and production costs					Foreign exchange differentials	As at 12/31/2021
	As at 01/01/2021	Additions	Transfers	Disposals			
Intangible assets							
Software, trademark rights, patents, and licenses	10,804	3,614	458	-227	71	14,720	
Finished own developments	76,625	0	4,282	-1,485	0	79,422	
Own developments in process	6,368	8,141	-4,282	0	0	10,227	
Payments for third-party developments	0	60	0	0	0	60	
Total intangible assets	93,797	11,815	458	-1,712	71	104,429	
Goodwill							
Goodwill	27,467	0	0	0	0	27,467	
Total Goodwill	27,467	0	0	0	0	27,467	
Tangible Assets							
Land and buildings on third-party land	6,084	245	50	-168	45	6,256	
Technical equipment and machinery	12,760	2,519	1	-998	71	14,353	
Other furniture, fixtures, and equipment	9,751	200	276	-1,483	46	8,790	
Assets under construction	223	946	-784	0	0	385	
Total tangible assets	28,818	3,910	-457	-2,649	162	29,784	
Buildings and Land under finance leases							
Land of finance lease	2,278	0	0	0	0	2,278	
Buildings of finance lease	31,356	1,157	0	-737	460	32,236	
Total Buildings and Land under finance leases	33,634	1,157	0	-737	460	34,514	
Other financial assets	18	0	0	0	0	18	
Total other financial assets	18	0	0	0	0	18	
Total Assets	183,734	16,882	1	-5,098	693	196,212	

Depreciation							Net book value		
As at 01/01/2021	Additions	Unscheduled depreciations	Disposals	Transfer	Foreign exchange differentials	As at 12/31/2021	As at 12/31/2021	Previous year	
7,088	1,362	0	-227	0	34	8,257	6,463	3,716	
49,363	8,466	1,272	-1,485	0	0	57,616	21,806	27,262	
0	0	0	0	0	0	0	10,227	6,368	
0	0	0	0	0	0	0	60	0	
56,451	9,828	1,272	-1,712	0	34	65,873	38,556	37,346	
-7	0	0	0	0	0	-7	27,474	27,474	
-7	0	0	0	0	0	-7	27,474	27,474	
2,011	410	0	-162	0	31	2,290	3,966	4,073	
8,820	1,542	0	-930	0	43	9,475	4,878	3,940	
5,862	929	2	-1,442	0	24	5,375	3,415	3,889	
0	0	0	0	0	-1	-1	386	223	
16,693	2,881	2	-2,534	0	97	17,139	12,645	12,125	
0	0	0	0	0	0	0	2,278	2,278	
16,483	2,187	2	-419	0	196	18,449	13,787	14,873	
16,483	2,187	2	-419	0	196	18,449	16,065	17,151	
13	0	0	0	0	0	13	5	5	
13	0	0	0	0	0	13	5	5	
89,633	14,896	1,276	-4,665	0	327	101,467	94,745	94,101	

DEVELOPMENT OF FIXED ASSETS FOR FISCAL YEAR 2020

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2020 to December 31, 2020

in T€	Acquisition and production costs					As at 12/31/2020
	As at 01/01/2020	Additions	Transfers	Disposals	Foreign exchange differentials	
Intangible assets						
Software, trademark rights, patents, and licenses	9,480	1,626	637	-923	-16	10,804
Finished own developments	54,633	294	21,699	-1	0	76,625
Own developments in process	17,732	10,335	-21,699	0	0	6,368
Payments for third-party developments	453	0	-453	0	0	0
Total intangible assets	82,298	12,255	184	-924	-16	93,797
Goodwill						
Goodwill	27,474	0	-7	0	0	27,467
Total Goodwill	27,474	0	-7	0	0	27,467
Tangible Assets						
Land and buildings on third-party land	5,551	777	-118	-117	-9	6,084
Technical equipment and machinery	12,752	662	305	-938	-21	12,760
Other furniture, fixtures, and equipment	9,110	817	163	-321	-18	9,751
Assets under construction	389	481	-645	0	-2	223
Total tangible assets	27,802	2,737	-295	-1,376	-50	28,818
Buildings and Land under finance leases						
Land of finance lease	2,278	0	0	0	0	2,278
Buildings of finance lease	30,399	1,294	118	-313	-142	31,356
Total Buildings and Land under finance leases	32,677	1,294	118	-313	-142	33,634
Other financial assets	18	0	0	0	0	18
Total other financial assets	18	0	0	0	0	18
Total Assets	170,269	16,286	0	-2,613	-208	183,734

Depreciation							Net book value		
As at 01/01/2020	Additions	Unscheduled depreciations	Disposals	Transfer	Foreign exchange differentials	As at 12/31/2020	As at 12/31/2020	Previous year	
6,884	1,115	0	-913	8	-6	7,088	3,716	2,596	
40,908	7,115	1,340	0	0	0	49,363	27,262	13,725	
0	0	0	0	0	0	0	6,368	17,732	
0	0	0	0	0	0	0	0	453	
47,792	8,230	1,340	-913	8	-6	56,451	37,346	34,506	
0	0	0	0	-8	1	-7	27,474	27,474	
0	0	0	0	-8	1	-7	27,474	27,474	
1,737	382	41	-117	-26	-6	2,011	4,073	3,814	
8,237	1,524	3	-930	0	-14	8,820	3,940	4,515	
5,227	948	6	-310	0	-9	5,862	3,889	3,883	
0	0	0	0	0	0	0	223	389	
15,201	2,854	50	-1,357	-26	-29	16,693	12,125	12,601	
0	0	0	0	0	0	0	2,278	2,278	
14,635	2,034	0	-164	26	-48	16,483	14,873	15,764	
14,635	2,034	0	-164	26	-48	16,483	17,151	18,042	
13	0	0	0	0	0	13	5	5	
13	0	0	0	0	0	13	5	5	
77,641	13,118	1,390	-2,434	0	-82	89,633	94,101	92,628	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2021 to December 31, 2021

in thousand €	Notes	Subscribed capital	Capital reserve	Revenue reserves	Other components of equity			Total
					Equity difference from currency translation	Adjustment not affecting net income Finance lease / IFRS15	Sum of other components of equity	
Shareholders' equity as of 01/01/2020		10,008	22,398	74,809	538	-4,772	-4,234	102,981
Total result				15,109	-759	215	-544	14,565
Share salesback	3.5	-3	192	-225				-36
Capital increase company funds	3.5	0	0	0				0
Dividend outpayment*	18.4			-2,602				-2,602
Shareholders' equity as of 12/31/2020		10,005	22,590	87,091	-221	-4,557	-4,778	114,908
Total result			3,709	17,047	2,408	0	2,659	23,164
Share salesback / Share buyback	3.5	-34	519	-4,100				-3,615
Dividend outpayment**	18.4			-5,801				-5,801
Shareholders' equity as of 12/31/2021		9,971	26,818	94,237	2,187	-4,557	-2,370	128,656

* 0.26 € per share

** 0.58 € per share

I. GENERAL INFORMATION

1. THE COMPANY

The Basler group develops, manufactures, and sells on a worldwide scale industrial goods in the area of Vi-sion Technology (the technology of machine vision). The Basler corporation has its headquarters at 22926 Ahrensburg (Germany), An der Strusbek 60-62 (local court Lübeck HRB 4090AH). It maintains subsidiaries in Singapore, Taiwan, the USA, China, Japan, South Korea, and Germany as well as sales and service of-fices in Finland, Poland, the Netherlands, France, Malaysia, and UK. Development and manufacturing are carried out in the German headquarters. In July 2014, a second production line was opened in the Singapore subsidiary.

2. BASICS OF ACCOUNTING

2.1 COMPLIANCE WITH IFRS

The consolidated financial statements of Basler AG were prepared according to the International Financial Reporting Standards (IFRS) as applicable within the European Union (EU) and in addition, according to the regulations of commercial law, as stipulated by § 315a Sec. 1 German Code of Commercial Law,

Handelsgesetzbuch - HGB. The European Commission has adopted for use in the EU all IFRS that were issued by the International Accounting Standards Board (IASB) and that were in force at the time of preparation of the present consolidated financial statements. These IFRS were also adopted by Basler AG. Therefore, the term „IFRS“ will be used throughout.

Unless stated otherwise, all amounts are shown in thousands of € (€ thousand). The financial year corresponds to the calendar year. The consolidated financial statements are prepared on a going concern basis.

2.2 STANDARDS WITH NO EFFECT ON THE CONSOLIDATED STATEMENTS

The amendments to the references to the framework in various IFRS standards to be applied from January 1, 2021 and the amendments to IFRS 4 and IAS 39 currently have no impact on the consolidated financial statements of Basler AG.

2.3 APPROVED BUT NOT YET ADOPTED STANDARDS

The following IFRS incorporated into EU law were issued on December 31, 2021, their application is, however, only mandatory in future reporting periods if no use is made of the right for an earlier application:

Amendment/Standard	Date of Publication	Date of Incorporation into EU Law	Date of Application	Amendment/Standard	Date of Publication	Date of Incorporation into EU Law	Date of Application
IFRS 17 Insurance contracts as well as amendments of IFRS 17	May 18, 2017/ June 25, 2020	November 19, 2021	January 1, 2023	Amendment IAS 1: Classification of liabilities as non-current or current plus amendments to IAS 1- Deferral of the date of initial application	January 23, 2020/July 15, 2020	open	January 1, 2023
Annual Improvements, of IFRS Cycle 2018-2020	May 14, 2020	June 28, 2021	January 1, 2022	Amendment IAS 1 and IFRS Practice Statement 2: Explanation of accounting principles	February 12, 2021	open	January 1, 2023
Amendments to IFRS 16: Covid-19 related lease concessions beyond June 30, 2021	March 31, 2021	August 30, 2021	April 1, 2021	Amendments IAS 8: Definition of accounting estimates	February 12, 2021		January 1, 2023
Amendments				Amendment IAS 12: Deferred taxes relating to assets and liabilities arising from a single transaction	May 7, 2021	open	January 1, 2023
<ul style="list-style-type: none"> • IFRS 3: Cross-references to the framework concept • IAS 16: Revenue before intended use • IAS 37: Costs of fulfilling contracts 	May 14, 2020	June 28, 2021	January 1, 2022	Amendment IFRS 17: First time use of IFRS 17 and IFRS 9 - Comparative Information	December 9, 2021		January 1, 2023

Following standards as well as interpretations and amendments to existing standards that have also been issued by the IASB are not yet obligatory for the consolidated financial statements as of December 31, 2021. The application of these standards presumes that they will be taken over by the EU within the scope of the IFRS endorsement procedure:

2.4 USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and about the reported amounts of revenues and expenses during the reporting period. The actual results can deviate from these assessed values. Significant estimation uncertainties arise in the valuation of tangible assets with regard to useful lives and in the valuation of internally generated intangible assets with regard to useful lives and expected sales. Furthermore, there are uncertainties regarding deferred taxes on loss carryforwards, provisions and assumptions for impairment tests. The carrying amounts of tangible assets and intangible assets result from the development of non-current assets.

3. ACCOUNTING AND VALUATION METHODS

3.1 PRINCIPLES OF CONSOLIDATION

All major subsidiaries that are directly or indirectly controlled by Basler AG as provided by IFRS 10 are included in the group's annual balance sheet. For a list of subsidiaries and investments, see note IV, 29.

Harmonization

The financial statements to be consolidated of Basler AG as parent company and of the subsidiaries included in the consolidation were prepared using uniform accounting and valuation methods. All intercompany transactions, balances and intercompany profits are eliminated in full on consolidation.

Currency Conversion

The functional currency of the subsidiaries is the currency of the respective country, except for Basler Asia Pte. Ltd., which prepares the balance in Euro. Consequently, on the balance sheet date, assets and liabilities are converted into Euros using the applicable exchange rate on the reporting date.

Income and expenses are converted using the average exchange rate of the period under review. Accumulated exchange rate gains and losses are reported as a separate component of the equity capital. In the fiscal year, equity capital was increased by € 2,408 thousand (previous year: decreased by € 759 thousand).

Business transactions made in foreign currencies in the individual financial statements are converted at the exchange rates applicable on the reporting dates of the transactions. In fiscal year 2021, profits amounting to € 2,141 thousand (previous year: € 2,011 thousand) and expenses amounting to € 1,984 thousand (previous year: € 2,062 thousand) occurred. The currency result is shown as currency result in the gross result of sales.

Transactions within the European Union are recorded using the applicable fixed Euro exchange rates. Further relevant exchange rates are listed below:

	Applicable Exchange Rate as of		Average Exchange Rates	
	12/31/2021	12/31/2020	2021	2020
US dollar	1.133	1.123	1.183	1.142
New Taiwan dollar	31.371	34.523	33.051	33.594
Chinese Yuan	8.833	8.023	7.628	7.875

Source: Exchange rates of the European Central Bank with the exception of the New Taiwan dollar which is based on the daily Interbank spot rate

Consolidation Principles

Capital consolidation is performed in accordance with the provisions of IFRS 3, whereby all assets and liabilities of the subsidiaries are recognized at fair value. The pro rata equity thus determined is compared with the carrying amount of the investment. Any remaining positive differences are capitalized as company value and are subject to an annual impairment test in accordance with IAS 36.

All intercompany balances, income and expenses, and unrealized gains and losses on intercompany transactions are eliminated in full. Deferred taxes are recognized on consolidation transactions recognized in profit or loss in accordance with IAS 12.

3.2 REVENUE RECOGNITION

Revenues are recorded when it is probable that the economic benefits will accrue for the group and when the amounts of the earnings can reliably be estimated. Earnings are assessed according to the applicable time values of the considerations received or to be received. Discounts, rebates and value-added tax or other dues are not considered. Moreover, the realization of earnings presupposes the following criteria for assessment to be satisfied.

Sale of Goods and Products

Earnings for goods and products are recorded after the relevant opportunities and risks related to the own-ership of the goods and products sold were transferred to the buyer. Generally, this applies at the time of delivery of the goods and products.

Interest Income

Interest income is recognized when interest is earned on non-current liabilities (using the effective interest method). Interest income is recognized in the consolidated statement of income as part of financial income.

3.3 TAXATION*Current income taxes*

Current tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The calculation of the amount is based on the tax rates and tax laws applicable at the balance sheet date. Current tax assets and liabilities are offset if the group has a legally enforceable right to set off current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity.

Current taxes relating to items recognized directly in equity are recognized in equity and not in the income statement.

Deferred Taxes

Deferred taxes are recognized using the liability method on temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recorded for all taxable temporary differences with these exceptions:

- ▶ Deferred tax liabilities arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither profit or loss nor taxable profit or loss, and
- ▶ Deferred tax liabilities arising from taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

With the exceptions listed below, deferred tax assets are recorded for all deductible temporary differences, not yet used tax loss carry forwards, and unused tax credits to the likely extent that the taxable profit will be available, against which the deductible temporary differences, the not yet used tax loss carry forwards, and tax credits can be applied:

- ▶ Deferred tax assets due to deductible temporary differences related to a first-time valuation of an asset or debts resulting from a business transaction other than a business combination that has - at the time of the business transaction - neither bearing on the profit for the period law nor on the taxable result, and
- ▶ Deferred tax assets due to deductible temporary differences related to investments in subsidiaries, associates and stakes in joint ventures if it is probable that the temporary differences will not reverse in the foreseeable period or no sufficient taxable result will be available against which the temporary differences can be applied.

The book values of the deferred income tax assets are checked on every balance sheet date and are reduced by an amount so as to make it improbable that a sufficient taxable result will be available against which the latent tax asset can at least partly be applied. Deferred tax assets that have not undergone valuation are checked on every balance sheet date and are valued at an amount so as to make it probable that a future taxable result will permit realizing the deferred tax asset.

Deferred tax assets and tax liabilities are assessed using those tax rates that will presumably be valid in the period when an asset will be realized or when a debt will be cleared. The assessments are based on the tax rates (and tax laws) valid on the balance sheet date. Future changes of tax rates are taken into account if material prerequisites for being effective are given in the context of the legislative process on the balance sheet date.

Deferred taxes related to items directly recorded with the equity capital are not recorded in the income statement but with the equity capital. Deferred tax assets and deferred tax liabilities are offset against each other if the group has a claim against the same tax authority.

3.4 GOVERNMENT GRANTS

Government grants for development expenses are recorded if it is reasonably assured that the grants will be granted and that the company will meet the related conditions. Expense-related grants are regularly recorded as income for the period that is necessary for offsetting the grants against the corresponding expenses. Grants for an asset directly decrease the book value of the asset and they are recorded as income due to decreased depreciation. In the income statement it is reported as gross statement shown under other operating income.

In the case of non-monetary grants to the group, the assets and the grants are recorded at their nominal values and, if possible, are reversed and recognized as income in equal annual rates over the estimated useful lives of the assets concerned.

3.5 EQUITY INSTRUMENTS

Treasury shares acquired by the group are recorded at acquisition cost and are directly deducted from equity capital. The acquisition, sale, issue or withdrawal of treasury shares is not recognized as income. Possible differences between book values and considerations are recorded in the other capital reserve or in the retained earnings.

3.6 FINANCIAL ASSETS AND LIABILITIES

Receivables and other financial assets are capitalized at acquisition costs on the settlement date. Where the fair value of financial assets and liabilities is recognized or disclosed, it is generally based on the market or stock exchange value. In the absence of an active market the fair values are assessed based on accepted methods of financial mathematics.

IFRS 9 specifies the requirements for the recognition and valuation of financial assets, financial liabilities, as well as some contracts for acquiring or selling of non-financial contracts. There were no impairments on financial assets identified in the fiscal year 2021. These would have to be shown as separate positions in the comprehensive income statement. As in previous years, Basler AG holds a stake in the "Beruf und Familie im HanseBelt gGmbH", Bad Oldesloe. Due to the holding of 12 % of equity amounting to € 5 thousand, this stake is classified as non-material.

If a receivable is in danger of not being recoverable due to a customer's illiquidity, individual value adjustments in the full amount of the receivable will be made. Due to low loss of receivables (2016 - 2021 a total of groupwide € 19 thousand at a sales level of € 944,891 thousand) no value adjustments were made according to IFRS 9.

IFRS 9 contains three basic categories for the classification of financial assets:

- ▶ valued at amortized costs,
- ▶ valued at fair value with changes in value on other comprehensive income (FVOCI), as well as
- ▶ valued at fair value with changes in value in the profit or loss (FVTPL).

Please see point 21.

3.7 DERIVATIVE FINANCIAL INSTRUMENTS

The corporate group enters into derivative financial instruments in order to manage its exposure to interest and foreign exchange rate risks. These include forward exchange contracts and foreign currency options. Derivatives are initially recognized at the time of the transaction at fair value and subsequently valued at fair value at each reporting date. The resulting valuation gain or loss is immediately recognized in the income statement unless the derivative is designated and effective as a hedging instrument for hedge accounting purposes. The timing of recognizing the valuation results in the income statement depends on the type of hedging relationship. The effective portion of change in the fair value of derivatives that are suitable and designated as cash flow hedges is recognized in total comprehensive income under the item of cash flow hedges reserve. If necessary, the gains or losses as a result of the ineffective portion is immediately recognized in the income statement under the item Other income/Other expenses.

3.8 INVENTORIES

Raw materials, supplies, operating materials, merchandise as well as unfinished and finished products are stated as inventories, unless they can be attributed to a customer order.

Inventories are valued at the acquisition costs or the production costs and net selling price, whichever is less.

Costs that have accrued for taking inventories to their present location and for bringing them into their current states are balanced in the following way:

- ▶ Raw materials, supplies, and operating materials, and merchandise: moving averages
- ▶ Finished and unfinished products: material costs, production costs, and services that can be directly allocated as well as appropriate portions of production overheads based on the normal capacities of the production facilities without considering borrowing costs

The net selling price is the estimated sales revenue that can be realized in the normal course of business less the estimated costs accrued until completion and estimated distribution costs.

3.9 TANGIBLE ASSETS AND BUILDINGS AND LAND IN FINANCE LEASE

On principle, tangible assets are valued at acquisition costs or production costs minus accumulated scheduled depreciation and accumulated impairment losses. The useful lives applied for this purpose correspond to the expected periods of use of the assets within the company. Residual values were neglected in the calculation of depreciations due to insignificance. Revaluations of the tangible fixed assets are not performed.

The scheduled linear depreciations of fixed assets are largely based on the following useful lives:

Asset	Useful Life in Years
Technical equipment and machinery	3 to 8, 10 to 11, 13 and 14
Operational and office equipment	3
Parking garages	20
Commercial and office buildings	38 to 40

The book values of the tangible assets are reviewed as of every reporting date to identify any evidence of impairment. For details please see 3.17.

The useful lives for assets that are accounted for under IFRS 16 vary depending on the respectively expected contractual useful lives of the leased asset. The right-of-use asset is amortized on a straight-line basis over the shorter of the lease term and the useful economic life of the identified asset. For details please see 3.12.

3.10 INTANGIBLE ASSETS

Intangible assets acquired against payment, mainly software, are capitalized at purchase costs and amortized over their scheduled useful lives.

Research costs are recorded as expenses for the period of their accrual. Development costs for an individual project are only capitalized as intangible assets if the following conditions can be proven to apply:

- ▶ the technical feasibility of completing the intangible asset, enabling internal use or sale of the asset ,
- ▶ the intent of completing the intangible asset for its use,
- ▶ the intangible asset is likely to realize a future economic benefit,
- ▶ the availability of resources for completing the asset,
- ▶ the possibility of reliably determining related expenses during the development of the intangible asset.

The development costs are balanced according to their initial valuation applying the production cost model, i.e. using production costs minus accumulated amortizations and accumulated impairment expenses. Amortization starts from the termination of the development phase and from the time when the asset can be used. Amortization is carried out on a straight-line basis over the period for which future benefit can be expected.

The following useful lives are assumed:

Asset	Useful Life in Years
Capitalized development costs	3 to 6
Software, product developments received against payment	3 to 7

The amortization expenses of capitalized development costs are included in „Research and development“ in the consolidated statement of income, while that of software and purchased product developments is included in „Sales and marketing expenses“ and „General and administration expenses“.

At least once a year and at particular instigation an impairment test is carried out during the development phase. For details please see 3.17.

According to IFRS 3 and/or IAS 38, business or company values are not written off on a scheduled basis. Instead, once a year and in case of indications for a value reduction they are subject to an impairment test according to IAS 36 and, if necessary, devaluated to their recoverable amount. For doing so, the fair value less costs to sell (FVLCS) is used as a basis.

According to IAS 38.60 the goodwill is attributable to the CGU (Cash Generating Unit) which presumably will benefit from the synergy effects of the merger. The CGU in question shall not be bigger than an operating segment. Viewed downwards within the company hierarchy, the lowest intragroup reporting level is mentioned where the goodwill is systematically monitored. At Basler this is the group including its total business. Thus, the goodwill is tested on corporate level.

If impairment is identified, first of all a possibly existing goodwill of the cash generating unit in question is value-adjusted. Afterwards, a residual amount is allocated pro rata to the other assets of the respective cash generating unit on the basis of the residual book value of each individual asset at the balance sheet date. If the reason for an impairment recorded in the previous year no longer applies, with the exception of goodwill, assets are written up to their scheduled carrying amount.

The growth rates underlying the discounted cash flow calculation for external sales in the detailed planning period 2022 - 2025 amount to approximately 8 - 21 % (previous year: 4 - 15 %), the earnings before taxes (EBT) amount to 9 - 20 % (previous year: 22 - 38 %). The growth rates are based on past experience and estimates of future demand and have been taken into account in our detailed planning. A growth rate of 1 % is taken into account for the cash flows after the planning period. Discounting was carried out on the basis of a uniform risk-equivalent capitalization rate (weighted average cost of capital, WACC) of 11.3 % (previous year: 10.0 %) which is based on market data and considers company-specific risk factors. Sensitivity analyses have determined that there is no need to recognize an impairment loss on goodwill even if the

key assumptions differ within a realistic range. In quantifying the sensitivity analysis, a reduction in future EBT result of 10 % was assumed, as a change of up to this amount is reasonably possible. Based on past experience, no major changes are likely. The impairment tests carried out did not reveal any indications of a need for impairment.

3.11 LIQUID ASSETS AND CASH EQUIVALENTS

The item includes cash on hand as well as short-term deposits with maturities of less than three months.

3.12 LEASES

In principle, all leases and the associated contractual rights and obligations are now to be accounted for under IFRS 16 in the lessee's balance sheet. Thus, the differentiation between finance and operating leases so far shown under IAS 17 no longer applies.

On January 1, 2019, IFRS 16 was initially applied. The initial application was effected as of January 1, 2019, according to the modified retrospective conversion method. For leases that are not real estate, of low value and for short-term agreements with a term of up to twelve months, the application relief of IFRS 16.5 is used and the expense is recognized on a systematic basis over the term. Leases expiring no later than December 31, 2020 have been accounted for as short-term leases, irrespective of the original lease term.

For these leases, future lease payment obligations liabilities are passivated. Simultaneously, rights of use for the underlying assets are activated. These correspond to the cash value of future lease payments plus initial direct costs, advance payments, and reinstatement costs as well as minus incentive payments received.

The subsequent accounting is made according to the effective interest method. The applicable interest rate was determined in a country specific manner. During the term of the lease, leasing liabilities are updated in a financial mathematic way, similar to the previously applicable regulation according to IAS 17 for finance leases. The right of use is amortized according to plan.

As lessee, Basler accounts for according to the right-of-use-model pursuant to IFRS 16.22 leases, regardless of economic ownership of the leasing object in question at the beginning of the term. Rights of use and liabilities are shown separately in the balance sheet. If events or changed circumstances suggest an impairment, an impairment test will be carried out according to IAS 36.

3.13 BORROWING COSTS

Borrowing costs are capitalized on qualifying assets according to IAS 23. They are added to the production costs of the assets until the date when the assets are essentially ready for their intended use or for sale. Achieved earnings from temporary investment of specially raised borrowed capital until its disbursement for qualifying assets are deducted from the borrowing costs that can be capitalized. All other borrowing costs are recognized as income in the period where they accrue.

3.14 FINANCIAL DEBTS

Financial debt is stated at its amortized cost. This includes bank debt, liabilities from finance leases, and other financial liabilities.

3.15 PROVISIONS

Provisions are recognized when Basler has a present (legal or constructive) obligation due to a past event, when settlement of the obligation is expected to result in an outflow of resources of economic benefit, and when the amount of the obligation can reliably be estimated. If the group expects to receive a reimbursement of at least part of a provision from an identifiable third party (e. g. in the case of an insurance policy) the reimbursement is recognized as a separate asset provided the influx of the reimbursement is virtually certain. The expense from recognizing the provision is recorded in the income statement less reimbursement.

If the interest effect resulting from a discounting is material, provisions are discounted at a pre-tax interest rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as financial expense.

3.16 APPLICABLE FAIR VALUE

The fair value to be applied is the price at which an asset would be sold or at which a debt would be transferred at the valuation date in an orderly business transaction between market participants. This applies regardless of whether the price is directly observable or was estimated using a valuation method.

The fair value is not always available as market price. In many cases it must be determined on the basis of different valuation parameters. Depending on the availability of observable parameters and the significance of these parameters for the determination of the fair value in the whole, the fair value is assigned to the levels 1, 2, or 3. The classification is made as follows:

- ▶ input parameters of level 1 are quoted prices (unadjusted) on active markets for identical assets or debts, which the company can refer to at the balance sheet date.
- ▶ Input parameters of level 2 are different to the input parameters and quoted prices of level 1, which are - for the asset or the debt - either directly observable or can be indirectly derived from other prices.
- ▶ Input parameters of level 3 are for non-observable parameters for the asset or the debt.

3.17 IMPAIRMENT OF ASSETS

The book values of tangible and intangible assets are reviewed at each reporting date (December 31) for indications of impairment (impairment-test). If such indications are apparent, the recoverable amount of the asset is estimated in order to determine the amount of the possible impairment loss. If the recoverable amount cannot be estimated at the level of the specific asset, the recoverable amount is determined at the level of the cash-generating unit (CGU) to which the respective asset is allocated. At Basler AG, the allocation is made at the level of product families as CGU.

Intangible assets that are not yet in use are tested for impairment at least once a year and in case of indications of an impairment (triggering events). The recoverable amount is the higher amount of the fair value less costs to sell and the value in use. For determination of the value in use the estimated future cash flows are discounted using a pre-tax interest rate. This pre-tax interest rate considers the current market evaluation of the time value of money as well as risks related to the asset, if this has not already been considered in the estimation of the cash flows. The calculations are based on forecasts resulting from financial plans approved by the management. The fair value minus cost to sell is determined using an appropriate valuation model which does not differ from the calculation of the utility value. If the recoverable amount of an asset falls below its book value, the book value is depreciated to the recoverable amount. An impairment loss is recognized immediately in profit or loss.

In case of a reversal of the impairment loss, the book value of the asset will be increased to the newly determined recoverable amount. Here the upper value limit of the attribution in the amount of the original book value of the asset and/or of the CGU needs to be observed. A reversal is immediately recognized in the profit and loss.

For intangible assets that cannot be used yet the impairment test will be made at the level of product families as CGU (cash generating unit). The recoverable amount will be determined on the basis of the calculation of a utility value based on cash flow forecasts. The cash flow forecasts are based on financial plans approved by the management for a period of four years. The planning period reflects the assumptions for short- to mid-term market developments. The group assumes a sales growth in the lower double-digit percentage range for 2021 and the following years. The gross profit margin is expected to decline slightly. Cash flows arising after the planning period are not considered. The discount factor before taxes used for the cash flow forecasts is 11.3 % (previous year: 10.0 %). The increase compared to the previous year mainly results from uncertainties of the macroeconomic overall situation including a market risk premium. The discount rate is based on the concept of weighted average capital costs.

In the calculation of the utility value as well as of the fair value less cost to sell (using DCF method) there are uncertain estimates for the underlying assumptions, particularly with regard to:

- ▶ Gross profit margins
- ▶ Discounting factor (interest rate)
- ▶ Sales growth rate

A discount interest rate of more than 37.4 % and/or an expected decline of the planned sales revenues by 20.5 % would lead to a devaluation of certain intangible assets.

If there are indications of a devaluation of fixed assets in the course of the financial year, these will be examined and its value adjusted, if necessary.

II. ITEMS OF THE ANNUAL FINANCIAL STATEMENTS

NOTES TO THE PROFIT AND LOSS STATEMENT

4. SALES REVENUES

The sales revenues originate almost exclusively from camera and frame grabber business. We refer to the classification shown under point 24.

Pursuant to IFRS 15 revenues are recorded upon obtaining control of the goods or services by the customer. The determination of whether the transfer of control is depending on the point of time or the period of time requires discretionary decisions. Sales are measured based on a consideration determined in a contract with a customer. The following table provides information about

receivables and liabilities resulting from contracts with customers:

in € thousand	2021	2020
Accounts receivable	32,161	19,490
Contractual liabilities	-209	-248
Contractual receivables	1,352	229

The contractual obligations relate to the extended warranty that is a separate service obligation (service-type-warranty) and that has to be cut off over the warranty period of three years.

In the financial year 2021, € 39 thousand (previous year: € 65 thousand) were cut off as contractual liabilities in sales. Upon fulfillment of the contractual liabilities, revenue is recognized in the corresponding amount.

The contract receivables relate to period-related services from customer contracts that have not yet been billed. In the 2021 financial year, € 1,352 thousand (previous year: € 229 thousand) were deferred as contract receivables in revenue.

5. OTHER OPERATIONAL PROFIT

The other operational profits include the following:

in € thousand	2021	2020
Subsidies for research and development	136	170
Income from the release of provisions	131	233
Rental income	11	3
Others	896	727*
	1,174	1,133

*) including € 238 thousand corona grants Asia

6. RESEARCH AND DEVELOPMENT

The expenses include the following:

in € thousand	2021	2020
Full costs for research and development	28,147	23,705
Capitalization of own development costs	-8,004	-10,497
Depreciations on capitalized developments	9,738	8,455
	29,881	21,663

7. FINANCIAL RESULT

in € thousand	2021	2020
Income from adjustment of earn-out relating to other periods	0	922
Market price valuation of derivative financial instruments	0	78
Income from credit interest	158	0
Other interest income	9	119
Interest income discounting	19	1
Financial income	186	1,120
Interest expense for finance leases	-333	-397
Interest expense from bank loans	-334	-354
Expenses relating to other periods from adjustment of Earn-out	-53	-49
Interest expense from derivative financial instruments	0	-81
Other interest expense	-8	-19
Capitalization of interest in accordance with IAS 23	137	132
Interest expense	-591	-769
Financial Result	-405	351

In 2021, the average financing cost rate considered in accordance with IAS 23 was 1.39 % (previous year: 1.04 %).

8. INCOME TAXES

Both current taxes (paid or owed) on income and deferred taxes are reported as income taxes.

Any income obtained is stated as a negative amount.

in € thousand	2021	2020
Current taxes from consolidated companies	7,411	4,963
Deferred taxes from consolidated companies	-211	342
Tax expense	7,200	5,305

Determination deferred tax expenses:

in € thousand	2021	2020
Deferred tax expenses or income from losses carried forward (continuously)	1,134	-816
Deferred tax expenses or income from temporary differences	-1,345	1,158
Deferred tax expense	-211	342

The following is a breakdown of the effective tax burden which includes the German corporate income tax rate including the solidarity surcharge of 15.83 % (previous year: 15.83 %), and the applicable trade income tax rate of 13.51 % (previous year: 13.37 %), amounting to a total tax rate of 29.34 % (previous year: 29.20 %):

Tax reconciliation (in € thousand)	2021	2020
Net profit / loss for the year before income taxes	27,956	20,414
Applicable tax rate	29.34 %	29.20 %
Expected tax expense / income	8,202	5,961
Reconciliation:		
Effect from deviating tax rates	-1,194	-1,542
Tax effect from non-deductible expenses and tax-free earnings	-47	-120
Effect from intragroup sales	-163	-112
Foreign withholding tax	632	830
Actual tax expense / income	7,200	5,305
Others	-230	288
Group tax rate	25.75 %	25.99 %

As per December 31, the following tax loss carry forwards existed:

in € thousand	2021	2020
Germany, corporate income tax	0	4,197
Germany, trade income tax	0	3,509

The tax loss carry forwards in Germany apply for an indeterminate period. Due to the statutory situation, out of the total loss carryforward, a maximum of € 1,000 thousand plus 60 % of the excess tax profit can be utilized per year.

9. ADDITIONAL INFORMATION

9.1 SCHEDULED AND UNSCHEDULED DEPRECIATIONS

In fiscal year 2021, unscheduled value adjustments were made on capitalized product developments in an amount of € 1,272 thousand (previous year: € 1,340 thousand). The depreciations included discontinued products or products that are not expected to have sufficient economic benefit. The unscheduled depreciations on the capitalized developments were recorded with the other expense as well as with the cost of sales.

The scheduled and unscheduled depreciations are included in the following areas:

in € thousand	2021	2020
Cost of Sales	1,463	1,604
Research and Development	9,738	8,455
Sales and Marketing Costs	1,289	1,339
General Administration Costs	3,304	2,454
Other Expenses	378	657
	16,172	14,508

9.2 PERSONNEL EXPENDITURES

in € thousand	2021	2020
Wages and salaries	67,557	58,385
Social security contributions and expenses for pensions and other employee benefits of which for pension plans: €5,35 thousand (P: € 4,741 thousand)	11,780	10,232
	79,337	68,617

The expenses for the contribution-based pension schemes amounted to € 5,352 thousand (previous year: € 4,741 thousand). The employees in the group are for the most part insured under the mandatory statutory pension insurance scheme and are thus subject to a government contribution-based plan.

9.3 COST OF MATERIALS

in € thousand	2021	2020
Expenses for raw, auxiliary, and operating supply items as well as purchased goods	77,959	61,094
Expenses for purchased services	1,593	1,421
	79,552	62,515

In the year 2021, costs for warranty services amounted to € 476 thousand (previous year: € 688 thousand).

9.4 RECONCILIATION FOR RESULT PER SHARE

	2021	2020
Result (diluted = undiluted) in € thousand	20,756	15,109
Weighted average number of ordinary shares	9,971,231	10,005,420
Result per Share (diluted = undiluted) (€)	2.08	1.51

The calculation of the average number of shares outstanding was carried out according to a pro rata tempo-ris weighting taking into account the acquired own shares. On December 31, 2021, Basler AG's share capital amounted to € 10.5 million divided into 10.5 million no-par value bearer shares at € 1.00 each.

	Number of Shares
Shares in circulation on January 1, 2021	10,005,264
Sales	3,236
Purchases	-37,269
Shares in circulation on December 31, 2021	9,971,231

III. NOTES TO THE BALANCE SHEET

10. DEVELOPMENT OF FIXED ASSETS

On December 31, 2021, the purchase commitments for tangible assets amounted to € 678 thousand (previous year: € 1,801 thousand).

For the financial statements, the following intangible assets are of essential importance according to IAS 38.122b at the reporting date:

Description of the Intangible Asset (in € thousand)	Book value 12/31/2021 (12/31/2020)	Useful Lives in years (Previous year)
New camera platforms Mainstream/Upper Mainstream	19,780 (13,434)	5 (5)
Development of camera modules for use with embedded processors	3,698 (4,514)	3 (3)
Camera development and improvement of 3D TOF technology	2,237 (2,770)	3 (3)

The item „Goodwill“ as of December 31, 2021 relates to goodwill arising on the initial consolidation of consolidated subsidiaries.

11. DEFERRED TAXES

The following deferred tax assets and liabilities apply to measurement or recognition inconsistencies of the individual balance sheet items:

Deferred Tax Assets (in € thousand)	12/31/2021	12/31/2020
Finance Lease	0	25
Loss carried forward	0	1,133
Sales Realization	0	6
Deferred items	1,289	0
Holding	45	45
Inventories	241	67
Others	704	898
Offsetting	-1,503	-1,295
	776	879
Deferred Tax Liabilities (in € thousand)	12/31/2021	12/31/2020
Capitalized Developments	8,607	8,743
Finance Lease	1,077	728
PPA Capitalized Developments	666	935
Sales Realization	336	0
Tangible Assets	66	84
Holding	0	405
Other	152	110
Offsetting	-1,503	-1,295
	9,401	9,710

12. INVENTORIES

The inventories include the following:

in € thousand	12/31/2021	12/31/2020
Raw materials and supplies	23,597	8,935
Semi-finished Products	3,217	1,472
Finished Products	7,184	6,988
Merchandise	3,133	2,639
	37,131	20,034

As of December 31, 2021, inventories were subject to range deductions amounting to € 1,490 thousand (previous year: € 1.396 thousand). The increase of raw materials and supplies results from the tight situation on the procurement market related to the semiconductor crisis.

13. RECEIVABLES FROM DELIVERIES AND SERVICES AS WELL AS PRODUCTION ORDERS

Of the receivables from deliveries and services in the amount of € 33,304 thousand (previous year: € 19,471 thousand) € 33,290 thousand (previous year: € 19,471 thousand) are due within one year.

The receivables from deliveries and services are adjusted in the amount of € 1 thousand (previous year: € 7 thousand). Value adjustments are performed as far as the collectability of a receivable is in danger e. g. due to insolvency. The necessary value adjustments have been below € 10 thousand over the last years. There were no material bad debts in the past years due to credit management. Thus, for reasons of materiality, a value adjustment according to the lifetime expected loss was not carried out.

The age of the receivables from deliveries and services is as follows:

in € thousand	Book Value as of 12/31	Of which not overdue as of 12/31	Of which past due up to 60 days	Of which more than 61 days past due
2021	33,304	17,134	3,136	1,868
2020	19,471	14,655	2,864	1,952

Despite the corona pandemic, no deterioration in customer payment behavior was observed. Accordingly, there were only marginal valuation allowances in 2021 or previous years. The total of advance payments received amounts to € 2,933 thousand (previous year: € 1,129 thousand). The maximum default risk corresponds to the book values stated in the balance sheet of each financial asset (less value adjustments taken into account as of the balance sheet date, if applicable). The fair values do not differ significantly from the book values.

14. OTHER SHORT-TERM FINANCIAL ASSETS AND OTHER SHORT-TERM ASSETS

in € thousand	12/31/2021	12/31/2020
Derivative Financial Instruments	0	765
Other current assets	1,853	1,433
Other short-term financial assets	1,853	2,198
Accrued expenses	1,634	1,320
Advance payments made	613	93
Other short-term assets	2,247	1,413
Total	4,100	3,611

The fair values do not significantly differ from the book values. The maximum default risk corresponds to the book values stated in the balance sheet of each financial asset. The other current financial assets are not impaired by value adjustments. There are no receivables past due that would require value adjustments.

15. TAX REFUND CLAIMS

The tax refund claims relate to input tax amounting to € 1,128 thousand (previous year: € 463 thousand) and the reclaim of taxes paid in advance on income and profit amounting to € 1,264 thousand (previous year: € 3,713 thousand).

The fair values do not significantly differ from the book values. The maximum default risk corresponds to the book values stated in the balance sheet of each financial asset.

16. CASH AND CASH EQUIVALENTS

Liquid assets include bank deposits and cash balances in the amount of € 54,831 thousand (previous year: € 47,860 thousand).

17. LEASE

At the balance sheet date December 31, 2021, the rights of use in an amount of € 16,065 thousand are off-set by lease liabilities with a present value of € 12,529 thousand. The short-term portion of the lease liability amounts to € 3,589 thousand. The short-term lease payments mainly include payments for software amounting to approximately € 2.1 million (previous year: € 1.7 million) and for low-value leasing amounting to € 0.5 million (previous year: € 0.4 million).

The payment obligations have the following maturity structure:

in € thousand	Minimum lease payments		Interest portion included		Cash values	
	2021	2020	2021	2020	2021	2020
Maturity	3,798	3,679	213	245	3,589	3,433
Maturity than one year and up to two years	3,104	3,555	153	174	2,951	3,379
Maturity of more than two years and up to three years	2,758	2,875	121	124	2,637	2,750
Maturity of more than three years and up to four years	912	2,542	82	274	830	2,266
Maturity of more than four years and up to five years	886	749	57	69	829	680
Maturity of more than five years	1,762	2,384	69	116	1,693	2,268
Total	13,220	15,784	695	1,002	12,529	14,776

After expiry of the basic lease terms, there are standard market extension options which are more likely than not to be exercised. As a rule, leases with a value of less than € 12 thousand are not classified as finance leases within the scope of the application simplifications; they did not exist at the reporting date.

The total cash outflows for leases amounted to € 3,679 thousand (previous year: € 3,450 thousand).

The present value was measured on the basis of the following interest rates:

Country	interest rate in % (prev. year)	Country	interest rate in % (prev. year)
Germany	2.7 (2.7)	Taiwan	3.0 (3.0)
USA	4.5 (4.5)	Japan	3.0 (3.0)
Singapore	4.0 (4.0)	Korea	3.0 (3.0)
China	5.3 (5.3)		

The interest rates are derived from the respective lease agreement or from calculations made by resident financial institutions, thus taking into account any country risks as well as maturities of the respective lease agreement.

18. EQUITY

18.1 SUBSCRIBED CAPITAL

The paid-up share capital of the company amounts to € 10,500 thousand (previous year: € 10,500 thousand) and is divided into 10,500,000 (previous year: 10,500,000) issued no-par-value shares. The shares are in bearer form.

On the reporting date, Basler AG holds 528,769 own shares (previous year: 494,736). In financial year 37,268 treasury shares were purchased and 3,236 treasury shares were distributed.

18.2 AUTHORIZED CAPITAL

On May 26, 2020, the annual general meeting of Basler AG authorized the management board, with the approval of the supervisory board, to increase the company's share capital by up to € 5,250 thousand by issuing a total of up to 5,250,000 new no-par value ordinary bearer shares on one or more occasions until May 25, 2025 in return for cash contributions and/or contributions in kind (Authorized Capital 2020). Shareholders are generally entitled to a

subscription right. The management board is authorized, with the approval of the supervisory board, to exclude shareholders' subscription rights on one or more occasions. The new shares may also be underwritten by one or more banks with the obligation to offer them to shareholders for subscription.

18.3 COMPONENTS OF THE RESIDUAL TOTAL INCOME

The pre-tax and after-tax results of the components are as follows:

in € thousand	12/31/2021			12/31/2020		
	Before taxes	Taxes	Net	Before taxes	Taxes	Net
Currency conversion of foreign subsidiaries	2,408	0	2,408	-759	0	-759
Total	2,408	0	2,408	-759	0	-759

Due to high exchange rate fluctuations in USD and CNY, the currency translation of foreign subsidiaries increased.

18.4 DIVIDEND PAYMENT

On May 25, 2021, a dividend was paid amounting to € 0.58 per share (total dividend: € 5,801 thousand).

19. FINANCIAL LIABILITIES

€ 32,011 thousand of the financial liabilities are related to long term interest bearing bank liabilities (previous year: € 21,121 thousand). The short-term repayment portion of the financial liabilities of € 4,110 thousand (previous year: € 4,110 thousand) are shown under other financial liabilities.

The fair values of the above financial liabilities, of the liabilities from deliveries and services, and of the other short-term liabilities, do not vary significantly from the reported book values.

A transition of the liabilities movements to the cash flow from financing activities according to IAS 7 is shown separately.

20. PROVISIONS

in € thousand	01/01/2021	Alloca-tion	Utiliza-tions	Liqui-dations	Inter-ests	Currency Differences	12/31/2021
Long-term provisions / Personnel costs							
Personnel costs/Long-term provisions	1,080	543	0	0	-20	0	1,603
Personnel costs/Long-term provisions	1,080	543	0	0	-20	0	1,603
Short-term provisions							
Personnel costs	4,513	10,215	-4,513	-68	0	257	10,404
Commissions	29	0	-29	0	0	0	0
Warranty	479	63	0	-3	0	0	539
Legal and consultancy costs	148	84	-92	-4	0	3	139
Other	475	1,042	-463	-56	0	6	1,004
Short-term provisions	5,644	11,404	-5,097	-131	0	266	12,086
Total	6,724	11,947	-5,097	-131	-20	266	13,689

The provisions for personnel costs were mainly made for variable salaries for the reporting year. The short-term provisions are expected to be utilized in the course of one year.

21. DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL INSTRUMENTS

As a company acting on global markets, Basler is exposed to various market risks. In order to reduce the currency risks in China, Basler uses forward exchange contracts. As these dealings are intended as security for underlying operating transactions, their terms are less than one year in each case.

CNY	12/31/2021	12/31/2020
Nominal value € thousand	0	765
Foreign currency amount in CNY thousand	0	6,134
Fair value in € thousand		
- Positive	0	306
- Negative	0	0

In accordance with IFRS 9, the financial instruments are classified into the following valuation classes.

Category	Significance		Valuation
AfS	Available for sale	Financial assets available for sales	Fair value (without affecting net income against equity)
FAHfT	Financial Assets Held for Trading	Financial assets available for trading	Fair value (with effect on net income through profit or loss)
FLAC	Financial Liabilities Measured at Amortised Cost	Financial liabilities measured at amortized cost	At amortized cost
FVTPL	At Fair Value Through Profit or Loss	At market value through profit or loss	Fair value (with effect on net income through profit or loss)
HtM	Held to Maturity	Financial investments held to maturity	At amortized cost

The book values of the financial instruments as of December 31, 2021 (December 31, 2020), are as follows:

12/31/2021 (12/31/2020)					
In € thousand	Valuation Category according to IFRS 9	Book Value	Amortized Costs	Market Value, affecting Net Income	Fair Value
Remaining financial assets	FVTPL	5 (5)	5 (5)		
Long-term financial assets		5 (5)			5 (5)
Receivables from deliveries and services	Amortized costs	33,304 (19,471)	33,304 (19,471)		
Short-term financial assets		33,304 (19,471)			33,304 (19,471)
Short-term derivative assets	FVTPL	0 (765)		0 (765)	
Remaining other short-term financial assets	Amortized costs	1,853 (1,434)	1,853 (1,434)		
Other short-term financial assets		1,853 (2,199)			1,853 (2,199)
Liquid assets	Amortized costs	54,831 (47,860)	54,831 (47,860)		
Cash and cash equivalents		54,831 (47,860)			54,831 (47,860)
		89,993 (69,535)			
Passiva					
Liabilities to credit institutions	Other financial liabilities	32,011 (21,121)	32,011 (21,121)		
Liabilities from finance lease	Fair value	8,873 (11,366)	8,873 (11,366)		
Long-term financial liabilities		40,884 (32,487)			40,884 (32,487)
Other financial liabilities	Other financial liabilities	4,110 (4,110)	4,110 (4,110)		
Short-term derivative liabilities	Fair value	0 (0)		0 (0)	
Liabilities from deliveries and services	Other financial liabilities	18,831 (11,072)	18,831 (11,072)		
Liabilities from finance lease	Fair value	3,589 (3,437)	3,589 (3,437)		
Remaining other short-term financial liabilities	Other financial liabilities	2,380 (3,266)	2,380 (3,266)		
Short-term liabilities		28,910 (21,885)			28,910 (21,885)
		69,794 (54,372)			

The valuation levels of the financial instruments valued at fair value are as follows:

12/31/2021 (12/31/2020) (in € thousand)	Level 1	Level 2	Level 3	Total
Financial assets of „Market value affecting profit and loss“				
Short-term derivative assets	0 (0)	0 (765)	0 (0)	0 (765)
Total	0 (0)	0 (765)	0 (0)	0 (765)
Financial liabilities of „Market value affecting profit and loss“ category				
Short-term derivative liabilities	0 (0)	0 (0)	0 (0)	0 (0)
Total	0 (0)	0 (0)	0 (0)	0 (0)

For the calculation of the fair value of derivative instruments, discounted cash flow analyses are applied to derivatives without optional components using corresponding interest yield curves to the instruments' maturity and option pricing models are applied to derivatives with optional components. Forward foreign exchange transactions are valued based on listed forward rates and interest yield curves that are derived from listed market interest rates in view of the contracts' maturity. Interest rate swaps are valued at the cash value of the estimated future cash flows. The discounting took place using the pertinent interest yield curves derived from listed interest rates. Essential observable input parameters are not present.

Except for the described instrument, Basler AG considers the book values for financial assets and debts to be a good approach to the fair value.

Please refer to chapter 7 and 13 for the recording of impairments and net profits / losses of the stated financial assets and financial liabilities.

IV. ADDITIONAL INFORMATION

22. TYPE AND MANAGEMENT OF FINANCIAL RISKS

22.1 COUNTERPARTY RISK

Basler continuously checks the creditworthiness of its customers by employing internal and external evaluations. In addition, the risk associated with receivables from deliveries and services is reduced by the fact that the company has a diverse customer base. Furthermore, the company operates a clearly defined process to follow up on outstanding receivables.

A credit line structure supported by the ERP system with documented escalation levels is used to limit the risk even further. Please refer to chapter 13, 14, and 15 for statements of the maximum default risks.

22.2 INTEREST RATE RISK

All longer-term financial liabilities stated as of the balance sheet date are valued at amortized cost and are not subject to interest rate risk within the meaning of IFRS 7 due to existing fixed-interest agreements.

22.3 CURRENCY RISK

An analysis of the sensitivity of all receivables and liabilities in foreign currency of all group entities regarding a decreasing and / or increasing exchange rate by 10 % each as of the balance sheet date would result in the following effects on profit (in € thousand):

Country	Exchange rate +10 %	Exchange rate -10 %
USD	137	-137
JPY	82	-82
SGD	33	-33
CNY	1,484	-1,484
	1,736	-1,736

In doing so, the main foreign currencies were taken into consideration.

23. CAPITAL MANAGEMENT / LIQUIDITY RISK

Basler manages its capital with the aim of maximizing the earnings of its stakeholders by optimizing the ratio of equity capital to borrowed capital. However, it must furthermore be ensured that Basler possesses sufficient reserves to also enable short-term growth. This goal is managed using the financial reserves key figure.

in € thousand	12/31/2021	12/31/2020
Liquid assets	54,831	47,860
Unused bank credit lines	10,600	9,600
	65,431	57,460

This strategy was not changed compared to the previous year.

On the reporting date, Basler had access to credit lines amounting to € 10,600 thousand (previous year: € 9,600 thousand). The availability of credit lines and the granting of bank loans are partly tied to compliance with certain financial key figures. As in the previous years, Basler AG complied with the agreements.

The following maturity analysis of financial liabilities (contractually agreed, non-discounted payments) indicates the influence on the group's liquidity:

in € thousand (previous year)	Total amount	< 1 Year	> 1 Year	Of which > 5 Years
Bank debt	36,121 (25,231)	4,110 (4,110)	32,011 (21,121)	10,198 (10,198)
Liabilities from deliveries and services	18,831 (11,072)	18,831 (11,072)	0 (0)	0 (0)
Other current financial and tax liabilities	7,574 (7,046)	7,574 (7,046)	0 (0)	0 (0)
Liabilities from finance lease	12,462 (14,803)	3,589 (3,437)	8,873 (11,366)	1,693 (2,268)
	74,988 (58,152)	32,104 (25,665)	40,884 (32,487)	11,891 (12,466)

According to the longest possible redemption period the following maturities of derivative financial instruments would occur:

in € thousand	Up to 1 Year	2 to 5 years	More than 5 years	Total
2021	0	0	0	0
2020	765	0	0	765

24. SEGMENT REPORT

Within the internal reporting there is no distinction between any segments or management in segments. The planning and allocation of resources throughout the group is carried out exclusively for the camera business.

Customers of Basler are global players. In the following statement of turnover per region, the product's country of installation is considered the target country. If the country of installation is not known, the last known country of delivery is considered.

in € thousand	2021	2020
Germany	20,481	16,577
EMEA	40,943	32,994
Americas	31,544	26,049
Asia	121,760	94,839
Total	214,728	170,459

In 2021 and 2020, no customer had a revenue share greater than 10 %.

The non-current assets of the Basler group are located in the following countries:

in € thousand	12/31/2021	12/31/2020
Germany	89,377	88,855
Asia	5,078	4,929
USA	290	317
	94,745	94,101

25. NUMBER OF EMPLOYEES

The average number of employees by function can be taken from the following table:

Number FTE*	Number FTE* 2021	Number FTE* 2020
Production	221 (210)	206 (197)
Sales and Marketing	312 (299)	301 (287)
Development	234 (221)	213 (200)
Administration	148 (135)	137 (123)
	915 (865)	857 (807)

() Full Time Equivalent

26. REMUNERATION OF THE AUDITORS

The remuneration paid to BDO AG Wirtschaftsprüfungsgesellschaft is separated into the following categories:

in € thousand	2021	2020
Audit fees	101	67
Other services	9	9
Total	110	76

27. RELATIONS TO CLOSELY AFFILIATED PERSONS

In fiscal year 2021, there were no business relationships with related parties except for the remuneration of the management board and the remuneration of the supervisory board.

52,67 % of the shares / voting rights of Basler AG are held by Norbert Basler Holding GmbH, which is wholly owned by Basler-Beteiligungs-GmbH & Co. KG.

28. MANAGEMENT BOARD AND SUPERVISORY BOARD

MANAGEMENT BOARD

In 2021, the management board consisted of the following members:

- ▶ Dr. Dietmar Ley, Chief Executive Officer, responsible for research and development, organization development, and human resources

- ▶ Alexander Temme, Chief Commercial Officer since Jan. 1, 2021: responsible for product distribution (sales, communications, service), solutions business management as well as the Basler subsidiaries worldwide.
- ▶ Arndt Bake, Chief Digitization Officer and Chief Innovation Officer, responsible for IT, SAP, digital and software business, innovation
- ▶ Hardy Mehl, Chief Financial and Operations Officer, responsible for finance, investor relations, administration, operations and product business

28.2 SUPERVISORY BOARD

In 2021, the supervisory board consisted of the following members:

Norbert Basler	Chairman of the Supervisory Board, Chairman of the nomination committee, Member of the audit committee, Entrepreneur
Dorothea Brandes	Member of the Supervisory Board Employee representative, Organizational developer, Basler AG
Horst W. Garbrecht	Member of the Supervisory Board, Member of the nomination committee, Managing Director of CeramTec in Plochingen
Dr. Marco Grimm	Member of the Supervisory Board Employee representative, Team leader Software development for quality control, Basler AG
Prof. Dr. Eckart Kottkamp	Vice Chairman of the Supervisory Board, Member of the nomination committee, Member of the audit committee, Consultant, Chairman of the university council of Hochschule für Angewandte Wissenschaften (HAW) Hamburg
Prof. Dr. Mirja Steinkamp	Member of the Supervisory Board, chairman of the audit committee, auditor, tax consultant, Professor for auditing and corporate accounting at NORDAKADEMIE

Additional mandates held by the supervisory board members in 2021, compliant with § 285 No. 10 HGB:

Norbert Basler

- ▶ Member of the Supervisory Board, Plato AG, Lübeck
- ▶ Member of the Supervisory Board, Beruf und Familie in HanseBelt gGmbH, Bad Oldesloe
- ▶ Member of the Advisory Board, AT Holding GmbH, Bad Oldesloe
- ▶ Vice Chairman of the Advisory Board, Zöllner Holding GmbH, Kiel

Prof. Dr. Eckart Kottkamp

- ▶ Member of the Supervisory Board, KROMI Logistik AG, Hamburg
- ▶ Chairman of the Advisory Board, PEP NewCo IV GmbH (LKE Group), Marl

Prof. Dr. Mirja Steinkamp

- ▶ Vice Chairman of the Supervisory Board, Alper & Schetter AG, Neuss
- ▶ Vice Chairman of the Supervisory Board, BarthHass GmbH & Co. KG, Nürnberg

The other members of the supervisory board do not hold any mandates in other supervisory bodies.

28.3 REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

As of January 1, 2011, the remuneration model of the management board was changed by the implementation of a sustainability clause (see Remuneration Report in the management report). According to this, the variable claims acquired in one fiscal year are paid over a period of three years and during this period of time are subject to the intermediate risk of substantial decreases due to subsequent worsening of the company situation.

The total remuneration of the management board (inflow) and the benefits granted are presented in a separate remuneration report as of this reporting period. In 2021, the total remuneration amounted to € 1,815 thousand.

The supervisory board has appointed Mr. Alexander Temme as Mr. John Jennings successor. Since January 1, 2021, Mr. Alexander Temme is the new Chief Commercial Officer (CCO).

28.4 REMUNERATION OF THE SUPERVISORY BOARD

The total remuneration of the members of the supervisory board amounted to € 185.4 thousand (previous year: € 169.9 thousand) in the year 2021. As in the previous year, there was no performance-related remuneration.

	Fixed Remuneration in € thousand	
	2021	2020
Norbert Basler	63.5	58.8
Dorothea Brandes	16.5	15.5
Horst W. Garbrecht	19.0	17.8
Dr. Marco Grimm	16.5	15.5
Prof. Dr. Eckart Kottkamp	33.6	30.8
Prof. Dr. Mirja Steinkamp	36.3	31.5

29. HOLDINGS INDEX

In addition to Basler AG, the following companies are included in the group's annual balance sheet by way of full consolidation due to extant voting majorities:

Company Name	Proportion of Stake in %
Basler Inc., Exton/USA	100
Basler Asia Pte. Ltd., Singapore/Singapore	100
Basler Korea, Jungwongu/Korea	100
Basler Japan KK, Minato-ku/Japan	100
Basler Vision Technologies Taiwan Inc., Jhubei City/Taiwan	100
Basler Vision Technology (Beijing) Co. Ltd., Beijing/China	100

The Silicon Software GmbH with registered office in Mannheim included in the previous year has been merged in its entirety with Basler AG by transfer of its assets under dissolution without liquidation.

On December 17, 2021, Basler AG announced the acquisition of its longtime distributionpartners DATVISION and IOVIS in Korea. The 100 % acquisition of the assets attributable to the distribution business of DATVISION was carried out by Basler Korea on January 7, 2022. The 100 % acquisition of the shares of IOVIS Tech. was carried out by Basler Asia on January 10, 2022. This was an important step along the group's growth strategy. Until now, the acquisition price allocation has not yet been completed. The consideration for the acquisition of the DATVISION assets amounted to € 5,464 thousand. The consideration for the acquisition of the 100 % shares of IOVIS Tech. amounted to € 17,533 thousand. Additionally, an earn out component of a maximum of € 1,853 thousand which depends on the generated sales of the three first years after the acquisition was agreed upon with IOVIS. An earn out component of a maximum of € 1,482 thousand which is linked to sales targets for the first two years after the acquisition was agreed upon with DATVISION. These values were translated at the closing rate on Jan. 31, 2022.

A further investment exists in Beruf und Familie, HanseBelt gGmbH, Bad Oldesloe:

Company Name	Proportion of Stake in % (12/31/2020)*	Equity (12/31/2020)*	Result (2020)*
Beruf und Familie im Hanse-Belt gGmbH, Bad Oldesloe	12	€ 129 thousand	€ 39 thousand

*) A financial statement as of December 31, 2021 was not available by the time this report was prepared

There are no other shareholdings.

30. CORPORATE GOVERNANCE

Pursuant to § 161 of the German Stock Corporation Act (AktG), the statement of compliance was made accessible to the shareholders on the company's website a www.baslerweb.com/en/company/investors/corporate-governance/declaration-of-compliance/.

31. APPROVAL OF THE ANNUAL BALANCE SHEET

The annual balance sheet is expected to be released for publication by the supervisory board on March 25, 2022.

32. RECOMMENDATION FOR THE APPROPRIATION OF PROFIT OF THE PARENT COMPANY

The management board proposes that the unappropriated profit of € 29,961,145.79 be appropriated as follows:

Designation	Amount
Distribution of a dividend of € 0.62 per share (30 % of group's EAT)	6,182,163.22
Transfer to retained earnings	0.00
Carry forward to new account	23,778,982.57
Unappropriated profit	29,961,145.79

33. SUPPLEMENTARY REPORT

No events occurred after the balance sheet date that had an impact on the consolidated financial statements of the group.

Ahrensburg, March 25, 2022

Management Board

			
Dr. Dietmar Ley CEO	Arndt Bake CDO/CIO	Hardy Mehl CFO/COO	Alexander Temme CCO

INDEPENDENT AUDITOR'S REPORT

To the Basler Aktiengesellschaft, Ahrensburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT PRÜFUNGSURTEILE

We have audited the consolidated financial statements of Basler Aktiengesellschaft, Ahrensburg, and its subsidiaries (the group), which comprise the consolidated statement of financial position as at 31st December 2021, and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1st January 2021 to 31st December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Basler Aktiengesellschaft, Ahrensburg, for the financial year from 1st January 2021 to 31st December 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in section "OTHER INFORMATION".

In our opinion, on the basis of the knowledge obtained in the audit,

- ▶ the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the group as at 31st December 2021, and of its financial performance for the financial year from 1st January 2021 to 31st December 2021, and

- ▶ the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those parts of the group management report listed in section "other information".

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

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1st January 2021 to 31st December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We identified the following matters as key audit matters:

1. Valuation of inventories
2. Recoverability of intangible assets (incl. goodwill)

1. VALUATION OF INVENTORIES

Facts

The consolidated financial statements of Basler Aktiengesellschaft show inventories in the amount of € 37 million (16 % of the balance sheet total). Inventories are valued at the lower of acquisition or production cost and net realisable value. The assessment of the recoverability and realisability of inventories requires a large number of discretionary decisions by the legal representatives. These discretionary decisions relate in particular to the estimation of future sales volumes and sales prices for the determination of the net realisable value as well as the application of range discounts. Due to the degree of estimation uncertainty associated with the inventory valuation and the amount of the balance sheet item, the valuation of inventories was a particularly important audit matter for us within the scope of our audit.

The disclosures of Basler Aktiengesellschaft on the valuation of inventories are included in sections 3.8 and 12 of the notes to the consolidated financial statements.

Audit response

We have reviewed the assessment of the legal representatives regarding the recoverability and realisability of the inventories. In doing so, we evaluated the approach used by the legal representatives to determine the net realisable values and satisfied ourselves of the appropriateness of this approach. For work in progress and finished goods, we critically reviewed the calculation of the production costs used for the valuation at the balance sheet date. Furthermore, we critically examined the expectations of the legal representatives with regard to future sales volumes and sales prices on the basis of past experience. Furthermore, we examined whether the inventories were appropriately value-adjusted taking into account their ranges of coverage. For this purpose, we checked the plausibility of the range analyses of the legal representatives and compared the valuation discounts used in the reporting year with the discounts from previous years.

2. RECOVERABILITY OF INTANGIBLE ASSETS (INCL. GOODWILL)

Facts

As at 31 December 2021, the company reports intangible assets (including goodwill) of EUR 66 million (29% of the balance sheet total) in the consolidated financial statements. Of this amount, capitalised development costs account for EUR 32 million and goodwill for EUR 27 million. The carrying amounts of the Group's own developments are reviewed at each reporting date for indications of impairment. If there are indications of impairment, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. Capitalised own developments that have not yet been completed and goodwill are also subjected to an annual impairment test. The assessment of impairment requires a large number of discretionary decisions by the legal representatives. The assessment is based on the present values of the expected future cash flows of the cash-generating unit to which the development costs and goodwill were allocated. The assumed future cash flows are derived from planning calculations prepared by the legal representatives. Expectations of future

market developments are also taken into account. The present values are determined using discounted cash flow models. They are highly dependent on how the legal representatives estimate future cash inflows and on the discount rates used in each case. Due to the uncertainty associated with discretionary decisions and estimates and the amount of the balance sheet items, the recoverability of the capitalised development costs and the goodwill was a particularly important audit matter for us within the scope of our audit.

The disclosures of Basler Aktiengesellschaft on capitalised development costs are included in sections 3.10 and 3.17, on goodwill in sections 3.1 and 3.10 of the notes to the consolidated financial statements.

Audit Response

We have reviewed the legal representatives' assessment of the recoverability of capitalised development costs and goodwill. First, we assessed the appropriateness of the valuation methods used for the impairment tests. Subsequently, we critically questioned the assumptions underlying the planning and checked their plausibility. To this end, we recorded the planning process, assessed the accuracy of the planning and checked the consistency of the existing plans, taking into account the economic market environment. Since even small changes in the discount rate used can have a significant impact on the amount of the recoverable amount of the respective cash-generating unit, we consulted our valuation specialists to assess the discount rate, who checked the appropriateness of the parameters used, including market risk premiums and beta factors, using market data. In addition, the completeness of the disclosures in the notes required by IAS 36, including the sensitivity analysis, was verified by using checklists.

OTHER INFORMATION

The executive directors or the supervisory board are responsible for the other information. The other information comprises:

- ▶ to the separately published Group Corporate Governance Statement and Corporate Governance Report referred to in section 9 of the Group Management Report,

- ▶ the Non-financial Group Statement included in Section 10 of the Group Management Report,
- ▶ the other parts of the management report, with the exception of the audited consolidated financial statements and group management report and our audit opinion.

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

In connection with our audit, our responsibility is to read the other information and thereby acknowledge whether the other information

- ▶ is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- ▶ otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

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

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern.

They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

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

The supervisory board is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

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

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

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- ▶ Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- ▶ Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- ▶ Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the group's position it provides.
- ▶ Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions

used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE ASSURANCE IN ACCORDANCE WITH § 317 (3a) HGB ON THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES

Reasonable Assurance Opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file [name of the file containing the ESEF documents that have been subject to assurance] and prepared for

publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1st January 2021 to 31st December 2021 contained in the „AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND ON THE MANAGEMENT REPORT" above. .

Basis for the Reasonable Assurance Opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance in Accordance with § 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW PS 410 (10.2021)). Accordingly, our responsibilities are further described below in the "AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of the preparation of ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF documents

Our objective is to obtain reasonable assurance that the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- ▶ identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinions.
- ▶ Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- ▶ Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documentation meets the requirements of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file applicable at the reporting date.
- ▶ Evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- ▶ Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) according to the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file applicable at the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML formatted information.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the consolidated general meeting on 19 May 2021. We were engaged by the supervisory board on 27 October 2021.

We have been the group auditor of the Basler Aktiengesellschaft without interruption since the financial year 2002.

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

OTHER MATTERS — USE OF THE AUDIT OPINION

Our audit opinion should always be read in conjunction with the audited annual consolidated financial statements and the audited group management report as well as the audited ESEF documents. The annual consolidated

financial statements and group management report converted to the ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited annual consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Ralf Wißmann.

Luebeck, 25th March 2022

BDO AG

Wirtschaftsprüfungsgesellschaft

gez. Dirks

gez. Dr. Wißmann

Wirtschaftsprüfer

Wirtschaftsprüfer

(German Public Auditor)

(German Public Auditor)

DECLARATION OF THE LEGAL REPRESENTATIVES

We affirm to the best of our knowledge that the consolidated financial statements, in accordance with the accounting principles applicable to annual reporting, provide a true and fair view of the group's asset, financial, and earnings situation and that the annual group management report represents a true and fair picture of the course of business, including the operating result, and the group's financial situation as well as a description of the essential opportunities and risks concomitant with the expected development of the group during the remainder of the fiscal year.

Ahrensburg, March 25, 2022



Dr. Dietmar Ley
CEO



Arndt Bake
CDO/CIO



Hardy Mehl
CFO/COO



Alexander Temme
CCO

EVENTS 2022

IR-EVENTS

Date	Event	Venue
05/04/2022	Publication 3-month report 2022	Ahrensburg, Germany
05/23/2022	Shareholders' meeting 2022	Hamburg, Germany
08/03/2022	Publication 6-month report 2022	Ahrensburg, Germany
11/04/2022	Publication 9-month report 2022	Ahrensburg, Germany
11/28/2021-11/30/2022	Deutsches Eigenkapitalforum 2022	Frankfurt am Main, Germany

SHOWS AND CONFERENCES

Date	Event	Venue
01/24/2022-01/27/2022	Photonics West	San Francisco, CA, USA
03/23/2022-03/25/2022	Vision China Beijing	Beijing, China
04/06/2022-04/08/2022	Korea Vision Show 2022	Seoul, South Korea
06/17/2022-06/19/2022	Embedded Vision Summit	Santa Clara, CA, USA
06/06/2022-06/09/2022	Automate	Detroit, MI, USA
06/21/2022-06/24/2022	analytica 2022	Munich, Germany
06/21/2022-06/24/2022	automatica 2022	Nuremberg, Germany
06/21/2022-06/23/2022	embedded world 2022	Munich, Germany
10/04/2022-10/06/2022	VISION Stuttgart 2022	Stuttgart, Germany
10/11/2022-10/13/2022	The Vision Show	Boston, MA, USA
Dec. 2022	Healthcare+ Expo Taiwan	Taipei, Taiwan
Dec. 2022	China International Industry Fair	Beijing, China



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