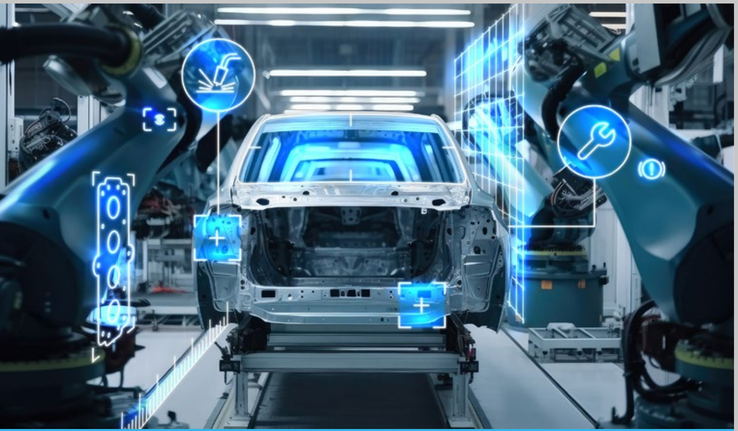
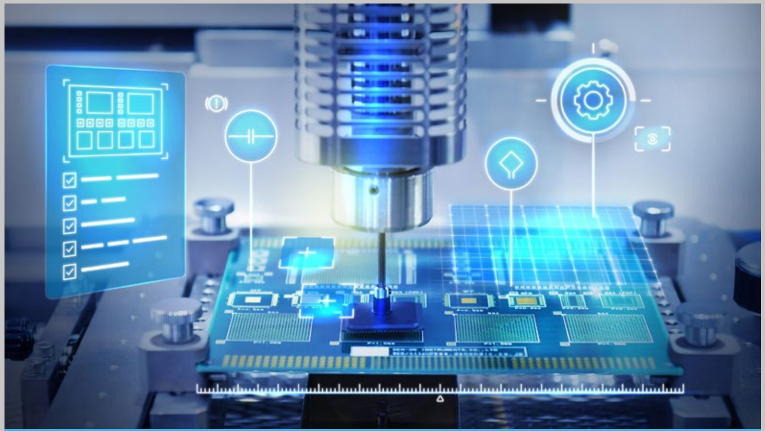
Annual Report 2023





BASLER
the power of sight

Key Figures

In € m*	2023	2022	2021	Changes to previous year in %
Sales revenues	203.1	272.2	214.7	-25 %
Incoming orders	166.9	248.4	322.5	-33 %
Gross results	85.7	131.8	112.6	-35 %
Gross profit margin	42.2 %	48.4 %	52.4 %	-6.2 Pp.
Full costs for research and development	33.0	33.5	28.1	-1 %
Research and development ratio	16.2 %	12.3 %	13.1 %	3.9 Pp.
EBITDA	1.7	45.8	44.5	-96 %
EBIT	-21.9	28.9	28.4	>-100 %
EBT	-20.2	28.3	28.0	>-100 %
EBT Margin	-9.9 %	10.4 %	13.0 %	-20.3 Pp.
Net income	-13.8	21.4	20.8	>-100 %
Weighted average number of shares	30,346,651	29,878,360	29,961,130	2 %
Result per share (€)	-0.45	0.71	0.69	>-100 %
Cash flow from operating activities	4.2	12.4	25.3	-66 %
Cash flow from investing activities	-13.4	-44.2	-15.3	-70 %
Free cash flow	-9.2	-31.8	10.0	-71 %

In € m*	12/31/2023	12/31/2022	12/31/2021	Changes to previous year in %
Total assets	255.8	265.5	227.3	-4 %
Long-term assets	136.7	130.9	95.5	4 %
Equity	139.2	141.5	128.7	-2 %
Borrowed capital	116.6	124.0	98.6	-6 %
Equity ratio	54.4 %	53.3 %	56.6 %	1.1 Pp.
Net cash	-29.0	-27.0	19.0	7 %
Working capital	55.6	70.6	48.7	-21 %
Number of employees for the period (full time equivalents)	1,059	1,047	864	1 %
Share price (XETRA) in €	11.64	29.55	52.93	-61 %
Number of shares in circulation	30,736,812	29,833,531	29,913,693	3 %
Market capitalization	357.8	881.6	1,583.4	-59 %

*unless otherwise stated

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Report of the Management Board

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

After almost a decade and a half of profitable growth and meeting or exceeding our capital market forecasts, we experienced a sharp decline in sales and a high loss in fiscal year 2023. The market distortions caused by the coronavirus pandemic and the chip crisis, as well as the drastic market changes in China, led to one of the most challenging financial years in Basler's history.

The very strong demand from our customers in the semiconductor, consumer electronics, online logistics and laboratory automation equipment industries during the coronavirus pandemic enabled us to increase sales within two years from approximately € 100 million to € 272 million in financial year 2022. The shortage of semiconductor chips that occurred during this phase caused our incoming orders to increase to over € 320 million in 2021. Order commitments from our suppliers increased to the same extent. In the past fiscal year, we experienced a strong backlash that initially led to significant order cancellations and subsequently resulted in excessive inventories for us and our customers.

In retrospect, we have to state that the strong demand in the previous two years was largely not due to an exceptional economic situation but was primarily based on advance orders and „hoarding" orders to ensure supply security during the supply chain crisis. Due to this aberration, we prepared the company for a weaker fiscal 2023, however, not for such a significant decline in sales. It hit us in the middle of our expansion phase and presented us with significant challenges. Already in the first quarter, we responded with a strict cost-cutting program and, at the time of publication of the annual report, forecasted a sales corridor of € 235 - 265 million with an EBT margin of 5 - 8 %. At that time, we still expected markets in North America and Asia to recover in the second half of the year. Full order books and cost measures kept the company above break-even in the first half of the year.

Contrary to expectations, however, the markets did not recover as hoped in the second half of the year, forcing us to implement a restructuring program that reduced headcount by approximately 200 job equivalents and lowered the break-even point to approximately € 200 million at the end of the year. As part of this program, during the second half of the year we adjusted the size and structure of the organization to the expected sales in the short to medium term. With the help of external consultants, we have also identified weaknesses in our organizational structure and processes that have developed over the past years of strong growth, and we will address these in the coming quarters. We have implemented the necessary headcount reductions primarily through individual severance agreements, in order to be able to act as quickly as possible in a focused and socially responsible manner. The aim of the organizational changes was to accelerate the transformation to a full-range supplier with solutions expertise and to adequately address the changed geopolitical situation and increased competition in China. We closed the financial year in line with our revised forecast with sales of € 203.1 million and a pre-tax loss of € 20.2 million. This loss includes one-time restructuring costs of € 12.2 million.

Despite the physically and mentally demanding combination of weak market demand and the painful changes resulting from headcount reductions, restructuring, salary sacrifices and short-time work, our employees made a decisive contribution to overcoming the crisis. Our values and company culture were put to the test during the restructuring, but they were also the emotional glue that held us together as a team and enabled us to make the sometimes-radical changes in a short period of time. We would like to take this opportunity to formally thank our employees for their loyalty to the company, their contributions and their perseverance in overcoming this crisis.

Our thanks are also due to our supervisory board and our financing partners for their confidence and support during the crisis.

We would like to thank our shareholders for the confidence they have shown in our company despite the disappointing business performance and the resulting sharp decline in our share price. We ask for your understanding and support that we will propose to the annual general meeting 2024 not to pay a dividend for the past fiscal year due to the loss incurred in 2023 and in order to conserve liquidity in the current fiscal year. We are firmly convinced that Basler AG will quickly return to profitability.

In parallel to overcoming the crisis, we completed important infrastructure projects in the 2023 financial year that will be of great benefit to us in the coming years.

- We had a successful start to the year with our new ERP system - SAP S/4HANA. After a very intensive hyper care phase in the first half of the year, the system is now stable and opens up a wide range of opportunities to digitize processes and make them more efficient.

- Shortly thereafter, we moved into our new company building at our headquarters

Dr. Dietmar Ley

CEO

Alexander Temme

CCO

Hardy Mehl

CFO/COO

in Ahrensburg, which provides our employees with a state-of-the-art infrastructure for easy implementation of various forms of collaboration.

- In the fall, we unveiled our new website, which sets new standards for design and usability in our industry and digitally reflects our full-range positioning.

Despite these challenges, we invested around € 33 million in research and development to support our strategy with a broader technology and product portfolio and to inspire our customers with innovative products. Our pylon software suite is moving towards the core of our product offering. Started as a configuration tool for cameras, pylon is gradually developing into a universal tool for solving image processing problems. Our well-coordinated and growing broad portfolio of image processing components and development tools enables our customers to significantly reduce their development times and obtain more products from a single source. A very attractive price/performance ratio and the highest quality remain essential components of our value proposition.

In the past financial year, we also made good progress in integrating our distribution partners in Korea, Italy and France, which we acquired in 2022, bringing us even closer to our customers in these regions. Our direct market access in the U.S., Germany, Italy, France, Korea, Taiwan and China is the most important element of our transformation into a computer vision solutions provider, along with the expansion of our product portfolio.

Finally, we would like to thank our long-time board colleague Arndt Bake for the trusting and successful collaboration over the past 13 years. Arndt Bake has decided not to renew his management board contract at the end of its normal term, but to assume responsibility for our newly established European marketing unit. Although we will miss Arndt Bake's analytical and innovative skills in the management board work, we are also very pleased to have such an experienced colleague at the helm of what is now our largest marketing organization in terms of sales, who will play a key role in shaping our transformation into a computer vision solution provider.

With a reduced cost base and many improvement projects underway, we start the new fiscal year with cautious optimism. Due to the slight increase in incoming orders since the fourth quarter of 2023, we assume that we have now passed the low point in demand. We also have reason to believe that the excess inventories held by our customers, which had a dampening effect throughout last year, have largely been eliminated in the first half of this year. Associations and market research institutes expect demand for capital goods to increase again in the second half of the year. This applies in particular to the early-cycle regional markets (e.g. Asia Pacific) and vertical markets (e.g. semiconductors and electronics). However, it is important to

note that markets remain weak and opaque in the first weeks of the new fiscal year, and geopolitical risks remain high. Against this backdrop, we will closely monitor the expected recovery and carefully manage operating costs.

Based on the trend of incoming orders of the last few months, the improving inventory situation of our customers and the forecasts of relevant industry associations as well as direct feedback from our customers, we expect sales in the range of € 190 million to € 210 million for the fiscal year 2024. We expect a pre-tax margin of between 0 and 5 %, depending on the business development. We expect a gradual recovery during the year and aim to return to profitability quickly. In the first quarter, we expect sales to be below the break-even point due to increasing but still weak incoming orders.

In the medium to long term, we continue to expect the computer vision market to grow at a high single-digit average rate. This growth will be driven in particular by new fields of application for computer vision outside the factory. The computer vision market will therefore continue to offer attractive growth potential for Basler AG. However, it is currently still unclear when the key customer markets for our products will return to their normal growth path and at what level demand will return to normal after the distortions of recent years. Taking these uncertainties into account, we are adjusting our original mid-term plan and are now targeting sales of € 300 million with a pre-tax return of at least 12 % by 2027 at the latest. This forecast assumes that key vertical markets will recover by 2025 at the latest and that access to the Chinese market will be maintained despite ongoing geopolitical tensions and intense competition. In addition to these economic goals, we also pursue social and ecological goals as part of sustainable corporate development. In doing so, we strive to combine the triad of economy, ecology and social issues as synergistically as possible and to contribute to improving the quality of life with computer vision technology. By 2030, we want to stop emitting any net greenhouse gases in scope 1 and 2.

In conclusion, we would like to emphasize that after 15 years of uninterrupted economic success, we have used the crisis of the past year as an opportunity to take stock of the situation and have understood and used it as a challenge to remedy recognized internal weaknesses. We believe that the lessons we have learned from this crisis will make us stronger, more resilient and more competitive in the future.

With this in mind, we look forward to continuing to work with you to shape Basler AG's sustainable growth in the future.

We wish you informative reading.

Ahrensburg, March 2024

The Management Board

Dr. Dietmar Ley
CEO

Hardy Mehl
CFO/COO

Alexander Temme
CCO

Report of the Supervisory Board

Alexander Jürn
Supervisory Board

Horst W. Garbrecht
Vice Chairman of the Supervisory Board

Prof. Dr. Mirja Steinkamp
Supervisory Board

Norbert Basler
Founder & Chairman of the Supervisory Board

Lennart Schulenburg
Supervisory Board

Tanja Schley
Supervisory Board

Dear Ladies and Gentlemen,

In the elapsed fiscal year 2023, 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 2023, five ordinary and four extraordinary meetings of the supervisory board were held, three of which were in person and six of which were hybrid meetings. In addition, the audit committee held two regular and five extraordinary meetings, all of which were hybrid meetings. Mr. Horst Garbrecht was absent from one supervisory board meeting, all other members of the supervisory board attended all supervisory board and audit committee meetings in accordance with their committee membership. The nomination committee held one meeting, which was attended by all members of the committee.

We would like to take this opportunity to thank Mr. Arndt Bake for his many years of trustful service on the management board. After the expiration of his contract at the end of 2023, he had asked not to extend it, as he would like to take responsibility for the newly established European marketing unit at Basler. We are very pleased to have such an experienced colleague at the helm of what is now our largest marketing organization in terms of sales.

In addition, Ms. Dorothea Brandes and Dr. Marco Grimm resigned their mandates as employee representatives in fiscal year 2023, and we would like to thank them for their pioneering work as employee representatives and their valuable contributions over the past four years. On the day of the 2023 annual general meeting, we welcomed the newly elected employee representatives Ms. Tanja Schley and Mr. Alexander Jürn to our Board and look forward to working with them in the future.

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 about current developments and unusual occurrences and 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 2022 and the proposals for the shareholders' meeting
- Dividends for fiscal year 2022 including the proposal for the shareholders' meeting
- Economic, macroeconomic and market-specific developments
- Situation of the relevant markets and Basler AG's position in these markets
- Restructuring
- Advancement of the corporate strategy
- New Business Development
- M&A activities
- Further development of the company organization
- Expansion of business premises in Ahrensburg
- Investments
- Liquidity and working capital
- Company taxes
- Investor Relations
- Share buyback program
- Corporate planning and budget for the group for fiscal year 2024
- 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
- 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 for implementation of SAP S4/HANA

The BDO AG Wirtschaftsprüfungsgesellschaft which was selected as annual auditor by the shareholders' meeting on May 26, 2023, was commissioned by a letter of November 19, 2023 by the chairwoman of the supervisory board's audit committee, Prof. Dr. Mirja Steinkamp, to perform the audit. The annual auditor participated in the supervisory board meeting on March 27, 2024, in which the annual balance sheet and the reported essential results were discussed.

The accounting, the annual balance sheet as of December 31, 2023, and the management report for Basler AG, along with the group's annual balance sheet as of December 31, 2023, 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 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 September 2023, Norbert Basler participated in the „Qualified Supervisory Board Update Course (QAIF)" of Interfin Forum GmbH, which was confirmed by corresponding certificates issued by Deutsche Börse.

In the past financial year, Prof. Dr. Mirja Steinkamp successfully completed the „Specialist Supervisory Board - Sustainability / ESG" seminar at Interfin Forum GmbH and the „Sustainability Manager" course at TÜV Nord.

Lennart Schulenburg underwent and successfully completed executive coaching training at Henley Business School and attended various other training courses (Deloitte, Family Business Foundation).

Since January 2021, Norbert Basler is member of the advisory board of AT Holding GmbH. AT Automation Technology GmbH - a company that offers infra-red 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.

Company in crisis – restructuring tackled with determination – stabilization accomplished

In the first few months of the elapsed fiscal year, it became clear that the total decline in orders and order cancellations would significantly exceed the level expected in the second half of 2022.

As a result of the coronavirus pandemic, many electronic components in particular were not available in sufficient quantities. This led to a change in procurement behavior at all levels of the value chain. From single electronic parts to complex components, market participants extended their procurement horizons, increased order quantities, and even placed multiple orders.

For Basler AG, this resulted not only in a sharp increase in procurement costs and limited delivery capabilities which negatively impacted earnings, but also in sales forecasts that were difficult to predict. For example, compared to normal times, it was difficult to estimate what proportion of orders were due to genuine demand and what proportion were due to hoarding.

Basler AG's products and solutions are integrated in many different industries and applications worldwide. However, the focus is on medical technology (e.g. laboratory automation), logistics (e.g. online retail) and 3C (computers, consumer electronics and communications). These verticals were particularly affected by the coronavirus pandemic, which has caused extreme fluctuations in demand and the distortions described above.

A special case is the business in China, where Basler AG has a high market share compared to its Western competitors. The intensity of competition in China has increased significantly in recent years as domestic suppliers seek to increase their own market share through aggressive pricing policies. During the supply chain crisis, these Chinese competitors were also better able to deliver locally, allowing them to gain additional market share. At the same time, the pandemic led to a high degree of intransparency obscuring the real situation in the Chinese market. Severe over-ordering by customers at the height of the 2022 supply crisis resulted in significant cancellations in the aftermath.

At this point, we would like to remind you of Basler AG's business model. The majority of our sales are generated through the so-called design-in business. After successful acquisition and integration into the customer's system, volumes are called off over many years, depending (in normal times) only on the customer's economic situation. Design-outs rarely take place. In this respect, incoming orders and sales regularly reflect the economic situation of the customers, but not the current sales performance of Basler AG. This can be better described by the number of design-ins won. Significant progress was made in fiscal 2023, which will have a positive impact in subsequent years.

The sum of all the above effects resulted in a gross miscalculation of the expected sales volumes for the fiscal year 2023. Subsequently, the expansion and investment mode were maintained for too long and a cost structure based on growth expectations was offset by incoming orders and sales that fell far short of expectations. Even though everyone that is responsible is firmly convinced that Basler AG will return to its growth path, this discrepancy in the financial year 2023 was not acceptable. As soon as the circumstances became clear, a turnaround and restructuring process was quickly initiated to reduce operating and personnel costs in order to return to profitability as early as fiscal 2024.

At the same time, it became clear that the internal fitness of the organization had suffered during the years of strong growth and through the crises and special situations of recent years (pandemic, supply chain crisis, cyber-attack, implementation of SAP S/4HANA, M&A projects) than in good times. Management has therefore seized the opportunity and, in addition to the turnaround, has launched a comprehensive performance program. In the view of the supervisory board, management has taken all the necessary steps quickly and decisively to ensure that the company quickly returns to profitability and enters the future in a stronger position.

The crisis and the initiated measures have led to particular burdens and impositions on all stakeholders. Shareholders have suffered significant losses as a result of the loss result and the significant decline in the share price.

The employees of Basler AG also made a painful contribution to overcoming the crisis through staff reductions, restructuring, salary sacrifices, short-time work and high workloads. In this sense, the past fiscal year was also a difficult time in terms of cooperation within the company. The self-image with regard to values and corporate culture that underpin all parties involved was put to the test, but at the same time was also the prerequisite for a comprehensive and radical adaptation to the circumstances in the sense of a common basis.

The supervisory board would like to expressly thank all employees, managers and members of the management board of Basler AG and its subsidiaries for their passion, commitment and trust in our common cause. Although these qualities could not prevent losses in the past fiscal year, they have ensured that there are good prospects for future profitable growth for all concerned.

Ahrensburg, March 27, 2024

For the Supervisory Board

Norbert Basler

Founder & Chairman of the Supervisory Board

Horst W. Garbrecht

Vice Chairman of the Supervisory Board

Prof. Dr. Mirja Steinkamp

Supervisory Board

Lennart Schulenburg

Supervisory Board

Tanja Schley

Supervisory Board / Employee Representative

Alexander Jürn

Supervisory Board / Employee Representative

The Basler Share

The Basler AG share opened the year 2023 at a price of € 29.85 and reached its highest closing price of the entire fiscal year of € 38.90 on January 18, 2023. In the following weeks, the share came under pressure, which - despite excellent results for fiscal year 2022 - increased again slightly with the publication of the 2022 annual report at the end of March due to the cautious outlook for fiscal year 2023. The share closed the first quarter at € 22.25.

Despite subdued quarterly figures for the first three months and the first announcement of the sale of 394,000 treasury shares in early May, the share price moved sideways until the end of May, closing the month at € 21.85. The announcement of the sale of the second block of 500,000 shares on June 10 caused the share price to fall below the € 20.00 mark and closed the first half of the year at € 17.10.

Against the backdrop of persistently weak markets, resulting weak demand, and the announcement of weak half-year results and after the announcement of the restructuring program launched by the company on July 24, the share price fell additionally until the end of the quarter in line with the capital markets and ended at € 9.80 on 30 September 2023, below the € 10.00 threshold. As a result of the weak performance of the share in the current fiscal year, it was removed from the small-cap index, the SDax, in September.

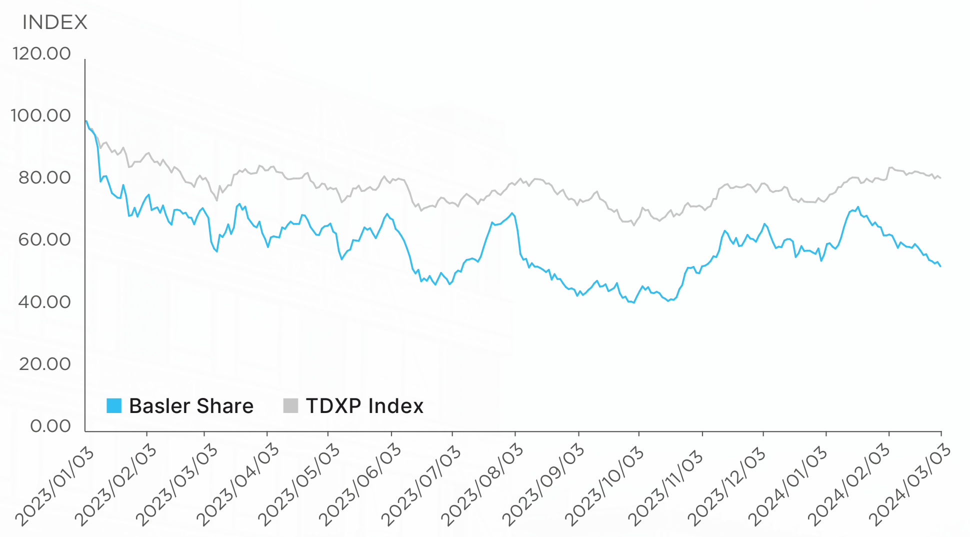
The continued negative trend in the capital markets through the end of October was also reflected in the company's share price, which closed at its lowest level for the year of € 7.51 on October 27.

The publication of the nine-month results did not lead to any major fluctuations in value, but the share price recovered slightly by the end of the year in line with the generally positive trend in the capital markets, closing the year at € 11.64. For the calendar year 2023, this represents a negative performance of 61 %.

In addition to Basler-specific effects, geopolitical and macroeconomic events in the year 2023 led to a high level of uncertainty and volatility in the capital markets.

Share Price Development 2023

Relative price development 2022/2023 compared to TecDax:



Annual General Meeting

After three years in digital mode, the annual general meeting took place for the first time as a face-to-face event at the Hamburg Chamber of Commerce on May 26, 2023. The registered shareholders were informed by the management board about the strategic direction of the company and the course of business in 2022 as part of a comprehensive corporate presentation. After the general debate, the resolutions proposed by the management on the various agenda items were approved by a large majority of the votes present.

Please find detailed information about the general meeting 2023 here:

baslerweb.com/en/investors/annual-general-meeting

The annual general meeting 2024 is scheduled for May 13 as an in-person event at the Hamburg Chamber of Commerce.

Share Buyback Program

With the conviction that sales and earnings would increase continuously in the following years, the management board decided for the first time in September 2011 to launch a share buyback program. Further share buyback programs have followed over the past twelve years.

With the approval of the supervisory board, on December 9, 2020, the management board of Basler AG resolved to launch a new share buyback program based on the resolution of the annual general meeting of May 26, 2020. This share buyback program had a total volume of up to € 10.0 million with a term running until May 25, 2025.

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 will be managed by Joh. Berenberg, Gossler & Co. 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 treasury shares were actually acquired depended in particular on market conditions. The acquisition was made 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 Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures („Delegated Regulation") and the volume limits and further acquisition restrictions and publication obligations provided for therein, adopted on the basis of Article 5 (6) of the Market Abuse Regulation. The company has the right to suspend or terminate the share buyback program at any time.

On May 3, 2023, the company announced the early termination of the current share buyback program. The share buyback program was based on the authorization pursuant to § 71 para. 1 no. 8 AktG in accordance with the resolution of the annual general meeting on May 26, 2020 under agenda item 8 of this annual general meeting.

On the basis of this authorization, the company sold 394,000 treasury shares at a price of € 20.40 on May 11, 2023.

The authorization to acquire and use treasury shares granted by the annual general meeting on May 26, 2020 still related to the share capital of € 10.5 million existing at the time the resolution was passed. The annual general meeting on May 23, 2022 resolved to increase the share capital from company funds to € 31.5 million. The volume of the authorization to acquire and use treasury shares will not be automatically adjusted accordingly. Therefore, the annual general meeting 2023 resolved a new authorization to acquire and use treasury shares based on the increased share capital.

Against this background and on the basis of the new authorization resolved by the annual general meeting on May 26, 2023 under agenda item 7 in accordance with section 71 para. 1 No. 8 AktG, a further block of 500,000 treasury shares was sold on June 9, 2023 at a price of € 19.18.

Both sales were carried out as OTC transactions.

As at the reporting date of December 31, 2023, the company held 763,188 treasury shares or 2.4 % of the share capital of 31.5 million shares.

Dividend and Appropriation of Earnings

In view of the high loss and the drastic measures in fiscal year 2023, as well as to protect liquidity and further restore the company's resilience, the management board and the supervisory board have decided to propose to the annual general meeting to suspend the payment of a dividend for fiscal year 2023. This decision is in line with the company's dividend strategy.

The company's dividend policy is to pay a dividend of approximately 30 % of net result each year. However, the amount paid will always depend on the business performance and planned investments in the company's growth and future.

Capital Market Communication

Continuous and open communication with all capital market participants is very important to Basler AG. The company values direct contact with analysts, investors and private shareholders. Institutional investors are typically briefed through conference calls, one-on-one meetings, road shows and capital markets conferences. It is during the annual general meeting, as well as in personal discussions where we inform private investors about the development of the company.

In the elapsed fiscal year, Basler AG participated in two (previous year: three) roadshows and six (previous year: nine) capital market conferences. Furthermore, many investors sought direct contact with the company. We addressed this interest mainly via conference calls, but also via visits to the Ahrensburg office.

As a listed family company, in 2023 we again concentrated our investor relations work mainly on investors pursuing a long-term strategy whom are comfortable with correspondingly limited trade volumes. As a result of this clear focus and stable business development, relationships with interested investors were further expanded in 2023.

In the past year, analysts from Warburg Research, Berenberg Bank, Jeffries, Matelan Research and, most recently, Hauck & Aufhäuser regularly published studies on Basler AG (previous year: four). You can find some of the current recommendations via *www.baslerweb.com/share* in the Share >> Analyst recommendations section.

In addition to this, Basler AG offers comprehensive information in the internet via *baslerweb.com/en/investors*, where you can find 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 annual general meeting.

Contact

For questions about our company or the Basler share, please contact our investor relations department:
Tel. +49 4102 463 0
Fax +49 4102 463 108
ir@baslerweb.com
baslerweb.com/Share

Regular Information

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

Share-related Information

ISIN: DE0005102008
Symbol: BSL
Prime Standard branch: Electronics and Electrics
Prime Standard sector: Industrial
Industry group: Advanced Industrial Equipment
Admission segment: Prime Standard / Regulated Market
Designated sponsor: M. M. Warburg, Hamburg
Number of shares: 31,500,000

Member of the following indices: CDax, Prime All Share (performance and price index), DAXsubsector Advanced Industrial Equipment (performance and price index)

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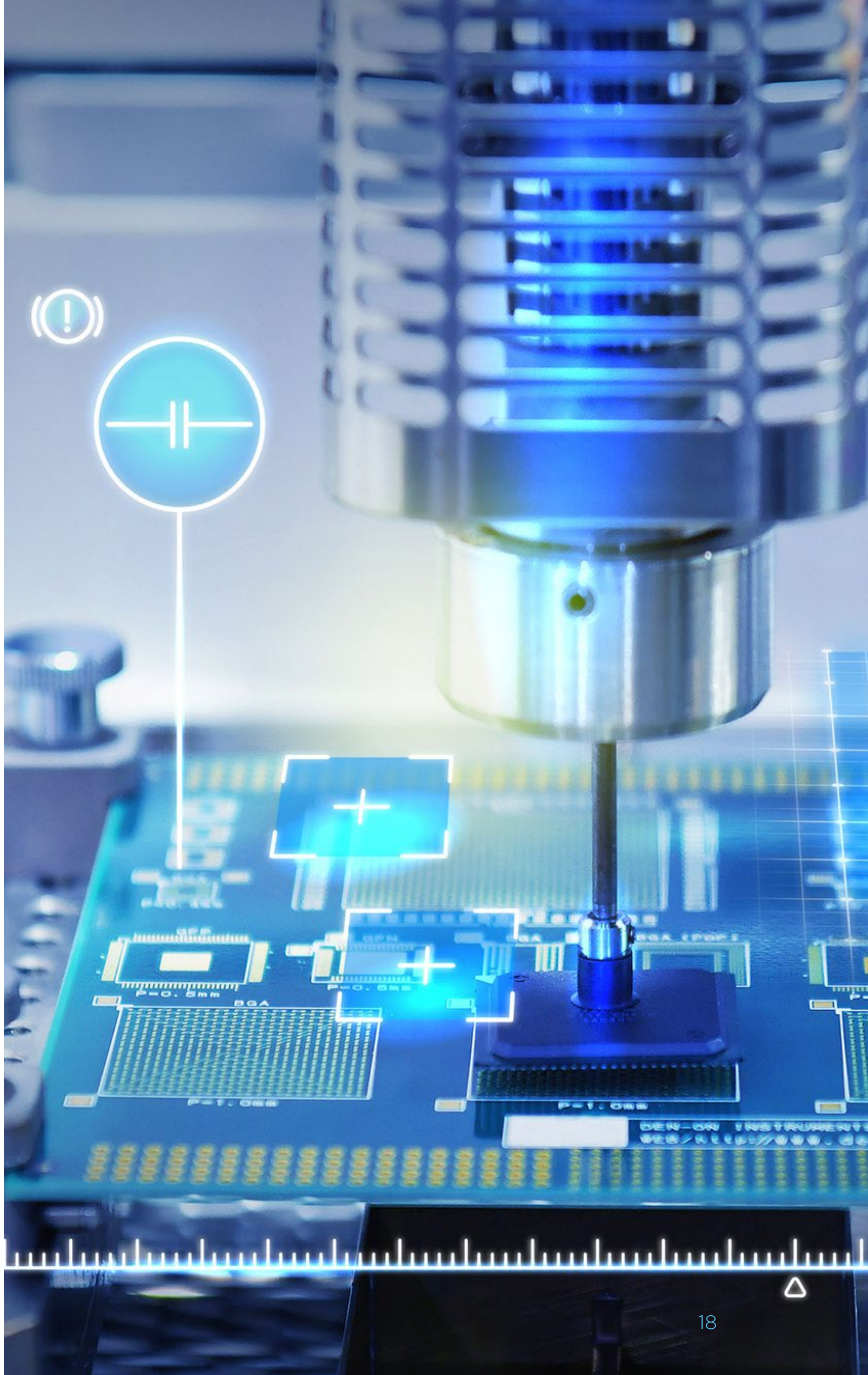
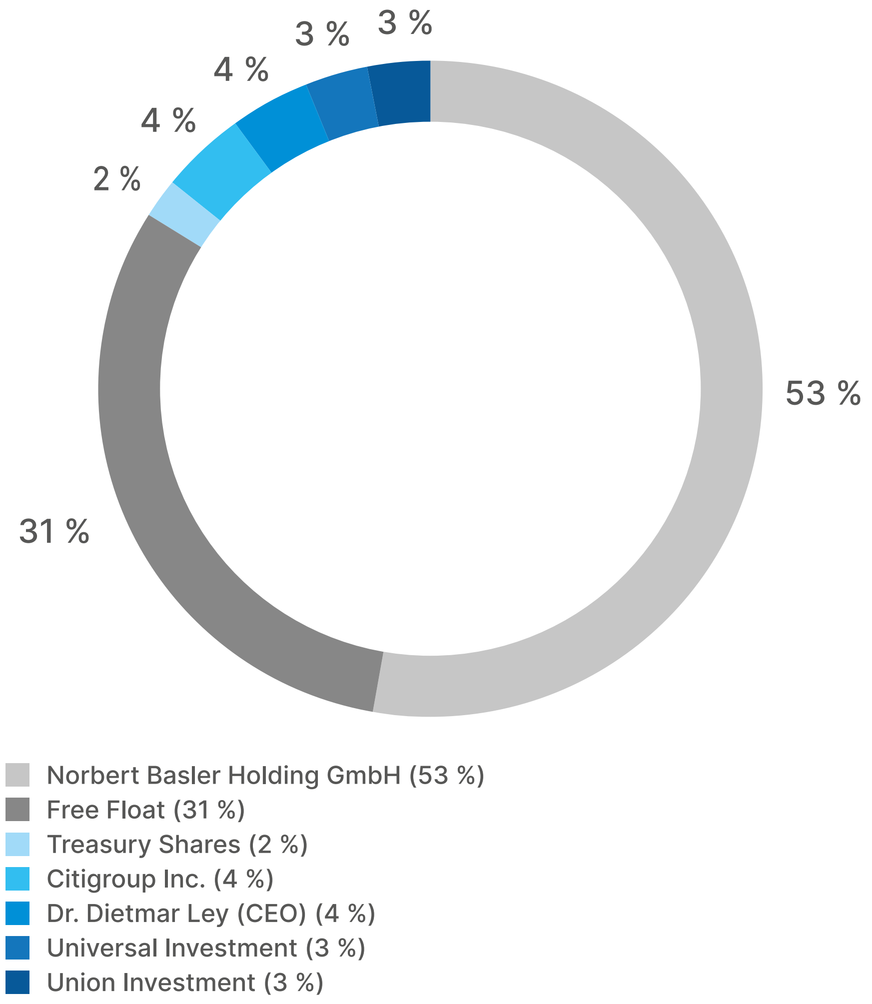


Shareholder Structure as of 03/27/2024



Share Price Key Figures

	2023	2022	2021	2020
Market capitalization in € million (as of 12/31)	357.8	881.6	1,573.4	720.4
Annual closing price in € (as of 12/31)	11.64	29.55	158.80	72.00
Year high in €	38.90	53.73	171.20	72.20
Year low in €	7.51	22.30	75.00	34.15
Annual development	-61 %	-45 %	+121 %	+33 %

Basler Share Ownership Management

	12/31/2023 Number of shares in pieces	12/31/2022 Number of shares in pieces
Supervisory Board		
Norbert Basler	-	-
Dorothea Brandes (until annual general meeting 2023)	-	-
Horst W. Garbrecht	10,000	-
Marco Grimm (until end of Feb. 2023)	-	-
Alexander Jürn (from annual general meeting 2023)	-	-
Tanja Schley (from annual general meeting 2023)	-	-
Lennart Schulenburg	-	-
Prof. Dr. Mirja Steinkamp	12,793	-
Management Board		
Arndt Bake	7,311	5,400
Dr. Dietmar Ley	1,143,669	1,140,930
Hardy Mehl	36,683	20,616
Alexander Temme	3,400	1,701

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 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 and employees. 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 2023, Basler AG complied with the recommendations of the German Corporate Governance Code pursuant to the version of April 28, 2022 (hereinafter called "code") with the following exceptions:

B. Composition of the Management Board

B.1

The management board of the company is currently fully staffed. In the event of a change, the supervisory board has set a target of 25 % female representation.

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 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 warranted.

C. Composition of the Supervisory Board

C.1, C.2

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, are to be taken whenever a new election is scheduled. The supervisory board and the management board do not consider it useful to be bound to preformulated 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 GCGC (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 GCGC. 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 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, total compensation will gradually increase to a maximum of 175% of target salary.

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 management report under point 10. In many aspects it is oriented at the GCGC (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 renumeration.

G.10

The company considers a ratio of 50 % of the variable component exceeding the target (over-performance) 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 renumeration 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:
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 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 deliver results, open communication, integrity, 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: *baslerweb.com/en/company/sustainability*.

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 responsible corporate governance include a continuous and responsible balancing of opportunities and risks. The aim of 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 under << 5. Opportunities and Risks Report >>.

The close interlinking of the internal control system, risk management system and compliance system is to ensure the highest possible degree of effectiveness with regard to the avoidance and management of risks. Key features of our risk management and internal control system can be found in sections 6 and 7 of the management 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 policies, 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 all employees 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 website, employees can access the code of conduct and further company guidelines via the Group‘s intranet platform.

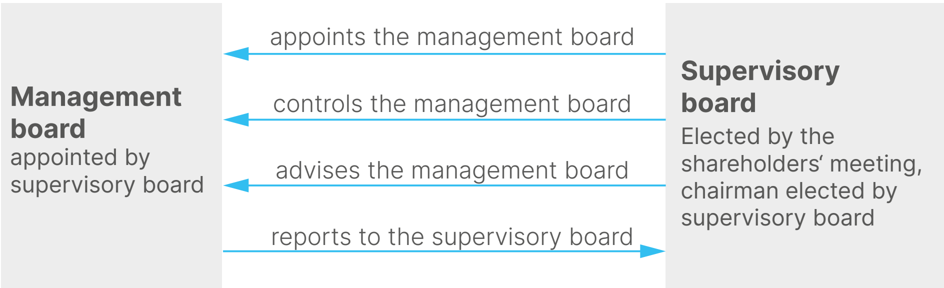
Compliance-Reporting Channels, Reviews and Further Development

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 cases and violations are timely investigated and evaluated; if necessary, appropriate measures and sanctions are taken. 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.

With the integrated governance, risk, and compliance approach, the management board has created and implemented a control framework for Basler that aims at an adequate and effective internal control and risk management. The measures implemented within the framework of this approach aim at the effectiveness and adequacy of the internal control and risk management and are explained in more detail in the opportunity and risk report. Independent monitoring and audits, in particular in the form of internal audits and their reporting to the management board and the audit committee of the supervisory board, as well as other external audits, are essential in this respect. Based on its involvement with the internal control and risk management system and the reports from the internal audits, the management board is not aware of any circumstances that would question the appropriateness and effectiveness of these systems.

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

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 in 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 composition of the supervisory board changed in fiscal year 2023. Since the election at the annual general meeting on May 26, 2023, the supervisory board consists of the following six members:

Norbert Basler, Chairman of the supervisory board

Horst W. Garbrecht, Vice Chairman of the supervisory board

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

Lennart Schulenburg, Member of the supervisory board

Tanja Schley, Employee representative in the supervisory board

Alexander Jürn, Employee 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 April 4, 2024, on, this report is open to the public and subject to approval by the annual general meeting on May 13, 2024, under *baslerweb.com/en/investors/corporate-governance*.

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 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.
- At least one member should have expertise in sustainability issues that are significant to the company.
- 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.

Qualification Matrix of the Supervisory Board

		Norbert Basler GER	Horst W. Garbrecht GER	Mirja Steinkamp GER	Lennart Schulenburg GER
Membership	Member since:	2002	2015	2017	2022
	Elected until:	2024	2027	2026	2025
Diversity	Gender:	M	M	W	M
	Year of Birth:	1963	1965	1970	1989
Competencies	Financial Expert, Supervisory Board/Control	●	●	●	●
	Strategy, Sales / Marketing	●	●	●	●
	Technology / Innovation, Operational Excellence, Industry	●	●		●
	Digital Competence	●	●	●	●
Experiences	Supervisory Board, Business Management, Internationality, Corporate Governance System, Sustainability	●	●	●	●
	Capital Market	●	●	●	
	Organizational Development, Personnel and Compensation Issues, Business Model, Restructuring	●	●	●	●
	Image Processing Industry, Target Industries, Research and Development	●	●		●
	M&A, Disruption / Transformation, Growth Management, IT as Value Driver	●	●	●	●

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

The individual supervisory board mandates of the supervisory board members are listed in the Notes to the Annual Report. The shareholdings of the members of the management board and the supervisory board are listed in the share report of 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:
baslerweb.com/en/company/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 April 28, 2022. 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-three-year membership of the companys' 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.

Method of Work

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 *baslerweb.com/en/investors/corporate-governance*. 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 optimal. 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 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:

- accounting and reporting in accordance with HGB (German Commercial Code), IFRS and ESRS
- the adequacy and effectiveness of corporate governance systems, such as the internal control system, the risk management system (including the risk early warning system), the compliance management system and the internal audit system
- the auditing of the sustainability reporting
- the reviewing of the proposed dividend
- the selection of the auditor and the audit of the auditor's independence

- the issuing of the audit mandate to the auditor
- the determining additional key audit matters related to auditing the annual and consolidated financial statements
- the assessment of the quality of the audit by the auditor

The chairwoman of the audit committee is independent. 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 is a tax consultant, certified public accountant and professor of auditing and corporate accounting at HAW (Hamburg University of Applied Sciences). She worked for several years as an audit manager at the international auditing firm Ernst & Young GmbH and then spent 14 years as an authorized signatory and manager at a global trading company. Since 2022, she has been a lecturer at Interfin Forum GmbH, which offers the courses „Qualified Supervisory Board" and „Specialist Supervisory Board in the Audit Committee/Financial Expert".

Mirja Steinkamp has many years of experience as chairwoman of audit committees and as deputy chairwoman of supervisory boards of listed and non-listed companies. As an auditor, tax advisor and audit committee chairwoman, she has particular knowledge and experience in the application of accounting principles according to the German Commercial Code (HGB), the German Income Tax Act (EStG) and IFRS, the auditing of internal control and risk management systems (including compliance management systems), the internal audit system and the auditing of sustainability reporting. Since 2018, Mirja Steinkamp has been certified by Deutsche Börse AG as a „Qualified Supervisory Board Member and Specialist Supervisory Board Member in the Audit Committee/Financial Expert" and since 2023 as a Specialist Supervisory Board Member Interfin Forum - Sustainability / ESG, and is also certified by TÜV-NORD as a Sustainability Manager since 2023.

Norbert Basler, member of the audit committee with knowledge of internal control and risk management systems as well as knowledge of sustainability reporting and auditing.

Lennart Schulenburg, member of the audit committee with expertise in the field of accounting, knowledge and experience in the application of accounting principles, and knowledge in the field of sustainability reporting and its audit.

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. Mirja Steinkamp, 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 members of the management board include 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 2022. This confirms the appropriateness of the system and the level of compensation compared to listed peer companies with a similar number of employees and similar sales not belonging to any indices. Comparable companies in the SDAX with a similar number of employees, sales or comparable market capitalization tend to compensate the management board members more than Basler AG. The study also provides suggestions for the further development of the remuneration system. The remuneration system is essentially unchanged.

According to the recommendations of the German Corporate Governance Code, the members of the supervisory board receive a fixed remuneration. Since the beginning of fiscal year 2022, each member of the supervisory board shall additionally receive an attendance fee of €1,000.00 (one thousand euros) per meeting for participating in a meeting of the supervisory board or a committee (in each case lasting at least 2 hours or more) - whether physically, by telephone or by other means, but not for mere participation in the passing of resolutions.

The remuneration report 2023 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 Sec 3, sent. 3 Aktiengesetz (Stock Corporation Act) are open to the public with reservation from April 4, 2024 on until approval of the annual general meeting on May 13, 2024, under: *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 existing system, which was approved by the annual general meeting in May 2021, also essentially complies with the recommendations of the German Corporate Governance Code (GCGC) in the version of April 28, 2022.

Target Rate for Proportions of Women, §§ 76 Para. 4, 111 Para. 5 AktG (Stock Corporation Act) and Diversity Concept

Pursuant to Section 111 (5) AktG, the supervisory board must set targets for the female quota in the supervisory board and the management board.

To date, there is no written diversity concept for the supervisory board and the management board. The management board is made up of experienced managers who all worked in different areas of the company for a number of years before becoming members of the management board, have the corresponding experience, professional backgrounds and areas of focus complementing each other very well. The individual professional CVs can be found at *baslerweb.com/en/company/board*.

Against this background, the management board of the company is currently fully staffed. In the event of a change, the supervisory board has set a target of 25 % female representation.

The supervisory board has decided that, until further notice, an increase of the female quota in the supervisory board would be desirable but need not be achieved. Two positions on the supervisory board are currently held by women. The female quota in the supervisory board is 33 %.

In its proposals to the annual 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 is to be taken whenever a new election is scheduled. The supervisory board and the management board do not consider it 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 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 the department management follows. On December 31, 2023, 6.25 % (previous year: 28.6 %) of the Basler group divisional managers and 27.5 % (previous year: 27.5 %) 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 four 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, only a few new hires were made in 2023.

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 2023. BDO took part in the supervisory board's discussions on the annual financial statements and consolidated financial statements on March 27, 2024, 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 27, 2024

Dr. Dietmar Ley
CEO

Hardy Mehl
CFO/COO

Alexander Temme
CCO

Norbert Basler
Founder & Chairman of the Supervisory Board

Horst W. Garbrecht
Vice Chairman of the Supervisory Board

Prof. Dr. Mirja Steinkamp
Supervisory Board

Lennart Schulenburg
Supervisory Board

Tanja Schley
Supervisory Board / Employee Representative

Alexander Jürn
Supervisory Board / Employee Representative

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1. Basic Group Information

1.1 Business Model

Basler AG is headquartered in Ahrensburg near Hamburg (Germany). Along with the other locations throughout the world (hereinafter also called “Basler group” or “Basler”) develops, manufactures, and markets image processing components for professional users. Currently, 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. The Basler group continuously expands its product range and thus gradually develops to become a solution provider for computer vision applications. 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 in their own systems and equipment to market them to end users. The customers are mainly supported by a direct sales organization and/or by regional sales partners (distributors). Basler’s component products comply with industry standards and are 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 part of the specific customer solution. Since the customer normally does not change its components suppliers 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 has subsidiaries in the USA, Singapore, Taiwan, China, Japan, Korea, Italy, Poland and a minority interest in France. With the exception of the joint venture in France, all subsidiaries are fully consolidated in the financial statements. The minority interest in France is included in the consolidated financial statements using the equity method. Further representative offices are located in UK, Finland, France, Malaysia, and the Netherlands. The subsidiaries and representative offices mainly provide sales and support related services. Additionally, there is a production site in the Singapore subsidiary for the supply of the local Asian markets. In addition, customer-specific adaptations for the Asian market are developed in Taiwan and Korea. A software development center is located in Poland.

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 growth potential and reduces the cyclicality of its business. Basler participates in 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, easier application and digitization.

1.2 Control System

Basler pursues a profitable growth strategy. Organic growth forms the main focus, and is supplemented by corporate acquisitions. The basis of steering the group is an annual strategy process defining the alignment of the company regarding target markets, positioning, service program, technologies and sales strategy.

The strategy process leads to qualitative and quantitative medium and long-term planning as well as the budget for the coming financial year. For managing the group, financial and non-financial performance indicators 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. The key performance indicators for the financial management of the Group are incoming orders, sales, gross margin, pre-tax return rate (pre-tax result/sales) and free cash flow. The most important financial performance indicators are incoming orders, sales and pre-tax return rate. 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 hierarchic levels and addressed by appropriate counter- and preventive measures.

In order to ensure high quality, robustness and reliability of the manufactured products and the value-added processes defined in the company, Basler has a worldwide quality management system (QM system). On a regular basis a quality management review is conducted in which the management board, the process owner, and the quality management representative check the effectiveness of the existing management system 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. 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 for some processes also according to ISO 13485 (Medical Norm). Furthermore, once a year an internal audit takes place in business areas selected by the supervisory board. The 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 according to their maturities 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 respectively 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 defined process. The innovation process follows the “fail fast, learn fast” principle. In the framework of the process, technological and commercial aspects, as well as aspects of sustainability 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 2023 should be particularly pointed out:

- Development of new platform technologies:
  - Expansion of the current camera platform ace 2 and boost by further sensor families and interfaces, particularly interfaces 5GigE and CXP.
  - Expansion of the pylon development software by features and image processing tools as well as opportunities for the use of artificial intelligence. In addition, various new hardware products were integrated into pylon to flank the full-range strategy with ease of use.

- Product Development
  - Expansion of the ace 2 product line by new CMOS sensors and new features
  - Expansion of the boost camera line by new high resolution and faster image sensors
  - New product variants in the 3D portfolio for improved indoor usability of the blaze product line
  - New frame grabber products and additional releases of VisualApplets software for graphical FPGA programming
  - Development and qualification of complementary accessory products, especially in the field of cables, lenses, interface cards and lighting
  - Numerous customer-specific product adaptations and special developments

For confidentiality reasons this report does not go into more detail regarding innovations and pre-developments. In fiscal years 2022 and 2023, expenses for product adjustments during the life cycle were significantly higher than in previous years due to the shortage of semiconductor components. To maintain delivery capability, a special task force was established to carry out redesigns for scarce components. Although the component shortage ended at the end of 2022, follow up work was required in 2023.

Full costs for R&D slightly decreased compared to the previous year from € 33.5 million to € 33.0 million and amounted to 16 % of sales. The high and above benchmark R&D ratio is due to the unexpected drop in sales in fiscal year 2023. Based on other assumptions, the number of full-time equivalents in R&D was increased from 221 to 286 in the 2022 financial year. As a result of the slump in orders, this figure turned out to be oversized in the 2023 financial year and was corrected in the course of the year. As at the reporting date of Dec. 31, 2023, the R&D organization of Basler group had 238 full-time equivalents.

The expenses include third-party services in the amount of € 133 thousand (previous year: € 397 thousand). The capitalized investments in own developments amounted to € 8.2 million (previous year: € 9.2 million). The amount of depreciation for own developments amounted to € 12.4 million (previous year: € 7.1 million). This figure includes € 5.4 million in impairment losses due to restructuring measures that led to the discontinuation of ongoing development projects and a value adjustment of some R&D projects (intangible assets) based on the latest market developments. Despite the significant devaluations and the reduction in R&D staff, Basler is still highly competent in terms of technology and has a very innovative basis for the company's future growth.

At the end of fiscal year 2023, Basler was the owner of 120 patents and patent applications; 58 are granted, 62 are in the process of application. Furthermore, Basler is the owner of 4 utility models and 22 designs, as well as the owner of 170 trademarks. Further trademarks are in the application procedure.

2. Economic Report

2.1 Basic Conditions

Market conditions in 2023 proved very difficult for the Basler group and led to a significant loss after a decade and a half of uninterrupted profitable growth. The markets for computer vision were positively impacted by the coronavirus pandemic in the 2021 and 2022 financial years, as demand for consumer goods in particular increased and online retail flourished, resulting in high levels of investment in the semiconductor and electronics sectors as well as in logistics. In addition, the pandemic led to significant investments in laboratory automation. In the financial year 2023, there was a reversal and the markets outside Europe showed a double-digit decline. The chip crisis acted as a catalyst, initially artificially boosting already strong demand through „hoarding orders" and burdening low demand in 2023 through excess inventory throughout the supply chain. The lack of recovery in China, geopolitical tensions, and high inflation and interest rates in Western economies also negatively impact investments in many sectors and thus the demand for machine vision technology. In the 2023 financial year, the purchasing managers' indices for the manufacturing industry in the countries relevant to Basler were well below 50, the threshold value that marks contraction.

Global economic growth amounted to just 2.5 %. The eurozone grew by just 0.5 %, the USA by 2.4 % and China's economic growth recovered slightly from 3 % to 5 % (source: Berenberg, Annual Economic Report/Macro Outlook January 2024). The development of gross value added in Germany in 2023 varied in the individual economic sectors: economic output in the manufacturing industry (excluding construction) fell significantly by 2.0 % overall.

The market for capital goods in the robotics & automation segment, which is relevant for Basler, declined compared to the previous year. Incoming orders of German companies in this sector recorded a nominal decrease of -9 %. In contrast, sales revenues increased by 12 % in nominal terms, because they benefited from the growth in backlogs from the previous year. The manufacturers of industrial image processing systems and components recorded in total a 7 % nominal decline in incoming orders and a 1 % decline in sales. At 21 % for incoming orders and 14 % for sales, the growth rates of German image processing component manufacturers were significantly higher than those of image processing system manufacturers (source: VDMA statistics, Jan-Dec 2023).

2.2 Business Development

After growing by more than 50 % in 2021 and 2022 and increasing sales from € 170 million (2020) to € 270 million (2022), the Basler group's sales declined by 25 % to € 203 million in financial year 2023. A difficult year was already apparent at the beginning of the year due to weak incoming orders, high levels of cancellations from Asia and shrinking order backlogs, as well as the macroeconomic developments described in section 2.1. Management responded with a strict cost-cutting program in the first quarter of 2023 and forecasted a sales corridor of € 235 - 265 million with an EBT margin of 5 - 8 % for the financial year 2023 at the time of the publication of the annual report. Management expected markets in North America, Asia Pacific and China to recover in the second half of the year and order patterns to normalize. In the first half of the year, business in Europe grew at a double-digit rate, while all other regions showed significant double-digit declines. The tailwind from the order books and temporary cost measures kept the company above break-even in the first half of the year. However, contrary to expectations, the markets did not recover in the second half of the year, and management responded with a restructuring program in the middle of the year. The guidance was reduced to a sales corridor of € 200 - 215 million and a loss of € 12 - 20 million was forecast. The restructuring program included a reduction of approximately 200 full-time positions and extraordinary charges consisting of severance payments, special write-offs for discontinued R&D projects and material write-offs. The goal of the program was to lower the company's break-even point to around €200 million in sales by the end of the year and to align the size and structure of the organization to the expected sales in the medium term. This program was resolved and implemented as planned in the second half of 2023. The majority of the headcount reductions and related costs were incurred in the third quarter. In parallel with the scaling of the organization, organizational changes were implemented to accelerate the transformation to a solutions provider and to reflect the changing geopolitical and competitive landscape in China. The year closed with sales of € 203 million and a pre-tax loss of € 20.2 million. Extraordinary restructuring costs amounted to € 12.2 million and are fully included in the reported loss.

Due to very weak incoming orders and additional cancellations, which were particularly noticeable in China in the first half of 2023, the order backlog gradually decreased over the course of the financial year and amounted to € 33 million at the end of the year. With a sales equivalent of two months it was therefore at a level slightly below the normal range.

In M&A, the focus was on the further integration of the Korean and Italian acquisitions from 2022 due to the restructuring situation.

In addition to the original business operations, two major infrastructure projects were successfully put into operation at the beginning of 2023: The headquarters building was expanded with a state-of-the-art building that provides an additional 300 office workstations and attractive common areas. The office concept particularly supports hybrid forms of work. In addition, SAP R/3 was successfully replaced worldwide by SAP S/4HANA on January 1, 2023, laying the foundation for further digitalization initiatives. Expected initial process difficulties were quickly resolved and continuously improved over the course of the financial year.

2.3 Profit Situation

in € million	2023	2022	Change	
Sales revenues	203.1	272.2	-69.1	-25 %
Currency result	-1.3	-1.4	0.1	-7 %
Costs of sales	-116.1	-139.0	22.9	-16 %
Gross result	**85.7**	**131.8**	**-46.1**	**-35 %**
Other operating income	2.7	3.6	-0.9	-25 %
Expenses	-110.3	-106.5	-3.8	4 %
Operating result	**-21.9**	**28.9**	**-50.8**	**> -100 %**
Financial result	1.7	-0.6	2,3	> 100 %
Earnings before profit tax	**-20.2**	**28.3**	**-48.5**	**> -100 %**
Taxes	6.4	-6.9	13.6	> -100 %
Group's annual surplus	**-13.8**	**21.4**	**-34.9**	**> -100 %**

Sales decreased by € 69.1 million compared to the prior year for the reasons mentioned above. Cost of the sold service decreased accordingly from € 139.0 million in the prior year to € 116.1 million in the year under review. The reduction in the cost of goods sold was disproportionately low, as the increased purchasing conditions and range discounts resulting from the chip crisis and increased inventories were recognized in the cost of materials in the 2023 financial year. Low demand also had a negative impact on the fixed cost degression in production. The weak Chinese currency and pricing pressure in the region also put pressure on the gross margin. The gross margin (gross profit/sales) decreased to 42.2 % from 48.4 % in the previous year.

Personnel expenses decreased from € 95.8 million in 2022 to € 94.8 million in 2023. These were significantly impacted by the restructuring and include € 6.8 million of extraordinary expenses due to termination agreements. The average number of employees decreased from 1,124 to 1,115, closing the year at 992. On a full-time equivalent basis, the headcount was reduced by 190 to 942. The headcount reduction mainly affected the regions Germany and China as well as R&D, operations and administration. It should be noted that the reduction was mainly implemented through voluntary programs and that mutually agreed solutions were found without exception.

Operating expenses were reduced through strict cost management in the company's administrative and production areas. Overall, they decreased by € 5.6 million to € 29.0 million compared to the previous year.

Income relating to other periods from adjustments to earn-out agreements contributed € 3.0 million (previous year: € 0.2 million) to the increase in the financial result.

With a pre-tax loss of € 20.2 million (previous year: pre-tax profit of € 28.3 million), Basler was unable to close the financial year within the forecast due to the difficult market conditions and misjudged market developments along with excessive organizational expansion in previous years. As a result, the group missed its capital market guidance for the first time since the 2008/2009 financial crisis.

Tax income for the 2023 financial year amounted to € 6.4 million (previous year: tax expense of € 6.9 million).

The after-tax loss amounted to € 13.8 million in financial year 2023 (previous year: after-tax profit of € 21.4 million).

2.4 Financial Situation

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

The company‘s liquidity had to be managed very closely in the 2023 financial year. The sharp drop in demand combined with long-term purchase commitments from the chip crisis put an unusually high strain on the Group‘s liquidity position. As a risk precaution, an additional KfW loan was taken out at the beginning of the year and treasury shares were sold. The restructuring and loss situation in the second half of the year was accompanied and supported by transparent and regular communication with the longstanding relationship banks. This ensured sufficient liquidity at all times. The financial covenants, i.e. equity ratio and net leverage ratio, were suspended for the balance sheet date December 31, 2023.

In the 2023 financial year, cash flow from operating activities amounted to € 4.2 million (previous year: € 12.4 million). This was mainly due to the high costs of the organization with declining sales and the extraordinary restructuring payments.

The cash flow from investing activities amounted to € -13.4 million in the reporting period (previous year: € -44.2 million). The high level of investments at the beginning of the year due to the construction of the new building, the S/4HANA project and earn-out payments from M&A transactions in previous years was significantly slowed down starting in the second quarter in order to protect the group‘s liquidity position. There were no significant payments for M&A transactions compared to the previous year.

The free cash flow as the sum of cash flow from operating activities and cash flow from investing activities amounted to € -9.2 million (previous year: € -31.8 million).

On the financing side, bank liabilities of € 3.4 million were repaid in the 2023 financial year and further KfW loans of € 8.0 million were taken out as part of the innovation promotion program. In addition, treasury shares in the amount of € 17.7 million were sold. As of the balance sheet date, the company hadunutilized credit lines with its principal banks in the amount of € 11.0 million. The balance of KfW loans amounted to € 60.9 million as of the reporting date.

Considering the dividend payment, the total cash flow from financing activities amounted to € 12.7 million (previous year: € 5.7 million).

Liquidity, which consists exclusively of cash and cash equivalents, increased to € 32.2 million at the end of the fiscal year (previous year: € 28.7 million). The company liquidity was secure at all times

2.5 Asset Situation

Intangible assets	2023	2022	Change	in %
Tangible assets	90.1	94.5	-4.4	-5 %
Buildings and land in finance lease	14.6	16.8	-2.2	-13 %
Other long-term assets	22.3	12.6	9.7	77 %
Deferred tax claims	7.3	5.2	2.1	40 %
Long-term assets	2.4	1.8	0.6	33 %
Inventories	**136.7**	**130.9**	**5.8**	**4 %**
Receivables from deliveries and services	44.0	50.3	-6.3	-13 %
Other short-term assets	27.4	41.2	-13.8	-33 %
Bank balances and cash balances	15.4	14.4	1.0	7 %
Short-term assets	32.2	28.7	3.5	12 %
Total assets	**119.0**	**134.6**	**-15.6**	**-12 %**
	255.7	**265.5**	**-9.8**	**-4 %**
Equity	**139.2**	**141.5**	**-2.3**	**-2 %**
Long-term interest bearing bank liabilities	51.4	51.7	-0.3	-1 %
Liabilities from finance lease	19.7	10.1	9.6	95 %
Other long-term liabilities	1.8	5.5	-3.7	-67 %
Deferred taxes	3.2	10.9	-8.0	-73 %
Long-term liabilities	**76.3**	**78.2**	**-1.9**	**-3 %**
Short-term financial debt	9.7	4.0	5.7	>100 %
Short-term provisions	7.3	10.7	-3.4	-32 %
Liabilities from finance lease	2.7	2.5	0.2	8 %
Short-term other financial debt	20.5	28.7	-8.2	-28 %
Short-term financial debt	**40.2**	**45.9**	**-5.7**	**-13 %**
Total liabilities	**255.7**	**265.5**	**-9.8**	**-4 %**

Intangible assets decreased by 5 % to € 90.1 million. This includes goodwill of € 45.8 million (goodwill from M&A transactions). The other intangible assets decreased by € 4.2 million compared to the previous year as a result of a € 5.4 million write-down of internally developed assets as part of the restructuring. In particular, investments were made in the SAP S/4HANA system, which was implemented at the beginning of the year.

Investments in tangible assets were significantly slowed and reduced by scheduled depreciation.

Buildings and land under finance leases increased by € 9.7 million due to the extension. The building was handed over to Basler AG as tenant for use on January 16, 2023.

Inventories were reduced by € 6.3 million. Until the middle of the year, the company was still struggling with rising inventories due to long-term delivery commitments but was able to gradually reduce these in the second half of the year. Despite the reduction, the level at the reporting date is significantly higher. At year end, inventories of raw materials and supplies were approximately twice the normal level. As a result of the lower turnover rates, there were higher write downs on inventories at the end of the year. There are no further significant devaluation risks as Basler's products have very long life cycles and the materials can be stored for several years.

Receivables from deliveries and services decreased by € 13.8 million to € 27.4 million compared to the previous year. This was mainly due to the decrease in sales.

At € 32.2 million, bank balances and cash in hand were € 3.5 million higher than in the previous year.

Compared to the previous year, equity decreased by € 2.3 million to € 139.2 million . This reduction in equity resulted from the net loss and the distribution of a dividend of € 6.2 million. This was partially offset by the sale of treasury shares in the amount of € 17.7 million.

Long-term bank debt decreased slightly by € 0.3 million to € 51.4 million as repayments were due in 2023 in addition to new borrowings.

In connection with the decline in sales, trade payables decreased by € 4.7 million to € 14.7 million.

As of the balance sheet date, purchase commitments amounted to € 26.1 million (previous year: € 33.4 million). As of December 31, 2023, there were no more significant order commitments from the chip crisis. The procurement level was successively adjusted to the weaker demand and the increased inventory level.

2.6 Financial Performance Indicators

In addition to the above-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). Due to the unexpectedly sharp decline in sales and earnings, this figure decreased from € 29.7 thousand in the previous year to € 1.6 thousand. The size of the organization was adjusted by approximately 190 full-time equivalents in the second half of the year. As a significant part of the organization is working on the future of the company and the organization was expanded for further growth over the past two years, it was possible to implement this reduction without jeopardizing the company's operations and future viability. Over the next two years, the company will gradually return to its previous level of employee productivity.

in € million	2023	2022
EBIT	**-21,9**	**28.9**
Inventories	44,0	50.3
Receivables from deliveries and services	27,4	41.2
Liabilities from deliveries and services	-14,7	-19.4
Fixed assets	136,7	130.9
Capital employed	**193,4**	**203.2**
ROCE (EBIT / Capital employed)	**-11 %**	**14 %**

At the end of the financial year, the ROCE amounted to -11 % (previous year: 14 %). The decrease and the change in sign are mainly due to the high loss in the year under review. In addition, inventories were still at a high level at the end of the year and fixed assets increased significantly due to the move into the headquarters extension at the beginning of the year.

In the coming years, management is targeting a return on total assets of approximately 20 %. However, this performance indicator will be considered to be subordinate to sales growth and pre-tax return rate.

The working capital (inventories plus receivables from deliveries and services minus liabilities from deliveries and services) amounted to € 56.8 million (previous year: € 72.1 million) at the end of the financial year and amounted to 27.9 % of sales (previous year: 26.5 %). The increased working capital due to delivery commitments resulting from the chip crisis, combined with a sharp drop in demand, should be reduced to a level in the range of 18 – 20 % of sales over the next two to three years. To achieve this goal, a multidisciplinary team derives measures to continuously improve working capital and optimize the supply chains of acquired distribution companies.

Equity decreased from € 141.5 million on December 31, 2022, to € 139.2 million on December 31, 2023. The equity ratio (equity/total assets) rose from 53.3 % in 2022 to 54.4 % at the end of the past financial year. It is therefore below the target threshold of > 60 % due to the expansive M&A activity in the 2022 financial year, the new building expansion and the loss during the reporting period.

2.7 Overall Statement

Two very strong years of growth in 2021 and 2022 were followed by the sharpest decline in sales since the financial crisis. The exceptional boom of the past few years in the key vertical markets of semiconductors, electronics, logistics and laboratory automation proved in retrospect to be a "pull forward" rather than additional demand. In addition, the chip crisis had a reinforcing effect on demand, which initially rose and later fell. A shortage of chips and increasing delivery times for image processing components led to over-ordering in 2021 and 2022, resulting in cancellations and excessive inventories at customers. Overall, Basler group's sales fell by about a quarter. In contrast, the size of the organization and the sourcing of materials were geared towards sideways to single-digit growth, which presented the company with major challenges from the beginning of the reporting period and led to strict cost and investment management. The further slowdown in the course of the first half of the year necessitated a mid-year revision of the annual forecast and the initiation of a restructuring program, which resulted in a reduction of 190 full-time equivalents in the second half of the year in order to lower the break-even threshold to around € 200 million in sales and to adjust the size of the company to the updated medium-term sales expectations. The operating loss and one-time restructuring expenses of € 12.2 million resulted in a pre-tax loss of € -20.2 million. In addition to this high loss, liquidity had to be managed very tightly, as high investments in digitization, buildings and acquisitions had been made in previous periods, and the high delivery obligations resulting from the chip crisis led to rising inventories and increased capital tied up due to the unexpectedly sharp drop in demand. The restructuring program was implemented consistently and purposefully, allowing the group to start the new financial year with a leaner cost structure and stable financing. However, the market recovery at the turn of the year remained below expectations. Slight signs of recovery in Asia and the US in the fourth quarter were offset by a slowdown in the late-cycle regional market of Europe. The economic and geopolitical situation in China remains uncertain. Order backlogs have fallen to normal levels and, unlike in previous years, will not provide a tailwind at the beginning of the year. In the first months of financial year 2024, these uncertainties will require management to steer the company by sight. Despite these uncertainties and the very challenging and difficult financial year 2023, management is firmly convinced of the medium to long-term potential of the market and the company. The stabilization phase at the end of 2023 will be followed by a performance phase in which the company's performance will be successively increased and the transformation into a solutions provider will be further accelerated. As a result of the continuous expansion of the product portfolio and the sales and marketing organization, Basler already had a very broad product portfolio and very competitive direct access to the global market by the end of 2023. Despite the restructuring situation in 2023, the high level of investment in recent years and the long-standing corporate culture will provide the group with a solid foundation to return to a profitable growth path when the market situation improves.

3. Supplementary Report

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

4. Forecast Report

While incoming orders in North America and Asia started to decline in mid-2022 and were very weak in the course of 2023, there were slight signs of recovery towards the end of the year. However, the previously robust markets in Europe weakened at the turn of the year and largely dampened the positive trends in the other regions. The Basler group started the year with a normal to low order backlog. The order situation in the first weeks of the new financial year showed a slightly positive trend, but the absolute level of incoming orders remained weak and only moved around the break-even point, even taking into account the streamlined cost structure. The purchasing managers' indices of the major economies for Basler improved gradually but were still below the expansion threshold of 50. The German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau) is forecasting nominal growth of 4 % for the robotics and automation industry. The VDMA will not issue a specific forecast for the machine vision industry until April. The Semiconductor Equipment Manufacturers' Association (SEMI) expects growth in semiconductor manufacturing equipment to resume in the course of 2024. It forecasts single-digit growth for the current fiscal year and a strong growth period in 2025 (source: SEMI).

Taking into account the incoming orders development of the last months, the improving inventory situation at customers and the forecasts of relevant industry associations as well as direct feedback from customers, management expects sales in a corridor of € 190 to 210 million for the fiscal year 2024. Depending on the business development within this corridor, the group is targeting a pre-tax margin of between 0 % and 5 % for the fiscal year 2024. The recovery is expected to start gradually during the course of the year. For the first quarter, man agement expects sales of less than € 45 million and a pre-tax loss due to the increasing but still weak incoming orders in recent months. In the medium term, management is much more optimistic and expects the company to return to its revenue growth path of 15 % on average. This medium-term outlook is based on the conviction that the computer vision market will grow due to increasing digitalization, automation and new applications, and that Basler will benefit disproportionately from this growth due to its strong market position and its successful transformation into a solution provider. Management aims to achieve sales of € 300 million with a pre-tax margin of at least 12 % by 2027 at the latest. This forecast assumes that there will be a recovery in the key vertical markets by 2025 at the latest and that access to the Chinese market will be maintained despite ongoing geopolitical tensions and intense competition.

In addition to these economic goals, social and environmental goals are also pursued as part of sustainable corporate development. The management aims to combine the triad of economic, ecological and social aspects as synergistically as possible and to contribute to improving the quality of life with computer vision technology. The Basler group aims to be carbon neutral in Scopes 1 and 2 by 2030.

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 risks in an appropriate way.

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

- to recognize risks of significant importance at an early stage
- to systematically record and evaluate opportunities and risks and to generate transparency within the executive team
- to create scopes of action, however, 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 reduction. Again, in the elapsed fiscal year, a 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 (IKS), the early risk detection system, the internal auditing, and the compliance management. In addition, there is the quality management system which is subject to an annual external audit in accordance with DIN EN ISO 9001:2015.

The accumulated expected value of the top ten risks (without growth risks) amounts to € 23 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 estimated at € 69 million.

The three main real risks identified as part of risk management were as follows:

- The restructuring program cannot be implemented as planned and expected
- The quality of the S&OP process (control process for synchronizing procurement ad sales) cannot be improved
- Risks in the supply chain due to geopolitical tensions

The three most significant growth risks were or are:

- Chinese competition, especially in China and Asia Pacific
- Implementation of the strategy is not having the desired effect
- Further escalation of the conflict between the USA and China

Risks are presented on a net basis.

The following sections take a closer look at the risks in the main areas.

5.1 Internal Organization

The subject of this category is the business model, organizational structures and processes, the IT infrastructure and communication, and personnel.

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 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 and planning processes have been set up ensuring a breakdown of the company strategy.

As a technology company, Basler is heavily dependent 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 pivot to new technologies and markets in an agile and innovative manner.

The restructuring put the organization and culture to the test. Already fatigued by approximately € 100 million of growth in 2021 and 2022, despite the coronavirus pandemic, the cyber attack, the chip crisis, the ERP change and three M&A transactions, the management and the organization had to react very quickly and forcefully to the decline in sales in 2023, eliminating approximately 200 full-time equivalents in order to stabilize the company. After fifteen years of uninterrupted profitable growth, this was a turning point for the organization. In managing this crisis, it was and is important to manage risks and opportunities effectively, to find the right size of organization in very dynamic markets, to guide people emotionally through the change, and to take the opportunity to uncover and address potential for improvement.

The 2023 restructuring process has once again demonstrated the employees' high level of identification with the company.

The company's IT infrastructure is continuously expanded and improved in order to increase its security and the company's efficiency. Regular penetration tests and analyses are part of the security concept. To further limit existing residual risks, Basler AG also has cyber insurance. In fiscal year 2021, Basler AG became the victim of a broad-based cyberattack for the first time. As a result of this experience, the high level of safety was once again significantly strengthened. Basler group's IT systems are significantly more robust after the cyberattack; there is 24/7 monitoring by external cyber experts, and all employees are significantly more aware of 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 is stopped. Outstanding debts are subject to a three-stage default action. Default risks are countered through individual valuation allowances. In the fiscal year 2022, individual value adjustments and write-offs on accounts receivables were posted in the amount of only € 41 thousand (previous year: € 92 thousand).

Liquidity is controlled in collaboration between accounting, controlling, sales, and strategic purchasing. Based on the four-year planning and the budget of the current fiscal year, a liquidity planning is made which is updated regularly and part of the monthly reporting. As a result of the crisis, the frequency of liquidity management was changed to weekly and the commercial banks were closely involved. Despite the solid cash position, the high loss resulted in covenant risks, which were discussed with the banks concerned at an early stage and resolved in a very constructive manner. The covenants were suspended until December 31, 2023. There were no liquidity risks.

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, 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 electronic components has already eased at the beginning of the 2023 financial year and has shifted from an undersupply to an oversupply situation. High order commitments from the chip crisis, when orders had to be placed up to 18 months in advance, led to a significant inventory increase in raw materials and supplies and to a high capital commitment as well as range discounts. In the medium term, there is still a risk of supply bottlenecks for semiconductors in the event of a stronger increase in demand. The risks are also exacerbated by trade tensions between the USA and China.

We address these risks through intensive contact with suppliers, long order horizons and higher inventory levels. In addition, we are continuously working on improving the S&OP process to match supply and demand as closely as possible. The risk is also structurally reduced by having separate production facilities and value chains in Ahrensburg and Singapore.

5.4 Sales Market and Competition

There is a risk that the macroeconomic and geopolitical conditions will lead to a continuation of market weakness and that customers' increased inventory levels will only be reduced slowly over the course of the fiscal year. If the market remains weak throughout the fiscal year, Basler AG's sales would fall below the break-even point of € 200 million and management would be forced to take further cost-cutting measures.

In the upcoming quarters, there will be a higher risk of a weakness in 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 constantly emerging applications for image processing and the lack of substitute 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 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 ensure sufficient proximity of the value creation to the main sales markets as well as to counter geopolitical risks.

The intensity of competition in the industrial camera market further increased in 2023. 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 larger acting distributors or manufacturers. Basler strives for gradually expanding its market position relative to the competition and to transfer from a camera maker to a solutions provider. The competitive environment is gradually consolidating from small niche providers to larger, globally active competitors. The top competitors of Basler are: Teledyne DALSA (Canada), HIK-Vision (China), iRayple (China), and TKH (The Netherlands). The Chinese competitors HIK Vision and iRayple, which entered the computer vision market a few years ago, are currently mainly active in China and South East Asia, 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 uniform software development kit, and an additional consultancy service. Additionally, the direct market access in important sales regions (USA, China, Germany, Korea) leads to competitive advantages and a strengthening of gross revenues. Over the past two years, the chip crisis, currency fluctuations and intense competition in the Chinese market led to a decline in gross margin. Management expects the gross margin to return to around 50 % in the next two years as a result of the above measures.

5.5 Political and Legal Risks and Opportunities

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 material effects on the business is considered manageable. The war escalation in Ukraine had a limited direct economic impact due to a low share of business with Russia. Business with Russian customers was discontinued immediately after the outbreak of the war, and open orders were canceled. The increase in electricity and gas prices at the German sites and the related wage inflation had a significant secondary effect on the group. Management countered the uncertain gas supply in Germany with an emergency supply plan for production and logistics, which has yet to be activated. The risks arising from the armed conflict in Israel have not yet had any noticeable impact on deliveries and sales. However, sales of around € 2 million are potentially affected and there are delivery risks for some image sensors that are produced in Israel. The risks arising from the trade conflict between the USA and China are serious due to the size of these sales and procurement markets and access to key technologies. Trade restrictions and increased tariffs may motivate or force customers to switch 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 a further „decoupling" between East and West in the medium to long term.

Legal risks are mitigated by appropriate insurance coverage. 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 compliance management and sensitive information, furthermore, we worked on the subject „Business damage due to own employees". Currently, there are no indications for criminal activities or gross negligence. In addition, an intensive cultivation of the corporate and management culture promotes ethical and legally compliant behavior as well as open communication.

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

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

5.6 Operating Risks and Opportunities

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 so that development processes can be concluded on schedule and according to budget within the scope of normal deviations. In 3D ToF, embedded vision, and AI image processing, Basler currently is one of the pioneers working at the technological frontier area. 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 a long-term positive sales development. Also in 2023, the project pipeline was developed further in order to support the long-term growth target 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. In 2023, the maximum machine capacity amounted to approximately 1,000,000 units (calculation based on a three-shift-operation). With a current output quantity of about 412,000 units, operation was well below an optimum operating point in 2023 and the overcapacities led to a deterioration in the gross margin due to lower fixed cost degression. In the medium term, with current production equipment Basler is very well prepared for increasing demand. Due to historical experiences, intransparency as well as high volatility, particularly in the Asian markets, the management consciously accepts some idle costs in order to secure delivery capability.

Basler's comparatively labor-intensive business model is affected by wage inflation and will require significant productivity increases in the coming years above the restructuring measures implemented. In the short term, the combination of temporary weakness in demand and inflation-induced wage increases will put increased pressure on the group's returns.

5.7 Overall Statement

As a manufacturer of image processing components for the investment goods industry the management board assesses the corporate strategy risk still to be low and the opportunities to be strong.

In the past financial year, in addition to the annual opportunity and risk inventory, a risk review process was introduced which retrospectively assesses the opportunities and risks identified in the previous period. From 2024, the risk inventory will be conducted every six months.

The probability of occurrence is assessed according to the following criteria:

Probability of occurrence		
very likely	50 – 100 %	once in 1 - 2 years
likely	25 – 50 %	once in 2 - 4 years
possible	5 – 25 %	once in 4 - 20 years
unlikely	0 – 5 %	less than once in 20 years

The impact classes are calculated annually on the basis of the equity in the consolidated financial statements and stored in the system (GRC).

Impact classes (in Euro thousand)	
catastrophic	34,550 - 69,100
critical	17,275 - 34,550
noticeable	8,638 - 17,275
low	0 - 8,638

In summary, the risk categories are assessed as follows:

Type of Risk	Potential financial impact	Probability of occurrence
Internal organization	low	possible
Finance	low	unlikely
Procurement market	low	likely
Sales market and competition	noticeable	likely
Political and legal risks	low	possible
Operating risks	low	possible

The risks identified and assessed in terms of financial impact and probability of occurrence do not pose a threat to the group as a going concern, either individually or collectively.

There were no events of particular significance outside the ordinary course of business that are not described in the group management report, nor were there any circumstances that would speak against the appropriateness and effectiveness of our control systems.

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 and the quality management system, which is valid for the entire group. The processes are 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 local ERP systems in Korea and Italy 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 standrds 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 the 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 IKS as well as audit engagements and key audit areas for auditors and internal auditors.

Basler's compliance management system is organized on a decentralized basis. This ensures that the respective compliance topics are always managed by the compliance officer who has the necessary professional competencies. During the year, a compliance manager was appointed to bundle issues and maintain an overall overview. The management board has not become aware of any information indicating material weaknesses in the compliance management system at Basler.

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 and KRW occurred. Foreign currency balances are always exchanged into Euro. 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. Supplementary Information according to § 315a German Commercial Code, HGB

The following persons were members of the management board in 2023:

- Dr. Dietmar Ley, Chairman of the management board (CEO): responsible for research and development, since 01/01/2024 innovation and product business
- Alexander Temme, Member of the management board (CCO): responsible for product distribution (sales, communications, service, marketing), digital customer journey as well as the Basler subsidiaries worldwide
- Hardy Mehl, Member of the management board (CFO and COO): responsible for finance, investor relations, administration, organization development, HR, as well as operations, since 01/01/2024 IT, SAP.
- Until Dec. 31, 2023: Arndt Bake, Member of the management board (CDO and CIO): responsible for IT, SAP, digital and software business, solutions business management, as well as innovation

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 € 31.5 million is divided into 31.5 million of no-par-value bearer shares.

The Norbert Basler Holding GmbH, which in turn is wholly owned by the Basler-Beteiligungs-GmbH & Co. KG, held 16,591,050 shares and thus 52.67 % of the voting rights in Basler AG on December 31, 2023.

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 € 15,750,000 by May 22, 2027 with the supervisory board's approval by the issuing of up to 15,750,000 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 € 31,500,000.00 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 Cor-poration 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. The management board is authorized, with the approval of the supervisory board, to acquire treasury shares in the company up to a total of 10 % of the share capital existing at the time of the resolution or - if this value is lower - at the time the authorization is exercised until May 26, 2028 (inclusive). Together with other treasury shares that the company has acquired and still holds or are attributable to it, the treasury shares acquired on the basis of this authorization may at no time exceed 10 % of the company's existing share capital. Acquisition for the purpose of trading in treasury shares is excluded.

At the discretion of the management board, treasury shares may be acquired (i) via the stock exchange or (ii) by means of a public purchase offer addressed to all shareholders of the company or a public invitation to all shareholders of the company to submit an offer to sell or (iii) by means of a public exchange offer addressed to all shareholders in exchange for shares in a listed company within the meaning of Section 3 (2) AktG (Stock Corporation Act) or by means of a public invitation to submit such an offer.

The management board is authorized, with the approval of the supervisory board, to use the treasury shares acquired on the basis of this or an earlier authorization for all legally permitted purposes.

All of the aforementioned authorizations may be exercised by the company in full or in partial amounts, on one or more occasions, in pursuit of one or more purposes. The authorizations - with the exception of the authorization to cancel treasury shares - may also be exercised by companies dependent on the company or in which the company holds a majority interest or by third parties for its or their account.

The management board will inform the annual general meeting about the acquisition of treasury shares and their use. There are no other circumstances pursuant to Section 315a HGB (German Commercial Code).

9. Group Declaration regarding Corporate Governance (§ 315d of the German Commercial Code, HGB), Corporate Governance Report

You can find on our website (*baslerweb.com/Investors/Corporate Governance*) the group declaration of compliance with the Corporate Governance Code, the corporate governance report, explanations regarding our practices of corporate governance, and a description of the working practices of the management board and the supervisory board.

The German Corporate Governance Code („GCGC“) provides for disclosures on the internal control and risk management system that go beyond the statutory requirements for the group management report and are therefore excluded from the auditor‘s review of the content of the group management report. These are thematically assigned to the corporate governance statement.

10. Non-Financial Group Declaration

Responsibility for sustainability is assumed at management board and supervisory board level. Dedicated sustainability management ensures that the topic is given high priority in all areas of the company. The explicit integration of sustainability into the overall strategy ensures that the tension between economic, ecological and social goals can be well balanced at all times. Please refer to the separate sustainability report published on the parent company‘s website *baslerweb.com/en/company/sustainability*.

Ahrensburg, March 27, 2024

Dr. Dietmar Ley	Hardy Mehl	Alexander Temme
CEO	CFO/COO	CCO

Consolidated Profit and Loss Statement

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

in € k	Notes	01/01/ – 12/31/2023	01/01/ – 12/31/2022
Sales revenues	4, 24	203,103	272,203
Currency earnings	3.1	-1,290	-1,357
Cost of sales		-116,093	-139,040
Gross profit on sales		**85,720**	**131,806**
Other income	5	2,738	3,636
Sales and marketing costs		-42,907	-47,933
General administration costs		-29,859	-26,749
Research and development	6		
Full costs		*-32,956*	-33,472
Capitalisation of intangible assets		*8,174*	9,246
Depreciations intangible		*-12,427*	-7,144
Research and development		-37,209	-31,370
Other expenses		-385	-460
Operating result		**-21,902**	**28,930**
Financial income	7	3,287	289
Financial expenses	7	-1,794	-1,044
Financial result		**1,493**	**-755**
Profit shares in campanies accounted for using the equity method		238	156
Earnings before tax		**-20,171**	**28,331**
Income tax	8	6,364	-6,969
Group net loss/surplus for the year		**-13,807**	**21,362**
of which are allocated to			
shareholders of the parent company		-13,807	21,362
non-controlling shareholders		0	0
Average number of shares	9.4	30,346,651	29,878,360
Earnings per share diluted = undiluted (€)	9.4	-0.45	0.71

Consolidated Statement of Comprehensive Income

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

in € k	Notes	01/01/ – 12/31/2023	01/01/ – 12/31/2022
Group net loss/surplus for the year		-13,807	21,362
Result from differences due to currency conversion, directly recorded in equity	3.1, 18.3	-1,941	-138
Adjustment of finance leases recognised directly in equity / IFRS 15	3.12	0	255
Total result, through profit or loss		**-1,941**	**-138**
Total result		**-15,748**	**21,224**
of which are allocated to			
shareholders of the parent company		-15,748	21,224
non-controlling shareholders		0	0

Consolidated Cash Flow Statement

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

in € k	Notes	01/01/ – 12/31/2023	01/01/ – 12/31/2022
Operating activities			
Group net loss/surplus for the year		-13,807	21,362
Increase (+) / decrease (-) in deferred taxes	11	-8,288	462
Payout / incoming payments for interest		1,933	1,180
Depreciation of fixed assets	9.1	23,600	16,835
Change in capital resources without affecting payment		-1,941	-138
Increase (+) / decrease (-) in accruals	20	-5,315	-1,342
Profit (-) / loss (+) from asset disposals		-125	-8
Increase (-) / decrease (+) in reserves	12	6,293	-13,205
Increase (+) / decrease (-) in advances from demand	13	-309	-1,465
Increase (-) / decrease (+) in accounts receivable	13	13,756	-7,877
Increase (-) / decrease (+) in other assets		-2,674	-11,672
Increase (+) / decrease (-) in accounts payable		-4,239	584
Increase (+) / decrease (-) in other liabilities		-4,654	7,686
Net cash provided by operating activities		**4,229**	**12,402**
Investing activities			
Payout for investments in fixed assets - tangible assets		-1,922	-17,609
Payout for investments in fixed assets - intangible assets		-11,583	-12,365
Incoming payments for asset disposals		438	281
Incoming payments for asset disposals		0	-14,497
Expenses for acquisitions less cash acquired		-373	0
Net cash provided by investing activities		**-13,440**	**-44,190**

Consolidated Cash Flow Statement

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

in € k	Notes	01/01/ – 12/31/2023	01/01/ – 12/31/2022
Financing activities			
Payout for amortisation of bank loans		-3,356	-7,910
Payout for amortisation of finance lease		-3,411	-3,137
Incoming payment for borrowings from banks		8,000	26,800
Interest payout		-958	-863
Interest portion finance lease		-975	-317
Incoming payment for sale of own shares		17,669	0
Payout for own shares		0	-2,731
Dividends paid	18.4	-4,232	-6,184
Net cash provided by financing activities		**12,737**	**5,658**
Change in liquid funds		**3,527**	**-26,130**
Funds at the beginning of the year	16	28,701	54,831
Funds at the end of the year		**32,228**	**28,701**
Composition of liquid funds at the end of the year			
Cash in bank and cash in hand	16	32,228	28,701
Payout for taxes		-2,099	-6,791

Group Balance Sheet

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

in € k	Notes	12/31/2023	12/31/2022
Assets			
A. Long-term assets			
I. Intangible assets	3.10, 10	44,304	48,477
II. Goodwill	3.10, 10	45,790	46,069
III. Fixed assets	3.9, 10	14,620	16,790
IV. Buildings and land in finance lease	3.9, 17	22,291	12,575
V. Other financial assets	29	1,791	1,418
VI. Other long term assets	29	5,496	3,803
VII. Deferred tax assets	11	2,424	1,815
		136,716	**130,947**
B. Short-term assets			
I. Inventories	12	44,044	50,337
II. Receivables from deliveries and services	13	27,425	41,181
III. Other short-term financial assets	14	7,901	4,397
IV. Other short-term assets	14	5,681	7,429
V. Claim for tax refunds	15	1,760	2,535
VI. Cash in bank and cash in hand	16	32,228	28,701
		119,039	**134,580**
		255,755	**265,527**

Group Balance Sheet

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

in € k	Notes	12/31/2023	12/31/2022
Liabilities			
A. Equity	18		
I. Subscribed capital		30,737	29,834
II. Capital reserves		10,669	7,223
III. Retained earnings		102,473	107,192
IV. Other components of equity		-4,704	-2,763
		139,175	**141,486**
B. Long-term debt			
I. Long-term liabilities			
1. Long-term liabilities to banks	19	51,360	51,655
2. Other financial liabilities		522	3,517
3. Liabilities from finance lease	17	19,907	10,076
II. Non-current provisions	20	1,340	1,956
III. Deferred tax liabilities	11	3,222	10,901
		76,351	**78,105**
C. Short-term debt			
I. Other financial liabilities	19	9,722	4,025
II. Short-term accrual liabilities	20	7,248	10,700
III. Short-term other liabilities			
1. Liabilities from deliveries and services		14,672	19,416
2. Other short-term financial liabilities		5,149	7,371
3. Liabilities from finance lease	17	2,731	2,470
IV. Current tax liabilities		707	1,954
		40,229	**45,936**
		255,755	**265,527**

Development of Fixed Assets for Fiscal Year 2023

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

	Acquisition and production costs					
in € k	As at 01/01/2023 (in € k)	Additions (in € k)	Transfers (in € k)	Disposals (in € k)	Foreign exchange differentials (in € k)	As at 12/31/2023 (in € k)
Intangible assets						
Software, trademark rights, patents, and licenses	26,403	3,379	581	0	-280	30,083
Finished own developments	86,438	0	5,455	0	0	91,893
Own developments in process	12,698	8,409	-5,455	0	0	15,652
Payments for third-party developments	333	216	-172	-156	-5	216
Total intangible assets	**125,872**	**12,004**	**409**	**-156**	**-285**	**137,844**
Goodwill						
Goodwill	46,062	0	0	0	-279	45,783
Total Goodwill	**46,062**	**0**	**0**	**0**	**-279**	**45,783**
Tangible Assets						
Land and buildings on third-party land	6,914	231	369	-5	-30	7,479
Technical equipment and machinery	17,572	579	-2,353	-83	-92	15,623
Other furniture, fixtures, and equipment	11,830	903	3,178	-21	-42	15,848
Assets under construction	1,341	462	-1,603	-138	-7	55
Total tangible assets	**37,657**	**2,175**	**-409**	**-247**	**-171**	**39,005**
Buildings and Land under finance leases						
Land of finance lease	711	0	-711	0	0	0
Buildings of finance lease	30,680	15,325	711	-2,618	-282	43,816
Total Buildings and Land under finance leases	**31,391**	**15,325**	**0**	**-2,618**	**-282**	**43,816**
Other financial assets						
Other financial assets	1,431	373	0	0	0	1,804
Total other financial assets	**1,431**	**373**	**0**	**0**	**0**	**1,804**
Total Assets	**242,413**	**29,877**	**0**	**-3,021**	**-1,017**	**268,252**

Development of Fixed Assets for Fiscal Year 2023

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

	Depreciations							Net book value	
in € k	As at 01/01/2023 (in € k)	Additions (in € k)	Unscheduled depreciations	Disposals (in € k)	Transfers (in € k)	Foreign exchange differentials (in € k)	As at 12/31/2023 (in € k)	As at 12/31/2023 (in € k)	Previous year (in € k)
Intangible assets									
Software, trademark rights, patents, and licenses	12,651	3,865	0	0	0	-142	16,374	13,709	13,752
Finished own developments	64,744	7,023	4,815	0	0	0	76,582	15,311	21,694
Own developments in process	0	0	584	0	0	0	584	15,068	12,698
Payments for third-party developments	0	0	0	0	0	0	0	216	333
Total intangible assets	**77,395**	**10,888**	**5,399**	**0**	**0**	**-142**	**93,540**	**44,304**	**48,477**
Goodwill									
Goodwill	-7	0	0	0	0	0	-7	45,790	46,069
Total Goodwill	**-7**	**0**	**0**	**0**	**0**	**0**	**-7**	**45,790**	**46,069**
Tangible Assets									
Land and buildings on third-party land	2,716	418	0	-5	0	-25	3,104	4,375	4,198
Technical equipment and machinery	11,769	993	0	-72	0	-66	12,624	2,999	5,803
Other furniture, fixtures, and equipment	6,383	2,305	0	-14	0	-16	8,658	7,190	5,447
Assets under construction	-1	0	0	0	0	0	-1	56	1,342
Total tangible assets	**20,867**	**3,716**	**0**	**-91**	**0**	**-107**	**24,385**	**14,620**	**16,790**
Buildings and Land under finance leases									
Land of finance lease	0	0	0	0	0	0	0	0	711
Buildings of finance lease	18,816	3,597	0	-794	0	-94	21,525	22,291	11,864
Total Buildings and Land under finance leases	**18,816**	**3,597**	**0**	**-794**	**0**	**-94**	**21,525**	**22,291**	**12,575**
Other financial assets									
Other financial assets	13	0	0	0	0	0	13	1,791	1,418
Total other financial assets	**13**	**0**	**0**	**0**	**0**	**0**	**13**	**1,791**	**1,418**
Total Assets	**117,084**	**18,201**	**5,399**	**-885**	**0**	**-343**	**139,456**	**128,796**	**125,329**

Development of Fixed Assets for Fiscal Year 2022

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2022 to December 31, 2022

in € k	Acquisition and production costs					
	As at 01/01/2022 (in € k)	Additions (in € k)	Transfers (in € k)	Disposals (in € k)	Foreign exchange differentials (in € k)	As at 12/31/2022 (in € k)
Intangible assets						
Software, trademark rights, patents, and licenses	14,720	11,009	680	0	-6	26,403
Finished own developments	79,422	0	7,016	0	0	86,438
Own developments in process	10,227	9,487	-7,016	0	0	12,698
Payments for third-party developments	60	341	-60	0	-8	333
Total intangible assets	**104,429**	**20,837**	**620**	**0**	**-14**	**125,872**
Goodwill						
Goodwill	27,467	18,563	0	0	32	46,062
Total Goodwill	**27,467**	**18,563**	**0**	**0**	**32**	**46,062**
Tangible Assets						
Land and buildings on third-party land	6,256	580	96	0	-18	6,914
Technical equipment and machinery	14,353	3,113	185	-60	-19	17,572
Other furniture, fixtures, and equipment	8,790	2,671	378	-1	-8	11,830
Assets under construction	385	2,234	-1,279	0	1	1,341
Total tangible assets	**29,784**	**8,598**	**-620**	**-61**	**-44**	**37,657**
Buildings and Land under finance leases						
Land of finance lease	2,278	0	0	-1,567	0	711
Buildings of finance lease	32,236	3,222	0	-4,596	-182	30,680
Total Buildings and Land under finance leases	**34,514**	**3,222**	**0**	**-6,163**	**-182**	**31,391**
Other financial assets						
Other financial assets	18	1,413	0	0	0	1,431
Total other financial assets	**18**	**1,413**	**0**	**0**	**0**	**1,431**
Total Assets	**196,212**	**52,633**	**0**	**-6,224**	**-208**	**242,413**

Development of Fixed Assets for Fiscal Year 2022

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2022 to December 31, 2022

	Depreciations							Net book value	
in € k	As at 01/01/2022 (in € k)	Additions (in € k)	Unscheduled depreciations	Disposals (in € k)	Transfers (in € k)	Foreign exchange differentials (in € k)	As at 12/31/2022 (in € k)	As at 12/31/2022 (in € k)	Previous year (in € k)
Intangible assets									
Software, trademark rights, patents, and licenses	8,257	4,186	2	0	216	-10	12,651	13,752	6,463
Finished own developments	57,616	7,128	0	0	0	0	64,744	21,694	21,806
Own developments in process	0	0	0	0	0	0	0	12,698	10,227
Payments for third-party developments	0	0	0	0	0	0	0	333	60
Total intangible assets	**65,873**	**11,314**	**2**	**0**	**216**	**-10**	**77,395**	**48,477**	**38,556**
Goodwill									
Goodwill	-7	2	0	0	0	-2	-7	46,069	27,474
Total Goodwill	**-7**	**2**	**0**	**0**	**0**	**-2**	**-7**	**46,069**	**27,474**
Tangible Assets									
Land and buildings on third-party land	2,290	441	0	0	0	-15	2,716	4,198	3,966
Technical equipment and machinery	9,475	1,832	0	-59	532	-11	11,769	5,803	4,878
Other furniture, fixtures, and equipment	5,375	1,012	0	-1	5	-8	6,383	5,447	3,415
Assets under construction	-1	0	0	0	0	0	-1	1,342	386
Total tangible assets	**17,139**	**3,285**	**0**	**-60**	**537**	**-34**	**20,867**	**16,790**	**12,645**
Buildings and Land under finance leases									
Land of finance lease	0	0	0	0	0	0	0	711	2,278
Buildings of finance lease	18,449	2,232	0	-1,870	12	-7	18,816	11,864	13,787
Total Buildings and Land under finance leases	**18,449**	**2,232**	**0**	**-1,870**	**12**	**-7**	**18,816**	**12,575**	**16,065**
Other financial assets									
Other financial assets	13	0	0	0	0	0	13	1,418	5
Total other financial assets	**13**	**0**	**0**	**0**	**0**	**0**	**13**	**1,418**	**5**
Total Assets	**101,467**	**16,833**	**2**	**-1,930**	**765**	**-53**	**117,084**	**125,329**	**94,745**

Consolidated Statement of Changes in Equity

Group´s annual balance sheet according to IFRS for the fiscal year from January 1, 2023 to December 31, 2023

				Other components of equity			
in € k	Subscribed capital	Capital reserve	Retained earnings incl. group's earnings	Differences due to currency conversion	Adjustment recognized directly in equity Finance lease/ IFRS15	Sum of other components of equity	Total
Shareholders´ equity as of 01/01/2022	**9,971**	**26,818**	**95,014**	**2,187**	**-4,557**	**-2,370**	129,433
Total result			21,362	-138	-255	-393	20,969
Share salesback	-1,137	1,405	-3,000				-2,732
Capital increase from company funds	21,000	-21,000					0
Dividend outpayment*			-6,184				-6,184
Shareholders´ equity as of 12/31/2022	**29,834**	**7,223**	**107,192**	**2,049**	**-4,812**	**-2,763**	**141,486**
Total result			-13,807	-1,941		-1,941	-15,748
Share buyback	903	3,446	13,320				17,669
Dividend outpayment**			-4,232				-4,232
Shareholders´equity as of 12/31/2023	**30,737**	**10,669**	**102,473**	**108**	**-4,812**	**-4,704**	**139,175**

* 0,62 € per share

** 0,14 € per share

Reconciliation according to IAS7

Reconciliation of movements in liabilities to cash flows from financing activities

in € k		Debts			Equity			Total
		Liabilities to banks	Remaining other financial liabilities	Liabilities from finance lease	Subscribed capital/ capital reserve	Other reser-ves	Retained earnings	
Balance sheet as of 01/01/2023		**59,026**	**3,517**	**12,546**			**107,192**	**182,281**
Changes in cash flow from financing activities								
Payments from the repayment of bank loans	-3,356	-3,356						-3,356
Payments for the repayment of finance lease liabilities	-3,411			-3,411				-3,411
Proceeds from borrowings from banks	8,000	8,000						8,000
Interest payouts	-958	-958						-958
Interest portion of finance lease	-975			-975				-975
Proceeds from the sale of treasury shares	17,669						17,669	17,669
Payment for the acquisition of treasury shares	0						0	0
Payment for dividend	-4,232						-4,232	-4,232
Total change in cash flow from financing activities	**12,737**	**3,686**	**0**	**-4,386**	**0**	**0**	**13,437**	**12,737**
Non-cash changes (attributable to ot-her areas of the CF)		-1,630	2,154	14,478			-18,156	-3,154
Balance sheet as of 12/31/2023		**61,082**	**5,671**	**22,638**			**102,473**	**191,864**

1. The Company

The Basler group develops, manufactures, and sells industrial goods on a worldwide scale in vision 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 offices in Finland, Poland, the Netherlands, France, Malaysia, and UK. Development is carried out in Germany, Taiwan, and Poland. Germany and Singapore are also manufacturing locations.

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 in the European Union (EU) and in addition, according to the regulations of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB). All IFRS issued by the International Accounting Standards Board (IASB) and applicable at the time of preparation of these consolidated financial statements and applied by Basler AG have been adopted by the European Commission for application in the EU. In the following, the term „IFRS“ is therefore used to refer to these pronouncements as adopted into European law and applied by Basler AG.

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. The consolidated income statement was prepared using the cost of sales method.

2.2 Standards with no Effect on the Consolidated Financial Statements

The following (new or) amended standards (and interpretations) are mandatory in the EU for fiscal years beginning on or after January 1, 2023:

- Amendments to IAS 12 Income Taxes: Int. tax reform - Pillar 2 model rules;
- Amendments to IFRS 17 Insurance Contracts: First-time Adoption of IFRS 17 and IFRS 9 - Comparative Information;
- Amendments to IAS 12 Income Taxes: Deferred taxes on assets and liabilities arising from a single transaction;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- IFRS 17 Insurance Contracts including amendments to IFRS 17

These standards do not currently have a material impact on the consolidated financial statements of Basler AG.

2.3 Approved but not yet Adopted Standard

The following IFRSs incorporated into EU law were issued by December 31, 2023, but are not mandatory until later reporting periods, unless the option of early adoption is exercised:

Amendment/Standard	Date of Publication	Date of Incorporation into EU Law	Date of Application (EU)
Amendments to IAS 1 Presentation of Financial Statements: - Classification of liabilities as current or non-current; - Classification of liabilities as current or non-current - deferral of the effective date; - Non-current liabilities with covenants	January 23, 2020/ July 15, 2020/ October 31, 2022	December 19, 2023	January 1, 2024
Amendments to IFRS 16 Leases: Lease liability in a sale and leaseback arrangement	September 22, 2022	November 20, 2023	January 1, 2024

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, 2023. The application of these standards presumes that they will be taken over by the EU within the scope of the IFRS endorsement procedure:

Amendment/Standard	Date of Publication	Date of Incorpora-tion into EU Law	Date of Application
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability	August 15, 2023	Open	January 1, 2025
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures in the notes: Arrangements for supplier credit	May 25, 2023	Open	January 1, 2024

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 may differ from these estimates. Significant estimation uncertainties arise in the valuation of fixed assets with respect to useful lives and in the valuation of internally generated intangible assets with respect to useful lives and expected sales. There are also uncertainties relating to deferred taxes on loss carryforwards, provisions and assumptions for impairment tests. The carrying amounts of property, plant and equipment and intangible assets result from the development of fixed assets.

3. Accounting and Valuation Methods

3.1 Principles of Consolidation

All subsidiaries that are directly or indirectly controlled by Basler AG in accordance with IFRS 10 are included in the consolidated financial statements. An overview of the subsidiaries and investments is provided in Note IV. 29.

Harmonization

The financial statements to be consolidated for Basler AG as parent company and for the subsidiaries included in the consolidation were prepared using uniform accounting and valuation methods.

Statement

All figures are presented in Euro thousand. Therefore, rounding differences may occur.

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 decreased by € 1,941 thousand (previous year: decreased by € 138 thousand).

Balance sheet items in foreign currency in the individual financial statements are translated at the closing rate on the date of the transaction. This resulted in income of € 2,737 thousand (previous year: € 3,346 thousand) and expenses of € 4,027 thousand (previous year: € 4,703 thousand) in the 2023 financial year. The currency result is reported as a currency result item in gross profit of sales.

Other major exchange rates are as follows:

	Applicable Exchange Rate as of		Average Exchange Rates	
	12/31/2023	12/31/2022	2023	2022
USD	1.105	1.020	1.081	1.053
TWD	33.837	32.482	33.489	31.309
JPY	156.330	145.120	151.990	138.030
KRW	1.433.660	1.384.190	1.412.880	1.358.070
PLN	4.340	4.696	4.542	4.686
CNY	7.851	7.317	7.660	7.079

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. In accordance with IAS 12, deferred taxes are recognized on consolidation adjustments recognized in the income statement.

3.2 Realization of Income

Revenues are recognized when it is probable that the economic benefits will flow to the group and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or to be received. Discounts, rebates and sales tax or similar deductions are not taken into account. In addition, revenue recognition requires that the following recognition criteria be met.

Sale of Goods and Products

Sales of goods and products are recognized when the significant risks and rewards of ownership of the goods and products sold have been transferred to the buyer. This generally occurs upon delivery of the goods and products.

Services

Sales from period-related services is recognized in the period in which they are rendered.

Interest Income

Interest income arises from interest-bearing assets. This is recognized over the term of the debt relationship. Interest income is reported in the consolidated income statement 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 authorities. The calculation of the amount is based on 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 due to a first-time valuation of goodwill or 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 under German commercial law nor on the taxable result, and

- Deferred tax liabilities due to taxable temporary differences related to investments in subsidiaries, associates and stakes in joint ventures if the temporal course of the reversal of temporary differences can be controlled and if it is probable that the temporary differences will not reverse in the foreseeable period.

Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilized, with the exception of:

- Deferred tax assets from deductible temporary differences resulting from the first-time recognition of an asset or debt in a transaction that is not a business combination and, at the time of the transaction, affects neither the profit or loss for the period nor taxable profit or loss; and

- Deferred tax assets from deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where it is probable that the temporary differences will not reverse in the foreseeable future or there is insufficient taxable profit against which the temporary differences can be utilized

The book value 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. Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when an asset is realized or a liability is settled. The tax rates (and tax laws) applicable at the balance sheet date are used. 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 case of non-monetary grants to the group, the assets and the grants are recorded at their nominal values and, if possible, released to income in equal annual rates over the estimated useful life of the related asset.

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 assessed or stated, it is generally based on the market values or stock exchange values. 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 2023. 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 6.6 % of equity amounting to € 5 thousand, this stake is classified as non-material. In addition, since fiscal year 2022 there has been an investment in Basler France (formerly i2s). A 25.1% interest is held in this investment, which is therefore accounted for using the equity method.

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 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).

3.7 Derivative Financial Instruments

The group enters into derivative financial instruments to manage its interest rate and foreign exchange risks. These include forward exchange contracts and currency option contracts. Derivatives are initially measured at cost at the time the contract is concluded and subsequently at fair value on each reporting date. The resulting gain or loss is recognized immediately in profit or loss 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. There were no hedging transactions at the reporting date.

3.8 Inventories

Inventories include raw materials and supplies, operating materials, unfinished and finished goods. 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

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 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 of assets recognized in accordance with IFRS 16 are based on the expected contractual useful lives of the leased asset. The rights of use are amortized on a straight-line basis over the shorter period of time of the lease term and the useful life of the identified asset. For further details, please refer to 3.12.

3.10 Goodwill and Intangible Assets

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

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 value in use 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. Any 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, the impairment loss is reversed up to a maximum of the amortized carrying amount.

The growth rates underlying the discounted cash flow calculation for external sales revenues in the detailed planning period 2024 - 2027 are approximately 13 % to 20 % (previous year: approximately 2 % to 25 %), and for earnings before taxes (EBT) 16 % to 35 % (previous year: 8 % to 14 %). The growth rates are based on past experiences and estimates of future demand and have been taken into account in our detailed plan-ning. 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 interest rate (weighted average cost of capital, WACC) of 11.5 % (previous year: 11.3 %) 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 Cash at Bank and in Hand

The item includes cash on hand as well as short-term deposits with maturities of less than 3 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.

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.

For contracts for which no ease of application is claimed, liabilities are passivated for future lease payments. At the same time, rights for use for the underlying asset are capitalized and correspond to the present value of future lease payments plus initial direct costs, advance payments and dismantling costs and less 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 according to financial standards, similar to the previously applicable regulation according to IAS 17 for finance leases, while the right of use is amortized according to plan.

As lessee, Basler AG accounts for leases according to the so-called right-of-use model pursuant to IFRS 16.22 regardless of the economic ownership structure of the respective leased asset at the beginning of their 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 Liabilities

Financial liabilities are stated at their 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 (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 amortized are tested for impairment at least once a year and in case of indica-tions 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 an 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 ap-proved 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 2024 and the following years. Gross margin is expected to improve as a result of cost reduction initiatives and stronger growth in high-margin markets. Cash flows are not taken into account. The discount factor before taxes used for the cash flow forecasts is 11.5 % (previous year: 11.5 %). 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 22.9 % and/or an expected decline of the planned sales revenues by 93.8 % would lead to an impairment of certain intangible assets.

If, in the course of a financial year, there are indications of impairment of property, plant and equipment or intangible assets subject to amortization, these are reviewed and, if necessary, an impairment loss is recognized. If, in the course of a financial year, there are indications that the reasons for the impairment no longer exist, the impairment loss is reversed.

4. Sales Revenues

Sales revenues are attributable to the business with cameras, frame grabbers and accessories such as cables, lenses and lighting. According to IFRS 15, revenue is recognized when the customer obtains control of goods or services. 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	2023	2022
Receivables from deliveries and services	26,967	40,672
Contractual liabilities	-191	-214
Contractual receivables	649	723

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 2023, € 23 thousand (previous year: € 5 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 2023 financial year, € 74 thousand (previous year: € 629 thousand) were deferred as contract receivables in revenue.

5. Other Operational Profit

The other operational profits include the following:

in € thousand	2023	2022
Research Allowance for Germany	1,188	0
Income from the release of provisions	671	328
Subsidies for research and development	55	75
Rental Income	0	4
Others	824	3,229
	2,738	**3,636**

6. Research and Development

Expenses for research and development include the following:

The amortization of capitalized developments includes impairments in the amount of € 5,398 thousand (previous year: € 0 thousand).

in € thousand	2023	2022
Full costs for research and development	32,956	33,472
Capitalization of own development costs	-8,174	-9,246
Depreciations on capitalized developments	12,427	7,144
Net effect of capitalization and depreciation	4,253	-2,102
	37,209	**31,370**

7. Financial Result and Share of Profit of Companies accounted for using the Equity Method

in € thousand	2023	2022
Income from adjustment of earn-out relating to other periods	2.957	176
Income from interest on deposits	330	131
Interest income discounting	0	-18
Financial income	**3.287**	**289**
Interest expense for finance leases	-975	-339
Interest expense from bank loans	-1.053	-708
Expenses relating to other periods from adjustment of Earn-out	0	-265
Other interest expense	0	27
Capitalization of interest in accordance with IAS 23	234	241
Financial expenses	**-1.794**	**-1.044**
Financial result	**1.493**	**-755**
Financial income at equity	**238**	**156**

In 2023, the average financing cost rate considered in accordance with IAS 23 was 1.68 % (previous year: 1.77 %).

8. Income Taxes

Current taxes (paid or owed) on income and earnings as well as deferred taxes are reported as income taxes.

Any income obtained is stated as a negative amount.

in € thousand	2023	2022
Current taxes from consolidated companies	1,975	8,052
Deferred taxes from consolidated companies	-8,339	-1,083
Tax expense or income	**-6,364**	**6,969**

Determination deferred tax expenses:

in € thousand	2023	2022
Deferred tax income from loss carryforwards (current)	-7,305	0
Deferred tax income from temporary differences	-1,034	-1,083
Deferred tax income	**-8,339**	**-1,083**

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 13.48 % (previous year: 13.51 %), amounting to a total tax rate of 29.31 % (previous year: 29.34 %):

Tax reconciliation (in € thousand)	2023	2022
Net profit for the year before income taxes	28,331	27,956
Applicable tax rate	29.34 %	29.34 %
Expected tax expense / income	8,312	8,202
Reconciliation:		
Effect from deviating tax rates	-1,940	-1,194
Tax effect from non-deductible expenses and tax-free earnings	472	-47
Effect from intragroup sales	-421	-163
Foreign withholding tax	331	632
Others	215	288
Current tax expense / income	6,969	7,200
Group tax rate	24,59 %	25,99 %

The following tax loss carryforwards existed as at December 31 (in € thousand):

	2023	2022
Germany, Corporate income tax	21,709	0
Germany, Trade tax	21,045	0
China	4,126	**0**

9. Additional Information

9.1 Scheduled and unscheduled Depreciations

In fiscal year 2023, unscheduled value adjustments were made on capitalized product developments in an amount of € 5,399 thousand (previous year: € 0 thousand). The main driver for the unscheduled depreciation is the restructuring of the company.

The depreciations are included in the following areas:

in € thousand	2023	2022
Cost of Sales	1,296	1,402
Research and Development	12,427	7,144
Sales and Marketing Costs	2,910	3,339
General Administration Costs	6,495	4,515
Other Expenses	472	435
	23,600	**16,835**

9.2 Personnel Expenditures

in € thousand	2022	2021
Wages and salaries	79,946	81,360
Social security contributions and expenses for pensions and for support	14,821	14,489
	94,767	**95,849**

The expenses for the contribution-based pension schemes amounted to € 6,162 thousand (previous year: € 6,244 thousand). Personnel expenses were burdened by expenses for severance payments as part of a restructuring program in the amount of € 6,800 thousand (previous year: € 0 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 Material Expense

in € thousand	2023	2022
Expenses for raw, auxiliary, and operating supply items as well as purchased goods	90,438	110,783
Expenses for purchased services	876	1,424
	91,314	**112,207**

In the year 2023, costs for warranty services amounted to € 369 thousand (previous year: € 508 thousand).

9.4 Reconciliation for Result per Share

	2023	2022
Result (diluted = undiluted) in € thousand	-13,807	21,362
Weighted average number of ordinary shares	30,346,651	29,878,360
Result per share (diluted = undiluted) (€)	**-0.45**	**0.71**

The calculation of the average number of shares outstanding was carried out according to a pro rata temporis weighting taking into account the acquired own shares. On December 31, 2023, Basler AG's share capital amounted to € 31.5 million divided into 31.5 million no-par value bearer shares at € 1.00 each.

	Number of Shares
Shares in circulation on January 1, 2023	29,833,531
Sales	903,281
Purchases	0
Shares in circulation on December 31, 2023	30,736,812

10. Development of Fixed Assets

The development of the individual fixed asset items and depreciation and amortization for the financial year are shown in the consolidated statement of changes in fixed assets attached to the notes to the consolidated financial statements.

On December 31, 2023, the purchase commitments for tangible assets amounted to € 17,055 thousand (previous year: € 2,093 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 12/31/2023 (12/31/2022)	Useful Lives in years (previous year)
New camera platforms Mainstream/Upper Mainstream	20,573	5
	18,359	5
Development of camera modules for use with embedded processors	1,039	3
	2,694	3
Camera development and improvement of 3D ToF technology	1,743	3
	2,658	3
pylon Software Development Kit	3,803	3
	3,572	3

The „Goodwill" item as at December 31, 2023 relates to goodwill from the initial consolidation of consolidated subsidiaries. It was subjected to an impairment test as of the reporting date; as in the previous year there was no need for impairment.

11. Deferred Taxes

The following deferred tax assets and liabilities are attributable to recognition and measurement differences in the individual balance sheet items:

Deferred Tax Assets (in € thousand)	12/31/2023	12/31/2022
Provisions	0	197
Other liabilities	0	155
Loss carryforwards	7,305	0
Participation	0	65
Inventories	844	554
Others	1,148	1,349
Offsetting	-6,873	-505
	2,424	**1,815**

Deferred Tax Liabilities (in € thousand)	12/31/2023	12/31/2022
Capitalized Developments	8,682	9,647
Finance Lease	0	54
PPA Capitalized Developments	222	444
PPA Customer Relationships	401	741
Sales Realization	134	149
Tangible Assets	0	78
Goodwill	0	124
Others	656	169
Offsetting	-6,873	-505
	3,222	**10,901**

12. Inventories

The inventories include the following:

in € thousand	12/31/2023	12/31/2022
Raw materials, suppliers, and operating materials	26,906	30,592
Semi-finished Products	1,288	1,897
Finished Products	7,227	11,047
Trade Goods	8,623	6,801
	44,044	**50,337**

As of December 31, 2023, inventories were subject to range deductions amounting to € 4,195 thousand (previous year: € 1,729 thousand). The increase is the result of the high purchase commitments for raw materials and a lower outflow due to the decline in business. The high inventories of raw materials and supplies, which resulted from the tense procurement market situation in connection with the semiconductor crisis in recent years, were partially reduced.

13. Receivables from Deliveries and Services as well as Production Orders

Of the receivables from deliveries and services in the amount of € 27,425 thousand (previous year: € 41,181 thousand) € 27,255 thousand (previous year: € 41,181 thousand) are due within one year.

The receivables from deliveries and services are adjusted in the amount of € 190 thousand (previous year: € 222 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 € 300 thousand for 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 after their individual value adjustment 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**
2023	27,425	22,167	4,820	439
2022	41,181	29,910	6,676	4,595

Despite the ongoing war in Ukraine and the conflict in the Middle East, there was no significant deterioration in the payment behavior of Basler's customers. Accordingly, there were only insignificant individual value adjustments in the year 2023 and in previous years. The total of advance payments received amounts to € 1,159 thousand (previous year: € 1,468 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	12/31/2023	12/31/2022
Miscellaneous other current assets	7,901	4,397
Other current financial assets	**7,901**	**4,397**
Accrued expenses	5,297	5,575
Advance payments made	385	1,854
Other short-term assets	**5,681**	**7,429**
Total	**13,583**	**11,826**

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 € 857 thousand (previous year: € 1,203 thousand) and the reclaim of taxes paid in advance on income and profit amounting to € 903 thousand (previous year: € 1,332 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 in Bank and in Hand

Liquid assets include bank deposits and cash balances in the amount of € 32,228 thousand (previous year: € 28,701 thousand).

17. Lease

At the balance sheet date December 31, 2023, the rights of use in an amount of € 22,291 thousand are off-set by lease liabilities with a present value of € 22,638 thousand. The short-term portion of the lease liability amounts to € 2,731 thousand. The short-term lease payments mainly include payments for software amounting to approximately € 3,598 thousand (previous year: € 3,281 thousand) and payments for low-value lease amounting to € 366 thousand (previous year: € 309 thousand). The payment obligations have the following maturity structure:

in € thousand	Minimum lease payments		Interest portion included		Cash values	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Due within 1 year	3,522	2,796	791	326	2,731	2,470
Due from 1 to 2 years	3,287	2,213	690	252	2,597	1,961
Due from 2 to 3 years	2,952	2,021	594	186	2,358	1,835
Due from 3 to 4 years	2,578	2,003	517	120	2,061	1,883
Due from 4 to 5 years	2,330	1,754	447	55	1,883	1,699
Due in more than 5 years	12,621	3,020	1,617	321	11,004	2,699
Total	**27,290**	**13,807**	**4,656**	**1,260**	**22,634**	**12,547**

These figures include the payment obligation for the extension building in Ahrensburg.

After expiry of the basic lease terms, there are standard market extension options. Leases with a value of less than € 12 thousand are not classified as finance leases in accordance with the application simplifications; they did not exist at the reporting date.

The total cash outflows for leases amounted to € 3,411 thousand (previous year: € 3,137 thousand).

The following interest rates were used to measure the present value:

Country	**Interest rate in % (prev. year)**
Germany	2.7 (2.7)
USA	4.5 (4.5)
Singapore	4.0 (4.0)
China	5.3 (5.3)
Taiwan	3.0 (3.0)
Japan	3.0 (3.0)
Korea	3.0 (3.0)
Italy	5.0 (5.0)

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 fully paid-up share capital of the company amounts to € 31,500 thousand (previous year: € 31,500 thousand) and is divided into 31,500,000 (previous year: 31,500,000) no-par value shares issued. The shares are in bearer form.

On the reporting date, Basler AG holds 763,188 (previous year: 1,666,469) own shares. In the reporting year, no own shares were acquired and 903,281 own shares were sold.

18.2 Authorized Capital

A share buyback program is in place. The basis for the share buyback program was the authorization pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) dated May 16, 2019. This authorization was cancelled at the annual general meeting on May 26, 2020 and a new authorization was granted. Hereafter, Basler AG may acquire own shares up to a total of 10 % of the share capital existing at the time of the resolution or - if this value is lower - at the time of the exercise of the authorization. It may not be used for the purpose of trading in own shares. The shares acquired may be used for all legally permissible purposes. The authorization is valid until the end of May 25, 2025. On the acquisition side, this means that a total of no more than 1,050,000 shares may be acquired under the authorization. The shares issued as part of the capital increase from company funds on July 20, 2022 are not to be counted here, but only the 544,956 shares actually acquired up to July 20, 2022 and the 31,601 shares acquired thereafter.

In the reporting period, Basler AG sold a total of 894,000 shares. In addition, 9,281 shares were issued to the members of the management board within the scope of the variable remuneration.

As of the reporting date December 31, 2023, Basler AG holds 763,188 own shares, which correspond to 2.24 % of the share capital of € 31,500 thousand.

18.3 Other Components of Equity

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

in € thousand	2023			2022		
Receivables from deliveries and services	Before taxes	Taxes	Net	Before taxes	Taxes	Net
Currency conversion of foreign subsidiaries	-1,941	0	-1,941	-138	0	-138
Total	**-1,941**	**0**	**-1,941**	**-138**	**0**	**-138**

18.4 Dividend Payment

On May 26, 2023, a dividend was paid amounting to € 0.14 per share (total dividend: € 4,232 thousand).

19. Financial Liabilities

Of the financial liabilities, € 51,360 thousand (previous year: € 51,655 thousand) are attributable to non-current interest-bearing liabilities to banks. The short-term repayment portion is reported under other financial liabilities in the amount of € 9,722 thousand (previous year: € 4,025 thousand).

The fair values of the above-mentioned financial liabilities, trade payables and other short-term liabilities do not differ significantly from the carrying amounts reported.

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

20. Provisions

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.

in € thousand	01/01/2023	Allocation	Utilization	Liquidation	Interests	Currency Differences	12/31/2023
Long-term provisions / Personnel costs	1,956	107	-723	0	0	0	1,340
Short-term provisions							
Personnel costs	8,988	4,012	-6,254	-539	0	-216	5,991
Warranty	549	0	-134	-16	0	0	399
Legal and consultancy costs	232	233	-213	0	0	-4	248
Other	931	474	-677	-116	0	-2	610
Short-term provisions	**10,700**	**4,719**	**-7,278**	**-671**	**0**	**-222**	**7,248**
Total	**12,656**	**4,826**	**-8,001**	**-671**	**0**	**-222**	**8,588**

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. There were no such transactions as at the reporting date of December 31, 2023 (and previous year).

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

- (Amortized) acquisition costs
- Fair value through profit or loss
- Fair value recognized directly in equity (with recycling)
- Fair value recognized directly in equity (without recycling)

The book values of the financial instruments as of December 31, 2023 (previous year: December 31, 2022), are as follows:

12/31/2023 **(12/31/2022)**

in € thousand	**Valuation Category acc. to IFRS 9**	**Book Value**	**Amortized Costs**	**Market Value, affecting Net Income**	**Fair Value**
Assets					
Other long-term assets	Fair value	5,496 (3,803)			5,496 (3,803)
Other long-term assets		**5,496 (3,803)**			**5,496 (3,803)**
Other financial assets	FVTPL	**1,791 (1,418)**	**1,791 (1,418)**		1,791 (1,418)
Long-term financial assets	**Amortized costs**	**1,791 (1,418)**			1,791 (1,418)
Receivables from deliveries and services		27,425 (41,181)	27,425 (41,181)		
Short-term financial assets	**FLAC**	**27,425 (41,181)**			**27,425 (41,181)**
Remaining short-term financial assets	Amortized costs	7,901 (4,397)	7,901 (4,397)		
Other short-term financial assets		**7,901 (4,397)**			**7,901 (4,397)**
Liquid assets	Amortized costs	32,228 (28,701)	32,228 (28,701)		
Cash and cash equivalents		**32,228 (28,701)**			**32,228 (28,701)**
		75,840 (79,500)			

12/31/2023 (12/31/2022)

in € thousand	Valuation Category acc. to IFRS 9	Book Value	Amortized Costs	Market Value, affecting Net Income	Fair Value
Liabilities					
	FLAC Other financial liabilities				
Liabilities to credit institutions		51,360 (51,655)	51,360 (51,655)		
Liabilities from finance lease		19,907 (10,076)	19,329 (10,076)		
Long-term financial liabilities		**71,267 (61,731)**			**71,267 (61,731)**
Other financial liabilities	Other financial liabilities	9,722 (4,025)	9,722 (4,025)		
Liabilities from deliveries and services	Other financial liabilities	14,672 (19,416)	14,672 (19,416)		
Liabilities from finance lease	Fair value	2,731 (2,470)	3,309 (2,470)		
Remaining other short-term financial liabilities	Other financial liabilities	5149 (7,371)	3,990 (5,904)		
Short-term liabilities		**32,274 (31,815)**			**32,274 (31,815)**
		103,541 (93,546)			

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.

22. Type and Management of Financial Risks

22.1 Risk of Bad Debts

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	468	-468
JPY	26	-26
SGD	69	-69
CNY	874	-874
	1,437	**-1,437**

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.

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	12/31/2023	12/31/2022
Liquid funds	32,228	28,701
Free bank lines	10,000	10,000
	42,228	**38,701**

This strategy was not changed compared to the previous year.

On the reporting date, Basler had access to credit lines amounting to € 10,000 thousand (previous year: € 10,000 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 complied with the key figures. The interest rates on these funds are largely fixed.

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

2023 in € thousand 2022 in € thousand	Total amount	< 1 Year	> 1 Year	Of which > 5 Year
Bank liabilities	61,082 (55,680)	9,722 (4,025)	51,360 (51,655)	16,330 (17,435)
Liabilities from deliveries and services	15,195 (19,434)	15,195 (19,434)	0 (0)	0 (0)
Other current financial and tax liabilities	5,856 (9,325)	5,856 (9,325)	0 (0)	0 (0)
Liabilities from finance lease	22,638 (12,546)	3,309 (2,470)	19,329 (10,077)	9,091 (2,742)
Other non-current financial liabilities	522 (3,517)	0 (0)	0 (0)	522 (3,517)
	104,771 **(96,987)**	**34,082** **(35,254)**	**70,689** **(61,732)**	**25,421** **(20,177)**

24. Segment Report

No segments are differentiated or managed within internal reporting. Resources are planned and allocated throughout the Group exclusively for the standard business, meaning that there is only one segment.

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	2023	2022
Asia	95,265	145,438
EMEA	47,149	49,509
Americas	33,015	47,855
Germany	27,674	29,401
Total	**203,103**	**272,203**

In 2023 and 2022, there was no customer with a sales portion of more than 10 %.

The long-term assets of the Basler group are held in the following countries:

in € thousand	12/31/2023	12/31/2022
Germany	112,694	103,335
Asia	23,384	26,804
EMEA	560	591
USA	78	217
	136,716	**130,947**

25. Number of Employees

The average number of employees in each functional area is shown in the table below:

	2023 Number of (FTE*)	2022 Number of (FTE*)
Sales and Marketing	410 (394)	424 (405)
Development	298 (281)	284 (265)
Production	237 (227)	242 (226)
Administration	170 (157)	174 (157)
	1,115 (1,059)	**1,124 (1,053)**

* Full Time Equivalent

26. Remuneration of the Auditors

The fees of BDO AG Wirtschaftsprüfungsgesellschaft are divided into the following categories:

in € thousand	2023	2022
Audit fees	188	175
Total	**188**	**175**

27. Relations to Closely Affiliated Persons

In fiscal year 2023, 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 in Basler AG are held by Norbert Basler Holding GmbH, which in turn is wholly owned by Basler-Beteiligungs-GmbH & Co. KG.

28. Management Board and Supervisory Board

28.1 Members of the Management Board

In 2023, the management board consisted of the following members:

- Dr. Dietmar Ley, Chief Executive Officer, responsible for research and development, since 01/01/2024 innovation and product business
- Alexander Temme, Chief Commercial Officer, responsible for product distribution (sales, communications, service, marketing), the digital customer journey as well as all foreign subsidiaries worldwide
- Hardy Mehl, Chief Financial Officer and Chief Operations Officer, responsible for finance, investor relations, administration, organization development, HR, as well as operations, since 01/01/2024 IT and SAP
- Until Dec. 31, 2023: Arndt Bake, Chief Digital Officer and Chief Innovation Officer, responsible for IT,SAP, digital and software business, solutions business management, as well as innovation

28.2 Members of the Supervisory Board

In 2023, 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 (until May 26, 2023)	Full member of the Supervisory Board, employee representative, Environment Manager at Basler AG
Horst W. Garbrecht	Deputy Chairman, member of the Nomination Committee, Managing Director at CeramTec in Plochingen
Dr. Marco Grimm (until Feb. 28, 2023)	Full member of the Supervisory Board, employee representative, Specialist Group Leader of Software Development for quality assurance at Basler AG
Alexander Jürn (from May 26, 2023)	Full member of the Supervisory Board, employee representative, Head of Finance and Accounting
Tanja Schley (from May 26, 2023)	Full member of the Supervisory Board, employee representative, Group Head of Production Engineering
Lennart Schulenburg	Full member of the Supervisory Board, member of the Audit Committee, Managing Director of VisiConsult X-ray Systems & Solutions GmbH in Stockelsdorf
Prof. Dr. Mirja Steinkamp	Full member of the Supervisory Board, Chairwoman of the Audit Committee, Member of the Nomination Committee, auditor, tax consultant, university lecturer in auditing and corporate management at HAW

Additional mandates held by the supervisory board members in 2023:

Norbert Basler

- Member of the Advisory Board, AT Holding GmbH, Bad Oldesloe
- Vice Chairman of the Advisory Board, Zöllner Holding GmbH, Kiel
- Member of the Advisory Board, Buhck Umweltservices GmbH & Co. KG, Wentdorf
- Member of the Supervisory Board, Nothern Institute of Technology Management, Hamburg

Lennart Schulenburg

- Member of the Board of Administration, Schauenburg International GmbH, Mühlheim an der Ruhr

Prof. Dr. Mirja Steinkamp

- Member of the Supervisory Board, SÜSS MicroTec SE, Garching near Munich
- Member of the Supervisory Board, HOCHTIEF AG, Essen
- Deputy Chairwoman of the Supervisory Board BartHaas GmbH & Co. KG, Nuremberg

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 long-term clause (please see separate Remuneration Report on our website). 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 group´s situation.

The total remuneration of the management board amounted to € 2,033 thousand plus $ 172 thousand paid to a former member of the management board (previous year: € 2,766 thousand). The remuneration of the management board is presented in detail in a separate remuneration report.

28.4 Remuneration of the Supervisory Board

The total remuneration of the members of the supervisory board amounted to € 226.6 thousand (previous year: € 230.3 thousand) in the year 2023. As in the previous year, there was no performance-related remuneration.

	Fixed and variable Remuneration in € thousand	
	2023	**2022**
Norbert Basler	72.5	72.5
Dorothea Brandes (until May 26, 2023)	9.6	22.5
Horst W. Garbrecht	34.0	30.8
Dr. Marco Grimm (until Feb. 28, 2023)	3.8	22.5
Alexander Jürn (from May 26, 2023)	13.9	0.0
Tanja Schley (from May 26,2023)	13.9	0.0
Lennart Schulenburg	31.1	20.0
Prof. Dr. Mirja Steinkamp	47.8	46.8
Prof. Dr. Eckhart Kottkamp (until May 23, 2023)	0.0	15.2

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/South 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
Basler Poland, Krakow/Poland	100
Basler Italy, Trezzane/Italy	100

Basler AG successfully implemented the 25.1 % stake in the distribution business of its French sales partner i2S as of July 1, 2022, as announced on May 2. The newly formed joint venture trades as Basler France. In the further course, it is contractually agreed that Basler will take over the remaining 74.9 % of the shares from Basler France on July 1, 2024.

There are the following investments:

Company Name	Proportion of Stake in %	Result 2023 (€ thousand)	Equity 12/31/2023 (€ thousand)
Beruf und Familie im Hanse-Belt gGmbH, Bad Oldesloe	6.6*	5*	238*
Basler France SA, France	25.1	530	5,446

* A financial statement as of December 31, 2023 was not available by the time this report was prepared. Here, the 2022 financial statements are used as a basis.

30. Corporate Governance

The declaration of conformity with the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) has been issued and made available to shareholders on the company's website: *baslerweb.com/en/investors/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 27, 2024.

32. Proposal for the Appropriation of Profit of the Parent Company

The management board proposes that the unappropriated profit of € 45,216,145.77 be appropriated as follows:

Distribution of a dividend	0.00
Carry forward to new account	45,216,145.77
Unappropriated profit	**45,216,145.77**

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 27, 2024

Management Board

Dr. Dietmar Ley
CEO

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

AUDIT OPINIONS

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 2023, and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1st January 2023 to 31st December 2023, 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 2023 to 31st December 2023. 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 2023, and of its financial performance for the financial year from 1st January 2023 to 31st December 2023, 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 2023 to 31st December 2023. 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 EUR 44 million (17 % 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 2023, the company reports intangible assets (including goodwill) of EUR 90 million (35% of the balance sheet total) in the consolidated financial statements. Of this amount, capitalised development costs account for EUR 30 million and goodwill for EUR 46 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,
- to the separately published Non-financial Group Statement referred to 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 "Basler_KA_2023.zip" 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 2023 to 31st December 2023 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 require-ments 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 26 May 2023. We were engaged by the supervisory board on 19 November 2023.

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 INFORMATION – USE OF THE AUDITOR'S REPORT

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 Christian Heesch.

Luebeck, 27th March 2024

BDO AG

Wirtschaftsprüfungsgesellschaft

Signed by Dirks	Signed by Heesch
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

ASSURANCE OF THE LEGAL REPRESENTATIVES

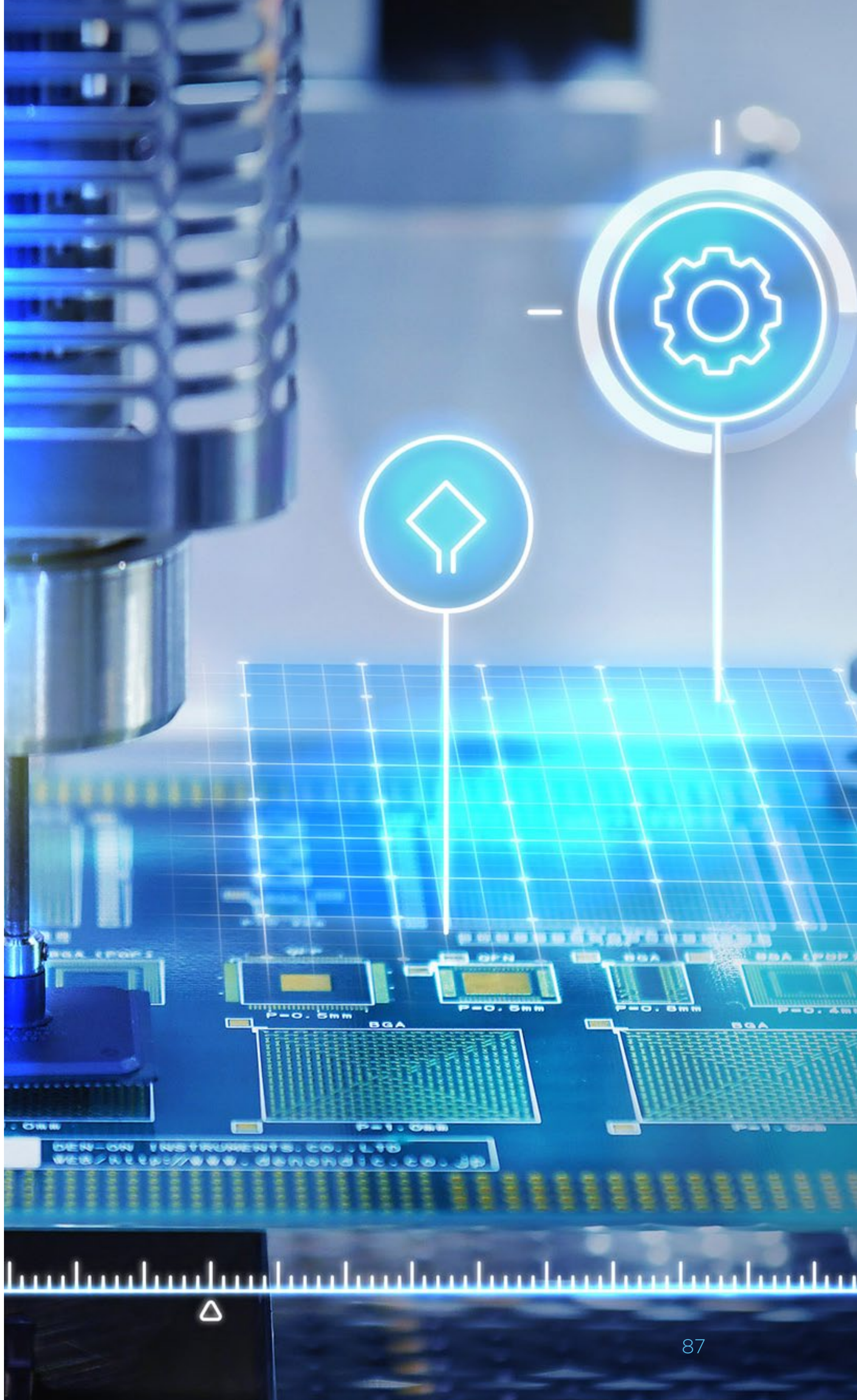
Consolidated Financial Statements Basler AG

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements of Basler AG give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Ahrensburg, March 27, 2024

The Management Board

Dr. Dietmar Ley	Hardy Mehl	Alexander Temme
CEO	CFO/COO	CCO



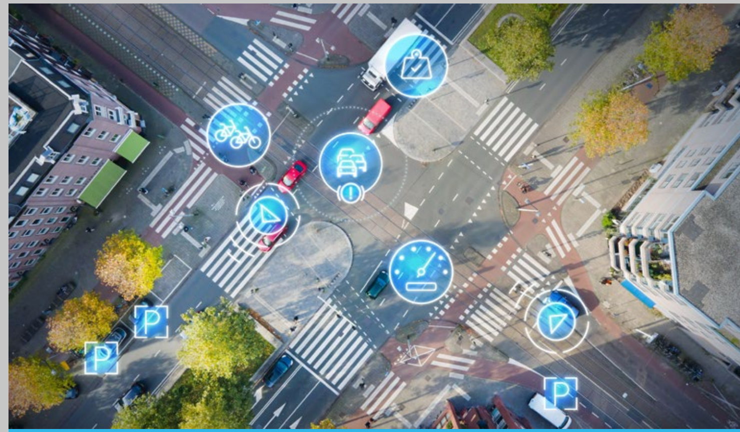
Events 2024

IR-Events

Date	Event	Venue
5/7/2024	Release of Three-Month-Report 2024	Ahrensburg, Germany
5/13/2024	Annual Shareholder Meeting 2024	Chamber of Commerce, Hamburg
8/8/2024	Release of results for First Half Year 2024	Ahrensburg Germany
11/7/2024	Release of Nine-Month-Report 2024	Ahrensburg, Germany
11/25/2024 - 11/27/2024	German Equity Forum, Frankfurt	Frankfurt/Main, Germany

Shows and Conferences

Date	Event	Venue
5/6/2024 - 5/9/2024	Automate	Chicago, USA
5/7/2024 - 5/8/2024	E-TECH EUROPE	Bolgona, Italy
5/21/2024 - 5/22/2024	Vision China Beijing	Beijing, China
5/28/2024 - 5/30/2024	SPS ITALIA	Parma, Italy
8/21/2024 - 8/24/2024	Vision China Shanghai	Shanghai, China
8/21/2024 - 8/24/2024	Taipei Automation	Taipei, Taiwan
8/21/2024 - 8/24/2024	Automation Expo	Mumbai, India
10/8/2024 - 10/10/2024	Vision	Stuttgart, Germany
12/5/2024 - 12/8/2024	Healthcare + Expo Taiwan	Taipei, Taiwan



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