

3-MONTH REPORT



2020



KEY FIGURES

in € m*	Q1 2020	Q1 2019	Changes to previous year	In Mio. €	03/31/2020	12/31/2019	Changes to previous year
Sales revenues	43,7	39,3	11 %	Total assets	192,9	181,2	6 %
Incoming orders	52,9	42,0	26 %	Long-term assets	94,1	93,5	1 %
Gross results	23,0	19,7	17 %	Equity	107,5	103,0	4 %
Gross profit margin	52,6 %	50,1 %	2,5 Pp.	Liabilities	85,4	78,2	9 %
Full costs for research and development	6,2	6,1	2 %	Equity ratio	55,7 %	56,8 %	-1,1 Pp.
Research and development ratio	14,2 %	15,5 %	-1,3 Pp.	Net cash	13,0	16,0	-19 %
EBITDA	9,5	6,0	58 %	Working Capital	34,0	28,8	18 %
EBIT	6,4	3,2	100 %	Number of employees for the fiscal year (full time equivalents)	806	790	2 %
EBT	6,3	3,1	103 %	Share price (XETRA) in €	37,45	54,40	-31 %
Net income	4,7	1,5	>100 %	Number of shares in circulation	10.007.127	10.007.757	0 %
Weighted average number of shares	10.007.127	9.670.685	3 %	Market capitalization	374,8	544,4	-31 %
Result per share (€)	0,47	0,15	>100 %				
Cash flow from operating activities	2,0	-0,9	>100 %				
Cash flow from investing activities	-3,9	-5,3	26 %				
Free Cash flow	-1,9	-6,2	>100 %				

*unless otherwise stated

OVERVIEW OF THE FIRST THREE MONTHS OF 2020:

- ▶ Incoming orders: € 52.9 million (previous year: € 42.0 million, +26 %)
- ▶ Sales: € 43.7 million (previous year: € 39.3 million, +11 %)
- ▶ EBITDA: € 9.5 million (previous year: € 6.0 million, +58 %)
- ▶ EBT: € 6.3 million (previous year: € 3.1 million, +103 %)
- ▶ Net result: € 4.7 million (previous: € 1.5 million, +213 %)
- ▶ Operating cash flow: € 2.0 million (previous year: € -0.9 million)
- ▶ Cash flow from investing activities:
€ -3.9 million (previous year: € -5.3 million)
- ▶ Free cash flow : € -1.9 million (previous year: € -6.2 million)

Dear Ladies and Gentlemen,

The first quarter was a very turbulent and ambivalent one. First of all, we would like to inform you that no employee has fallen ill with Covid-19 up to the time this report was created and that the Basler group's business activity continues without noticeable restrictions. We would like to thank in particular our employees for this. Due to their active commitment and creativity, despite all difficulties, we succeeded in protecting our employees' health and satisfying our customers' demand.

Despite the corona crisis, the structural upturn of the computer vision market indicated in the previous quarter continued in the first quarter of the financial year. The shutdown of some countries temporarily affected incoming orders

and the supply situation. However, overall we benefited from the broad geographical presence, from our diversified target customer structure as well as from the organisation's efficiency and closed the first quarter with a very positive result. Incoming orders and sales grew organically at a double-digit rate. The result before taxes doubled compared to the previous year's quarter. We are pleased that the strategic investments and the structural work of the past years are reflected in the result.

However, this positive result is clouded by the current global economic outlook due to the corona pandemic. We assume that the pandemic will also affect the computer vision market in the 'second row' with negative impacts. Currently, the potential consequences cannot be quantified. In our opinion they will occur more strongly in the second half of the year and show varying effects on the different vertical markets.

Due to the uncertain outlook and despite this positive result, we used our credit lines in order to increase liquidity, we reduced new hirings and decreased material expenses. We use the current market demand at the best possible rate and are well prepared for possible changes. Despite the intransparent market situation, in principle we adhere to our investment path. We want to continue to increase our competitiveness and to sustainably gain market shares in existing markets as well as open up new application fields. Even though we see the computer vision's long-term growth trend temporarily negatively impacted by the corona crisis, from a structural point of view it stays fully intact.

We would like to give you a deeper insight in the development of the first quarter of the current financial year.

We thank you for your confidence and wish you good health.

Your Basler management board

BUSINESS DEVELOPMENT

The Basler group had a strong start to the new year and laid a solid foundation for achieving the sales and profitability forecast for the first half year of 2020. Compared to the previous year, sales increased by 11 % and incoming orders increased by 26 % in the first quarter. This business development was achieved purely organically since the last acquisition became effective more than a year ago, on January 1, 2019. The capital goods markets for semiconductor and electronics recovered and customers from the medical and logistics disproportionately contributed to the growth, whereas the general machinery and plant engineering as well as the automotive sector continue to develop very weakly.

In comparison, according to the VDMA incoming orders and sales of the German industry for image processing components developed only slightly positive compared to the first three months of the previous year. At the end of March 2020, the VDMA (Verband Deutscher Maschinen- und Anlagenbau, German Engineering Federation) reported an increase in sales amounting to 2 % for the accrued financial year 2020 for the German manufacturers of image processing components. In the same period of time, incoming orders of the industry increased by 3 % according to VDMA. Thus, the Basler group further increased its market shares.

The multiple effects of the corona pandemic led to challenges regarding the maintenance of the supply capability and the balancing out of temporary fluctuations in demand in the different regions. Thanks to the Basler group employees' flexibility and commitment both turned out well. In the course of the months of February and March, all office employees worldwide were transferred to home office, shift models as well as working conditions at the production sites in Ahrensburg und Singapore were successfully adjusted. A very active supply chain management ensured the material supply. Despite these adverse circumstances, the highest quarterly sales in two years was achieved.

Due to the positive book-to-bill ratio, the Basler group starts with tailwind but also with many uncertainties into the second quarter.

PRODUCT LAUNCHES

Shortly after the launch of its new ace 2 camera series in January, the company introduced 16 new models based on this innovative platform. In March, the company started series production of the ace 2 Basic and Pro models equipped with Sony IMX392 sensors.

Furthermore, in the first quarter, the company published the new pylon release 6.1. This camera software developed by Basler allows the new features of the ace 2 cameras to be integrated in the customer's application. This includes, for example, a compression feature enabling an increased transmission speed at a lower demand for bandwidth.

The Basler MED ace camera series was specifically designed for the medical & life science sector. Since this application field sets high cleanliness standards for the camera, this series was equipped with special dust protection. This expansion meets strict cleanliness demands, such as closure of the sensor room, cleanroom production as well as strict checks for dust and other particles.

In the new area of embedded vision technology, Basler as the very first manufacturer, introduced a camera module based on the NXP's i.MX8 processor family. The combination of Basler vision knowledge and the processor expertise of NXP offers ideal embedded vision solutions for AI applications to Basler customers. This makes Basler the official vision partner of NXP.

OUTLOOK

Due to the consequences of the corona pandemic, the financial year 2020 is turbulent, but started positively. However, this positive result is clouded by the current global economic outlook due to the corona pandemic. Management assumes that the pandemic will also affect the computer vision market in the second row with negative impacts. However, currently the potential consequences cannot be quantified by the management board. According to current estimates, they will occur more strongly in the second half of the year and show varying effects in different vertical markets. A forecast for the second half of the year will be published together with the results of the first half year.

Even if the current macroeconomic conditions have strong dampening effects, in principle, management is positive about the future, since main growth drivers like automation, image processing in new application sectors outside the factory as well as the networking of intelligent machines and products (Industry 4.0 and / or IOT) are intact.

The forecast for the first half year of 2020 is confirmed and narrowed at the upper end of the original corridor. Thus, according to current information, the estimated group's sales will reach € 78 million at a pre-tax return rate of 9 - 10 %. In this positively substantiated forecast, the management board reflects the high uncertainties in the sales and procurement markets due to the corona pandemic.

INTERIM MANAGEMENT REPORT INCLUDING ESSENTIAL SUPPLEMENTARY DISCLOSURES OF THE ANNUAL FINANCIAL STATEMENT OF DECEMBER 31, 2019 ACCORDING TO IFRS

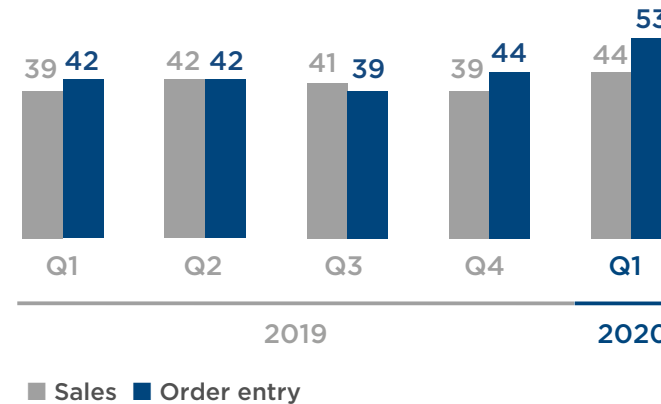
REPORT ON PROFIT, FINANCE, AND ASSET SITUATION

SALES AND INCOMING ORDERS, COSTS OF SERVICE PROVISION

Compared to the same period of 2019, sales increased by 11 % to € 43.7 million (previous year: € 39.3 million). Incoming orders increased by 26 % to € 52.9 million (previous year: € 42.0 million). Thus, sales as well as incoming orders are on a very high level. The relatively strong difference between incoming orders and sales is influenced by an increase in demand due to a major framework contract including a delivery schedule over approximately 12 months and in addition to slightly increased delivery times because of material bottlenecks.

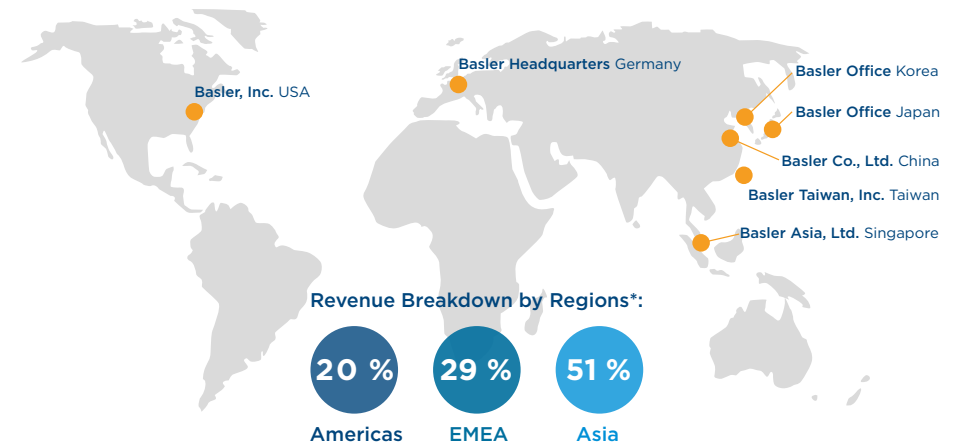
REVENUE

For the last five quarters (in € million)



REVENUE SPLIT BY REGIONS

Due to the positive indicators in the semiconductor / electronics sector, the Asian market is still strong. This is mainly due to the relatively quick recovery of the business in China after the corona pandemic.

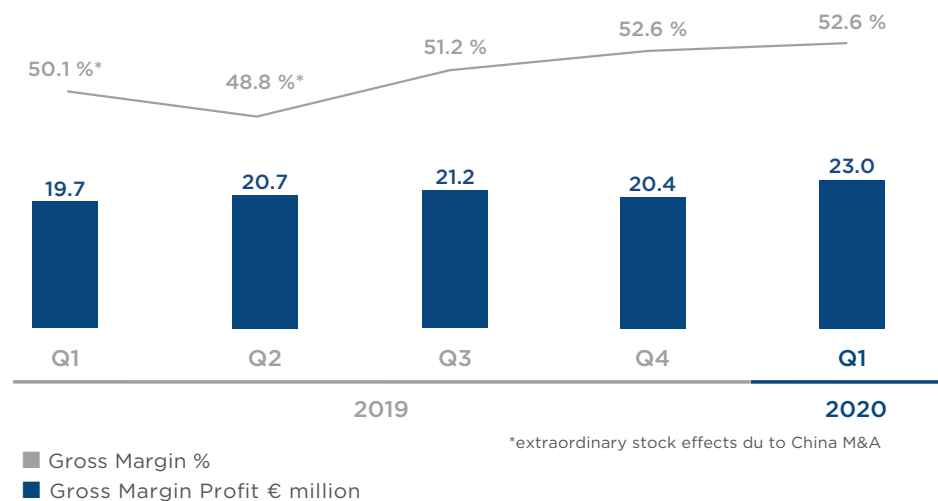


*as of March 31, 2020

The gross margin of 52.6 % considerably increased (previous year: 50.1 %). Compared to the previous year, there were no negative special effects from acquisitions and in production there was a higher capacity utilization. Thus, in total, a better depression of overhead costs was recorded. Regarding the reclassification of amortizations on capitalized developments we refer to the statements given in the annual report 2019.

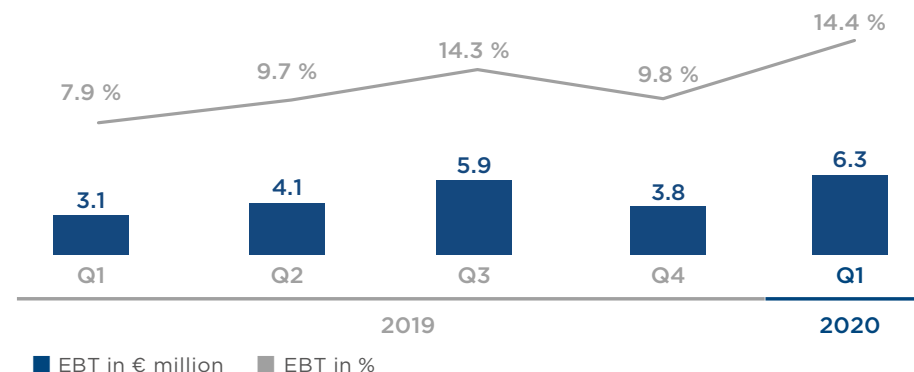
GROSS PROFIT

Development of gross margin (in € million)



EARNINGS BEFORE TAXES

For the last five quarters



Due to the higher gross margin, the earnings before taxes improved by € 3.2 million to € 6.3 million (previous year: € 3.1 million), since the operating expenses are mainly on the same level as in the previous year.

The period surplus amounted to € 4.7 million and thus was more than 100 % over the previous year's figure of € 1.5 million. The result per share (diluted/undiluted) amounted to € 0.47 (previous year: € 0.15).

ASSET SITUATION

The increase of the long-term assets is mainly due to the capitalization of further leasing contracts for the building according to IFRS 16 in the group.

Regarding the short-term assets, only small increases of the inventories occurred. Particularly, the accounts receivables considerably increased by € 5.1 million in the first quarter. This is due to the increased sales level.

DEVELOPMENT EQUITY

Equity increased to € 107.5 million (March 31, 2019: € 103.0 million). The equity ratio amounted to 55.7 % on March 31, 2020, compared to 56,8 % on Dec. 31, 2019. The slight decrease is due to the taking out of bank loans (KfW funds).

The authorized KfW innovation loans were immediately used due to the higher economic uncertainties during the corona pandemic.

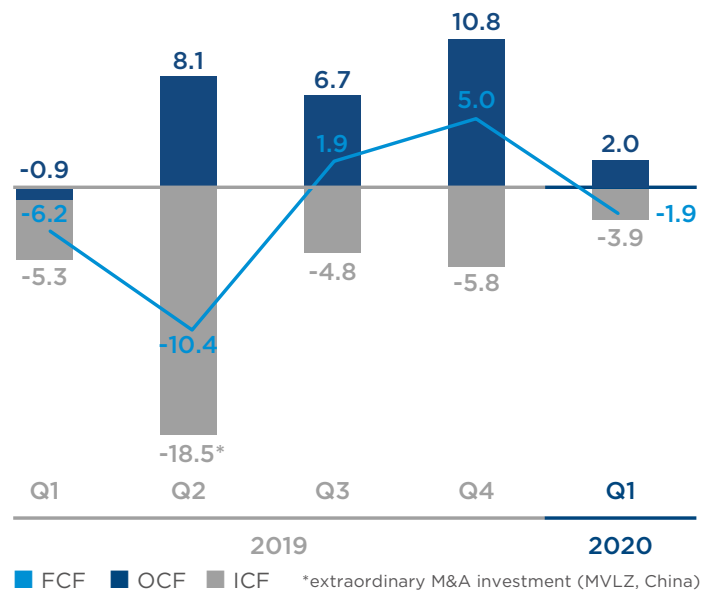
CASH FLOW AND LIQUIDITY

The operating cash flow amounted to € 2.0 million (previous year: € -0.9 million). It was burdened by the increase in sales compared to the previous quarter and the subsequent increase of accounts receivables. The cash flow from investing activities amounted to € -3.9 million (previous year: € -5.3 million). The financial cash flow amounted to € 5.1 million and was positively impacted by the use of the KfW innovation loan in the amount of € 8.6 million.

In total, liquid assets increased from € 35.2 million (December 31, 2019) to € 38.4 million. It ensures the company's financial stability and enables the Basler group to adhere to its growth path and to continue to invest in the future of the company.

CASH FLOW

For the last five quarters (in € million)



EVENTS AFTER THE END OF THE INTERIM REPORTING PERIOD

EMPLOYEES

At the reporting date of March 31, 2020, the Basler group employed 806 (Dec. 31, 2019: 790) employees (full-time equivalents).

REPORT ON SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (ENTITIES AND INDIVIDUALS)

There are no significant changes compared to the information provided in the consolidated financial statements as of December 31, 2019.

OPPORTUNITIES AND RISKS REPORT

Regarding significant opportunities and risks of the probable development of the company, we refer to the opportunities and risks described in the group management report as of December 31, 2019. Meanwhile, no significant changes occurred. Existing risks are continuously monitored and countermeasures are initiated. As in the previous year, major risks occur from the procurement market for critical electronic components as well as macroeconomic changes. In the second and third quarter, apart from the annually conducted risk inventory, the impacts of the corona crisis will be examined in the frame of the risk management and measures will be checked for their efficiency.

NOTES TO THE INTERIM STATEMENT ACCORDING TO IFRS

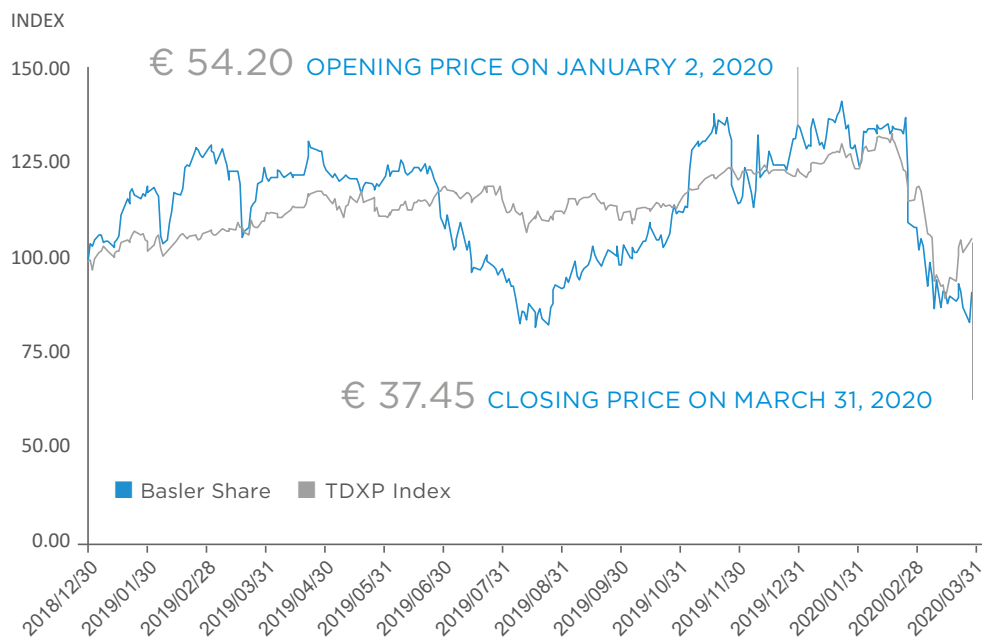
The interim statement of Basler was prepared according to the International Financial Reporting Standards (IFRS) as applicable within the European Union (EU), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as well as the Standing Interpretations Committee (SIC). The interim statement was prepared according to the provision of the IAS 34.

The interim statement as of March 31, 2020, has not been audited. The same accounting and valuation methods are applied as in the consolidated financial statements as of December 31, 2019. For significant changes of the consolidated balance sheet, the consolidated income statement as well as the consolidated cash flow statement, we refer to the report on the profit, finance and asset situation.

BASLER IN THE CAPITAL MARKET

The global expansion of the corona pandemic also made the uncertainties in the capital markets increase. Thus, the share prices have strongly decreased since February. The Basler share also has been affected by this development.

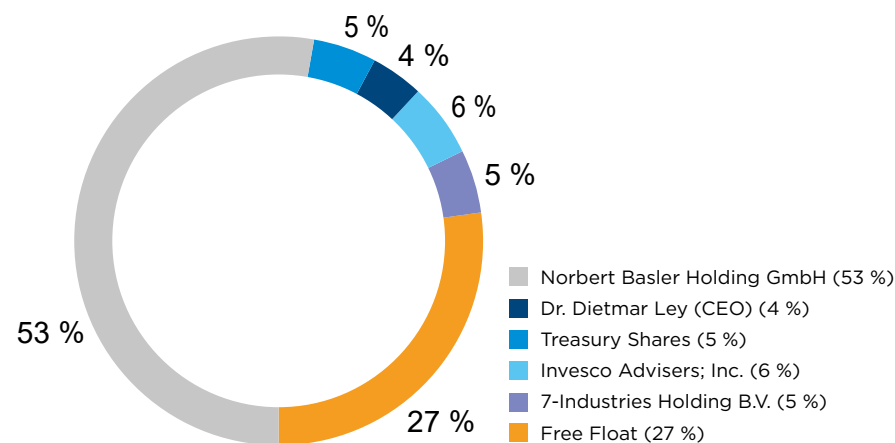
It reached its lowest point at € 33.55 and slightly recovered to € 37.45 at the end of the quarter. With the publication of the half year forecast on March 30, the Basler group gave security and transparency to its shareholders for the upcoming months in a very volatile environment.



SHAREHOLDER STRUCTURE

The share capital of Basler AG amounted to Euro 10.5 million at the end of the quarter on March 31, 2020, divided into 10.5 million no-par-value bearer shares at € 1.0 each.

On March 31, 2020, the shareholder structure was as follows:



SHAREHOLDINGS MANAGEMENT

	03/31/2020 Number of shares in pieces	12/31/2019 Number of shares in pieces
Supervisory Board		
Norbert Basler	-	-
Dorothea Brandes	-	-
Horst W. Garbrecht	-	-
Dr. Marco Grimm	-	-
Prof. Dr. Eckart Kottkamp	-	-
Prof. Dr. Mirja Steinkamp	-	-
Management Board		
Dr. Dietmar Ley	378,882	377,382
John P. Jennings	13,500	13,500
Arndt Bake	1,650	1,650
Hardy Mehl	5,500	4,600

SHARE BUYBACK PROGRAM

Based on the existing resolution of the shareholders' meeting 2019, the management board and the supervisory board of Basler AG again decided on March 11, 2020, to buy back own shares. The capital market was informed accordingly on the same day. In the reporting period, the company bought a total of 7,559 pieces and holds 499,802 pieces of own shares on March 31, 2020, which corresponds to 4.76 %. After the spread of the corona pandemic in Germany, the management board discontinued the buyback of shares until further notice.

The purposes of use of own shares authorized by the shareholders' meeting 2019 are explained in detail in the annual report 2019.

GERMAN CORPORATE GOVERNANCE CODE

The current declaration of the management board and the supervisory board pursuant to § 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code was made continually available to the shareholders on the company's website at:

www.baslerweb.com/Investoren/Corporate-Governance.

DECLARATION OF THE LEGAL REPRESENTATIVES

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

The management board



Dr. Dietmar Ley
CEO



John P. Jennings
CCO



Arndt Bake
CMO



Hardy Mehl
CFO/COO

CONSOLIDATED PROFIT AND LOSS STATEMENT

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

in € k	01/01/ - 03/31/2020	01/01/ - 03/31/2019
Sales revenues	43,675	39,339
currency earnings	89	242
Cost of sales	-20,813	-19,860
Gross profit on sales	22,951	19,721
Other operating income	90	77
Sales and marketing costs	-7,752	-7,811
General administration costs	-3,966	-3,799
Research and development		
Research and development	-4,904	-4,782
Full costs	-6,195	-6,083
Capitalisation of intangible assets	2,867	2,935
scheduled depreciations intangible	-1,575	-1,633
Other expenses	-13	-221
Operating result	6,406	3,185
Financial income	33	83
Financial expenses	-187	-213
Financial result	-154	-130
Earnings before tax	6,252	3,055
Income tax	-1,567	-1,593
Group's period surplus	4,685	1,462
of which are allocated to		
shareholders of the parent company	4,685	1,462
non-controlling shareholders	0	0
Average number of shares	10,007,127	9,670,685
Earnings per share diluted / undiluted (€)	0.47	0.15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

in € k	01/01/ - 03/31/2020	01/01/ - 03/31/2019
Group's period surplus	4,685	1,462
Result from differences due to currency conversion, directly recorded in equity	108	347
Total result, through profit or loss	108	347
Total result	4,793	1,809
of which are allocated to		
shareholders of the parent company	4,793	1,809
non-controlling shareholders	0	0

CONSOLIDATED CASH FLOW STATEMENT

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

in € k	01/01/ - 03/31/2020	01/01/ - 03/31/2019
Operating activities		
Group's period surplus	4,685	1,462
Increase (+) / decrease (-) in deferred taxes	-555	123
Payout/ incoming payments for interest	181	200
Depreciation of fixed assets	3,092	3,000
Change in capital resources without affecting payment	108	347
Increase (+) / decrease (-) in accruals	918	-257
Profit (-) / loss (+) from asset disposals	0	0
Increase (-) / decrease (+) in reserves	-728	-5,378
Increase (+) / decrease (-) in advances from demand	-51	181
Increase (-) / decrease (+) in accounts receivable	-5,129	-3,608
Increase (-) / decrease (+) in other assets	-2,068	-1,624
Increase (+) / decrease (-) in accounts payable	730	3,758
Increase (+) / decrease (-) in other liabilities	843	935
Net cash provided by operating activities	2,026	-861
Investing activities		
Payout for investments in fixed assets	-3,894	-5,289
Incoming payments for asset disposals	0	0
Expenses for acquisitions less cash acquired	0	0
Net cash provided by investing activities	-3,894	-5,289

in € k	01/01/ - 03/31/2020	01/01/ - 03/31/2019
Financing activities		
Payout for amortisation of bank loans	-2,415	-156
Payout for amortisation of finance lease	-642	-687
Incoming payment for borrowings from banks	8,600	1,994
Interest payout	-181	-200
Incoming payment for sale of own shares	0	20,822
Payout for own shares	-285	0
Dividends paid	0	0
Net cash provided by financing activities	5,077	21,773
Change in liquid funds	3,209	15,623
Funds at the beginning of the fiscal period	35,177	31,830
Funds at the end of the fiscal period	38,386	47,453
Composition of liquid funds at the end of the fiscal period		
Cash in bank and cash in hand	38,386	47,453
Payout for taxes	-1,260	-1,291

GROUP BALANCE SHEET

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

in € k	03/31/2020	12/31/2019
Assets		
A. Long-term assets		
I. Intangible assets	35,856	34,506
II. Goodwill	27,474	27,474
III. Fixed assets	10,978	12,601
IV. Buildings and land in finance lease	19,156	18,041
V. Other financial assets	5	5
VI. Deferred tax assets	649	846
	94,118	93,473
B. Short-term assets		
I. Inventories	21,673	20,945
II. Receivables from deliveries and services and from production orders	24,517	19,388
III. Other short-term financial assets	6,077	4,578
IV. Other short-term assets	1,849	1,625
V. Claim for tax refunds	6,329	6,025
VI. Cash in bank and cash in hand	38,386	35,177
	98,831	87,738
	192,949	181,211

in € k	03/31/2020	12/31/2019
Liabilities		
A. Equity		
I. Subscribed capital	10,000	10,008
II. Capital reserves	22,398	22,398
III. Retained earnings including group's earnings	74,445	70,037
IV. Other components of equity	646	538
	107,489	102,981
B. Long-term debt		
I. Long-term liabilities		
1. Long-term liabilities to banks	21,740	14,362
2. Other financial liabilities	2,570	2,634
3. Liabilities from finance lease	12,808	13,743
II. Non-current provisions	880	880
III. Deferred tax liabilities	8,599	9,351
	46,597	40,970
C. Short-term debt		
I. Other financial liabilities	4,259	5,282
II. Short-term accrual liabilities	4,648	5,131
III. Short-term other liabilities		
1. Liabilities from deliveries and services	11,297	10,588
2. Other short-term financial liabilities	11,550	10,844
3. Liabilities from finance lease	3,471	3,178
IV. Current tax liabilities	3,638	2,237
	38,863	37,260
	192,949	181,211

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

in € k	Subscribed capital	Capital reserve	Retained earnings incl. group's earnings	Other components of equity		Total
				Differences due to currency conversion	Sum of other components of equity	
Shareholders' equity as of 01/01/2019	3,206	5,286	66,541	492	492	75,525
Total result			1,462	347	347	1,809
Share salesback	130	16,784	3,908			20,822
Shareholders' equity as of 03/31/2019	3,336	22,070	71,911	839	839	98,156
Total result			10,230	-301	-301	9,929
Capital increase from company funds	6,672	328	-7,000			0
Dividend outpayment*			-5,104			-5,104
Shareholders' equity as of 12/31/2019	10,008	22,398	70,037	538	538	102,981
Total result			4,685	108	108	4,793
Share buyback			-285			-285
Shareholders' equity as of 03/31/2020	10,008	22,398	74,437	646	646	107,489

* 0,51 € per share

EVENTS 2020

IR-EVENTS

Date	Event	Venue
05/26/2020	Virtuel Shareholders' meeting 2020	Hamburg, Germany
08/06/2020	Publication 6-month report 2020	Ahrensburg, Germany
11/05/2020	Publication 9-month report 2020	Ahrensburg, Germany
11/16/2020-11/18/2020	Deutsches Eigenkapitalforum 2020	Frankfurt am Main, Germany

SHOWS AND CONFERENCES

Date	Event	Venue
June 2020	Vision China, Beijing	Beijing, China
07/03/2020-07/05/2020	Vision China, Shanghai	Shanghai, China
06/02/2020-06/05/2020	Integrated Automation, Motion & drives SHENZHEN (IAMD)	Shenzhen, China
10/12/2020-10/15/2020	NI Week 2020	Austin, USA
10/27/2020-10/28/2020	Collaborative Robos, Advanced Vision & AI Conference	San Jose, USA
11/10/2020-11/12/2020	VISION	Stuttgart, Germany

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