



6-MONTH REPORT 2017

KEY FIGURES

| in € m* | 01/01/ - 06/30/2016 | 01/01/ - 06/30/2017 | Changes to previous year | 04/01/ - 06/30/2016 | 04/01/ - 06/30/2017 | Changes to previous year |
|---|------------------------|------------------------|-----------------------------|------------------------|------------------------|-----------------------------|
| Sales revenues | 48.5 | 78.5 | 62% | 26.1 | 42.2 | 62 % |
| Incoming orders | 50.2 | 100.4 | 100% | 26.7 | 40.0 | 50 % |
| Gross results | 24.1 | 39.5 | 64% | 13.0 | 21.5 | 65 % |
| Gross profit margin | 49.7 % | 50.3 % | 1 Pp. | 49.8 % | 50.9% | 1 Pp. |
| Full costs for research and development | 6.8 | 7.9 | 16% | 3.4 | 3.9 | 15 % |
| Research and development ratio | 14.0 % | 10.1 % | -4 Pp. | 13.0 % | 9.2% | -4 Pp. |
| EBITDA | 9.0 | 23.0 | 156% | 5.0 | 13.0 | 160 % |
| EBIT | 5.7 | 18.5 | 225% | 3.3 | 10.5 | 218 % |
| EBT | 5.3 | 18.2 | 243% | 3.1 | 10.3 | 232 % |
| Net income | 3.8 | 13.0 | 242% | 2.2 | 7.3 | 232 % |
| Weighted average number of shares | 3,240,137 | 3,223,304 | -1% | 3,239,218 | 3,206,209 | -1 % |
| Result per share (€) | 1.19 | 4.03 | 239% | 0.68 | 2.26 | 232 % |
| Cash flow from operating activities | 6.4 | 11.4 | 78% | 5.7 | 7.3 | 28 % |
| Cash flow from investing activities | -3.8 | -7.3 | 92% | -1.8 | -4.8 | 167 % |
| Free Cash flow | 2.6 | 4.1 | 58% | 3.9 | 2.5 | -36 % |

| in € m* | 12/31/2015 | 12/31/2016 | 06/30/17 | Changes to previous year |
|---|------------|------------|-----------|-----------------------------|
| Total assets | 76.7 | 90.4 | 111.8 | 24 % |
| Long-term assets | 42.5 | 43.9 | 47.6 | 8 % |
| Equity | 45.2 | 50.0 | 60.6 | 21 % |
| Liabilities | 31.5 | 40.4 | 51.2 | 27 % |
| Equity ratio | 58.9 % | 55.3 % | 54.2 % | -1 Pp. |
| Net cash | 6.6 | 8.8 | 9.4 | 7 % |
| Working Capital | 15.8 | 18.6 | 30.8 | 65 % |
| Number of employees for the fiscal year (full time equivalents) | 438 | 457 | 500 | 9 % |
| Share price (XETRA) in € | 43.43 | 60.37 | 129.6 | 115 % |
| Number of shares in circulation | 3.241.363 | 3.215.247 | 3.211.136 | 0 % |
| Market capitalization | 140.8 | 194.1 | 416.2 | 114 % |

*sofern nicht anders angegeben

OVERVIEW, GROUP RESULTS Q2/2017:

- Incoming orders: Euro 100.4 million (previous year: Euro 50.2 million, + 100 %)
- Sales: Euro 78.5 million (previous year: Euro 48.5 million, + 62 %)
- EBIT: Euro 18.5 million (previous year: Euro 5.7 million, + 225 %)
- EBT: Euro 18.2 million (previous year: Euro 5.3 million, + 243 %)
- Operating cash flow: Euro 11.4 million (previous year: Euro 6.4 million, + 78 %)
- Free cash flow: Euro 4.1 million (previous year: Euro 2.6 million, + 58 %)

Dear Ladies and Gentlemen,

In a dynamic market environment, Basler AG started very strongly in the first six months of 2017. Record values in incoming orders and sales led to a further expansion of its market position. The high business level led to significant economies of scale and thus to a considerable increase of the pre-tax result. In addition to the strong operational results, Basler AG expanded in the embedded vision field by purchasing the company mycable based in Neumünster.

BUSINESS DEVELOPMENT

For the months of January through June 2017, the VDMA (Verband Deutscher Maschinen- und Anlagenbau, German engineering association) reported a sales growth of 43 % for the German manufacturers of image processing components – the highest industry value since 15 years. Also according to VDMA, incoming orders of the industry grew by 47 % in the same period.

Compared to the market, in the first six months Basler AG increased its sales by 62 % and thus considerably gained market shares. The historical rise in incoming orders (+ 100 % compared to the previous year) shows even a more marked distance compared to the industry. Particularly, the strong incoming orders in the first quarter were unforeseen and were very dynamic. Despite an immediate expansion of production capacities, this extraordinarily strong increase led to a considerable order backlog and to extended delivery times. In the course of the second quarter, delivery times stabilized and finally started to gradually shorten.

The very high sales level in conjunction with a slightly improved gross margin led to considerable economies of scale and to a pre-tax rate of return of 23 %. Despite a strong temporary rise in receivables and the company acquisition of mycable GmbH, the free cash flow amounted to Euro 4.1 million (previous year: Euro 2.6 million).

The strong increase in incoming orders is particularly due to the following reasons: First, to a very high demand in all regions and industries. Second, to a very strong investment cycle in the Asian electronic goods industry, and third, to early order placements due to extended delivery times. At the end of the second quarter, incoming orders cooled down and are expected to continue to weaken in the upcoming months. However, the high order backlog will have positive effects on the sales levels in the months to come, despite weakening incoming orders.

On June 1, 2017, Basler AG purchased mycable GmbH in Neumünster and thus strategically strengthened the position in the embedded vision technology field.

Mycable GmbH is a highly specialized consultancy in the area of embedded computing systems. Founded in 2001, the 13 employees of mycable GmbH support their customers in selecting embedded computing architectures. According to customer requirements, prototypes and series products are developed. If required, mycable also coordinates the production of prototypes and small batches. The customers are mainly operating in the automotive sector and the computer vision industry. In 2016, sales amounted to approximately Euro 2.6 million.

Basler AG believes in the embedded vision trend, and assumes the dominant PC architecture of today's vision systems will be noticeably substituted by embedded processor architectures in the long term. Furthermore, embedded vision systems provide the opportunity to open up new application fields for computer vision due to very compact designs and low costs. In order to do so, the integration effort for embedded vision technologies has to be considerably reduced compared to today. Against this background, mycable's technological knowledge excellently supplements Basler AG's competency profile, and will significantly support it to develop embedded vision technology for a broader group of users.

20 % of the purchase price will be paid in Basler shares and 80 % will be paid in cash. The parties have agreed not to disclose information on the purchase price.

The mycable GmbH results were consolidated in the Basler group at June 30, 2017.

In its core business, in the second quarter Basler AG expanded its most successful ace camera series by 20 new high-resolution models equipped with Sony Pregius and STARVIS sensors. This portfolio expansion makes the ace line grow to more than 120 cameras

INTERIM GROUP MANAGEMENT REPORT

ORDER ENTRY & SALES

For the last six quarters (in € million)



+62 %

Sales revenues to previous year



+100 %

Order entry to previous year

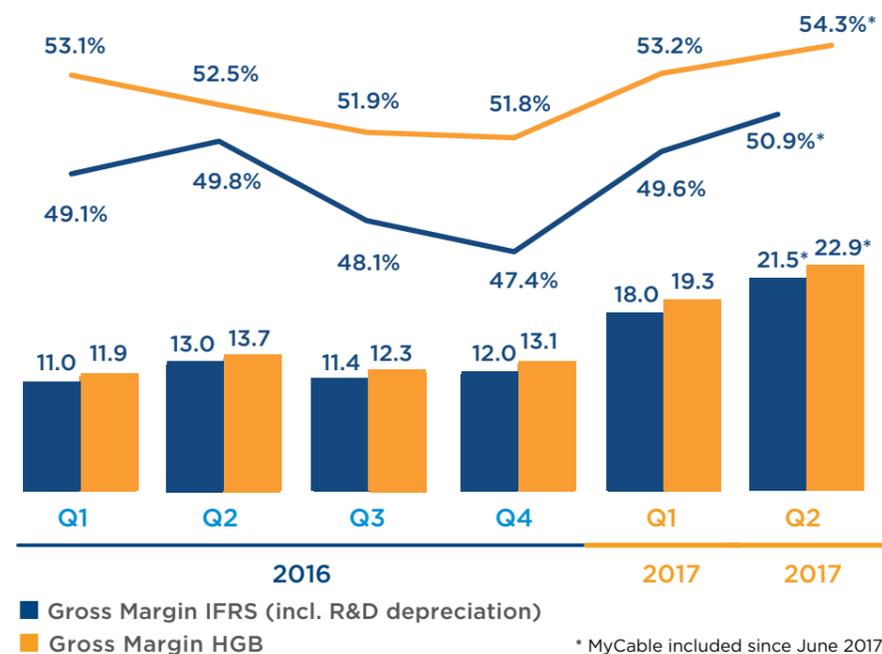


Incoming orders, sales, and gross profit

In the second quarter of 2017, the positive trend of the first quarter continued. As planned, compared to the first quarter, incoming orders cooled down, however, sales continued to increase. Compared to the first six months of the previous year, sales and incoming orders significantly increased. In the first 6 months of the current fiscal year, sales amounted to Euro 78.5 million (previous year: Euro 48.5 million, + 62 %) and incoming orders to Euro 100.4 million (previous year: Euro 50.2 million, + 100 %). Due to the high capacity utilization, costs developed slightly under proportionate and thus the gross margin increased to 50.3 % (previous year: 49.7 %). In absolute terms, compared to the previous year, the gross result increased by Euro 15.4 million to Euro 39.5 million (previous year: Euro 24.1 million).

GROSS PROFIT

Development of Gross Margin (acc. to IFRS and HGB)



Expenses, Costs, earnings, and Equity

The personnel and material costs developed clearly disproportionately despite provisions made for possible profit sharing. Due to the strong increase of the gross result as well as economies of scale in the personnel and material costs, compared to the previous year's first half-year, the pre-tax result (EBT) increased by € 12.9 million to € 18.2 million (previous year: € 5.3 million). The pre-tax return rate of approximately 23 % was much higher than the long-term goal for the EBT margin of 11 - 12 %. The net result amounted to € 13.0 million (previous year: € 3.8 million). The result per share increased to € 4.03 (previous year: € 1.19, + 239 %).

Since the beginning of the year, equity increased by approximately € 10.6 million to € 60.6 million (Dec. 31, 2016: € 50 million, + 21 %). Furthermore, in the reporting period, own shares in an amount of approximately € 658 thousand were purchased. Furthermore, 6,570 pieces were submitted in the course of the purchase process of mycable GmbH. As of the end of the reporting period, the number of own shares amounted to 288.864 pieces..

EARNINGS BEFORE TAX

For the last five quarters



+243 %

EBT growth compared to previous year



CASH FLOW AND LIQUIDITY

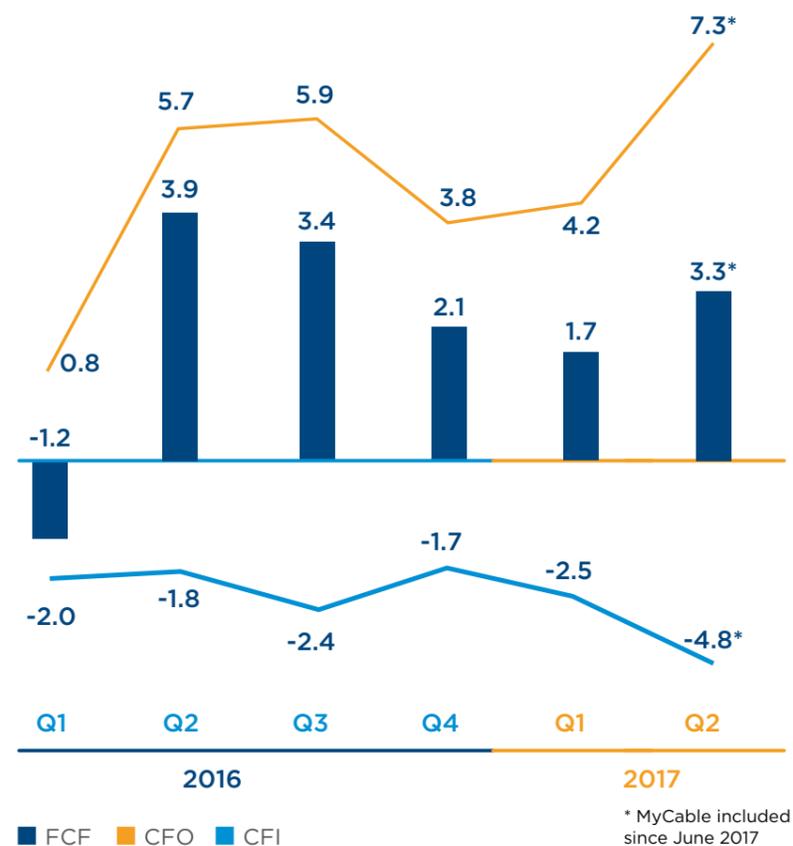
Despite the higher receivables due to the increase in sales and the shift of business to Asia, the operating cash flow significantly increased. In the reporting period, it amounted to € 11.4 million (previous year: € 6.4 million, + 78 %).

The cash flow from investing activities increased by 92 % to € -7.3 million (previous year: € -3.8 million). The increase of the investing cash flow is mainly due to the extraordinary investment in mycable GmbH. In total, the free cash flow reached a level of € 4.1 million (previous year: € 2.6 million) and covered the cash flow from financing activities amounting to € -2.6 million and additionally generated a liquidity increase of € 1.5 million. Thus, liquid assets increased to € 9.4 million on the reporting period closing date. The net cash position amounted to € 9.4million at the reporting date (Dec. 31, 2016: € 8.8 million, + 7 %).

FREE CASH FLOW

For the last five Quarters (in € million)

Keyfact
€ 4.1 million
 Free Cashflow



Outlook

So far, fiscal year 2017 has been very dynamic and successful for Basler AG. The growth and planning targets were clearly exceeded and due to the large order volume, Basler AG started with strong tailwind into the second half-year. Already today, incoming orders noticeably weaken and come back to normal levels. However, due to the strong order backlog, sales will continue to be on a high level within the upcoming months. With a very high priority, the organization is working on the expansion of capacities and reduction of delivery times as well as securing the supply chain. The management is very positive about the coming months of the fiscal year and confirms the increased forecast published at the end of June according to which the group's sales 2017 will be within a corridor of € 140 - 150 million at a pre-tax return margin of 15 - 18 %. Based on the positive results and positive outlook we will continue to forge ahead with our growth strategy in the coming months.

SHARE PRICE DEVELOPMENT

BASLER (Xetra) vs. TecDax 2016/01/01-2017/06/30

Keyfact
€ 74.16
 Opening price 03/04/2017

Keyfact
€ 129.6
 Closing price 06/30/2017



On April 21, 2016, the management board and supervisory board of Basler AG adopted a resolution about buying additional own shares. In August 2015, the company ultimately sold non-par bearer shares to the capital market and holds nearly 8.3 % (288,864 pieces) own shares on June 30, 2017. 20 % of the purchase price for mycable GmbH in June 2017 was financed by the transfer of own shares

The general meeting of June 04, 2014, authorized the company to buy back own shares amounting to a total of up to 10 % of the share capital of the corporation existing at the time the resolution was adopted. The authorization is valid until June 03, 2019. The shares can be used for all purposes provided for in the authorization of the general meeting of June 04, 2014. When acquiring own shares via the stock exchange, the price paid per share (without considering incidental purchase costs) must not differ by more than 10 % from the share price of the company for shares with same conditions as determined on the trading day by the opening auction for XETRA trade on the Frankfurt/Main stock exchange.

On May 17, 2017, the yearly shareholders' meeting took place in the Handelskammer Hamburg. Please see all information, the management board's presentation as well as the voting results on our homepage:

www.baslerweb.com/de/Investoren/Hauptversammlung

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, 2017 to June 30, 2017

| in € k | 01/01/ - 06/30/2016 | 01/01/ - 06/30/2017 | 04/01/ - 06/30/2016 | 04/01/ - 06/30/2017 |
|--|------------------------|------------------------|------------------------|------------------------|
| Sales revenues | 48,508 | 78,509 | 26,142 | 42,193 |
| Cost of sales | -24,444 | -39,000 | -13,108 | -20,715 |
| - of which depreciations on capitalized developments | -1,516 | -2,681 | -696 | -1,382 |
| Gross profit on sales | 24,064 | 39,509 | 13,034 | 21,478 |
| Other operating income | 594 | 773 | 288 | 598 |
| Sales and marketing costs | -8,272 | -9,643 | -4,193 | -4,944 |
| General administration costs | -6,116 | -7,197 | -3,259 | -3,842 |
| Research and development | -4,136 | -4,661 | -2,197 | -2,582 |
| Other expenses | -411 | -258 | -380 | -228 |
| Operating result | 5,723 | 18,523 | 3,293 | 10,480 |
| Financial income | 103 | 142 | 34 | 50 |
| Financial expenses | -522 | -481 | -256 | -231 |
| Financial result | -419 | -339 | -222 | -181 |
| Earnings before tax | 5,304 | 18,184 | 3,071 | 10,299 |
| Income tax | -1,460 | -5,187 | -876 | -3,039 |
| Group's period surplus | 3,844 | 12,997 | 2,195 | 7,260 |
| of which are allocated to | | | | |
| shareholders of the parent company | 3,844 | 12,997 | 2,195 | 7,260 |
| non-controlling shareholders | 0 | 0 | 0 | 0 |
| Average number of shares | 3,240,137 | 3,223,304 | 3,239,218 | 3,206,209 |
| Earnings per share diluted / undiluted (€) | 1.19 | 4.03 | 0.68 | 2.26 |

Consolidated Statement of Comprehensive Income

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to June 30, 2017

| in € k | 01/01/ - 06/30/2016 | 01/01/ - 06/30/2017 |
|---|------------------------|------------------------|
| Group's year surplus | 3,844 | 12,997 |
| Result from differences due to currency conversion, directly recorded in equity | -37 | -237 |
| Surplus from cashflow hedges | 0 | 0 |
| Total result, through profit or loss | -37 | -237 |
| Total result | 3,807 | 12,760 |
| of which are allocated to | | |
| shareholders of the parent company | 3,807 | 12,760 |
| non-controlling shareholders | 0 | 0 |

Consolidated Cash Flow Statement

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to June 30, 2017

| in T€ | 01/01/ - 06/30/2016 | 01/01/ - 06/30/2017 | 04/01/ - 06/30/2016 | 01/01/ - 06/30/2017 |
|---|------------------------|------------------------|------------------------|------------------------|
| Operating activities | | | | |
| Group's period surplus | 3,844 | 12,997 | 2,195 | 7,260 |
| Increase (+) / decrease (-) in deferred taxes | 210 | 1,847 | 158 | 665 |
| Payout/ incoming payments for interest | 605 | 576 | 299 | 291 |
| Depreciation of fixed assets | 3,235 | 4,315 | 1,710 | 2,317 |
| Change in capital resources without affecting payment | -37 | -237 | 75 | -230 |
| Increase (+) / decrease (-) in accruals | 1,618 | 4,490 | 1,224 | 3,047 |
| Profit (-) / loss (+) from asset disposals | -2 | -6 | 0 | -6 |
| Increase (-) / decrease (+) in reserves | -847 | -1,865 | -667 | -426 |
| Increase (+) / decrease (-) in advances from demand | 58 | -1 | 32 | -265 |
| Increase (-) / decrease (+) in accounts receivable | -5,110 | -13,210 | -2,579 | -5,983 |
| Increase (-) / decrease (+) in other assets | -377 | -361 | 170 | 309 |
| Increase (+) / decrease (-) in accounts payable | 3,149 | 3,152 | 2,930 | 770 |
| Increase (+) / decrease (-) in other liabilities | 76 | -256 | 121 | -476 |
| Net cash provided by operating activities | 6,422 | 11,441 | 5,668 | 7,273 |
| Investing activities | | | | |
| Payout for investments in fixed assets | -3,801 | -7,343 | -1,791 | -4,854 |
| Incoming payments for asset disposals | 6 | 16 | 4 | 15 |
| Net cash provided by investing activities | -3,795 | -7,327 | -1,787 | -4,839 |
| Financing activities | | | | |
| Payout for amortisation of bank loans | -344 | -244 | -122 | -122 |
| Payout for amortisation of finance lease | -741 | -792 | -373 | -398 |
| Incoming payment for borrowings from banks | 1,600 | 1,200 | 1,600 | 1,200 |
| Interest payout | -605 | -576 | -299 | -291 |
| Incoming payment for sale of own shares | 0 | 0 | 0 | 0 |
| Payout for own shares | -288 | 173 | -288 | 830 |
| Dividends paid | -1,878 | -2,371 | -1,878 | -2,371 |
| Net cash provided by financing activities | -2,256 | -2,610 | -1,360 | -1,152 |
| Change in liquid funds | 371 | 1,504 | 2,521 | 1,282 |
| Funds at the beginning of the period | 14,043 | 19,437 | 11,893 | 19,659 |
| Funds at the end of the period | 14,414 | 20,941 | 14,414 | 20,941 |
| Composition of liquid funds at the end of the period | | | | |
| Cash in bank and cash in hand | 14,414 | 20,941 | 14,414 | 20,941 |
| Payout for taxes | 845 | 766 | 785 | 549 |

Group Balance Sheet

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to June 30, 2016

| in € k | 12/31/2016 | 06/30/2017 |
|---|---------------|----------------|
| Assets | | |
| A. Long-term assets | | |
| I. Intangible assets | 22,505 | 22,856 |
| II. Fixed assets | 6,711 | 7,206 |
| III. Buildings and land in finance lease | 14,624 | 14,278 |
| IV. Firmenwert | 0 | 3,139 |
| V. Other financial assets | 5 | 5 |
| VI. Deferred tax assets | 28 | 84 |
| | 43,873 | 47,568 |
| B. Short-term assets | | |
| I. Inventories | 14,577 | 16,843 |
| II. Receivables from deliveries and services and from production orders | 10,370 | 23,955 |
| III. Other short-term financial assets | 505 | 817 |
| IV. Other short-term assets | 741 | 1,002 |
| V. Claim for tax refunds | 847 | 645 |
| VI. Cash in bank and cash in hand | 19,437 | 20,941 |
| | 46,477 | 64,203 |
| | 90,350 | 111,771 |

| in € k | 12/31/2016 | 06/30/2017 |
|---|---------------|----------------|
| Liabilities | | |
| A. Equity | | |
| I. Subscribed capital | 3,215 | 3,211 |
| II. Capital reserves | 2,443 | 2,443 |
| III. Retained earnings including group's earnings | 43,648 | 54,451 |
| IV. Other components of equity | 710 | 473 |
| | 50,016 | 60,578 |
| B. Long-term debt | | |
| I. Long-term liabilities | | |
| 1. Long-term liabilities to banks | 9,825 | 10,469 |
| 2. Other financial liabilities | 0 | 540 |
| 3. Liabilities from finance lease | 8,610 | 7,817 |
| II. Non-current provisions | 946 | 946 |
| III. Deferred tax liabilities | 5,379 | 7,282 |
| | 24,760 | 27,054 |
| C. Short-term debt | | |
| I. Other financial liabilities | 1,521 | 1,691 |
| II. Short-term accrual liabilities | 3,507 | 5,834 |
| III. Short-term other liabilities | | |
| 1. Liabilities from deliveries and services | 6,234 | 9,567 |
| 2. Other short-term financial liabilities | 1,192 | 1,475 |
| 3. Liabilities from finance lease | 2,159 | 2,160 |
| IV. Current tax liabilities | 961 | 3,412 |
| | 15,574 | 24,139 |
| | 90,350 | 111,771 |

Consolidated Statement of Changes in Equity

Group's annual balance sheet according to IFRS for the fiscal year from January 1, 2017 to June 30, 2017

| in € k | Sub-scribed capital | Capital reserve | Retained earnings incl. group's earnings | Other components of equity | | | Total |
|--|---------------------|-----------------|--|--|-------------------------------|-----------------------------------|---------------|
| | | | | Differences due to currency conversion | Reserves for cash flow hedges | Sum of other components of equity | |
| Shareholders' equity as of 01/01/2016 | 3,241 | 2,443 | 38,944 | 543 | 0 | 543 | 45,171 |
| Total result | | | 3,844 | -37 | | -37 | 3,807 |
| Share salesback | | | 0 | | | | 0 |
| Share buyback | -5 | | -283 | | | | -288 |
| Dividend outpayment* | | | -1,878 | | | | -1,878 |
| Shareholders' equity as of 06/30/2016 | 3,236 | 2,443 | 40,627 | 506 | 0 | 506 | 46,812 |
| Total result | | | 4,086 | 204 | | 204 | 4,290 |
| Share salesback | | | 0 | | | | 0 |
| Share buyback | -21 | | -1,065 | | | | -1,086 |
| Dividend outpayment* | | | 0 | | | | 0 |
| Shareholders' equity as of 12/31/2016 | 3,215 | 2,443 | 43,648 | 710 | 0 | 710 | 50,016 |
| Total result | | | 12,997 | -237 | | -237 | 12,760 |
| Share salesback | | | 0 | | | | 0 |
| Share buyback | -4 | | 177 | | | | 173 |
| Dividend outpayment** | | | -2,371 | | | | -2,371 |
| Shareholders' equity as of 06/30/2017 | 3,211 | 2,443 | 54,451 | 473 | 0 | 473 | 60,578 |

* 0,58 € per share

** 0,74 € per share

EVENTS 2017

IR-Events

| Date | Event | Venue |
|-----------------|---|----------------------------|
| 08/11/2017 | Publication 9-month report 2017 | Ahrensburg, Germany |
| 11/27 - 29/2017 | Deutsches Eigenkapitalforum 2017 (Germany equity forum) | Frankfurt am Main, Germany |

BASLER AG
An der Strusbek 60-62
22926 Ahrensburg
Germany
Tel. +49 4102 463 0
Fax +49 4102 463 109
info@baslerweb.com

BASLER, INC.
855 Springdale Drive, Suite 203
Exton, PA 19341
USA
Tel. +1 610 280 0171
Fax +1 610 280 7608
usa@baslerweb.com

BASLER ASIA PTE. LTD.
35 Marsiling Industrial Estate Road 3
#05-06
Singapore 739257
Tel. +65 6367 1355
Fax +65 6367 1255
singapore@baslerweb.com

**BASLER VISION TECHNOLOGIES
TAIWAN INC.**
No. 21, Sianjheng 8th St.
Jhubei City,
Hsinchu County 30268
Taiwan/R.O.C.
Tel. +886 3 558 3955
Fax +886 3 558 3956
taiwan@baslerweb.com