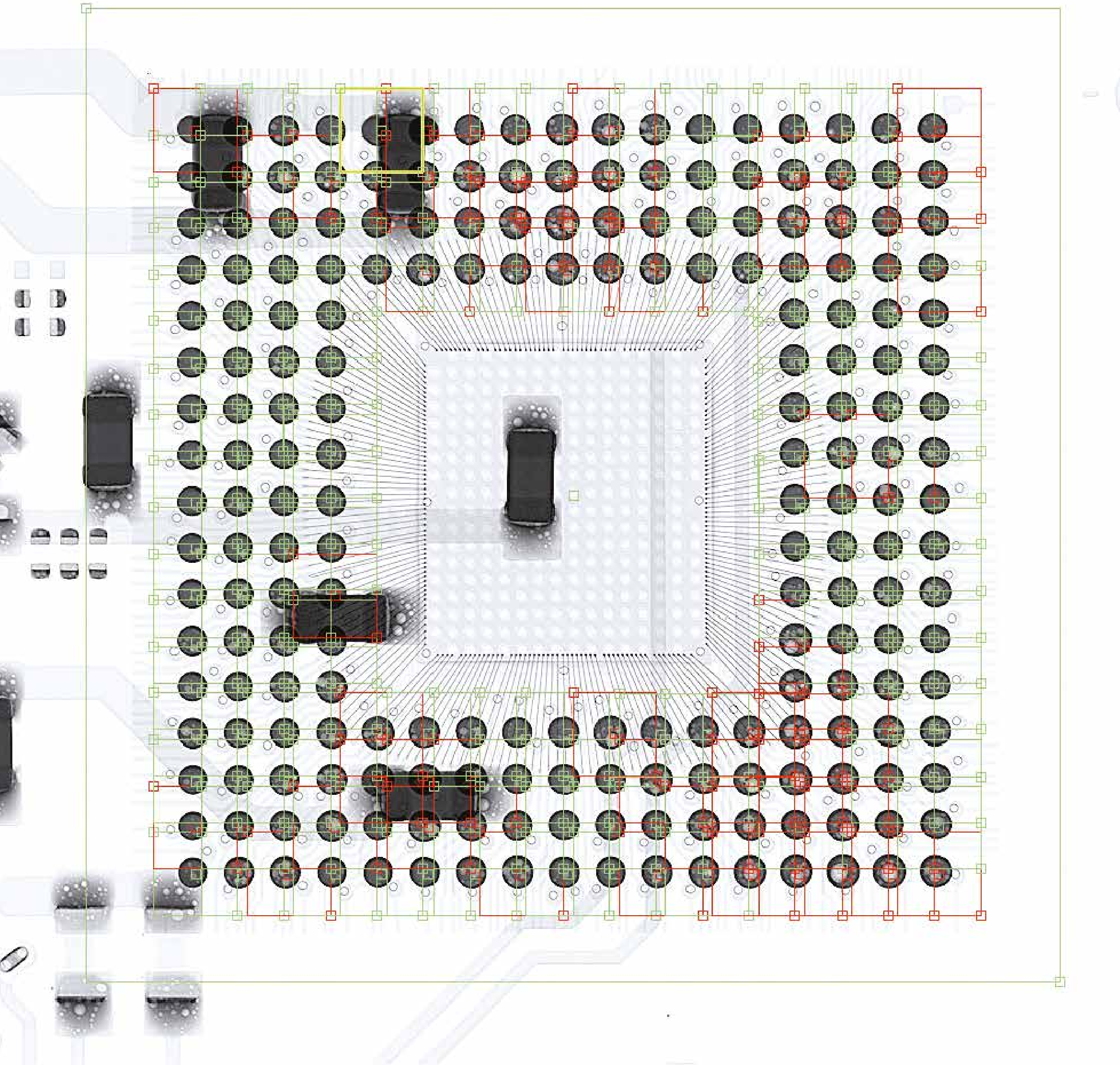
VISCOM
vision technology

ANNUAL REPORT 2020

RESHAPING THE FUTURE.



CONTENT

OPERATING FIGURES

Profit and loss

		2020	2019
Revenues	K€	61,562	88,556
EBIT	K€	-5,979	4,017
Net profit for the period	K€	-4,414	3,101

Balance sheet and cashflow statement figures

		2020	2019
Total assets	K€	80,601	89,048
Equity ratio	%	66.0	65.7
CF from operating activities	K€	10,225	7,302
CF from investing activities	K€	-3,156	-3,587
CF from financing activities	K€	-3,620	-5,067
Cash and cash equivalents	K€	4,316	1,039

Share

		2020	2019
Result per share	€	-0.50	0.35
Dividend per share*	€	0.00	0.05

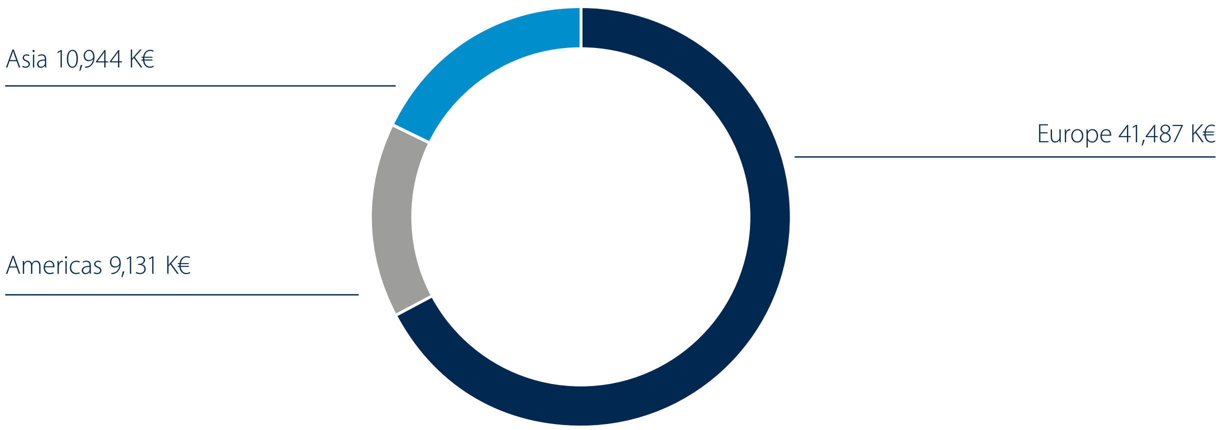
Employees

	2020	2019
Employees at year-end	464	485
Employees in annual average	474	484

* No dividend will be paid for the 2020 financial year on account of the net accumulated losses reported.

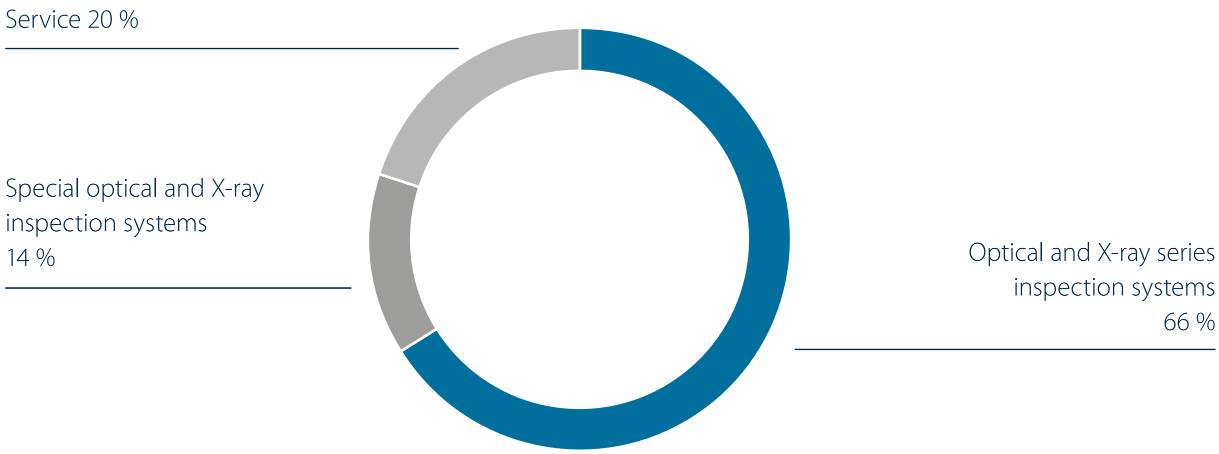
SEGMENT INFORMATION

Sales by region 1 January – 31 December 2020

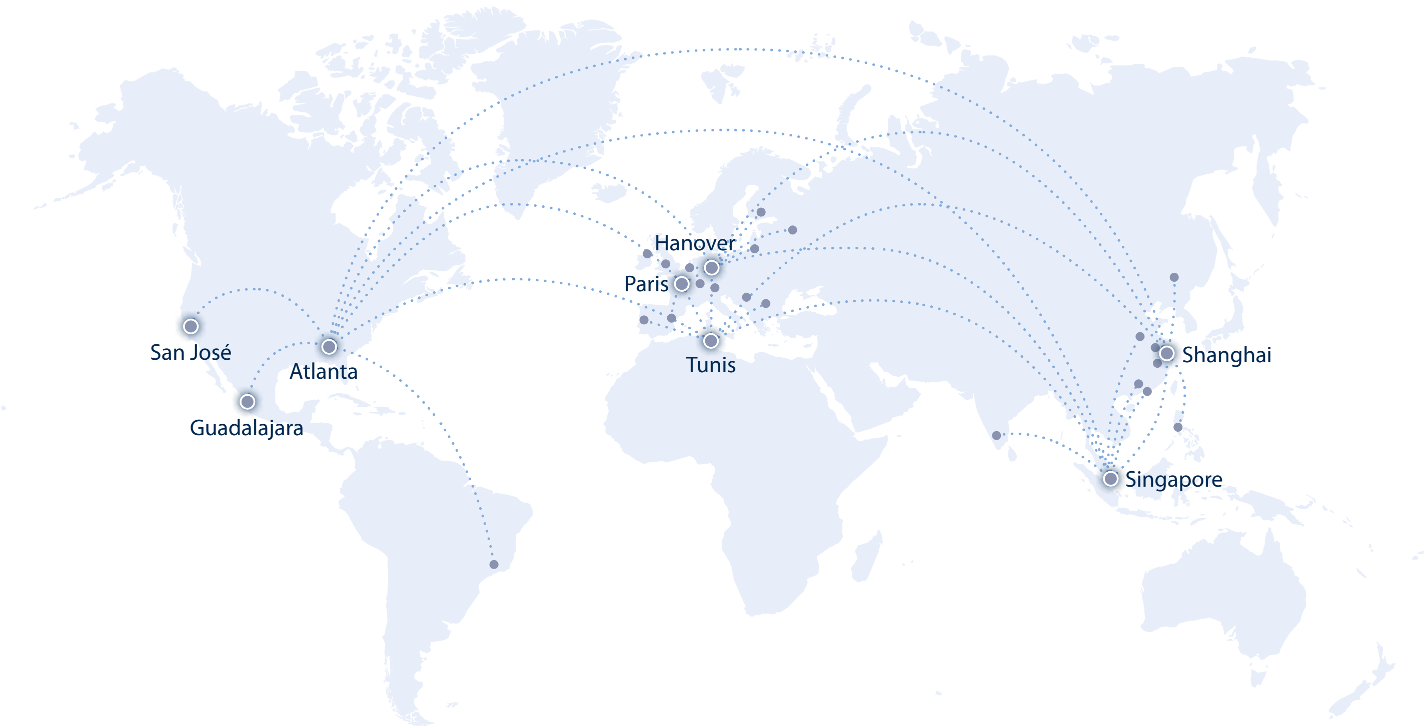


PRODUCT GROUPS

Sales by product groups 1 January – 31 December 2020



VISCOM.
VISION TECHNOLOGY.



Founded:
1984 by Dr. Martin Heuser and Volker Pape

Number of employees worldwide:
464

World Market Leader:
Viscom is the No. 1 solution provider for automatic optical inspection in the automobile industry.

Headquarters and production:
„Made in Germany“:
Hanover, Germany

Subsidiaries:
Viscom France S.A.R.L., Paris, France
Viscom Tunisie S.A.R.L., Tunis, Tunisia
Viscom Inc., Atlanta, Georgia, United States
Viscom Machine Vision Pte Ltd., Singapore
Viscom Machine Vision Trading Co. Ltd., Shanghai, China

FOREWORD BY THE EXECUTIVE BOARD

Dear Ladies and Gentlemen,

The 2020 financial year brought with it exceptional and, in some cases, major challenges for all of us. The COVID-19 pandemic and associated far-reaching consequences – which will also accompany us in 2021 – have completely upended economic and personal life. The economic upheaval caused by the pandemic makes it very difficult to predict or evaluate the economic outlook in a reliable manner – many sectors of industry are fighting for survival, while others are facing rapid technological change. Our economic activities, too, have been severely restricted. The impact of the pandemic on operating activities at Viscom AG, especially in the automotive sector, caused us to adjust Viscom AG's forecast for the year in early November 2020. Despite achieving this lower stated revenue and profit target for 2020, we crossed the finish line at a substantial loss and therefore cannot be satisfied with the past financial year. Cumulative sales amounted to € 61.6 million and is therefore 30.5 % below the figure of the previous year (previous year: € 88.6 million). Operating profit fell to € -6.0 million (previous year: € 4.0 million). Due to the negative result at the AG and the Group, we will not pay a dividend for the 2020 financial year to our shareholders.

Production chains at our customers and suppliers gained increasing momentum during the second half of 2020 and customer enquiries also started to increase again. Business at Viscom AG recovered following the sudden collapse and rallied strongly at the end of the year. Incoming orders in the third quarter amounted to € 16,788 thousand and were already up by around 79 % on the previous quarter (€ 9,376 thousand). The fourth quarter saw incoming orders exceed the previous quarter by some 34 % to reach € 22,469 thousand. Cumulatively, orders totalling € 64,561 thousand (previous year: € 79,525 thousand) were received in the past financial year.

Viscom's inspection systems are used all over the world in the automotive supplier segment of the electronics industry, one of the largest branches of industry. The automotive industry has been hit hard by the COVID-19 pandemic, having already been under assault for some years by the ongoing diesel crisis, problems with the introduction of the new WLTP emissions test standard and weakening export markets. The fundamental changes that have already been under way for some time – the shift towards the digitalisation of production, electromobility, autonomous and connected driving as well as new mobility options – present the industry with additional major challenges in the context of the COVID-19 pandemic. However, they also present opportunities: Companies are having to review efficiency in production and supply chains or press ahead with the restructuring required in response to the megatrends. In many cases, technological transformation and associated technical changes in our customers' production lines call for new inspection systems in order to meet the expanded requirements. We have worked hard throughout 2020 to reorganize internally at the headquarters in Hanover and adapt our processes within the company to meet the new market requirements. The fact that our inspection systems help improve and increase the quality and therefore the efficiency of production at our customers is yet another key factor that enables us to leverage further market potential and use our opportunities. In 2020, we focuses on the development of several new systems for 2D and 3D inline X-ray inspection. Some of the system types were already delivered during the past financial year while others are due to be launched on the market in 2021. In addition, software will become an increasingly important development priority during the financial year 2021. Exciting themes here include the vVision software platform, artificial intelligence and approaches for cloud-based working. We are ready to play our part in shaping the future and to remain as a reliable partner to our customers.

Our forecast for the current year is subject to a great deal of uncertainty. The development of incoming orders and revenue in 2021 will largely depend on the overall economic situation, particularly in the automotive industry, and on further developments relating to the COVID-19 pandemic. Viscom anticipates target revenue and incoming orders of between € 70 million

f.l.t.r. Peter Krippner, Dirk Schwingel, Dr. Martin Heuser, Carsten Salewski and € 80 million in 2021. The EBIT-Margin for the financial year 2021 is likely to be between 3 % and 9 %, with EBIT of between € 2.1 million and € 7.2 million. To achieve our forecast for the year, we will continue to implement extensive measures to reduce costs in line with the situation and to safeguard the key technical developments as well as our readiness to win orders. Our actions in this regard will focus on protecting the health and welfare of our employees, meeting our delivery obligations, and supporting our customers and hence the well-being of our company.

With our combined strength, high sense of responsibility, mutual understanding and new creativity, we have used the difficult 2020 financial year to scrutinise old structures and set off in new directions. We believe we are well positioned to return to sustainable and profitable growth after the crisis. We would like to thank our employees for their magnificent dedication in these challenging times and for their commitment to our company.

Dear Ladies and Gentlemen, we would ask that you continue to place your trust in us as well, so that we can all look forward with confidence to the year 2021. Please stay healthy!

Hanover, March 2021

The Executive Board

Carsten Salewski
Peter Krippner

Dr. Martin Heuser
Dirk Schwingel

REPORT OF THE SUPERVISORY BOARD

The following section comprises the Supervisory Board's report on its activities in the 2020 financial year, and in particular the focal points of its monitoring and advisory functions, compliance with the German Corporate Governance Code, and the audit of the single-entity and consolidated financial statements.

PROF. DR. MICHÈLE MORNER
Chairwoman of the Supervisory Board

Dear Ladies and Gentlemen,

In the financial year 2020, the Supervisory Board carried out the duties and obligations required of it by law and the Articles of Association, critically monitoring the course of business as well as the Executive Board's management of the Company. It also acted regularly in an advisory capacity on corporate management issues to ensure that the Executive Board acted in accordance with the relevant rules and statutory provisions. It also obtained regular, prompt and comprehensive information on the development of business operations over the course of the year, the company strategy and its implementation, planning, the risk situation, risk management measures and compliance. The Supervisory Board continuously monitored management on the basis of written and verbal Executive Board reports and joint meetings, receiving explanations from the Executive Board of any deviations from plans and objectives for business developments and the reasons for these. The Supervisory Board carefully examined transactions that were important for the business and that required its approval and discussed each of them with the Executive Board. The Supervisory Board also satisfied itself that the Executive Board had developed its effective and efficient corporate compliance system and the internal risk management and control system for the Viscom Group.

Composition of the Supervisory Board

In compliance with section 11 (1) of the Articles of Association in conjunction with section 95 sentences 1 to 4, section 96 (1), section 101 (1) AktG, the Supervisory Board of the Company consists of three members who are elected by the Annual General Meeting without it being bound by any specific proposals. The current members of the Viscom AG Supervisory Board are Prof. Dr. Michèle Morner (Chairwoman), Volker Pape (Deputy Chairman) and Prof. Dr. Ludger Overmeyer. The Supervisory Board members were individually elected at the Annual General Meeting of the Company on 28 May 2019. Their term of office is identical and ends at the conclusion of the Annual General Meeting that approves the actions of the Supervisory Board members for the 2023 financial year.

Meetings of the Supervisory Board

The Supervisory Board held six regular meetings in the 2020 financial year, including one meeting for an efficiency review without the presence of the Executive Board. Due to its small size of just three members, the Supervisory Board did not form any committees. At these meetings – on 30 March, 8 May, 4 August, 6 November, 3 and 4 December – the Supervisory Board was provided with prompt and comprehensive information about business policies, relevant aspects of company planning including financial, investment and human resources planning, the course of business, the Company's current revenue, earnings and liquidity position, budget planning, the economic situation of the Company and the Group including risk factors and risk management, as well as intragroup corporate compliance, strategic objectives as well as all significant organisational and personnel changes. Due to the COVID-19 pandemic, all Supervisory Board meetings were held as video conferences, with the exception of the meeting on 4 August 2020, which was held in person in accordance with social distancing and hygiene regulations. Resolutions on urgent matters were also passed outside meetings, both in conference calls and in writing. At the beginning of the sessions, the Supervisory Board regularly consulted on matters relating to the Supervisory Board without the presence of the Executive Board. The Supervisory Board was involved in all decisions of material importance to the Company. The single-entity and consolidated financial statements, the management report and Group management report and the interim reports were discussed in detail with the Executive Board prior to their publication. In addition, the Supervisory Board was presented with transactions requiring its approval. These were approved following detailed examination and discussion with the Executive Board. Among other things, these included the annual adoption of the budget for the next financial year, comprising revenue, cost, earnings, investment, human resources and financial planning including cash flow statements for the Company and its affiliated companies. The Executive Board submitted monthly written reports to the Supervisory Board outlining the results of operations and the liquidity situation as well as the current business situation and risk factors. As part of this monthly reporting, the Executive Board provided the Supervisory Board with the key figures required to assess business developments, in each case including comparisons with the current budget and the prior-year figures. Reporting by the Executive Board took place on request and in response to specific enquiries by the Supervisory Board, as well as periodically according to the rules of procedure for the Executive Board issued by the Supervisory Board. Additionally, the Chair of the Supervisory Board was regularly informed by the Executive Board about current business events and significant transactions.

Focal points of the Supervisory Board‘s discussions and examinations

The information provided to the Supervisory Board by the Executive Board focused on the revenue situation as well as its effects on the business operations of Viscom AG and the Group. Significant topics discussed at the meetings of the Supervisory Board in the 2020 financial year included the strategic direction of the Company and its further development, the operating activities of the Group and the individual business areas. The Supervisory Board discussed the organisation, and in particular risk management and the economic, financial and strategic situation of the Company and each of its business areas, as well as key questions of corporate policy and strategy, with the Executive Board. Other topics included the reorientation of business areas that resulted in the newly established Customer Care Teams. Furthermore, developments on the international markets and at the locations of the Company's subsidiaries in the USA, Asia and France, as well as the general global competitive structure and possible areas for diversification were discussed. Another significant topic that was the subject of ongoing consultations between the Supervisory Board and the Executive Board was business development and the associated opportunities and risks against the background of the COVID-19 pandemic.

The meeting to review the accounts on 30 March 2020 focused on the adoption of the single-entity and consolidated financial statements for 2019, including the management reports, the Executive Board‘s proposal for the appropriation of net retained profits, the Corporate Governance Statement and Corporate Governance Report as well as the Executive Board report on the relationships between Viscom AG and its affiliated companies. During the meeting, which was also attended by the auditors, the Executive Board issued a comprehensive report to the Supervisory Board on the basis of detailed documents. The auditors reported on the performance of their audit and the significant findings. The single-entity and consolidated financial statements for 2019 and the management reports were approved, meaning that the annual financial statements of Viscom AG have been adopted. The Supervisory Board approved the proposal by the Executive Board on the appropriation of net retained profits. The Supervisory Board did not raise any objections to the audited Executive Board report on Viscom AG's relations to affiliated companies.

At the meeting on 8 May 2020, the Supervisory Board intensively addressed the development of business operations during the first three months of the year in the context of the consolidated interim financial statements as of 31 March 2020. Individual risks were also discussed in greater detail based on risk early detection management. In addition, the agenda and proposed resolutions for the Annual General Meeting 2020 were discussed in detail and subsequently approved by way of the circulation procedure on 15 June 2020. A detailed review of the 2020 Annual General Meeting took place at the meeting on 4 August 2020. This meeting also focused on the development of business in the first six months of the year in the context of the half-yearly financial report, which the Executive Board and Supervisory Board discussed and reviewed in detail.

A further meeting of the Supervisory Board on 6 November 2020 focused on the consolidated interim financial statements as of 30 September 2020. Potential individual risks were discussed in greater detail based on risk early detection management. The adjustment to the forecast for the financial year 2020 due to the effects of the COVID-19 pandemic on operating activities, especially in the automotive sector, was also reviewed in detail.

The Supervisory Board conducted its annual efficiency review – without the presence of the Executive Board – on 3 December 2020.

At their meeting on 4 December 2020, the Executive Board and Supervisory Board discussed in detail and adopted the annual planning, including financial, investment and human resources planning, for the 2021 financial year on the basis of extensive documentation. During this meeting, the Viscom Group strategy with regard to the product portfolio and sales for the coming years was also presented in detail to the Supervisory Board. The Executive Board and the Compliance Officer also provided the Supervisory Board with an overview of the current status of the compliance programme.

Each of the six Supervisory Board meetings during the financial year 2020 was attended by all Supervisory Board members.

Corporate Governance

Information on the aspects of the Company's corporate governance relating to the Supervisory Board can be found in the Corporate Governance Statement in accordance with section 289f of the German Commercial Code (HGB), which is included in Viscom AG's Annual Report for the 2020 financial year. The remuneration of the individual Supervisory Board members is reported in the Corporate Governance Statement, which forms part of the management report. There were no indications of conflicts of interest affecting the Executive Board or Supervisory Board members requiring immediate declaration to the Supervisory Board and disclosure at the Annual General Meeting.

The company provides support to the Supervisory Board members upon their appointment and during training and professional development measures. None of the Supervisory Board members availed of these measures during the financial year 2020.

During the 2020 financial year, the Supervisory Board – without the presence of the Executive Board – assessed the efficiency of its activities in line with the requirements of the German Corporate Governance Code. This took place on 3 December 2020. The meeting was essentially conducted on the basis of checklists.

In addition to the long-term assessment of past resolutions, the assessment focused on efficient cooperation within the Supervisory Board, between the Chairman of the Supervisory Board and the other Supervisory Board members, and between the Supervisory Board and the Executive Board. No material aspects requiring improvement were identified.

Above and beyond this, the Executive Board and Supervisory Board submitted the annual declaration of compliance with the German Corporate Governance Code according to section 161 of the German Stock Corporation Act (AktG) on 26 February 2021. The declaration of compliance has been made permanently available to the public on Viscom AG's website. The Executive Board, including on behalf of the Supervisory Board, reports on the Company's corporate governance in the Corporate Governance Statement published by Viscom AG in accordance with section 289f HGB.

Accounting

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hanover office, was elected as the auditor for the single-entity and consolidated financial statements of Viscom AG as of 31 December 2020 by the Annual General Meeting of the Company on 4 August 2020. The Supervisory Board then negotiated the audit assignment, including the focal points of the audit, and awarded the assignment. It was agreed that the auditors should promptly report all findings and occurrences of significance to the tasks of the Supervisory Board as they were identified by the auditors in the course of their audit. Furthermore, it was agreed that the auditors were to inform the Supervisory Board and/or include a comment in the audit report if, in conducting their audit, they became aware of any information indicating an inaccuracy in the declaration of compliance with the German Corporate Governance Code issued by the Executive Board and the Supervisory Board. The 2020 annual financial statements of Viscom AG prepared by the Executive Board in accordance with HGB and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as of 31 December 2020, the management report and Group management reports, together with the accounting records, were audited and issued with an unqualified audit opinion.

The audit focused in particular on sales recognition, the measurement of finished and unfinished goods (inventories), a review of the recognition and depreciation and amortization of development costs, and the first-time audit of the ESEF documents. In addition, the auditor inspected Viscom AG's existing risk early detection system in accordance with section 317 (4) HGB and, as a result of this assessment, came to the conclusion that the Executive Board has established an appropriate information and monitoring system whose design and use is suitable to identify developments that could endanger the Company's continued existence at an early stage.

The report on Viscom AG's relations with affiliated companies prepared by the Executive Board of Viscom AG in accordance with section 312 AktG was also examined by the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. The auditor issued the following audit opinion:

"Following our mandatory audit and examination, we confirm that

1. the factual information contained in the report is accurate,
2. the payments made by the Company for the transactions listed in the report were not inappropriately high."

The Supervisory Board meeting to review the accounts took place on 19 March 2021. The documents relating to the single-entity and consolidated financial statements, the Executive Board's report on Viscom AG's relations to affiliated companies, the long-form audit report on the financial statements and all other documents and meeting reports were provided to the members of the Supervisory Board in a timely manner prior to this meeting. This documentation was discussed in detail during the Supervisory Board accounts review meeting. The auditor attended the meeting, reported on the audit and its results, and provided information on its findings concerning the internal control system and accounting-related risk management. The auditor was also on hand to answer questions, provide additional information and discuss the documents.

Following a detailed discussion of the audit and its results with the auditor, a thorough examination of the audit reports provided by the auditor and based on its own examination and discussion of the annual financial statements, the consolidated financial statements, the management report and Group management report, the Supervisory Board approved the results of the audit. The Supervisory Board determined that there were no objections based on the final results of its examination. At its accounts review meeting on 19 March 2021, the Supervisory Board approved the annual financial statements, the consolidated financial statements, the management report and the Group management report for the 2020 financial year, meaning that the annual financial statements have been adopted (section 172 sentence 1 AktG).

The Supervisory Board also examined the report of the Executive Board on Viscom AG's relations with affiliated companies and based on its own examination and discussion of the report agreed with the audit results of the auditor. At its meeting on 19 March 2021, the Supervisory Board determined that there were no objections against the declarations of the Executive Board at the end of the report on Viscom AG's relations with affiliated companies based on the final results of its examination.

The members of the Supervisory Board would like to thank the members of the Executive Board, the management of the subsidiaries as well as all employees of the Viscom Group for their strong personal commitment during what was a challenging 2020 financial year. Particular thanks also go to the Works Council members, who represented the interests of employees constructively and taking the company's overall situation into account.

Hanover, 19 March 2021

For the Supervisory Board

Prof. Dr. Michèle Morner
Chairwoman of the Supervisory Board

VISCOM'S SHARES

Basic information about the share

German Securities Code Number (WKN)	784686
ISIN	DE 0007846867
Ticker symbol	V6C
Market segment	Regulated market (Prime Standard)
Type of shares	No-par value bearer ordinary shares
Share capital (€)	9,020,000
Share capital (units)	9,020,000
Number of voting shares	8,885,060

Opening price on 2 January 2020	€ 9.10
Closing price on 30 December 2020 *	€ 9.70
Percentage change	6.59 %
Highest share price during the year on 17 February 2020 *	€ 11.26
Lowest share price during the year on 23 March 2020 *	€ 5.39
Market capitalisation (as of the end of year)	€ 87,494,000

* All share price information is based on XETRA daily closing prices

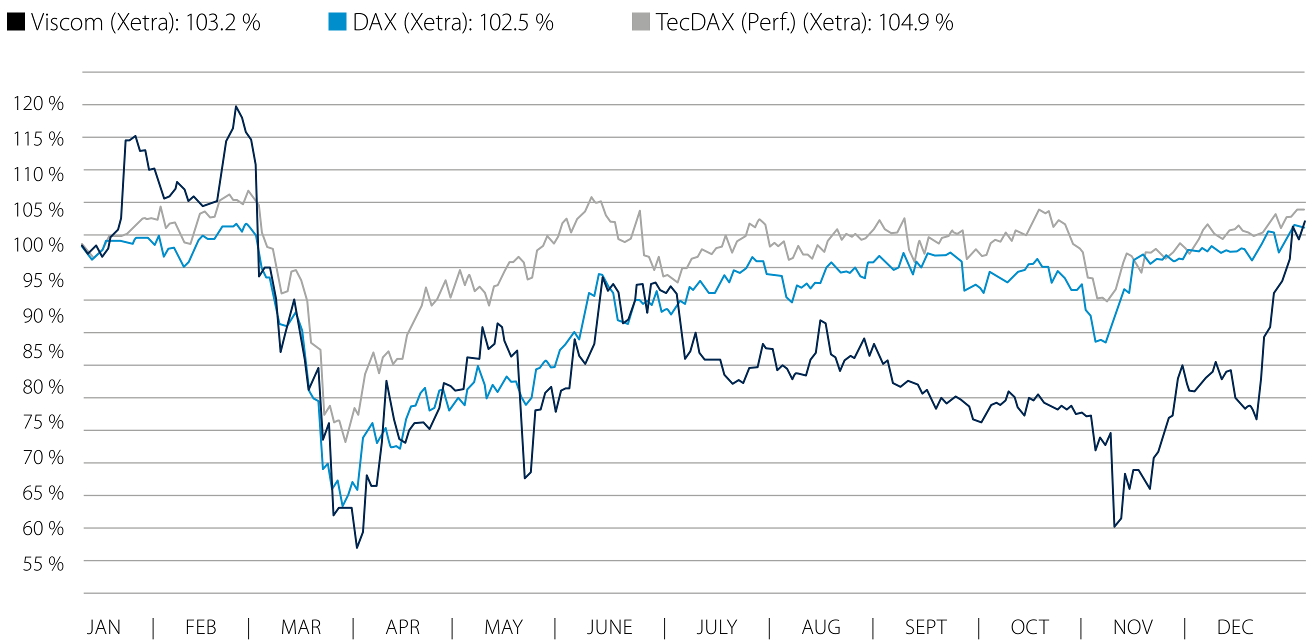
Share price performance

in the reporting period 1 Jan. – 31 Dec. 2020

The Viscom AG share started on 2 January 2020 at an opening price of € 9.10 and initially performed positively in line with the optimistic market environment. The shares reached their high of € 11.26 on 17 February 2020. However, Viscom's shares were also swept up in the uncertainty on the stock markets triggered by the COVID-19 pandemic and the rapid downward trend that followed. The shares reached their low for the year at € 5.39 on 23 March 2020. Thereafter, the increasingly optimistic sentiment on the stock markets once again had a more positive effect on Viscom's shares in the second quarter, followed by a side-ways movement in the third quarter of 2020. Confidence in a rapid economic recovery in 2021 saw investors remain optimistic towards the end of 2020 and the anticipated rally at the end of the year yielded significant gains. The share closed at € 9.70 on 30 December 2020, corresponding to a market capitalisation of around € 87.5 million as of the end of the year.

Share price performance

compared with the DAX and TecDAX in 2020

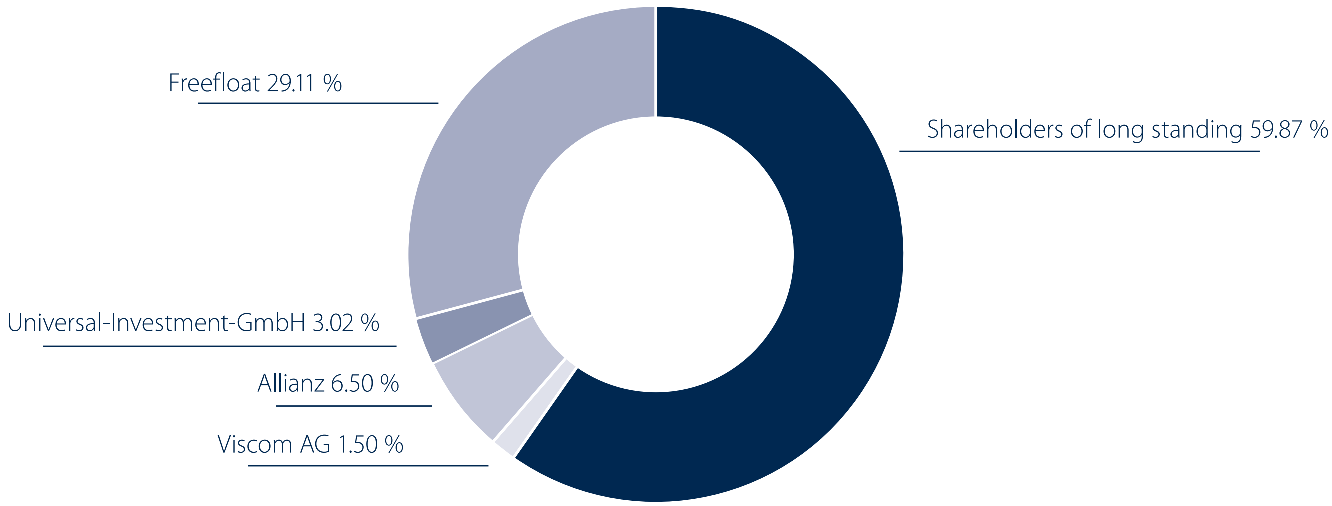


Annual General Meeting

The Annual General Meeting of Viscom AG was held virtually on 4 August 2020. Of the company's share capital of € 9,020,000.00, divided into 9,020,000 no-par value shares, a total of 6,386,939 no-par value shares with the same number of votes, equating to 70.81 % of the registered share capital, were represented during the voting process. In addition, postal votes were received for 25,214 no-par value shares, so that altogether 6,412,153 no par value shares were represented or there were voting ballots for them, equating to 71.09 % of the registered share capital. The Annual General Meeting approved the distribution of a dividend paid of € 0.05 per share. Besides approving the actions of the Executive Board and Supervisory Board and electing the auditor, the Annual General Meeting also approved the authorisation for the purchase and use of treasury shares. Moreover, the Articles of Association were amended in line with the Second Share-holder Rights Directive (ARUG II).

The next Annual General Meeting of Viscom AG will take place again in virtual form on 8 June 2021.

Shareholder structure



Investor Relations

The objective of our investor relations work is to enable all capital market participants to assess Viscom AG fairly. This is why we pursue a policy of continuous and transparent communication. Viscom AG also appeared on Deutsche Börse's online German Equity Forum in 2020.

Pareto Securities AS and EQUI.TS GmbH cover and comment on Viscom's shares on a regular basis. The shares had two buy recommendations as of 31 December 2020.

Extensive information on Viscom's shares can be found in the Company/Investor Relations section of the company's website at www.viscom.com.

You can also contact the Investor Relations department at the following address:

Viscom AG
Investor Relations
Anna Borkowski
Carl-Buderus-Straße 9-15
30455 Hannover
E-Mail: investor.relations@viscom.de
Tel.: +49 511 94996-861
Fax: +49 511 94996-555

A WORD WITH THE EXECUTIVE BOARD.

REVIEW AND OUTLOOK.

DR. HEUSER, AS WELL AS BEING A MEMBER OF THE EXECUTIVE BOARD, YOU ARE A FOUNDER AND THE MAIN SHAREHOLDER OF VISCOM AG. WHAT IS YOUR VIEW OF 2020 AND WHAT ARE YOUR EXPECTATIONS FOR THE FINANCIAL YEAR AHEAD?

DR. MARTIN HEUSER: The challenging year that was 2020 is now behind us. It imposed changes on all of us, not only in our daily work routines but also in how we interacted with our families and friends.

Viscom fell well short of its targets for this year – unfortunately, we closed out the year with a substantial loss. It was not just the pandemic that presented a major problem for us this year. The automotive sector – one of our key customers – was also hit hard. The coronavirus crisis has come at a time of upheaval for the automotive industry. For some years, the sector has been preoccupied by challenges such as the digitalisation of production, electromobility, autonomous and connected driving, and new mobility options, which confront it with fundamental changes. However, every crisis comes with opportunities. Companies are having to review efficiency in production and supply chains or press ahead with the restructuring required in response to the megatrends.

This is where the opportunity for Viscom now lies because our inspection systems help to improve and increase quality and thus efficiency in our customers' production. In many cases, technological transformation and associated technical changes in our customers' production lines call for new inspection systems in order to meet the expanded requirements. We also expect catch-up effects in the medium term.

DR. MARTIN HEUSER
Member of the Executive Board development

Viscom has been undergoing a transformation process for the past year. We made use of 2020 to reorganize the company internally. We adapted processes within the company to meet the new requirements of the market. We are now a leaner and more effective organisation and are ready to actively drive the future of Viscom again.

HOW DO YOU INTEND TO MAINTAIN AND FURTHER EXTEND VISCOM'S LEADERSHIP IN INNOVATION AND TECHNOLOGY?

DR. MARTIN HEUSER: We must produce quality yet remain fast and agile. How will we achieve this? The decisive catchword of Viscom's future strategy is modularisation. Modularisation as a concept aims to bring a clarity of presentation to areas of high complexity while also enabling a high degree of flexibility. This applies to the areas of system design and software in equal measure. Systems are no longer viewed as large, complex, interwoven structures, but as a combination of robust and manageable modules with clearly defined interfaces.

Viscom will open up an increasing number of new digital strategies. Inspection systems are no longer required to operate as standalone systems. Instead, they are connected and communicate with one another. We will also increasingly expand our business outside the confines of pure printed circuit board inspection. We will become more open to alternative applications such as fuel cells, batteries, semiconductors and 5G.

WHAT ARE YOUR PERSONAL PLANS FOR THE FUTURE? DO YOU INTEND TO MOVE TO THE SUPERVISORY BOARD?

DR. MARTIN HEUSER: The most important personal goal for me is to use all my experience to put Viscom AG back on course for success and to act swiftly to seize the opportunities that new applications offer. Viscom has outstanding employees – it is a pleasure to develop new systems together or to expand the software in agile teams. Viscom is strong in the area of digitalisation and our artificial intelligence (AI) plays an important role in the detection of objects to be inspected – this is something we must expand further.

For me personally, I very much look forward to accepting an upcoming extension to my contract as member of the Executive Board. We have made excellent appointments to the Supervisory Board and I currently have no ambitions in that direction.

MR. KRIPPNER, IN JULY 2020, YOU REORGANISED THE INTERFACES TO EUROPEAN CUSTOMERS BY SETTING UP CUSTOMER CARE TEAMS IN HANOVER. WHAT WAS THE REASON FOR THIS STEP, AND HAVE YOU YET SEEN THE FIRST SIGNS OF SUCCESS?

PETER KRIPPNER: We have spent the past year working hard to reorganize internally at the headquarters in Hanover. The reorganisation of Viscom AG includes the establishment of customer care teams for every product area. The newly established teams provide our European customers with support and assistance selecting the right inspection solution and in relation to procurement, commissioning, training and maintenance. This is intended to reduce processing times and ensure that customer-specific requirements can be implemented comprehensively and as needed. We have therefore internally reorganized our customer interfaces and laid the groundwork for greater customer proximity and better service availability.

PETER KRIPPNER
Member of the Executive Board Operations

The new customer care teams are made up of specialists from the product areas AOI, AXI, MXI, Bond Inspection/IBV, SPI, CCI and from application areas such as battery inspection, 5G, e-mobility and consumer electronics. The teams cover specialist sales, project management, application and service as well as the hotline, in order to provide customers with expert and targeted guidance throughout the product life cycle. The new customer care teams replace the previous SP and NP business areas, creating a streamlined, service-oriented and enduringly successful organisation. The sales organisation also contains direct sales, key account management and regional cooperation with European sales representatives, who remain key contacts for our customers. For their specialist customer support, the customer care teams will also draw on the expertise of our specialists in central service and product development. This realignment was the second step after the successful redesign of our product and software development, which is working at full speed on pioneering innovations so that Viscom can continue to enthral with advanced inspection solutions of the highest quality.

Our strategy of unlocking special revenue potential in the inspection of energy storage products – i.e. in battery inspection – has already been implemented by one of the new customer care teams. We received a major order to supply X-ray inspection systems to a customer in the battery production sector. The order has a total volume of around € 4 million and will largely affect revenue in the 2021 financial year.

The satisfaction of our customers is extremely important to us. For this reason, we will also canvass the opinion of our customers in 2021 when a support ticket is closed, or a technical field service visit is made. We have already received a great deal of positive feedback but also indications here and there of where we can make further improvements.

DR. HEUSER HAS ALREADY TOUCHED UPON THE FUTURE PROSPECTS OF VISCOM. CAN YOU, MR. KRIPPNER, EXPLAIN TO US IN GREATER DETAIL THE TECHNOLOGICAL CHALLENGES AND TARGETS FOR 2021?

PETER KRIPPNER: Software will become an increasingly important development priority at Viscom in 2021. Themes here include the vVision software platform, artificial intelligence and approaches for cloud-based working.

The focus for the vVision software platform is on further improving its operability – specifically to further simplify the work of users and customers involved in X-ray inspection. Artificial intelligence and deep learning are other areas of software development. The aim is that, in line with the dual-control principle at the verification station, a notification is always displayed if the artificial intelligence comes to a different conclusion than the human operator of the system. Furthermore, initial development work was launched for gathering optimisation data in a structured fashion under vVision and transferring it to data storage.

On the system side, 2021 will see the product launch of several new systems for inline X-ray inspection. iX7059 PCB Inspection is used for fast 3D inline X-ray inspection of electronic assemblies with a particularly large inspection area. The XL variant of the system can also inspect oversized flat assemblies weighing up to 15 kg. The focus of iX7059 Heavy Duty Inspection is on the inspection of inspection objects on workpiece carriers in the heavy load range. iX7072 Device Inspection is a fast 2D inline X-ray solution for mobile devices. The focus in this case is on the final inspection of devices such as tablets, notebooks, smartphones and wearables (sports watches, fitness trackers or the like).

The iXcell Carrier is used for inspecting button cells and round cells and is available as a 2D or 3D inspection solution. The iXcell Track is specially developed for inspecting continuously passing cylindrical cells and enables very high throughputs. On the other hand, iXcell CT is a system for inline computed tomography of what are called pouch cells, which are used in smartphones and tablets, but also – in modified form – in electric cars.

MR. SALEWSKI, WE BEGAN BY READING A CERTAIN AMOUNT ABOUT VISCOM'S TECHNOLOGICAL FUTURE. BUILDING ON THIS INFORMATION, CAN YOU OUTLINE FOR US THE SALES STRATEGY OF THE VISCOM GROUP OVER THE NEXT FEW YEARS?

CARSTEN SALEWSKI: The year 2018 marked an all-time high for the automotive supply industry, from which Viscom generated strong profits. This contrasts with a considerable decline that the automotive industry suffered in 2020 – although the area of battery inspection grew by 15 %. Over the coming years, we expect

CARSTEN SALEWSKI
Member of the Executive Board Sales, Marketing and International Business

the areas of battery inspection and semiconductor inspection to be the drivers of growth. We are also seeing strong growth in the telecommunications industry, especially in the areas of 5G antennas and connected devices. With our product offensive in 2021, we want to fortify our strong position in the automotive and industrial electronics markets and gain an increasing foothold in the new areas.

Our new products in the iX series for automated X-ray inspection are designed with the requirements of these markets in mind. The handling and inspection technology developed for the respective products takes account of the different product characteristics. From large and heavy assemblies for e-mobility or telecommunications on the one hand and soldered flat assemblies or packages from the back end of semiconductor production on the other, all the way to batteries in the form of coin, pouch or round cells or mobile communication devices – each product can be inspected on the production line using a system from the iX series developed for the relevant inspection task.

Thanks to a new and even more efficient manufacturing concept, we can offer the new standard systems with short delivery schedules and can respond flexibly to market demand. Our software expertise, excellent development quality, uncompromising error detection and first-class service are what set us apart.

In 2021, we will base our market profile on a strong system portfolio and new digital marketing concepts and focus on the ongoing expansion of sales activities in established as well new market segments.

WHAT ARE THE MARKETS AND REGIONS OF PARTICULAR INTEREST TO THE COMPANY OVER THE NEXT FEW YEARS?

CARSTEN SALEWSKI: Our primary business is geographically segmented into the European, American and Asian sales markets. We still see the Asian region as offering the greatest growth potential, but also anticipate greater catch-up effects and a revival of the market in America.

Global supply chains have shifted. The trade conflicts and the pandemic have caused many of our customers to adjust their regional orientation. Their priorities in doing so are to regionalise production and to build robust supply chains. Thanks to our strong global position, we are able to help our customers who are outsourcing production to the USA and Mexico and support the construction of alternative sites in Asia. In Europe, we are also adapting to changes ushered in by the pursuit of strategic autonomy and the circular economy.

As a result, opportunities for us to grow with the markets and to meet customer expectations through regional presence and partnerships are opening up everywhere.

DIRK SCHWINGEL
Member of the Executive Board Finances, Controlling, Investor Relations and Human Resources Management

MR. SCHWINGEL, 2020 MUST SURELY HAVE BEEN A MAJOR CHALLENGE FOR YOU AS CHIEF FINANCIAL OFFICER. HOW DID YOU BALANCE THE CONFLICTING PRIORITIES OF MAKING SAVINGS ON THE ONE HAND AND INVESTING IN THE FUTURE GROWTH OF THE COMPANY ON THE OTHER?

DIRK SCHWINGEL: The past financial year was indeed extremely challenging and presented us and specifically me as Chief Financial Officer of Viscom AG with difficult decisions. We made savings in all areas of the company, investments were suspended for the time being or postponed to future dates. Furthermore, we also reached an agreement with our lessor to suspend our rental obligations for the newly constructed production hall at the Hanover site. Reduced working hours were agreed in close consultation with the Works Council at the Hanover site, on average, this measure affected 172 of the 370 employees here to varying degrees during the past financial year. By waiving some of their salary, the Executive Board and the first management level of Viscom AG also played their part in protecting jobs at the Hanover site. Despite the tense situation in 2020, we continued to invest in R&D to keep pace with the technological challenges that will emerge after the crisis and to ensure that we return to sustained and profitable growth.

DO YOU BELIEVE THAT THE COMPANY IS WELL POSITIONED FINANCIALLY TO FACE THE FUTURE? DO YOU PLAN TO AVAIL OF STATE AID?

DIRK SCHWINGEL: During the past financial year, we availed of state support payments in the form of compensation for reduced hours and subsidies to cover operating expenditure in France, Germany and in the USA. Given our ample equity resources, we also see ourselves on a sound business and financial footing for the future. Our principal banks provide us with overdraft facilities without the need for us to provide collateral – which we take as a good rating classification for our company. Nevertheless, we are constantly examining possible global funding programs. In Germany, however, we have no plans to avail of any additional state funding, such as KfW loans.

This interview was conducted at the end of January 2021.

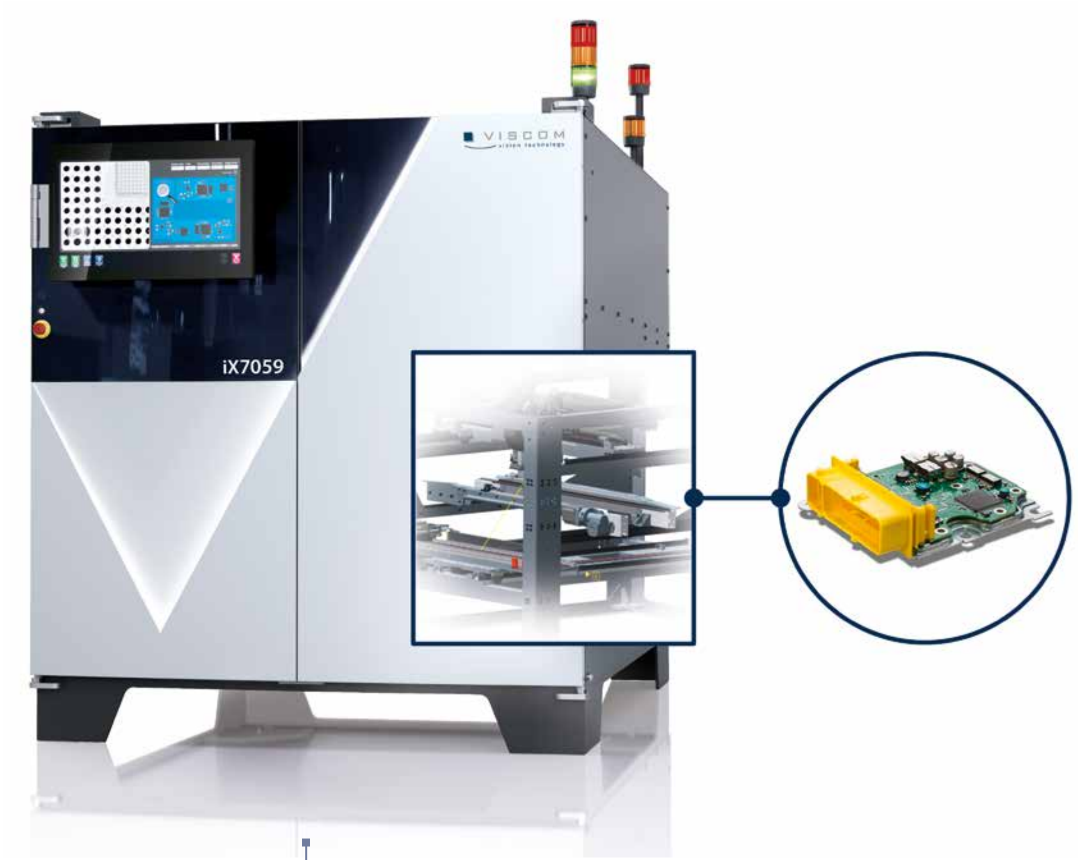
NEW SYSTEM GENERATION.

iX SERIES FOR FULLY AUTOMATED INLINE X-RAY INSPECTION.


VISCOM
vision technology
SMART FACTORY
IPC Hermes and
SMEMA barcode scanner
ROBUST PROTECTIVE HOUSING
Two large shielded doors
on the front
COMPACT
40 % smaller footprint
in comparison to the X7056RL

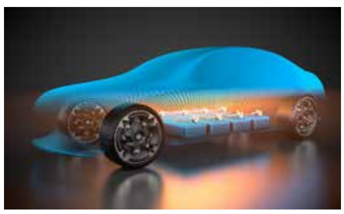
THE HEAVYWEIGHT.

Power electronics represent key components in the areas of electromobility, telecommunications and renewable energies. When it comes to guaranteeing the trouble-free operation of high-performance electronic components, a fully-automated 3D-X-ray inspection solution is the only choice. After all, only targeted inspection can ensure the flawless product quality required to achieve high efficiency and long-lasting functional reliability. The advanced inline X-ray solution iX7059 Heavy Duty Inspection uses innovative inspection technology and special handling processes to inspect electronic assemblies and mechanical components weighing up to 40 kg on goods carriers.



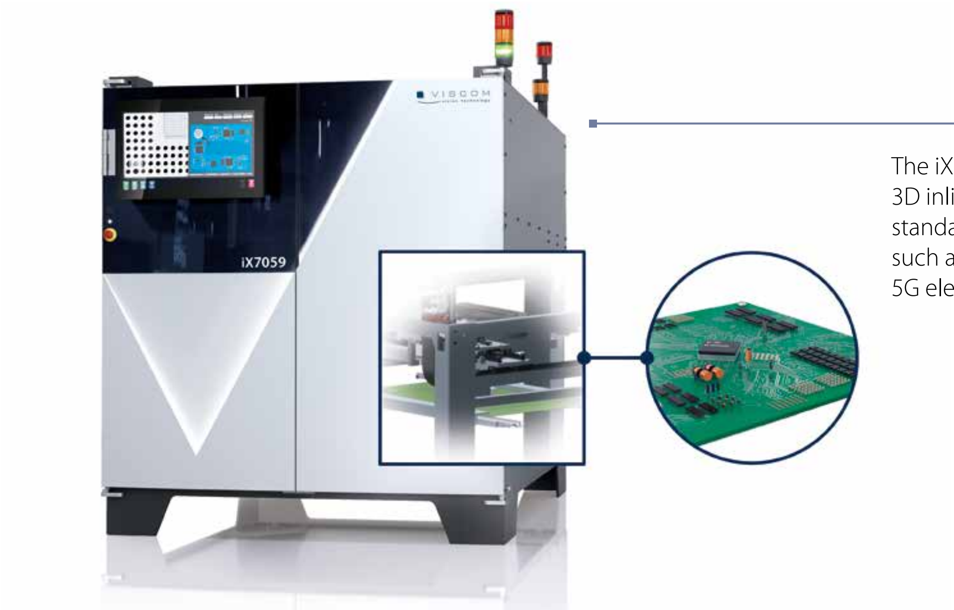
iX7059 Heavy Duty Inspection is ideal for inspecting power electronics, such as charging electronics for electromobility, rectifiers for renewable energies, large / heavy control units for automotive electronics, such as inverters and chargers, as well as 5G antennas (thermal management).



PCB XL.

The iX7059 PCB offers outstanding inspection capabilities as well as very high throughput rates in modern SMT production.



The iX7059 PCB Inspection XL is the fast 3D inline X-ray solution for inspecting standard and oversized flat assemblies such as server boards, semiconductor and 5G electronics as well as LEDs.

MOBILE DEVICES.

The iX7072 Device Inspection XL is the fast 2D inline X-ray solution for inspecting mobile devices, that is, the final inspection of devices such as tablets, notebooks, smartphones and wearables (sports watches, fitness trackers or the like) as well as data glasses, hearing devices, control units or medical filters.

SUSTAINABLE. ENERGY-EFFICIENT. SOCIAL.

As an employer, we have strong obligations towards socially responsible, resource-saving and environmentally aware actions, which we are also happy to meet. What's more, our social engagement and responsibility for our employees combined to create another key component of our corporate culture. As one of the world's leading manufacturers of optical and X-ray inspection systems for the electronics industry, we are only too aware of our responsibility in these key areas. Therefore, we advocate sustainable company management.

Energy efficiency is a decisive factor that influences the competitiveness of our partners. With innovative inspection systems, Viscom makes an important contribution to reducing energy consumption. We have made it our goal to increase energy efficiency in the production and processing of electronic products. As part of our implementation of the Energy Efficiency Directive 2012/27/EU, we are ensuring transparency with regard to energy consumption here at Viscom. We effectively determine any potential for improving energy efficiency and implement targeted measures. This ensures that energy consumption in the company can be reduced over the long term.

In recent years, we have implemented innovative environmental concepts in all of our new buildings and modernisations. In 2020, we generated around 181,000 kWh of solar power. We are also planning to install a block-type thermal power station for generating electricity and heat at the Hanover site.

Since 2019, we have also converted increasing numbers of our company vehicles to electric or hybrid models. Interest among our employees is high and the Executive Board is setting an excellent example. Three of the four Executive Board Members are already driving cars with either an electric or hybrid drive system. As part of the modernisation works at the Hanover site, we also installed charging stations for electric vehicles. Following the introduction of the "Jobrad" bicycle leasing initiative in 2018, a growing number of our employees have switched to a company bicycle – a shift that we strongly support as it keeps our employees fit and the environment clean.

In the production area of our company, we use hazardous and slightly toxic substances such as lead or soldering tin to the extent required. The metrological service of the Employer's Liability Insurance Association has tested and approved our processing methods for lead without reservation and adjudged them to be good and safe. In addition, the processing of lead in our company does not produce harmful vapours thanks to existing regulations concerning the manner of processing, internal operating procedures and the requirements of the Employer's Liability Insurance Association. However, we always check for the availability of more environmentally friendly alternatives before using these substances on our production lines.

We also separate the waste that accumulates in each building at the Hanover site. In addition to the separation of domestic waste and paper, we also collect materials such as plastics, metal and electronic waste in separate containers and have them disposed of on a regular basis by suitably certified specialist companies.

A motivating work environment provides the foundations for satisfied and committed employees. We place great value on helping our employees to achieve a healthy work-life balance. Among other things, this is enabled through reliable working conditions such as equal treatment, occupational safety and health management, flexible working time models, as well as the childcare facilities at our own company child care center, Vikis.

Due to the impact of the global COVID-19 pandemic during the 2020 financial year, reduced working hours to protect jobs at the Hanover site were agreed in close coordination with the Works Council, and having weighed the capacity necessary to process orders. The necessary distancing and hygiene regulations have been and will continue to be implemented and adhered to for the employees working at our sites. Thanks to our state-of-the-art IT equipment, many employees were able to begin work from their home office immediately, ensuring business continuity and ongoing customer support. These measures will also continue to define the financial year 2021 and will be continuously improved.

GROUP MANAGEMENT REPORT AND IFRS CONSOLIDATED FINANCIAL STATEMENT 2020

GROUP MANAGEMENT REPORT 2020 BASIC INFORMATION ON THE GROUP

Business model of the Group

Structure of the company and its investees

Viscom AG, Hanover (hereinafter: Viscom AG), is the parent company of the Viscom Group (hereinafter referred to as Viscom).

Viscom AG is registered with Hanover Court of Registration under commercial register number 59616.

With subsidiaries in Asia, the Americas, Europe, and Africa that are directly or indirectly wholly owned by Viscom AG, the Group has an efficient, market-oriented organisational structure. All the companies are focused on their respective customer groups and their requirements. This enables them to act and respond quickly and flexibly. They also benefit from the advantages of belonging to a larger group, thus enabling the mutual exchange and utilisation of knowledge and experience. Production takes place exclusively in the Group's home base, Hanover. This means that Viscom enjoys the production advantages of one of the most highly developed industrial locations, allowing it to guarantee a very high level of quality for its products.

In 2001, Viscom GmbH changed its legal form to that of a German stock corporation (Aktiengesellschaft) and became Viscom AG. The company's share capital is divided into 9,020,000 shares, 59.87 % of which are held directly or indirectly through HPC Vermögensverwaltung GmbH by the company's founders Dr. Martin Heuser and Volker Pape as at 31 December 2020. 6.50 % of the shares are held by Allianz and 3.02 % by Universal-Investment-Gesellschaft mit beschränkter Haftung.

The Extraordinary General Meeting held on 20 August 2013 agreed to convert some of the committed capital reserves (€ 22,550 thousand) into free capital reserves (section 272(2) no. 4 of the Handelsgesetzbuch (HGB – German Commercial Code)) by way of an increase in the company's share capital from corporate funds without issuing new shares and a subsequent reduction in capital. This is in accordance with the proposals by the Executive Board and Supervisory Board published in the German Federal Gazette (Bundesanzeiger) on 10 July 2013.

As at 31 December 2020, Viscom AG held committed capital reserves in accordance with section 272(2) no. 1 HGB amounting to € 14,557,160.08.

On 29 July 2008, the Executive Board, with the approval of the Annual General Meeting on 12 June 2008 and following consultation with the Supervisory Board, resolved to acquire up to 902,000 of the company's shares by 31 March 2009. The company had bought back 134,940 shares as at 31 March 2009. Viscom AG held around 1.50 % of its shares as treasury shares as at 31 December 2020.

The Executive Board of Viscom AG had four members as at 31 December 2020:

Carsten Salewski: Sales
Peter Krippner: Operations
Dr. Martin Heuser: Development
Dirk Schwingel: Finance

The Executive Board is monitored by the three members of the Supervisory Board:

Prof. Dr. Michèle Morner (Chairwoman)
Volker Pape (Deputy Chairman)
Prof. Dr. Ludger Overmeyer

Segments and key locations

Viscom develops, manufactures and sells high-quality automated inspection systems for use in industrial production. The company's business activities are broken down on the basis of work required for the project-specific adaptation of standard components and systems, and the technology used to identify potential production errors using the inspection systems.

In geographical terms, the company's business incorporates the European market with its headquarters in Hanover and a subsidiary in Paris, France; the sales market of the Americas with its subsidiary in Atlanta, USA, and the Asian market with its subsidiary in Singapore, which in turn has its own subsidiary in Shanghai, China. The sales company in Tunis, Tunisia, a subsidiary of the French subsidiary that cultivates and serves the North African sales market, is allocated to the geographical segment Europe.

Business processes

The inspection systems are developed and produced at Viscom AG's headquarters in Hanover. This is where all the centralised functions, such as business administration, development, production, service and sales management, are based.

The company's product development activities focus on fundamental development work for future generations of inspection systems and project-specific development to adapt basic types of machinery to meet customer-specific requirements.

A large part of production is order-based. This draws on in-house pre-production of various assemblies.

Sales activities are performed by Viscom AG's sales employees and customer care teams, its Group companies and agents acting on the market as industry representatives for mechanical engineering firms.

High reliability is also one of the most important aspects when using an inspection system. This requires regular maintenance, repair and calibration. Central service and the customer care teams support Viscom customers with regard to these tasks. Fast reaction times are ensured thanks to the global presence of Viscom's service employees.

Major business processes are managed and supported with the help of the business software proALPHA. The order-processing module included in this system is used by all Viscom locations around the world.

Legal and economic factors

Coronavirus has increasingly spread around the world since the start of 2020. The World Health Organisation declared the pandemic a public health emergency of international concern on 30 January 2020. Authorities' measures to contain the COVID-19 pandemic led to restrictions in all economic sectors. The economic outlook was difficult to predict or evaluate in a reliable manner. The economic activities of the Viscom Group were also greatly restricted. For details of the development of economic framework conditions in the 2020 financial year, please refer to the economic report below.

Management system

The key performance indicators by which the Viscom Group is essentially managed are incoming orders, revenue, EBIT (operating profit or segment earnings) and the EBIT-Margin (EBIT/revenue).

The management of the Group is based on a reporting system that takes the form of monthly reports submitted to management and the heads of the business areas. These monthly reports include the consolidated income statement and individual breakdowns for the various Group companies.

The reports also include a detailed presentation of the cost structure and the key figures at Viscom AG and its Group companies. They provide information on revenue in the Group's machine installation regions, incoming orders, the order backlog, the number of employees, cash and cash equivalents, the utilisation of free overdraft facilities, total receivables and receivables from subsidiaries, orders placed for the purchase of goods and inventories of goods and completed and partially completed systems.

In addition, they provide an overview of employee turnover, illness and per capita revenue in addition to key indicators for the customer care teams, product development, production and logistics.

The statements contained in the monthly reports are analysed in regular meetings between the Executive Board, all heads of business areas and the managing directors of the individual branches. Any action that may be necessary results in decisions which are usually implemented in the short term.

Viscom AG was listed in the Prime Standard of the regulated market on the Frankfurt Stock Exchange as at 31 December 2020. The company publishes quarterly and half-yearly consolidated financial reports in accordance with IFRS.

Research and development

Development activities mainly focus on the ongoing development of existing system solutions and the implementation of new market requirements in the field of optical and X-ray inspection processes. This area also focuses on the definition of new products and systems.

Viscom works continuously on developing new and improving existing products. In 2020, we focused on the development of several new systems for inline X-ray inspection. iX7059 PCB Inspection is used for fast 3D inline X-ray inspection of electronic assemblies with a particularly large inspection area. The XL variant of the system can also inspect oversized flat assemblies up to one metre in length and weighing up to 15 kg. The focus of iX7059 Heavy Duty Inspection is on the inspection of inspection objects on workpiece carriers in the heavy load range. The system is ideal for inspecting power electronics, such as charging electronics for electromobility, rectifiers for renewable energies, large and heavy control units in automotive electronics, such as inverters and chargers, and 5G antennas (thermal management). The objects inspected with iX7059 Heavy Duty Inspection can weigh as much as 40 kg.

iX7072 Device Inspection is a fast 2D inline X-ray solution for mobile devices. The focus in this case is on the final inspection of devices such as tablets, notebooks, smartphones and wearables (sports watches, fitness trackers and the like). iX7072 PCB Inspection is an inexpensive system for inspecting printed circuit boards – a fast inline X-ray solution for standard flat assemblies.

Since battery inspection became another focus of Viscom AG's activities, Viscom has also developed a number of new systems for the X-ray inspection of battery cells. The iXcell Carrier is used for inspecting button cells and round cells and is available as a 2D or 3D inspection solution. The iXcell Track is specially developed for inspecting continuously passing cylindrical cells and enables very high throughputs. On the other hand, iXcell CT is a system for inline computed tomography of what are called pouch cells, which are used in smartphones and tablets, but also – in modified form – in electric cars.

Some of the system types were already delivered in 2020 while others are due to be launched on the market in 2021.

Viscom developed a new, proprietary sensor head for 3D solder paste inspection (SPI) in 2020, which offers several advantages: SPI not only achieves higher throughput, but also becomes more flexible and precise. Here, too, production is to start in 2021.

In 3D wire bond inspection, the development of a new 3D sensor system was completed in 2020, and the three-dimensional measurement of wire bonds has already been successfully presented to customers.

Software will become an increasingly important development priority in 2021. Themes here include the vVision software platform, artificial intelligence and approaches for cloud-based working.

The focus for the vVision software platform is on further improving its operability: new inspection programs are to be generated even faster and deliver excellent and robust inspection results with little optimisation work. Especially in X-ray inspection, the work of users and customers can thus be simplified further.

Artificial intelligence (AI) and deep learning are other areas of software development. In 2020, standardised AI user support at the verification station was installed for multiple customers. The aim is that, in line with the dual-control principle, a notification is always displayed if the artificial intelligence comes to a different conclusion than the operator. The Viscom software also supports semi- and fully automated AI verification of inspection results.

Furthermore, initial development work was launched for gathering optimisation data in a structured fashion under vVision and transferring it to data storage. This relates to both image data for application work and machine data for purposes of predictive maintenance and condition monitoring. AI training data can also be gathered in this manner.

The successful transfer of scientific findings into practical applications at Viscom has been another building block of research and development for several years now. Together with the University of Hanover, Viscom is promoting such a transfer process within the scope of research and development projects, in which scientific knowledge is applied in developing solutions to specific issues relevant to the market. In addition to these projects, the company continued to intensify its cooperation with universities in 2020 by offering a number of internships and bachelor's and master's theses. This cooperation will continue in 2021 as well.

Expenditure for research and development amounted to 10.1 % of revenue (previous year: 6.9 %). Development costs totalling € 3,101 thousand were capitalised in the past financial year (previous year: € 3,191 thousand), resulting in a capitalisation ratio of around 82 % for 2020 (previous year: around 72 %). Capitalised development costs were amortised in the amount of € 1,605 thousand (previous year: € 1,508 thousand).

The further development of the quality management system resulted in continuous quality improvements. Viscom has been consistently certified under DIN EN ISO 9001 by the German Society for the Certification of Management Systems since January 2005.

Basic principles of the remuneration system

The remuneration report for Viscom AG's Executive Board and Supervisory Board members is included in the Corporate Governance Statement, which forms part of the management report.

ECONOMIC REPORT

Macroeconomic and sector development

Macroeconomic development

The COVID-19 pandemic has led to one of the deepest recessions of the post-war period. As a result of the measures taken around the world in order to contain it, global production fell by nearly 10 % in the first half of 2020. When the acute government measures to combat the pandemic ended, a rapid recovery began in the summer months of 2020 and led to high global economic growth rates. Infection rates picked up substantially in the autumn, so another lockdown was ordered. This put a stop to the economic recovery for the time being, and gross domestic product shrank again in the final quarter. However, this decline is very unevenly shared among economic sectors. While value creation in hospitality and other services plummeted by double digits, the manufacturing industry continued its recovery. Global industrial activity was still intact by the end of 2020, which was made clear by growing incoming orders. In the fourth quarter, investments and exports continued to increase, while private consumer spending declined. Overall, this resulted in a slump in economic output of around 5.1 % in 2020.

Sector development

The inspection of electronic assemblies is Viscom's main revenue segment. Viscom is therefore predominantly represented in the automotive supplier segment within the electronics industry, one of the largest branches of industry in the world.

However, in the 2020 financial year the Viscom Group's economic activities were severely restricted by the effects of the COVID-19 pandemic, especially in the automotive sector. On 3 November 2020, the management therefore felt compelled to lower the annual forecast last confirmed in Viscom AG's consolidated interim report. The economic disruption caused by the pandemic severely affected the ability to make predictions and thus resulted in considerable forecast uncertainty.

However, technological progress remains a decisive factor. Technical developments in the electronics industry have been an innovation driver for Viscom over the last few years. The volumes and quality requirements of increasingly complex and ever-smaller electronic assemblies are seeing constant growth, meaning that they can only be tested reliably using automated inspection systems. Hidden solder joints, miniaturised components and densely populated printed circuit boards must be inspected safely and quickly. High resolution, reliable fault detection and high throughput are extremely important here. Viscom inspection systems are used everywhere where the requirements for precision and speed are particularly high. The main customers for Viscom products are the automotive electronics sector, manufacturers of consumer and industrial electronics, and service providers (EMS) that manufacture electronic assemblies to order for various sectors. In addition, Viscom systems are increasingly used to subject finished equipment to an automated final optical or X-ray inspection. This includes complete assemblies from the electromobility sector, high-end mobile consumer equipment and, since 2020, significantly more lithium-ion batteries in various designs.

In recent years, Viscom has intensified its efforts to gain a foothold in non-automotive industries such as battery production, telecommunication, industrial electronics and semiconductor production. In the 2020 financial year, Viscom continued to build on its position in the inspection of energy storage products with targeted developments in automated X-ray inspection and a major order in this field and strengthened its presence in this growth market.

The company has already established itself with a broader base among SMEs in Europe. At the same time, it is focusing on growth industries in the electromobility and computers, communication and consumer (3C) sectors in Asia in particular.

The German mechanical engineering sector is heavily dependent on international markets and, according to the German Mechanical Engineering Industry Association (VDMA), the trend towards the internationalisation of German mechanical engineering and the corresponding customer industries remains intact.

Incoming orders in the mechanical engineering sector already increased in the third and fourth quarters of 2020, but remained below pre-crisis levels according to the VDMA. Many orders that were not placed due to the lockdown were made up for at the end of 2020. Overall, the volume of the German market was close to its 2019 level. Business with large machinery slipped to minus 20 %. The VDMA also indicates that less is being invested at the moment due to the economic uncertainty above a certain cost threshold. The sector is particularly concerned about growing competitive pressure. Even without the coronavirus pandemic, external trade barriers and fragmenting markets are proving a hindrance.

Target sectors, target markets and target customers

The inspection systems manufactured by Viscom are mainly used in the electronics industry. Producers of electronic components are the main customer segment, accounting for 63 % of revenue (previous year: 75 %). Some of these companies are involved in production for end consumers. However, the majority of Viscom's customers are suppliers for other companies that manufacture products such as electronic assemblies. These supplier parts are integrated into vehicles as end products such as motor controllers. The remaining 37 % of revenue (previous year: 25 %) relates to manufacturers from other industries, such as consumer electronics or battery production.

With its optical, X-ray and combined inspection systems, Viscom is particularly well represented in production operations with the very highest quality requirements. Accordingly, its main customers are companies who make product safety a top priority. The automotive electronics sector accounts for a particularly high volume of business in this respect.

With the increasing use of in-car electronics and the high reliability requirements for vehicle systems, the automotive industry is one of the most significant customer groups for the inspection of electronic assemblies. These assemblies, which often take the form of safety-related components, such as ABS, ESP, or airbags, are typically inspected using systems such as those offered by Viscom.

As a result of rising technological demands, including in the consumer goods industry, quality pressure is also far higher than in previous years. However, the emphasis is being placed more on process quality, as a stable process improves the delivery quality and, in particular, results in fewer rejects and hence higher levels of production efficiency. At the same time, electronics manufacturers from Asia in particular that were still seen as low-price suppliers just a few years ago are increasingly seeking to position themselves as premium suppliers.

Technological developments and the accompanying technical and economic progress, combined with its international sales and service presence, have helped Viscom to expand its market position and achieve long-term customer retention. By continuously developing its products, improving its business processes and adapting its sales organisation to reflect changing conditions, Viscom is in a position to address the challenges of the future and thus maintain and expand its market position.

Close, long-term customer contacts form the basis for comprehensive and customised service. The results of this cooperation are incorporated into the development of new system solutions and the refinement of proven systems. This allows Viscom to develop new solutions and open up future markets thanks to a high degree of innovation and customer proximity. At the beginning of July 2020, Viscom AG reorganised the interfaces with European customers. The reorganisation is intended to lay the groundwork for greater customer proximity and better service availability. These aspects are essentially guaranteed by the customer care teams established in 2020 for every product area. The new teams will provide European customers with support and assistance in the selection of the right inspection solution, procurement, commissioning, training and maintenance. This is intended to reduce processing times and ensure that customer-specific requirements can be implemented comprehensively and as needed.

Customer structure

Viscom generated around 50 % of its revenue with its eight largest customers (previous year: around 48 % with its five largest customers). A further 30 % of revenue was generated with 28 customers (previous year: 29). The remaining revenue was generated with a total of 352 different customers (previous year: 381).

SUMMARY ANALYSIS OF THE COMPANY'S NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS AND COURSE OF BUSINESS

Actual development of key performance indicators in 2020 compared to forecasts and the previous year

Performance indicator		Forecast for 2020 (as at 30 March 2020)	Forecast for 2020 (as at 3 November 2020)*	Actual figure for 2020	Actual figure for 2019
Revenue	€ million	65 to 80	59 to 65	61.6	88.6
Incoming orders	€ million	65 to 80	59 to 65	64.6	79.5
EBIT	€ million	-5.0 to +2.0	-7.0 to -5.0	-6.0	4.0
EBIT-Margin	%	-7.7 to +2.5	-11.9 to -7.7	-9.7	4.5

* On 3 November 2020, the Executive Board of Viscom AG adjusted the forecast due to the effects of the COVID-19 pandemic on Viscom AG's operating activities, especially in the automotive sector.

Results of operations

Incoming orders / order backlog

As a result of the increasing spread of coronavirus from the start of 2020, measures to slow this spread were taken in virtually every country in 2020. The restrictions slowed economic activities massively. Especially in the second quarter, a number of countries experienced restrictions on movement and an extensive shutdown of public life. Major manufacturers halted production in their plants in Germany and all over the world, and the Viscom Group was likewise hit hard by the effects of the COVID-19 pandemic. The economic activities of the Viscom Group were greatly restricted. Efforts to combat the global pandemic disrupted supply chains and caused orders to be delayed. In the second half of 2020, there was a discernible revival in business activity in the Viscom Group. Among other things, Viscom AG received a major order to supply X-ray inspection systems to a customer in the battery production sector. The order has a total volume of around € 4 million and will largely affect revenue in the 2021 financial year.

At € 64,561 thousand, incoming orders in the 2020 financial year were significantly down on the prior-year level (previous year: € 79,525 thousand). The decline of 18.8 % resulted in particular from lower order volumes from major existing customers due to the effects of the COVID-19 pandemic and reflects the current economic situation and the associated investment restraint on the part of Viscom's customers in 2020.

The order backlog was € 18,938 thousand as at the end of the year, an increase of around 18.8 % as against the previous year (€ 15,939 thousand).

Revenue development

The negative development of incoming orders in the financial year was also reflected in revenue performance.

Revenue amounted to € 61,562 thousand in the year under review (previous year: € 88,556 thousand), a year-on-year decline of 30.5 %. At € 15,616 thousand, revenue was down 20.8 % as against the previous year in the first quarter of 2020 (€ 19,715 thousand). This was due to the low order backlog as at the start of 2020. In the second quarter of 2020, Viscom generated revenue of € 13,852 thousand (previous year: € 22,680 thousand), a drop of 38.9 % as against the previous year. Consolidated revenue in the third quarter of 2020 fell by 34.0 % year-on-year to € 12,095 thousand (previous year: € 18,314 thousand). Revenue amounted to € 19,999 thousand in the final quarter of 2020 (previous year: € 27,847 thousand), down 28.2 % on the figure for the previous year. The declines in revenue spanned all geographical segments by sales market and operating segment of the Group.

The revenue development described above meant that the forecast was not met (as at 30 March 2020). However, the forecast adjusted on 3 November 2020 was achieved – as notified – at the end of the year.

Operating profit (EBIT)

Operating profit declined by a considerable € 9,996 thousand year-on-year to € -5,979 thousand (previous year: € 4,017 thousand). The main reasons for the change from the previous year were the lack of total operating revenue (total operating revenue defined as revenue plus the change in finished goods and work in progress and other own work capitalised) and a smaller decline in staff costs. In contrast, other operating income increased in the period under review.

Revenue declined by a considerable € 26,994 thousand compared with the previous year. At the same time, the difference from the change in finished goods and work in progress amounted to € -3,179 thousand, which had a negative impact on the com-pany's total operating revenue in particular. Other own work capitalised was € 3,101 thousand, on a par with the previous year's figure (€ 3,191 thousand). Total operating revenue therefore declined by € 30,263 thousand. Offsetting this, the cost of materials decreased by € 10,712 thousand to € 23,722 thousand (previous year: € 34,434 thousand).

The cost of materials included the effects of write-downs on inventories of € 252 thousand (previous year: € 310 thousand) and changes in inventories of € 988 thousand (previous year: € 557 thousand).

Staff costs fell from € 35,082 thousand in the previous year to € 29,893 thousand. The reduction of € 5,189 thousand was mainly due to the cost savings as a result of reducing working hours, utilising provisions for holiday and overtime and reducing the number of employees over the course of the year.

The changes in other operating expenses and income and depreciation and amortisation of € 4,366 thousand likewise had a positive effect on profit and loss.

At a lower intensity, the effects described above also caused the deviation of around 20 % from the original forecast of 31 December 2019 in operating profit. In particular, this deviation was caused by lower total operating revenue. Operating profit was down € 979 thousand on the figure originally forecast for 2020 of € -5,000 thousand. At € -5,979 thousand, operating profit was within the adjusted forecast for 2020 of € -7,000 thousand to € -5,000 thousand.

EBIT-Margin

The above effects on operating profit, in particular the drop in total operating revenue, caused the EBIT-Margin for the 2020 financial year to decline considerably to -9.7 % (previous year: 4.5 %).

Net profit for the period

Net profit for the period fell sharply from € 3,101 thousand in the previous year to € -4,414 thousand. The effects discussed under operating profit above also had an impact on net profit for the period. At 29.9 %, the tax rate was above the previous year's level of 23.8 %. The lower rate in the previous year resulted from tax refunds for previous years.

The pre-tax return on sales was -10.2 % (previous year: 4.6 %).

Earnings per share

In the period from 29 July 2008 to 31 March 2009, Viscom acquired 134,940 treasury shares on the stock exchange for a price of € 587 thousand. The share buy-back programme reduced the number of shares with dividend rights from 9,020,000 to 8,885,060. The company did not exercise the option to buy back shares in 2020.

Based on 8,885,060 shares, earnings per share for the 2020 financial year amounted to € -0.50 (basic and diluted). Earnings per share amounted to € 0.35 in the previous year. On account of the net accumulated losses reported, Viscom AG will not propose a dividend for the 2020 financial year to the Annual General Meeting on 8 June 2021. This will not affect the Group's fundamental dividend policy of distributing at least 50 % of consolidated net profit reported.

Financial result

The financial result was significantly below the previous year's level at € -320 thousand in 2020 (previous year: € 50 thousand). The financial expenses resulted in particular from interest expenses for utilised overdraft facilities, a long-term loan and lease liabilities.

Exchange rate effects

Viscom is exposed to exchange rate risks as it operates internationally. Given the company's business volumes and the development of the euro/US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging. Around 10 % of total revenue was subject to direct exchange rate effects (previous year: around 8 %). Currency translation differences had an effect on earnings of € -236 thousand in 2020 (previous year: € -50 thousand).

Employees

The total number of employees in the Group decreased to 464 over the course of the year (previous year: 485). The workforce reduction related to all the Company's business areas on account of turnover and expiring contracts.

18 employees were in training as at the end of the year (31 December 2020).

The following table shows the number of Viscom employees as at 31 December 2020.

Employees

As at 31 December 2020	Europe	Americas	Asia	**Total**
Total	372	18	74	464
of which full-time	328	18	74	**420**
of which part-time	44	0	0	**44**
plus: Trainees	18	0	0	18

An average of 474 employees (not including trainees) worked for the Group in the 2020 financial year. 197 of these are classified as commercial employees (Sales, Development and Administration), while 277 are classified as industrial employees (Production, Logistics, Projects and Service). In addition to the decline in the number of employees, the changes compared with the previous year are also attributable to the reorganisation and reallocation of employees at Viscom AG implemented as at 1 July 2020.

Regional developments

Europe

Europe was by far the strongest regional market, accounting for around 67 % of the Viscom Group's revenue. The propensity to invest among Viscom's customers on its home market of Germany weakened considerably in the past financial year. However, Germany continued to be an important sales market for Viscom in 2020.

Revenue in Germany amounted to € 22,167 thousand, down around 24 % on the prior-year figure of € 29,233 thousand.

In the rest of Europe, revenue fell by around 29 % year-on-year to € 19,320 thousand (previous year: € 27,335 thousand).

In Germany and the rest of Europe, segment revenue was significantly below the previous year's level at € 41,487 thousand (previous year: € 56,568 thousand; -26.7 % year-on-year). Segment earnings amounted to € -7,102 thousand (previous year: € 3,075 thousand). The decline was due to the effects already discussed under operating profit above.

Americas

In the Americas region, uncertainties over the COVID-19 pandemic continued to dominate the market in nearly every sector. Compared with the first and second quarters, there was a market revival in the third quarter. Mexico, the US and Canada contributed to a strong final quarter in the 2020 financial year in all sectors, but especially electromobility. The service and support business likewise grew again in all regions of the Americas. However, these positive market signals could not compensate for the weak previous quarters.

Revenue in the Americas region declined by around 31 % year-on-year to € 9,131 thousand in the 2020 financial year (previous year: € 13,311 thousand).

Segment earnings were improved significantly thanks to the cost-reduction measures introduced in other operating expenses and staff costs. At € 778 thousand, they were significantly higher than the previous year's figure (previous year: € 350 thousand).

Asia

With Chinese New Year falling early in January, and being followed almost immediately by the COVID-19 lockdown in China, demand for products from Viscom's customers – cars especially – crashed in the first quarter. The business – especially in the People's Republic of China – picked up again slightly in the second quarter and grew stronger in the subsequent quarters.

In the fourth quarter, more orders were acquired and more revenue was generated in the Asian region than in the three previous quarters. The initiated cost-reduction programmes paid off and led to a positive result for this region. The travel restrictions in response to coronavirus are making it difficult to visit customers for sales or service purposes.

Revenue in the Asia region declined significantly by around 41 %, from € 18,677 thousand in 2019 to € 10,944 thousand in 2020. At € 606 thousand, segment earnings were level with the previous year (€ 573 thousand).

Products / Inspection systems

The inspection systems manufactured by Viscom are based on digital image processing technology, known within the sector as *machine vision*. Digitalised images are interpreted using special software tools and algorithms in order to measure, check and verify the objects being inspected.

Entire production processes can be monitored and controlled using this measurement and inspection technology.

The recorded data can be one-, two- or three-dimensional data structures obtained using optical area scan cameras, X-ray detectors, laser scanners or similar optical systems.

While the extremely wide range of sensors used in optical technology are only available in Viscom's standard products, in-house developments such as X-ray tubes and the related control electronics are additionally offered as OEM products in the area of X-ray products.

The inspection systems manufactured by the company in 2020 were predominantly inspection systems from the S3088 and X7056 product lines. Viscom has broad product expertise thanks to its continuous product development. The flexible system structure of the individual system types means they can be manufactured in many different variants. This represents a distinct advantage for customers.

Cost-effective model variants such as the S3088 product line can frequently be offered as entry-level systems with the option of subsequent upgrading or retrofitting. This initial business is extremely important to Viscom as customer decisions in favour of a given system are generally long-term in nature, thereby ensuring follow-up sales.

A high degree of diversity is achieved by using similar components. The model variants come about through design revisions and adaptations to reflect the respective area of application.

In the X-ray field, Viscom focuses on technically sophisticated customer projects in addition to optical inspection.

Revenue in the "Optical and X-ray series inspection systems" product group declined by around 33 %, from € 60,041 thousand in 2019 to € 40,393 thousand in the 2020 financial year. Revenue in the "Special optical and X-ray inspection systems" product group fell around 41 % short of the previous year's figure at € 8,462 thousand (previous year: € 14,309 thousand). Revenue for the "Service" product group decreased by around 11 % to € 12,707 thousand (previous year: € 14,206 thousand).

Financial position

Capital structure / liquidity

Viscom was able to generate the required liquidity largely from its own funds in the 2020 financial year. As at 31 December 2020, overdrafts in the form of available credit facilities in the amount of € 2,482 thousand were utilised (previous year: € 2,883 thousand). Viscom is taking advantage of the low interest rate environment to re-finance outstanding liabilities in its operating business. Taking into account cash and cash equivalents of € 6,798 thousand (previous year: € 3,922 thousand), the company had positive net bank balances of € 4,316 thousand as at the end of the reporting period (previous year: € 1,039 thousand). A long-term bank loan of € 2,000 thousand was taken up for investment purposes in 2019. Following monthly repayments, the loan amounted to € 1,601 thousand as at 31 December 2020. The subsidiaries did not require any loans. At 66.0 %, the consolidated equity ratio was higher than the figure for the previous year as a result of lower total assets (previous year: 65.7 %).

Investments

Investments in property, plant, and equipment and intangible assets totalled € 6,960 thousand in 2020 (previous year: € 5,536 thousand).

Most of the capital expenditure related to capitalised development costs at € 3,101 thousand (previous year: € 3,191 thousand), land and buildings at € 3,040 thousand (previous year: € 598 thousand), vehicles at € 628 thousand (previous year: € 1,011 thousand) and operating and office equipment at € 111 thousand (previous year: € 504 thousand). € 80 thousand (previous year: € 232 thousand) was accounted for by leasehold improvements, software, and technical equipment and machinery. These items included total right-of-use assets in accordance with IFRS 16 of € 3,668 thousand (previous year: € 1,638 thousand).

The Europe segment accounted for € 6,747 thousand of capital expenditure (previous year: € 5,427 thousand), the Americas segment for € 34 thousand (previous year: € 20 thousand) and the Asia segment for € 179 thousand (previous year: € 89 thousand).

At € 4,567 thousand, capital expenditure in the year under review essentially related to the product-specific segment "Optical and X-ray series inspection systems" (previous year: € 3,753 thousand).

Cash and cash equivalents / cash flow

Cash funds, consisting of cash and cash equivalents (€ 6,798 thousand; previous year: € 3,922 thousand) and short-term overdrafts (€ 2,482 thousand; previous year: € 2,883 thousand), amounted to € 4,316 thousand as at 31 December 2020, up significantly as against the previous year (€ 1,039 thousand).

The cash flow from:

- operating activities amounted to € 10,225 thousand (previous year: € 7,302 thousand). The increase mainly related to the significant reduction in inventories, receivables and other assets, and income tax refunds.

- investing activities amounted to € -3,156 thousand (previous year: € -3,587 thousand), predominantly due to capitalised development costs.

- Financing activities totalled € -3,620 thousand (previous year: € -5,067 thousand), in particular as a result of the repayment of loans and lease liabilities.

Trade receivables past due were down as against the previous year. There were no major defaults.

Viscom was able to ensure the required liquidity at all times in the period under review.

Net assets

In particular, the significant decline in trade receivables in the 2020 financial year led to a rise in cash funds. Inventories were lower year-on-year as at the end of the year as a result of decline in raw materials and supplies, assemblies and completed and partially completed systems. Intangible assets were also up, essentially as a result of capitalised development costs, while property, plant and equipment predominantly due to accounting for new leases. Overall, this meant that total assets decreased from € 89,048 thousand as at 31 December 2019 to € 80,601 thousand as at 31 December 2020.

Current liabilities rose as against the previous year, in particular as a result of the decrease in trade payables and income tax liabilities. Non-current liabilities increased as against the previous year, in particular as a result of deferred taxes and non-current lease liabilities.

Non-current assets

Within non-current assets, intangible assets essentially comprise capitalised development costs. Intangible assets increased from € 12,544 thousand in the previous year to € 13,953 thousand. The rise in property, plant and equipment from € 12,778 thousand to € 13,086 thousand resulted in particular from new leases.

Receivables

Trade receivables declined significantly year-on-year to € 19,861 thousand due to weaker revenue performance in 2020 (previous year: € 27,663 thousand). Impairment losses on trade receivables totalled € 921 thousand (previous year: € 955 thousand). Impairment losses were on par with the previous year at Viscom AG, but fell slightly at the branches.

In total, receivables past due declined by 46.1 % year-on-year to € 4,616 thousand (previous year: € 8,570 thousand). Most receivables past due are short-term in nature. Around 6 % of total receivables (previous year: around 5 %) were past due by more than six months.

Default risk was addressed by recognising loss allowances as at the end of the year. Expressed as a percentage, impairment losses on all receivables increased from 3.3 % in the previous year to 4.4 %.

Inventories

The carrying amount of inventories was € 24,141 thousand as at the end of the financial year (previous year: € 29,131 thousand). This net inventory figure included impairment losses on rental and demonstration machines in the amount of € 7,456 thousand (previous year: € 6,675 thousand) and impairment losses for extended inventory coverage of € 6,389 thousand (previous year: € 5,930 thousand). This meant that net inventories decreased by € 4,990 thousand as against the previous year, while gross inventories were down by € 3,750 thousand. The drop in inventories was caused in particular by the reduction in completed systems due to measures taken to reduce inventories.

Liabilities

Trade payables were down slightly year-on-year at € 2,543 thousand as at the end of the year (previous year: € 2,856 thousand).

Equity

Total equity plus reserves fell from € 58,499 thousand in the previous year to € 53,209 thousand in 2020. This change was due to the net loss for the period and the dividend distribution for the 2019 financial year. At 66.0 %, the equity ratio was on a par with the figure as at 31 December 2019 (65.7 %).

Summarised overall assessment of business performance

The 2020 financial year brought with it exceptional and, in some cases, major challenges for Viscom. The impact of the COVID-19 pandemic on Viscom's operating activities, especially in the automotive sector, caused the management to lower the annual forecast for the Viscom Group in early November 2020. The adjusted revenue and profit target was met in the 2020 financial year, but the company thus made a substantial loss and cannot be satisfied with the past financial year.

Key figures on the Group's net assets, financial position and results of operations

	2020 K€	2019 K€
Tier 1 liquidity (cash and cash equivalents less current liabilities and provisions)	**-8,415**	**-12,982**
Tier 2 liquidity (tier 1 liquidity plus receivables and other assets less non-current liabilities)	**2,770**	**6,958**
Tier 3 liquidity (tier 2 liquidity plus inventories)	**26,911**	**36,089**
Current assets		
Cash and cash equivalents	6,798	3,922
Receivables and other assets	21,602	29,704
Inventories	24,141	29,131
	52,541	**62,757**
Liabilities and provisions		
Current liabilities and provisions	15,213	16,904
Non-current liabilities and provisions	10,417	9,764
	25,630	**26,668**
Cash flow		
Net profit for the period after taxes	-4,414	3,101
+ Depreciation and amortisation expense	5,206	5,003
	792	**8,104**
Return on equity		
Net profit for the period / equity	-8.3 %	5.3 %
Return on investment (ROI)		
Net profit for the period / total assets	-5.5 %	3.5 %
Return on revenue		
EBT / revenue	-10.2 %	4.6 %
Return on capital employed (ROCE)		
EBIT / (total assets - cash and cash equivalents - current liabilities and provisions)	-10.2 %	5.9 %
Net debt		
Liabilities and provisions (-)	-25,630	-26,668
+ Cash and cash equivalents	6,798	3,922
+ Receivables and other assets	21,602	29,704
= Net debt	2,770	6,958
Working capital		
Current assets - current liabilities and provisions	37,328	45,853
Equity ratio		
Equity / total assets	66.0 %	65.7 %

REPORT ON POST-REPORTING DATE EVENTS

Please see the notes to the consolidated financial statements for the report on events after the end of the reporting period.

REPORT ON OPPORTUNITIES AND RISKS

Expected opportunities

Electronics are increasingly penetrating every area of life. Electronic assemblies are growing smaller and smaller, yet at the same time are expected to take on a growing number of functions. This technological diversification requires top-class inspection solutions that ensure product quality while also guaranteeing the sustainable stability of increasingly complex processes. Customer requirements of Viscom inspection systems are therefore becoming increasingly specific. This dynamic market environment means that new opportunities are constantly arising for the Viscom Group. Systematically identifying and taking advantage of these opportunities is a key factor for Viscom's sustained growth.

Viscom regularly assesses market and competition analyses and aligns its product portfolio accordingly. Building on this, specific market opportunities are derived which the Executive Board incorporates into its annual business plan.

The following opportunities are described in greater detail owing to their probability of occurrence and are not yet reflected in the business plan and outlook for 2021.

Opportunities of economic development

The general economic conditions influence the company's business operations, its financial position and results of operations and its cash flow. If the global economy enjoys a more sustainable recovery than expected, Viscom's revenue and results could exceed the current outlook and mid-term targets.

Opportunities of research and development

Viscom's growth primarily depends on its ability to develop innovative solutions and hence constantly create added value for its customers. Viscom is also pressing ahead with improving the effectiveness of research and development, shortening innovation cycles through more streamlined development processes and cooperating more closely with customers. If these research and development activities achieve greater progress than currently expected, this could entail the launch of more and improved products or mean that products become available sooner than planned. This could have a positive impact on revenue and earnings and help Viscom to exceed its mid-term targets.

Risk management strategy, process and organisation

As the parent company Viscom AG is a listed company as defined by section 264d HGB, key features of the internal control and risk management system including the early identification of risks in accordance with section 91(2) of the Aktiengesetz (AktG – German Stock Corporation Act German Stock Corporation Act) must be described in accordance with section 315(4) HGB, both with regard to the accounting processes of the consolidated companies and with regard to consolidated financial reporting.

The internal control and risk management system with respect to the accounting process and consolidated financial reporting is not defined by law. Viscom regards the internal control and risk management system as a comprehensive system and applies the definitions of an accounting-related internal control system (IDW PS 261(19) et seq.) and risk management system (IDW PS 340(4) et seq.) issued by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer in Deutschland e.V.), Düsseldorf. An internal control system therefore comprises the principles, processes and measures introduced by company management to support the organisational realisation of management decisions.

Viscom is exposed to various risks as a global group. For this reason, a comprehensive risk management system has been devised allowing potential risks to the Group to be detected and analysed early on to allow appropriate countermeasures. The risk management system comprises a number of control mechanisms and is an integral part of the company's decision-making process.

The guiding principle of risk management is that the relevant decision-makers should be made aware of the development of significant risks as promptly and comprehensibly as possible in order to facilitate a timely and appropriate response or pre-emptive action. To this end, regular meetings with the Executive Board and the heads of the business areas, the heads of individual branches and department heads are held, at which the current status of and approach to the recognised significant risk positions are clarified on the basis of corresponding analyses and reports. Additional information regarding the current status may be required; this is obtained from employees in the respective departments. Risk identification in the individual departments is based on a defined risk catalogue. Risks arising outside the risk catalogue must also be included in the reports presented at the regular meetings of senior employees.

Where possible, potential risks are assessed according to their probability of occurrence and the extent of the potential loss. The assessment of the identified risks is conducted on a net basis, i. e. the assessment of a risk reflects the measures already taken to minimise the likelihood of or the potential loss resulting from a risk. The negative deviation from the budget or current forecast is defined as the reference base for the uniform assessment of risks. For the current financial year, the assessment of risks is to be based in identifiable cases on a time horizon of two years. The Executive Board is immediately notified by the risk managers of material changes to the risk situation in accordance with the applicable reporting thresholds. The ad hoc risk reports are made in regular internal meetings.

In terms of the accounting process, Viscom considers the material features of the internal control and risk management system to be those features which it believes could significantly influence the financial reporting process and the overall view presented by the annual financial statements and management report.

The Executive Board bears overall responsibility for the internal control and risk management system for the consolidated financial reporting process. All companies included in the consolidated financial statements are included in a defined management and reporting structure.

Viscom AG's Executive Board considers the following elements of the internal control and risk management system at Viscom to be material with respect to the accounting process and consolidated financial reporting:

- Procedures to identify, assess and document all material company processes and sources of risk relevant to the accounting process. These include financial and accounting processes in addition to administrative and operational company processes that generate material information required to prepare the single-entity and consolidated financial statements, including the management report and Group management report.

- Controls integrated into processes (e. g. IT-supported controls and access restrictions, separation of functions, analytical controls).

- Monthly internal consolidated reporting with the analysis of significant developments. At a Group level, specific control measures to ensure the proper and reliable preparation of the consolidated financial statements include the analysis and, if necessary, correction of the single-entity financial statements presented by the Group companies, including the discussions on the financial statements with the auditors and the documents presented by the auditors. Incorrectly completed financial statements are corrected ahead of consolidation with the help of previously determined control mechanisms and plausibility checks.

- Measures to assure the proper IT-supported processing of facts and data relating to consolidated financial reporting.

- The completeness and correctness of the consolidated data is checked using manual process controls and a system of checks and balances.

In accordance with section 91(2) AktG, the risks described below are regularly analysed at management meetings, with decisions being made as required.

There is also regular discussion between the Executive Board and the Supervisory Board with regard to the individual risks in the Viscom Group.

The following risks are relevant for the Group and for the individual segments (net loss or potential financial impact greater than € 2.5 million):

Breach of contract

Large international corporations demand extensive economic compensation for cases of breach of contract. This compensation is usually covered by special non-disclosure agreements and contains individually agreed penalties. After internal review, the non-disclosure agreements are discussed, considered and decided upon by the Executive Board. Extensive organisation measures are defined and taken in order to avoid a breach. The probability of occurrence is classified as improbable.

There are also the following categories of similar individual risks, which are not significant in terms of their respective net loss or potential financial impact:

Country risk

Viscom defines country risk as the introduction of national trading constraints or tariffs and other barriers to trading.

Revenue is generated almost exclusively from customers in industrialised nations with a functioning legal system. Based on past experience, the enactment of trade restrictions on the goods sold by Viscom is not a matter of concern. There are currently no import restrictions on the inspection systems produced by Viscom. Country risk is permanently and comprehensively monitored. In the event of any developments suggesting a change in the risk situation, Viscom responds by taking appropriate measures at an early stage. As a result of the direct and indirect impact of the COVID-19 pandemic, travel restrictions still cannot be ruled out.

Sector risk

Around half of Viscom's customer base comes directly or indirectly from the automotive and industrial electronics sectors. Owing to the specialisation in printed circuit board inspection for automotive suppliers, there is a heightened risk in the event of a long-term decline in this market, which has become apparent in the recent past. Regardless of economic conditions in the automotive industry, however, the amount of electronics in vehicles is on the rise.

Viscom's business strategy is to reduce this sector risk through various development and sales activities involving areas of application in other industries, such as battery production.

Customer risk

Viscom defines customer risk as an excessive concentration on individual customers. In the 2020 financial year, Viscom generated around 50 % of its revenue with its eight largest customers (previous year: around 48 % with its five largest customers). Around half of the revenue share was therefore accounted for by three additional customers compared with the previous year.

Currency risk

Exchange rates with the euro were subject to substantial fluctuations in some cases.

The development of the US dollar is an important factor for Viscom. Sales in US dollars were affected in tranches during periods of positive development in order to minimise potential exchange rate losses. Foreign currency hedges, e. g. forward exchange transactions, were not used in 2020 but have been agreed as necessary in the past.

Given the company's business volumes and the development of the euro/US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging. Around 10 % of total revenue in the 2020 financial year was subject to direct exchange rate effects (previous year: around 8 %).

Procurement risk

The procurement of components and services from third-party suppliers is subject to the risk of changes in prices and delivery schedules. Corresponding purchasing negotiations have succeeded in ensuring that acquisition prices have largely remained stable. The company is only directly dependent on specific suppliers to a very limited extent.

Bottlenecks occurred in the procurement times for some parts and components with certain suppliers in the period under review because of the overall positive order situation, resulting in longer delivery times. Delivery bottlenecks are countered by modifying the procurement strategy and expanding the supplier base. As a result of the direct and indirect impact of the COVID-19 pandemic, the loss of suppliers cannot be ruled out.

Liquidity risk

There is sufficient scope for financing in the form of unutilised credit facilities and existing cash and cash equivalents. With its solid balance sheet structure, the Viscom Group is able to secure financing for the 2020 financial year from own funds and the potential use of loans. A long-term bank loan of € 2,000 thousand was taken up for investment purposes in the 2019 financial year. Viscom reserves the right to use further long-term debt financing if necessary.

Default risk

Default risk relating to specific customers cannot be ruled out. However, Viscom employs appropriate control processes to ensure that sales are only entered into with customers that have a proven credit standing at the time of sale.

Viscom does not act as a guarantor for the obligations of other parties.

The maximum default risk can be derived from the carrying amount of the respective financial assets as reported in the statement of financial position.

As a result of the direct and indirect impact of the COVID-19 pandemic, defaults cannot be ruled out.

Trademark and patent risk

The Viscom brand is registered as a trademark in the key global industrial nations. Overlaps with other brands have only occurred very rarely.

To prevent having to reveal its expertise to third parties, only a few process patents have been registered to date – e. g. the patents for the MX products which have been applied for and partially registered. There are currently no legal disputes with regard to trademarks or patents.

Technological competitive risk

Some of Viscom's competitors are subsidiaries of multinational conglomerates with high investment potential. As a result of ongoing product innovations together with a degree of flexibility that is significantly higher compared to its competitors – for example in adapting systems to satisfy customer requirements – Viscom has been able to increase or at least maintain its market share in the past. Viscom will continue doing everything required in order to develop its competitive advantage.

Taxation risks

Viscom is increasingly exposed to taxation risks due to stricter interpretations and assessments by the tax authorities. Provisions are recognised as required based on the estimated claims of the financial authorities.

General risks from the export of goods

Viscom is increasingly exposed to risks due to stricter interpretations and assessments by countries and authorities. Provisions are recognised as required based on the estimated claims of the respective national authorities.

IT security against cyberrisks

With regard to its data, its international market orientation and the IT systems used for processing, Viscom is potentially exposed to the risk of industrial espionage and/or other cyberrisks. The measures taken to minimise these risks include authorization schemes for systems and data, decentralized and redundant design of IT infrastructure and backup strategies.

Assessment of the overall risk situation

The individual risks and categories of insignificant similar risks described for the individual Group companies are discussed at the regular management meetings, where decisions are made regarding the appropriate measures to be taken as required to counteract the risks.

The probability of occurrence of an individual risk and of the categories of insignificant similar risks is assessed on the basis of the following criteria:

Measurement	Probability of occurrence
Probable	> 50 %
Possible	25 - 50 %
Improbable	< 25 %

The risk level is defined on the basis of the potential financial impact (net loss) of individual risks or of categories of insignificant similar risks:

Risk level	Potential financial impact
Low	< € 0.5 million
Medium	€ 0.5 million to € 2.5 million
High	> € 2.5 million

In light of their probability of occurrence, Viscom's management does not believe that the risks and risk categories described above pose a threat to the continued existence of the Group, either individually or cumulatively.

Business risks, and in particular default risks relating to the customers accounting for the greatest share of revenue, are not discernible at present. However, future revenue remains subject to risk insofar as it depends in particular on the ongoing development of the automotive industry.

In light of the Group's extremely strong market position, innovative technological strength and clearly structured early risk identification, Viscom's management expects to be able to continue successfully counteracting the issues raised and any resulting risks in the 2021 financial year.

There were no material litigation risks as at 31 December 2020.

Assessment of risk categories according to average values:

Risk category	Potential financial impact	Probability of occurrence
Country risk	Low	Improbable
Sector risk	Medium	Improbable
Customer risk	Medium	Possible
Foreign currency risk	Low	Possible
Procurement risk	Low	Improbable
Liquidity risk	Low	Improbable
Default risk	Low	Improbable
Trademark and patent risk	Low	Improbable
Technological competitive risk	Medium	Improbable
Taxation risks	Low	Probable
General risks from the export of goods	Low	Improbable
IT security against cyberrisks	Medium	Improbable

FORECAST 2021

Economic conditions

As a result of the COVID-19 pandemic and the measures taken around the world in order to contain it, global production fell by nearly 10 % in the first half of 2020. In the third quarter, the global economy recovered a substantial portion of the declines in production suffered in the first half of the year. Due to the further wave of infections and measures to contain it, the brakes were put on the global economy towards the end of 2020, but global production remains upwardly aligned on aggregate. Gross domestic product in Europe declined again in the fourth quarter, but it mostly continued to increase in the rest of the world. In China, economic momentum was and is actually rather high. Unlike in spring 2020, the pandemic is not currently being seen to have severe negative effects on production in the manufacturing industry, international goods trading or commodity prices. With the wave of infections expected to die down, economic activity is also likely to recover during the first quarter of 2021 in the places where it dropped significantly in the interim. Over the rest of the year, as more of the population is vaccinated, there is likely to be a sustained reduction in infection risks and an ongoing normalisation of conditions, including for particularly contact-intensive industries. The Kiel Institute for the World Economy (IfW) expects global production (measured on the basis of purchasing power parity) to grow by 6.1 % in 2021, after a slump of 3.8 % in 2020. In 2022, global economic activity is again expected to grow faster than the mid-term trend at 4.1 %, although in the longer term production will remain well be-low the level anticipated before the crisis. The IfW expects an increase in world trade (goods) of 8.8 % in 2021 after a decline of 5.4 % in 2020.

In its winter economic forecast, the ifo Institute expects the world's gross domestic product to grow by 5.8 % in 2021 and 4.2 % in 2022. Potential output will be significantly lower than before the outbreak of the crisis, especially in the majority of advanced economies, due to the COVID-19 pandemic. Although health policy containment measures in many places were accompanied by government measures to support the corporate sector, there will probably still be a noticeable increase in insolvencies worldwide. The output gap is likely to be largely closed by the end of 2022 in the euro area, the UK, and the US.

Global trade is expected to continue its recovery in the 2020/21 winter half-year and to exceed pre-crisis levels again in the summer. Global trade in goods is thus likely to be less affected by the economic downturn in the winter half-year than global gross domestic product. This is because infection prevention measures are unlikely to restrict the cross-border exchange of goods to any great extent. The ifo Institute expects global trade in goods to grow by 6.6 % in 2021 and 4.1 % in 2022.

The recovery of the German economy has been interrupted. The main reasons are the second wave of the COVID-19 pandemic and the reintroduction of lockdown measures. These measures will result in a decline in gross domestic product, at least in the first quarter of 2021. However, these declines will not reach the extent seen in spring 2020 and will be much more concentrated on specific, consumption-focused industries. In addition, exports are likely to remain on an upward trend in view of the relatively robust global economy. The IfW expects a lower GDP growth rate of 3.1 % in 2021, after a decline of 5.2 % in 2020. If the pandemic can be suppressed sustainably from spring 2021 onwards, a strong recovery will take place in the course of the coming year and will lead to a strong increase in gross domestic product of 4.5 % in 2022. After a slump in economic output of 5 % last year, the German government reports that it now expects gross domestic product to grow by 3 % in 2021. According to the government, the economic output from before the COVID-19 pandemic is not likely to be reached again until midway through 2022.

For 2021, the VDMA expects a slight recovery and growth of 5 %. The German market, if it manages to return to growth, will only be minimally above last year's level, but thus at a high absolute level for the sixth time in a row. The European market will see slight growth, as hard-hit markets such as the UK and Spain will recover somewhat after the difficult year in 2020. In the medium term, the questions of revenue and growth remain uncertain. Restricted approval processes will have a delayed effect; the public sector is narrowing its scope for investment by taking on new debt. In the coming months, there is a lot riding on the development of the pandemic. The need for investment in the German construction industry is unabated, so mechanical engineering firms can look ahead to 2021 with confidence, claims the VDMA.

All OECD forecasts and estimates are subject to great uncertainty as the economic situation and developments relating to the COVID-19 pandemic are changing on an ongoing basis and are thus very volatile.

Business policy

The key points of Viscom's strategy are:

- extensive innovative strength
- technological leadership
- technology partnerships with key customers
- global presence
- sustainable and transparent business policy

Based on these strategic priorities, Viscom will continue to expand its presence in the regions with the highest sales in order to optimise direct customer support.

Markets

As important markets for Viscom and strong technology trend setters, automotive and industrial electronics and battery production will continue to be extremely important to Viscom. It is not currently possible to assess the specific impact on Viscom's financial position or financial performance as a result of the ongoing COVID-19 pandemic. However, if infection rates decline, Viscom anticipates catch-up effects on the part of customers. For the first quarter of 2021, the Group anticipates that volumes will be up on the previous year. Viscom continues to expect higher incoming orders in the subsequent quarters of 2021.

Viscom also intends to continue to participate in investment opportunities in the international market. In Europe, Viscom's largest sales market, the newly created customer care teams are improving the expert customer advice and offering optimum remote and on-site service. With a tailor-made product portfolio and corresponding on-site support and other services, the further expansion of the Viscom Group's strong position in the Americas and Asia is set to continue. Viscom's presence in the growth market of China and certain individual regions of Asia will be increased further.

The company's goal in Asia remains to raise the profile of the Viscom brand even further in this region and to make optimal use of opportunities in the Asian market.

Company segments

In addition to primary segment reporting by geographical structure (markets), Viscom also provides segment reporting based on product areas.

These areas comprise optical and X-ray series inspection systems, special optical and X-ray inspection systems, and service. These product areas are looked after by the new customer care teams established on 1 July 2020. The teams cover specialist sales, project management, application and service as well as the hotline, in order to provide customers with expert and targeted guidance throughout the product life cycle. The customer care teams replace the former SP and NP business areas, creating a streamlined, service-oriented and enduringly successful organisation.

The customer care teams assigned to the optical and X-ray series inspection systems product area are responsible for the sale and further development of series systems, which are the company's major revenue drivers.

The customer care teams assigned to the special optical and X-ray inspection systems product area essentially serve projects requiring customer-specific solutions or adaptations to series systems.

Products / Services

Viscom develops, manufactures and sells automated optical and X-ray inspection systems for use in industrial electronics production.

Viscom will continue to focus on the development of new standard inspection systems. The Group is guided by market requirements in this respect. Thanks to the steadily increasing installation base, follow-up business in the form of training, maintenance, replacement part sales and upgrade projects will continue to increase in terms of both volume and differentiation, thereby helping to expand the Service business area.

Production / production processes

Processes are being further standardised and rationalised as part of the continuous improvement of the company's workflows. The objective is to ensure efficient production and a high level of product quality accompanied by short delivery times..

Procurement

The established procurement structure has proven to be successful. Viscom will continue to count on reliable partners and optimise its procurement structures.

Results of operations

As described in detail above, the development of incoming orders and revenue in 2021 will largely depend on the overall economic situation, particularly in the automotive industry, and the ongoing development of the COVID-19 pandemic. Viscom anticipates target revenue and incoming orders of between € 70 million and € 80 million in 2021.

The EBIT-Margin for the 2021 financial year is likely to be between 3 % and 9 %, with EBIT of between € 2.1 million and € 7.2 million.

The Executive Board of Viscom AG continues to work – assisted by the Supervisory Board – intensively on adapting Viscom's business model to emerge profitably from the current situation. This explicitly includes the reduction of staff costs by reducing working hours, not filling vacant positions, using up holiday and overtime, and reducing costs for temporary workers, travel, trade fairs, advertising, events and maintenance. These cost-saving measures are accompanied by the restructuring in relation to the customer care teams, which will reduce processing times and ensure that customer-specific requirements are implemented comprehensively and as needed.

Financial position

Liquidity for the 2021 financial year will be ensured by the company's own funds and unutilised credit facilities. Any additional requirements or measures depend to a significant degree on the changing general conditions. If required, state support or aid packages will be examined and utilised.

Investments and financing

The company plans to invest further in its core business moving ahead. It will focus on further developing its products, expanding its regional presence and strengthening its organisational structure. These investments should primarily be financed from own funds. Other financing models are used where third-party funding is more economically viable. This currently applies in particular to operating premises and buildings.

Other cash flows and refinancing

Additional cash flows are likely to solely take the form of dividend distributions to shareholders. These generally depend on the earnings strength in the respective period.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Statement pursuant to Section 315d of the German Commercial Code

The Executive Board and Supervisory Board of Viscom AG are committed to the principles of sound corporate governance. These principles are a crucial element of the modern capital market and are intended to strengthen the trust of investors and the public in the management and oversight of listed German companies. The principles of responsible and effective company management and controlling aimed at transparency and value creation determine the actions of Viscom AG's management and supervisory bodies.

In accordance with section 289f HGB, Viscom AG's Executive Board, also on behalf of the Supervisory Board, reports on the company's corporate governance in this section.

Declaration in accordance with section 161 of the German Stock Corporation Act

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement, according to section 161 of the German Stock Corporation Act (AktG), on 26 February 2021. The Compliance Statement has been published and is permanently accessible in the Company/Investor Relations/Corporate Governance section of Viscom AG's website at www.viscom.com.

Wording of the 2021 Compliance Statement

Corporate governance is defined as the legal and de facto regulatory framework for managing and monitoring a company. The purpose of the Code is to make the German corporate governance system clear and transparent. The Code sets out principles, recommendations and suggestions regarding the management and supervision of listed German companies that are recognised internationally and nationally as standards for sound and responsible company management. It is intended to strengthen the trust of investors, customers, staff and the public in the management and oversight of listed German companies. Section 161 AktG requires listed companies to declare once a year whether the recommendations of the Government Commission on the German Corporate Governance Code as published by the Federal Ministry of Justice have been complied with or which recommendations have not been or will not be followed ("comply or explain").

The German Federal Ministry of Justice announced the release of the new version of the German Corporate Governance Code dated 16 December 2019 on 20 March 2020.

The following Compliance Statement thus refers to the recommendations by the Government Commission on the German Corporate Governance Code in the version dated 7 February 2017 ***(the Code (old version))*** as published by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) on 24 April 2017 for the entire past reporting period, as well as – for the period since the release of the new version and exclusively in the future – the recommendations by the Government Commission on the German Corporate Governance Code in the version dated 16 December 2019 ***(the Code)*** as published by the Federal Ministry of Justice in the official section of the Bundesanzeiger on 20 March 2020.

In accordance with section 161 AktG, the Executive Board and Supervisory Board of Viscom AG declare that the recommendations by the Government Commission on the German Corporate Governance Code (version dated 7 February 2017) were complied with in the past. The following recommendations were not followed:

1. The company has decided to exclude deductibles from its liability insurance (D&O insurance) for the Supervisory Board (item 3.8(3) of the Code (old version)).

The company has complied with the legal requirement to implement a deductible for Executive Board members in accordance with section 93(2) sentence 3 AktG in conjunction with section 23(1) sentence 1 of the Einführungsgesetz zum Aktiengesetz (EGAktG – Introductory Act to the German Stock Corporation Act) as at 1 July 2010, but has not yet introduced a corresponding deductible for the Supervisory Board as well. In the company's opinion, the nature of the Supervisory Board mandate, which is also emphasised by differences in remuneration, makes it reasonable to differentiate between the Executive Board and Supervisory Board. Extending the D&O insurance deductible to members of the Viscom AG Supervisory Board therefore did not appear appropriate. Furthermore, a deductible for intentional infringement of obligations does not come into question and a deductible in cases of negligence in other countries has been rather uncommon to date. Therefore, there was and is the concern that the agreement of a deductible could present a future obstacle with regard to the search for appropriate Supervisory Board candidates who also have international experience.

2. The company has no chairperson (item 4.2.1 of the Code (old version)).
Given the size of the Executive Board, the Executive Board and the Supervisory Board believe that a chairperson is not required on a board with four members. In addition, stock corporation law is based on a principle of consensus, i. e. on a collegial rather than a hierarchical Executive Board. A strong principle of consensus has prevailed within the Executive Board (and previously within management) since the company was founded. All significant decisions are made together by the full Executive Board at all times.

3. The long-term assessment basis for variable remuneration components of Executive Board remuneration is not essentially forward-looking, negative developments are not taken into account when determining variable remuneration components and there are only percentage-based caps on the amount of total remuneration and variable remuneration components rather than defined amounts (item 4.2.3(2) of the Code (old version)). Overall, the Executive Board and Supervisory Board are of the opinion that the variable remuneration components provide both a long-term and positive forward-looking incentive effect.

The long-term variable remuneration paid to the Executive Board of Viscom AG (Bonus II) is calculated on the basis of average EBIT for the last three years in conjunction with the achievement of a defined minimum average EBIT over the assessment period and positive EBIT in the past financial year. The Executive Board and Supervisory Board are of the opinion that this variable remuneration structure compels the members of the Executive Board to focus on the long-term success of their activities, as they can only expect to receive variable remuneration as at the end of the respective three-year period if average EBIT develops positively during this period. This arrangement therefore has a corresponding long-term incentive effect with positive forward-looking characteristics.

In the opinion of the Executive Board and the Supervisory Board, the rolling nature of the three-year assessment period meant there was no need to introduce instruments to take further account of negative developments.

The total variable remuneration components (Bonus I and Bonus II) are capped at 100 % of fixed annual gross remuneration. As the amount of fixed annual gross remuneration of the members of the Executive Board is fixed, in the opinion of the Executive Board and the Supervisory Board there is no additional gain to be had from setting the maximum limit as an amount as opposed to as a percentage.

The remuneration system is currently being thoroughly revised and adapted to take account of the requirements under ARUG II and the Code in the version dated 16 December 2019.

4. The employment contracts with the members of the Executive Board of Viscom AG provide for no payment caps on severance compensation in the case of early termination of the Executive Board mandate (item 4.2.3(4) of the Code (old version)).
The Executive Board contracts do not contain any provisions for a severance cap in the event of early termination of the Execu-

tive Board mandate of a maximum of two years' remuneration, including in the form of (modified) tying clauses. Legal enforcement of a cap on severance pay for the member of the Executive Board would often not be possible in the relevant cases. If there is neither cause for dismissal in accordance with section 84(3) sentence 1 AktG nor cause for extraordinary termination of the employment contract in accordance with section 626 of the Bürgerliches Gesetzbuch (BGB – German Civil Code), the contract with the Executive Board member concerned can only be terminated subject to mutual agreement. In such cases, Executive Board members have no obligation to agree to caps on severance pay within the meaning of the recommendations of the Code. These (modified) connection clauses that tie the termination of the Executive Board contract to dismissal for cause and provide for a cap on severance pay in such cases cannot be implemented unilaterally by the Supervisory Board against the will of the Executive Board member in question (deviation from item 4.2.3(4) of the Code (old version)).

In the event of early termination of a member of the Executive Board for cause for which the Executive Board member is responsible, severance payments must not be made anyway.

5. The Articles of Association and the Rules of Procedure for the Executive Board do not call for a maximum age limit for Executive Board members (item 5.1.2 (2) sentence 3 of the Code (old version)).

Any exclusion based solely on age does not appear expedient to the Executive Board and Supervisory Board, since the optimum composition of the Executive Board could thereby be prevented for merely formal reasons. The company is also committed to ensuring access to the expertise of experienced members of the Executive Board. An age limitation in the Articles of Associa-tion or the Rules of Procedure has been and is therefore deemed unnecessary.

6. The Supervisory Board has not formed any committees, and in particular has not formed an audit committee (items 5.3.1, 5.3.2, 5.3.3 of the Code (old version)).

The Supervisory Board consists of just three members. In the opinion of the Supervisory Board, the formation of an audit committee is not expedient under the specific circumstances of the company and – unlike in larger governing bodies – does not increase efficiency. All matters are addressed by all members of the Supervisory Board, meaning that the formation of additional committees is not considered necessary. Given that the Supervisory Board of Viscom AG is not subject to co-determination, a nominating committee comprising exclusively shareholder representatives would be obsolete.

7. The fixed remuneration for the Supervisory Board stipulated in the Articles of Association does not take account of chairpersons or committee members (item 5.4.6 of the Code).

The lack of committees on account of the small size of the Supervisory Board renders any further plan for the distribution of remuneration for chairpersons and committee members unnecessary.

8. The consolidated financial statements and consolidated management report of Viscom AG as at 31 December 2019 were not available within 90 days of the end of the financial year (item 7.1.2 sentence 2 of the Code (old version) = F.2 of the Code).

Viscom AG had announced that it would release its annual and consolidated financial statements as at 31 December 2019, as well as the management reports, on 24 March 2020. Due to current developments in the COVID-19 pandemic, the preparation and auditing of the annual and consolidated financial statements of Viscom AG and the management reports must be reviewed, in particular with regard to forecast reporting. The financial statement documents thus could not be published within the period originally specified. Viscom AG published its annual and consolidated financial statements and management reports within the statutory period on 9 April 2020.

In accordance with section 161 AktG, the Executive Board and Supervisory Board of Viscom AG declare that the recommendations by the Government Commission on the German Corporate Governance Code (version dated 16 December 2019) are com-plied with currently and have been since the announcement on 20 March 2020. The following recommendations have not been and will not be followed:

1. The Executive Board does not have a chairperson or spokesperson.

For the reasons explained above regarding item 4.2.1 of the Code (old version), the Executive Board does not have a chairperson or spokesperson. Where recommendations are addressed to the chairperson or spokesperson (D.6, E.2 of the Code), these are understood to refer to the Executive Board as a whole.

2. The approach to joint succession planning was not described in the 2019 Corporate Governance Statement (B.2 first half of sentence 2 of the Code).

Not all new descriptive requirements in the Code were included in the Corporate Governance Statement for the 2019 financial year because the version of the Code was released only recently. The recommendation is followed in the Corporate Governance Statement for the 2020 financial year and should also be followed in future.

3. There is no age limit for members of the Executive Board. Accordingly, no age limit is defined in the Corporate Governance Statement (B.5 of the Code).

For the reasons explained above regarding item 5.1.2 of the Code (old version), there are no plans to impose an age limit for Executive Board members. Accordingly, no age limit is defined in the Corporate Governance Statement.

4. The Supervisory Board has not formed any committees, in particular it has not formed an audit or nominations committee (D.3, D.5 of the Code).

For the reasons explained above regarding items 5.3.1, 5.3.2, 5.3.3 of the Code (old version), the Supervisory Board does not form any committees, in particular it does not form an audit or nominations committee, on account of the company's specific circumstances and its number of members.

Where they relate to committees, the audit committee or their members, the following recommendations are therefore not relevant: C.10 of the Code (independence of the Chair of the audit committee), D.2 sentence 2 of the Code (list of committee members in the Corporate Governance Statement), D.4 of the Code (requirements for the Chair of the audit committee), D.8 of the Code (participation in committee meetings), D.13 of the Code (review of committees' effectiveness), G.17 of the Code (taking committee chairs and members into account regarding remuneration).

The Supervisory Board believes that it can effectively perform the responsibilities assigned to the audit committee, including evaluating the quality of the audit (D.11 of the Code), thanks to its size, as it comprises three members chaired by the independent member Prof. Dr. Michèle Morner who has specialised knowledge and experience in applying accounting policies and internal control processes.

5. In its Supervisory Board report on the 2019 financial year, the company did not report on the measures put in place to provide support to members of the Supervisory Board upon their appointment and during training and professional development measures (D.12 of the Code).

Not all new descriptive requirements in the Code were included in the Supervisory Board report on the 2019 financial year because the new version of the Code was released only recently. The recommendation is followed in the Supervisory Board report on the 2020 financial year and should also be followed in future.

6. Remuneration recommendations (section G of the Code; deviation from G.10 of the Code).
For the reasons explained above regarding item 4.2.3 (4) of the Code (old version), no payment caps on severance compensation have been agreed (G.13 of the Code). See the explanations above on item 4.2.3 (2) of the Code (old version) for other deviations from the recommendations of the Code (old version).

As stated by the Code Commission (see Government Commission, explanations on the Code from 9 May 2019, sentence 26), the mostly new remuneration recommendations in the latest German Corporate Governance Code in the version dated 16 December 2019 apply only to employment contracts that are concluded or renewed after the Code comes into effect. No Executive Board contracts have been concluded or renewed since the new remuneration recommendations in section G of the Code were announced on 20 March 2020. The new recommendations on the remuneration system apply to the remuneration system to be approved for the first time within the period set out in section 26j of the Einführungsgesetz zum Aktiengesetz (EGAktG – Introductory Act to the German Stock Corporation Act) in accordance with sections 87a (1), 120a (1) sentence 1 AktG and that is to be presented to the Annual General Meeting. This is currently being prepared by the Supervisory Board with the assistance of independent remuneration consultants.

As previously, variable remuneration paid to members of the Executive Board will not be invested predominantly in company shares or granted as share-based remuneration (deviation from G.10 the Code). To promote the company strategy, the Executive Board remuneration system will create the right incentives to sustainably boost Viscom AG's medium and long-term financial success, chiefly by taking into account internal performance indicators. Thanks to its majority shareholder, Viscom AG also has relatively few shares in free float. Based on these general conditions, the Supervisory Board does not consider an overwhelming focus on share price performance a suitable incentive mechanism for the Executive Board.

The Compliance Statement will be updated once further details on the new remuneration system are definite and if the future remuneration system deviates from the remuneration recommendations in the Code.

Working methods of the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board of Viscom AG work together consistently and closely, in keeping with sound and responsible corporate governance. They coordinate regularly and promptly in the areas recommended by the Corporate Governance Code, but also on issues beyond these areas.

Executive Board

Viscom AG is a company incorporated under German law, which is also the basis of the German Corporate Governance Code. The two-tier system of management comprising the Executive Board and the Supervisory Board as corporate bodies which hold separate powers is a basic tenet of German stock corporation law. The Executive Board and the Supervisory Board of Viscom AG cooperate in all matters relating to control and supervision of the company in a close and trusting fashion.

The Executive Board of Viscom AG currently comprises four members: Carsten Salewski (Sales), Peter Krippner (Operations), Martin Heuser (Development) and Dirk Schwingel (Finance). The Executive Board is solely responsible for managing the company in compliance with the law, Articles of Association, Rules of Procedure, resolutions of the Supervisory Board and employment contracts. The primary tasks of the Executive Board are determining the strategic alignment, managing the company and the Group, and planning, establishing and monitoring a risk management system and a compliance system. Furthermore, the Executive Board should consider diversity in the process of filling management positions in the company. By way of resolution dated 31 May 2017, the Executive Board of Viscom AG had set targets for the share of women in the two management levels below the Executive Board in accordance with section 76(4) AktG. The Executive Board had set a target of a 0 % share of women in the top national management level and 20 % for the management level below that. Under these, the targets had to be achieved by or maintained until 30 June 2020. The top two national management levels below Viscom AG's Executive Board have a total of 7 and 50 employees respectively. As at 30 June 2020, 0 and 10 of these respectively were women. The share of women in the top two management levels below the Executive Board was therefore 0 % and 20 % as at 30 June 2020.

The target of 20 % was therefore not fully achieved. The Executive Board will continue its efforts to ensure that women are appropriately represented at management level. Following careful deliberation, the Executive Board of Viscom AG set new targets for this on 30 June 2020. The Executive Board set a target of a 25 % share of women in the top national management level and 25 % for the management level below that. These targets are to be achieved by 30 June 2025.

All members of the Executive Board are involved in the daytoday management of the company and bear responsibility for operations. The Supervisory Board has resolved Rules of Procedure for the Executive Board regulating its responsibilities, work and its mode of cooperation with the Supervisory Board. According to these, members of the Executive Board wield executive powers in the areas of responsibility assigned to them in the allocation of duties. Insofar as measures or transactions of one area of responsibility overlap with those of one or more other areas, all involved members of the Executive Board must be in agreement. If there are any continuing differences of opinion, the Executive Board as a whole must reach a joint decision. These assignments notwithstanding, each member of the Executive Board remains responsible for all management issues (principle of overall responsibility). The entire Executive Board exclusively decides on any matters or transactions which are of extraordinary importance or carry an extraordinary economic risk.

The Executive Board passes its resolutions either at meetings or, in the absence of objections from Executive Board members, outside of meetings using modern means of communication. Two members of the Executive Board constitute a quorum. All resolutions of the Executive Board require a simple majority of the votes cast. Meetings of the Executive Board should take place at regular intervals, weekly if possible. They must take place when required to ensure the well-being of the company. The Executive Board member designated accordingly by the Supervisory Board (Mr Dirk Schwingel) is responsible for determining meeting dates, convening meetings, setting the agenda, chairing the meetings and ensuring the minutes are taken.

The Executive Board is also required to regularly inform the Supervisory Board of the company of all matters reasonably of interest to it concerning the company and companies affiliated with the company, especially of all matters covered by section 90 AktG. These reporting duties apply to the full Executive Board. As a rule, Executive Board reports must be presented in written form except when urgency allows or necessitates a verbal report. Furthermore, the Executive Board members must regularly report jointly to the Chairwoman of the Supervisory Board on strategy, business planning and progress, the situation of the company, including its affiliated companies, the risk situation and risk management and compliance, in written or verbal form. The management of the Group is based on a reporting system that takes the form of monthly reports submitted to members of the Supervisory Board. These monthly reports include the consolidated income statement and individual breakdowns for the various Group companies. The reports also include a detailed presentation of the cost structure at Viscom AG and its Group companies, revenue in its system installation regions, incoming orders, order backlog, the number of employees, cash and cash equivalents, the use of overdraft facilities, total receivables and receivables from subsidiaries, orders placed for the purchase of goods and the inventories of goods as well as partially completed and completed systems.

The Executive Board also reports on significant issues pertaining to the current situation of the company and directly and indirectly associated companies and events that go beyond normal business operations of the company and affiliated companies and are of special importance for the company as occasion requires. Any information relevant to decision making will be made available to the members of the Supervisory Board in a timely manner prior to the meeting.

Members of the Executive Board are subject to comprehensive restraint on competition during their Board membership. They are bound to the interests of the company. Consequently, no member of the Executive Board may allow personal interests to affect his decisions or take advantage of business opportunities to which the company is entitled for his own benefit. Any possible conflicts of interest must be disclosed promptly to the Supervisory Board, and the other members of the Executive Board must be informed. All transactions between the company and the Executive Board members or closely related persons or companies must comply with industry standards. Significant transactions with an Executive Board member or related parties require the consent of the Supervisory Board.

In addition, Executive Board members require the consent of the Supervisory Board to assume other professional roles, particularly the assumption of mandates in other external companies.

Both the Executive Board and the Supervisory Board are bound to the interests of Viscom AG. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year. No Executive Board member is a member of any Supervisory Boards at listed stock corporations outside the Group.

Viscom AG has obtained liability insurance (D&O insurance) with a commensurate deductible for all members of the Executive Board.

Mandates of the Executive Board

The members of the Executive Board do not hold any other seats in other supervisory boards required by law or comparable domestic and foreign governing bodies of commercial enterprises.

Supervisory Board

The Supervisory Board of Viscom AG consists of three members who are elected at the Annual General Meeting, without it being bound by any proposals for suitable candidates and with identical terms of office, in compliance with Article 11(1) of the Ar-ticles of Association in conjunction with sections 95, 96(1) and 101(1) AktG. The company is not subject to co-determination.

The current members of the Viscom AG Supervisory Board are Prof. Dr. Michèle Morner (Chairwoman; first appointed: 30 May 2018), Volker Pape (Deputy Chairman; first appointed: 30 May 2018) and Prof. Dr. Ludger Overmeyer (first appointed: 27 May 2014).

They were individually elected at the Annual General Meeting on 28 May 2019 in accordance with the recommendations of the German Corporate Governance Code. None of the Supervisory Board members were over 70 years of age at the time of the election. The regular term of office for the Supervisory Board is five years. The current term ends with the regular Annual General Meeting that will approve the actions of the members of the Supervisory Board for the 2023 financial year of the company.

The proposals for suitable candidates consider the skills, expertise and experience necessary for the duties of the Supervisory Board. In addition to the company's specific situation, its international activities, potential conflicts of interest, the number of independent Supervisory Board members considered adequate by the Supervisory Board, the age limits for Supervisory Board members and diversity are all considered. Taking the above criteria into account, the Supervisory Board has determined specific objectives regarding its composition and has prepared a skills profile in accordance with recommendation C.1. of the Code, including a diversity concept, for the entire Supervisory Board. It will seek to ensure compliance with this profile for the entire Supervisory Board when making future proposals for the election of shareholder representatives to the Supervisory Board. The company's international activities should be taken into account in this skill's profile. Thus, the goal was set that at least one member of the Supervisory Board should have particular international experience, such as several years of professional experience in the management or executive bodies of other international companies. Furthermore, potential conflicts of interest should be avoided even in the nominations made by the Supervisory Board to the Annual General Meeting. To ensure a mixed age and personality structure, members of the Supervisory Board should not have reached the age of 70 at the time of their election (standard age limit). Regardless of the size of the Supervisory Board, no more than two members of the Supervisory Board should be former members of the Executive Board or representatives of the majority shareholder. More than half of the members of the Supervisory Board should be independent from the Executive Board and the company. As part of the skills profile, an independent member should have specialist knowledge in the areas of accounting or auditing. Furthermore, in light of Viscom AG's high-tech orientation, the Supervisory Board should have at least one member who is a technical expert with knowledge and experience in the fields of electrical engineering or information technology in particular. Members of the Supervisory Board should not hold more than five Supervisory Board positions at external listed companies or similar functions. Chairing a Supervisory Board counts as two positions. If a member of the Supervisory Board sits on the Executive Board of a listed company, he/she may not hold more than two such positions and must not be the Chair of a Supervisory Board in an external listed company. As a whole, the supervisory body should cover as broad a range of experience and expertise relevant to the company as possible. Attention should be paid to diversity when filling vacancies that arise on the Supervisory Board. This is described in more detail in the diversity concept (see previous page). In accordance with section 111(5) AktG, Viscom AG's Supervisory Board is also required to set targets for the share of women on the Supervisory Board. The Supervisory Board of Viscom AG currently complies in full with the above specific objectives regarding its composition and the defined profile of skills and expertise, including the diversity concept, for the entire Supervisory Board. As an independent member of the Supervisory Board and on the basis of her education and previous professional activity, Prof. Dr. Michèle Morner has expertise in the field of accounting within the meaning of section 100(5) AktG. Prof. Dr.-Ing. Ludger Overmeyer and Mr. Volker Pape have specialised knowledge and experience in the fields of electrical engineering and information technology. All members of the Supervisory Board have particular international experience (for more information see disclosures in connection with the diversity concept on the preceding pages).

Following extensive discussion, the Supervisory Board of Viscom AG had resolved by circulation procedure and at a joint meeting on 31 May 2017 to keep the target for the share of women on the Supervisory Board at 0 % until 30 June 2020. Following Prof. Dr. Michèle Morner's election to the Supervisory Board of Viscom AG by way of the Annual General Meeting resolution on 28 May 2019, the share of women on the Supervisory Board of Viscom AG is now one third, surpassing the target. By way of resolution dated 30 June 2020, the Supervisory Board resolved by circulation procedure to set a target of one third for the share of women on the Supervisory Board. The target – which has already been achieved following the appointment of Prof. Dr. Michèle Morner as Chairwoman – is to be maintained until 30 June 2024. Volker Pape is a former member of the Executive Board of Viscom AG and has been a member of the Supervisory Board since 28 May 2019. He was put forward as candidate in accordance with section 100(2) sentence 1 no. 4 AktG at the proposal of shareholder HPC Vermögensverwaltung GmbH, Hanover, which holds over 25 % of voting rights in the company. The Supervisory Board endorsed this nomination. The election of Volker Pape was in line with the recommendation under C.11 of the Code, which states that the Supervisory Board should not contain more than two former members of the Executive Board, as the Supervisory Board of Viscom AG does not include any other former members of the Executive Board.

By way of resolution dated 8 May 2013, the number of independent Supervisory Board members considered adequate by the Supervisory Board was defined in the Rules of Procedure of the Supervisory Board of Viscom AG as at least two, i.e. the majority of Supervisory Board members. In the opinion of the Supervisory Board, the current Supervisory Board members Prof. Dr. Michèle Morner and Prof. Dr. Ludger Overmeyer are both independent in accordance with the criteria set out in C.7 of the Code. Other than being members of the Supervisory Board, they have no business or personal relationship with the company, its Executive Board or the controlling shareholder that could substantiate a material or even temporary conflict of interest. None of the members of the Supervisory Board exercise board or advisory functions at any of the company's material competitors, nor do they have personal relationships with such companies.

The Supervisory Board monitors and advises the Executive Board on management of transactions. It is involved in strategy and planning, as well as all matters of business development, the risk situation, risk management, compliance and other issues of fundamental importance to the company. All members of the Supervisory Board and in particular the Chairwoman of the Supervisory Board are also in contact with the Executive Board regarding these issues between meetings. The Supervisory Board has resolved Rules of Procedure for the Executive Board, in accordance with the company's Articles of Association. The standing rules include the provision that specifies the types of major transactions of the Executive Board that require the Supervisory Board's approval. The Supervisory Board's further responsibilities include appointing Executive Board members, determining the remuneration system for the Executive Board and its individual members, and examining the company's single-entity and consolidated financial statements.

New members appointed to the Executive Board are to be appointed for no more than three years. The Supervisory Board also considers diversity in the composition of the Executive Board. In accordance with section 111(5) AktG, Viscom AG's Supervisory Board is required to set targets for the share of women on the Executive Board. By way of circulation procedure on 30 June 2020, it thus reviewed the current 0 % target for the share of women on the Viscom AG Executive Board and, after detailed discussion, resolved to retain its target for the share of women on the Executive Board of Viscom AG at the current level of 0 % until 30 June 2024. If a member of the Executive Board ends his term prematurely or in the event of other personnel changes to the Executive Board, the Supervisory Board will give preference to an equally qualified female candidate when appointing a new member. The long-term objective of the Supervisory Board is for at least 20 % of the Executive Board to be women, but this is not currently formally defined as a target within the meaning of section 111 (5) sentence 1 AktG.

The Executive Board and the Supervisory Board work in close collaboration to identify top executives and thus ensure long-term succession planning. Headed by the Chairwoman of the Supervisory Board, Prof. Dr. Michèle Morner and her significant expertise in HR development and management, a programme was launched in coordination with the Executive Board as a whole to improve professionalism regarding the development and succession of managers in the overall company. Management principles and skills were defined and, on the basis of a potential analysis, a customised, systematic management development programme was established. All members of the Executive Board play a key role in identifying and promoting managers in their business area.

Work within the Supervisory Board is coordinated by the Chairwoman of the Supervisory Board or, in her absence, by the Deputy Chairman. The Chairwoman of the Supervisory Board also chairs the Supervisory Board meetings and upholds the Board's interests when representing it. Furthermore, she is authorised to issue the declarations of intent on behalf of the Supervisory Board that are necessary to implement Supervisory Board resolutions. In urgent cases, this also includes the provisional approval of company transactions that, in accordance with the Rules of Procedure for the Executive Board, require the Supervisory Board's approval. Individual tasks and rules of procedure are stipulated in the Rules of Procedure of the Supervisory Board which have been resolved by the Supervisory Board in accordance with the Articles of Association. This includes rules regarding the authority of the Chairwoman of the Supervisory Board and her deputy, in addition to rules pertaining to conflicts of interest and efficiency reviews. According to these, the Chairwoman of the Supervisory Board is required to maintain regular contact with the Executive Board and to discuss strategy, business development and the company's risk management with it. If she becomes aware of significant events of material importance for the assessment of the company's situation and development or for its management, she is required to inform the Supervisory Board and to convene an extraordinary Supervisory Board meeting if necessary.

The Supervisory Board held six regular meetings in the 2020 financial year, including one meeting for an efficiency review without the presence of the Executive Board. This took place on 3 December 2020. The efficiency review was essentially conducted on the basis of checklists. In addition to the long-term assessment of past resolutions, the assessment focused on efficient cooperation within the Supervisory Board, between the Chairman of the Supervisory Board and the other members of the Supervisory Board, and between the Supervisory Board and the Executive Board. The efficiency review also focused on assessing the work and coordination of the Supervisory Board, which was increasingly performed electronically as a result of the COVID-19 pandemic.

The Chairwoman of the Supervisory Board or, in her absence, the Deputy Chairman, convenes meetings in writing with 14 days' notice. In urgent cases, the Chairwoman of the Supervisory Board can shorten the notice period appropriately and convene the meeting verbally, by telephone, in writing, by fax or e-mail. The agenda and proposals for resolutions must be included with the invitations.

In accordance with the Rules of Procedure of the Supervisory Board, all meetings should be held in person. But meetings can also be held as video conferences or conference calls, or individual Supervisory Board members can take part in the meeting via phone or video. It is also possible to adopt resolutions using votes cast in writing, by telephone or using electronic forms of communication as long as this is ordered by the Chairwoman's and no objections are raised by other members of the Supervisory Board within a reasonable period set by the Chairwoman of the Supervisory Board. The Chairwoman of the Supervisory Board must keep a record of and sign all resolutions made in a written or other form. In light of the extraordinary circum-stances presented by the COVID-19 pandemic, all Supervisory Board meetings in the 2020 financial year were held as video conferences over Webex, with the exception of the meeting on 4 August 2020 which was held in person in accordance with social distancing and hygiene regulations.

All resolutions of the Supervisory Board require a simple majority unless stated otherwise by law or the Articles of Association. The Chairwoman of the Supervisory Board or, in her absence, the Deputy Chairman, casts the deciding vote in the case of a tie.

Barring different arrangements made by the Supervisory Board for individual cases, all members of the Executive Board attend the quarterly meetings of the Supervisory Board. This notwithstanding, the Supervisory Board regularly meets at the beginning of the meetings without the Executive Board. The Executive Board's written reports for the Supervisory Board are handed out to the Supervisory Board members, unless the Supervisory Board has decided on a different approach in a given case.

The members of the Supervisory Board are independent from the management and maintain no business links with the company that could influence the independence of their opinion. Since 1 July 2018, Supervisory Board member Volker Pape and the company have had a long-term consultancy agreement which goes beyond the scope of consulting and monitoring duties performed by Mr. Volker Pape as a member of the Supervisory Board of the company, and so this agreement is remunerated separately. This consultancy agreement aims to continue making use of the contractor's experience and expertise after his many years of successful work for the company as a way of ensuring continuity, supporting old and new members of the Executive Board and retaining the contractor as a consultant in the long term. The consultancy agreement was entered into at market conditions.

Since the summer of 2019, there has been a consultancy relationship between the member of the Supervisory Board Prof. Dr. Michèle Morner and the company in the context of implementing a management development programme that goes beyond the scope of Prof. Dr. Michèle Morner's consulting and monitoring duties as a member of the Supervisory Board of the company, and that is therefore remunerated separately. The aim of this consulting is to further improve the professionalism in the areas of HR development and management, and the long-term promotion, development and succession of managers in the company as a whole with the help of Prof. Dr. Michèle Morner's comprehensive experience, expertise and teachings. Management principles and skills are to be defined and, on the basis of a potential analysis, a customised, systematic management development programme is to be established and developed on an ongoing basis. The aim of this is to actively continue the development of individual managers and their management capabilities, as well as the management culture of the company as a whole. The consulting relationship is subject to arm's-length conditions.

In its report to the Annual General Meeting, the Supervisory Board provides information about any conflicts of interest that may have arisen during that financial year. There were no conflicts of interest to be reported to the Supervisory Board in the past financial year.

The company has obtained D&O insurance with no deductible for its Supervisory Board members.

Detailed information on Supervisory Board activity during the 2020 financial year is included in the "Report of the Supervisory Board" to the Annual General Meeting.

Mandates of the Supervisory Board members

The Chairwoman of the Supervisory Board of Viscom AG, Prof. Dr. Michèle Morner, was a member of the Supervisory Board of KUKA AG from February 2017 until June 2018 and has been a member of the Nominations Committee of the Financial Reporting Enforcement Panel (FREP) since April 2015. Prof. Dr. Ludger Overmeyer has been a member of the Supervisory Board of LPKF Laser & Electronics AG since June 2019. Volker Pape does not hold any other seats in other Supervisory Boards required by law or comparable domestic and foreign governing bodies of commercial enterprises.

Structure and working methods of Executive Board and Supervisory Board committees

The company's Articles of Association allow the Supervisory Board to form committees from among its members. The Supervisory Board does not see committee formation as advisable under the circumstances of the company. The purpose of forming a committee, i. e. increasing the efficiency of the decision-making process, would not be achieved with a Supervisory Board of just three members. All matters are addressed by all members of the Supervisory Board, meaning that the formation of additional committees is not considered necessary. No Executive Board committees with the purpose of increasing efficiency were formed because of the small size of the Executive Board.

Shareholdings of Board members

The members of the Executive Board presently hold the following numbers of shares in the company:

- Dr. Martin Heuser:
  265,650 shares held directly; Dr. Heuser also indirectly or directly holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 4,869,085 Viscom AG shares.

- Dirk Schwingel:
  8,500 shares held directly.

- Carsten Salewski:
  7,150 shares held directly.

- Peter Krippner:
  5,000 shares held directly.

The members of the Supervisory Board presently hold the following amounts of shares in the company:

- Volker Pape:
  265,650 shares held directly; Dr. Pape also indirectly or directly holds 50 % of HPC Vermögensverwaltung GmbH, which in turn holds 4,869,085 Viscom AG shares.

- Prof. Dr. Ludger Overmeyer:
  1,500 shares held directly.

Diversity concept for the composition of the Executive Board and the Supervisory Board

As the composition of the Executive Board and Supervisory Board is based on diversity concepts as regards aspects such as age, gender, educational and professional background, international experience and other socio-economic issues and expertise, these must be described in the corporate governance declaration, as should the objectives of these diversity concepts, the way in which they are implemented and the results achieved in the financial year.

Please first refer to the above comments on the specific objectives for the composition of the Supervisory Board, the setting of a standard age limit for the Supervisory Board, and the decisions on targets for the share of women. The objectives of the diversity concept for both the Executive Board and the Supervisory Board are as follows:

- **Educational and professional background – Technological expertise and commercial experience:** The members of the Executive Board and the Supervisory Board should have different educational and professional backgrounds. As a highly specialised technology company, it is crucial for Viscom AG that its Supervisory Board and Executive Board are qualified and experienced in the technical field. At the same time, given the size of the company, business administration and corporate organisation qualifications are significant. These two areas of expertise should be represented by at least one member on each of the boards.

On the Executive Board, these requirements are currently reflected by the fact that three out of four members of the Executive Board are graduate engineers and have years of professional experience in the technical field. The fourth member of the Executive Board supplements the requirement profile described above as a business graduate with years of professional experience as a commercial manager.

This diversity of expertise can also be found in the Supervisory Board. Prof. Dr. Ludger Overmeyer contributes outstanding technical expertise, which is supplemented by Prof. Dr. Michèle Morner's capabilities in the areas of business administration, corporate governance and HR. As a former member of the Executive Board of Viscom AG, Mr. Volker Pape has both a technical background and experience of many years managing the company, and enhances the Supervisory Board's insight into its operational process.

- **Internationalism:** The composition of the Executive Board and the Supervisory Board should reflect a range of international experience. As an international corporation, experience of intercultural communication and internationally diverse business practices are a crucial advantage to Viscom AG. The company therefore promotes and welcome the international experience of its employees and managers, gathered both inside and outside the Group. International expertise, possibly acquired by heading a corporation with international ties, should be represented in both the Executive Board and the Supervisory Board.

In the interests of this objective, on the Executive Board, the company particularly welcomes Mr. Carsten Salewski's many years of experience managing the international business of the US subsidiary in Atlanta and the associated branches in California and Mexico, where he still maintains extensive international contacts today as the Chairman of the IPC SMEMA Council and a member of the Board of the German-American Chamber of Commerce in Atlanta. On the Supervisory Board, the necessary international experience is embodied by Prof. Dr. Michèle Morner, as a former member of the Executive Committee of EURAM in Brussels, and Prof. Dr. Ludger Overmeyer, with his many years of experience in a position of responsibility at the international company Mühlbauer AG. In turn, as a former member of the Executive Board of Viscom AG, Mr. Volker Pape is directly familiar with the Group's management of its various international branches and subsidiaries.

- **Opportunities for advancement and development through external expertise:** Viscom firmly believes that it is a benefit to the motivation and rights of its employees, and to diversity in management levels, when employees within the Group have clear opportunities for advancement to management levels. Some employees are therefore actively promoted to the level of the Executive Board. At the same time, the company wishes to maintain a focus on the diversity of developments in society as a whole, and to be open to external stimulus. Viscom AG sees its Supervisory Board especially as the body that can most suitably contribute this external expertise.

By appointing Mr. Carsten Salewski and Mr. Peter Krippner to the Executive Board, the Supervisory Board is highlighting its goal of promoting long-serving employees to the head of the Group. Also, by appointing Prof. Dr. Michèle Morner to the Supervisory Board, a professional who has taught in the fields of corporate governance, business ethics and social change, the company is successfully pursuing the goal of incorporating external expertise as regards general business and social concerns. Led by Prof. Dr. Morner, a concept was established to further promote employees' management skills and opportunities for advancement. This concept is subject to ongoing further development.

- **Equal opportunities:** The diversity concept also includes the principle of equal opportunities. Women should have equal opportunities for advancement at Viscom AG and in the Group as a whole. As described above, this is partially encouraged by set quotas. In the interests of equal opportunities and the role model function thus entailed, the Executive Board and Supervisory Board welcome the fact that, in Prof. Dr. Michèle Morner, 33 % of the seats on the Supervisory Board are now held by women.

Shareholders and Annual General Meeting

Shareholders of Viscom AG exercise their co-determination and control rights at the Annual General Meeting that is held at least once a year. The Annual General Meeting decides on all legally regulated issues with a binding effect for all shareholders and for the company. Each share grants one vote (one share, one vote) in the decision-making process.

The Annual General Meeting elects the Supervisory Board members and decides on approving the actions of the Executive Board and Supervisory Board. It regularly decides on the appropriation of retained earnings, the selection of the auditor, capital and structural measures, the approval of company contracts and any changes to the company's Articles of Association. The Annual General Meeting also decides on the approval of the remuneration system for members of the Executive Board as proposed by the Supervisory Board every time a material change is made to this remuneration system and at least every four years. It also passes a resolution on Supervisory Board remuneration at least every four years.

At the Annual General Meeting, the Executive Board and Supervisory Board render account of the past financial year. The German Stock Corporation Act (AktG) provides for convening an extraordinary General Meeting in special cases.

Shareholders are entitled to take part in the Annual General Meeting if they register in due time and provide proof of their right to attend the Annual General Meeting and exercise their voting right. Shareholders who cannot attend in person can exercise their voting right via a bank, shareholder association or any other authorised representative. The company offers shareholders who do not wish to or are unable to exercise the voting right themselves the option to vote at the Annual General Meeting via a proxy determined by Viscom AG and bound by the shareholders' instructions. This facilitates the exercising of shareholders' rights.

The invitation to the Annual General Meeting and all information and reports necessary for passing resolutions are made accessible to the public on the website of Viscom AG in German, as stipulated by the laws governing stock companies.

Remuneration report

As per statutory regulations, Viscom AG will present a remuneration report in accordance with section 162 AktG (new version) for the first time for the financial year 2021. In order to provide a high degree of transparency regarding remuneration until this time, Viscom AG complies with the previous recommendations of the German Corporate Governance Code in its version dated 7 February 2017, under which Executive Board and Supervisory Board remuneration is disclosed individually using reference tables. The remuneration report forms part of the management report.

Remuneration of Executive Board members

In accordance with section 87a AktG, the Supervisory Board is developing a new remuneration system in line with the new requirements of the ARUG II and taking into account the new recommendations of the German Corporate Governance Code in its version dated 16 December 2019 and will present this remuneration system at the 2021 Annual General Meeting in accordance with section 120a (1) sentence 1 AktG for approval.

The new remuneration system will apply to new Executive Board contracts and changes to these in the future. Once this is decided by the Supervisory Board, the Supervisory Board and the Executive Board intend to adjust existing contracts to take account of the new remuneration system after these contracts expire.

Current Executive Board contracts are still subject to the following remuneration system in place at present:

Remuneration of Executive Board members is determined by the Supervisory Board, and consists of a fixed annual salary, payable in twelve equal monthly rates and a 13th month's remuneration, and a performance-based bonus. Total remuneration, comprising a fixed annual salary and a performance-based bonus, must be reviewed every two years to ensure it is appropriate.

The performance-based bonus comprises Bonus I relating to the financial year just ended and the long-term Bonus II. The total bonus is capped at 100 % of annual fixed remuneration for all Executive Board members.

Calculated on a straight-line basis, Bonus I is between one month's fixed remuneration for EBIT of € 1 million and 13 months' fixed remuneration for EBIT of € 15 million. EBIT must amount to at least € 1 million, otherwise the member of the Executive Board is no longer entitled to Bonus I.

Calculated on a straight-line basis, Bonus II is between one month's fixed remuneration for average EBIT of € 1 million and 13 months' fixed remuneration for EBIT of € 15 million. The bonuses are calculated on the basis of average EBIT generated in the three most recent financial years, i. e. the year just ended plus the two before that. Average EBIT must amount to at least € 1 million, otherwise the member of the Executive Board is no longer entitled to Bonus II. There is also no entitlement to Bonus II if EBIT was negative in the past financial year. This claim can be revived retroactively if EBIT of more than zero is achieved again in the following financial year.

There is no stock option programme for management or employees at Viscom AG.

The following table shows the grants awarded for the financial year:

Benefits granted	**Dr. Martin Heuser** Member of the Executive Board Development				**Dirk Schwingel** Member of the Executive Board Finance			
in K€	2019	**2020**	2020 Min.	2020 Max.	2019	**2020**	2020 Min.	2020 Max.
Fixed remuneration	208	208	208	208	208	208	208	208
Additional benefits*	0	-36	-36	-36	0	-36	-36	-36
Total	17	9	9	9	12	16	16	16
Annual variable remuneration	**225**	**181**	**181**	**181**	**220**	**188**	**188**	**188**
Long-term variable remuneration (Bonus II: average consolidated EBIT of the last three years)	57	0	0	208	57	0	0	208
Other	134	43	0	208	134	43	0	208
Total**	0	0	0	0	0	0	0	0
Pension cost***	**191**	**43**	**0**	**208**	**191**	**43**	**0**	**208**
Total remuneration	16	16	16	16	18	17	17	17
Gesamtvergütung	**432**	**240**	**197**	**405**	**429**	**248**	**205**	**413**

Benefits granted	**Carsten Salewski** Member of the Executive Board Sales				**Peter Krippner** Member of the Executive Board Operations			
in K€	2019	**2020**	2020 Min.	2020 Max.	2019	**2020**	2020 Min.	2020 Max.
Fixed remuneration	208	208	208	208	208	208	208	208
Additional benefits*	0	-36	-36	-36	0	-36	-36	-36
Total	7	7	7	7	12	8	8	8
Annual variable remuneration	**215**	**179**	**179**	**179**	**220**	**180**	**180**	**180**
Long-term variable remuneration (Bonus II: average consolidated EBIT of the last three years)	57	0	0	208	57	0	0	208
Other	134	43	0	208	134	43	0	208
Total**	0	0	0	0	0	0	0	0
Pension cost***	**191**	**43**	**0**	**208**	**191**	**43**	**0**	**208**
Total remuneration	19	19	19	19	19	19	19	19
Gesamtvergütung	**425**	**241**	**198**	**406**	**430**	**242**	**199**	**407**

* In particular, additional benefits include use of a company vehicle for business and private purposes, capital-building payment schemes and a telephone allowance.
** The total bonus for the Executive Board is capped at 100 % of fixed annual remuneration
*** Contributions to private health insurance, direct insurance and accident insurance.

The following table shows the inflows for the financial year:

Benefits received	Dr. Martin Heuser Member of the Executive Board Development		Dirk Schwingel Member of the Executive Board Finance	
in K€	2019	2020	2019	2020
Fixed remuneration*	208	172	208	172
Additional benefits**	17	9	12	16
Total	**225**	**181**	**220**	**188**
Annual variable remuneration	154	57	154	57
Long-term variable remuneration (Bonus II: average consolidated EBIT of the last three years)	151	134	151	134
Other	0	0	0	0
Total* **	**208**	**191**	**208**	**191**
Pension cost****	16	16	18	17
Total remuneration	**449**	**388**	**446**	**396**

Benefits received	Carsten Salewski Member of the Executive Board Sales		Peter Krippner Member of the Executive Board Operations	
in K€	2019	2020	2019	2020
Fixed remuneration*	208	172	208	172
Additional benefits**	7	7	12	8
Total	**215**	**179**	**220**	**180**
Annual variable remuneration	90	57	90	57
Long-term variable remuneration (Bonus II: average consolidated EBIT of the last three years)	88	134	88	134
Other	0	0	0	0
Total* **	**121**	**191**	**121**	**191**
Pension cost****	19	19	19	19
Total remuneration	**355**	**389**	**360**	**390**

* As the Executive Board voluntary waived part of its fixed remuneration in the 2020 financial year, the fixed remuneration in benefits received thus comes to € 172 thousand instead of € 208 thousand.

** In particular, additional benefits include use of a company vehicle for business and private purposes, capital-building payment schemes and a telephone allowance.

*** The total bonus for the Executive Board is capped at 100 % of fixed annual remuneration.

**** Contributions to private health insurance, direct insurance and accident insurance.

Remuneration of Supervisory Board members

In accordance with Article 20.1 of Viscom AG's Articles of Association, each member of the Supervisory Board receives fixed remuneration for each full financial year of membership. Supervisory Board members who are only members of the Supervisory Board for part of the financial year receive the fixed remuneration pro rata temporis. In accordance with Article 20.2 of the Articles of Association, fixed remuneration is € 18,000 per financial year and Supervisory Board member. The Chairwoman of the Supervisory Board receives three times and her deputy one and a half times the fixed remuneration. If membership of the Supervisory Board or the positions of Chairwoman or Deputy Chairman of the Supervisory Board are only temporary, remuneration is paid pro rata temporis.

In accordance with section 113 (3) sentence 1 AktG, the 2021 Annual General Meeting will pass a resolution on remuneration for members of the Supervisory Board. The Executive Board and Supervisory Board will propose that the Annual General Meeting confirm the remuneration system set out in the Articles of Association and the remuneration for the members of the Supervisory Board set out in the Articles of Association.

Remuneration of the members of the Supervisory Board in the 2019 financial year was as follows:

2019		Fixed remu-neration	Fac-tor	Total remu-neration
Supervisory Board		K€		K€
Prof. Dr. Michèle Morner	Chairwoman of the Supervisory Board	18	3.0	54
Volker Pape	Deputy Chairman of the Supervisory Board	18	1.5	27
Prof. Dr. Ludger Overmeyer	Member of the Supervisory Board	18	1.0	18
Total		54		99

Remuneration of the members of the Supervisory Board in the 2020 financial year is as follows:

2020		Fixed remu-neration	Fac-tor	Total remu-neration
Supervisory Board		K€		K€
Prof. Dr. Michèle Morner	Chairwoman of the Supervisory Board	18	3.0	54
Volker Pape	Deputy Chairman of the Supervisory Board	18	1.5	27
Prof. Dr. Ludger Overmeyer	Member of the Supervisory Board	18	1.0	18
Total		54		99

In the 2020 financial year, Supervisory Board member Volker Pape received consulting remuneration from the company in the amount of € 38.25 thousand for consulting services he provided personally, in addition to his Supervisory Board remuneration. The Chairwoman of the Supervisory Board Prof. Dr. Michèle Morner received remuneration of € 4.5 thousand in the 2020 financial year for her consultation work on the implementation of a management development programme.

Risk management

A responsible approach to business risk is one of the principles of good corporate governance. The Executive Board of Viscom AG and the management of the Viscom Group can use comprehensive Group and company reporting and control systems which facilitate the detection, assessment and controlling of risks. These systems are continuously enhanced in order to adapt them to changing conditions and are additionally monitored by auditors. The Executive Board regularly informs the Supervisory Board of existing risks and their development.

Details regarding risk management in the Viscom Group can be found in the risk report. The risk report contains the report on the accounting-related internal control and risk management system in compliance with the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernisation Act).

Transparency

Open and transparent handling of information for the relevant target groups of Viscom AG is a high priority within the company. The company has appointed a Corporate Governance Officer to monitor adherence to the German Corporate Governance Code.

Viscom AG regularly reports to shareholders, financial analysts, shareholder associations, the media and interested parties on the situation of the company and significant changes in business. All significant new information that is released to financial analysts and institutional investors by Viscom AG is always simultaneously made available to all shareholders and interested members of the public. Viscom uses the Internet and other means of communication to ensure that information is provided promptly.

An overview of all significant information released throughout the financial year is published on Viscom AG's website at www.viscom.com:

- **Ad hoc disclosures.** Ad hoc disclosures in accordance with Article 17 of the Market Abuse Regulation (MAR) are issued without delay when facts arise concerning Viscom AG outside regular reporting that may significantly influence the share price. Viscom AG's ad hoc disclosures are available to shareholders in the "Company/Investor Relations/News/Publications/Ad hoc Notices" section of the Viscom AG website at www.viscom.com.

- **Notices concerning voting rights.** In accordance with section 33 et seq. of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), when Viscom AG becomes aware that an entity acquires, exceeds or falls below 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 %, or 75 % of the voting rights in the company as a result of a purchase, disposal or in any other way, this fact will also be promptly disclosed via notification system accessible throughout Europe. The company received the following notifications in the 2020 financial year:

First voting rights notification

1. Details of issuer

Name:	Viscom AG
Street, house no.:	Carl-Buderus-Straße 9-15
Post code:	30455
City:	Hanover, Germany
Legal Entity Identifier (LEI):	391200SDLDT1KJVFRV52

2. Reason for notification

x	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
	Other reason:

3. Details of the party subject to the notification obligation

Legal entity: Universal-Investment-Gesellschaft mit beschränkter Haftung Registered office, country: Frankfurt am Main, Germany

4. Names of shareholders

holding voting rights of 3 % or more, if different from 3.

5. Date on which the threshold was reached:

7 Feb. 2020

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instruments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights as per section 41 WpHG
new	3.001 %	0.00 %	3.001 %	9.020.000
Previous notification	n/a %	n/a %	n/a %	-

7. Details of the voting rights held

a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (section 33 WpHG)	indirectly (section 34 WpHG)	directly (section 33 WpHG)	indirectly (section 34 WpHG)
DE0007846867		270647	%	3.001 %
Total	270647		3.001 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instrument	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				%
		Total		%

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instrument	Maturity/ expiry date	Exercise period/ term	Cash or physical settlement	Voting rights (absolute)	Voting rights in %
					%
			Total		%

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities that hold voting rights in the issuer (1.) or that are assigned voting rights in the issuer.
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
Universal-Investment-Gesellschaft mit beschränkter Haftung	%	%	%
Universal-Investment-Luxembourg S.A.	%	%	%

9. In case of proxy voting in accordance with section 34(3) WpHG

(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:

Total share of voting rights (6.) after Annual General Meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

10. Other information:

Date

12 Feb. 2020

Second voting rights notification

1. Details of issuer

Name:	Viscom AG
Street, house no.:	Carl-Buderus-Straße 9-15
Post code:	30455
City:	Hanover, Germany
Legal Entity Identifier (LEI):	391200SDLDT1KJVFRV52

2. Reason for notification

	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
x	Other reason: Voluntary group notification; threshold reached solely at the level of subsidiaries

3. Details of the party subject to the notification obligation

Legal entity: Universal-Investment-Gesellschaft mit beschränkter Haftung Registered office, country: Frankfurt am Main, Germany

4. Names of shareholders

holding voting rights of 3 % or more, if different from 3.

5. Date on which the threshold was reached:

11 Feb. 2020

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instruments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights as per section 41 WpHG
new	3.02 %	0.00 %	3.02 %	9,020,000
Previous notification	3.001 %	0.00 %	3.001 %	-

7. Details of the voting rights held

a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (section 33 WpHG)	indirectly (section 34 WpHG)	directly (section 33 WpHG)	indirectly (section 34 WpHG)
DE0007846867		272492	%	3.02 %
Total	272492		3.02 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instrument	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				%
		Total		%

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instrument	Maturity/ expiry date	Exercise period/ term	Cash or physical settlement	Voting rights (absolute)	Voting rights in %
					%
			Total		%

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities that hold voting rights in the issuer (1.) or that are assigned voting rights in the issuer.
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
Universal-Investment-Gesellschaft mit beschränkter Haftung	%	%	%
Universal-Investment-Luxembourg S.A.	3.01 %	%	%

9. In case of proxy voting in accordance with section 34(3) WpHG

(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:

Total share of voting rights (6.) after Annual General Meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

10. Other information:

Date

13 Feb. 2020

Third voting rights notification

1. Details of issuer

Name:	Viscom AG
Street, house no.:	Carl-Buderus-Straße 9-15
Post code:	30455
City:	Hanover, Germany
Legal Entity Identifier (LEI):	391200SDLDT1KJVFRV52

2. Reason for notification

	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
x	Other reason: voluntary group notification due to threshold reached at a subsidiary

3. Details of the party subject to the notification obligation

Natural person (first name, surname): Dr. Martin Heuser Date of birth: 24 September 1957

4. Names of shareholders

holding voting rights of 3 % or more, if different from 3.

HPC Vermögensverwaltung GmbH

5. Date on which the threshold was reached:

22 Dec. 2020

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instruments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights as per section 41 WpHG
new	56.93 %	0.00 %	56.93 %	9,020,000
Previous notification	57.92 %	0 %	57.92 %	-

7. Details of the voting rights held

a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (section 33 WpHG)	indirectly (section 34 WpHG)	directly (section 33 WpHG)	indirectly (section 34 WpHG)
DE0007846867	265650	4869085	2.95 %	53.98 %
Total	5134735		56.93 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instrument	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				0.00 %
		Total	0	0.00 %

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instrument	Maturity/ expiry date	Exercise period/ term	Cash or physical settlement	Voting rights (absolute)	Voting rights in %
					0.00 %
			Total	0	0.00 %

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities that hold voting rights in the issuer (1.) or that are assigned voting rights in the issuer.
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
-Dr. Martin Heuser	%	%	%
-HFS GmbH (in the course of incorporation)	%	%	%
-HPC Verwaltungs GmbH	%	%	%
-HPC GmbH & Co. KG	%	%	%
-HPC Vermögensverwaltung GmbH	53.98 %	%	53.98 %

9. In case of proxy voting in accordance with section 34(3) WpHG

(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:
Total share of voting rights (6.) after Annual General Meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

10. Other information:

Date

29 Dec. 2020

Fourth voting rights notification

1. Details of issuer

Name:	Viscom AG
Street, house no.:	Carl-Buderus-Straße 9-15
Post code:	30455
City:	Hanover, Germany
Legal Entity Identifier (LEI):	391200SDLDT1KJVFRV52

2. Reason for notification

	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
x	Other reason: voluntary group notification due to threshold reached at a subsidiary

3. Details of the party subject to the notification obligation

Natural person (first name, surname): Volker Pape Date of birth: 2 October 1955

4. Names of shareholders

holding voting rights of 3 % or more, if different from 3.

HPC Vermögensverwaltung GmbH

5. Date on which the threshold was reached:

22 Dec. 2020

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instruments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights as per section 41 WpHG
new	56.93 %	0.00 %	56.93 %	9,020,000
Previous notification	57.92 %	0 %	57.92 %	-

7. Details of the voting rights held

a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (section 33 WpHG)	indirectly (section 34 WpHG)	directly (section 33 WpHG)	indirectly (section 34 WpHG)
DE0007846867	265650	4869085	2.95 %	53.98 %
Total	5134735		56.93 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instrument	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				0.00 %
		Total	0	0.00 %

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instrument	Maturity/ expiry date	Exercise period/ term	Cash or physical settlement	Voting rights (absolute)	Voting rights in %
					0.00 %
			Total	0	0.00 %

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities that hold voting rights in the issuer (1.) or that are assigned voting rights in the issuer.
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
-Volker Pape	%	%	%
-PPF GmbH (in the course of incorporation)	%	%	%
-HPC Verwaltungs GmbH	%	%	%
-HPC GmbH & Co. KG	%	%	%
-HPC Vermögensverwaltung GmbH	53.98 %	%	53.98 %

9. In case of proxy voting in accordance with section 34(3) WpHG

(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:

Total share of voting rights (6.) after Annual General Meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

10. Other information:

Date

29 Dec. 2020

• **Directors' Dealings.** Executive Board and Supervisory Board members of Viscom AG and certain executives who have regular access to insider information and are authorised to make significant company decisions (including related parties as defined by the Market Abuse Regulation (MAR)), are required to disclose their securities transactions, in accordance with section 19 of the MAR. These types of transactions are published as soon as the company is informed through a pan-European information system and in the "Company/Investor Relations/News/Publications/Directors' Dealings" section of our website at www.viscom.com.

The company was made aware of the following acquisition or sales transactions for shares of Viscom AG or for financial instruments based on these by members of governing bodies (Directors' Dealings) by Mr. Volker Pape in the 2020 financial year:

	Date	Nature of transaction	Aggregate price in €	Aggregate total volume in €
Volker Pape	19 Jun. 2020	Purchase	8.7600	63,344
Volker Pape	18 Jun. 2020	Purchase	8.7600	23,617
Volker Pape	17 Jun. 2020	Purchase	8.6765	6,273

• **Financial calendar.** With the financial calendar published in the financial reports and permanently available on Viscom AG's website, the company informs its shareholders and the capital market in a timely manner of the dates of significant publications such as the annual financial report, half-year financial report and quarterly financial reports, the Annual General Meeting, financial press conference and analyst conferences. Viscom AG's financial calendar is available to shareholders in the "Company/Investor Relations/Financial Calendar" section of the Viscom AG website at www.viscom.com.

Accounting and annual audit

Viscom AG prepares its consolidated financial statements in line with International Financial Reporting Standards (IFRS), as they are supposed to be applied in the European Union. The annual financial statements of Viscom AG are prepared in accordance with the German Commercial Code. The Executive Board prepares the consolidated financial statements, which are audited by the auditor and audited and approved by the Supervisory Board. Shareholders and interested parties are informed of the general situation of the company via the annual and interim reports and quarterly reports. All reports are accessible to all interested parties simultaneously on the Viscom AG website.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hanover, was elected by the 2020 Annual General Meeting as auditor and audited the consolidated financial statements and the annual financial statements of Viscom AG. The audit took place in accordance with German auditing regulations and the standards for the audit of financial statements put forward by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer). Early risk detections system and reporting obligations in compliance with corporate governance as stated in section 161 AktG were also taken into account.

It was agreed with the auditor that the Chairwoman of the Supervisory Board would be promptly informed of any grounds for disqualification or conflicts of interest that arise during the audit, if these are not resolved immediately.

The auditors must also report all findings and occurrences significant to the tasks of the Supervisory Board without delay as they occur during the audit. The auditors must also inform the Supervisory Board and report in the audit report if facts arise in the course of the audit that do not conform with the compliance statement as submitted by the Executive Board and the Supervisory Board in accordance with section 161 AktG.

Information on relevant company management practices

Compliance with the law is our duty as a company, and it is in every company's own interest to reduce risks. Viscom sees it as its responsibility to comply with all laws and internal regulations – voluntary obligations and ethical principles also form an integral part of its corporate culture.

In order to actively meet local and international responsibilities, the Executive Board has developed, approved and introduced a compliance policy and corresponding annex that goes beyond the statutory rules of conduct and that applies to all members of governing bodies and employees of the Viscom Group. This "Corporate Compliance Policy" stipulates how to deal with business partners and government institutions, how to maintain secrecy, independence and objectivity and how to act in cases of conflict of interest. These principles include the avoidance of corruption and cartel agreements, compliance with data security guidelines, equal opportunity and adherence to product safety and occupational health regulations.

They are available to Group employees on the intranet, where they can be accessed at all times in German and English. A whistle-blower system allows employees to securely report certain serious legal infringements to Viscom AG. This allows the Compliance Officer and where applicable the Executive Board to work towards containing damage and preventing further damage.

The Compliance Officer is responsible for maintaining and updating this policy.

Compliance is an integral part of Viscom's business processes and has formed the basis for a comprehensive and long-term management process, which is an ongoing and central task for the company. The topic of compliance must evolve constantly in order to react to the opportunities for improvement and the changing demands of global business. It is subject to ongoing change and improvement, making it a living process within the company that will never be completed. More information about the compliance policy is available in the company/ Corporate Compliance section of the company's website at www.viscom.com.

REPORT ON ADDITIONAL DISCLOSURE REQUIREMENTS FOR LISTED COMPANIES

Viscom AG completed its IPO (initial public offering) in May 2006 and was listed in the Prime Standard of the regulated market on the Frankfurt Stock Exchange until September 2009. From September 2009, Viscom AG was listed in the General Standard of the regulated market. Viscom AG switched back to the Prime Standard as at 22 January 2015 and was listed in the Prime Standard of the regulated market on the Frankfurt Stock Exchange on 31 December 2020. The company's issued capital amounts to € 9,020 thousand, divided into 9,020,000 no-par value bearer shares each with a notional interest in the share capital of € 1.00.

Each share entitles the bearer to one vote at the Annual General Meeting. There is only one class of shares. None of the issued shares are furnished with special rights.

HPC Vermögensverwaltung GmbH, Hanover, held an interest of 53.98 % in Viscom AG as at 31 December 2020.

The Supervisory Board is responsible for determining the number of Executive Board members, appointing and dismissing the ordinary or alternative members of the Executive Board and concluding the corresponding employment contracts. The Supervisory Board appoints the Executive Board members for a maximum of five years. Members can be reappointed or their term of office extended for a maximum of five years in each case. The Supervisory Board is authorised to transfer responsibility for the conclusion, amendment or termination of the corresponding employment contracts to a Supervisory Board committee.

The Supervisory Board is authorised to make amendments to the Articles of Association relating solely to their wording. This also applies to amendments to the Articles of Association as a result of changes in the company's share capital.

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions in the period until 31 May 2021 by a total of up to € 4,500,000 by issuing up to 4,500,000 new no-par value bearer common shares (no-par value shares) against cash or non-cash contributions (Authorised Capital 2016). Shareholders must be granted pre-emption rights. The new shares can also be bought by one or more banks subject to the obligation that they are offered to shareholders for subscription. However, the Executive Board is authorised, with the approval of the Supervisory Board, to disapply shareholders' pre-emption rights on one or more occasions:

(i) for capital increases against cash contributions up to the lower of a total nominal amount of € 902,000 or 10 % of the share capital at the time this authorisation to disapply pre-emption rights is exercised for the first time (in each case taking into account other authorisations to disapply pre-emption rights that may have been exercised in accordance with section 186(3) sentence 4 AktG or with the corresponding changes), provided the issue price of the new shares is not significantly less than the stock market price of the company's existing listed shares of the same type at the time the issue price is finalised;

(ii) if the new shares are issued against non-cash contributions up to a total nominal amount of € 1,804,000, in particular in connection with the acquisition of companies, parts of companies and equity investments in companies;

(iii) to the extent required to exclude possible fractional amounts from the pre-emption rights.

Other authorisations to disapply pre-emption rights that may have been exercised in accordance with section 186(3) sentence 4 AktG or with the corresponding changes in accordance with (i) above will not be taken into account to the extent that authorisations whose exercise resulted in this being the case are newly issued by the Annual General Meeting.

The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further conditions of the implementation of capital increases, and in particular the content of the rights attached to the shares and the conditions of the share issue.

The Supervisory Board is authorised to amend Article 6 of the Articles of Association following the full or partial implementation of the capital increase or after the end of the authorisation period.

The authorisation for authorised capital (Authorised Capital 2011) expired as at 15 June 2016 and was extended by resolution of the Annual General Meeting on 1 June 2016 as discussed above. For details, see agenda item 6 of the notice convening Viscom AG's Annual General Meeting on 1 June 2016 as published in the German Federal Gazette (Bundesanzeiger) on 20 April 2016.

Viscom AG, represented by the Executive Board, is authorised until 4 August 2025 to acquire treasury shares of up to 10 % of the share capital on the date of the resolution or – if this figure is lower – of the share capital existing on the date the authorisation is exercised. Together with other treasury shares held by the company or attributable to the company in accordance with sections 71a et seq. AktG, the shares acquired on the basis of this authorisation must not exceed 10 % of the company's share capital at any time. Acquisition for the purposes of trading treasury shares is not permitted.

For details, see item 6 of the notice convening Viscom AG's Annual General Meeting on 4 August 2020 as published in the German Federal Gazette (Bundesanzeiger) on 23 June 2020.

CLOSING STATEMENT IN THE DEPENDENT COMPANY REPORT

Viscom AG was dependent on HPC Vermögensverwaltung GmbH in the 2020 financial year. As there was no control agreement between the latter company and Viscom AG in this period, the Executive Board of Viscom AG prepared a report of the Executive Board on relationships with affiliated companies in accordance with section 312(1) AktG including the following confirmation:

"Our company received fair compensation for each of the transactions listed in the report on relationships with affiliated companies. In the period from 1 January to 31 December 2020, no actions were taken or omitted at the instigation or in the interest of the controlling company or a company affiliated with it."

Hanover, 12 March 2021

The Executive Board

Carsten Salewski

Peter Krippner

Dr. Martin Heuser

Dirk Schwingel

IFRS CONSOLIDATED FINANCIAL STATEMENTS 2020

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income Item		01.01.-31.12.2020 K€	01.01.-31.12.2019 K€
G1	Revenue	61,562	88,556
G2	Other operating income	3,277	2,870
		64,839	**91,426**
G3	Changes in finished goods and work in progress	-4,726	-1,547
G4	Other own work capitalised	3,101	3,191
G5	Cost of materials	-23,722	-34,434
G6	Staff costs	-29,893	-35,082
G7	Depreciation and amortisation	-5,206	-5,003
G8	Other operating expenses	-10,372	-14,534
		-70,818	**-87,409**
	Operating profit	**-5,979**	**4,017**
G9	Financial income	5	359
G9	Financial expenses	-325	-309
	Financial result	**-320**	**50**
G10	Income taxes	1,885	-966
	Net profit for the period	**-4,414**	**3,101**
G11	**Earnings per share (basic and diluted) in €**	**-0.50**	**0.35**
	Other comprehensive income		
	Currency translation differences	-432	98
	Items that can be reclassified to profit or loss	**-432**	**98**
	Other comprehensive income after taxes	**-432**	**98**
	Total comprehensive income	**-4,846**	**3,199**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

Assets Item		31.12.2020 K€	31.12.2019 K€
	Current assets		
A1	Cash and cash equivalents	6,798	3,922
A2	Trade receivables	19,861	27,663
A3	Income tax assets	134	733
A4	Inventories	24,141	29,131
A5	Other financial receivables	561	202
A5	Other assets	1,046	1,106
	Total current assets	**52,541**	**62,757**
	Non-current assets		
A6	Property, plant and equipment	13,086	12,778
A7	Intangible assets	13,953	12,544
A8	Financial assets	7	6
A8	Loans originated by the company	44	119
A9	Deferred tax assets	970	844
	Total non-current assets	**28,060**	**26,291**
	Total assets	**80,601**	**89,048**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Equity and liabilities

Equity and liabilities Item		31.12.2020 K€	31.12.2019 K€
	Current liabilities		
P1	Trade payables	2,543	2,856
P2	Contract liabilities	541	758
P3	Current loans	2,726	3,124
P4	Advance payments received	215	234
P5	Provisions	1,167	1,557
P6	Income tax liabilities	589	358
P7	Other current financial liabilities	5,383	5,310
P7	Other current liabilities	2,049	2,707
	Total current liabilities	**15,213**	**16,904**
	Non-current liabilities		
P5	Non-current provisions	867	747
P8	Other non-current financial liabilities	9,550	9,017
P9	Deferred tax liabilities	1,762	3,881
	Total non-current liabilities	**12,179**	**13,645**
	Equity		
P10	Issued capital	9,020	9,020
P11	Capital reserves	21,321	21,321
P12	Retained earnings	22,654	27,512
P13	Exchange rate differences	214	646
	Total equity	**53,209**	**58,499**
	Total equity and liabilities	**80,601**	**89,048**

Consolidated statement of cash flows

Consolidated statement of cash flows Item		01.01. -31.12.2020 K€	01.01. - 31.12.2019 K€
	Cash flow from operating activities		
	Net profit for the period after interest and taxes	-4,414	3,101
G10	Adjustment of net profit for income tax expense (+)	-1,885	966
G9	Adjustment of net profit for interest expense (+)	325	309
G9	Adjustment of net profit for interest income (-)	-5	-359
G7	Adjustment of net profit for depreciation and amortisation expense (+)	5,206	5,003
P5	Increase (+) / decrease (-) in provisions	-270	-12
A6 to A8	Gains (-) / losses (+) on the disposal of non-current assets	-79	0
A2 to A5, A9	Increase (-) / decrease (+) in inventories, receivables and other assets	11,927	1,042
P1 to P4, P6, P7	Increase (+) / decrease (-) in liabilities	-2,094	-1,813
G10	Income taxes repaid (+) / paid (-)	1,514	-935
	Net cash from operating activities	**10,225**	**7,302**
	Cash flow from investing activities		
A6 to A8	Proceeds (+) from the disposal of non-current assets	100	0
A6 to A8	Acquisition (-) of property, plant and equipment and intangible assets	-189	-707
A7	Capitalisation of development costs (-)	-3,101	-3,191
A8	Disbursements of loans granted (-)	0	-130
A8	Receipts from the repayment of loans granted (+)	29	82
G9	Interest received (+)	5	359
	Net cash used in investing activities	**-3,156**	**-3,587**
	Cash flow from financing activities		
P9-12	Dividend payment (-)	-444	-3,998
G9	Interest paid (-)	-241	-304
P8	Borrowing of other financial liabilities (+)	0	2,000
P8	Repayment of other financial liabilities (-)	-2,935	-2,765
	Net cash and cash equivalents from financing activities	**-3,620**	**-5,067**
	Changes in cash and cash equivalents due to changes in exchange rates	-172	34
	Cash and cash equivalents		
	Change in cash and cash equivalents	3,449	-1,352
A1, P3	Cash and cash equivalents as at 1 January	1,039	2,357
A1, P3	**Cash and cash equivalents as at 31 December**	**4,316**	**1,039**

Statement of changes in equity

Shareholders' equity	Issued capital K€	Capital reserves K€	Exchange rate differences K€	Retained earnings K€	Total K€
Equity as at 1 January 2019	**9,020**	**21,321**	**548**	**28,409**	**59,298**
Net profit for the period	0	0	0	3,101	3,101
Other comprehensive income	0	0	98	0	98
Total comprehensive income	**0**	**0**	**98**	**3,101**	**3,199**
Dividends	0	0	0	-3,998	-3,998
Equity as at 31 December 2019	**9,020**	**21,321**	**646**	**27,512**	**58,499**
Equity as at 1 January 2020	**9,020**	**21,321**	**646**	**27,512**	**58,499**
Net profit for the period	0	0	0	-4,414	-4,414
Other comprehensive income	0	0	-432	0	-432
Total comprehensive income	**0**	**0**	**-432**	**-4,414**	**-4,846**
Dividends	0	0	0	-444	-444
Equity as at 31 December 2020	**9,020**	**21,321**	**214**	**22,654**	**53,209**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General disclosures on the company and the consolidated financial statements

Fundamental accounting principles

Viscom AG is domiciled in Hanover, Germany, and is entered in the local commercial register under HRB 59616. The company's business address is Viscom AG, Carl-Buderus-Straße 9-15, 30455 Hanover, Germany.

These consolidated financial statements were approved by the Executive Board for presentation to the Supervisory Board on 12 March 2021.

The consolidated financial statements and the 2019 Group management report were submitted to and published in the German Federal Gazette (Bundesanzeiger).

The company's business activities comprise the development, manufacture and sale of automated inspection systems for industrial production. Inspection is performed by the computer-based optical and X-ray comparison of the inspected objects with the specifications defined in the inspection system.

Declaration of compliance

These financial statements for the 2020 financial year were prepared on the basis of the uniform application of and compliance with all the applicable International Financial Reporting Standards (IFRS) as adopted by the European Union as at 31 December 2020.

Changes or additions to IFRS and changes to reporting, recognition or measurement as a result

Compared to the consolidated financial statements dated 31 December 2019, the following standards and interpretations have changed or become effective for the first time as a result of their endorsement in EU law or the regulations reaching their effective date:

Amendments to References to the Conceptual Framework in IFRS Standards

The amendments published by the IASB in March were endorsed in EU law on their announcement in the EU official gazette on 6 December 2019 and are effective for reporting periods starting on or after 1 January 2020. The amendments contain improved definitions of an asset and a liability, and new guidance on measurement and derecognition, presentation and disclosure. The amendments have no effect on the Viscom Group's financial statements.

Amendments to IAS 1 and IAS 8: Definition of material

The amendments published by the IASB on 31 October 2018 were endorsed in EU law on their announcement in the EU official gazette on 10 December 2019 and are effective for reporting periods starting on or after 1 January 2020. The amendments standardised the definition of "material" in all IFRS Standards and the Conceptual Framework. The amendments have no effect on the Viscom Group's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments were endorsed in EU law on their announcement in the EU official gazette on 16 January 2020 and are effective for reporting periods starting on or after 1 January 2020. The amendments include temporary exemptions from the general regulations of IFRS 9 and IAS 39 on hedge accounting that result in the continuation of hedging relationships that may otherwise have had to be ended on account of the current uncertainty regarding the Interest Rate Benchmark Reform. The amendments have no effect on the Viscom Group's financial statements.

Amendments to IFRS 3: Business Combinations – Definition of a Business

The amendments were endorsed in EU law on their announcement in the EU official gazette on 22 April 2020 and are effective for reporting periods starting on or after 1 January 2020.

The amendment contains an amended definition and additional specifications and examples for identifying a business. The amendments have no effect on the Viscom Group's financial statements.

Amendments to IFRS 16: COVID-19-Related Rent Concessions

The amendments were endorsed in EU law on their announcement in the EU official gazette on 12 October 2020 and are effective for reporting periods starting on or after 1 January 2020. The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification as defined by IFRS 16 and requires them to account for rent concessions as if they were not lease modifications.

Due to the negative impact of COVID-19 on business performance, a rent waiver for a building was agreed in March 2020. The affected rent liabilities of € 103 thousand were derecognised through profit or loss in accordance with the exemption described above.

IASB standards and interpretations not applied prematurely

The following IFRS were published by the IASB/IFRIC on or before the end of the reporting period, but only become effective in later reporting periods or have not been endorsed in EU law. With regard to the standards and interpretations that only become effective in later reporting periods, the Viscom Group has chosen not to exercise the option of early application.

The following standards and interpretations are not yet applied:

Standards / Interpretation			Effective for reporting periods from	Endorsement by the European Commission
Standards				
Amendments to IFRS 4	Insurance Contracts	Extension of the temporary exemption from applying IFRS 9.	1 Jan. 2021	Yes
Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	The amendments relate to temporary exemptions from the general regulations of IFRS 9 and IAS 39 on hedge accounting that result in the continuation of hedging relationships that may otherwise have had to be ended on account of the current uncertainty regarding the Interest Rate Benchmark Reform.	1 Jan. 2021	No
Amendments to IFRS 3	Reference to the Conceptual Framework	Update of the reference to the conceptual framework in IFRS 3 and additions to the conceptual framework.	1 Jan. 2022	No
Amendments to IAS 16	Proceeds before Intended Use	Prohibits deducting proceeds when calculating cost.	1 Jan. 2022	No
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	Specifies the definition of the cost of fulfilling a contract.	1 Jan. 2022	No
Annual Improvements to IFRSs (2018-2020)	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Amendments to IFRS 1 (subsidiary as a first-time adopter of IFRS), IFRS 9 (10 % test in the event of modifications), IFRS 16 (amendments to illustrative examples) and IFRS 14 (inclusion of taxes).	1 Jan. 2022	No
IFRS 17	"Insurance Contracts"	IFRS 17 will supersede IFRS 4 "Insurance Contracts". The standard contains three central approaches for the recognition of insurance contracts: the building block approach, the premium allocation approach and the variable fee approach.	1 Jan. 2023	No
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	Clarification that the classification as current or non-current should be based on rights that are in existence at the end of the reporting period. Classification is unaffected by the management's intention with regard to rights.	1 Jan. 2023	No

The Viscom Group does not expect the application of the Standards / Interpretations published at the end of the reporting period but not yet effective to have a material impact on the net assets, financial position and results of operations of the Group in future periods.

Principles underlying the preparation of the consolidated financial statements

The financial year is the calendar year. The IFRS consolidated financial statements are prepared in euro. Figures are presented in thousands of euro (€ thousand). The consolidated financial statements are prepared on the basis of amortised historical cost.

The consolidated statement of comprehensive income was prepared in accordance with the nature of expense method.

Certain items in the statement of comprehensive income and the statement of financial position have been combined for clarity of presentation; explanatory disclosures are contained in the notes to the consolidated financial statements. In accordance with IAS 1, assets and liabilities reported on the face of the statement of financial position are classified as either current or non-current. Current assets or liabilities are those designated for disposal/redemption within the next year.

Consolidation principles

The IFRS consolidated financial statements are based on the single-entity financial statements of Viscom AG and the single-entity financial statements of the subsidiaries as at 31 December 2020. The financial statements of the companies included in the consolidated financial statements are prepared on the basis of uniform accounting principles. Adjustments were made for differences in accounting standards as necessary.

All intercompany profits and losses, income and expenses and receivables and liabilities between the companies are eliminated. Deferred taxes are recognised for consolidation measures affecting profit or loss.

Business combinations are recognised in accordance with the purchase method. Under this method, the identifiable assets (including intangible assets not previously recognised) and liabilities (including contingent liabilities but not including future restructuring) of the acquired operations are recognised at fair value. The difference between the excess of cost, the amount of non-controlling interests in the acquired company and the fair value of all previously held shares at the acquisition date and the share of the Group in the net assets measured at fair value is recognised as goodwill. If the consideration transferred is lower than the net assets of the acquired subsidiary as measured at fair value, the difference is recognised directly in profit or loss. Acquisition-related costs are generally expensed immediately.

Basis of consolidation

In addition to the parent company Viscom AG, Hanover, the following subsidiaries were included in the IFRS consolidated financial statements:

Name	Registered office	Equity interest	Date of initial control
Viscom France S.A.R.L.	Cergy Pontoise Cedex, France	100 %	2001
Viscom Machine Vision Pte Ltd.	Singapore, Singapore	100 %	2001
Viscom Inc.	Atlanta, USA	100 %	2001
Viscom Machine Vision Trading Co. Ltd.	Shanghai, China	100 %	2007
Viscom Tunisie S.A.R.L.	Tunis, Tunisia	100 %	2010

The consolidated financial statements include the subsidiaries in which Viscom AG directly or indirectly holds the majority of voting rights and over which it therefore exercises control. Subsidiaries are included in the consolidated financial statements when control is established and are deconsolidated when the conditions for control are no longer met.

Changes to accounting and policies

The same accounting policies were applied as in the previous year.

Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires certain assumptions and estimates affecting the amount and reporting of the assets, liabilities, income, expenses and contingent liabilities recognised. Due to the COVID-19 pandemic, there is increased estimation uncertainty particularly with regard to intangible assets, right-of-use assets and inventories. Even accounting for less likely negative scenarios, there is no impairment on intangible assets or property, plant and equipment. A moderate recovery from the effects of the pandemic is expected from the second half of 2021.

Intangible assets

Internally generated intangible assets are capitalised if it is sufficiently certain that the respective development activity will result in future economic benefits that will cover the total development costs as a minimum. This requires an estimate of the future economic benefits and the outstanding development costs.

Leases

In addition to the fixed term of a lease, renewal, termination or purchase options are also taken into account in determining the useful life of a lease in accordance with IFRS 16. Estimates are required to assess the probability of options being exercised. Estimates are also required to determine the discount rate.

Trade receivables

The default risk for trade receivables is estimated using the available information, par-ticularly with regard to arrears. In accordance with IFRS 9, impairment is recognised for expected credit losses.

Inventories

Inventories are subject to assumptions regarding the depreciation parameters, e. g. inventory coverage and the percentage of completion.

Provisions

For provisions, and in particular provisions for warranties, deviations in the actual warranty expenses incurred at a later date are possible as the provisions are recognised on the basis of empirical data. The warranty expense is quantified for each system installed and used as a basis for systems that are still under warranty at the end of the respective year.

Tax items

The companies of the Viscom Group are increasingly exposed to taxation risks due to stricter interpretations and assessments by the tax authorities and changes in tax legislation and case law. Provisions are recognised as required based on the estimated claims of the financial authorities. In particular, the timing of the expenses to be considered for tax purposes is subject to regular estimates and assumptions. The pricing of contracts for cross-border intra-group goods and services is subject to uncertainty as, in many cases, market prices cannot be observed or the market prices of similar goods and services are of limited comparability. Deviating developments in the assumptions made for estimates can result in changes in estimates.

Impairment of non-financial assets

At the end of each reporting period, the Group determines whether there are indications that non-financial assets are impaired. Goodwill, other intangible assets with an indefinite useful life and internally generated intangible assets in development are reviewed at least once a year and if there are indications of impairment. Other non-financial assets are tested for impairment if there are indications that the carrying amount exceeds the recoverable amount.

To calculate the fair value less disposal costs, the management estimates the expected future cash flows from the cash-generating unit and selects a discount rate to calculate the present value of these cash flows. In accordance with IAS 36, a cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent of those of other units.

Summary of significant accounting policies

Intangible assets

Intangible assets are measured at cost on initial recognition. They are reported if it is probable that the future economic benefits attributable to the asset will flow to the company and the acquisition or production costs of the asset can be measured reliably. The cost of intangible assets acquired as part of a business combination is their fair value as at the acquisition date. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with a limited useful life are amortised on a straight-line basis over their estimated useful life. Amortisation periods and methods are reviewed on an annual basis at the end of each financial year. The amortisation of intangible assets is reported under depreciation and amortisation in the consolidated statement of comprehensive income. There are no intangible assets with an indefinite useful life.

Gains and losses on the disposal of intangible assets are calculated as the difference between the proceeds of disposal and the carrying amount of the intangible assets. They are recognised in "Other operating income" or "Other operating expenses" in the consolidated statement of comprehensive income.

Goodwill from business combinations is initially measured at cost. It is determined as the excess of cost, the value of the non-controlling shares in the acquired company and the fair value of any previously held equity on the acquisition date over the Group's share of the net assets measured at fair value. If the consideration transferred is lower than the net assets of the acquired subsidiary as measured at fair value, the difference is recognised directly in profit or loss.

After initial recognition, goodwill is subjected to annual impairment testing and measured at cost less any accumulated impairment losses. Impairment on goodwill cannot be reversed.

In accordance with IAS 38, research costs cannot be capitalised, while development costs can only be capitalised when certain precisely defined conditions are met. Development costs must always be capitalised when it is sufficiently certain that the respective development activity will result in future economic benefits that will cover the planned costs and the corresponding development costs. In addition, various criteria relating to the development project and the product or process being developed must all be met. In particular, the company must intend to complete, use or sell the development project and possess the technical, financial and other resources required to do so. Furthermore, the company must be in a position to use or dispose of the intangible asset and derive an economic advantage from the same. Viscom capitalises development costs when these criteria are cumulatively met and the development costs can be measured reliably. The borrowing costs incurred are a component of cost for qualifying assets.

Other development costs that do not meet these criteria are expensed as incurred. Development costs expensed in previous periods are not capitalised in subsequent reporting periods. Capitalised development costs are reported as intangible assets and amortised on a straight-line basis over their useful life, not exceeding 15 years, from the date on which they become usable. Capitalised development costs that are not yet ready for use are subject to annual impairment testing for the respective cash-generating unit.

Viscom has six submitted patents. With the exception of the registration of three patents in Europe, Taiwan and the US, no further patents were issued as at 31 December 2020.

Property, plant and equipment

Property, plant and equipment are reported at cost less cumulative depreciation and impairment losses.

The original cost of an item of property, plant and equipment is composed of the purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of preparing the respective asset for use as intended by the company's management and transporting it to its intended location.

The cost of manufacture of an item of property, plant and equipment is composed of the cost of the goods and services used in manufacturing the respective asset. This includes direct costs and appropriate amounts of the fixed and variable overheads.

Subsequent costs relating to an item of property, plant and equipment that has already been recognised are added to the carrying amount of the respective asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company and the costs can be reliably determined. All other subsequent expenditure is expensed in the period in which it is incurred. Expenses for repairs and maintenance not relating to significant replacement investments are recognised as expenses in the consolidated statement of comprehensive income in the financial year in which they are incurred.

The useful lives, depreciation methods and net carrying amounts are reviewed in each period. This is necessary to ensure that the depreciation methods and periods correspond to the expected economic benefits from the respective items of property, plant and equipment.

Gains and losses on the disposal of property, plant, and equipment are calculated as the difference between the proceeds of disposal and the carrying amount of the property, plant, and equipment. They are recognised in "Other operating income" or "Other operating expenses" in the consolidated statement of comprehensive income.

Assets under development are allocated to property, plant and equipment and reported at cost. They are depreciated from the date on which they are brought to their working condition.

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets with an indefinite useful life are tested for impairment whenever changes or events take place that indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised when the carrying amount of an item of property, plant and equipment or an intangible asset carried at cost exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

An asset's fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's-length transaction less the costs of disposal. Its value in use is the present value of the estimated future cash flows that are expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. The recoverable amount is calculated for each individual asset or, where this is not possible, for the cash-generating unit to which the respective asset belongs.

If there is an indication that impairment no longer exists or has decreased, the respective impairment loss is tested and measured and any amount reversed as a result is recognised in profit or loss.

Intangible assets with an indefinite useful life and any intangible assets that are not yet ready for use are subject to annual impairment testing for the respective cash-generating unit.

Leases

Lease liabilities and right-of-use assets are recognised for all leases that have begun since 31 December 2018. In accordance with the option provided by IFRS 16.5, short-term leases with a term of not more than twelve months (and without a purchase option) and leases for low-value assets are recognised directly as an expense in accordance with IFRS 16.6.

The lease liabilities include the following lease payments:

- fixed lease payments and certain variable lease payments, less any expected lease incentives

- expected payments resulting from residual value guarantees

- exercise prices for purchase options if it is reasonably certain that they will be exercised

Lease expenses are discounted using the interest rate implicit in the lease. This rate cannot be readily determined for most of the Group's leases. The incremental borrowing rate is used for discounting as an alternative. The incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term for a comparable asset in a similar economic environment.

Right-of-use assets are stated at cost, which consists of:

- the amount of the initial measurement of the lease liability

- prepayments and initial direct costs, less any lease incentives received

- estimated costs for restoration obligations at a later date

Lease and non-lease components do not have to be separated. Options to extend or terminate leases are taken into account in their measurement if it is reasonably certain that they will be exercised.

They are subsequently measured at amortised cost. Right-of-use assets are depreciated on a straight-line basis over the shorter of the term of the lease, taking into account purchase, renewal or termination options likely to be exercised in future, and economic life. See A6 - A7 for further information.

The lease liabilities are adjusted applying the effective interest method taking lease payments into account.

Financial investments and other financial assets and liabilities

Financial instruments (financial assets and financial liabilities) within the meaning of IAS 32 and IFRS 9 are divided into the following categories:

- Measurement at amortised cost (AC)
- Measurement at fair value through other comprehensive income (FVtOCI))
- Measurement at fair value through profit or loss (FVtPL)

The classification of a financial asset depends on two criteria:

- Business model test: classification is contingent on the nature of the business model in which the financial instrument is held.
- Cash flow characteristics test: classification is determined by the characteristics of the contractual cash flows.

The management determines the classification of financial assets on initial recognition.

These financial assets and liabilities are measured at fair value as at the trade date on initial recognition, with the exception of trade receivables without a significant financing component, which are measured at their transaction price. After initial recognition, different measurement methods apply to the various categories of financial assets and liabilities. These are described in the accounting policies for the respective statement of financial position items. Foreign currency items are translated at the middle rate prevailing at the end of the reporting period. Gains and losses due to changes in the fair value of financial instruments are reported in profit or loss.

Financial assets are derecognised when the company loses control of the contractual rights underlying the respective asset. Financial liabilities are derecognised when the corresponding contractual obligations are met or cancelled or they expire.

Inventories

In accordance with IAS 2, inventories are assets that are held for sale in the ordinary course of business (completed systems), that are in the process of production for such sale (assemblies and partially completed systems), or that are held for consumption in the production process or in the rendering of services (raw materials and supplies). The production costs of finished and unfinished products include costs for product design, raw materials, auxiliary materials and supplies, direct staff costs, and other direct costs and overheads directly attributable to production (based on average production capacities).

Inventories are measured at the lower of their acquisition or production cost as calculated using the weighted average method less discounts for obsolescence, which take the form of deductions for inventory coverage, and their fair value less cost to sell.

An asset's fair value less costs to sell is the estimated proceeds recoverable in the ordinary course of business less the estimated costs up to completion and estimated selling expenses.

Raw materials, auxiliary materials and supplies intended for production are impaired in the case of inventory coverage of more than one year (slow mover measurement). Inventory coverage is calculated on the basis of historic sales in previous years. Completed and partially completed systems are subject to impairment testing after one year, with impairment losses recognised as required.

Trade receivables

Other receivables and assets

Trade receivables are initially carried at cost, which is equal to the fair value of the consideration paid, and in subsequent periods at amortised cost using the effective interest method less any allowances for uncollectability. Estimates of uncollectible amounts are performed when it is no longer likely that the respective invoice will be settled in full. Uncollectible amounts therefore result in bad debts, which are written down accordingly. These write-downs are recognised in a separate account. Foreign currency items are translated at the middle rate prevailing at the end of the reporting period.

Viscom applies the simplified approach for expected credit losses according to IFRS 9, which allows the recognition of full lifetime expected losses for all trade receivables. To measure the expected credit losses, the trade receivables were grouped according to shared credit risk characteristics and days past due. The expected credit losses also include forward-looking information.

Equity

The issued capital is carried at its nominal amount. Reserves are recognised in accordance with the provisions of the law and the Articles of Association, and are carried at their nominal amount.

Provisions

Provisions are recognised when the company has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

If a risk for which a provision has been recognised is expected to be covered by reimbursements (e. g. under insurance contracts), the reimbursement should be recognised as a separate asset to the extent that it is sufficiently probable that it will be received. The expense relating to the provision is reported in the statement of comprehensive income net of the amount recognised for the reimbursement.

Significant provisions are recognised for warranty expenses. The warranty expense is quantified for each system installed and used as a benchmark for systems that are still under warranty at the end of the respective year. Non-current provisions are carried at their discounted amount.

In measuring anniversary obligations, assuming an average remaining term of 10.5 years, an interest rate of 0.79 % p.a. and an average turnover rate of 2.5 % p.a. were used.

Taxes

In accordance with IAS 12, deferred taxes are calculated using the asset and liability method for temporary differences between the tax base of an asset or liability and its carrying amount in the IFRS and tax accounts of the individual companies, temporary differences resulting from consolidation processes and utilisable loss carryforwards. This is based on the tax rates that are expected to apply in the respective countries at the realisation date. These are based on the statutory regulations effective or adopted at the end of the reporting period. A tax rate of 32.6 % was applied to calculate deferred and current taxes in Germany (previous year: 32.6 %). The income tax rates of the foreign subsidiaries vary between 17 % (previous year: 17 %) and 30 % (previous year: 30 %).

Deferred taxes are recognised through profit or loss unless they relate to items taken directly to equity or other comprehensive income. In this case, deferred taxes are also recognised in equity or in other comprehensive income in the statement of comprehensive income.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period. Deferred taxes are only recognised to the extent they are expected to be realised based on future profits.

Deferred taxes attributable to items taken directly to equity are also reported in equity.

Deferred tax assets and deferred tax liabilities are offset if the Group has an enforceable right to offset current tax assets and current tax liabilities and if they relate to the income taxes of the same taxable entity, imposed by the same taxation authority. Corresponding offsetting took place at the individual company level in these consolidated financial statements.

Revenue, expenses and assets are reported net of value-added tax unless the respective tax is non-deductible. Receivables and liabilities are reported including value-added tax. The net value-added tax payable or receivable is reported in the statement of financial position as a receivable or a liability.

Revenue

Revenue is recognised when it is probable that the corresponding economic benefit will flow to the company and the benefit can be measured reliably.

Revenue is generally recognised when control is transferred to the purchaser.

Revenue from services is recognised depending on the percentage of completion of the respective transaction at the end of the reporting period, providing that the outcome of the service can be estimated reliably.

Income from leased assets is recognised on a straight-line basis over the term of the rental agreement in accordance with the conditions of the agreement.

Viscom has no contracts with customers where there is more than a year between delivery or performance by Viscom and payment by the customer. The transaction prices are therefore not adjusted for the time value of money.

Warranties of typically 24 months – in individual cases up to 60 months – for system deliveries are classified as assurance-type warranties. A transaction price is therefore not allocated to the warranty. Future expected warranty expenses from system deliveries are recognised as provisions (see Provisions).

Contract liabilities

The portion of the transaction price for a system delivery that is attributable to out-standing subsequent work is recognised over the period of the subsequent work and recognised as a contract liability in the event of early invoicing. The partial revenue comprises the expected expenses for the subsequent work – on the basis of past experience – and an average margin. Furthermore, there are obligations from revenue for outstanding services over time from contracts with customers.

Borrowing costs

Borrowing costs are not capitalised, but instead are expensed in the period in which they are incurred – except in the case of qualifying assets in accordance with IAS 23.

Interest

Interest is recognised in interest income on the basis of the effective interest rate for the respective assets and liabilities. The development costs capitalised in the 2020 financial year include borrowing costs of € 123 thousand (previous year: € 91 thousand) using an interest rate of 1.61 %.

Dividends

Dividends are recognised when the shareholder has obtained the right to receive payment.

Currency translation

Transactions in foreign currencies and the annual financial statements of foreign Group companies are translated into euro in accordance with the functional currency concept (IAS 21).

The assets and liabilities of foreign Group companies are translated at the closing date exchange rate, while their income and expenses are translated at the average exchange rate. The shareholders' equity of the subsidiaries is translated at historic rates.

Differences between these exchange rates and the exchange rates at the closing date are reported in shareholders' equity as a separate item under "Currency translation differences". When a foreign Group company is sold, exchange differences previously recognised directly in equity are reclassified to profit or loss as part of the gain or loss on disposal.

Translation differences arising from business transactions in foreign currencies are recognised in profit or loss. Translation differences from foreign-currency transactions are reported in profit or loss under "Other operating income" or "Other operating expenses" respectively.

The significant exchange rates in the financial year were as follows:

Translation exchange rates 2020

	1 EUR = x CNY	1 EUR = x TND	1 EUR = x USD
Closing rate	8.0225	3.2561	1.2271
Average rate	7.8747	3.1677	1.1422

Translation exchange rates 2019

	1 EUR = x CNY	1 EUR = x TND	1 EUR = x USD
Closing rate	7.8205	3.1232	1.1234
Average rate	7.7355	3.2207	1.1195

Notes to the consolidated statement of comprehensive income

(G1) Revenue

The Group's revenue breaks down as follows:

Revenue	**2020** K€	2019 K€
Construction and delivery of machines	45,364	67,842
Services / replacement parts	15,818	20,151
Rentals	380	563
Total	**61,562**	**88,556**

The categories "Construction and delivery of machines" and "Services/replacement parts" are revenue from contracts with customers in accordance with IFRS 15. Out-standing performance obligations all have a term of less than one year.

(G2) Other operating income

Other operating income is composed of the following items:

Other operating income	**2020** K€	2019 K€
Non-monetary remuneration	1,163	1,081
Income from the reversal of other provisions for warranties	688	1,066
Income from exchange rate differences	457	278
Income from the reversal of other provisions	320	146
Childcare subsidies	169	90
Subsidies to cover operating expenditure	111	0
Income from rent waiver	103	0
Income from sales of assets	88	0
Income from the reversal of impairment on receivables	87	65
Insurance recoveries	9	51
Income from receivables previously written off	0	1
Miscellaneous other operating income	82	92
Total	**3,277**	**2,870**

Non-monetary remuneration, which has a corresponding off-setting item under staff costs, results from the taxation of non-monetary benefits such as the private use of company cars.

(G3) Changes in finished goods and work in progress

Changes in finished goods and work in progress included inventory-based manufacturing costs for completed and partially completed machines and their subassemblies. The net value of these machines and assemblies was € 16,535 thousand (previous year: € 21,261 thousand), comprising a of € 26,129 thousand (previous year: € 29,867 thousand) and a corresponding impairment loss of € 9,594 thousand (previous year: € 8,606 thousand).

(G4) Other own work capitalised

Own work for new developments was capitalised in the amount of € 3,101 thousand in the 2020 financial year (previous year: € 3,191 thousand). The developments mainly related to software and new inspection systems.

(G5) Cost of materials

The cost of materials can be broken down into the cost of purchased materials and purchased services:

Cost of materials	2020 K€	2019 K€
Materials including incidental costs of acquisition	22,040	30,839
Purchased services	1,682	3,595
Total	**23,722**	**34,434**

The decrease in the cost of materials was due to the lower level of revenue and the negative change in inventories.

(G6) Staff costs

Staff costs comprise salaries and employer social security contributions.

Staff costs	2020 K€	2019 K€
Wages and salaries, incl. bonuses and management bonuses	25,186	29,683
Social security contributions	4,707	5,399
Total	**29,893**	**35,082**
Number of employees (average for the year)	474	484
Number of trainees (average for the year)	16	13
Total	**490**	**497**

The lower staff costs resulted from the cost savings as a result of reducing working hours, utilising provisions for holiday and overtime and reducing the number of employees over the course of the year. In the financial year, costs at Viscom AG were reduced by subsidies from the Federal Employment Agency for the employer's social insurance contributions in connection with reduced working hours of € 591 thousand (previous year: € 0 thousand).

In the period under review, payments were made to defined contribution pension plans in the amount of € 1,847 thousand (previous year: € 1,968 thousand).

(G7) Depreciation and amortisation

Information on depreciation and amortisation expense can be found in notes A6 - A7 of the statement of financial position assets.

(G8) Other operating expenses

Other operating expenses can be broken down as follows:

Other operating expenses	2020 K€	2019 K€
General and administrative costs	5,020	6,826
Selling expenses	2,246	2,471
Travel expenses	1,096	2,480
Outgoing shipments	731	880
Expenses due to exchange rate differences	693	328
Warranties	371	967
Temporary workers	96	478
Rentals	66	22
Impairment on receivables and losses on receivables	53	82
Total	**10,372**	**14,534**

The drop in other operating expenses was due to the cost-reduction programmes in the financial year. The rent expenses resulted from short-term leases, leases for low-value assets or leases without identified asset in accordance with IFRS 16. Expenditure for research and development amounted to 10.1 % of revenue (previous year: 6.9 %) or € 6,234 thousand (previous year: € 6,092 thousand).

(G9) Net finance costs

Financial income fell from € 359 thousand in the previous year to € 5 thousand. Financial expenses of € 325 thousand in 2020 (previous year: € 309 thousand), € 4 thousand of which from interest on provisions and € 141 thousand from interest on lease liabilities, resulted in net finance costs of € -320 thousand (previous year: € 50 thousand).

(G10) Income taxes

Income taxes for the financial years ending 31 December 2020 and 2019 contained the following income and expense items:

Income taxes	2020 K€	2019 K€
Current income taxes for the past financial year	463	898
Current income taxes for previous years	-74	-634
Deferred income taxes from the accrual and reversal of temporary differences and tax loss carryforwards	-2,274	702
Income tax expense reported in the consolidated statement of comprehensive income	**-1,885**	**966**

Current income taxes for the 2020 financial year related to the foreign subsidiaries. Current income taxes for previous years in the amount of € -74 thousand related to Viscom AG (€ -75 thousand) and the subsidiary in the US (€ 1 thousand), and essentially resulted from amended assessments for previous years.

The deferred tax expense essentially resulted from changes in temporary differences between the IFRS and tax accounts at the level of the German, American, and Asian companies as well as Viscom AG's loss carryforward from 2020. Furthermore, a deferred tax liability resulted from development costs which were only capitalised in the IFRS financial statements. The distribution of dividends to shareholders did not affect income taxes at the level of Viscom AG.

The reconciliation from the expected to the reported income tax expense was based on the tax rate of the parent company as follows:

Reconciliation of income tax expense	2020 K€	2019 K€
Consolidated net profit before taxes	-6,299	4,067
Anticipated tax income (-) / expense (+) based on 32.62 % (previous year: 32.62 %)	-2,055	1,327
Prior-period taxes	186	-391
Non-deductible operating expenses	70	263
Tax-free income	-53	-73
Difference from Group tax rate	-51	-154
Other	18	-6
Current tax income / expense	**-1,885**	**966**

Deferred tax assets	Consolidated statement of financial position	
	2020 K€	2019 K€
Lease liabilities	3,450	3,184
Tax loss carryforwards	2,070	0
Inventories	1,108	541
Deferred taxes from elimination of intercompany profits	268	203
Measurement of provisions	74	62
Other liabilities	62	87
Other financial liabilities	20	15
Unrealised revenue	16	24
Measurement of trade receivables	16	12
Measurement of property, plant and equipment	15	14
Gross amount	**7,099**	**4,142**
Offsetting	-6,129	-3,298
Net amount	**970**	**844**

Of the deferred tax assets, € 480 thousand (previous year: € 380 thousand) will be realised in more than twelve months.

Deferred tax liabilities	Consolidated statement of financial position	
	2020 K€	2019 K€
Intangible assets	4,481	3,993
Right-of-use assets in accordance with IFRS 16	3,398	3,168
Measurement of trade receivables	6	12
Measurement of property, plant and equipment	6	6
Gross amount	**7,891**	**7,179**
Offsetting	-6,129	-3,298
Net amount	**1,762**	**3,881**

Of the deferred tax liabilities, € 1,759 thousand (previous year: € 3,618 thousand) will be realised in more than twelve months.

Deferred tax assets and liabilities were offset on a company-by-company basis. For the excess of deferred tax assets over deferred tax liabilities at the level of the respective individual company, the recoverability of the excess of deferred tax assets was estimated as sufficiently probable based on company planning. As at 31 December 2020, Viscom AG, Hanover, had trade tax loss carryforwards of € 6,841 thousand (previous year: € 0 thousand) and corporation tax loss carryforwards of € 5,440 (previous year: € 0 thousand), both of which can be used indefinitely.

Retained earnings amounted to € 10,259 thousand (previous year: € 9,191 thousand). No deferred tax liabilities are recognised on these retained earnings as there are currently no plans to distribute these profits to the parent company or to sell the subsidiaries. If deferred taxes were recognised for these timing differences, their measurement would have to take only 5 % of the potential dividends plus possible foreign withholding tax into account due in accordance with the statutory regulation in section 8b of the Körperschaftsteuergesetz (KStG – German Corporation Tax Act).

(G11) Earnings per share

Based on an average for the year of 8,885,060 shares, earnings per share for the 2020 financial year amounted to € -0.50 (basic and diluted). In the previous year, earnings per share amounted to € 0.35 (basic and diluted) as calculated on the basis of 8,885,060 shares. The earnings on which the calculation is based (basic and diluted) amounted to € -4,414 thousand (previous year: € 3,101 thousand).

Notes to the statement of financial position (assets)

(A1) Cash and cash equivalents

Cash and cash equivalents consisted of cash in hand and bank balances totalling € 6,798 thousand (previous year: € 3,922 thousand). This related to items which were freely disposable and which had a maturity of less than three months at the end of the year.

(A2) Trade receivables

Trade receivables are generally due within 30 to 90 days.

Trade receivables were not exposed to interest rate risk as they are all short-term in nature. The carrying amounts of other receivables and assets constituted a reasonable approximation of their fair value.

Trade receivables from and trade payables to a customer or supplier of Viscom AG are only offset if Viscom can legally enforce the offsetting of the amounts at that point in time and intends to actually offset the amounts. Trade receivables were not offset against trade payables. No other legally enforceable offsetting agreements were in place.

Doubtful receivables written off in full on account of being 100 % unrecoverable amounted to € 673 thousand. Cumulative impairment losses on receivables amounted to € 921 thousand (previous year: € 955 thousand) and related to revenue from contracts with customers as defined by IFRS 15. Some customers were late in meeting their payment obligations in 2020.

The Group applies the simplified approach for expected credit losses in accordance with IFRS 9, which allows the recognition of full lifetime expected losses for all trade receivables. To measure the expected credit losses, the trade receivables were grouped according to shared credit risk characteristics and days past due. Impairment was calculated as follows:

The expected credit losses shown also include forward-looking information.

31.12.2020 in K€	Gross amount	Not past due	Past due by the following numbers of days				
			< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Expected rate of default		0.2 %	0.3 %	4.2 %	7.1 %	4.5 %	45.7 %
Gross amount	20,782	15,493	2,151	622	281	444	1,791
Impairment	921	29	7	26	20	20	819

31.12.2019 in K€	Gross amount	Not past due	Past due by the following numbers of days				
			< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Expected rate of default		0.1 %	0.7 %	0.6 %	5.6 %	4.3 %	37.9 %
Gross amount	28,618	19,395	3,170	1,868	1,148	914	2,123
Impairment	955	16	21	11	64	39	804

Impairment losses on receivables developed as follows:

	2020 K€	2019 K€
As at 1 January	955	971
Addition to impairment losses on receivables	53	66
Reversal of impairment losses no longer required	87	82
As at 31 December	921	955

Under IFRS 9, impairment is recognised based on the expected loss model, i. e. losses must be recognised when they are expected on the basis of the credit risk. For this purpose, all financial instruments must be assigned to one of three stages according to which the loss to be recognised is calculated.

Special regulations apply to trade receivables and lease receivables. For these assets, there is the option of a simplified impairment model that Viscom applies to its trade receivables. Under the simplified method, the total loss expected over the remaining term is recognised when assets are added, i. e. the assets are automatically assigned to stage 2.

As an exception, assets that show indications of being credit-impaired on initial recognition are assigned to stage 3. As a result, loss allowances do not have to be recognised when they are added. Instead, the expected loss is taken into account using a risk-adjusted effective interest rate. Such assets cannot be transferred back to stage 1 or 2.

(A3) Income tax assets

As at 31 December 2020, income tax assets consisted of tax refund claims of € 134 thousand, which essentially resulted from excess prepayments for the 2020 assessment period.

(A4) Inventories

Inventories	2020 K€	2019 K€
Completed systems	8,205	12,796
Assemblies and partially completed systems	8,330	8,465
Raw materials and supplies	7,606	7,870
Total	**24,141**	**29,131**

The completed systems reported in inventories were rental and demonstration machines in addition to inspection systems ready for sale. All systems are subject to impairment testing every year, with impairment losses recognised as necessary. Assemblies and partially completed systems include pre-produced modules and systems currently under construction (work in progress). In 2020, all inventories, especially those of completed and partially completed systems, were measured at the same carrying amounts as in 2019.

As at the end of 2020, the cumulative write-downs amounted to € 4,251 thousand for raw materials and supplies (previous year: € 3,999 thousand), € 2,138 thousand for assemblies and partially completed systems (previous year: € 1,931 thousand) and € 7,456 thousand for completed systems (previous year: € 6,675 thousand).

(A5) Other financial receivables and other assets

Other financial receivables and other assets	2020 K€	2019 K€
Receivable from public authorities	389	2
Security deposits for leases / duties	86	96
Creditors with debit balances	86	104
Subtotal of other financial receivables	**561**	**202**
Advance payments	481	432
Miscellaneous assets	323	301
Other receivables	242	373
Subtotal of other assets	**1,046**	**1,106**
Total	**1,607**	**1,308**

(A6-A7) Property, plant and equipment / intangible assets

	Intangible assets					
in K€	Patents and similar rights and assets	Software	Goodwill	Advance payments for intangible assets	Development costs	Total intangible assets
Gross carrying amounts						
Cost as at 1 Jan. 2020	2,288	1,928	15	65	20,372	24,668
Exchange rate differences	0	0	0	0	0	0
Additions	0	12	0	0	3,101	3,113
Reclassifications	0	65	0	-65	0	0
Disposals	0	0	0	0	0	0
Cost as at 31 Dec. 2020	2,288	2,005	15	0	23,473	27,781
Impairment losses						
Accumulated depreciation/ amortisation as at 1 Jan. 2020	2,288	1,689	15	0	8,132	12,124
Exchange rate differences	0	0	0	0	0	0
Depreciation / amortisation for the current year	0	99	0	0	1,605	1,704
Depreciation / amortisation of disposals	0	0	0	0	0	0
Accumulated depreciation / amortisation as at 31 Dec. 2020	2,288	1,788	15	0	9,737	13,828
Carrying amounts 31 Dec. 2020	0	217	0	0	13,736	13,953

	Property, plant and equipment (including right-of-use assets)							
in K€	Land and buildings	Leasehold improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Prepayments and construction in progress	Total property, plant and equipment	Total property, plant and equipment and intangible assets
Gross carrying amounts								
As at 1 Jan. 2020	10,861	1,989	884	4,295	2,373	21	20,423	45,091
Exchange rate differences	-32	-14	-2	-27	-16	0	-91	-91
Additions	3,040	60	8	111	628	0	3,847	6,960
Reclassifications	0	0	0	0	0	0	0	0
Disposals	235	0	76	26	281	0	618	618
Cost as at 31 Dec. 2020	13,634	2,035	814	4,353	2,704	21	23,561	51,342
Impairment losses								
Accumulated depreciation/ amortisation as at 1 Jan. 2020	1,959	1,168	745	3,082	691	0	7,645	19,769
Exchange rate differences	-19	-14	0	-22	-9	0	-64	-64
Depreciation / amortisation for the current year	2,171	81	38	443	769	0	3,502	5,206
Reclassifications	0	0	0	0	0	0	0	0
Depreciation / amortisation of disposals	235	0	70	25	278	0	608	608
Accumulated depreciation / amortisation as at 31 Dec. 2020	3,876	1,235	713	3,478	1,173	0	10,475	24,303
Carrying amounts 31 Dec. 2020	9,758	800	101	875	1,531	21	13,086	27,039

in K€	Intangible assets Patents and similar rights and assets	Software	Goodwill	Advance payments for intangible assets	Development costs	Total intangible assets
Gross carrying amounts						
Cost as at 1 Jan. 2019	**2,288**	**1,787**	**15**	**154**	**17,181**	**21,425**
Exchange rate differences	0	0	0	0	0	0
Additions	0	9	0	74	3,191	3,274
Reclassifications	0	133	0	-163	0	-30
Disposals	0	1	0	0	0	1
Cost as at 31 Dec. 2019	**2,288**	**1,928**	**15**	**65**	**20,372**	**24,668**
Impairment losses						
Accumulated depreciation/ amortisation as at 1 Jan. 2019	**2,288**	**1,583**	**15**	**0**	**6,624**	**10,510**
Exchange rate differences	0	0	0	0	0	0
Depreciation / amortisation for the current year	0	106	0	0	1,508	1,614
Depreciation / amortisation of disposals	0	0	0	0	0	0
Accumulated depreciation / amortisation as at 31 Dec. 2019	**2,288**	**1,689**	**15**	**0**	**8,132**	**12,124**
Carrying amounts 31 Dec. 2019	**0**	**239**	**0**	**65**	**12,240**	**12,544**

in K€	Property, plant and equipment (including right-of-use assets) Land and buildings	Leasehold improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Prepayments and construction in progress	Total property, plant and equipment	Total property, plant and equipment and intangible assets
Gross carrying amounts								
Cost as at 31 Dec. 2018	**605**	**1,756**	**820**	**4,013**	**310**	**536**	**8,040**	**29,465**
Adjustments due to IFRS 16	9,637	0	0	58	1,162	0	10,857	10,857
As at 1 Jan. 2019	10,242	1,756	820	4,071	1,472	536	18,897	40,322
Exchange rate differences	0	10	1	6	3	0	20	20
Additions	598	55	63	504	1,011	31	2,262	5,536
Reclassifications	21	519	0	36	0	-546	30	0
Disposals	0	351	0	322	113	0	786	787
Cost as at 31 Dec. 2019	**10,861**	**1,989**	**884**	**4,295**	**2,373**	**21**	**20,423**	**45,091**
Impairment losses								
Accumulated depreciation/ amortisation as at 1 Jan. 2019	**0**	**1,446**	**703**	**2,826**	**52**	**0**	**5,027**	**15,537**
Exchange rate differences	-1	11	0	4	1	0	15	15
Depreciation / amortisation for the current year	1,939	84	42	573	751	0	3,389	5,003
Reclassifications	21	-21	0	0	0	0	0	0
Depreciation / amortisation of disposals	0	352	0	321	113	0	786	786
Accumulated depreciation / amortisation as at 31 Dec. 2019	**1,959**	**1,168**	**745**	**3,082**	**691**	**0**	**7,645**	**19,769**
Carrying amounts 31 Dec. 2019	**8,902**	**821**	**139**	**1,213**	**1,682**	**21**	**12,778**	**25,322**

Leases – right-of-use assets

The values of right-of-use assets are shown separately in the following table:

	Right-of-use assets						
in K€	Land and buildings	Leasehold improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Prepayments and construction in progress	Total
Gross carrying amounts							
Cost as at 1 Jan. 2020	**10,256**	**0**	**0**	**87**	**2,060**	**0**	**12,403**
Exchange rate differences	-32	0	0	-2	-2	0	-36
Additions	3,040	0	0	0	628	0	3,668
Reclassifications	0	0	0	0	0	0	0
Disposals	235	0	0	0	244	0	479
Cost as at 31 Dec. 2020	**13,029**	**0**	**0**	**85**	**2,442**	**0**	**15,556**
Impairment losses							
Accumulated depreciation/ amortisation as at 1 Jan. 2020	**1,942**	**0**	**0**	**16**	**588**	**0**	**2,546**
Exchange rate differences	-19	0	0	-1	-1	0	-21
Depreciation / amortisation for the current year	2,154	0	0	17	724	0	2,895
Reclassifications	0	0	0	0	0	0	0
Depreciation / amortisation of disposals	235	0	0	0	243	0	478
Accumulated depreciation / amortisation as at 31 Dec. 2020	**3,842**	**0**	**0**	**32**	**1,068**	**0**	**4,942**
Carrying amounts 31 Dec. 2020	**9,187**	**0**	**0**	**53**	**1,374**	**0**	**10,614**

in K€	Right-of-use assets Land and buildings	Leasehold improve-ments	Technical equipment and machinery	Operating and office equipment	Vehicles	Prepayments and construction in progress	Total
Gross carrying amounts							
Cost as at 1 Jan. 2019	9,637	0	0	58	1,162	0	10,857
Exchange rate differences	0	0	0	0	0	0	0
Additions	598	0	0	29	1,011	0	1,638
Reclassifications	21	0	0	0	0	0	21
Disposals	0	0	0	0	113	0	113
Cost as at 31 Dec. 2019	10,256	0	0	87	2,060	0	12,403
Impairment losses							
Accumulated depreciation/ amortisation as at 1 Jan. 2019	0	0	0	0	0	0	0
Exchange rate differences	-1	0	0	0	0	0	-1
Depreciation / amortisation for the current year	1,922	0	0	16	701	0	2,639
Reclassifications	21	0	0	0	0	0	21
Depreciation / amortisation of disposals	0	0	0	0	113	0	113
Accumulated depreciation / amortisation as at 31 Dec. 2019	1,942	0	0	16	588	0	2,546
Carrying amounts 31 Dec. 2019	8,314	0	0	71	1,472	0	9,857

The land and buildings leased by the Group include offices, warehouses and production space, predominantly on long-term contracts. In terms of vehicles, it leases cars on terms of between three and four years. Total lease payments of € 2,901 thousand were made in the 2020 financial year.

The following table shows the maturities of lease liabilities as at 31 December 2020:

in K€	Total amount	of which with a remaining term of 1 year	of between 1 and 5 years	of more than 5 years
Lease liabilities	10,781	2,588	6,088	2,105

Depreciation and amortisation

Depreciation and amortisation are calculated on a straight-line basis over the following estimated useful lives:

	Years
Buildings including leasehold improvements	2 to 19
Technical equipment and machinery	2 to 13
Operating and office equipment	8 to 20
Vehicles	5 to 8
Software	1 to 6
Patents	12
Expertise / customer base	3 to 5
Development projects	4 to 15

Intangible assets and property, plant and equipment include assets already written off in full which are still in use at their historical cost of € 4,905 thousand (previous year: € 4,605 thousand).

Development costs of € 3,101 thousand were capitalised in the period under review (previous year: € 3,191 thousand).

(A8) Financial assets / Loans and security for rent issued by the company

Security for rent relating to subsidiaries in the amount of € 7 thousand was reported in financial investments. This item also contained unrestricted loans to third parties, a loan to the buyer of a property from 2018 and security for rented properties.

The loans were reported at their total amortised cost of € 44 thousand. The interest rate for employee loans in excess of € 7 thousand was between 2 % and 3 %; the interest rate for the loans to third parties of € 37 thousand was between 2 % and 3.5 %. The fixed interest rate means that there is a certain degree of interest rate risk. However, this risk is classified as immaterial and is not hedged.

(A9) Deferred tax assets

A breakdown of this item is provided as part of the explanatory notes on the tax items under G10 of the consolidated statement of comprehensive income.

Notes to the shareholders' equity and liabilities

(P1) Trade payables

Trade payables are initially carried at cost, which is equal to their fair value. They are subsequently measured at amortised cost using the effective interest method. Invoices were typically settled once per week and within the agreed payment period. Early settlement discounts are applied where possible. All the company's trade payables are short-term in nature.

(P2) Contract liabilities

Contract liabilities include trade payables from contracts with customers in accordance with IFRS 15 and, as at 31 December 2020, include obligations for repairs (€ 483 thousand; previous year: € 678 thousand) and future performance obligations recognised over time (€ 58 thousand; previous year: € 80 thousand). The obligations will be settled within a year. The contract liabilities of € 758 thousand as at 31 December 2019 were fully recognised as revenue in 2020.

(P3) Current loans

As at 31 December 2020, short-term loans include liabilities to banks from overdrafts (€ 2,482 thousand; previous year: € 2,883 thousand) and the short-term portion of a bank loan (€ 244 thousand; previous year: € 241 thousand).

(P4) Advance payments received

Advance payments received relate to advance payments from customers measured at amortised cost.

(P5) Provisions

Current provisions primarily relate to provisions for expected warranty expenses. Warranty provisions are recognised on the basis of a calculation of the remaining months of the warranty term for the projects and the average service cost per month during the warranty term. This item also contains provisions for the delivery of replacement parts within the warranty period.

The provisions for warranties decreased as against the previous year on account of lower warranty requirements.

Breakdown of other provisions in K€	01.01.2020	Utilised	Unused amounts reversed	Arising during the year	31.12.2020
Current provisions					
Warranties	1,557	-1,050	-507	1,167	1,167
Total current provisions	**1,557**	**-1,050**	**-507**	**1,167**	**1,167**
Non-current provisions					
Warranties	249	-68	-181	314	314
Anniversaries	498	-27	0	82	553
Total non-current provisions	**747**	**-95**	**-181**	**396**	**867**
Total	**2,304**	**-1,145**	**-688**	**1,563**	**2,034**

The utilisation of current provisions is anticipated within the next twelve months.

Non-current provisions include anniversary provisions of € 553 thousand (previous year: € 498 thousand) and the non-current portion of warranty provisions in the amount of € 314 thousand (previous year: € 249 thousand). The warranty provisions are expected to be claimed within twelve to 60 months, while the anniversary provisions are expected to be claimed within one to 40 years.

(P6) Income tax liabilities

Current income tax liabilities comprise Viscom AG's corporation (€ 105 thousand) and trade tax liabilities (€ 396 thousand) and the tax liabilities of the companies in Singapore (€ 46 thousand) and in Shanghai (€ 42 thousand).

(P7) Other current and financial liabilities

Other current and financial liabilities are composed of the following items:

Other current and financial liabilities	2020 K€	2019 K€
Lease liabilities	2,588	2,496
Management bonuses, incentives, one-time payments	858	1,971
Outstanding purchase invoices	776	95
Commission payments to agents	723	359
Social security	306	244
Supervisory Board	99	99
Debtors with credit balances	33	46
Subtotal of other financial liabilities	**5,383**	**5,310**
Holiday, overtime	875	1,599
Other	717	568
Taxes	457	540
Subtotal of other current liabilities	**2,049**	**2,707**
Total	**7,432**	**8,017**

Other financial liabilities include current liabilities in the form of, for example, unpaid bonuses to employees and commission payments for which agents are already eligible but which are only due on receiving customer payment, and outstanding invoices, i. e. for goods that were delivered and recognised but for which the accompanying invoice had not been issued as at the end of the year.

The item "Other current liabilities" particularly included taxes to be paid, provisions to be recognised for pending holiday and overtime payments, and government subsidies to cover operating expenditure as a result of the COVID-19 pandemic accounted for but not yet granted.

(P8) Other non-current financial liabilities

Other non-current financial liabilities are composed of the following items:

Other current and financial liabilities	2020 K€	2019 K€
Non-current lease liabilities	8,193	7,416
Non-current loans	1,357	1,601
Total	**9,550**	**9,017**

(P9) Deferred tax liabilities

A breakdown of this item is provided as part of the explanatory notes on the tax items under G10 of the consolidated statement of comprehensive income.

(P10 to P13) Equity and reserves

The reported share capital of the parent company Viscom AG in the amount of € 9,020,000 (previous year: € 9,020,000), divided into 9,020,000 shares, is fully paid up. The 9,020,000 shares are no-par value bearer shares each with a notional interest in the share capital of € 1.00. In the course of 2006, the share capital, which was divided into 67,200 shares on 1 January 2006, was increased by 6,652,800 shares (€ 6,653 thousand) by way of a capital increase from retained earnings and by a further 2,300,000 shares (€ 2,300 thousand) through the issue of new shares in conjunction with the company's IPO. Capital reserves consist of the premium from BdW (Beteiligungsgesellschaft für die deutsche Wirtschaft), which held an interest in Viscom AG until 1 January 2005, the Viscom employees holding an interest in the Company and the premium from the issue of new shares in the amount of € 38,591 thousand. The options for the utilisation of capital reserves are consistent with the regulations of the Aktiengesetz (AktG – German Stock Corporation Act). A stock option plan for employees has not been established.

As communicated in the corresponding ad hoc disclosure on 29 July 2008, Viscom AG initiated a buy-back of its treasury shares on the stock exchange on that date. Viscom AG bought back 134,940 of its own shares for € 587 thousand including inci-dental costs of acquisition in the period from 29 July 2008 to 31 March 2009. This corresponds to around 1.5 % of the company's share capital. The purchase of own shares is recognised directly in equity and reduces equity. The amount was deducted from capital reserves as a lump sum. The shares were acquired at an average price of € 4.33 per share. The buy-back serves as a potential acquisition currency. In accordance with section 71b AktG, shares held directly or indirectly by Viscom AG are not entitled to dividends.

No further shares were acquired in this context in the 2020 financial year. The number of dividend-bearing shares remained the same at 8,885,060 on 31 December 2020.

In the 2020 financial year, a dividend of € 0.05 per share was distributed for the 2019 financial year.

Diluted and basic earnings per share are calculated by dividing the consolidated net profit for the period by the number of entitled shares.

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions in the period until 31 May 2021 by a total of up to € 4,500,000 by issuing up to 4,500,000 new no-par value bearer common shares (no-par value shares) against cash or non-cash contributions (Authorised Capital of the 2016 Annual General Meeting).

SEGMENT INFORMATION

Information on the Group's geographical segments by sales market

in K€	Europe 2020	Europe 2019	Americas 2020	Americas 2019	Asia 2020	Asia 2019	Consolidation 2020	Consolidation 2019	Total 2020	Total 2019
External sales	41,487	56,568	9,131	13,311	10,944	18,677	0	0	61,562	88,556
Intersegment sales	15,541	22,232	482	1,098	2,072	1,245	-18,096	-24,575	0	0
Total sales	57,028	78,800	9,613	14,409	13,016	19,922	-18,096	-24,575	61,562	88,556
Segment earnings	-7,102	3,075	778	350	606	573	-261	19	-5,979	4,017
plus financial result									-320	50
less income taxes									1,885	-966
Consolidated net profit									**-4,414**	**3,101**
Segment assets	65,022	75,930	5,756	3,612	9,937	8,843	-1,225	-920	79,490	87,465
plus financial assets	1,754	1,753	0	0	0	0	-1,747	-1,747	7	6
plus deferred taxes and tax assets									1,104	1,577
Total assets									**80,601**	**89,048**
Segment liabilities	14,953	17,844	2,195	1,194	3,702	2,252	-6,226	-4,744	14,624	16,546
plus financial liabilities	10,168	9,448	163	204	86	112	0	0	10,417	9,764
plus deferred taxes and provisions for taxes									2,351	4,239
Total liabilities									**27,392**	**30,549**
Investments	6,747	5,427	34	20	179	89	0	0	6,960	5,536
Depreciation and amortisation	4,796	4,556	160	171	250	276	0	0	5,206	5,003

The geographical segments form the basis for the internal reporting used by Group management, as the risks and rates of return of the Group are mainly influenced by differences between sales regions. The segments considered separately by management of Viscom Paris, which operates in France in particular, and Viscom Hanover, which operates in Germany and various other European countries, satisfy the aggregation criteria of IFRS 8.12 and are aggregated to form the Europe segment. The management assesses the results of the segments and manages them using EBIT as its central performance indicator. Services are generally settled between the Europe segment and the other segments based on transfer prices.

The operating segments provide supplementary internal information for management. The geographical segments are determined on the basis of the domicile of the respective customer. The reportable segments mainly generate their revenue by producing and selling the product groups stated in the table below. Viscom generated around 50 % of its revenue with its eight largest customers (previous year: around 48 % with its five largest customers). External sales amounted to € 22,167 thousand (previous year: € 29,233 thousand) in Germany and to € 39,395 thousand (previous year: € 59,323 thousand) in all other countries.

Total non-current assets with the exception of financial instruments and deferred tax assets (there were no assets related to pensions or claims under insurance contracts) in Germany were € 26,168 thousand (previous year: € 24,237 thousand). These assets totalled € 915 thousand in the other countries (previous year: € 1,204 thousand).

In 2020 the 10 % revenue limit stated in IFRS 8.34 was exceeded with one customer. This customer accounted for revenue of € 7,980 thousand (previous year: € 18,457 thousand, while another customer accounted for revenue of € 11,064 thousand). In both cases, the revenue was generated across all segments.

The "Optical and X-ray series inspection systems" product group includes all standard AOI and AXI systems that are identical up to a certain percentage of completion irrespective of the content of the respective customer order. By contrast, "Special optical and X-ray inspection systems" are usually developed specifically for one customer or customer group, or constitute special inspection systems that can be used within the production line but also as standalone systems, and X-ray tubes sold to OEMs. "Service" offers a comprehensive and global range of services with individual support packages.

Information on product groups

	Optical and X-ray series inspection systems		Special optical and X-ray inspection systems		Service		Total	
in K€	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
External sales	40,393	60,041	8,462	14,309	12,707	14,206	61,562	88,556
Assets	52,156	59,301	10,926	14,133	16,408	14,031	79,490	87,465
Investments	4,567	3,753	957	895	1,437	888	6,960	5,536

Segment statement of cash flows

in K€	Europe 2020	Americas 2020	Asia 2020	Consolidation 2020	Total 2020
Cash flow from operating activities					
Net profit for the period after interest and taxes	-5,827	635	417	361	-4,414
Adjustment of net profit for income tax expense (+)/income (-)	-1,583	110	187	-599	-1,885
Adjustment of net profit for interest expense (+)	310	9	6	0	325
Adjustment of net profit for interest income (-)	-2	0	-3	0	-5
Adjustment of net profit for depreciation and amortisation expense (+)	4,796	160	250	0	5,206
Increase (+) / decrease (-) in provisions	-419	-1	0	150	-270
Gains (-) / losses (+) on the disposal of non-current assets	0	-7	-72	0	-79
Increase (-) / decrease (+) in inventories, receivables and other assets	14,208	-1,464	-2,563	1,746	11,927
Increase (+) / decrease (-) in liabilities	-3,599	1,683	1,480	-1,658	-2,094
Income taxes repaid (+) / paid (-)	1,308	0	206	0	1,514
Net cash used in/from operating activities	**9,192**	**1,125**	**-92**	**0**	**10,225**
Cash flow from investing activities					
Proceeds (+) from the disposal of non-current assets	0	19	81	0	100
Acquisition (-) of property, plant and equipment and intangible assets	-154	-17	-18	0	-189
Capitalisation of development costs (-)	-3,101	0	0	0	-3,101
Dividends received (+)	0	0	0	0	0
Disbursements of loans granted (-)	0	0	0	0	0
Receipts from the repayment of loans granted (+)	29	0	0	0	29
Interest received (+)	2	0	3	0	5
Net cash used in investing activities	**-3,224**	**2**	**66**	**0**	**-3,156**
Cash flow from financing activities					
Dividend payment (-)	-444	0	0	0	-444
Repayment of other financial liabilities (-)	-2,648	-119	-168	0	-2,935
Interest paid (-)	-226	-9	-6	0	-241
Net cash and cash equivalents from financing activities	**-3,318**	**-128**	**-174**	**0**	**-3,620**
Changes in cash and cash equivalents due to changes in exchange rates	0	-169	-3	0	-172
Cash and cash equivalents					
Change in cash and cash equivalents	2,650	999	-200	0	3,449
Cash and cash equivalents as at 1 January	-2,157	1,110	2,086	0	1,039
Cash and cash equivalents as at 31 December	**493**	**1,940**	**1,883**	**0**	**4,316**

OTHER DISCLOSURES

Disclosures concerning financial instruments and financial risk management

Presentation of the categories of financial instruments and the corresponding net profit in accordance with IFRS 7

Agreements which mutually lead to the accrual of a financial asset for a company and the accrual of a financial liability or an equity instrument for a counterparty are classified as financial instruments.

In this context, financial assets include cash funds, contractually committed rights to receive cash or other financial assets such as trade receivables, originated loans and equity instruments held in other companies. Financial liabilities include contractual obligations, liquid assets or other financial assets to be released to other companies. This encompasses obtained loans, trade payables and derivatives.

The following presentation provides information on the carrying amounts of the individual measurement categories. The fair values for each class of financial instrument are also shown. The presentation is intended to enable a comparison of the carrying amounts and fair values.

For cash and cash equivalents and other current originated financial instruments, including trade receivables and payables, financial assets and other receivables and liabilities, the fair values are the carrying amounts recognised at the end of the reporting period. The fair values for the category “Financial instruments held to maturity” are equal to the market values as at 31 December 2020.

The Group applies the simplified approach for expected credit losses under IFRS 9 for trade receivables. This requires the use of the expected total loss ratio for all trade receivables.

The categories of financial assets and liabilities are included in the following tables:

31.12.2020 in K€	Measurement category	Carrying amount	Fair value
Assets			
Financial assets and other receivables	AC	350	350
Trade receivables	AC	19,861	19,861
Cash and cash equivalents	AC	6,798	6,798
		27,009	**27,009**
Equity and liabilities			
Current loans	AC	2,726	2,726
Trade payables	AC	2,543	2,543
Other current financial liabilities	AC	2,663	2,663
Current lease liabilities	N/A	2,588	2,588
Other non-current financial liabilities	AC	1,357	1,357
Non-current lease liabilities	N/A	8,193	8,193
		20,070	**20,070**

31.12.2019 in K€	Measurement category	Carrying amount	Fair value
Assets			
Financial assets and other receivables	AC	545	545
Trade receivables	AC	27,663	27,663
Cash and cash equivalents	AC	3,922	3,922
		32,130	**32,130**
Equity and liabilities			
Current loans	AC	3,124	3,124
Trade payables	AC	2,856	2,856
Other current financial liabilities	AC	2,669	2,669
Current lease liabilities	N/A	2,496	2,496
Other non-current financial liabilities	AC	1,601	1,601
Non-current lease liabilities	N/A	7,416	7,416
		20,162	**20,162**

Financial instruments measured at fair value or amortised cost must be classified within a three-level hierarchy. Classification is contingent on the availability of observable market prices. Financial instruments are classified as having level 1 fair value, e. g. shares or securities, if their market prices are directly observable in an active market. The Group has no level 1, level 2 or level 3 financial instruments. Given their short-term nature, the carrying amounts of all other financial instruments constitute a reasonable approximation of the fair value.

The fair value option is not applied.

Net gains from financial instruments resulted from changes to the fair value, from impairment losses, write-ups and from write-offs. This also includes interest income and expenses and other profit components from financial instruments not recognised at fair value through profit or loss.

31.12.2020	Gross amount	from interest	from remeasurement		Net amount 2020
in K€			Currency translation	Impairment	
Financial assets and other receivables	350	0	0	0	350
Trade receivables	20,782	0	0	-921	19,861
Cash and cash equivalents	6,798	0	0	0	6,798
Total	**27,930**	**0**	**0**	**-921**	**27,009**

31.12.2019	Gross amount	from interest	from remeasurement		Net amount 2019
in K€			Currency translation	Impairment	
Financial assets and other receivables	545	0	0	0	545
Trade receivables	28,618	0	0	-955	27,663
Cash and cash equivalents	3,922	0	0	0	3,922
Total	**33,085**	**0**	**0**	**-955**	**32,130**

Interest income of € 0 thousand resulted from cash funds in the 2020 financial year (previous year: € 0 thousand). Write-downs on trade receivables of € 34 thousand were recognised in profit or loss in the 2020 financial year (previous year: € 16 thousand).

Financial risk management objectives and processes (IAS 9)

The significant risks for Viscom's financial instruments are the default risk, the interest rate risk and the exchange rate risk.

The Executive Board determined corresponding risk processes, which it reviews on a regular basis. These risk processes are summarised in the following section.

Default risk

Viscom employs appropriate control processes in order to ensure that sales are only entered into with customers with proven creditworthiness. This also means that the default risk associated with sales must be kept within acceptable limits.

Viscom does not act as a guarantor for the obligations of other parties.

The maximum default risk is shown by the carrying amount of each financial asset as reported in the statement of financial position.

Maturity structure of financial assets

31.12.2020 in K€	Gross amount	Not past due	Past due by the following numbers of days				
			< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Financial assets and other receivables	350	350	0	0	0	0	0
Trade receivables	20,782	15,493	2,151	622	281	444	1,791
of which impaired	921	29	7	26	20	20	819
Total	**21,132**	**15,843**	**2,151**	**622**	**281**	**444**	**1,791**

Maturity structure of financial assets

31.12.2019 in K€	Gross amount	Not past due	Past due by the following numbers of days				
			< 31 days	31 <> 60 days	61 <> 90 days	91 <> 180 days	> 181 days
Financial assets and other receivables	545	545	0	0	0	0	0
Trade receivables	28,618	19,395	3,170	1,868	1,148	914	2,123
of which impaired	955	16	21	11	64	39	804
Total	**29,163**	**19,940**	**3,170**	**1,868**	**1,148**	**914**	**2,123**

No conditions of any financial asset that would otherwise be past due or impaired were renegotiated in the financial year.

The credit rating of financial assets that are neither past due nor impaired are determined on the basis of external credit ratings (if available) or historical experiences about default rates of the corresponding business partner.

Based on past empirical data, the company recognised a write-down that accounted for both interest rate and default risk. Impairment losses on individual items were also recognised.

No interest income was generated from impaired financial assets in the period under review.

Interest rate risk

Certain financial Instruments held by Viscom are exposed to interest rate risk. The interest rate risk is classified as insignificant, as the significant funds were invested with a fixed interest rate. This risk is stated in the explanatory notes on the respective items. No derivative financial instruments are employed for the purposes of hedging against interest rate risk.

Liquidity risk

Viscom is committed to ensuring that it has sufficient cash and cash equivalents or irrevocable credit facilities at its disposal to meet its obligations for the next three years as set out in its strategic plan. Viscom has utilised the credit facilities available to it to a small extent as at the end of the reporting period.

On that date, all the company's cash and cash equivalents were held in current bank clearing accounts and as cash in hand.

The remaining contractual terms are presented in the following tables:

Remaining contractual terms

31.12.2020	Carrying amount	Remaining term		
in K€		< 1 year	1 to 5 years	> 5 years
Current loans	2,726	2,726	0	0
Trade payables	2,543	2,543	0	0
Other current financial liabilities	2,663	2,663	0	0
Current lease liabilities	2,588	2,604	0	0
Other non-current financial liabilities	1,357	0	1,008	349
Non-current lease liabilities	8,193	0	6,281	2,203
Total	**20,070**	**10,536**	**7,289**	**2,552**

Remaining contractual terms

31.12.2019	Carrying amount	Remaining term		
in K€		< 1 year	1 to 5 years	> 5 years
Current loans	3,124	3,124	0	0
Trade payables	2,856	2,856	0	0
Other current financial liabilities	5,166	5,166	0	0
Other non-current financial liabilities	9,016	0	6,760	2,256
Total	**20,162**	**11,146**	**6,760**	**2,256**

There were no gross outflows.

Exchange rate risk

As Viscom operates internationally, the Group is also exposed to exchange rate risks. Around 10 % of the consolidated revenue is exposed to an exchange rate risk in the parent company. Approximately 5 % of the parent company's expense was denominated in a currency other than the reporting currency. These risks were not hedged at the end of the reporting period or during the year. As at 31 December 2020, net receivables relevant to the exchange rate totalled € 2,573 thousand. It included both the receivables of Viscom AG predominantly in US dollars and the receivables of the subsidiaries in euro. Assuming a change of 5 %, the exchange rate risk recognised in profit or loss amounted to € 123 thousand and would increase or reduce the company's net profit for the period by this amount in the event of the respective change. Given the company's business volumes and the development of the euro/US dollar exchange rate, the current level of exchange rate risk was deemed acceptable without the need for hedging.

Capital management

Viscom's capital management aims to ensure the continued existence of the company as a going concern to continue providing shareholders with income and services due to them.

The uninvested and thus committed equity components of the company are used to manage liquidity and to finance the company's operating activities. The company's objective is to finance operating activities predominantly from own funds.

Use of derivative financial instruments

Viscom did not use derivative financial instruments to hedge exchange rate and interest risks in the 2020 financial year.

Cash flow statement

Cash and cash equivalents (€ 6,798 thousand; € 3,922 thousand) and current account liabilities (€ 2,482 thousand; € 2,883 thousand) are reported net under cash funds as at 31 December 2020.

The following table shows the reconciliation of liabilities from financing activities:

			Non-cash changes			
	31.12.2019	Cash changes	Adoption of IFRS 16	Foreign exchange movement	Additions to lease liabilities	31.12.2020
Loans	1,842	-241	0	0	0	1,601
Lease liabilities	9,912	-2,694	-2	3,668	-103	10,781
Total	11,754	-2,935	-2	3,668	-103	12,382

The "Loans" item comprises the short-term (€ 244 thousand; previous year: € 241 thousand) and the long-term portion (€ 1,357 thousand; previous year: € 1,601 thousand) of a bank loan and includes current account liabilities not included in cash and cash equivalents. The "Lease liabilities" item comprises short-term (€ 2,588 thousand, included in other short-term financial liabilities; previous year: € 2,496 thousand) and long-term (€ 8,193 thousand, included in other long-term financial liabilities; previous year: € 7,416 thousand) lease liabilities.

Related party disclosures

In the year under review, the members of the Executive Board received total remuneration in the form of short-term payments of € 1,043 thousand (previous year: € 1,236 thousand) and other long-term payments of € 343 thousand (previous year: € 374 thousand). The remuneration for members of the Supervisory Board consists solely of short-term payments of € 99.0 thousand (previous year: € 99.0 thousand).

Related parties and affiliated companies

HPC Vermögensverwaltung GmbH held an interest of 53.98 % in Viscom AG as at 31 December 2020. HPC Vermögensverwaltung GmbH is therefore both an affiliated company and the parent company of Viscom AG.

Goods and services from related parties and affiliated companies in K€	2020	2019
From vehicle leases:		
HPC Vermögensverwaltung GmbH	28	42
From services:		
HPC Vermögensverwaltung GmbH	606	918
Heuser / Pape Catering GbR	11	40
From building leases:		
HPC Vermögensverwaltung GmbH	1,278	1,172
Marina Hettwer / Petra Pape GbR	191	191
Dr. Martin Heuser / Petra Pape GbR	241	309
Sum of goods and services received by the Group	**2,355**	**2,672**

Viscom AG has leases for company vehicles with HPC Vermögensverwaltung GmbH. In 2020, HPC Vermögensverwaltung GmbH and Heuser / Pape Catering GbR provided further services such as company child care, cleaning services and other miscellaneous services.

The future cumulative minimum lease payments for the following periods are:

Lease obligations for company cars in K€	2020	2019
Total	**1,289**	**1,420**
of which to HPC Vermögensverwaltung GmbH (as an affiliated company)	34	60
within 1 year of the end of the reporting period	**609**	**588**
of which to HPC Vermögensverwaltung GmbH (as an affiliated company)	19	26
more than 1 but less than 5 years after the end of the reporting period	**680**	**832**
of which to HPC Vermögensverwaltung GmbH (as an affiliated company)	15	34
within more than 5 years of the end of the reporting period	**0**	**0**

The future services for the following periods are:

Services in K€	2020	2019
Total	**610**	**918**
of which to HPC Vermögensverwaltung GmbH (as an affiliated company)	610	918
within 1 year of the end of the reporting period	**488**	**918**
of which to HPC Vermögensverwaltung GmbH (as an affiliated company)	488	918
more than 1 but less than 5 years after the end of the reporting period	**122**	**0**
of which to HPC Vermögensverwaltung GmbH (as an affiliated company)	122	0
within more than 5 years of the end of the reporting period	**0**	**0**

Other related parties

There are rental agreements for nine properties in Carl-Buderus-Straße (CBS) and one property in Fränkische Straße (FS) in Hanover between Viscom AG and Dr. Martin Heuser / Petra Pape GbR*, Hanover, Marina Hettwer / Petra Pape GbR**, Hanover and HPC Vermögensverwaltung GmbH***, Hanover.

Agreements with related parties

Agreements with remaining terms of	Rental property	Start of lease	Basic lease term	Net rent, p.m. (€)	Net rent p.a. (€)
Between one and five years	CBS 10 ***	01.03.2002	10 years	23,600	283,200
	FS 28 *	01.11.2008	5 years	2,400	28,800
More than five years	CBS 10a ***	15.11.2005	10 years	22,300	267,600
	CBS 6 ***	01.12.2015	10 years	34,890	418,680
	CBS 13 *	01.11.2007	10 years	6,500	78,000
	CBS 15 **	15.11.2007	10 years	15,900	190,800
	CBS 8*	01.01.2019	10 years	6,250	75,000
	CBS 11 ***	01.03.2019	10 years	22,500	270,000
	CBS 8a *** - until 31 Mar. 2021	01.01.2020	3 months	10,680	32,039
	CBS 8a ***	01.01.2020	10 years	21,359	192,231
	CBS 9 *	01.01.2001	10 years	5,000	60,000
Total rental obligations with a remaining lease term of 1 year or less					1,896,350 (PY: 1,877,126)
Total rental obligations with a remaining term of 1 to 5 years					6,486,062 (PY: 6,877,552)
Total rental obligations with a remaining lease term of more than 5 years					2.898.032 (PY: 4.434.930)

The lease for the rental property CBS 8a was concluded in 2019 and commenced on 1 January 2020. Due to the effects of the COVID-19 pandemic on Viscom AG's economic situation, the monthly rental obligation was reduced until 31 March 2021.

As at 31 December 2020, there was a lease liability of € 3,634 thousand (previous year: € 4,543 thousand) to HPC Vermögensverwaltung GmbH and of € 2,523 thousand (previous year: € 3,176 thousand) to other related parties.

Service agreements

In 2020, painting and tiling services totalling € 0.4 thousand were purchased from the other related parties HPC Malerfachbetrieb GmbH and HPC Fliesen GmbH (previous year: € 27.1 thousand). A consultancy agreement was entered into with Mr. Volker Pape as a related party. The agreement began on 1 July 2018 and has a term of ten years. There is a minimum fee for each full calendar year of € 90 thousand. In the 2020 financial year, a partial waiver of consulting services was bilaterally agreed in response to the COVID-19 pandemic. The total charge for consulting services was € 38 thousand (previous year: € 120 thousand).

In the 2020 financial year, continuing professional development services were purchased from the Chairwoman of the Supervisory Board, Prof. Dr. Michèle Morner, in the context of management development at Viscom. In addition to her Supervisory Board remuneration, she received remuneration from the company for personally performed services of € 4.5 thousand (previous year: € 12.0 thousand).

Loan agreements

There were no receivables or liabilities resulting from loan agreements with related parties as at the end of the reporting period.

Additional disclosures

Obligations for the lessee from leases

Details on vehicle and building leases are disclosed in the section on related parties.

There are also obligations from vehicle leases with third parties in the US, France, Tunisia, Singapore and China:

Lease obligations for company cars in K€	**2020**
Total	**66**
within 1 year of the end of the reporting period	39
more than 1 but less than 5 years after the end of the reporting period	27
within more than 5 years of the end of the reporting period	0

The rented properties in the US, France, Tunisia, Singapore and China are leased from third parties.

Agreements with third parties

Agreements with remaining terms of	Rental property	Start of lease	Basic lease term	Net rent, p.m. (€)	Net rent p.a. (€)
One year or less	Longfeng, China	01.02.2018	2 years	2,744	32,928
	Huizhou, China	01.07.2017	3 years	459	5,508
	Tunis, Tunisia	15.09.2011	1 year	482	5,784
	San José, USA	01.10.2011	1 year	773	9,276
	Singapore, Singapore	21.08.2014	2 years	5,254	63,048
	Singapore, Singapore	15.05.2014	2 years	2,889	34,668
Between one and five years	Shanghai, China	01.01.2015	2 years	6,707	80,484
	Singapore, Singapore	01.07.2017	2 years	2,349	28,188
	Paris, France	01.08.2004	9 years	2,083	24,996
	Huizhou, China	01.09.2020	6 years	1,996	23,952
	Atlanta, USA	01.10.2006	5 years	6,960	83,520
Total rental obligations with a remaining lease term of 1 year or less					**323,976** (PY: 350,449)
Total rental obligations with a remaining term of 1 to 5 years					**605,431** (PY: 121,906)

The leases for the offices in Tunis and San José were automatically renewed for a further year in 2020. The lease for the office in Atlanta was likewise renewed for a further five years. The lease for the office and demonstration centre in Shanghai was renewed for a further two years in 2020. The lease in Longfeng expired in 2020 without being renewed.

Purchase commitments

Purchase commitments from delivery contracts amounted to around € 4,295 thousand (previous year: € 5,446 thousand) as at 31 December 2020.

Contingent liabilities

There were no contingent liabilities as at 31 December 2020.

Shareholder structure

In May 2006, HPC Vermögensverwaltung GmbH, Hanover, informed Viscom AG in accordance with section 21(1a) of the old version of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) that its share of the voting rights in Viscom AG exceeded 50 % on 9 May 2006. Dr. Martin Heuser and Volker Pape informed Viscom AG in accordance with section 21(1a) WpHG that more than 50 % of the voting rights in Viscom AG were attributable to them on 9 May 2006. The voting rights held directly by HPC Vermögensverwaltung GmbH are attributable to Dr. Martin Heuser and Volker Pape in full in accordance with section 22(1) sentence 1 no. 1 WpHG (old version).

According to the below notifications from Dr. Martin Heuser and Volker Pape of 29 December 2020, HPC Vermögensverwaltung GmbH held an interest of 53.98 % in Viscom AG as at 31 December 2020.

Allianz SE, Munich, Germany, submitted the following notification to the company on 17 January 2018 in accordance with section 33, 34 WpHG:

Voting rights notification

1. Details of issuer

Viscom AG Carl-Buderus-Straße 9-15 30455 Hanover Germany

2. Reason for notification

	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
x	Other reason: Voluntary group notification; threshold reached solely at the level of subsidiaries due to internal restructuring

3. Details of the party subject to the notification obligation

Name:	City and country of registered office:
Allianz SE	Munich, Germany

4. Names of shareholders

holding voting rights of 3 % or more, if different from 3.

Allianz I.A.R.D. S.A.

5. Date on which the threshold was reached:

21 Dec. 2017

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instru-ments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights in the issuer
new	7.36 %	0 %	7.36 %	9,020,000
Pre-vious notifi-cation	6.06 %	n/a %	n/a %	-

7. Details of the voting rights held

a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (sec-tion 33 WpHG)	indirectly (sec-tion 34 WpHG)	directly (sec-tion 33 WpHG)	indirectly (sec-tion 34 WpHG)
DE0007846867	0	663814	0 %	7.36 %
Total	663814		7.36 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instru-ment	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				%
		Total	0	0 %

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instru-ment	Matu-rity/ expiry date	Exercise period/ term	Cash or physical settle-ment	Voting rights (absolu-te)	Voting rights in %
					%
			Total	0	0 %

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities with voting rights in the issuer requiring no-tification (1.).
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
Allianz SE	%	%	%
Allianz Argos 14 GmbH	%	%	%
Allianz Holding France SAS	%	%	%
Allianz France S.A.	%	%	%
Allianz I.A.R.D. S.A.	7.36 %	%	7.36 %

9. In case of proxy voting in accordance with section 34(3) WpHG

(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:	
Total share of voting rights after Annual General Meeting:	% (corresponds to voting rights)

Universal-Investment-Gesellschaft mit beschränkter Haftung, Frankfurt am Main, Germany, submitted the following notification to the company on 12 February 2020 in accordance with section 33, 34 WpHG:

1. Details of issuer

Name:	Viscom AG
Street, house no.:	Carl-Buderus-Straße 9-15
Post code:	30455
City:	Hanover, German
Legal Entity Identifier (LEI):	391200SDLDT1KJVFRV52

2. Reason for notification

x	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
	Other reason:

3. Details of the party subject to the notification obligation

Legal entity: Universal-Investment-Gesellschaft mit beschränkter Haftung
Registered office, country: Frankfurt am Main, Germany

4. Names of shareholders

holding voting rights of 3 % or more, if different from 3.

5. Date on which the threshold was reached:

7 Feb. 2020

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instruments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights as per section 41 WpHG
new	3.001 %	0.00 %	3.001 %	9,020,000
Previous notification	n/a %	n/a %	n/a %	-

7. Details of the voting rights held

a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (section 33 WpHG)	indirectly (section 34 WpHG)	directly (section 33 WpHG)	indirectly (section 34 WpHG)
DE0007846867		270647	%	3.001 %
Total	270647		3.001 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instrument	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				%
		Total		%

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instrument	Maturity/ expiry date	Exercise period/ term	Cash or physical settlement	Voting rights (absolute)	Voting rights in %
					%
			Total		%

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities that hold voting rights in the issuer (1.) or that are assigned voting rights in the issuer.
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
Universal-Investment-Gesellschaft mit beschränkter Haftung	%	%	%
Universal-Investment-Luxembourg S.A.	%	%	%

9. In case of proxy voting in accordance with section 34(3) WpHG
(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:
Total share of voting rights (6.) after Annual General Meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

Universal-Investment-Gesellschaft mit beschränkter Haftung, Frankfurt am Main, Germany, also submitted the following notification to the company on 13 February 2020 in accordance with section 33, 34 WpHG:

1. Details of issuer

Name:	Viscom AG
Street, house no.:	Carl-Buderus-Straße 9-15
Post code:	30455
City:	Hanover, Germany
Legal Entity Identifier (LEI):	391200SDLDT1KJVFRV52

2. Reason for notification

	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
x	Other reason: Voluntary group notification; threshold reached solely at the level of subsidiaries

3. Details of the party subject to the notification obligation

Legal entity: Universal-Investment-Gesellschaft mit beschränkter Haftung Registered office, country: Frankfurt am Main, Germany

4. Names of shareholders
holding voting rights of 3 % or more, if different from 3.

5. Date on which the threshold was reached:

11 Feb. 2020

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instruments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights as per section 41 WpHG
new	3.02 %	0.00 %	3.02 %	9,020,000
Previous notification	3.001 %	0.00 %	3.001 %	-

7. Details of the voting rights held

a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (section 33 WpHG)	indirectly (section 34 WpHG)	directly (section 33 WpHG)	indirectly (section 34 WpHG)
DE0007846867		272492	%	3.02 %
Total	272492		3.02 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instrument	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				%
		Total		%

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instrument	Maturity/ expiry date	Exercise period/ term	Cash or physical settlement	Voting rights (absolute)	Voting rights in %
					%
			Total		%

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities that hold voting rights in the issuer (1.) or that are assigned voting rights in the issuer.
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
Universal-Investment-Gesellschaft mit beschränkter Haftung	%	%	%
Universal-Investment-Luxembourg S.A.	3.01 %	%	%

9. In case of proxy voting in accordance with section 34(3) WpHG

(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:

Total share of voting rights (6.) after Annual General Meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

In addition, the company received the following notification on 29 December 2020 in accordance with section 33, 34 WpHG:

1. Details of issuer

Name:	Viscom AG
Street, house no.:	Carl-Buderus-Straße 9-15
Post code:	30455
City:	Hanover, Germany
Legal Entity Identifier (LEI):	391200SDLDT1KJVFRV52

2. Reason for notification

	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
x	Other reason: voluntary group notification due to threshold reached at a subsidiary

3. Details of the party subject to the notification obligation

Natural person (first name, surname): Dr. Martin Heuser
Date of birth: 24 September 1957

4. Names of shareholders
holding voting rights of 3 % or more, if different from 3.

HPC Vermögensverwaltung GmbH

5. Date on which the threshold was reached:

22 Dec. 2020

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instruments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights as per section 41 WpHG
new	56.93 %	0.00 %	56.93 %	9,020,000
Previous notification	57.92 %	0 %	57.92 %	-

7. Details of the voting rights held
a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (section 33 WpHG)	indirectly (section 34 WpHG)	directly (section 33 WpHG)	indirectly (section 34 WpHG)
DE0007846867	265650	4869085	2.95 %	53.98 %
Total	5134735		56.93 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instrument	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				0.00 %
		Total	0	0.00 %

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instrument	Maturity/ expiry date	Exercise period/ term	Cash or physical settlement	Voting rights (absolute)	Voting rights in %
					0.00 %
			Total	0	0.00 %

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities that hold voting rights in the issuer (1.) or that are assigned voting rights in the issuer.
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
-Dr. Martin Heuser	%	%	%
-HFS GmbH (in the course of incorporation)	%	%	%
-HPC Verwal-tungs GmbH	%	%	%
-HPC GmbH & Co. KG	%	%	%
-HPC Vermö-gensverwal-tung GmbH	53.98 %	%	53.98 %

9. In case of proxy voting in accordance with section 34(3) WpHG

(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:

Total share of voting rights (6.) after Annual General Meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

10. Other information:

Date

29 Dec. 2020

In addition, the company received the following notification on 29 December 2020 in accordance with section 33, 34 WpHG:

1. Details of issuer

Name:	Viscom AG
Street, house no.:	Carl-Buderus-Straße 9-15
Post code:	30455
City:	Hanover, Germany
Legal Entity Identifier (LEI):	391200SDLDT1KJVFRV52

2. Reason for notification

	Acquisition/disposal of shares with voting rights
	Acquisition/disposal of instruments
	Change in total number of voting rights
x	Other reason: voluntary group notification due to threshold reached at a subsidiary

3. Details of the party subject to the notification obligation

Natural person (first name, surname): Volker Pape Date of birth: 2 October 1955

4. Names of shareholders

holding voting rights of 3 % or more, if different from 3.

HPC Vermögensverwaltung GmbH

5. Date on which the threshold was reached:

22 Dec. 2020

6. Total share of voting rights

	Share of voting rights (total of 7.a.)	Share of instruments (total of 7.b.1.+ 7.b.2.)	Total shares (total of 7.a. + 7.b.)	Total number of voting rights as per section 41 WpHG
new	56.93 %	0.00 %	56.93 %	9,020,000
Previous notification	57.92 %	0 %	57.92 %	-

7. Details of the voting rights held

a. Voting rights (section 33, 34 WpHG)

ISIN	absolute		in %	
	directly (section 33 WpHG)	indirectly (section 34 WpHG)	directly (section 33 WpHG)	indirectly (section 34 WpHG)
DE0007846867	265650	4869085	2.95 %	53.98 %
Total	5134735		56.93 %	

b.1. Instruments within the meaning of section 38(1) no. 1 WpHG

Type of instrument	Maturity / expiry date	Exercise period / term	Voting rights (absolute)	Voting rights in %
				0,00 %
		Total	0	0,00 %

b.2. Instruments within the meaning of section 38(1) no. 2 WpHG

Type of instrument	Maturity/ expiry date	Exercise period/ term	Cash or physical settlement	Voting rights (absolute)	Voting rights in %
					0,00 %
			Total	0	0,00 %

8. Information about the party subject to the notification obligation

	The party subject to the notification obligation (3.) is not controlled and does itself not control any other entities that hold voting rights in the issuer (1.) or that are assigned voting rights in the issuer.
x	Full chain of subsidiaries beginning with the ultimate controlling person or entity:

Entity	Voting rights in % if 3 % or more	Instruments in % if 5 % or more	Total in % if 5 % or more
-Volker Pape	%	%	%
-PPF GmbH (in the course of incorporation)	%	%	%
-HPC Verwaltungs GmbH	%	%	%
-HPC GmbH & Co. KG	%	%	%
-HPC Vermögensverwaltung GmbH	53.98 %	%	53.98 %

9. In case of proxy voting in accordance with section 34(3) WpHG

(only possible in the case of allocation in accordance with section 34(1) sentence 1 no. 6 WpHG)

Date of Annual General Meeting:

Total share of voting rights (6.) after Annual General Meeting:

Share of voting rights	Share of instruments	Total shares
%	%	%

10. Other information:

Date

29 Dec. 2020

REPORT ON POST-REPORTING DATE EVENTS

Events after the end of the reporting period

There were no significant events after the end of the 2020 financial year.

German Corporate Governance Code

The Executive Board and Supervisory Board of Viscom AG submitted the annual Compliance Statement, according to section 161 of the German Stock Corporation Act (AktG), in February 2021. It has been published and is permanently accessible on the Viscom AG website.

TOTAL AUDITORS' FEES (SECTION 314(1) NO. 9 OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE))

The fee charged for the work of the Group auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft for the financial year breaks down as follows:

Total auditors' fees

in K€	**2020**	2019
Audits of financial statements	135	153
Other services	8	0
Total	**143**	**153**

In particular, fees for audits of financial statements include fees for the statutory audit of the annual and consolidated financial statements and the dependent company report.

Hanover, 12 March 2021

The Executive Board

Carsten Salewski

Peter Krippner

Dr. Martin Heuser

Dirk Schwingel

RESPONSIBILITY STATEMENT

"To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, 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."

Hanover, 12 March 2021

The Executive Board

Carsten Salewski　　Peter Krippner

Dr. Martin Heuser　　Dirk Schwingel

„INDEPENDENT AUDITOR'S REPORT

To Viscom AG, Hannover

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 Viscom AG, Hannover, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Viscom AG for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the group statement on corporate governance pursuant to § [Article] 315d HGB [Handelsgesetzbuch: German Commercial Code].

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 Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, 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 audit opinion on the group management report does not cover the content of the group statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [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") 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 1 January to 31 December 2020. 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.

In our view, the matters of most significance in our audit were as follows:

❶ Accounting for development costs

❷ Accounting for completed systems and assemblies and partially completed systems within inventories

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Accounting for development costs

① Capitalised development costs of € 13.7 million are reported in intangible assets in the consolidated financial statements of Viscom AG. This item accounts for around 17.0 % of total assets.

Development costs relate to development projects for prototypes and software that are intended to be used in the Viscom Group's operations throughout their lifetimes. Development costs are capitalised at the date on which the criteria set out in IAS 38.57 are fulfilled, whereas research costs are expensed. Capitalised development costs are amortised on a straight-line basis over a maximum useful life of four years for prototypes and between four and 15 years for software from the date on which they become usable.

The useful lives and carrying amounts of capitalised development costs that are already in use are tested for validity and evidence of potential impairment as at the end of each financial year. In accordance with IAS 36, capitalised development costs are considered to be impaired when the recoverable amount of the respective asset falls below its carrying amount.

Capitalised development costs not yet in use are also tested for impairment annually. The recoverability of development costs is based on estimates and assumptions by the legal representatives and is subject to uncertainty. In addition, capitalised development costs make a direct contribution to consolidated net profit on account of their recognition in the consolidated income statement. In our opinion, development costs are therefore of particular significance for our audit.

② In the course of our audit, we initially performed reconciliation audit activities between the documentation of capitalised development costs, the amounts reported in non-current assets and the consolidated statement of financial position. With regard to initial measurement, we reviewed content and consistency of the procedures established by Viscom AG concerning the fulfilment of the criteria set out in IAS 38.57 and the delimitation of research and development activities.

We performed corresponding audit activities to examine the amount and basis of the allocation of capitalised costs to existing development projects that are not yet available for use, taking into account the current development status of the individual projects reported.

With regard to impairment testing, we reviewed the calculation of the recoverable amount including the valuation parameters applied. In particular, we reviewed the plausibility and consistency of the sales forecasts used as the basis for determining recoverability.

The procedures established by the legal representatives, including the assumptions and estimates applied with regard to the delimitation, recognition and measurement of development costs, are verifiable, adequately documented and, in our view, suitable for ensuring the proper accounting treatment of development costs as a whole.

③ The disclosures on development costs can be found under "Summary of significant accounting policies" and in notes G4 and A7 of the notes to the consolidated financial statements.

❷ Accounting for completed systems and assemblies and partially completed systems within inventories

① Inventories totalling € 24.1 million are reported in the consolidated financial statements of Viscom AG. This item accounts for around 30.0 % of total assets. Finished goods and work in progress, reported in the consolidated financial statements as "Completed systems" and "Assemblies and partially completed systems", account for € 16.5 million of this figure.

"Completed systems" and "Assemblies and partially completed systems" are measured at the lower of cost or net realisable value. Cost includes the direct material and production costs and appropriate portions of material and production overheads and of the depreciation of non-current assets to the extent that this is caused by production. Valuation allowances are recognised as required to ensure that the carrying amount of the systems reflects the lower of cost or net realisable value at the reporting date.

Measurement with regard to recoverability is based on estimates and assumptions by the legal representatives of the Company and is subject to uncertainty. In our opinion, inventories are therefore of particular significance for our audit.

② In the course of our audit, we performed reconciliation audit activities between the general ledger and the subsidiary ledger and examined the scope and the calculation of cost and the methods applied by the Company in impairment testing taking net realisable value into account, among other things. The assumptions and estimates applied by the legal representatives with regard to the assessment of the recoverability of inventories are verifiable, adequately documented and, in our opinion, suitable for ensuring the proper accounting treatment of inventories as a whole.

③ The disclosures on inventories can be found under "Summary of significant accounting policies" and in note A4 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the group statement on corporate governance pursuant to § 315d HGB, which we obtained prior to the date of our auditor's report.

The annual report is expected to be made available to us after the date of the auditor's report.

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 audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider 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 Abs. 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 audit 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 Abs. 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 audit 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

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b 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 attached electronic file Viscom_AG_KA+LB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement 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 Abs. 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 electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement 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 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: 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 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

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

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement.

We also:

• Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, 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 conclusion.

• Obtain an understanding of internal control relevant to the assurance engagement 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 conclusion on the effectiveness of these controls.

• Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

• Evaluate whether the ESEF documents enables 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) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 4 August 2020. We were engaged by the supervisory board on 10 November 2020. We have been the group auditor of the Viscom AG, Hannover, without interruption since the financial year 2010.

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).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Jens Wedekind."

Hanover, 12 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Jens Wedekind	ppa. Michael Meseberg
German Public Auditor	German Public Auditor

Please be aware that the German version of the report of the independent auditor on pages 134 - 141 of the German annual report is the binding / legally valid version.

GLOSSARY OF TECHNICAL TERMS

Term	Definition
AOI	Automated optical inspection
AXI	Automated x-ray inspection
CCI	Conformal coating inspection
EMS (Electronic Manufacturing Services)	Contract manufacturer / subcontractor – especially for Consumer, Communication and Computer products
MX products	Inrared-light-machines for tests with electronic semiconductors
NP	New products
OEM (Original Equipment Manufacturer)	Manufacturer of a brand product
proALPHA	Enterprise resource planning (ERP) system
SP	Serial products
SPI	Solder paste inspection
vVision	Machine operating interface

FINANCIAL CALENDAR 2021

23.03.2021	**Annual Report 2020**
24.03.2021	**Analyst and Investor Conference** – Virtual
11.05.2021	**Interim Report 3M/2021**
08.06.2021	**Annual General Meeting** – Virtual, Hanover
12.08.2021	**Interim Report 6M/2021**
11.11.2021	**Interim Report 9M/2021**

FIVE-YEAR REPORT

Profit and loss

		2020	2019	2018	2017	2016
Revenue	K€	61,562	88,556	93,557	88,542	77,245
EBIT	K€	-5,979	4,017	10,944	13,829	10,497
EBT	K€	-6,299	4,067	10,947	13,831	10,467
Income taxes	K€	1,855	-966	-3,133	-4,758	-3,338
Net profit for the period	K€	-4,414	3,101	7,814	9,073	7,129

Balance sheet

Assets						
Current assets	K€	52,541	62,757	67,045	59,889	56,383
Non-current assets	K€	28,060	26,291	14,758	11,453	10,254
Total assets	K€	80,601	89,048	81,803	71,342	66,637
Liabilities						
Current liabilities	K€	15,213	16,904	18,659	11,804	12,047
Non-current liabilities	K€	12,179	13,645	3,846	2,778	2,298
Total shareholders' equity	K€	53,209	58,499	59,298	56,760	52,292
Total liabilities and shareholders' equity	K€	80,601	89,048	81,803	71,342	66,637

Cash flow statement

CF from operating activities	K€	10,225	7,302	1,232	12,752	95
CF from investing activities	K€	-3,156	-3,587	-5,076	-3,428	-1,968
CF from financing activities	K€	-3,620	-5,067	-5,422	-3,999	-3,554
Cash and cash equivalents	K€	4,316	1,039	2,357	11,506	6,517

Personnel

Employees at year-end		464	485	480	415	382

Share

Number of shares		9,020,000	9,020,000	9,020,000	9,020,000	9,020,000
Dividend payment	K€	0	444	3.998	5.331	3.998
Dividend per share	€	0.00	0.05	0.45	0.60	0.45
Shareholder capital per share	€	5.90	6.49	6.57	6.29	5.80

Key figures

EBIT-Margin	%	-9.7	4.5	11.7	15.6	13.6
Return on equity	%	-8.3	5.3	13.2	16.0	13.6
Equity ratio	%	66.0	65.7	72.5	79.6	78.5

IMPRINT

PUBLISHER

Viscom AG, Carl-Buderus-Straße 9 - 15, 30455 Hanover, Germany
Tel.: +49 511 94996-0, Fax: +49 511 94996-900
info@viscom.de, www.viscom.com

Registration: Hanover District Court HR B 59616

RESPONSIBLE

Viscom AG, represented by the Executive Board

EDITORIAL STAFF

Carsten Salewski (Member of the Executive Board)
Peter Krippner (Member of the Executive Board)
Dr. Martin Heuser (Member of the Executive Board)
Dirk Schwingel (Member of the Executive Board)
Anna Borkowski (Investor Relations)
Sandra M. Liedtke (Investor Relations)
Alexander Heigel (Accountancy)

LAYOUT AND DESIGN

CL*GD – corinna.lorenz.grafik.design, www.clgd.de

PHOTOS

Viscom AG
Martin Bühler, www.martin-buehler.com
fotolia by Adobe

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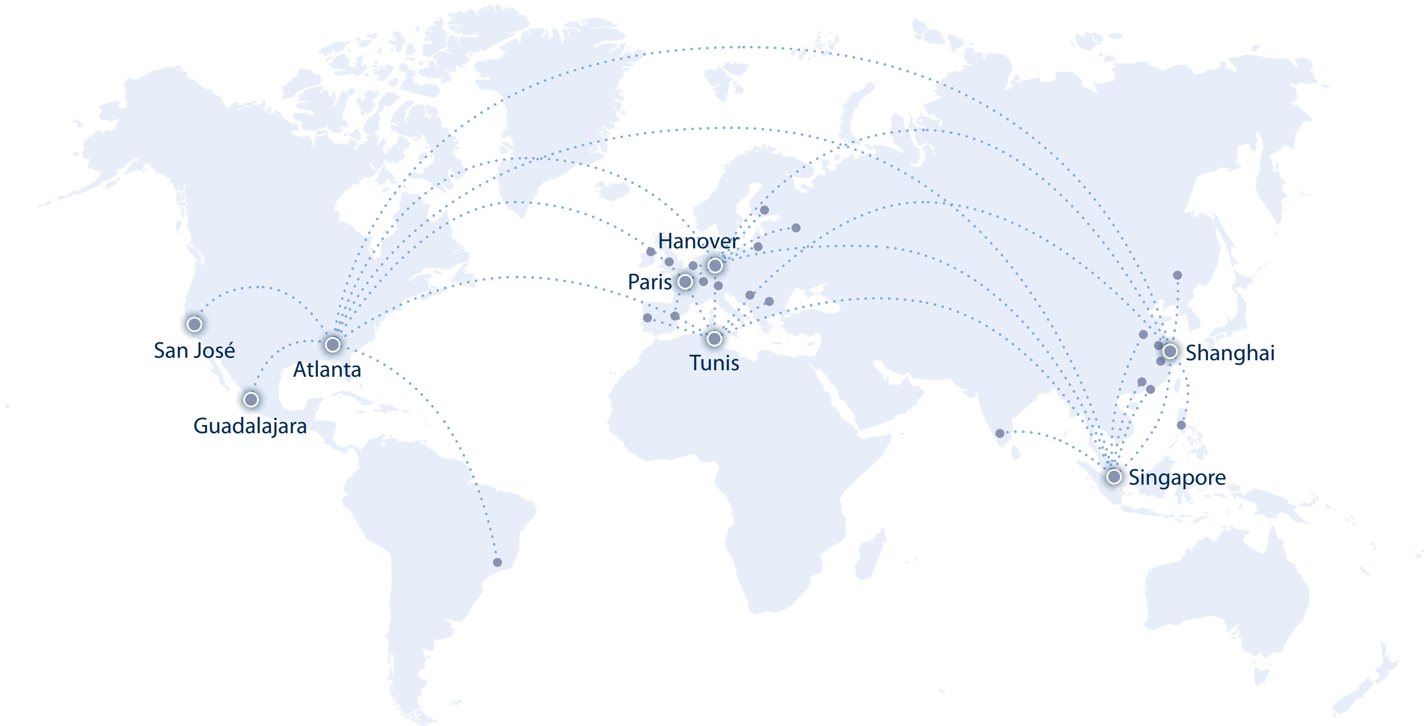
vision technology



Headquarters

Viscom AG
Carl-Buderus-Str. 9 –15
30455 Hanover
Germany
T: +49 511 94996-0
F: +49 511 94996-900
E: info@viscom.de

Investor Relations

Viscom AG
Anna Borkowski
Carl-Buderus-Str. 9 –15
30455 Hanover
Germany
T: +49 511 94996-861
F: +49 511 94996-555
E: investor.relations@viscom.de

www.viscom.com

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