

# **MOBOTIX AG**

# **Annual Report**

October 01, 2020 to September 30, 2021





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## Dear Shareholders of MOBOTIX AG,

At the time of the Annual General Meeting in January 2021, I spoke of “a very extraordinary time” in our shareholder letter. Back then, two attitudes were shared by shareholders, employees and customers alike. The first was optimism, as the first vaccines had been approved and administered — the pandemic soon seemed to be under control. The other, however, was skepticism, as experts warned that COVID-19 would continue to burden the society for some time to come, despite the vaccines that had been developed.

From today’s perspective and the perspective of MOBOTIX, both of these outlooks were justified. I am proud of the positive attitude with which our employees and customers mastered the extraordinary conditions. Unfortunately, the skepticism was not unfounded either. From a global perspective, COVID-19 is likely to remain virulent for a long time to come. In fall/winter 2021, supply chains all over the world are under more pressure than ever. Some materials and components have become significantly more expensive, especially on spot markets (with immediate delivery). MOBOTIX managed this situation in financial year 2020/21 thanks to well-stocked warehouses, the backing of business partner Konica Minolta and the commitment of our employees

and suppliers. The tension in supply chains will also be a challenge for MOBOTIX in the current financial year — I am confident that we will master it again with the support of our employees and suppliers.

MOBOTIX proved to be well positioned in terms of technology in financial year 2020/21 — despite tough competition from outside Germany. Data already plays a significant role for large parts of public and private life, and this role is set to increase for the foreseeable future. Data can be easily collected and processed using MOBOTIX technology — so processing data efficiently opens up a wealth of customer requirements and growth opportunities for us. In addition, legal framework conditions in several markets are subject to continuous change, especially as the requirements for data security and protection against cyberattacks are increasing. This opens new market opportunities due to our investments and focus on artificial intelligence as an important part of our value proposition.

However, the transformation of MOBOTIX is ongoing. We will develop into a provider of solutions for complex demands. Thanks

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to our motivated and experienced employees I'm convinced that MOBOTIX will conquer market segments for which our deep knowledge of how to combine hardware and software is essential.

In financial year 2020/21, we've started to increase our investments, first by hiring new developers in Spain and by expanding our development activities in Langmeil, Germany. This approach is already producing results. For example, at our Innovation Splash in November 2021, we introduced 18 new hardware and software solutions and updates, including four new software applications (apps).

Industry research by *Novaira Insights* (see Glossary) estimates that MOBOTIX offers solutions in segments and markets that are expected to have above-average achievements (in the Americas; 8.4% growth CAGR in 2020–25) or high double-digit growth (e.g., deep learning, 66.1% growth CAGR in 2020–25). Our main regional drivers are the expansion in the US market, the continued growth of the DACH and EMEA regions and the reorganized sales in the APAC region. The industry analyst Novaira Insights expects above-average growth for the Americas in particular. For MOBOTIX, the US market is particularly interesting, thanks to the NDAA compliance for our solutions, which some competitors do not have. This is why we have increased our investment in the US market by strengthening our US sales team. According to Novaira Insights industry research, the US offers high growth potential for MOBOTIX, as the legal and economic framework has developed favorably. It is true that the US market differs from our home market of Germany, where our market share makes us the third largest provider, according to data from Novaira Insights. However, our goal is to play to the strengths that distinguish us and make us successful on the German market and on the US market where we offer innovative and high quality solutions with focused customer support.

Focused data collection and data processing give rise to innovative solutions in the six vertical target markets we have defined. Business models, workflows and processes have been optimized. What distinguishes MOBOTIX from the competition is that we have extensive expertise in being able to effectively and efficiently combine image acquisition (through hardware) with image processing and evaluation (through software) so we can fulfill the wishes of end customers. In this context, our decentralized concept – data processing already starts in the camera – opens up considerable opportunities in terms of cybersecurity.

For MOBOTIX, the transformation of our business model into a solutions provider by concentrating more on software, for example via licensing and subscription models, holds considerable opportunities in comparison to solely relying on selling hardware, as long-term relationships can be established with the end customer and user needs can be better understood. MOBOTIX expects to be able to feel the “pulse of the markets” even more precisely and quickly, allowing us to offer a unique portfolio in comparison to the competition.

Another reason for our new focus on software is the better predictability of “recurring revenues” that can be generated. Software requires updates, but our technology also makes it possible to install additional or completely new applications. Another aspect is the monetization of services that until now have often been provided free of charge with the hardware. After all, software revenues are easily scalable. I am therefore convinced that our growing focus on software, and therefore solution packages, is strategically the right decision. According to Novaira Insights, the global market (excluding China) for software revenues will grow (CAGR in 2020–25) by 12.1% annually — the growth for hardware revenues is predicted to be less than half of this. In the first weeks of the current financial year, our recurring revenues with software and services were progressing and our strategy is to accelerate this faster.

We are increasing our investments in sales and R&D; for example, we have employed with many additional developers. Our joint development projects are also progressing, e.g., in automatic license plate recognition, a technology that offers opportunities for several of our vertical focus markets.

Financial year 2020/21 was not easy due to COVID-19, which affected both business and private spheres. However, MOBOTIX did not have to reduce employee hours or take advantage of government aid at any time. We owe this to the tireless commitment and outstanding flexibility of our employees, but also to our customers and suppliers. Thanks to their dedication, we at MOBOTIX have kept the company on course in challenging times. We are confident that we will successfully manage our transformation thanks to our highly qualified, creative and versatile employees based all over the world.

After careful consideration, we have again decided to hold this Annual General Meeting virtually, although we very much miss having direct contact with you, our shareholders.

In operational terms, we closed the past financial year with sales of €62.4 million and EBIT of €0.2 million. We are not satisfied with either of these figures. Our business suffered from various, in some cases repeated, lockdowns, especially in Asia-Pacific region (APAC) and notably in the project business, e.g., with hotels or shopping malls. In other regions, our business developed much more encouragingly, especially in our home market of Germany and the entire DACH region, where we regained third place in the ranking of competitors. We also achieved a position as the 8<sup>th</sup> largest market player in the European markets.

COVID-19 did not just set us back (despite temporary high demand for thermal cameras in the previous financial year 2019/20) — it continues to burden us in many different ways including the supply chain challenges mentioned at the beginning of this letter.

We have therefore decided to re-evaluate our medium-term plan for the end of financial year 2022/23, published in 2018. The outcome of the review will be announced in Q2 of the current fiscal year 2021/22. Although we have temporarily benefited from COVID-19 developments in parts of our business, the negative impact on the majority of our end customers has been more persistent than initially expected. We have to pay tribute to this market development and drive our transformation even more decisively. In view of our good technological positioning and our highly qualified and motivated workforce, I am confident that we will successfully complete this transformation and achieve business growth. We look forward to you accompanying us on this journey.

Yours,

Thomas Lausten



Thomas Lausten • CEO

Financial year (October 01 – September 30)	2020/21	2019/20	Delta %
<b>Financial performance</b>	<b>TEUR</b>	<b>TEUR</b>	
Total operating output	65,666	73,355	-10.5
Revenue	62,416	70,353	-11.3
Of which outside Germany (%)	74	77	
Earnings before interest, tax, depreciation and amortization (EBITDA)	3,077	8,758	-64.9
EBITDA margin (EBITDA as percentage of revenue)	4.4	12.5	
Earnings before interest and tax (EBIT)	229	6,172	-96.3
EBIT margin (EBIT as percentage of revenue)	0.4	8.8	
Profit before tax	-32	5,927	n.a.
Return on revenue (%) before tax	-0.0	6.6	
After-tax profit for the year	-62	4,677	n.a.
Cash flow from operating activities	3,066	-526	n.a.
<b>Balance Sheet Figures</b>	<b>30.09.2021</b>	<b>30.09.2020</b>	
Equity	30,320	30,829	-1.7
Equity ratio (equity as percentage of total assets)	42.7	48.6	
Total assets	70,988	63,480	11.8
Non-current assets	23,109	20,547	12.5
Current assets	45,687	41,936	8.9
Of which cash and cash equivalents	1,400	2,118	-33.9
<b>Employees</b>			
Number of employees (reporting date) <sup>(1)</sup>	318	318	0.0
Average number of employees (FTE)	315	308	2.3
Revenue per employee <sup>(2)</sup>	223	228	-2.0
EBITDA per employee <sup>(2)</sup>	10	28	-65.1
EBIT per employee <sup>(2)</sup>	1	20	-96.4
<b>Key per-share figures</b>	<b>EUR</b>	<b>EUR</b>	
Dividend	0.04	0.04	
DVFA/SG (Deutsche Gesellschaft für Betriebswirtschaft/Schmalenbach-Gesellschaft) cash flow <sup>(3)</sup>	0.22	0.55	

1) Including three members of the Management Board; headcount

2) Based on the average number of employees

3) Based on an average of 13,165,536 shares

4) n.a. not applicable

### October 2020

The new S74 combines four modules in a single MOBOTIX camera for the first time



### February 2021

MOBOTIX Thermal Solution is compliant with the strict U.S. Food and Drug Administration (FDA) pandemic requirements

### October 2020

MOBOTIX video technology 100% NDAA compliant



### January 2021

MOBOTIX Video Technology in Healthcare: Relieve, Care & Optimize



### May 2021

Portfolio expanded with the open Video Management platform MOBOTIX HUB



### May 2021

First case study of the MOBOTIX CLOUD: Smooth operation at e-filling stations

### June 2021

MOBOTIX 7 Platform and Mx6 Series SySS Certified for Best Possible Cybersecurity



### August 2021

Konica Minolta's FORXAI Partnership Program strengthens MOBOTIX Video Analytics Technology based on Artificial Intelligence



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### Best Overview with MOBOTIX CLOUD

#### Citywatt, fast charging park Thiersheim (Germany)

The demand for electromobility and the expansion of the charging infrastructure is growing steadily. Citywatt, as a full-service provider, develops individual 360° e-charging station concepts for companies. The e-filling stations are usually operated without on-site personnel. Therefore, centralized management from a distance is an important criteria. The system has to function reliably at all times. Errors, damage, or vandalism must be avoided or resolved. On-site, weather-resistant video surveillance systems are required that resist heat, cold, moisture, wind and dust.

In Thiersheim (Bavaria), MOBOTIX M73 day/night cameras with IR illuminators are used to monitor the entrance and MOBOTIX MOVE dome cameras overlook the e-charging units. The image data is decentralized and stored securely in the MOBOTIX CLOUD to avoid the expense of operating and maintaining recorders. Customers can conveniently access the data via the device of their choice, such as smartphone or tablet, and in the browser. This enables direct, centralized monitoring and control of multiple sites around the clock. Access rights can be set individually for authorized persons.

For Citywatt, the easy scalability of the system is essential and cameras can easily be added when expanding the charging station network, and the storage capacity in the MOBOTIX CLOUD can be extended. The use of the MOBOTIX M73 IoT camera offers additional expansion potential. In the future, access and faster payment will be controlled by license plates and vehicle recognition.



### Acting Effectively in the Pandemic

#### hagebaumarkt Jos. Schneider GmbH (Germany)

hagebau sells products for DIY and artisans at over 1,700 locations in Europe. With 13 stores, the hagebaumarkt Schneider Group is one of the largest suppliers in Bavaria. Several thousand customers visit the retailers every day.

During the COVID-19 pandemic, visits to the market are only permitted with face masks. Hygiene and social distancing previously had to be monitored by the employees. Access was restricted by the limited availability of shopping carts.

MOBOTIX video technology took over automatic people counting in the stores. The MOBOTIX Analytics AI software can combine the values at several entrances and exits and thus always provide the total number of customers in the store. At hagebau, digital recognition of masks is also used. A mobile solution from MOBOTIX partner CN H&D GmbH uses MOBOTIX M73 cameras with software from MOBOTIX Premium Technology Partner SAFR. If the camera detects a missing mask, it contacts the customer via loudspeaker. Employees do not have to focus permanently on the entrance area but can concentrate on the alarms. Many customers are more likely to follow the prompt from the camera than to be addressed by a human.

The stand-alone solution does not require a network connection or intervention in the building's IT system. A significant advantage of the system is that the cameras can be used beyond the pandemic in the store for theft prevention, sales optimization or fire protection. The conversion is simple.



## Mobile Video Surveillance in Police Cars

### Westchester County Police (USA)

Real Time Crime (RTC) combines surveillance, machine learning analytics, license plate recognition (LPR) and shared police databases. In the USA RTC scans approximately 40 million license plates per month. More than 220 MOBOTIX cameras are installed in fixed locations along the highways for this purpose. The archived database is searchable by license plate, vehicle color, make, model, vehicle type and other characteristics. The systems are now also used in mobile police vehicles, thus dynamically increasing the investigative range.

The MOBOTIX S74 offers the best analytics with artificial intelligence and combines this with exceptionally clear images, even at high speeds. The S74 with two 4K sensors and an IR illuminator, is mounted on the vehicle with a custom metal bracket. This allows an impressive five lanes of flowing traffic to be captured with a single camera during the day. A unique long-pass filter lens also enables reliable license plate capture at night. Images are processed on a small edge server and then transmitted for integration into the central nationwide system.

Traditional integrated patrol car analytics systems cost up to \$25,000 per vehicle. With the new system integrating the S74 cameras, the cost could be reduced to under \$5,000. In 2020 alone, the use of the mobile system led to more than 200 arrests, 102 recovered stolen vehicles and about 330,000 alerts per month.



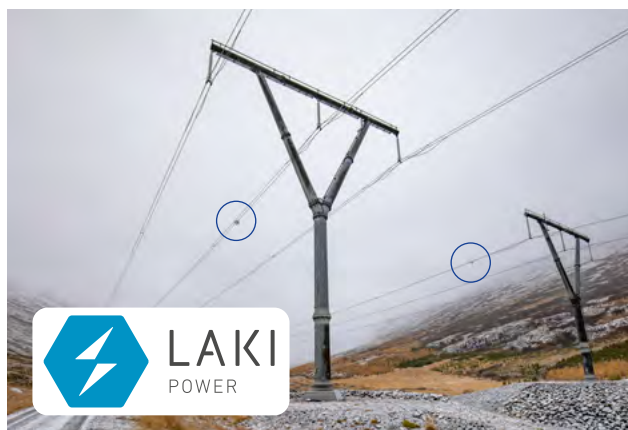
## Utilities Save 90% of Costs with MOBOTIX

### Laki Power (Iceland)

Energy providers invest considerable sums in protecting power lines and towers. Even in harsh, inaccessible environments, the systems have to run reliably, but monitoring is complicated and costly. Measures consist of regular visual inspections, sometimes combined with expensive and time-consuming helicopter flyovers. Poor accessibility makes it difficult to respond immediately to malfunctions.

Together with its Icelandic partner Hafnes ehf, MOBOTIX supported Laki Power in developing a new technology. The unique surveillance systems integrate high-resolution MOBOTIX 360-degree cameras with night vision and hemispherical lenses. In addition to image quality, the MOBOTIX cameras are exceptionally resistant and durable under harsh conditions. The systems are located directly on the overhead lines. Operators thus have access to real-time video images of their critical infrastructures and the surrounding area.

The multi-purpose monitoring station withstands high voltage and generates power from the electromagnetic field using induction. This eliminates the need for a separate power supply. The equipment monitors power lines, towers, and the immediate surroundings for damage and threats. Network operators thus save over 90% of installation costs compared to current solutions, as many diagnoses can be made directly via the camera without expensive inspection flights.



## Secure solutions for complex, future information requirements!

Intelligent added value for six growth industries - from simple systems to the largest video management solution.

In the fiscal year 2020/21, all the company's measures were aligned with the strategy that we have been pursuing since the introduction of the open MOBOTIX 7 platform. MOBOTIX can now solve any video technology project worldwide in a future- and cyber-proof manner, regardless of size, number of sites, technical requirements or industry. The new flexible S74 multitasking camera and the new MOBOTIX HUB video management system were significant steps in this direction in 2020/21. The consistent expansion of the camera app portfolio is continuously extending the flexibility of the applications. At the end of the fiscal year, a major product launch in November 2021, including the new cameras Q71 and D71, was also being finalized. MOBOTIX is thus ideally positioned as an all-around solution provider.

### Solution packages for growth industries

We no longer regard our components, the video systems and software, as individual products but as part of an overall solution. For each customer, we assemble them into a new, customized solution package to maximize the benefits. We focus on our six core industries: Industry and Manufacturing; Utilities and Mining; Public Sector (federal, state and local); Education and Science; Healthcare; and Retail.

### Video technology offers much more than just security

Security will remain a core competence of MOBOTIX video technology in the future. But with deep learning algorithms and artificial intelligence, MOBOTIX cameras can now do much more. Video technology provides data for optimization, marketing and

integration into other systems. This has become an absolute necessity.

In this way, MOBOTIX systems support and improve production processes in the production industry, for example. They can count objects, recognize or detect irregularities. The cameras support personnel in the healthcare sector, such as protecting elderly people in nursing homes by recognizing when people need help. The cameras make services in public institutions more effective, such as by recognizing when queues build up. Retailers improve the shopping experience for their customers and increase their sales potential in the process. Likewise, camera technology in traffic & transportation offers the best opportunities for safe and sustainable travel. In addition to the security aspect of our solutions, the focus on optimizing business models and delivering commercial users and companies measurable added value is intensifying. Video technology has the potential to make our lives sustainable and easier, which enhances the quality of life.

### S74 – More flexible than any MOBOTIX camera before

At the beginning of the fiscal year in October 2020, the new S74 video system was launched. This high-performance IoT camera can be equipped with up to four modules. This makes it more flexible than any other MOBOTIX video system before it. The multitasking camera acts discreetly with its concealed mounted camera housing. Only the modules are visible. Equipped with flexible connection cables, the modules can be placed anywhere. Thus, the S74 can simultaneously look in several directions or



MOBOTIX S74 – Multitasking



around the corner and be connected in different rooms. Since August 2021, when we introduced the new fiber optic extension (Long Cable Extender), the modules can even be placed up to 30 meters away from the camera housing. This opens up new application possibilities. For example, you only need a single camera to provide an overview of an entire retail store while simultaneously focusing on the checkout area. In the same way, for example, complete coverage of a gas station's pumps with the S74 is possible with a single camera.

In the fall of 2020, MOBOTIX presented a world first: the Ultra LowLight 4MP Day & Night sensor module. Ultra LowLight technology produces images even in minimal lighting conditions while accurately reproducing true colors. The performance of the new sensors is equivalent to four times the light sensitivity of a 4K ultra-high density (UHD) module.

## MOBOTIX HUB opens up new worlds and markets

Another important announcement of the 2020/21 fiscal year was the MOBOTIX HUB. The new software solution results from close cooperation with MOBOTIX Technology Partner Milestone, a leading global provider of video management systems. MOBOTIX HUB is an open video management platform for companies of all types and sizes. The platform combines security and analysis cameras, access control systems, security systems, software and hardware interfaces in a common control and user interface. Even in complex structures and across any number of locations, this is done centrally, clearly and in a user-friendly manner, giving the user a comprehensive overview.

In addition to MOBOTIX CLOUD and MOBOTIX ManagementCenter, MOBOTIX offers its customers three video management solutions that cover every conceivable need, from small applications to the largest, security-oriented, multi-site projects. MOBOTIX HUB can integrate all ONVIF-enabled MOBOTIX video systems as well as more than 10,000 additional cameras and devices in a wide variety of locations. So MOBOTIX is also ideally positioned for large-scale solutions.

# MOBOTIX HUB

The Expandable Video Management Platform



Discover MOBOTIX HUB  
YouTube Video



### Keeping pace and staying ahead with our app development

Companies or authorities in various industries have very different tasks to protect people, machines and areas, or optimize processes. We can support these tasks in a customized manner via MOBOTIX7 video systems and installing suitable camera applications.

In the fiscal year 2020/21, we expanded our app portfolio. One example is a license plate recognition app that recognizes the make, model and color of vehicles. This makes vehicle tracing much easier. The app also simplifies traffic management (traffic jam).

Our partner network is constantly creating new solutions while in the first half of 2021 we set up a team of developers at our Madrid site that will handle AI-based software. This enables us to meet customer demand in-house.

Another essential building block for digital transformation is the deep cooperation between MOBOTIX AG and Konica Minolta. As part of the FORXAI partnership program, technology integration around the web-based FORXAI imaging IoT platform is being

driven forward. It combines imaging technology with IoT and AI technologies. This enables the analysis, measurement and diagnosis of human behavior. Real-time AI processing can be used to make reliable predictions and effectively improve customer workflows, among other things.

Our camera apps are typically sold via licenses. With their recurring revenues, they are easy to plan and make an important contribution to our bottom line. The growing number of apps and their increased integration into customer projects is an important aspect for us.

### Customized solution packages for specific applications

MOBOTIX packages create holistic solutions with tangible benefits for our customers. They cover the specific needs of individual industries or sub-sectors. In addition, MOBOTIX technology is of interest to several industries at the same time due to unique component combinations. This was also the case with the MOBOTIX EST thermal imaging camera. The solution consisting of Thermal Radiometry technology in combination with a black light emitter can detect conspicuous body temperatures. It is



specifically designed to detect potentially COVID-19 infected people. The MOBOTIX EST thermal imaging camera is used in healthcare facilities and non-medical areas, such as airports or building access. It has COVID-19 Emergency Use Authorization (EUA) clearance in the U.S. by the FDA's (US Food and Drug Administration) enforcement policy.

We have bundled our solutions for special applications. At the beginning of the fiscal year, we put together two packages that supported COVID-19 measures. They were designed for safe operations at vaccination centers and ski resorts. Maintaining distances, detecting masks and avoiding overcrowding were key application areas here.

This was followed by solutions for the food industry, where our technology supports the regulations regarding cold chain, among other things. We were also able to put together a special solution package for supermarkets. In addition to measures to protect against COVID, the main focus here is on strategic sales support. For example, heat maps can help analyze customer behavior and adjust the product range and merchandise presentation accordingly.

We offer a comprehensive solution package for the road traffic and transport sector based on the new flexibility of the MOBOTIX 7 platform (M73 and S74) with numerous apps. The demand for intelligent solutions is growing. These range from license plate, container, wagon, hazardous goods recognition to traffic management and counting (smart city), and parking organization support processes. In this way, they relieve the burden on people, save money and protect the environment.

### **MOBOTIX MOVE – advanced addition to the portfolio**

The MOBOTIX MOVE series is the attractive entry-level solution for smaller and simple installations and complements larger and more complex projects on a selective basis. The classic centrally managed MOBOTIX MOVE camera series has been expanded by several models, including a 12-megapixel hemispheric camera. Like several other MOBOTIX MOVE models, this camera is already equipped with integrated basic video analysis tools that reliably map essential basic functions. MOBOTIX MOVE cameras provide a valuable and cost-effective overview of defined areas.



### **Quality and Cybersecurity are MOBOTIX Core Values**

The stable and trustworthy foundation of our overall strategy is and remains our reliable quality. With “Made in Germany” and the robustness of our systems, we can score points worldwide. Our cybersecurity continues to set standards in the market. This was confirmed in June 2021 when MOBOTIX products and solutions were awarded highest possible cybersecurity certification by SySS GmbH, the leading institute for penetration tests in Germany.

MOBOTIX AG is well positioned to deliver specialized applications and solutions that promise steady growth in the core industries. We are ready to assert ourselves in these markets and continue to expand our position.



### Dear Sir or Madam, Dear Shareholders,

The MOBOTIX Group is in a phase of transformation. Several different facets of the company are being refined independently of each other. This includes expanding sales in the American market, placing a clearer focus on certain vertical markets and transforming MOBOTIX from a manufacturer of products (hardware) into a provider of solutions for complex applications through the growing use of intelligent software. The latter is in conjunction with increasing capacity for the development of software and marketable software applications.

The company's transformation, which is already demanding in itself, is taking place in a challenging economic environment. Global supply chain problems are showing that the overall impact of the COVID-19 pandemic goes beyond the already serious health consequences for those who contract the virus. All of this has also been reflected in the profit, financial and assets situation in the financial year 2020/21.

### Consultation, Review and Monitoring Methods

The Management Board has fulfilled its duties to inform. It provided the Supervisory Board with regular, comprehensive and timely information about all issues relevant for the Group in its meetings, such as the technology strategy, product development, business performance, the financial position, the personnel situation and ongoing and new investment projects, as well as about any important decisions and business transactions.

The Management Board always provided prompt and detailed explanations regarding deviations in business performance from the established plans which were discussed by the Supervisory Board in depth.

The Management Board regularly provided us with detailed written reports for the preparation of Supervisory Board meetings. This provided us with ample opportunity in all cases to critically analyze the Management Board's reports and proposed resolutions and to put forward our own suggestions before passing resolutions following in-depth examination and consultation. The Management Board was available to answer our questions at the Supervisory Board meetings.

On an operational level, MOBOTIX closed the past financial year with a turnover of €62.4 million and an EBIT of €0.2 million. The Management Board and the Supervisory Board found both of these figures unsatisfactory. The reason for this was that business in the Asia-Pacific (APAC) region in particular suffered from various, sometimes repeated lockdowns, which especially affected project business, such as with hotels or shopping malls. Despite the sometimes high demand for thermal cameras during the previous financial year 2019/20, the effects of COVID-19 were felt by MOBOTIX — not just on the demand side but also elsewhere. For example, supply was also affected by the global supply chain problem, especially in terms of semiconductors, chips and processors. The annual financial statement also includes an addition for the provision of €700,000 for punitive and legal expenses in connection with the pending legal proceedings of the French competition authority (DGCCRF) in France.

The Management Board also informed the Supervisory Board outside of the meetings by means of regular reports about the current state of business and about important financial and internal company developments. In the case of transactions requiring approval, the Supervisory Board approved the measures proposed by the Management Board after detailed examination and discussion. We critically evaluated the plausibility of, as well as scrutinized and reviewed, the information submitted by the Management Board.

The Supervisory Board was satisfied with the proper governance of company management throughout the year. There were no conflicts of interest concerning members of the Supervisory Board or the Management Board.

The reports of the Management Board during the year provided a good indication of the business performance and are in line with the report given in the 2020/21 annual financial statements. In addition, the Management Board also informed the Chairperson of the Supervisory Board of all important developments and pending decisions in the course of regular discussions between the meetings. The Supervisory Board did not exercise the right to examine the company's docu-

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ments and records or to commission special experts with specific tasks in the reporting year (Section 111 (2) of the German Stock Corporation Act (AktG)). To date the Supervisory Board has not formed any committees since they would not have contributed to improved efficiency due to the size and structure of the company. The entire Supervisory Board has con-

sistently focused its attention on future topics and decisions in all matters.

## Focal Points of the Supervisory Board Discussions

A total of 13 meetings of the Supervisory Board took place in the 2020/21 financial year. When needed the Supervisory Board met without the attendance of the Management Board. All three members of the Supervisory Board were present at the meetings.

At the first regular meeting of the Supervisory Board in October 2020, the agenda included the sales analysis for the 2019/2020 financial year, regional sales strategies for 2020/21, the preliminary profit and loss account for the 2019/2020 financial year, the launch of the MOBOTIX 7 platform, the product strategy for the 2020/21 financial year and the preparation of the virtual Annual General Meeting in 2021.

At the second regular meeting of the Supervisory Board in November 2020, the Management Board presented the financial report for the past financial year 2019/20. The annual and consolidated financial statements as of September 30, 2020 were presented and analyzed in detail by the auditor confirming this report. All questions were answered by the auditor conclusively and in full. In this meeting, we passed a resolution to adopt the annual financial statements and approve the consolidated financial statements. The invitation to and agenda for the Annual General Meeting in January 2021 and the proposal for the distribution of profits were determined. During this meeting, the Supervisory Board also discussed the sales and profit trends in the first half of the 2020/21 financial year, in the context of the COVID-19 pandemic.

The third regular meeting of the Supervisory Board in January 2021 discussed the current COVID-19 situation and its impact on MOBOTIX. The Management Board presented the development of sales in the first fiscal quarter and a forecast of sales trends in the first half of the year. The Management Board presented the profit trends in the first fiscal quarter and an outlook on profit trends for the first half of the year. In addition, the

Management Board presented the status of the strategic direction, the product strategy and the timetable for the preparation of the Annual General Meeting. Aspects of potential investments were discussed in detail.

The fourth regular meeting of the Supervisory Board in April 2021 discussed the current COVID-19 situation and its impact on MOBOTIX. The Management Board presented the sales trends in the first half of the year and gave an outlook for the second half of the year. The Management Board presented various scenario models regarding profit trends. With regard to product development, the Management Board presented the planned new launches as well as a status report on a potential M&A transaction. The Management Board presented the current status of two legal disputes concerning France and Langmeil/buildings.

The fifth regular meeting of the Supervisory Board in July 2021 discussed the current COVID-19 situation and its impact on MOBOTIX. The Management Board presented the sales trends in the third quarter and provided a sales outlook for the full year. The Management Board presented the current status of the profit and loss account as well as various scenario models for its future development. The Management Board also presented in-depth analysis of the business model for vertical markets and presented a report on the status of a potential M&A transaction, a recruiting plan and a new investor relations strategy, which were discussed and analyzed by the Supervisory Board.

At a special meeting of the Supervisory Board in August 2021, a potential M&A transaction was discussed in detail by the Management Board and the Supervisory Board.

The Supervisory Board held discussions on multiple occasions and maintained regular contact with the Management Board and in particular with the CEO between the meetings to discuss

significant issues. During the months in which no meetings of the Supervisory Board took place, a total of seven “jour fixes” were held, during which the Management Board and the Supervisory Board discussed current issues and developments.

Topics that were generally discussed on a regular basis all year round included: the development of the company, sales and marketing activities, the status of product development and product quality, technology partnerships and the implementation of new IT infrastructure, pending legal proceedings and share price trends.

The Supervisory Board also dealt intensively with the issue of personnel, financial and liquidity planning as well as the status of process and structural optimization. The development of the subsidiary in the US, the US market as a whole, and the situation and related reorganization measures in the DACH and APAC sales regions were also regularly discussed.

Another key issue was the development of the COVID-19 situation in Germany/Rhineland-Palatinate. Outside the regular meetings, the Management Board also kept the Supervisory Board informed about the impact of the pandemic on the company, including the (protective) measures taken for the workforce.

### AG and Consolidated Financial Statements Audit 2020/21

On January 28, 2021 the Annual General Meeting of the company selected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, as the annual and consolidated financial statements auditor for the financial year ending September 30, 2021. A statement of independence was obtained from the auditor in advance and did not lead to any objections.

The annual financial statements and the annual report of MOBOTIX AG according to the German Commercial Code (HGB), the consolidated financial statements and consolidated annual report according to HGB as of September 30, 2020 were audited by the auditor and an unqualified independent auditors' report was issued respectively. No significant weaknesses in the risk management system were identified.

The report presented by MOBOTIX AG to the Management Board on relationships with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (Dependent Company Report) for the period from October 1, 2020 to September 30, 2021 was also audited by the auditor and endorsed with the following unqualified independent auditors' report:

*“Based on the final results of our audit, there are no objections to be raised against the dependent company report. We therefore issue the following auditor's report:*

*Following our obligatory audit in accordance with professional standards, we confirm that:*

- 1. The actual content of the report is correct,*
- 2. With regards to the legal transactions listed in the report, the payments made by the company were not unreasonably high or disadvantages were offset,*
- 3. Among the measures listed in the report, there are no circumstances for a materially different assessment from that of the Management Board.*

*Mannheim, November 24, 2021*

*Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft*

*Kaschub, Auditor*

*Wöhe, Auditor”*

The annual accounting documents and proposed resolution for the distribution of profits of the Management Board and the audit reports of the auditor were submitted to the Supervisory Board for review in good time. The Supervisory Board conducted a detailed review and discussion of the annual financial statements, the consolidated financial statements, the summary management report, the dependent company report pursuant to Section 312 of the German Stock Corporation Act (AktG), the resolution for the distribution of profits proposed by the Manage-

ment Board and the audit report of the auditor. The auditor attended these discussions, was available for questions and reported on significant findings of the audit.

Upon completing its own review, the Supervisory Board agreed with the results of the auditor and noted that it had no objections, including with the declaration by the Management Board at the conclusion of the Dependent Company Report:

*“The Management Board declares that, for the legal transactions and measures disclosed in the report regarding relationships with affiliated companies, adequate consideration was received by the company for each legal transaction and the company was not disadvantaged by the implemented measures according to the circumstances that were known to us at the time. The legal transactions were concluded or the measures were implemented.*

*No measures have been refrained from at the behest or in the interest of the controlling company or a company affiliated with it.*

*Winnweiler-Langmeil, November 23, 2021*

*The Management Board”.*

In its meeting on November 24, 2021, the Supervisory Board adopted the annual financial statements prepared by the Management Board and approved the consolidated financial statements of MOBOTIX AG. As a result, the annual financial statements were adopted.

## Distribution of Profits

Together with the Management Board, we closely examined its proposed resolution for the distribution of profits, which, as in the previous year, calls for a dividend, and approved this suggestion in view of the company's current and projected future financial situation.

## Committees

The Supervisory Board of MOBOTIX AG currently has no committees, because a need for them has not yet become apparent. A report on the work of committees has therefore been omitted.

The following changes to the composition of the Supervisory Board occurred during the reporting period:

## Reappointment and Changeover of Supervisory Board Members

On February 10, 2021, the district court of Kaiserslautern granted the previously filed request to reappoint Mr. Olaf Jonas as Supervisory Board member. From February 3, 2021, the Supervisory Board thus consisted of Toshiya Eguchi (Chairman of the Supervisory Board), Olaf Jonas (Deputy Chairman of the Supervisory Board) and Tsuyoshi Yamazato.

Supervisory Board member Mr. Tsuyoshi Yamazato resigned on June 30, 2021. The district court of Kaiserslautern has granted the request filed for the judicial appointment of Supervisory Board member, Mr. Osafumi Kawamura. Osafumi Kawamura (General Manager, Business Planning Division, Imaging-IoT Solution; Konica Minolta Inc. Tokyo, Japan) succeeded Mr. Yamazato on July 1, 2021. From July 1, 2021, the Supervisory Board thus consisted of Toshiya Eguchi (Chairman of the Supervisory Board), Olaf Jonas (Deputy Chairman of the Supervisory Board) and Osafumi Kawamura.

The Supervisory Board member Mr. Osafumi Kawamura resigned on October 31, 2021. The district court of Kaiserslautern has granted the request filed for the judicial appointment of Supervisory Board member, Mr. Koji Ozeki. Koji Ozeki (General Manager, Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany) succeeded Mr. Kawamura on November 2, 2021. From November 2, 2021, the Supervisory Board thus consisted of Toshiya Eguchi (Chairman of the Supervisory Board), Olaf Jonas (Deputy Chairman of the Supervisory Board) and Koji Ozeki.

The following decisions about the composition of the Management Board occurred during the reporting period:

## Reappointment of a Member of the Management Board

At its meeting on December 15, 2020, the Supervisory Board reappointed Mr. Klaus Kiener, Graduate in Business Administration, as Chief Financial Officer (CFO) of MOBOTIX AG until March 31, 2023. He is also responsible for Finance, Corporate Planning, Investor Relations, Legal/Compliance/Data Protection, Organization, IT-Services, Purchasing and Logistics/Customs. Since July 1, 2021, the Management Board has thus consisted of Thomas Lausten (Chairman of the Management

Board and Chief Sales Officer), Klaus Kiener (Chief Financial Officer) and Hartmut Sprave (Chief Technology Officer).

The Supervisory Board would like to thank all Group employees around the world and the Management Board members for their hard work in the 2020/21 financial year. We would also like to express our gratitude for the loyal service of the employee representatives.

We are convinced that the MOBOTIX Group is well positioned for the future to grow profitably in the 2021/22 financial year and beyond. The cooperation with Konica Minolta is opening up quality growth opportunities in the medium term both for technological order development and in sales.

After careful consideration, we have again decided to conduct the Annual General Meeting virtually, although we regret that we will not be able to meet you, the shareholders, in person.

We wish management and the employees great success in tackling the challenges of the 2021/22 financial year. Our special gratitude goes out to the customers, partners and shareholders of MOBOTIX AG for their faith and confidence during these challenging times.

Winnweiler-Langmeil, November 24, 2021

On behalf of the Supervisory Board



Toshiya Eguchi

# Our Mission

We create innovative solutions BeyondHumanVision.

- MOBOTIX aims to be the innovation leader. Our business model is focused on growing, recurring revenues – worldwide.
- MOBOTIX takes its social and environmental responsibility seriously.



MOBOTIX Investors

## Key information about the group

### Technology and products

MOBOTIX AG is a leading provider of high-resolution network-based video surveillance systems. The systems consist of hardware - with a focus on high-performance cameras - and increasingly software, such as application software (also called applications or apps), which perform useful functions but are not required for the system to function. MOBOTIX markets the solutions through distributors and qualified sales partners across the world. Founded in 1999, the company has over 20 years of experience in decentralized IP-based video surveillance solutions.

The system architecture developed by MOBOTIX offer options to manage data on the edge, in the camera or in a central server, depending on customer preferences. Processing of acquired data already begins in the camera and thus directly at the edge of the real world and the MOBOTIX system. Architectures like this are known as “Edge Technology”.

The structure of MOBOTIX systems prevents overloading the network and central video management system, enables higher frame rates and reduces data storage requirements when recording high-resolution video sequences. This makes it cost-effective overall. MOBOTIX video surveillance systems are suitable for a wide range of applications, from small systems with just a few cameras, to the surveillance of large properties with hundreds of cameras and central control stations. MOBOTIX systems are used in airports, train stations, universities, logistics companies and in industry for remote maintenance and automation.

In recent years, MOBOTIX has transformed itself: Rather than solely providing products, the company offers complete solutions with integrated software. The transformation to combine hardware and software to form a complete solution originates from customer feedback. On the other hand, digital pos-

sibilities open up a growing scope for using MOBOTIX technologies for the benefit of customers.

MOBOTIX offers a wide range of accessories and powerful software solutions for all its camera lines.

The main features of MOBOTIX technologies are the small number of moving parts and a decentralized concept. The former prevents heat generating in the casings and is associated with low susceptibility to faults and a long service life. The latter enables MOBOTIX to protect its products in terms of preventing the acquired data being accessed by unauthorized third parties. Both high quality and data security are key differentiating features of MOBOTIX in comparison to its competitors.

For MOBOTIX, IT security is a central part of its technology. Therefore, continuous certification procedures are of significant importance. MOBOTIX solutions are based on a decentralized IoT technology that it develops in-house and video management software. Both the MOBOTIX 7 platform and the Mx6 security cameras have been repeatedly checked and certified by SySS GmbH in the past fiscal year. SySS GmbH is an independent body that is one of the leading providers of penetration tests in Germany.

MOBOTIX has been working regularly with SySS since 2017 as part of its cybersecurity campaign “Cactus Concept”. SySS tests expose hardware and software components to simulated hacker attacks. It was using these tests that MOBOTIX products and solutions were once again certified as providing the best-possible cybersecurity in June 2021. Despite the decentralized concept, the industry standards ONVIF, H.264 and H.265 were met.

#### Total Operating Output

€65.7 million

#### Revenue

€62.4 million

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Furthermore, MOBOTIX also collaborates with other external IT security testing institutes: the French CNPP (Centre national de prévention et de protection) and White Hat IT Security Kft. Thanks to these collaborations, MOBOTIX was the first European manufacturer to receive the French product certification “CNPP Certified” for video surveillance systems with the highest protection level against cyberattacks in 2019. The company is also preparing to work with another well-known testing institute, and further collaborations are planned. We also commission “white hacker” institutes to specifically attack MOBOTIX software. These reinforce our measures to comply with the continuously growing IT security requirements worldwide. The company’s explicit focus on cybersecurity is a competitive differentiator for MOBOTIX.

### Focus on six vertical markets

MOBOTIX expects long-term growth for video systems in six vertical markets: a) public sector and administration; b) industry, resource (including oil/gas) extraction, utility and disposal, energy; c) manufacturing; d) educational institutions; e) retail; and f) healthcare.

MOBOTIX specifically addresses these vertical markets as potential customers for its solutions and will continue to do so in fiscal year 2021/22. MOBOTIX offers both hardware (cameras, access control) and software (intelligent apps and video analysis), plus professional and convenient camera management and control systems (MOBOTIX HUB, MxManagementCenter, MOBOTIX CLOUD) so it can provide customized solutions for these markets and exploit the long-term growth opportunities that arise.

Solution packages for definable user groups, such as supermarkets or vaccination centers are part of this approach. MOBOTIX offers package solutions that link different aspects of user interest. For example: Companies in the food processing sector can rely on fire protection measures, cooling chain monitoring and reliable documentation thanks to MOBOTIX solution packages as a supplement to standard security monitoring.

### Focus on recurring business

MOBOTIX generated revenue almost exclusively through the sale of cameras. The company is making structural improvements in light of the various opportunities by generating more recurring revenues in the future. These offer the advantages of being less dependent on economic cycles and to have better predictability. Recurring revenues include rental and leasing constellations for hardware and software, subscription models, services such as (remote) maintenance or software upgrades, user training and the consumption of tools and materials used. In contrast to the sale of a product or service as a one-time event, the aim is to establish a long-term relationship with the end customer.

This opens up opportunities to understand customers and their markets better, i.e., to identify customer requirements and needs quicker and with more precision. Secondly, recurring revenues reduce MOBOTIX dependence on the business climate because they improve predictability and plannability. This aspect can have positive effects on the company both in its operative business and on capital markets. On capital markets, investors often demand a higher risk premium for companies with increased sensitivity to economic cycles. Expanding the share of recurring revenues thus offers MOBOTIX the opportunity to reduce risk premiums in the long term and add value for shareholders and employees.

### Product launches in the last financial year

A milestone in terms of expanding recurring revenues in the past financial year was the introduction of the new open video management platform MOBOTIX HUB. It was developed together with the MOBOTIX partner Milestone. This platform supports all ONVIF-enabled MOBOTIX video systems as well as over 10,000 cameras and devices from other manufacturers. Since the platform was designed to be open, it can be extended in almost any way. MOBOTIX HUB is not limited to specific video systems or users in terms of company size, type or industry. MOBOTIX HUB is available in five levels to suit differing customer requirements, graded according to scope and performance. The platform is flexible and scalable: Add-on solutions that have already been integrated can be activated as required, and MOBOTIX HUB can also be expanded to suit individual needs. As with all MOBOTIX solu-

tions, data security, data protection and protection against cyber-attacks were of great importance during the development.

Another milestone in the past financial year was the introduction of the new S74 camera solution in October. This solution has considerably expanded the application options of the MOBOTIX 7 camera platform by adding newly developed apps, which broadened the entire platform as a multifunctional unit of hardware and software. For the first time, S74 combines up to four module connections and two interface boards in one high-performance IoT camera system. Introducing S74 brings the company closer to its goal of continuously developing the MOBOTIX 7 platform, which was launched in 2019, and broadening its range of applications. MOBOTIX 7 offers 4K image resolution with a 30 frames per second refresh rate and an extended wide dynamic range (WDR), meaning the system delivers high-resolution and premium-quality images in a smooth flow. The latest generation of Ultra Low Light sensor modules has been integrated into the system. As a world first, these set new standards thanks to four times higher light sensitivity: Even in poor lighting conditions or with backlight, brilliant images can be reproduced in true-to-life colors. With the S74, even smallest details in large areas of view (perimeter protection as well as temperature differences) can be detected from a great distance.

In addition to its decentralized camera portfolio, MOBOTIX also offers its classic centrally managed MOBOTIX MOVE series. Here, the market launch of network video recorders with recording functionality, direct connection and supply of up to 16 cameras, and royalty-free integrated video management software created an outstanding package for smaller to medium-sized systems in terms of price and quality. The MOBOTIX MOVE application options were expanded as planned in the 2020/21 financial year, adding further camera models and accessories to expand opportunities in the defined markets.

One supporting component in the product portfolio is the video management software MOBOTIX MxManagementCenter (MxMC). Based on customer feedback, the usability improved and the range of functions expanded in financial year 2020/21. The camera configuration tool was expanded, and the event/transaction interface was improved and gradually extended to include the available MOBOTIX 7 apps. This interface is

used for integrating hardware such as cash registers, barcode or license plate recognition systems. Furthermore, MOBOTIX ManagementCenter 2.4 was released with enhancements of various aspects, for example certificate management.

This increased the application options for our solution packages. Updating the MOBOTIX application “MxBell” once again expanded its range of functions, which were originally developed for the MOBOTIX door station. When it launched on the market in October 2020, it was marketed as a general camera application for iOS and Android under the new name MOBOTIX LIVE.

Since 2020, MOBOTIX has been offering cloud-based solutions, an important step towards becoming a provider of Video Surveillance as a Service (VSaaS). This package primarily appeals to customers that are interested in a flexible software subscription, as it enables them to use applications to completely manage video from locally installed cameras. MOBOTIX cloud solutions meet the highest possible standards in terms of cybersecurity and data protection (GDPR) - just like the rest of its product range. Various functions were added to the MOBOTIX CLOUD in 2020/21, including user-friendly image rectification of MOBOTIX 360° cameras and the integration of thermal camera events. In the financial year 2021/22, additional enhancements will be implemented.

In addition to solutions tailored to focus markets, the expansion of the MOBOTIX system to include established industry standards such as ONVIF, H.264 and H.265 represents a focus of ongoing development. All active products released since spring 2019 have been certified as ONVIF-compliant. This allows MOBOTIX to offer solutions that include third-party products in addition to its own products, provided they are also compliant with the ONVIF-S standard.

### Collaborations and partnerships

MOBOTIX works in partnership with several companies.

Strategically, MOBOTIX collaborates with Konica Minolta Inc, Japan. This cooperation includes joint development and production. Furthermore, MOBOTIX benefits from this partnership in terms of purchasing. In August 2021, both companies agreed to intensify their cooperation through MOBOTIX participation

in the FORXAI program. Konica Minolta's FORXAI video analytics technology combines intelligent sensors with learning based on algorithms (or artificial intelligence) and an IoT platform. By integrating FORXAI technology into its solutions, MOBOTIX is further expanding its "edge expertise".

MOBOTIX continued to drive its partnerships in financial year 2020/21 to expand the depth of integration of its solutions in packages offered by its partners. The technology partner program was expanded to include more partners in connection with application packages ("Certified Apps" and "Custom Apps") for the MOBOTIX 7 platform, enabling market- and customer-specific applications to be developed. This allows the markets identified by MOBOTIX to be addressed even more precisely and quickly.

## Outlook

In the past financial year, MOBOTIX worked intensively on new products and solutions. Several of these were launched on the market after the end of the financial year on 30 September 2021. The MOBOTIX Q71 Hemispheric camera, the new D71 Dome camera, the new 4K MOBOTIX MOVE camera with extended video analysis functions, the new MOBOTIX MOVE network video recorder with 64 channels, and new intelligent apps for the MOBOTIX 7 platform have been launched since October 2021. Other products/hardware and solutions/software, some of which started development in the 2020/21 financial year (or earlier), are about to be launched.

## Structure of the MOBOTIX Group

The MOBOTIX Group consists of: MOBOTIX AG, Winnweiler-Langmeil, Germany; MOBOTIX Corp., New York, USA; MOBOTIX LIMITED, Nottingham, UK; MOBOTIX SINGAPORE PTE. LTD., Singapore; and MOBOTIX AUSTRALIA PTY LTD, Sydney, Australia. As an inactive company, MOBOTIX LIMITED, Nottingham, is not included in the consolidated financial statements.

All new products are manufactured and developed in Winnweiler-Langmeil - worldwide sales and distribution is also coordinated at this site.

The subsidiary MOBOTIX Corp., which is included in the consolidated financial statements, is a distribution company for the Americas market. The Managing Directors of MOBOTIX

Corp. are Thomas Lausten (CEO) and Klaus Kiener (CFO).

MOBOTIX SINGAPORE PTE. LTD., Singapore, and MOBOTIX AUSTRALIA PTY LTD, Sydney, are pure service companies for the respective local market without the intention of generating revenue.

## Sales

MOBOTIX products are distributed in Germany by certified partners, security/IT installers and electronics wholesalers.

The primary sales model for MOBOTIX products outside Germany is through distributors with downstream qualified system integrators and resellers. The distributors are assisted in most regions by local business development managers and technical project engineers employed directly by the MOBOTIX Group.

In the United States, the company sells its products via its own distribution subsidiary, MOBOTIX Corp.

There are also specific distribution agreements in place with regional companies within the Konica Minolta Group and other MOBOTIX partners.

The MOBOTIX Group export ratio in the 2020/21 financial year was 74% (previous year: 77%).

## Research and Development (R&D)

As of September 30, 2021, the MOBOTIX Group employed 87 people in its product organization.

In total, research and development costs of €8.1 million were incurred in the 2020/21 financial year. Of this, the amount of €4.3 million (54% of research and development costs) was capitalized under internally generated intangible assets. Depreciation and amortization on capitalized development costs amounted to €0.8 million.

As in previous years, the main tasks were developing new hardware and software products and optimizing product functionality. Most development activities take place internally, however, a small extent of development activities are outsourced and only in the areas of camera and lens design, tool construction and circuit board layout.

With regard to research and development, MOBOTIX again worked together with Konica Minolta in the 2020/21 financial year. This cooperation is to be expanded further in the 2021/22 financial year and in the financial years that follow. The first results of this successful cooperation can be seen in the development of the MOBOTIX 7 camera platform, its expansion in the 2020/21 financial year and the use of Konica Minolta high-performance deep learning algorithms. On August 6, MOBOTIX and Konica Minolta announced that they would intensify their cooperation in terms of video analysis technology in the FORXAI partnership program. Konica Minolta FORXAI technology combines sensors with Artificial Intelligence (AI) and an imaging IoT platform, creating an overall package as a solution. MOBOTIX is thus driving its transformation into a solution provider and strengthening its AI expertise. The FORXAI partnership is an example of how synergies can be leveraged between the two companies involved. Further partnerships, e.g. to expand the MOBOTIX 7 platform, are planned for the 2021/22 financial year.

The main focus of research and development at MOBOTIX in the 2020/21 financial year was the expansion of the MOBOTIX 7 camera platform. This high-performance and future-oriented platform opens up a wide range of possible uses for our customers. This applies in particular to industry-specific solutions in vertical markets that are offered with the new camera platform based on the proven decentralized MOBOTIX concept. The basis for this is the use of one of the most powerful SoC (system-on-chip) and deep learning algorithms.

In line with our earlier publications, the MOBOTIX 7 platform was further developed as planned in the past financial year. The research and development content of this platform focused on the market launches of a low-cost thermal camera, the D71/Q71 models, a 12-MP hemispheric camera, a white-light model and an indoor/light model. R&D work on this platform includes both hardware and software. The extensions mentioned have already been launched on the market or are currently being developed with the aim of introducing them to the market.

Another focus of research and development in the 2020/21 financial year was the MOBOTIX MOVE series. Its possible uses were expanded as planned in the 2020/21 financial year by

successfully launching additional camera models, accessories and firmware onto the market. In addition to introductions that have already taken place (e.g. network video recorders; see “Technology, products and solutions”), development of more new hardware and software packages for the MOBOTIX MOVE series is ongoing. The new technology is focusing on aspects such as power supply, 4K MOBOTIX MOVE or possible uses in poor visibility conditions.

At the hardware level, the focus of R&D has always been on further developing our sensors in fields such as sensor fusion. The aim of MOBOTIX is to be able to offer custom solutions or special capabilities that give the company a strong competitive position.

At the software level, research and development in the 2020/21 financial year was focused on MOBOTIX HUB, MOBOTIX CLOUD, MxMC and MOBOTIX LIVE. Since MOBOTIX HUB was designed as an open video management platform. The company sees this as an opportunity to demonstrate its special skills. For example in relation to security requirements, the further development of MOBOTIX HUB will become an important building block for advancing the entire company to become a solution provider. MOBOTIX CLOUD, MxMC and MOBOTIX LIVE were also further developed in the past financial year with the aim of enabling new functions, adjustments and enhancements that increase the benefits for customers. This goal will also be pursued in the 2021/22 financial year.

Another focus of our R&D are applications (apps) for the MOBOTIX 7 platform. Here, developments have been, and are being, promoted both internally and with several external partners. The aim is to create market-ready apps that provide our customers with added value. In the 2020/21 financial year, app development for automatic license plate recognition (ALPR) was promoted with one of our partners. MOBOTIX considers ALPR to be an attractive global growth market. In addition to apps for the transport and logistics sectors, work is currently underway on other apps, for example for access control.

Technologically, applications are increasingly based on the use of algorithms, deep learning and artificial intelligence (AI). Algorithms, deep learning and AI will play a significant role for MOBOTIX in the future - both in terms of our own solutions

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and those of competitors. Since MOBOTIX is in the process of transforming itself into a solution provider, a process that is ongoing, the company must make considerable efforts in research and development in these areas. These efforts include both hardware and software.

### Financial Report

#### Macroeconomic and sector-specific conditions

MOBOTIX operates in the market for video surveillance systems. This comprises analog video surveillance systems and network camera systems in addition to video management software and accessories. The relevant market segment for MOBOTIX is video-based video surveillance solutions in general and network camera systems in particular.

In its September 2021 study, the market research company Novaira Insights assumes that revenues in the market for video-based video surveillance solutions worldwide (excluding China) will grow by an average of around 7% per year from 2020 to 2025, while sales in the network camera segment will even increase by an average of 9.6%. The forecasts for the network camera segment expect the highest growth in the Americas region with an average of 11.8% per year from 2020 to 2025, followed by Asia (excluding China) with 9% and EMEA with 6.9%.

In addition to the increased use of video analytics in general, the study identified accelerated development and use of artificial intelligence, a continued high demand for cybersecurity and a high significance of deep learning for processing ever larger volumes of data as key trends in the market for video-based security systems. For the analytics market segment, Novaira Insights forecasts a compound annual growth rate of 9.6% from 2020 to 2025, with deep learning identified as one of several technology approaches for analytics as a clear growth driver (38.1%).

#### Business development

In fiscal year 2020/21, the MOBOTIX Group was not able to continue the positive business development of the previous year due to deteriorating economic conditions as a result of the global COVID-19 pandemic.

Sales revenues decreased by €8.0 million (11.3%) to €62.4 million compared to the previous year.

While revenues from component sales to contract manufacturers increased by €1.2 million (previous year: €0.1 million), revenues from contract development for Konica Minolta decreased by €0.2 million (previous year: €2.1 million). Revenue from the sale of video surveillance systems and software decreased by 10.4% to €61.0 million.

In the first half of the year in particular, the global COVID-19 pandemic resulted in reduced demand for video surveillance systems and software, but also in particular for thermal camera solutions, which, among other things, make it possible to detect elevated body temperatures due to a COVID-19 illness. The share of sales accounted for by thermal camera solutions decreased from 35.3% in the previous year to 15.1% in the year under review as vaccines were offered in most global markets. The negative effect on sales revenue due to the decline in the volume of sales of thermal camera solutions could not be offset by higher revenue from other product segments. The negative sales effect also impacted the contribution margins.

Year-on-year in the regions APAC, Southwest Europe and Americas revenue declined in fiscal year 2020/2021. In DACH, Northern Europe and Middle East/Africa revenue from video surveillance solutions and software increased 2020/21. This is mainly due to the different status of implementation of the global sales strategy and other organizational changes, particularly in the APAC region, as well as the decline in demand for thermal camera solutions.

The significant reduction in travel due to the global COVID-19 pandemic led to a €0.5 million reduction in travel expenses (including vehicle expenses), but also to €0.8 million lower marketing expenses due to fewer trade fairs and customer events.

**EBITDA**

€3.1 million

**EBIT**

€0.2 million

The decline in revenue, particularly from the sale of video surveillance systems and software, led to a significant reduction in consolidated net income and the corresponding earnings figures, despite cost savings.

Other operating expenses include an addition to a provision for penalties and legal fees of €700,000 in connection with the pending legal proceedings of the French competition regulator Direction générale de la concurrence, de la consommation et de la représen-

sion des fraudes (DGCCRF) in France, described under item 5.

EBIT (earnings before interest and taxes) in the amount of €0.2 million for the financial year is €6.0 million below that of the previous year (previous year: €6.2 million).

The consolidated annual net income has decreased by €4.8 million to minus €0.1 million (previous year: €4.7 million).

## Net assets, financial position and results of operations of the MOBOTIX Group

### Results of operations

In the 2020/21 financial year of the MOBOTIX Group, sales decreased by 11.3%, from €70.4 million in the previous year to €62.4 million. The sales revenue includes revenue from component sales to contract manufacturers in the amount of €1.2 million (previous year: €0.1 million). The increase in revenues from component sales resulted from the shortage on the procurement market, which led to components being increasingly procured in-house and sold to contract manufacturers. Due to the commitment of capacities in development for the new MOBOTIX 7 platform and new camera lines, fewer contract developments could be carried out for Konica Minolta. Accordingly, revenue from order development of €0.2 million fell by €1.9 million year-on-year (previous year: €2.1 million). Revenue from the sale of video surveillance systems and software fell by 10.4% to €61.0 million (previous year: €68.1 million).

The export ratio (excluding component sales) was 73.7% in the financial year 2020/21 (previous year: 76.6%). The revenue from the sale of video surveillance systems and software in Germany increased from €15.9 million in the 2019/20 financial year to €16.1 million (1.0%). The rest of Europe (excluding Germany) amounted to €25.0 million (previous year: €25.1 million). Sales in the rest of the world decreased by 26.2%, from €27.1 million in the previous year to €20.0 million in the reporting year.

According to the right to choose specified by Sec. 248 (2) HGB, the own development costs of €4.3 million (previous year €3.3 million) were capitalized and consequently reported under the P&L item "Other Capitalized Own Services" with an effect on the income statement.

The total operating output (revenue from sales, increase and/or decrease in the inventory of finished goods and work in progress, and other own work capitalized) decreased by 10.5%, from €73.4 million in the previous year to €65.7 million in the 2020/21 financial year. This is primarily attributable to the decrease in sales.

The other operating income declined by €0.1 million to €0.6 million.

The material usage ratio (cost of materials, excluding component sales, adjusted for changes in inventory, in proportion to revenue from the sale of video surveillance systems and software) rose year-on-year to 50.7% in the 2020/21 financial year (previous year: 47.6%). This was due to higher customer discounts and higher purchase prices.

The increase in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 36.6% in the financial year 2020/21 (previous year: 31.9%) is mainly due to the decrease in sales revenue and invest-

#### Export Ratio

74 %

#### Cash flow from operating activities

€3.1 million

ments in new strategic job functions mainly in Sales and R&D. Personnel costs in the 2020/21 financial year increased year-on-year by €0.3 million (1.1%). This is mainly due to the increase in the average number of employees in fiscal 2020/21 and selected but limited salary increases.

Depreciation and amortization increased in the 2020/21 financial year to the amount of €2.8 million (previous year: €2.6 million). This is due to the increase in amortization of own capitalized development costs.

The other operating expenses in the amount of €8.6 million in the 2020/21 financial year (previous year: €9.7 million) decreased by €1.1 million compared to the previous year (-11.1%). The decrease in other operating expenses is mainly due to the decrease in marketing costs by €0.8 million, the decrease in travel and entertainment expenses including vehicle expenses by €0.5 million and the decrease in bad debt expenses by €0.5 million. By contrast, expenses for legal and consulting fees in particular increased by €0.8 million. The increase mainly consists of a provision of €0.7 million for legal advice and penalty in connection with the pending legal proceedings of the French competition authority (DGCCRF) in France.

EBITDA (4.8% of total operating output excluding component sales; earnings before interest, taxes, and depreciation and amortization) amounted to €3.1 million (2019/20: €8.8 million).

EBIT (0.4% of total operating output excluding component sales; earnings before interest, and taxes) amounted to €0.2 million (2019/20: €6.2 million). The 2020/21 financial year ended with consolidated annual net income of minus €0.1 million (2019/20: €4.7 million) and a return on revenue (excluding component sales) of -0.1% (2019/20: 6.6%).

### Net assets

Non-current assets increased by €2.6 million (12.5%) to €23.1 million. Capital expenditure of €5.6 million in non-current assets was offset by depreciation and amortization of €2.8 million and disposals of €0.2 million.

The investments mainly relate to investments in intangible assets of €4.5 million and in property, plant and equipment of €1.1 million. Investments in intangible assets mainly relate to internal development costs of €4.3 million. Investments in property, plant and equipment largely include investments in injection

molds in connection with the development of new cameras as well as IT equipment.

Inventories, particularly raw materials, auxiliary materials and operating materials, due to the targeted reduction of the stock of thermal sensors and due to unscheduled delivery problems of individual components, decreased from €25.9 million to €23.3 million.

Receivables from deliveries and services had decreased by €5.4 million to €17.5 million on September 30, 2021, due to extended payment terms caused by project delays relating to the COVID-19 pandemic and a higher business volume in the last quarter compared to the previous year.

At €2.7 million, receivables from affiliated companies are only slightly below the previous year's level of €1.1 million.

Cash in hand and bank balances and cash equivalents on September 30, 2021, had decreased by €0.7 million to €1.4 million compared to the beginning of the financial year (September 30, 2020: €2.1 million).

At €30.3 million (September 30, 2020: €30.8 million), equity decreased by €0.5 million compared with the previous year, mainly due to the consolidated net loss for the year and the dividend of €0.5 million distributed in fiscal year 2020/21 for fiscal year 2019/20. With total assets up €7.5 million (11.8%) to €71.0 million (September 30, 2020: €63.5 million), the equity ratio decreased from 48.6% to 42.7%. Treasury shares totaled 105,906 shares as of September 30, 2021.

The increase in other provisions by €0.5 million to €5.5 million mainly results from additions to the provision for punitive and legal counsel costs.

The increase in liabilities to banks of €2.5 million to €26.1 million (September 30, 2020: €23.6 million) results from additional short-term borrowings of €4.7 million to a total of €9.7 million. This is offset by scheduled repayments of long-term and medium-term loans of €2.2 million.

Trade payables increased by €4.1 million compared to September 30, 2020 to €6.3 million (September 30, 2020: €2.2 million) due to increased goods received in the last months of the past fiscal year.

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## Financial position

The operating cash flow before changes in working capital amounted to €3.8 million in the 2020/21 financial year (previous year: €9.2 million). The decrease compared to the previous year is mainly due to the lower annual result before taxes.

Cash flow from operating activities before income taxes amounted to €3.2 million in fiscal 2020/21 (previous year: €-0.4 million). Based on an operating cash flow before working capital changes of €3.8 million, the increase in trade receivables (€5.4 million) and simultaneous increase in trade payables (€4.1 million) in particular led to the cash flow from operating activities before income taxes of €3.2 million.

Cash flow from investing activities amounted to €-5.6 million (previous year: €-4.6 million) and is mainly attributable to investments in internally generated intangible assets (e.g. MOBOTIX 7 platform, see page 26).

The negative cash flow from financing activities of €3.0 million (previous year: €+2.1 million) resulted in particular from the scheduled repayment of medium- and long-term loans totaling €2.2 million and the dividend payment of €0.5 million.

The development of the individual cash flows resulted in negative total cash and cash equivalents of €8.3 million as of September 30, 2021 (September 30, 2020: €2.9 million). The negative cash and cash equivalents are covered by short-term borrowings of €9.7 million.

The company's solvency was ensured at all times in the 2020/21 financial year. Due to the company's creditworthiness, financing options are still available. Currently, the MOBOTIX Group has access to short-term credit lines granted by several banks totaling €30.5 million, of which €9.7 million had been drawn as of the balance sheet date.

Medium and long-term liabilities decreased by €12.6 million to €3.7 million compared to September 30, 2020. Short-term liabilities, including provisions, rose from €15.4 million to €35.0 million. This is mainly due to the maturity of two medium-term loans in fiscal 2021/22. The proportion of medium and long-term liabilities in the MOBOTIX Group balance sheet total stands at 5.3%, significantly lower than previous year. Short-term liabilities, including provisions, accounted for 49.3% of the balance sheet total as of the reporting date, compared with 24.3% as of September 30, 2020.

### Net assets, financial position and results of operations of MOBOTIX AG

#### Results of operations

In fiscal year 2020/21, MOBOTIX AG's revenues decreased by 9.2% from €65.4 million in the previous year to €59.4 million. Revenues include proceeds from sales of components to contract manufacturers in the amount of €1.2 million (previous year: €0.1 million). The increase in revenue from component sales is the result of the shortage on the procurement market, which has led to an increase in components being procured in-house and sold to contract manufacturers. Due to the commitment of capacities in development for the new MOBOTIX 7 platform, open development contracts and new camera lines, fewer contract developments could be carried out for Konica Minolta. Accordingly, revenues from contract development of €0.2 million decreased by €1.9 million (previous year: €2.1 million) compared to the previous year. Revenues from sales of video surveillance systems and software fell by 8.6% to €57.7 million (previous year: €63.1 million).

Excluding component sales the export ratio of MOBOTIX AG's totaled 72.1% in fiscal year 2020/21 (previous year: 74.8%). Revenues from sales of video surveillance systems and software increased in Germany from €15.9 million in fiscal year 2019/20 to €16.1 million (1.0%). The rest of Europe (excluding Germany) accounted for €25.0 million (previous year: €25.1 million). Sales in the Rest of the World declined by 24.7% from €22.1 million in the previous year to €16.6 million in the reporting year.

According to the right to choose specified by Sec. 248 (2) HGB, own development costs of €4.3 million (previous year: €3.3 million) were capitalized, which are recognized in profit or loss under the income statement item "Other Capitalized Own Services".

Total operating performance (sales, increase/decrease in inventories of finished goods and work in progress, other own work capitalized) decreased by 8.6% from €68.5 million in the previous

year to €62.6 million in the 2020/21 financial year. This is mainly due to the decline in sales revenues.

At €0.6 million, other operating income was at the same level of the previous year.

The ratio of cost of materials (cost of materials excluding cost of materials for component sales, adjusted for changes in inventories, in relation to revenue from sales of video surveillance systems and software) increased year-on-year to 54.1% in the 2020/21 financial year (previous year: 51.3%). This was due to higher customer discounts and higher purchase prices.

The increase in the personnel expense ratio (personnel expenses as a percentage of total operating performance excluding component sales) in fiscal year 2020/21 to 34.6% (previous year: 30.7%) is mainly due to the decline in sales. Personnel expenses in the 2020/21 financial year increased by €0.3 million (1.5%) compared with the previous year. This is mainly due to the increase in the average number of employees in fiscal year 2020/21 and selected but limited salary increases.

Depreciation and amortization increased by €2.8 million in fiscal 2020/21 (previous year: €2.5 million). This is due to the increase in amortization of own capitalized development costs.

Other operating expenses of €8.5 million in fiscal year 2020/21 (previous year: €9.0 million) decreased by €0.5 million (-5.5%) compared to the previous year. The decrease in other operating expenses is mainly due to the decrease in marketing costs by €0.7 million, the decrease in expenses for bad debt losses by €0.4 million and the decrease in travel and entertainment expenses including vehicle expenses by €0.3 million. By contrast, expenses for legal and consulting fees in particular increased by €0.8 million. This includes expenses for the addition to the provision for penalties and legal fees of €0.7 million in connection with the pending legal proceedings of the French competi-

#### Employees

318 (headcount including members of the Management Board)

#### Of which are in Product Organisation

87

tion authority (DGCCRF) in France.

EBITDA (3.7% of total operating performance excluding component sales; operating earnings before interest, taxes, depreciation and amortization) amounted to €2.3 million (2019/20: €7.0 million). EBIT (-0.8% of total operating performance excluding component sales; operating earnings before interest and taxes) amounted to €-0.5 million (2019/20: €4.4 million). Fiscal 2020/21 ended with a net loss of €0.7 million (2019/20: net income: €2.9 million) and a return on sales (excluding component sales) of -1.3% (2019/20: 4.5%).

### Net assets

Non-current assets increased by €2.6 million (9.3%) to €30.2 million. Investments in fixed assets amounting to €5.6 million were offset by depreciation and amortization of €2.8 million and disposals of €0.2 million.

The investments mainly relate to investments in intangible assets of €4.5 million and in property, plant and equipment of €1.1 million. Investments in intangible assets mainly relate to internal development costs of €4.3 million. Investments in property, plant and equipment largely include investments in injection molds in connection with the development of new cameras as well as IT equipment.

Inventories, in particular raw materials and supplies and work in progress, decreased from €24.6 million to €21.7 million as a result of the targeted reduction of inventories of thermal sensors and due to unscheduled delivery difficulties of individual components.

Trade receivables increased by €4.1 million to €12.7 million as of September 30, 2021, compared to the beginning of the fiscal year due to extended payment terms caused by project delays resulting from the COVID-19 pandemic and a higher business volume in the last quarter compared to the previous year.

At €8.3 million, receivables from affiliated companies were up on the previous year's level of €6.0 million.

Cash and cash equivalents as of September 30, 2021, decreased by €0.6 million compared to the beginning of the fiscal year to €1.1 million (September 30, 2020: €1.7 million).

At €36.2 million (September 30, 2020: €37.4 million), equity decre-

ased by €1.2 million compared with the previous year, mainly due to the net loss for the year of €0.7 million and the dividend of €0.5 million distributed in fiscal 2020/21 for fiscal 2019/20. With total assets up €6.8 million (9.7%) to €76.7 million (September 30, 2020: €69.9 million), the equity ratio decreased from 53.5% to 47.1%. Treasury shares totaled 105,906 shares as of September 30, 2021.

The increase in other provisions by €0.7 million to €5.4 million mainly results from additions to the provision for punitive and legal counsel costs.

The increase in liabilities to banks of €2.5 million to €26.1 million (September 30, 2020: €23.6 million) results from additional short-term borrowings of €4.7 million to a total of €9.7 million. This is offset by scheduled repayments of long-term and medium-term loans of €2.2 million.

Trade payables increased by €4.1 million compared to September 30, 2020 to €6.3 million (September 30, 2020: €2.2 million) due to increased goods received in the last months of the past fiscal year.

### Financial position

Cash flow from operating activities before changes in working capital amounted to €3.2 million in financial year 2020/21 (previous year: €7.2 million). The year-on-year decline is due in particular to the significant deterioration in net income before income taxes.

Cash flow from operating activities before income taxes amounted to €3.2 million in fiscal 2020/21 (previous year: €-0.4 million). Based on an operating cash flow before working capital changes of €3.2 million, the increase in trade receivables (€4.1 million) and simultaneous increase in trade payables (€4.2 million) in particular led to the cash flow from operating activities before income taxes of €3.2 million.

Cash flow from investing activities amounted to €-5.6 million (previous year: €-4.6 million) and is mainly attributable to investments in internally generated intangible assets.

The negative cash flow from financing activities of €3.0 million (previous year: €+2.1 million) results in particular from the scheduled repayment of medium- and long-term loans totaling €2.2 million and the dividend payment of €0.5 million.

As of the reporting date September 30, 2021, negative cash and cash equivalents amount to €8.6 million (September 30, 2020: €3.3 million). The negative cash and cash equivalents are covered by short-term borrowings of €9.7 million.

The company's solvency was ensured at all times in the 2020/21 financial year. Due to the company's creditworthiness, financing options are still available. Currently, MOBOTIX AG has access to short-term credit lines granted by several banks totaling €30.5 million, of which €9.7 million had been drawn as of the balance sheet date.

Medium- and long-term liabilities decreased by €12.6 million to €3.7 million compared to September 30, 2020. Current liabilities including provisions increased from €15.3 million to €35.0 million. This is mainly due to the maturity of two medium-term loans in fiscal year 2021/22. At 4.9%, the share of medium- and long-term liabilities in the MOBOTIX Group's total assets is significantly lower than in the previous year. Current liabilities including provisions correspond to a share of total assets of 45.5% as of the reporting date compared to 21.9% as of September 30, 2020.

### Overall assessment of the MOBOTIX Group's net assets, financial position and results of operations

The development of net assets, financial position and results of operations in fiscal year 2020/21 does not reflect management's expectations for business development. Business development was negatively impacted by the consequences of the global COVID-19 pandemic.

The planned sales revenue of approximately €75 million could not be achieved with the achieved sales revenue of €62.4 million. Similarly, the planned EBIT for fiscal 2020/21 of approx. €3.0 million could not be achieved with €0.2 million. In particular, product-related sales in the Americas, APAC and Europe South/West sales regions are below expectations due to a large number of project delays caused by the COVID 19 pandemic.

In fiscal year 2020/21, the development of further new camera models based on the new camera platform MOBOTIX 7 was implemented and the basis for growth in the coming fiscal years was laid, especially in the area of software products as part of vertical market solutions.

As of September 30, 2021, the MOBOTIX Group was financially satisfactorily equipped with an equity ratio of 42.7%, equity of €30.3 million as well as cash and cash equivalents of €1.4 million and short-term undrawn bank credit lines of €20.8 million to make further investments in product development and marketing and to focus the sales structure on growth markets, especially the USA, but also to cover further effects of the global COVID-19 pandemic.

### Changes to the Supervisory Board

Mr. Osafumi Kawamura has succeeded Mr. Tsuyoshi Yamazato effective July 01, 2021.

The Kaiserslautern Local Court has granted the application for judicial appointment of Supervisory Board member Mr. Osafumi Kawamura (General Manager, Business Planning Division, Imaging-IoT Solution; Konica Minolta Inc. Tokyo, Japan) to replace Mr. Tsuyoshi Yamazato. As a result, the Supervisory Board will consist of Mr. Toshiya Eguchi (Chairman of the Supervisory Board), Mr. Olaf Jonas and Mr. Osafumi Kawamura as of July 01, 2021.

Mr. Koji Ozeki succeeded Mr. Osafumi Kawamura, who resigned from Konica Minolta, Inc. effective November 02, 2021.

The Kaiserslautern Local Court has granted the application for judicial appointment of Supervisory Board member Mr. Koji Ozeki. Mr. Ozeki, resident in Mainz, Germany, has been working for the Konica Minolta Group for many years - most recently as General Manager (Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany).

The Supervisory Board of MOBOTIX thus consists of Toshiya Eguchi (Chairman of the Supervisory Board), Olaf Jonas and Koji Ozeki as of November 02, 2021.

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## **Rescissory actions and proceedings for annulment relating to resolutions adopted by the Annual General Stockholders' Meeting for the financial year 2015/16**

On March 9, 2017, MOBOTIX AG became aware that three shareholders had filed for rescissory action and proceedings for annulment at the Local Court of Kaiserslautern in relation to resolutions adopted by the Annual General Stockholders' Meeting of MOBOTIX AG on January 12, 2017, for agenda items 2 to 6, i.e. specifically against the resolution to retain net profit as of September 30, 2016 (agenda item 2) and to reelect two Supervisory Board members (agenda item 6). MOBOTIX AG considers these actions to be unjustified and has taken legal steps. The process is currently being appealed before the Higher Regional Court of Zweibrücken; settlement negotiations have already been pursued with the plaintiffs, albeit without any results so far.

## **Penalty announced by the French competition authority (DGCCRF)**

On November 08, 2021, MOBOTIX AG was notified by the French competition authority DGCCRF that it had entered into inadmissible price agreements with French wholesalers or distributors. The penalty of about €0.645 million was imposed for a distribution practice that existed over six to seven years in the years 2011/12 to 2017/18 and affected significant shares of sales of MOBOTIX products in France. The corresponding practice was changed in fiscal year 2017/18 and is no longer applied today.

MOBOTIX AG considers the penalty or the accusations to be unfounded and has initiated legal steps. In addition, a distributor involved in the proceedings has filed potential recourse claims arising from the penalty announced against it, which are unfounded according to our legal review and which would be contested if necessary.

Nevertheless, as a precautionary measure, a provision of €0.7 million has been recognized for this risk in these financial statements.

## Risk report

### Risk management

The MOBOTIX Group implemented a risk management system as part of the corporate management system. This is to ensure that risks can be identified and addressed early on (prior to considering risk-mitigation measures). It consists of early identification of risks, control and planning processes, reporting and an internal control system. The principles and decisions relating to the risk management system have been documented in a risk management manual. The system is enhanced and optimized on an ongoing basis.

The purpose of the group's risk management system is to identify, monitor and manage any risks assumed. In addition to risks to the company's survival as a going concern, the system records activities, events and developments that could have a significant impact on future business performance. The risk management process involves identifying and managing operational opportunities and risks over a period of between one and three years. A longer forecasting period is used for strategic opportunities and risks.

The risk to earnings is analyzed using a risk matrix that indicates the probability of occurrence and the potential level of losses. If risks are not quantifiable, their impact is estimated in qualitative terms.

The internal control system has been set up to manage the business risks that are typical for the MOBOTIX Group and that could have a material impact on the Group's net assets, financial position and results of operations.

Based on the information currently available, the MOBOTIX Group currently does not face any dominant individual risks that, by themselves and on a balance of probabilities, could jeopardize the MOBOTIX Group's continuance as a going concern.

Probability of Occurrence	
Low	< 25%
Medium	25% - 50%
High	50% - 75%
Very high	> 75%

### Internal control system

The MOBOTIX Group has an extensive system of process controls. The aim of the control system is to detect possible deficiencies in the Company's processes at different process levels to initiate appropriate counter measures, and to ensure and continuously improve the effectiveness of the risk identification and analysis methods by conducting regular reviews. The tasks in the control system are carried out by members of the management team and by employees working centrally in the organization department who assume some of the duties of an internal audit function. The organization department reports directly to the Management Board. The role of the employees of this department as advisors to the various departmental managers enables them to monitor the internal control system's integrity and other aspects. A major element of this task is monitoring the proper compliance with – and implementation of – guidelines. Recommendations (categorized according to their importance) and any needs for changes are reported directly to those in charge of the units under review and to the Management Board.

Ad-hoc audits are carried out in order to identify and investigate current issues promptly. If required, these result in immediate process changes aimed at continuously improving the quality of processes. Afterward, follow-up audits are conducted so that progress on implementing the process changes can be reviewed. The Management Board is notified of any discrepancies without delay.

The internal control system is an integral element of risk monitoring in the Group. It is based not only on defined control mechanisms for prevention and monitoring – such as automated and manual reconciliation processes – but also on predefined approval processes, separation of functions and compliance with guidelines. Another important measure is ensuring that the actions of individuals are verified by a second person. By rigorously applying the principles and instructions laid down in

Possible Impacts	
Low	< €0.1 million
Medium	€0.1 million - €0.2 million
High	€0.2 million - €0.7 million
Very high	> €0.7 million

the risk policy, the majority of risks can be avoided or their impact can at least be mitigated.

## Significant risks

### Market risks

MOBOTIX products are used as video surveillance solutions in various sectors, such as transportation (buses, train stations, airports, traffic surveillance etc.), retail and industry as well as for building and perimeter protection. In past years, MOBOTIX succeeded in standing out from among many competitors through high-resolution and hemispheric camera technology. External market studies show that digital IP video surveillance systems will see growth in coming years, but that average prices will decrease considerably. Specifically, fiercer competition is expected, especially in the segment of high-resolution network cameras, where MOBOTIX has so far held a strong position.

There are also further risks resulting from political changes in specific regions (such as Brexit and the political situation in Turkey) – and of course because of the global COVID-19 pandemic. Therefore, the Management Board expects the market environment to be exposed to growing risk.

Procurement market risks increased significantly in the reporting year due to the global procurement situation for electronic components, in particular semiconductors, processors and chips. Glo-

bal market fluctuations can thus lead to changes in the availability of components. The threat of longer delivery times associated with this is generally taken into account by contractually assured increased inventory levels of components at suppliers and of finished goods. At present, however, the first procurement bottlenecks with an impact on product availability are already being experienced; these are consequences of the global COVID-19 pandemic.

The short term breakdown of critical suppliers, for example for processors, which could lead to significant disruptions in production, can currently, due the global procurement situation for electronic components, in particular semiconductors, processors and chips affected by COVID-19, not be ruled out. The Management Board therefore assesses the procurement environment with an increasing risk.

### Financial risks

Due to the Company's credit standing and existing credit commitments, there are currently no substantial financial risks. Currency risks generally exist in connection with the business operations in the US and the purchasing requirements of MOBOTIX AG in US dollars. There is currently no material interest-rate risk. The existing borrowing was taken out with a fixed interest rate. Bad debt risks are limited by efficient accounts receivable management, including dunning and collection with restrictive granting of payment terms, but cannot be ruled out due to the global COVID-19 pandemic.

Overview of overall risk		
	Probability of occurrence	Possible impact
<b>Market Risks</b>		
Sales risks/competitive situation	Very high	Very high
Procurement risks	Very High	Very High
<b>Financial risks</b>		
Risk of receivables default	High	High
Currency risks	Medium	Low
<b>Political and legal risks</b>		
Statutory and regulatory risks	Medium	Medium
Risks from patent disputes	Medium	Medium
<b>Operational risks</b>		
Personnel risks	Medium	Medium
Warranty risks	Low	Medium

### Political and legal risks

Public attitudes toward video surveillance have continued to become far more favorable. Existing video surveillance boosts people's feeling of security, which is why it is enjoying increasing public acceptance. A growing number of political initiatives are emerging that are aimed at improving the quality of surveillance systems in public areas. If high-resolution systems increasingly become the norm in public security, MOBOTIX will be able to profit additionally from such development as a key manufacturer of such systems. Having said that, limits will be imposed on video surveillance through various legislation and orders, such as the EU General Data Protection Regulation.

The number of patent disputes in the video surveillance industry is rising considerably. It cannot be ruled out that the MOBOTIX Group may become involved in patent infringement proceedings or that these could have a substantial financial impact.

### Operational risks and other risks

Given the changes to the market and competition environment, the organization has a continued need for adjustment. This presents fundamental risks, which the Company counters through adjusting personnel resources, optimizing processes and control systems as well as updating the IT infrastructure (particularly ERP and CRM). The production and sales of technical products entail warranty risks. These are reflected in the financial statements by recognizing appropriate provisions. The Company has also taken out product liability insurance to safeguard against possible losses and risks.

If trends in the global financial markets and the real economy result in a widespread, global recession, this would naturally have a noticeable effect on the markets relevant to the MOBOTIX Group.

The Company has not identified any current or future risks to its survival as a going concern or that would have a material impact on its development. Technological innovations and the continued expansion of sales are highly important to the sustained success of the Group.

### Opportunity report

MOBOTIX is active in the continuously growing video surveillance system market. The Company's growth is mainly due to an increasing requirement for IT Security, automation, Industry 4.0,

intelligent sensors based on high-performance deep learning and AI, video analytics, and Internet of Things (IoT).

The Management Board generally assumes that technological market drivers, such as cloud-based installations and software applications in the fields of analytics, deep learning, and artificial intelligence, will favor the decentralized technology concept and that MOBOTIX will therefore prevail despite growing competitive pressure.

Over the coming months, MOBOTIX will develop intelligent IP video solutions for selected market segments with a unique competitive edge (e.g. due to system architecture or robust design) and will emphasize appropriate customer projects via key-account sales and the global network of certified partners. As such, durable outdoor cameras will increasingly be used in industrial automation as well, such as for monitoring temperature-critical processes, early fire detection or within the scope of preventative maintenance.

MOBOTIX currently offers a wide range of IP video cameras plus accessories, along with its own video management software. The goal of the Company is to provide more software applications and add peripheral components (switch, IR emitter, NAS, etc.) to the MOBOTIX MOVE segment, thereby offering a complete system from a single provider and giving itself a competitive edge. The 2018 launch of the MOBOTIX MOVE camera portfolio as a "complementary portfolio" and the regular extensions to the camera series, made it possible to offer customers additional business opportunities. MOBOTIX will continue to focus on additional MOBOTIX MOVE products and associated business options, incorporating them into our product portfolio in accordance with our high-quality standards.

Further opportunities arise from the improved integration options resulting from the adoption of standards such as ONVIF and H.264/H.265 and from the integration of MOBOTIX cameras with leading video management systems and other products with ONVIF compatibility.

MOBOTIX also optimizes the MOBOTIX AG sales and earnings model by monetizing software through license models. As part of the market launch of the MOBOTIX 7 cameras M73 and S74 in 2019/2020, additional high-performance video analysis apps have also been made available via licensing, which enables the development of new vertical markets through new customer solutions.

In the future, MOBOTIX will continue to focus even more on technology partnerships in order to respond to the diverse requirements in the vertical markets with optimally tailored complete solutions.

Moreover, today's collaboration with Konica Minolta is already opening up several growth opportunities in the medium term for technologically oriented order development and sales.

## Forecast report

The targeted revenue of the MOBOTIX Group for fiscal year 2021/22 is in the range of €68 million to €72 million. EBIT for fiscal year 2021/22 is in the range of €1.0 million to €2.0 million due to planned investments in the growth of the MOBOTIX Group. For MOBOTIX AG, the Management Board expects a revenue and EBIT development in line with the MOBOTIX Group. Revenues depend on the overall economic situation due to the consequences of the global procurement situation for electronic components, in particular semiconductors, processors and chips, but also the global COVID-19 pandemic, as well as the development of the US sales market.

The forward-looking statements made above are prognostic.

## Dependent Company report

A report on the relationships with affiliated companies was prepared for the 2019/20 financial year in accordance with Section 312 of the AktG (Aktiengesetz [German Stock Corporation Act]). Regarding those transactions that have to be reported, the report

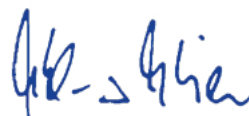
states: "The Management Board declares that, for the legal transactions and measures disclosed in the report regarding relationships with affiliated companies, adequate consideration was received by the Company for each legal transaction and the Company was not disadvantaged by the implemented measures according to the circumstances that were known to us at the time the legal transactions were concluded or the measures were implemented. No measures have been refrained from at the behest or in the interest of the controlling Company or a Company affiliated with it."

Winnweiler-Langmeil, November 23, 2021

The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



Hartmut Sprave • CTO

## MOBOTIX stock overview

Security identification number	521830
ISIN	DE0005218309
Stock symbol	MBQ
Bloomberg	MBQ:GR
Reuters Instrument Code	MBQGn.DE
Market segment	Open market (basic board)
Stock exchange	Frankfurt
Share capital	13,271,442 EUR
Shares outstanding (as of 30.09.2021)	13,165,536 shares

Balance Sheet			
		30.09.2021	30.09.2020
	See Notes	€'000s	€'000s
<b>NON-CURRENT ASSETS</b>			
<b>Intangible Assets</b>	(1)		
Self-created intangible assets		6,780	3,258
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets		1,270	1,691
Advance payments		123	2
		8,175	4,951
<b>Property, plant and equipment</b>	(1)		
Land and buildings, including buildings on third-party land		11,300	11,836
Technical equipment and machinery		1,056	1,243
Other equipment, factory and office equipment		2,325	2,435
Advance payments and assets under construction		253	82
		14,934	15,596
<b>Financial Assets</b>	(2)		
Shares in affiliated companies		0	0
		0	0
		23,109	20,547
<b>CURRENT ASSETS</b>			
<b>Inventory</b>			
Raw materials and supplies		10,346	13,361
Work in progress		3,531	5,579
Finished goods and merchandise		9,443	6,954
		23,320	25,894
<b>Receivables and other assets</b>	(3)		
Trade receivables		17,467	12,103
Receivables due from affiliated companies		2,698	1,061
Other assets		802	760
		20,967	13,924
<b>Cash in hand and bank balances</b>		1,400	2,118
		<b>45,687</b>	<b>41,936</b>
<b>PREPAID EXPENSES AND DEFERRED CHARGES</b>		<b>785</b>	<b>676</b>
<b>DEFERRED TAX ASSETS</b>	(4)	<b>1,407</b>	<b>321</b>
<b>ASSETS</b>		<b>70,988</b>	<b>63,480</b>

## Balance Sheet

		30.09.2021	30.09.2020
	See Notes	€'000s	€'000s
<b>EQUITY</b>	(5)		
<b>Subscribed capital</b>		<b>13,271</b>	<b>13,271</b>
./ Treasury shares		-106	-112
(Corrected) subscribed capital		13,165	13,159
<b>Capital reserves</b>		1,250	1,250
<b>Retained earnings</b>			
Statutory reserve		77	77
Other retained earnings		17,819	17,788
		17,896	17,865
<b>Equity Capital Difference From Currency Conversion</b>		146	99
<b>Loss carryforward</b>		-2,075	-6,221
<b>Consolidated Annual Net Profit</b>		-62	4,677
		30,320	30,829
<b>PROVISIONS</b>			
Provisions for taxes		21	176
Other provisions	(6)	5,547	5,024
		5,568	5,200
<b>LIABILITIES</b>	(7)		
Bank loans and overdrafts		26,050	23,550
Advance payments received for orders		1	8
Trade payables		6,282	2,179
Liabilities to affiliated companies		9	34
Other liabilities		802	788
		<b>33,144</b>	<b>26,559</b>
<b>DEFERRED TAX LIABILITIES</b>		1,956	892
<b>LIABILITIES</b>		<b>70,988</b>	<b>63,480</b>

Consolidated Income Statement			
		01.10.2020 30.09.2021	01.10.2019 30.09.2020
	See Notes	€'000s	€'000s
<b>Revenue from sales</b>	(8)	<b>62,416</b>	<b>70,353</b>
Decrease/Increase in finished and unfinished goods and work in progress		-1,189	-349
Other own work capitalized		4,439	3,351
Other operating income	(9, 11)	566	656
Material costs		30,928	32,201
a) Expenses for raw, auxiliary and operating materials as well as for purchased goods		25,412	26,856
b) Expenses for purchased services		5,516	5,345
Personnel expenses		23,597	23,344
a) Wages and salaries		20,025	20,131
b) Social security contributions and expenditure on pension benefits of which relating to pensions €43,000 (previous year: €46,000)		3,572	3,213
Amortization of intangible assets and depreciation of property, plants and equipment		2,848	2,586
Other operating expenses	(9, 11)	8,630	9,708
Interest and similar expenses		220	209
Taxes from income and profit	(12)	30	1,250
a) Current taxes		53	74
b) Deferred taxes	(4)	-23	1,176
<b>AFTER-TAX PROFIT</b>		<b>-21</b>	<b>4,713</b>
Other taxes		41	36
<b>CONSOLIDATED ANNUAL NET PROFIT</b>		<b>-62</b>	<b>4,677</b>

## Cash Flow Statement

	01.10.2019 30.09.2020	01.10.2018 30.09.2019
See Notes	€'000s	€'000s
<b>Annual result before taxes on income</b>	<b>-32</b>	<b>5,927</b>
+ Income from interest	220	209
+ Amortization of intangible assets and depreciation of property, plants and equipment	2,848	2,586
+ Increase of other provisions	523	386
+ Loss due to disposal of fixed and tangible assets	172	21
+ Other non-cash expenses	37	43
<b>Operating cash flow before changes in working capital</b>	<b>3,768</b>	<b>9,172</b>
- Increase in inventory, trade receivables and other assets that do not fall under investment or financing activities	-4,669	-7,335
-/+ Decrease/Increase in trade payables and other liabilities that do not fall under investment or financing activities	4,084	-2,255
<b>Cash flow from operating activities before taxes on income</b>	<b>3,183</b>	<b>-418</b>
- Income tax payments/refunds	-117	-108
<b>Cash flow from operating activities</b>	<b>3,066</b>	<b>-526</b>
<b>Cash flow from investing activities</b>		
- Cash outflows for purchases of property, plant and equipment	-1,063	-1,061
- Cash outflows for purchases of intangible assets	-4,519	-3,565
<b>Cash flow from investing activities</b>	<b>-5,582</b>	<b>-4,626</b>
- Cash flow from financing activities		
- Dividend payments	-531	-531
- Cash outflows for redemption of loans	-2,200	-2,200
+ Cash inflows from the take-up of loans	0	5,000
- Interest paid	-220	-209
<b>Cash flow from financing activities</b>	<b>-2,951</b>	<b>2,060</b>
<b>Net change in cash and cash equivalents</b>	<b>-5,467</b>	<b>-3,092</b>
Net change in financial facilities due to exchange rate	49	-16
Consolidation-related changes in the scope of funds	-2,882	226
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>-8,300</b>	<b>-2,882</b>
<b>Transfer to inventory in accordance with balance sheet:</b>		
+ Short-term loans	9,700	5,000
Cash in hand and bank balances	1,400	2,118

Statement of Changes in Equity						
	Subscribed capital	Treasury shares	(Corrected) subscribed capital	Capital reserves	Statutory reserve	Other retained earnings
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
<b>As of 01.10.2019</b>	13,271	-118	13,153	1,250	77	17,751
Distribution						
Issuance of treasury shares		6	6			37
Currency conversion						
Change in the consolidated companies						
Consolidated annual net profit						
<b>As of 30.09.2020</b>	13,271	-112	13,159	1,250	77	17,778
<b>As of 01.10.2020</b>	13,271	-112	13,159	1,250	77	17,778
Distribution						
Issuance of treasury shares		6	6			31
Currency conversion						
Change in the consolidated companies						
Consolidated annual net profit						
<b>As of 30.09.2021</b>	13,271	-106	13,165	1,250	77	17,819

## Statement of Changes in Equity

	Reserves	Equity difference from currency conversion	Loss carryforward	Consolidated annual net profit	Group equity
	€'000s	€'000s	€'000s	€'000s	€'000s
<b>As of 01.10.2019</b>	17,828	118	-5,690		26,659
Distribution			-531		-531
Issuance of treasury shares	37				43
Currency conversion		-19			-19
Change in the consolidated companies					
Consolidated annual net profit				4,677	4,677
<b>As of 30.09.2020</b>	17,865	99	-6,221	4,677	30,829
<b>As of 01.10.2020</b>	17,865	99	-1,544		30,829
Distribution			-531		-531
Issuance of treasury shares	31				37
Currency conversion		47			47
Change in the consolidated companies					
Consolidated annual net profit				-62	-62
<b>As of 30.09.2021</b>	17,896	146	-2,075	-62	30,320

## Shareholding

Company	Registered office	30.09.2021	30.09.2020
MOBOTIX CORP	New York, USA	100,0 %	100,0 %
MOBOTIX LIMITED	Nottingham, GB	100,0 %	100,0 %
MOBOTIX SINGAPORE PTE. LTD.	Singapore, SG	100,0 %	100,0 %
MOBOTIX AUSTRALIA PTY LTD	Sydney, AU	100,0 %	100,0 %

## A. General information

The financial year used by MOBOTIX AG begins on October 1 and ends on September 30 of the following year.

The consolidated financial statement of MOBOTIX AG has been prepared in line with the stipulations of the German Commercial Code.

The Company is entered in the Commercial Register in Kaiserslautern as MOBOTIX AG, Commercial Register No. 3724.

The assets and liabilities were recognized and valued under the assumption that the Company will continue as a going concern.

We have used the total cost method for the income statement as we did in the previous year.

There may be minor discrepancies in the figures provided in euro and as percentages, since the figures have been rounded to the nearest thousand euro.

## B. Principles of consolidation

The annual financial statements of the companies included in the consolidated financial statements of MOBOTIX AG are prepared in line with Group-wide accounting policies as per the reporting date of Wednesday, September 30, 2021.

### Consolidation of investments

MOBOTIX CORP was consolidated as of July 1, 2005 (the opening balance sheet date).

It has been consolidated in accordance with Section 301 of the German Commercial Code (HGB). The equity of the subsidiary was offset against the carrying amount of the parent company's investment as of the opening balance sheet date.

The capital consolidation of MOBOTIX Singapore PTE. LTD., Singapore, and of MOBOTIX AUSTRALIA PTY LTD., Sydney, Australia, was based on the valuations at the time of the initial inclusion in the 2018/19 financial year.

### Liability consolidation/interim results/consolidation of expenditures and incomes

Intra-Group receivables and liabilities between the companies

### Scope of consolidation

MOBOTIX CORP, New York, USA (previously MOBOTIX Ltd. Liability Company, Columbia, South Carolina) was founded as a subsidiary in 2003. This was for the purpose of entering the American market. MOBOTIX CORP was fully consolidated as part of MOBOTIX AG as of the opening balance sheet date. MOBOTIX SINGAPORE PTE. LTD. was founded in Singapore on December 30, 2013 as a service company for Singapore. MOBOTIX AUSTRALIA PTY LTD. was founded in Sydney, Australia, on December 23, 2014 as a service company for Australia. MOBOTIX Singapore PTE. LTD., Singapore, as well as MOBOTIX AUSTRALIA PTY Ltd., Sydney, Australia, were included in the consolidated financial statements of MOBOTIX AG for the first time in the 2018/19 financial year. MOBOTIX LIMITED, Nottingham, is not included in the consolidated financial statements as it is not material to the presentation of a true and fair view of the MOBOTIX Group's net assets, financial position and results of operations.

included in the consolidated financial statements and the total expenditures and income from intra-Group deliveries and services are offset. Intra-Group deliveries and services are provided both at market prices and at transfer prices that are determined according to the arm's length principle. Profits and losses between the consolidated companies ("interim results") are also eliminated as part of the consolidation process.

### Currency conversion

Assets and liabilities denominated in foreign currencies are converted using the mean spot exchange rate on the reporting date.

The assets and liabilities listed in the annual financial statements prepared in foreign currency are translated into euro using the mean spot exchange rate as of the reporting date, with the exception of equity which is to be translated into euro at historical rates. Items on the income statement in the annual financial statements prepared in foreign currency are translated into euro at average monthly exchange rates. The difference due to currency translation is listed under the "Equity capital difference from currency conversion" item as part of the consolidated equity.

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## Deferred taxes

Deferred tax assets and liabilities are recognized in respect of differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income and the corresponding

carrying amounts reported in the tax accounts, provided these differences are expected to lessen in subsequent financial years. The resulting tax expenses and benefits are recognized in full.

## C. Information on accounting policies

### Accounting Principles

### Accounting Principles

#### Intangible Assets, Property, Plants And Equipment And Financial Assets

Development costs are capitalized as self-created intangible assets for the first time from the financial year 2019/20. Capitalization occurs when it is certain that the completion of the intangible asset is technically feasible and that future surpluses arise from the marketing.

Capitalized development costs are amortized over the expected useful life of 5 years. The depreciation starts at the end of the development phase. This is the time from which the asset can be used.

Purchased intangible assets are valued at acquisition cost less scheduled straight-line amortization in accordance with the expected useful life of one to five years.

Property, plants and equipment are valued at acquisition or manufacturing cost less scheduled straight-line depreciation in accordance with the expected useful life between 3 and 33 years. Grants and subsidies received are offset on the asset side.

A fixed value was established for the first time in the 2020/21 financial year for camera stocks that are intended for permanent use in the company.

The manufacturing cost of internally generated property, plants and equipment includes the direct cost of materials and production as well as an appropriate proportion of the necessary materials and production overheads incurred, including production-related depreciation.

Shares in affiliated companies are valued at cost. If the value of such shares is permanently impaired, their carrying amount is written down to their fair value. If the reasons for such write-

downs cease to apply, the impairment losses are reversed in accordance with Section 253 (5) of the German Commercial Code Handelsgesetzbuch, HGB.

#### Inventories

The materials and supplies reported under inventories are recognized at their average cost price, taking into account their realizable value on the balance sheet date and the lower-of-cost-and-market principle. Work in progress and finished goods are valued at their manufacturing cost in accordance with the lower-of-cost-or-market principle. Manufacturing costs include the direct cost of materials and production as well as an appropriate proportion of the materials and production overheads incurred and production-related depreciation of non-current assets. Interest on borrowed capital is not included in the manufacturing costs.

#### Receivables and other assets

Receivables and other assets are valued at their nominal value, taking into account all identifiable risks.

#### Deferred tax assets

Deferred tax assets are recognized for differences between the financial statements and tax accounts/accumulated tax losses incurred, provided this will result in tax relief in subsequent financial years.

#### Provisions

Other provisions take appropriate account of all identifiable risks and contingent liabilities; they are recognized at the settlement amount dictated by prudent business practice. Future price and cost increases are factored in if there is sufficiently objective evidence to suggest that they will materialize. Provisions with a residual maturity of more than one year are discounted using

the maturity-matched average market interest rate.

## Liabilities

Liabilities are carried at their settlement amount.

## Currency conversion

Assets and liabilities denominated in foreign currencies are generally translated at the average spot exchange rate on the balance sheet date, as all foreign currency items have residual terms of less than one year. Section 253 (1) sentence 1 and section 252 (1) no. 4 clause 2 of the German Commercial Code (Handelsgesetzbuch, HGB) are not applied in this respect.

The following accounting and valuation principles are applied where valuation units are formed in accordance with section 254 HGB:

Economic hedging relationships are reflected in the balance

sheet through the formation of valuation units. In cases where both the “freeze” method, in which the offsetting changes in value arising from the hedged risk are not recognized, and the “transfer method,” according to which the offsetting changes in value arising from the hedged risk of both the hedged item and the hedging instrument are recognized, can be applied, the freeze method is applied. The offsetting positive and negative changes in value are recognized without affecting the income statement.

## Deferred Tax Liabilities

Deferred tax assets are recognized in respect of differences between the carrying amounts of assets, liabilities and prepaid expenses, provided that this will result in tax relief in later financial years.

## D. Information and explanations regarding individual items on the balance sheet and income statement

### (1) Intangible assets and property, plants and equipment

The changes in the non-current intangible assets and property, plant and equipment reported on the balance sheet are presented in the statement of changes in non-current assets (annex to the notes).

### Self-created intangible assets

In the 2020/21 financial year, research and development costs totaled €8,080,000. Of this, an amount of €4,275,000 was capitalized among the self-created intangible assets.

### (2) Financial assets

See table “Financial Assets”.

### (3) Trade receivables and other assets

Trade receivables and other assets have a residual term of less than one year, as in the previous year.

### (4) Deferred tax assets

Deferred tax assets of €1,407,000 (previous year €321,000) comprise accumulated tax losses of €1,293,000 (previous year €229,000) incurred in the 2016/17 financial year and €114,000 (previous year €91,000) from the elimination of intra-Group profits and losses from transactions between MOBOTIX AG and MOBOTIX CORP. The recognition of deferred tax assets is based on a tax rate of 29.0%.

Deferred tax assets on tax relief entitlements in the US, which are expected to arise from the anticipated use of existing loss carryforwards (€4,848,000) in future years, are not being recognized owing to the past and current loss situation.

Financial Assets			
Name and registered office of Company	Share of capital in percent	Equity	Result in 2020/21
MOBOTIX LIMITED, Nottingham, UK*	100,0	1 British pound	0 British pounds

\* not operational

## (5) Equity

The subscribed capital corresponds to the share capital of MOBOTIX AG as of the relevant balance sheet date.

As of the balance sheet date, the company had issued 13,271,442 ordinary shares, 13,165,536 of which are in circulation. It held 105,906 shares as treasury shares as of September 30, 2021. These no-par-value shares each represent €1.00 of the Company's share capital, which is fully paid-up.

The Annual General Meeting of MOBOTIX AG, Winnweiler-Langmeil, held on Thursday, January 28, 2021, adopted a resolution to pay a dividend of €0.04 per share for the 2018/19 financial year. This constituted a total dividend payout of €531,000. The treasury shares held by the Company do not carry dividend rights. The dividend was distributed on January 29, 2021.

The Annual General Meeting held on May 28, 2018 adopted a resolution to authorize the Management Board once again – subject to compliance with the principle of equal treatment (Section 53a of the German Stock Corporation Act (AktG)) – to acquire treasury shares up to a total of 10% of the Company's existing share capital on or before April 30, 2023. At no time may the shares acquired on the basis of this authorization, together with other shares of the Company which the Company has already acquired or still holds or which are attributable to it pursuant to sections 71d, 71e of the German Stock Corporation Act (Aktiengesetz, AktG), account for more than 10% of the respective share capital of the Company.

At the Management Board's discretion, shares are acquired on the open market or via a public purchase offer to all Company stockholders or by means of a public call to stockholders to submit offers to sell.

The Company did not purchase any treasury shares in the 2020/21 financial year. As part of an employee stock option plan, 6,213 treasury shares were issued to employees and members of the Management Board in the 2020/21 financial year. Its treasury shares account for €106,000 of its share capital. The treasury shares were purchased in financial years 2010/11 and 2011/12.

The capital reserves consist of share premiums received from various capital increases in the past.

A statutory reserve required under Section 150 (1) of the German Stock Corporation Act (AktG) totals €77,000; this amount has been allocated in previous years in accordance with Section 150 (2) AktG.

€17,678,000 was allocated to other retained earnings pursuant to the resolution adopted by the Annual General Meeting held on May 28, 2018.

The unappropriated profit comprises the accumulated, undistributed profits not allocated to other revenue reserves net income for the year.

The Management Board of MOBOTIX AG proposes to distribute €531,000 to the shareholders from the retained earnings of €3,837,000 of MOBOTIX AG and to carry forward €3,306,000 to new account.

In accordance with Section 268 (8) HGB, other retained earnings plus profit carried forward are restricted from distribution due to the capitalization of internally generated intangible assets in the amount of €4,824,000 and due to deferred tax assets in the amount of €1,293,000.

## (6) Other provisions

Other provisions primarily include the following types of provisions.

€'000s	
Provisions for outstanding invoices	€1,789 (previous year €1,537)
Provision for annual bonuses and sales commission	€812 (previous year €998)
Provisions for penalty by competition authority	€650 (previous year €0)
Provisions for vacation	€570 (previous year €471)
Provisions for Christmas bonuses	€376 (previous year €349)

**(7) Liabilities**

The table below shows the residual maturities and security interests of the liabilities reported on the balance sheet (€'000S; previous years' figures in brackets).

Other liabilities include social security payments of €245,000 (previous year €304,000) and taxes of €195,000 (previous year €264,000).

Liabilities to affiliated companies relate exclusively to trade payables.

**(8) Revenue from sales**

Sales revenue comprises revenue of €61,027,000 (previous year €68,096,000) from the sale of video management systems, revenue of €1,154,000 (previous year €148,000) from the sale of components to external manufacturers, revenue from the contract development for Konica Minolta, Inc. Tokyo, Japan, in the amount of €235,000 (previous year €2,109,000).

Revenues from the sale of video management system solutions of €16,071,000 (previous year €15,908,000) are attributable to Germany, €24,969,000 (previous year €25,117,000) to the rest of Europe, and €19,987,000 (previous year €27,071,000) to the rest of the world.

**(9) Income and expenses from other reporting periods**

Other operating income includes income of €39,000 (previous year €66,000) from other reporting periods, while other operating expenses include expenses of €657,000 (previous year €234,000) from other reporting periods.

**(10) Other financial obligations**

Other financial obligations relate solely to payments for rents, leases and materials within the scope of the Company's ordinary business activities.

<b>Liabilities</b>					
		<b>Maturity period</b>			<b>Of which secured*</b>
	<b>Total</b>	<b>up to 1 year</b>	<b>1 to 5 years</b>	<b>over 5 years</b>	<b>Amount</b>
To financial institutions	26,050 (23,550)	22,300 (7,200)	3,750 (16,350)	0 (0)	8,000 (8,000)
Arising from advance payments received for orders	1 (8)	1 (8)	0 (0)	0 (0)	0 (0)
Trade receivables	6,282 (2,179)	6,282 (2,179)	0 (0)	0 (0)	0 (0)
Liabilities to affiliated companies	9 (34)	9 (34)	0 (0)	0 (0)	0 (0)
Other liabilities	802 (788)	802 (788)	0 (0)	0 (0)	0 (0)
<b>Total</b>	<b>33,144 (26,559)</b>	<b>29,394 (10,209)</b>	<b>3,750 (16,350)</b>	<b>0 (0)</b>	<b>8,000 (8,000)</b>

\* Mortgage

### (11) Currency conversion income and expenses

Other operating income includes income of €231,000 (previous year €256,000) from currency conversion, while other operating expenses include expenses of €237,000 (previous year €385,000) from other reporting periods.

### (12) Valuation units

The following valuation units were formed:

Underlying transaction/ hedging instru- ment	Risk/type of valuation unit	Amount involved	Level of hedged risk
(1) Foreign cur- rency recei- vable /foreign exchange deri- vative	Currency risk/micro hedge	FC'000S US\$	€'000s 3,544

re (1): The offsetting changes in value of the underlying and hedging transaction are expected to offset one another in the amount of €3,544,000 in the hedging period because risk positions (underlying transaction) are hedged in the same currency and for the same term by forward exchange transactions in the same amount immediately after they arise. The offsetting changes in value from the underlying transaction and the hedging transaction had largely offset one another by the balance sheet date. The critical terms match method is used to measure the effectiveness of the hedging relationship.

### (13) Taxes from income and profit

The table below reconciles the income taxes derived from profit before tax with the income taxes actually reported in the financial statements:

Tax Reconciliation	Financial year 01.10.2020 – 30.09.2021
	€'000s
<b>Profit before tax</b>	<b>-32</b>
Income taxes derived from earnings before tax (income)	-9
Loss carryforwards not capitalized/utilized	-197
Other non-deductible expenses	197
Other	39
<b>Reported income taxes</b>	<b>30</b>

### (14) Miscellaneous

The contractual relationship with the general contractor for the new construction (construction phase 1) in Langmeil, Germany, was terminated for good cause in 2009 before the construction was completed. The general contractor submitted their final invoice amounting to €2,262,000 (net) in 2009. MOBOTIX AG is contesting this invoice, since counterclaims for contractual penalties, defects and underperformance amount to at least the same amount. Proceedings at the court of first instance are pending. In accordance with the risk assessment of the Management Board, the matter has been accounted for in the financial statements by capitalizing property, plant and equipment and recognizing a corresponding provision in the balance sheet. Accordingly, there has been no cash outflow from the non-recognized final invoice.

## E. Other Compulsory Information

### (1) Average Number of People Employed in the Financial Year (Full-Time Equivalent)

The following groups of employees (excluding the Management Board, trainees and temporary employees) were employed by the Group during the 2020/21 financial year:

Full-time employees	291.6
Part-time employees	23.4

The total number of people employed on average was 315.0 (previous year 307.9).

### (2) Auditor's fees

MOBOTIX AG incurred the following expenses for its independent auditors, Ernst & Young GmbH in the financial year in accordance with Section 314 (9) of the German Commercial Code (HGB):

	Financial year	
	2020/21	2019/20
	€'000s	€'000s
<b>Statutory audit services</b>		
invoiced	63	60
from provisions	43	45
<b>Total</b>	<b>106</b>	<b>105</b>

### (3) MOBOTIX AG Management Board

#### Members of the MOBOTIX AG Management Board

- Thomas Lausten, Master of Business Administration, Kaiserslautern (Chairman)
- Klaus Kiener, Graduate in Business Administration, Wiesbaden (Chief Financial Officer)
- Hartmut Sprave, Graduate Physicist, Otterbach (Chief Technology Officer)

#### Management Board Member's remuneration

The total remuneration paid to the members of the Management Board amounted to €886,000 (previous year €942,000). This consisted entirely of short-term remuneration.

### (4) MOBOTIX AG Supervisory Board

#### Members of the Supervisory Board

- oshiya Eguchi, Executive Officer at Konica Minolta, Inc., Tokyo, Japan, responsible for IoT Service Platform Development, Imaging-IoT Solution Business and Visual Solutions Business (Chairman)
- Olaf Jonas, General Manager Corporate Governance Division at Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany
- Tsuyoshi Yamazato, General Manager at Konica Minolta, Inc., Tokyo, Japan, responsible for Solution Sales of Imaging-IoT Solution Business (up to June 2021)
- Osafumi Kawamura, General Manager at Konica Minolta Inc., Tokyo, Japan, responsible for Business Planning Division, Imaging-IoT Solution Business (since July 2021 up to October 2021)
- Koji Ozeki, General Manager at Konica Minolta Business Solutions Europe GmbH, Mainz, Germany, responsible for Imaging-IoT Solution Development (since November 2021)

#### Supervisory Board Members' remuneration

Each member of the Supervisory Board receives a fixed annual remuneration of €10,000 for their services. In addition, each member of the Supervisory Board receives for his or her work variable remuneration amounting to €75.00 for each €0.01 of the Company's earnings per share as shown in the HGB consolidated financial statements and calculated in accordance with the principles of the Society of Investment Professionals in Germany (DVFA) (based on share capital of €13,271,442.00 divided into 13,271,442 no-par-value shares, each representing €1.00 of the share capital). The Chairman of the Supervisory Board receives twice the fixed and variable remuneration.

The total remuneration paid to the members of the Supervisory Board amounted to €42,000 in the 2020/21 financial year (previous year: €49,000).

## (5) Group affiliation

MOBOTIX AG is a subsidiary of Konica Minolta, Inc., Tokyo, Japan, which in turn is a subsidiary of Konica Minolta Holdings, Inc., Tokyo, Japan.

Konica Minolta Holdings, Inc., Tokyo, Japan prepares the consolidated financial statements for the largest group of companies. These consolidated financial statements are translated into German and published in the Federal Gazette and can be obtained from the company. MOBOTIX AG prepares the consolidated financial statement for the smallest group of companies, which is published in the Federal Gazette and can be obtained from the company.

## (6) Notifications pursuant to Section 20 (1), (5) and (6) of the German Stock Corporation Act

Dr. Ralf Hinkel Holding GmbH, Kaiserslautern, Germany, notified us, in accordance with Section 20 (5) of the German Stock Corporation Act (AktG), in a letter dated May 13, 2016, that it no longer holds the majority of shares and voting rights (majority interest) of MOBOTIX AG as of May 10, 2016, in accordance with Section 20 (4) AktG.

Dr. Ralf Hinkel Holding GmbH, Kaiserslautern, Germany, informed us in the same letter that it no longer holds more than a quarter of the shares in MOBOTIX AG as of May 10, 2016, in accordance with Section 20 (1) of AktG, even with the addition of shares (Section 20 (2) AktG).

Konica Minolta, Inc., Tokyo, Japan, informed us in a letter dated May 10, 2016, in accordance with Section 20 (1) and (3) AktG, that it holds more than a quarter of the shares in MOBOTIX AG, even without the addition of shares (Section 20 (2) AktG).

Konica Minolta, Inc., Tokyo, Japan, informed us in the same letter, in accordance with Section 20 (4) AktG, that it holds the majority of shares and voting rights (majority interest) in MOBOTIX AG.

## (7) Supplementary Report

After the end of the fiscal year, no further events of special significance occurred that have a material financial impact on the net assets, financial position and results of operations of the MOBOTIX Group, except for the following.

On November 8, 2021, MOBOTIX AG was notified by the French competition authority Direction générale de la concurrence, de la consommation et de la répression des fraudes (DGCCRF) that it had entered into illegal price agreements with French wholesalers and distributors. The penalty of €645,000 was imposed for a distribution practice that existed over 6 to 7 years in the years 2011/12 to 2017/18 and affected a significant proportion of sales of MOBOTIX products in France. A provision for penalty and legal fees in the amount of €700,000 was recognized.

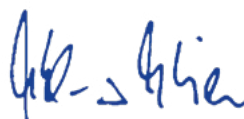
MOBOTIX AG considers the penalty or the accusations to be unfounded and has initiated legal steps. In addition, a distributor involved in the proceedings has filed potential recourse claims arising from the penalty announced against it, which according to our legal review are unfounded and would be contested if necessary.

Winnweiler-Langmeil, November 23, 2021

The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



Hartmut Sprave • CTO

Annex To The Notes							
	As of 01.10.2020	Addi- tions	Dispo- sals	Amendment of the scope of consolida- tion	Trans- fer pos- ings	Currency transla- tion diffe- rences	As of 30.09.2021
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
<b>Initial investment costs/manufacturing costs</b>							
<b>Intangible assets</b>							
Self-created intangible assets	3,421	4,250	0	0	25	0	7,696
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	3,311	124	0	0	0	0	3,435
Advance payments	2	141	0	0	-20	0	123
<b>Total intangible assets</b>	<b>6,734</b>	<b>4,515</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>11,254</b>
<b>Property, plant and equipment</b>							
Land and buildings, including buildings on third-party land	18,188	56	0	0	0	0	18,244
Technical equipment and machinery	10,270	145	0	0	95	0	10,510
Other equipment, factory and office equip-ment	11,982	595	174	0	0	1	12,404
Advance payments and assets under const- ruction	82	271	0	0	-100	0	253
<b>Total property, plant and equipment</b>	<b>40,522</b>	<b>1,067</b>	<b>174</b>	<b>0</b>	<b>-5</b>	<b>1</b>	<b>41,411</b>
<b>Financial Assets</b>							
Shares in affiliated companies	0	0	0	0	0	0	0
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Aggregated amortization and depreciation</b>							
<b>Intangible assets</b>							
Self-created intangible assets	163	753	0	0	0	0	916
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	1,620	542	0	0	0	1	2,163
Advance payments	0	0	0	0	0	0	0
<b>Total intangible assets</b>	<b>1,783</b>	<b>1,295</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3,079</b>
<b>Property, plant and equipment</b>							
Land and buildings, including buildings on third-party land	6,352	592	0	0	0	0	6,944
Technical equipment and machinery	9,027	426	0	0	0	0	9,453
Other equipment, factory and office equip-ment	9,547	533	0	0	0	1	10,079
Advance payments and assets under const- ruction	0	0	0	0	0	0	0
<b>Total property, plant and equipment</b>	<b>24,926</b>	<b>1,551</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>26,476</b>

## Annex To The Notes

	As of 01.10.2020	Addi- tions	Dispo- sals	Amendment of the scope of consolida- tion	Trans- fer pos- tings	Currency transla- tion diffe- rences	As of 30.09.2021
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
<b>Net carrying amount</b>							
<b>Intangible assets</b>							
Self-created intangible assets	3,258						6,780
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	1,691						1,272
Advance payments	2						123
<b>Total intangible assets</b>	<b>4,951</b>						<b>8,175</b>
<b>Property, plant and equipment</b>							
Land and buildings, including buildings on third-party land	11,836						11,300
Technical equipment and machinery	1,243						1,056
Other equipment, factory and office equipment	2,435						2,325
Advance payments and assets under construction	82						253
<b>Total property, plant and equipment</b>	<b>15,596</b>						<b>14,934</b>
<b>Financial Assets</b>							
Shares in affiliated companies	0						0
<b>Total financial assets</b>	<b>0</b>						<b>0</b>

## Independent auditor's report

### To MOBOTIX AG

#### Opinions

We have audited the consolidated financial statements of MOBOTIX AG, Winnweiler-Langmeil, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 30 September 2021, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year from 01 October 2020 to 30 September 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of MOBOTIX AG, which has been combined with the management report of the Company, for the fiscal year from 01 October 2020 to 30 September 2021.

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 requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as of 30 September 2021 and of its financial performance for the fiscal year from 01 October 2020 to 30 September 2021 in compliance with German legally required accounting principles, 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.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], 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 opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

#### Other information

The Supervisory Board is responsible for the report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the other parts of the annual report which we expect to receive after we have issued our independent auditor's report. This particularly applies to the "Letter to the Shareholders", the "Report of the Supervisory Board" and other sections of the annual report.

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

In connection with our audit, our responsibility is to read the other information and, 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.

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## 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 the requirements of German commercial law applicable to business corporations, and 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 German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, 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, provided no actual or legal circumstances conflict therewith.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

## Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW (Institut der Wirtschaftsprüfer) 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 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 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 opinion. 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 German legally required accounting principles.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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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.

Mannheim, 24 November 2021

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Kaschub

Wöhe

Auditor

Auditor

APAC	Asia Pacific
CAGR	Compound annual growth rate
CCD image sensor	Charged coupled device; a light-sensitive hardware component
CIF	Common intermediate format, image compression format
CMOS image sensor	Complementary metal oxide semiconductor; a light-sensitive hardware component
Control center computer	Computer that makes it possible to process information transmitted from cameras from a central control center
CPU	Central processing unit
DACH	Germany, Austria, Switzerland
DVR	Digital video recorder
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA margin	$(\text{EBITDA}/\text{Revenue}) \times 100$ (the higher the percentage, the greater the profitability)
EBIT margin	$(\text{EBIT}/\text{Revenue}) \times 100$ (the higher the percentage, the greater the profitability)
Equity ratio	Total equity as of the reporting date divided by total assets multiplied by 100 (the higher the ratio, the lower the leverage)
Fixed dome	Camera without moving parts in a dome-shaped housing
FORXAI	Konica Minolta's FORXAI video analytics technology combines intelligent sensors with learning based on algorithms (or artificial intelligence) and an IoT platform. MOBOTIX integrates FORXAI technology into its solutions.
Gross profit	Total operating output less material costs
HDTV	High-definition TV
Hemispheric	360° allround view
HiRes	High resolution
IP network	Data network based on the Internet protocol
IP standard	Standardized network protocol
IR	Infrared
JPEG format	A lossy format for online image data that reduces the file size by compressing the same or similar image content, among other things

LAN	Local area network
LPR	License plate recognition
Megapixel	Image size with more than one million pixels
MPEG format	Video format for generating data streams with a smooth display of images, defined by the Motion Picture Experts Group
NAS	Network Attached Storage
NDAA	National Defense Authorization Act
Novaira Insights	World market for video surveillance hardware and software, 2021 edition. Josh Woodhouse & Jon Cropley. 21.09.2021
ONVIF	Open Network Video Interface Forum
SD card	Secure Digital memory card; a digital storage device that, like USB sticks, for example, uses flash memory
TCO	Total costs of ownership
Total operating output	Revenue +/- changes in inventory + other own work capitalized
TCP/IP	Transmission Control Protocol/Internet Protocol
Video server	Central storage unit for video images or video streams
VoIP	Voice over Internet Protocol; standard for delivering voice communications over IP networks

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### Disclaimer

This financial report contains statements and information from MOBOTIX AG that refer to future periods. These statements related to future periods can be identified by words such as 'plan,' 'expect,' 'intend,' 'aim,' 'become,' 'estimate,' 'assume,' 'target' or similar words. Such statements are made based on the current situation and latest expectations and may occasionally differ significantly – either on the upside or downside – from actual developments. Some of the factors that may give rise to uncertainties are changes in domestic or international macroeconomic conditions, changes in the underlying political situation, the introduction of new products or technologies by other companies, changes in investment behavior in MOBOTIX AG's key markets, movements in exchange rates or interest rates, and the integration of acquired companies. MOBOTIX AG undertakes no obligation – over and above the existing legal requirements – to revise or update forward-looking statements. MOBOTIX AG assumes no obligation to correct or update any future-related statements other than existing statutory obligations.

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Beyond Human Vision