

# MOBOTIX AG

## Winnweiler-Langmeil

Short-form audit report  
Consolidated financial statements and  
group management report  
30 September 2022

*Translation from the German language*

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



*Translation from the German language*

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Note: Due to rounding differences, figures in tables and cross-references may differ slightly from the actual figures (units of currency, percentages, etc.).



## 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 balance sheet as at 30 September 2022, the consolidated income statement, the consolidated cash flow statement and the development of Group equity for the fiscal year from 1 October 2021 to 30 September 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the consolidated management report of MOBOTIX AG, which has been combined with the management report of the Company, for the fiscal year from 1 October 2021 to 30 September 2022.

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 at 30 September 2022 and of its financial performance for the fiscal year from 1 October 2021 to 30 September 2022 in compliance with German legally required accounting principles, and
- the accompanying consolidated management report as a whole provides an appropriate view of the Group's position. In all material respects, this consolidated 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 consolidated management report.

### Basis for the opinions

We conducted our audit of the consolidated financial statements and of the consolidated 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 consolidated 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 consolidated management report.

#### Material uncertainty about the Group’s ability to continue as a going concern

We refer to the disclosures in the section “A. General information” in the notes to the consolidated financial statements and the section “6.3 Significant risks” in the consolidated management report, which has been combined with the management report of the Company, under the subheading “Financial risks”, in which the executive directors state that there are financing risks in connection with the creditworthiness of the Company and the existing loan commitments. If the banks do not extend their credit lines beyond fiscal year 2023, or only do so with lower amounts than those drawn, the majority shareholder Konica Minolta, Inc. has contractually agreed to take over financing beyond calendar year 2023 until 30 September 2024 and has issued a qualified letter of subordination. If there are major delays to planned revenue or further significant delays in incoming payments or if one or more of the assumptions used in the planning prove incorrect, further support will be required from the majority shareholder in the form of loans or other external financing sources, e.g., a capital increase based on the authorized capital of EUR 6.0m, in order to enable MOBOTIX AG, and therefore the Group, to continue as a going concern. This draws attention to the existence of a material uncertainty that may cast significant doubt on the ability of MOBOTIX AG, and therefore of the Group, to continue as a going concern and that represents a going concern risk pursuant to Sec. 322 (2) Sentence 3 HGB.

Our opinions are not modified in respect of this matter.

## 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 consolidated 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 consolidated management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

## Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the consolidated 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 consolidated 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 consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 consolidated management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with 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 consolidated 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 consolidated 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 consolidated management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saarbrücken, 4 April 2023

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Dr. Zabel  
Wirtschaftsprüfer  
[German Public Auditor]

Wöhe  
Wirtschaftsprüfer  
[German Public Auditor]



**Consolidated Financial Statements of  
MOBOTIX AG,  
Winnweiler-Langmeil  
2021/22 Financial Year**

**October 1, 2021 to September 30, 2022**

## Consolidated balance sheet as of September 30, 2022

		09/30/2022	09/30/2021
		€'000s	€'000s
	See Notes		
<b>A. Assets</b>			
<b>I. Intangible Assets</b>	(1)		
1.	Self-created intangible assets	9911	6780
2.	Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	1107	1272
3.	Goodwill	4074	0
4.	Advance payments	246	123
		15,338	8175
<b>II. Property, Plant And Equipment</b>	(1)		
1.	Land and buildings, including buildings on third-party land	10,708	11,300
2.	Technical equipment and machinery	1354	1056
3.	Other equipment, factory and office equipment	2664	2325
4.	Advance payments and assets under construction	4	253
		14,730	14,934
<b>III. Financial Assets</b>	(2)		
	Shares in affiliated companies	0	0
		0	0
		30,068	23,109
<b>B. Current Assets</b>			
<b>I. Inventory</b>			
1.	Raw materials and supplies	15,276	10,346
2.	Work in progress	3865	3531
3.	Finished goods and merchandise	11,427	9443
		30,568	23,320
<b>II. Receivables And Other Assets</b>	(3)		
1.	Trade receivables	15,225	17,467
2.	Receivables due from affiliated companies	4276	2698
3.	Other assets	1191	802
		20,692	20,967
<b>III. Cash In Hand And Bank Balances</b>		2271	1400
		53,531	45,687
<b>C. Prepaid Expenses And Deferred Charges</b>		767	785
<b>D. Deferred Tax Assets</b>	(4)	3596	1407
<b>ASSETS</b>		<b>87,962</b>	<b>70,988</b>

		09/30/2022	09/30/2021
		€'000s	€'000s
	See Notes		
<b>A. Equity</b>	(5)		
<b>I. Subscribed Capital</b>		13,271	13,271
	./. Treasury shares	-62	-106
	(Corrected) subscribed capital	13,209	13,165
<b>II. Capital Reserves</b>		1250	1250
<b>III. Retained Earnings</b>			
	1. Statutory reserve	77	77
	2. Other retained earnings	17,974	17,819
		18,051	17,896
<b>IV. Equity Capital Difference From Currency Conversion</b>		214	146
<b>V. Loss Carryforward</b>		-2668	-2075
<b>VI. Consolidated Net Loss</b>		-6313	-62
		23,743	30,320
<b>B. Provisions</b>			
	1. Provisions for taxes	40	21
	2. Other provisions	9231	5547
		9271	5568
<b>C. Liabilities</b>	(7)		
	1. Bank loans and overdrafts	38,674	26,050
	2. Advance payments received for orders	2	1
	3. Trade payables	7514	6282
	4. Liabilities to affiliated companies	4748	9
	5. Other liabilities	1151	802
		52,089	33,144
<b>D. Prepaid Expenses And Deferred Charges</b>		40	0
<b>E. Deferred Tax Liabilities</b>		2819	1956
<b>LIABILITIES</b>		<b>87,962</b>	<b>70,988</b>

## Consolidated Income Statement

October 1, 2021 through September 30, 2022

		Financial year	
		10/01/202	10/01/202
		1	0
See Notes		-	-
		09/30/202	09/30/202
		2	1
		€'000s	€'000s
1.	Revenue from sales (8)	56,037	62,416
2.	Increase/decrease in finished and unfinished goods and work in progress	993	-1189
3.	Other own work capitalized	3227	4439
4.	Other operating income (9.11)	826	566
5.	Material costs	28,321	30,928
	a) Expenses for raw, auxiliary and operating materials as well as for purchased goods	22,601	25,412
	b) Expenses for purchased services	5720	5516
6.	Personnel expenses	25,828	23,597
	a) Wages and salaries	21,860	20,025
	b) Social security contributions and expenditure on pension benefits	3968	3572
	of which relating to pensions EUR 36,000 (previous year: EUR 43,000)		
7.	Amortization of intangible assets and depreciation of property, plants and equipment	3649	2848
8.	Other operating expenses (9.11)	10,744	8630
9.	Interest and similar expenses	306	220
10.	Taxes from income and profit (12)	-1495	30
	a) Current taxes	184	53
	b) Deferred taxes (4)	-1679	-23
<b>11.</b>	<b>After-Tax Profit</b>	<b>-6271</b>	<b>-21</b>
12.	Other taxes	42	41
<b>13.</b>	<b>Consolidated Net Loss</b>	<b>-6313</b>	<b>-62</b>

## Consolidated Cash Flow Statement from October 1, 2021 to September 30, 2022

	Financial year	
	10/01/2021 1	10/01/2020 -
	09/30/2021 2	09/30/2021 -
	€'000s	€'000s
Annual result before taxes on income	-7808	-32
+ Income from interest	306	220
+ Amortization of intangible assets and depreciation of property, plants and equipment	3649	2848
-/+ Increase/decrease of other provisions	-517	523
+ Loss due to disposal of fixed and tangible assets	110	172
+ Other non-cash expenses	0	37
Operating cash flow before changes in working capital	-4260	3768
- Increase in inventory, trade receivables and other assets that do not fall under investment or financing activities	-6068	-4669
+ Increase in trade payables and other liabilities that do not fall under investment or financing activities	6067	4084
Cash flow from operating activities before taxes on income	-4261	3183
- Income tax payments	-166	-117
Cash flow from operating activities	-4427	3066
Cash flow from investing activities		
- Cash outflows for purchases of property, plants and equipment	-1404	-1063
- Cash outflows for purchases of intangible assets	-3492	-4519
- Payments for additions to the scope of consolidation	-1770	0
Cash flow from investing activities	-6666	-5582
Cash flow from financing activities		
- Dividend payments	-531	-531
- Cash outflows for redemption of loans	-12,612	-2200
+ Cash inflows from the take-up of loans	3000	0
- Interest paid	-306	-220
Cash flow from financing activities	-10,449	-2951
Net change in cash and cash equivalents	-21,542	-5467
+ Net change in financial facilities due to exchange rate	56	49
+ Consolidation-related changes in the scope of funds	257	0
Cash and cash equivalents at the beginning of the reporting period	-8300	-2882
Cash and cash equivalents at the end of the reporting period	-29,529	-8300
Transfer to inventory in accordance with balance sheet:		
+ Short-term loans	31,800	9700
Cash in hand and bank balances	2271	1400

## Development Of Group Equity

	Subscribed capital	Treasury shares	(Corrected) subscribed capital	Capital reserves	Statutory reserve	Other retained earnings
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
<b>As at 10/01/2020</b>	13,271	-112	13,159	1250	77	17,782
Allocation to reserves						
Distribution						
Currency conversion						
Issuance of treasury shares		6	6			37
Consolidated annual net profit						
<b>As at 09/30/2021</b>	13,271	-106	13,165	1250	77	17,819
<b>As at 10/01/2021</b>	13,271	-106	13,165	1250	77	17,819
Allocation to reserves						
Distribution						
Issuance of treasury shares		44	44			155
Currency conversion						
Change in the scope of consolidation						
Consolidated annual net profit						
<b>As at 09/30/2022</b>	13,271	-62	13,209	1250	77	17,974

	Reserves	Equity difference from currency conversion	Loss carry-forward	Consolidated net loss	Group equity
	€'000s	€'000s	€'000s	€'000s	€'000s
<b>As at 10/01/2020</b>	17,859	99	2602		30,320
Allocation to reserves					
Distribution			-531		-531
Issuance of treasury shares	37				37
Currency conversion		47			47
Consolidated annual net profit				-62	-62
<b>As at 09/30/2021</b>	17,896	146	2075	-62	30,320
<b>As at 10/01/2021</b>	17,896	146	2137		30,320
Allocation to reserves					
Distribution			-531		-531
Issuance of treasury shares	155				199
Currency conversion		67			67
Consolidated net loss				-6313	-6313
<b>As at 09/30/2022</b>	18,051	213	-2668	-6313	23,742

## Notes to the Consolidated Financial Statements for the Financial Year 2021/22

### 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 (Sections 290 ff.).

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. The current income and liquidity plans of MOBOTIX AG and thus of the Group include liquidity additions, which were prepared on the basis of the best estimates of the Management Board. If there are any significant delays in planned sales or significant time shifts in payment receipts, or if one or more of the assumptions made in the plans prove to be incorrect, the majority shareholder will continue to support the company through loans or other external sources of financing, for example, through an increase in capital on the basis of an authorized capital of EUR 6.0 million to enable MOBOTIX AG and therefore the Group to continue in business as a going concern. This constitutes a material uncertainty relating to events or circumstances that may raise significant doubts about the ability of MOBOTIX AG and therefore the Group to continue to be 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 or as a percentage, since the figures have been rounded to the nearest thousand euro.

### Scope of Consolidation

The consolidated financial statements include all companies over which the company directly or indirectly exercises a dominant influence with the exception of MOBOTIX LIMITED, Nottingham, United Kingdom.

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.

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

The companies acquired in the year under review, VAXTOR TECHNOLOGIES, S.L., Madrid, Spain, VAXTOR ASIA PTE. LTD., Singapore, Singapore and VAXTOR SYSTEMS CORPORATION, USA, were consolidated for the first time.

### Shareholding

Company	Registered office	09/30/2022	09/30/2021
MOBOTIX CORP	New York, USA	100.00%	100.00%
MOBOTIX LIMITED	Nottingham, UK	100.00%	100.00%
MOBOTIX SINGAPORE PTE. LTD.	Singapore, SG	100.00%	100.00%
MOBOTIX AUSTRALIA PTY LTD	Sydney, AU	100.00%	100.00%
VAXTOR TECHNOLOGIES, S.L.	Madrid, ES	100.00%	-
VAXTOR ASIA PTE. LTD.	Singapore, SG	100.00%	-
VAXTOR SYSTEMS CORPORATION	Maryland, USA	100.00%	-

When the companies of the VAXTOR Group are included for the first time, the assets and liabilities included in the consolidated financial statements are revalued or recognized as part of the purchase price allocation. As a result, trademark rights, technical know-how and goodwill have been recognized as assets or asset-like items in the consolidated balance sheet.

## B. Principles Of Consolidation

The annual financial statements and interim 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 September 30, 2022.

### Consolidation Of Investments

Equity consolidation for companies that are consolidated for the first time as a result of an acquisition is carried out using the acquisition method at the time the company became a subsidiary.

The value of the shares owned by the parent company is offset against the amount of the equity of the subsidiary attributable to those shares. Treasury equity is recognized at the amount corresponding to the fair value of assets, liabilities and deferred income items to be included in the consolidated financial statements at the date of consolidation. Any goodwill remaining after netting is recognized as goodwill if it arises on the assets side and, if it arises on the liabilities side, as equity under the item "Difference from equity consolidation."

In principle, the date on which the company became a subsidiary is the date on which it determines the fair value of the assets and liabilities to be included in the consolidated financial statements and the date on which the company was consolidated. In the case of subsidiaries whose inclusion had previously been waived in accordance with Section 296 HGB, the date of inclusion of the subsidiary in the consolidated financial statements is decisive.

### Liability Consolidation/Interim Results/Consolidation Of Expenditures And Incomes

Intra-group receivables and liabilities between the companies included in the consolidated financial statements and the total expenditures and income from intra-Group deliveries and services are offset. In the consolidated income statement, the income from internal sales and other intra-group income is offset



against the corresponding expenses. Interim results within the scope of consolidation are eliminated. Profits and losses between the consolidated companies ("interim results") are also eliminated as part of the consolidation process.

### **Currency Conversion**

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.

### **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 as well as differences due to the consolidation measures set out in Sections 300 to 307 HGB, provided these differences are expected to lessen in subsequent financial years. However, differences arising from the initial recognition of goodwill from equity consolidation are not taken into account. The resulting tax expenses and benefits are recognized in full without netting.

In addition, differences that are based on consolidation measures under Sections 300 to 307 HGB are also taken into account, but differences from the initial recognition of goodwill from equity consolidation are not taken into account.

## C. Information On Accounting Policies

### Accounting Principles

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

Development costs are capitalized as self-created intangible assets. Capitalization occurs when it is sufficiently likely that the completion of the intangible asset is technically feasible and that future surpluses arise from the marketing. MOBOTIX AG and its subsidiaries do not carry out any research.

Capitalized development costs are amortized over the expected commercial useful life of five 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 two to five years.

Property, plant and equipment are valued at acquisition or manufacturing cost less scheduled straight-line depreciation in accordance with the expected useful life of between three and thirty-three years. Grants received are deducted from the acquisition or production costs.

A fixed value of EUR 1,151,000 was established 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. Administrative costs are not capitalized.

#### 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. Borrowing interest is not included in the cost of production; administrative costs are not capitalized either.

#### Receivables And Other Assets

Receivables and other assets are valued at their nominal value, taking into account all identifiable risks. All risk items are taken into account by forming appropriate individual value adjustments. The general credit risk is taken into account by means of flat-rate discounts.

#### Cash In Hand And Bank Balances

Cash in hand and bank balances are valued at face value.

#### Deferred Taxes

To determine **deferred taxes** due to temporary or quasi-permanent differences between the valuation of assets under commercial law, debts and deferred income and their tax values or tax loss carryforwards are valued at the company's individual tax rates at the time the differences are reduced and the amounts of the resulting tax burden and relief are not discounted.

Tax deferred assets on both the assets and liabilities sides are shown without netting.

### **Provisions**

Tax and 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.

## **D. Information and Explanations Regarding Individual Items On The Consolidated 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 EUR 8,080,000. Of this, an amount of EUR 4,250,000 was capitalized among the internally generated intangible assets.

#### **Purchased Industrial Property Rights And Similar Rights And Assets As Well As Licenses To Such Rights And Assets**

The technologies and brand names capitalized as part of the initial consolidation of the VAXTOR Group are depreciated over a period of four to ten years.

#### **Goodwill**

The initial consolidation of the VAXTOR Group in fiscal year 2021/22 resulted in goodwill of EUR 4,251,000. This goodwill will is based on a useful life of ten years based on the life cycle of the products of the acquired companies. The remaining book value at the reference date amounts to EUR 4,074,000.

### **(2) Trade Receivables, Receivables From Affiliated Companies And Other Assets**

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

### **(3) Receivables From Affiliated Companies**

Receivables from affiliated companies of EUR 4,276,000 (previous year: EUR 2,698,000) include trade receivables from companies of the Konica Minolta Group, in whose consolidated financial statements MOBOTIX AG is included by way of full consolidation; in this respect, a consolidated statement in the consolidated financial statements of MOBOTIX AG itself is produced in the consolidated financial statements of MOBOTIX AG.

### **(4) Deferred Tax Assets**

Deferred tax assets of EUR 3,596,000 (previous year: EUR 1,407,000) comprise accumulated tax losses of EUR 3,222,000 (previous year: EUR 1,293,000) from income tax loss carryforwards that occurred in previous years and in the 2021/22 financial year and in the amount of EUR 374,000 from the elimination of sales with Konica Minolta Business Solutions U.S.A., Inc., which are to be eliminated from the Group's point of view as a result of the resale to MOBOTIX CORP, USA. Deferred tax assets resulting from the elimination of interim results from deliveries between MOBOTIX AG and MOBOTIX CORP were not produced in the reporting year (previous year: EUR 114,000). The recognition of deferred tax assets is based on a tax rate of 29.0%.

Deferred tax assets on tax relief entitlements in the United States, which are expected to arise from the anticipated use of existing loss carryforwards (EUR 8,049,000) in future years, are not being recognized owing to the past and current loss situation.

### **(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 61,558 shares as treasury shares as of September 30, 2022. These no-par-value shares each represent EUR 1.00 of the Company's share capital, which is fully paid-up.

The Annual General Meeting of MOBOTIX AG, Winnweiler-Langmeil, held on January 27, 2022, adopted a resolution to pay a dividend of EUR 0.04 per share for the 2020/21 financial year. This constituted a total dividend payout of EUR 531,000. The treasury shares held by the Company do not carry dividend rights. The dividend was distributed on January 28, 2022. The remaining balance of the net profit of EUR 3,306,000 was carried forward to new account.

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. The shares acquired under this authorization—in conjunction with other Company shares which the Company has already acquired or still possesses, or which are attributable to it pursuant to Sections 71d and 71e AktG—must at no time account for more than 10% of the Company's share capital.

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 2021/22 financial year. As part of the acquisition of VAXTOR Technologies, S.L. 44,248 treasury shares were used as part of the purchase price in the 2021/22 financial year. Therefore, retained earnings increased by EUR 156,000 at the time the treasury shares were used.

Its treasury shares account for EUR 62,000 of its share capital. The treasury shares were purchased in the 2010/11 and 2011/12 financial years.

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 EUR 77,000; this amount has been allocated in previous years in accordance with Section 150 (2) AktG.

EUR 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 distributable profit comprises accrued, retained profits and not the annual results allocated to the other retained earnings.

The Management Board of MOBOTIX AG proposes carrying forward the MOBOTIX AG balance sheet loss of EUR 197,000 to a new account.

The other retained earnings minus the loss carried forward are not available for dividends in accordance with Section 268 (8) of the German Commercial Code due to the capitalization of internally manufactured intangible assets in the amount of EUR 6,119,000 and due to the deferred tax assets in the amount of EUR 3,222,000.

## (6) Other provisions

Other provisions primarily include the following types of provisions.

- Provisions for purchase price obligations	EUR 4,200,000 (previous year: EUR 0)
- Provisions for outstanding invoices	EUR 1,661,000 (previous year: EUR 1,789,000)
- Provisions for annual bonuses and sales commissions	EUR 769,000 (previous year: EUR 812,000)
- Provisions for vacation	EUR 572,000 (previous year: EUR 570,000)
- Provisions for Christmas bonuses	EUR 351,000 (previous year: EUR 376,000).

## (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).

Liabilities	Total	Maturity period			of which secured	
		up to 1 year	1 to 5 years	over 5 years	Amount	Note
to financial institutions	38,674 (26,050)	33,078 (22,300)	5585 (3750)	11 (0)	6750 (8000)	1
arising from advance payments received for orders	2 (1)	2 (1)	0 (0)	0 (0)	0 (0)	
trade receivables	7514 (6282)	7514 (6282)	0 (0)	0 (0)	0 (0)	
liabilities to affiliated companies	4748 (9)	4748 (9)	0 (0)	0 (0)	0 (0)	
other liabilities	1151 (802)	1151 (802)	0 (0)	0 (0)	0 (0)	
<b>Total</b>	<b>52,089</b> <b>(33,144)</b>	<b>46,493</b> <b>(29,394)</b>	<b>5585</b> <b>(3750)</b>	<b>11</b> <b>(0)</b>	<b>6750</b> <b>(8000)</b>	

1 = Land charges

Other liabilities include social security payments of EUR 720,000 (previous year: EUR 245,000) and taxes of EUR 264,000 (previous year: EUR 195,000).

Liabilities to affiliated companies relate exclusively to trade payables.

## (8) Revenue From Sales

Sales revenue comprises revenue of EUR 53,578,000 (previous year EUR 61,027,000) from the sale of video management systems, revenue of EUR 885,000 (previous year EUR 1,154,000) from the sale of components to external manufacturers, revenue from the contract development for Konica Minolta, Inc. Tokyo, Japan in the amount of EUR 1,574,000 (previous year: EUR 235,000).

Revenues from the sale of video management system solutions of EUR 15,266,000 (previous year: EUR 16,071,000) are attributable to Germany, EUR 19,510,000 (previous year: EUR 24,969,000) to the rest of Europe and EUR 18,802,000 (previous year: EUR 19,987,000) to the rest of the world.

From the Group's perspective, revenues from MOBOTIX AG with Konica Minolta Business Solutions U.S.A., Inc., which are in connection with the resale to MOBOTIX CORP, USA, have been eliminated.

### **(9) Income And Expenses From Other Reporting Periods**

Other operating income includes income of EUR 70,000 (previous year: EUR 39,000) from other reporting periods, while other operating expenses include expenses of EUR 52,000 (previous year: EUR 657,000) from other reporting periods.

### **(10) Other Financial Obligations**

Other financial obligations mainly consist of the order obligation for components. As of September 30, 2022, the order obligation for components amounts to EUR 8,098,000.

### **(11) Currency Conversion Income And Expenses**

Other operating income includes income of EUR 489,000 (previous year: EUR 231,000) from currency conversion, while other operating expenses include expenses of EUR 367,000 (previous year: EUR 237,000) from other reporting periods.

### **(12) Derivative financial instruments**

No derivative financial instruments exist at the balance sheet date. No economic hedging relationships had been entered into at the balance sheet date.

### **(13) Taxes From Income And Profit**

Income and revenues taxes include income of EUR 1,929,000 from the formation of deferred tax assets on the loss carryforwards and expenses of EUR 527,000 from the formation of deferred tax liabilities on the capitalization of development costs.

### **(14) Miscellaneous**

The contractual relationship with the general contractor for the new construction (construction phase I) in Winnweiler-Langmeil, Germany, was terminated for good cause in 2009 before the construction was completed. The general contractor submitted their final invoice amounting to EUR 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 second instance are pending. As in the previous year, this situation was reflected in the financial statements—in line with the Management Board's risk assessment—by the recognition of an item of property, plants and equipment on the assets side of the balance sheet and the reporting of a corresponding provision on the liabilities side. In December 2022, a settlement was proposed by the court, the adoption of which was rejected by the Management Board.

## 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	319.1
Part-time employees	22.2

The total number of people employed on average was 341.3 (previous year: 315.0).

### (2) Auditor's Fees

The following information must be provided for MOBOTIX AG's independent auditors, Ernst & Young GmbH, in the financial year in accordance with Section 285 (17) of the German Commercial Code (HGB):

Services	Fees	
	2021/22 €'000s	2020/21 €'000s
<b>Statutory Audit Services</b>		
invoiced	32	63
from provisions	106	43
<b>Total</b>	<b>138</b>	<b>106</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 (CFO)
- Hartmut Sprave, Graduate Physicist, Otterbach (Chief Technology Officer)

#### Management Board Member Remuneration

The total remuneration paid to the members of the Management Board amounted to EUR 918,000 (previous year: EUR 886,000). This consisted entirely of short-term remuneration.



#### **(4) MOBOTIX AG Supervisory Board**

##### **Members Of The Supervisory Board**

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

##### **Supervisory Board Members' Remuneration**

Each member of the Supervisory Board receives a fixed annual remuneration of EUR 10,000 for their services. In addition, each member of the Supervisory Board receives for their work variable remuneration amounting to EUR 75.00 for each EUR 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 EUR 13,271,442.00 divided into 13,271,442 no-par-value shares, each representing EUR 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 EUR 40,000 in the 2021/22 financial year (previous year: EUR 40,000).

#### **(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) Business With Related Companies And Individuals**

No unusual market transactions were conducted with related companies or individuals.

#### **(7) 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.

### **(8) Supplementary Report**

With regard to the financial situation of MOBOTIX AG, the Management Board points out that of the reported liabilities to banks of EUR 38,550,000, EUR 33,050,000 have a term of up to one year, of which EUR 21,900,000 was extended to December 2023 in December 2022 and EUR 3,400,000 to November 2023. Scheduled repayments of the reported short and medium-term liabilities to banks are planned to amount to EUR 2,750,000 for the 2022/23 financial year. If the banks do not extend the short-term credit lines in each case or only extend them at amounts lower than those used, the majority shareholder Konica Minolta, Inc., has contractually agreed to take over the financing until September 30, 2024, including a subordination clause. In addition, the Management Board refers to the statements in the management report.

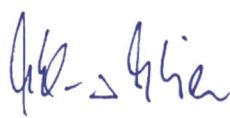
At the end of the financial year, no other transactions of particular importance have occurred that have a significant financial impact on the MOBOTIX Group's assets and revenues position.

Winnweiler-Langmeil, March 31, 2023

The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



Hartmut Sprave • CTO

## Annex To The Notes

	As at 10/01/2021	Amendment of the scope of consolidation	Additions	Disposals	Transfer posting s	Currency translation differences	As at 09/30/2022
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
<b>Initial investment costs/manufacturing costs</b>							
<b>Intangible assets</b>							
Self-created intangible assets	7696	1379	3119	0	0	0	12,194
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	3435	212	121	0	128	5	3901
Goodwill	0	4251	0	0	0	0	4251
Advance payments	123	0	224	-1	-100	0	246
<b>Total intangible assets</b>	<b>11,254</b>	<b>5842</b>	<b>3464</b>	<b>-1</b>	<b>28</b>	<b>5</b>	<b>20,592</b>
<b>Property, plant and equipment</b>							
Land and buildings, including buildings on third-party land	18,244	0	0	0	0	0	18,244
Technical equipment and machinery	10,510	0	610	0	9	0	11,129
Other equipment, factory and office equipment	12,404	25	616	-95	404	21	13,375
Advance payments and assets under construction	253	0	207	-15	-441	0	4
<b>Total property, plant and equipment</b>	<b>41,411</b>	<b>25</b>	<b>1433</b>	<b>-110</b>	<b>-28</b>	<b>21</b>	<b>42,752</b>
<b>Aggregated amortization and depreciation</b>							
<b>Intangible assets</b>							
Self-created intangible assets	916	7	1360	0	0	0	2283
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	2163	38	589	0	0	4	2794
Goodwill	0	0	177	0	0	0	177
Advance payments	0	0	0	0	0	0	0
<b>Total intangible assets</b>	<b>3079</b>	<b>45</b>	<b>2126</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>5254</b>
<b>Property, plant and equipment</b>							
Land and buildings, including buildings on third-party land	6944	0	592	0	0	0	7536
Technical equipment and machinery	9453	0	321	0	0	0	9775
Other equipment, factory and office equipment	10,079	11	610	0	0	11	10,711
Advance payments and assets under construction	0	0	0	0	0	0	0
<b>Total property, plant and equipment</b>	<b>26,476</b>	<b>11</b>	<b>1523</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>28,022</b>
<b>Net carrying amount</b>							
<b>Intangible assets</b>							
Self-created intangible assets	6780						9911
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	1272						1107
Goodwill	0						4074
Advance payments	123						246
<b>Total intangible assets</b>	<b>8175</b>						<b>15,338</b>
<b>Property, plant and equipment</b>							
Land and buildings, including buildings on third-party land	11,300						10,708
Technical equipment and machinery	1056						1354
Other equipment, factory and office equipment	2325						2664
Advance payments and assets under construction	253						4
<b>Total property, plant and equipment</b>	<b>14,934</b>						<b>14,730</b>

**Summary of the Annual Report  
of MOBOTIX AG,  
Winnweiler-Langmeil  
2021/22 Financial Year**

**October 1, 2021 to September 30, 2022**

### 1. Basic Information On The Group

#### 1.1. Technology and Products

MOBOTIX AG, Winnweiler-Langmeil (hereinafter referred to as "MOBOTIX" or Company), offers high-resolution, network-based video control systems. The systems consist of hardware, with a focus on high-performance cameras, as well as increasingly software, such as application software (also called applications or apps), that fulfill customer-specific functions. The solutions are distributed worldwide by distributors and qualified resellers. Founded in 1999, the Company has more than 20 years of market experience in decentralized IP-based video surveillance solutions.

The system architecture developed by MOBOTIX offers two options for managing data either decentrally in the camera or on a central server, depending on the customer's requirements. The processing of recorded data begins right in the camera and thus directly on the border between the real world and the MOBOTIX system. Such an architecture is called "edge technology."

The decentralized structure of MOBOTIX's systems relieves both the network and the central video management system, enables higher frame rates and reduces the data storage requirement when recording high-resolution video sequences. This makes it cost-effective overall. MOBOTIX video security systems are suitable for highly diverse applications, from small systems with a few web cameras to large-scale property surveillance with hundreds of cameras and central control stations. MOBOTIX systems are used for remote maintenance and automation in airports, train stations, universities, logistics companies and in industrial companies.

In recent financial years, MOBOTIX has transformed from merely being a product provider to a solution provider with integrated software. The combination of hardware and software to form a complete solution is due on the one hand to customer requests. On the other hand, digital possibilities open up a growing scope for using MOBOTIX technologies in a meaningful manner for customers.

MOBOTIX provides extensive accessories and powerful software solutions for all camera lines.

The main features of MOBOTIX technologies are a large-scale absence of moving parts and a decentralized approach. The lack of moving parts avoids heat generation in the housings and is associated with low susceptibility to interference and longevity. The decentralized approach makes it possible for MOBOTIX to protect its offers in the best possible way with regard to the security of the obtained data from access by unauthorized persons. Both high quality and data security are two key differentiators of MOBOTIX in the competition environment.

For MOBOTIX, IT security is a central component of every technology. Therefore, continuous certifications are very important. MOBOTIX's solutions are based on the combination of decentralized IoT technology developed in-house and video management software. Both the MOBOTIX 7 platform and the Mx6 security cameras have been tested and certified once again by SySS GmbH in the past financial year. SySS GmbH is one of the leading providers of penetration tests in Germany and is independent of manufacturers. MOBOTIX has been working regularly with SySS since 2017 as part of its cyber security campaign "Cactus Concept." The SySS tests expose hardware and software components to simulated hacker attacks. As a result, the best possible cyber security of MOBOTIX products and solutions was once again certified in June 2021. Despite the decentralized approach, the industry standards ONVIF, H.264 and H.265 were met.

There are also partnerships with other external IT security testing companies—with the French company CNPP (Centre national de prévention et de protection), Paris, France, and White Hat IT Security Kft., Budapest, Hungary. In 2019, MOBOTIX was the first European manufacturer to receive the French product certification "CNPP Certified" for video security systems with the highest level of protection against cyber attacks. A partnership with another well-known testing institute is in the process of conceptual preparation, and further partnerships are also planned. What are called "white hacker" institutes have been and will be commissioned to specifically attack MOBOTIX Software. This complements our efforts to provide solutions that meet the ever-increasing global IT security needs. The Company's explicit focus on cyber security is a clear differentiator for MOBOTIX in the competitive environment.

#### Focus on Six Vertical Markets

MOBOTIX expects long-term market growth for video systems in six economic sectors: the public sector and administration, industrial companies, mining of raw materials including oil/gas, utilities and waste removal, energy, manufacturing, education, retail and healthcare.

MOBOTIX specifically addresses these vertical markets in order to place its solutions here and will continue to do so in the 2022/23 financial year. MOBOTIX offers hardware (cameras, access control) as well as software (intelligent apps and video analysis) as well as professional and convenient camera management and control (MOBOTIX HUB, MxManagementCenter, MOBOTIX CLOUD), in order to be able to offer tailor-made offers in these markets and thus to exploit the long-term growth opportunities that arise.

A part of this approach is what are called solution packages for clearly definable user groups, such as supermarkets or vaccination centers. MOBOTIX offers package solutions that link different aspects of user interest. For example, in addition to classic safety monitoring, fire protection, monitoring of cold chains and documentation requirements of MOBOTIX solution packages can be covered for companies in the food processing sector.

### Focus on Recurring Business

In the past, MOBOTIX generated revenue almost exclusively through the sale of hardware and cameras. The Company can structurally improve its business model in the course of diverse possibilities, by increasing what are called recurring sales in the future. These have the advantage of being less cyclical and more predictable. For this reason, MOBOTIX has been pursuing its strategy for some time to achieve more recurring sales in the long-term. Recurring sales include rental and leasing constellations for hardware and software, subscription models, services such as (remote) maintenance, or regular software upgrades, user training and consumption of tools and materials used although the consumption of tools and materials is practically irrelevant for MOBOTIX. In contrast to selling a product or service as a one-time event, a long-term connection to the end customer is sought.

On the one hand, this opens up opportunities to better understand customers and their markets, i.e. to recognize customer needs and wishes earlier and more accurately. On the other hand, recurring revenues reduce MOBOTIX's cyclical dependence because they improve predictability. This aspect can have a positive impact on the Company both in the operating business and on the capital market. On the capital market, investors often demand a higher risk premium with increasing economic sensitivity. Increasing the proportion of recurring sales gives MOBOTIX the opportunity to reduce risk premiums in the long-term and thus to provide added value for shareholders and employees.

### Product Launches in The Past Financial Year

The **MOBOTIX 7** platform was expanded by a total of **five models** in the past financial year, which completes its product lines. Two hemispheric camera models have been added with the addition of the **Q71 and c71**. The Q71 has a 12-MP sensor, integrated audio support, built-in IR and white light illumination, which offer numerous further potential applications, including in the health care and retail sectors. The portfolio has also been expanded by the **D71, v71 and p71** to include 3 single lens dome cameras, which offer more cost-effective alternatives for indoor and outdoor applications in addition to the modular models M73 and S74.

In addition, the platform was reinforced by two further sensor modules, as well as white light lighting modules for M73 and S74. The application areas of both models can, thus, be further expanded. The new ECO Thermal Sensor, which enables the use of thermal technology in significantly more price-sensitive fields of application, is a particular highlight.

**Integration and strategic partnerships** are also a focus for the MOBOTIX 7 platform during this financial year as well. The MOBOTIX Certified App package provided by strategic partners has been expanded in the OCR (Optical Character Recognition) segment to include aircraft identification number and US DOT number recognition as well as a freely definable OCR app. In addition, the security app portfolio has been expanded with object classification intrusion detection, which can be used on both optical and thermal sensors.

In addition to the apps created by Certified App Partners, MOBOTIX's own Certified Apps were also released in the financial year, which expand the portfolio in the field of intelligent motion detection and color recognition.

In the area of software, **MOBOTIX CLOUD**, **MOBOTIX HUB** and the **ManagementCenter (MxMC)** have been significantly extended to include various functions in the area of research. For example, other MOBOTIX 7 apps and events in the field of Smart Data Search of the MxMC as well as a post-video motion search were published. Additional apps and events have also been released as a plugin for MOBOTIX HUB to optimize the search for events for the operator and save time and effort.

In the MOBOTIX CLOUD, the analysis has been extended to include a cloud-based object detection and search, which enables the operator to search for objects in the cameras' images based on text. The combination of decentralized events and additional cloud analysis gives the user the opportunity to optimize the number of camera shots and analysis.

In the past financial year, MOBOTIX AG achieved an important step in the field of fire protection for thermal cameras (M16 Thermal) with certification by VDS Schadenverhütung GmbH, a private-sector testing and certification body, and thus gained a significant competitive advantage.

In addition to the decentralized camera program, MOBOTIX also offers the classically centrally managed MOVE series. The product launch of the new MOBOTIX MOVE 64-channel network video recorders with an integrated 24-port PoE (Power over Ethernet) switch has allowed MOBOTIX to open up additional applications for medium to large stand-alone video surveillance systems. The MOVE complete solution is supported by the free MOVE Central Management Software (CMS), which was launched in December 2021 and enables several distributed MOVE NVR- and ONVIF-compatible cameras to be centrally managed and controlled in a Windows-based management software.

During the financial year, all MOBOTIX MOVE Vandal Dome and Bullet cameras were equipped with the innovative EverClear coating at the factory, which enables considerably better image reproduction in the dark in conjunction with IR illumination and additionally makes the Dome hemisphere and the Bullet camera front lenses rain and dirt-repellent (self-cleaning effect).

In May 2022, the MOBOTIX MOVE camera line was extended to include a compact 5-MP micro-dome camera which, due to its small size, can be used for discreet indoor surveillance applications (foyers, cashier areas, elevator monitoring, etc.).

In addition to solutions, which are 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 main focus of current R&D. For example, all MOBOTIX 7 and MOBOTIX MOVE cameras are now certified with the ONVIF profiles S, T and G and can, therefore, be integrated into commercially available video management systems.

### Cooperation with Konica Minolta

MOBOTIX maintains partnership relationships with several companies.

MOBOTIX is strategically cooperating with the majority shareholder Konica Minolta Inc, Chiyoda, Japan. This collaboration extends to joint development and production, among other things. Both companies have intensified their collaboration in the Konica Minolta FORXAI platform. Konica Minolta combines intelligent sensors with learning based on algorithms (artificial intelligence) and an IoT platform. By integrating FORXAI technology into its solutions, MOBOTIX is further expanding its "edge competence."

### Acquisition of VAXTOR Group

In the past financial year, MOBOTIX acquired 100% of the shares in the VAXTOR Group, based in Tres Cantos, Spain (hereinafter "VAXTOR") a specialist in optical character recognition (OCR), automatic license plate recognition (ALPR), artificial intelligence (AI) and machine learning (deep learning).

VAXTOR'S OCR analysis technology can be used to automatically detect letters, numbers or other machine-readable data. It enables such information to be captured, processed and associated processes to be triggered cost-effectively and at high speed.

OCR technology is one of the requirements for deep learning in specific vertical target markets defined by MOBOTIX, such as license plate recognition applications and beyond; for example, in the commercial sector for container, vehicle and aircraft recognition or supply chain monitoring. In addition to the expansion of the MOBOTIX Certified App portfolio of the MOBOTIX 7 camera line, the integration of VAXTOR license plate recognition in selected models of the MOBOTIX MOVE series was also promoted.

### Outlook

In the past financial year, MOBOTIX worked intensively on new products and solutions. Several of these will be launched after the end of the financial year. In October 2022, another single lens thermal model for indoor use was released in the Thermal division with the launch of the p71 ECO Thermal, and the Certified App portfolio was released with two further MOBOTIX apps to expand thermal functionality. In the field of certification, a further milestone has been reached with the CNPP Thermal Certification for S74 and M73 in the field of fire protection.

### 1.2 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. Since May 1, 2022, the companies VAXTOR TECHNOLOGIES, S.L., Madrid, Spain; VAXTOR ASIA PTE. LTD, Singapore and VAXTOR Systems Corporation, Lake Forest, USA, are also 100% owned by the MOBOTIX Group. As an inactive company, MOBOTIX LIMITED, Nottingham, is not included in the consolidated financial statements.

Manufacturing and development of MOBOTIX products—along with the coordination of worldwide sales and distribution of MOBOTIX products—take place exclusively in Winnweiler/Langmeil, Germany.

The VAXTOR companies are managed from Madrid, Spain. The VAXTOR companies are purely software companies. The software is developed at the Madrid site in Spain.

The subsidiary MOBOTIX Corp., which is included in the consolidated financial statements, is a distribution company for the American 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 purely service companies for the respective local market without any intention to generate sales.



### 1.3 Sales

MOBOTIX products in Germany are sold through certified partners, security and IT installers and electronics wholesalers.

The primary sales model for MOBOTIX products internationally 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, who are directly employed by the MOBOTIX Group.

Since April 2022, the distribution of MOBOTIX products in the USA has been carried out by Konica Minolta Business Solutions U.S.A., Inc. This means that MOBOTIX Corp. purchases MOBOTIX products through Konica Minolta Business Solutions U.S.A., Inc., which has also taken over the complete logistics.

In addition, there are distribution agreements in place with individual regional companies of the Konica Minolta Group and other MOBOTIX partners.

The VAXTOR products are mainly distributed via system integrators or directly to the end customer. Global distribution is managed from Madrid, Spain.

The MOBOTIX Group's export ratio in the 2021/22 financial year was 71% (previous year: 74%).

### 1.4 Research and Development

As of September 30, 2022, the MOBOTIX Group employed 87 people (by headcount) in the area of product development and product management.

The MOBOTIX GROUP research and development costs totaling €7.9 million were incurred in the 2021/22 financial year. An amount of €3.1 million (39% of the total R&D costs) was capitalized among the internally generated intangible assets. Depreciation and amortization on capitalized development costs amounted to €1.3 million.

As in previous years, its activities focused on the creation of new hardware and software products as well as on the optimization of product functionality. Most development work is performed in-house. To a small extent, outsourcing of development activities only takes place in the areas of camera and lens design, tool design and board layout.

In terms of research and development, MOBOTIX again worked intensively with Konica Minolta in the 2021/22 financial year. This collaboration is to be further expanded in the 2022/23 financial year and in the following financial years. The first results of this cooperation were shown in the development of the MOBOTIX 7 camera platform, its expansion in fiscal year 2020/21 and the use of Konica Minolta's own performant deep learning algorithms. On August 6, 2021, MOBOTIX and Konica Minolta announced that they would intensify their collaboration on video analysis technology in the FORXAI partnership program. Konica Minolta's "FORXAI" technology combines sensors with artificial intelligence (AI) and an imaging IoT platform, creating an overall package as a solution offering. MOBOTIX is, thus, pushing its transformation forward into a solution provider and strengthening its AI expertise. The FORXAI partnership exemplifies the enhancement of synergies between the two companies involved. Further cooperation, such as to expand the MOBOTIX 7 platform, is being planned for the 2022/23 financial year.

## 2. Financial Report

### 2.1 Macroeconomic and Sector-Specific Conditions

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

A market survey from June 2022 by the market research company Novaira Insights concludes that the total revenue generated by the video-based security system market worldwide excluding China is set to grow by an annual average of around 10% between 2021 and 2026, and by an average of 11.4% for the network camera segment. With an average of 9.9% per year from 2021 to 2026, the network camera segment is expected to achieve the highest growth in the EMEA region, followed by the Americas with 13.1% and Asia (excluding China) with 10.2%.

In addition to the increased use of video analytics in general, the study identifies the accelerated development and use of artificial intelligence, the continued high demand for cyber security and the great importance of deep learning for processing ever-increasing amounts of data as being major trends in the market for video-based security systems. For the analytics market segment, Novaira Insights predicts an average annual growth rate of 11.4% from 2021 to 2026, with deep learning being identified as one of several analytics technology approaches as a clear growth driver (49.8%).

### 2.2 Business Development

In the 2021/22 financial year, the MOBOTIX Group had a decline in sales by €6.4 million (10.2%) to €56.0 million compared to the previous year due to the continuing poor economic conditions resulting from the COVID-19 pandemic, the supply chain problems and the effects of the war in Ukraine.

While revenue of €1.6 million (previous year: €0.2 million) from contract development for Konica Minolta increased, revenue from component sales to contract manufacturers was lower at €0.9 million (previous year: €1.2 million). Revenue from the sale of video security systems and software fell by €7.4 million (12.2%) to 53.6 million, particularly as a result of disrupted supply chains on the part of customers and associated project postponements, as well as due to supply problems with components at long-term suppliers, which led to delivery difficulties on the part of MOBOTIX. Since May 2022, revenue from the sale of video security systems and software also includes the revenue of the VAXTOR Group, which was acquired in May 2022.

Especially in the first half of the year, the effects of the COVID-19 pandemic led to a decrease in demand for video security systems and software. In the second half of the year, despite increasing supply chain problems, new orders increased, leading to an increase in revenue of 11.0% compared to the first half of the year. In particular, sales in the MOBOTIX MOVE product segment and in the Software and Services product segment, which also includes the revenues of the VAXTOR Group, rose significantly compared to the previous year.

While the sales regions of DACH, Northern Europe, Middle East/Africa and APAC recorded declining sales, the sales of video security systems and software in the sales regions of America and Europe South/West increased in the 2021/22 financial year compared to the previous year. This is due in particular to the stronger cooperation with Konica Minolta USA and the high software revenue in Europe. Nevertheless, sales expansion in the Americas sales region was not able to be implemented as planned.

Despite the cost savings initiated in the second half of the year, the decline in sales and the simultaneous increase in costs led to a significant consolidated annual net loss and a corresponding deterioration in the key figures for earnings.

EBIT (earnings before interest and taxes) in the amount of -€7.5 million for the financial year is €7.7 million below that of the previous year (previous year: €0.2 million).

The consolidated annual net loss has worsened by €6.2 million to -€6.3 million (previous year: -€0.1 million).

Non-financial performance indicators are currently of minor importance for understanding the business development and the situation of the MOBOTIX Group; in view of the future requirements of management reporting in the context of ESG reporting, the Management Board is currently in the preparatory phase of collecting and evaluating relevant non-financial data.

### 2.3 Net Assets, Financial Position and Results of Operations of the MOBOTIX Group

#### Results of Operations

The 2021/22 financial year saw MOBOTIX Group sales go down by 10.2%, from €62.4 million in the previous year to €56.0 million. The sales revenue includes revenue from component sales to contract manufacturers in the amount of €0.9 million (previous year: €1.2 million). Revenue from contract development of €1.6 million was increased by €1.4 million compared to the previous year (previous year: €0.2 million) as a result of the intensification of collaboration with Konica Minolta under the FORXAI partnership program. Revenue from the sale of video security systems and software decreased by 12.2% to €53.6 million (previous year: €61.0 million).

The export ratio (excluding component sales) was 71.3% in the financial year 2021/22 (previous year: 73.7%). The revenue from the sale of video security systems and software in Germany declined from €16.1 million in the 2020/21 financial year to €15.4 million (4.2%). The rest of Europe (excluding Germany) amounted to €19.5 million (previous year: €25.0 million). Sales in the rest of the world decreased by 6.7%, from €20.0 million in the previous year to €18.7 million in the reporting year.

In exercising the right to choose specified by Section 248(2) German Commercial Code (HGB), own development costs of €3.2 million (previous year: €4.3 million) were capitalized and reported accordingly on the income statement under "Other own work capitalized" with effect on net income.

The total operating output (sales revenue, increase or decrease in the inventory of finished goods and work in progress, other own work capitalized) decreased by 8.2%, from €65.7 million in the previous year to €60.3 million in the 2021/22 financial year. This is mainly due to the decrease in revenue from sales.

Other operating income increased by €0.2 million to €0.8 million.

The material usage ratio (cost of materials, excluding cost of materials for component sales, adjusted for changes in inventory, in proportion to revenue from the sale of video security systems and software) slightly improved year-on-year to 49.4% in the 2021/22 financial year (previous year: 50.7%). This is due, among other things, to the increased proportion of software revenues in total sales.

The increase in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 43.5% in the financial year 2021/22 (previous year: 36.6%) is mainly due to the decrease in sales revenue in addition to higher personnel costs. Personnel expenses in the 2021/22 financial year increased €2.2 million (9.5%) year-on-year, particularly due to sales expansion in America. This is mainly due to the increase in the average number of employees in the financial year 2021/22.

At €3.6 million, depreciation and amortization increased in the 2021/22 financial year (previous year: €2.8 million) by €0.8 million. This is mainly due to the increase in the depreciation of own capitalized development costs.

The other operating expenses in the amount of €10.7 million in the 2021/22 financial year (previous year: €8.7 million) increased by €2.0 million (24.5%) compared to the previous year. The increase in other operating expenses is mainly due to the €0.7 million increase in travel and entertainment expenses, including motor vehicle expenses, as a result of the renewed increase in travel activities and the increase in sales staff and the €0.5 million increase in receivables losses due to increased demand for writedowns on receivables and an increase in IT costs by €0.4 million. In contrast, the expenses for legal and consulting costs were reduced by €0.6 million. In the previous year, the expenses for legal

and consulting costs contained a €0.7 million addition to provisions for criminal and legal expenses in connection with the pending legal proceedings of the French competition authority (DGCCRF) in France.

**EBITDA** (earnings before interest, taxes, depreciation and amortization; -6.2% of total operating output excluding component sales) amounted to -€3.8 million (2020/21: €3.1 million). **EBIT** (earnings before interest and taxes; -12.7% of total operating output excluding component sales;) amounted to -€7.5 million (2020/21: €0.2 million). The financial year 2021/22 ended with a **consolidated annual net loss** of €6.3 million (2020/21: €0.1 million) and a return on revenue (excluding component sales) of -11.3% (2020/21: -0.1%).

### Net Assets

Non-current assets increased by €7.0 million (30.1%) to €30.1 million. Investments in fixed assets of €4.9 million and additions in the amount of €5.9 million as part of the initial consolidation of the VAXTOR Group are offset by €3.5 million in write-offs and disposals of €0.1 million.

Most of this spending was related to investments in intangible assets in the amount of €3.5 million and in property, plants and equipment in the amount of €1.4 million. Investments in intangible assets mainly involve internal development costs to the amount of €3.1 million. Investments in property, plants and equipment mainly include investments in the photovoltaic system amounting to €0.7 million.

Inventories, in particular raw materials, auxiliary materials, operating materials and finished products, increased to €30.6 million due on the one hand to the targeted buildup of inventories because of expected supply bottlenecks and on the other hand to lower revenues because of project delays of €23.3 million.

Trade receivables decreased by €2.2 million to €15.2 million compared to the beginning of the financial year due to the lower sales volume in financial year 2021/22.

Receivables due from affiliated companies amounting to €4.3 million are €1.6 million above the previous year's level of €2.7 million. Receivables due from affiliated companies relate to trade receivables from companies of the Konica Minolta Group.

Cash in hand and bank balances and cash equivalents on September 30, 2022, had increased by €0.9 million to €2.3 million compared to the beginning of the financial year (September 30, 2021: €1.4 million).

Deferred tax assets of €3.6 million (September 30, 2021: €1.4 million) mainly result from income tax loss carryforwards of €3.2 million (September 30, 2021: €1.3 million).

At €23.7 million (September 30, 2021: €30.3 million), equity capital has decreased by €6.6 million compared to the previous year, mainly due to the consolidated annual net loss of €6.3 million and the dividend of €0.5 million distributed in the financial year of 2021/22 for the financial year of 2020/21. The equity ratio fell from 42.7% to 27.0%, with a balance sheet total that increased by €17.0 million (23.9%) to €88.0 million (September 30, 2021: €71.0 million). MOBOTIX held a total of 61,658 treasury shares as of September 30, 2022. 44,248 treasury shares were used as a purchase price component for the VAXTOR Group in the 2021/22 financial year.

The increase in other provisions by €3.7 million to €9.2 million is primarily due to additions to provisions for purchase price obligations of €4.2 million. The provision for purchase price obligations relates to the expected earn-outs from the acquisition of the VAXTOR Group. The provision for contractual penalties set up in the previous year amounted to €0.6 million used for the payment.

The increase in liabilities to banks in the amount of €12.6 million to €38.7 million (September 30, 2021: €26.1 million) is mainly the result of the borrowing of additional short-term loans amounting to €22.1 million providing a total of €31.8 million. Of the €22.1 million, €6.5 million will be allocated to a previously medium-term loan. This is offset by scheduled repayments of long and medium-term loans in the amount of €3.1 million. A loan of €3.0 million was extended for a further three years until final maturity. In this context, we refer to the statements in section 2.5 Overall Assessment of the MOBOTIX Group's Net Assets, Financial Position and Results of Operations.

Trade payables increased by €1.2 million to €7.5 million compared to September 30, 2021 caused by the use of payment terms (September 30, 2021: €6.3 million).

Deferred tax liabilities of €2.8 million (September 30, 2021: €2.0 million) are mainly the result of the capitalization of development costs.

### Financial Position

Operating cash flow before changes in working capital amounted to -€4.3 million in the financial year 2021/22 (previous year: €3.8 million). The decline compared to the previous year is especially due to the significantly weaker annual result before income taxes of -€7.8 million.

The cash flow from operating activities before income taxes was -€4.3 million in the 2021/22 financial year (previous year: €3.2 million). Based on an operating cash flow of -€4.3 million before working capital changes, the growth in inventories (€7.2 million) and simultaneous increase of trade payables including liabilities to affiliated companies (€6.0 million), in particular, led to a cash flow from operating activities before income taxes in the amount of -€4.3 million.

The cash flow from investment activities amounted to -€6.7 million (previous year: -€5.6 million) and is mainly attributable to investments in the intangible assets created in-house and to the purchase price payments directly due in connection with the acquisition of the VAXTOR Group.

The negative cash flow from financing activities amounting to -€10.4 million (previous year: €3.0 million) resulted in particular from the scheduled repayment of medium- and long-term loans totaling €3.1 million, the repayment of a medium-term loan of €6.5 million and the dividend payment in the amount of €0.5 million. The repayment of the medium-term loan was financed by taking out short-term loans.

The changes in these individual cash flows resulted in negative total cash and cash equivalents of €29.5 million as of September 30, 2022 (September 30, 2021: €8.3 million). The negative cash funds are covered by short-term borrowing in the amount of €31.8 million.

The Company's solvency was secure at all times during the 2021/22 financial year. The available credit facilities were largely utilized as of the reporting date. If banks are not available, any further credit requirements will be provided to a limited extent by the majority shareholder Konica Minolta, Inc. As of September 30, 2022, the MOBOTIX Group had short-term credit lines totaling €33.9 million from several banks at its disposal, €31.8 million of which had been utilized by the balance sheet date. We also refer to the supplementary report.

Medium and long-term liabilities increased by €4.6 million to €8.4 million compared to September 30, 2021. Short-term liabilities, including short-term provisions, rose from €35.0 million to €52.9 million. The main reason for this is the fact that short-term loans were taken out in the financial year 2021/22. The proportion of medium and long-term liabilities in the MOBOTIX Group balance sheet total stands at 9.5% and is, therefore, higher than the previous year. Short-term liabilities, including short-term provisions, accounted for 60.2% of the balance sheet total as of the reporting date, compared with 49.3% as of September 30, 2021.

## 2.4 Net Assets, Financial Position and Results of Operations of MOBOTIX AG

### Results of Operations

The 2021/22 financial year saw MOBOTIX AG sales go down by 9.9%, from €59.4 million in the previous year to €53.5 million. The sales revenue includes revenue from component sales to contract manufacturers in the amount of €0.9 million (previous year: €1.2 million). Revenue from contract development of €1.6 million was increased by €1.4 million compared to the previous year (previous year: €0.2 million) as a result of the intensification of collaboration with Konica Minolta under the FORXAI partnership program. Revenue from the sale of video security systems and software decreased by 12.0% to €50.7 million (previous year: €57.6 million).

The export ratio (excluding component sales) was 69.7% in the financial year 2021/22 (previous year: 72.1%). The revenue from the sale of video security systems and software in Germany declined from €16.1 million in the 2020/21 financial year to €15.4 million (4.2%). The rest of Europe (excluding Germany) amounted to €18.5 million (previous

year: €25.0 million). Sales in the rest of the world rose by 1.5%, from €16.6 million in the previous year to €16.9 million in the reporting year.

In accordance with the right to choose specified by Section 248(2) German Commercial Code (HGB), own development costs of €3.2 million (previous year: €4.3 million) were capitalized and reported accordingly on the income statement under "Other own work capitalized" with effect on net income.

The total operating output (sales revenue, increase or decrease in the inventory of finished goods and work in progress, other own work capitalized) decreased by 8.0%, from €62.6 million in the previous year to €57.6 million in the 2021/22 financial year. This is mainly due to the decrease in revenue from sales.

Other operating income increased by €0.2 million to €0.8 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 security systems and software) rose year-on-year to 51.4% in the 2021/22 financial year (previous year: 54.1%). This is due, among other things, to the increased proportion of software revenues in total sales.

The increase in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 38.2% in the financial year 2021/22 (previous year: 34.6%) is mainly due to the decrease in sales revenue in addition to higher personnel costs. Personnel costs in the 2021/22 financial year increased by €0.4 million (2.0%) compared to the previous year. This is mainly due to the increase in the average number of employees in the financial year 2021/22.

At €3.4 million (previous year: €2.8 million), depreciation and amortization increased by €0.6 million in the 2021/22 financial year. This is mainly due to the increase in the depreciation of own capitalized development costs.

Other operating expenses of €10.1 million in the 2021/22 financial year (previous year: €8.5 million) increased by €1.6 million (18.3%) compared to the previous year. The increase in other operating expenses is mainly due to the €0.5 million increase in travel and entertainment expenses, including motor vehicle expenses, as a result of the renewed increase in travel activities, the €0.3 million increase in receivables losses due to increased demand for writedowns on receivables and an increase in IT costs by €0.4 million. In contrast, the expenses for legal and consulting costs were reduced by €0.6 million. In the previous year, the expenses for legal and consulting costs contained a €0.7 million addition to provisions for criminal and legal expenses in connection with the pending legal proceedings of the French competition authority in France.

**EBITDA** (earnings before interest, taxes, depreciation and amortization; -2.2% of total operating output excluding component sales;) amounted to -€1.2 million (2020/21: €2.3 million). **EBIT** (earnings before interest and taxes; -8.1% of total operating output excluding component sales;) amounted to -€4.6 million (2020/21: -€0.5 million). The financial year 2021/22 ended with an **annual net loss** of €3.5 million (2020/21: €0.7 million) and a return on revenue (excluding component sales) of -6.7% (2020/21: -1.3%).

### Net Assets

Non-current assets increased by €9.5 million (31.8%) to €39.7 million. Capital expenditures of €13.0 million in non-current assets were offset by depreciation and amortization of €3.4 million as well as disposals of €0.1 million.

Most of this spending was related to investments in financial assets in the amount of €8.2 million and in intangible assets in the amount of €3.5 million. The investments in financial assets mainly relate to the participation in VAXTOR amounting to €6.2 million. Investments in intangible assets involve internal development costs to the amount of €3.2 million. Investments in property, plants and equipment in the amount of €1.3 million mainly include investments in the photovoltaic system amounting to €0.7 million.

Inventories, in particular raw materials, auxiliary materials, operating materials and finished products, increased to €28.8 million due on the one hand to the targeted buildup of inventories because of expected supply bottlenecks and on the other hand to lower revenues because of project delays of €21.7 million.

Trade receivables decreased by €3.3 million to €9.4 million compared to the beginning of the financial year among other things due to the lower sales volume in financial year 2021/22.

Receivables due from affiliated companies amounting to €6.6 million are €1.7 million below the previous year's level of €8.3 million. Receivables due from affiliated companies relate to trade receivables from companies of the Konica Minolta Group and from MOBOTIX Corp. The receivables due from MOBOTIX Corp. were able to decrease by €3.3 million, and €2.0 million were provided as long-term loans.

Cash in hand/bank balances and cash equivalents as of September 30, 2022 decreased to €1.0 million, representing a €0.1 million decrease since the beginning of the financial year (September 30, 2021: €1.1 million).

Deferred tax assets of €3.2 million (September 30, 2021: €1.3 million) result from tax loss carryforwards which were incurred in the 2021/22 financial year and in previous years.

At €32.3 million (September 30, 2021: €36.1 million), equity capital has decreased by €3.8 million compared to the previous year, mainly due to the annual net loss of €3.5 million and the dividends of €0.5 million distributed in the financial year of 2021/22 for the financial year of 2020/21. The equity ratio fell from 47.1% to 35.7%, with a balance sheet total that increased by €13.8 million (18.0%) to €90.5 million (September 30, 2021: €76.7 million). MOBOTIX held a total of 61,658 treasury shares as of September 30, 2022. 44,248 treasury shares were used as a purchase price component for the VAXTOR Group in the 2021/22 financial year.

The increase in other provisions by 3.3 million to €8.7 million is primarily due to additions to provisions for purchase price obligations of €4.2 million. The provision for purchase price obligations relates to the expected earn-outs from the acquisition of the VAXTOR Group. The provision for contractual penalties set up in the previous year amounted to €0.6 million used for the payment.

The increase in liabilities to banks in the amount of €12.5 million to €38.6 million (September 30, 2021: €26.1 million) is mainly the result of the borrowing of additional short-term loans amounting to €22.1 million providing a total of €31.8 million. Of the €22.1 million, €6.5 million will be allocated to a previously medium-term loan. This is offset by scheduled repayments of long and medium-term loans in the amount of €3.1 million. A loan of €3.0 million was extended for a further three years until final maturity. In this context, we refer to the statements in section 2.5 Overall Assessment of the MOBOTIX Group's Net Assets, Financial Position and Results of Operations.

Trade payables increased by €1.1 million to €7.4 million compared to September 30, 2021 caused by the use of payment terms (September 30, 2021: €6.3 million).

Deferred tax liabilities of €2.5 million (September 30, 2021: €2.0 million) result from the capitalization of development costs.

### Financial Position

Operating cash flow before changes in working capital amounted to -€2.0 million in the financial year 2021/22 (previous year: €3.2 million). The decline compared to the previous year is especially due to the significantly weaker annual result before income taxes of -€4.9 million.

The cash flow from operating activities before income taxes was -€3.1 million in the 2021/22 financial year (previous year: €3.2 million). Based on an operating cash flow of -€2.0 million before working capital changes, in particular, the increase of inventories (€7.1 million) and the decline of trade receivables including receivables due from affiliated companies (€5.0 million) with a simultaneous increase in trade payables (€1.1 million) led to a cash flow from operating activities before income taxes in the amount of -€3.1 million.

The cash flow from investment activities amounted to -€8.7 million (previous year: -€5.6 million) and is mainly attributable to investments in the intangible assets created in-house and to the purchase price payments directly due in connection with the acquisition of the VAXTOR Group.

The negative cash flow from financing activities amounting to -€10.4 million (previous year: €3.0 million) resulted in particular from the scheduled repayment of medium- and long-term loans totaling €3.1 million, the repayment of a medium-term loan of €6.5 million and the dividend payment in the amount of €0.5 million. The repayment of the medium-term loan was financed by taking out short-term loans.

The changes in these individual cash flows resulted in negative total cash and cash equivalents of €30.6 million as of September 30, 2022 (September 30, 2021: €8.6 million). The negative cash funds are covered by short-term borrowing in the amount of €31.8 million.

The Company's solvency was secure at all times during the 2021/22 financial year. The available credit facilities were largely utilized as of the reporting date. If banks are not available, any further credit requirements will be provided to a limited extent by the majority shareholder Konica Minolta, Inc. As of September 30, 2022, the MOBOTIX Group had short-term credit lines totaling €33.9 million from several banks at its disposal, €31.8 million of which had been utilized by the balance sheet date. We also refer to the supplementary report.

Medium and long-term liabilities increased by €4.6 million to €8.3 million compared to September 30, 2021. Short-term liabilities, including short-term provisions, rose from €34.9 million to €47.4 million. The main reason for this is the fact that short-term loans were taken out in the financial year 2021/22. The proportion of medium and long-term liabilities in the MOBOTIX Group balance sheet total stands at 9.2% and is therefore slightly higher than the previous year. Short-term liabilities, including short-term provisions, accounted for 52.4% of the balance sheet total as of the reporting date, compared with 45.5% as of September 30, 2021.

### **2.5 Overall Assessment of the MOBOTIX Group's Net Assets, Financial Position and Results of Operations**

The MOBOTIX Group's net assets, financial position and results of operations in 2021/22 do not reflect the management's expectations for the performance of the business. Business performance was negatively impacted by the continued poor economic environment resulting from the COVID-19 pandemic, supply chain problems and the impact of the war in Ukraine.

The envisaged revenue of €68 million to €72 million could not be achieved since the sales revenue was at €56 million. Similarly, the envisaged EBIT of €1.0 million to 2.0 million for the financial year 2021/22 could not be achieved with EBIT at -€7.5 million. In particular, product-related sales in almost all sales regions are below expectations due to a large number of project delays due to the COVID-19 pandemic and supply difficulties.

In the 2021/22 financial year, the development of further new camera models based on the new MOBOTIX 7 camera platform was implemented and the foundation was laid for growth in the coming financial years, particularly in the area of software products as part of vertical market solutions.

The financial position of the MOBOTIX Group was tense in the financial year 2021/22, particularly in the second half of the year. Bank credit lines had to be used almost completely at times. In December 2022, agreements were reached with the banks on the extension of the short-term credit resources provided. Of the reported liabilities to banks of €38.55 million, €33.05 million have a term of up to one year, of which in December 2022 €23.02 million were extended until December 2023 and €3.50 million were extended until November 2023. Scheduled repayments of the reported short and medium-term liabilities to banks are planned to amount to €2.7 million for the 2023 calendar year. If the banks do not extend the short-term credit lines in each case or only extend them at amounts lower than those used, the majority shareholder Konica Minolta, Inc., has contractually agreed to take over the financing until September 30, 2024 and has agreed to a subordination agreement. With an equity ratio of 27.0% and an equity capital of €23.7 million, there is still a satisfactory capital base.

### **3. Changes to the Supervisory Board**



Mr. Koji Ozeki succeeded Mr. Osafumi Kawamura, who left Konica Minolta, Inc., effective November 2, 2021. The Local Court of Kaiserslautern has complied with the request for the judicial appointment of the Supervisory Board Member, Mr. Koji Ozeki. Mr. Ozeki, resident in Mainz, Germany, has worked for the Konica Minolta Group for many years—most recently as General Manager (Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany). As of November 2, 2021, the MOBOTIX Supervisory Board, therefore, consists of Toshiya Eguchi (Chairman of the Supervisory Board), Olaf Jonas and Koji Ozeki.

#### **4. Rescissory Actions and Proceedings for Annulment Relating to Resolutions Adopted by the Annual General Stockholders' Meeting for the 2015/16 Financial Year**

On March 9, 2017, MOBOTIX 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 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).

The Management Board considers these actions to be unjustified and has taken legal steps. The proceedings were in the appeal court before the Higher Regional Court of Zweibrücken for a time, but in the meantime they have been returned to the Local Court of Kaiserslautern.

#### **5. Penalty Announced by the French Competition Authority (DGCCRF)**

On November 8, 2021, the French competition authority DGCCRF informed the Management Board that in previous years illegal price agreements were alleged to have been made with French wholesalers or distributors. The fine of €645,000 was imposed for a distribution practice that existed for six to seven years between 2011/12 and 2017/18 and involved a significant share of the sales of MOBOTIX products in France. The practice was changed in the 2017/18 financial year and is no longer applied today.

The Management Board considers the fine and the allegations to be unjustified and has taken legal steps. In addition, a distributor involved in the proceedings has filed potential recourse claims from the penalty imposed on him which, according to our legal review, are unfounded and which may be challenged.

Nevertheless, as a precaution for this risk, a provision of €0.70 million was made in the previous annual financial statements, which was used for the payment of €0.64 million in the present annual financial statements.

### **6. Risk Report**

#### **6.1 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 handbook. 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.

Probability of Occurrence		Possible Impacts (€)	
Low	< 25%	Low	< €0.1 million
Medium	25%–50%	Medium	€0.1 million–€0.2 million
High	50%–75%	High	€0.2 million–€0.7 million
Very high	> 75%	Very high	> €0.7 million

The internal control system described under Item 6.2 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.

## 6.2 Internal Control System

The MOBOTIX Group has an extensive system of process controls. The introduction of the extensive system of process controls for the companies of the VAXTOR Group is still in the process of being implemented. The aim of the control system is to detect possible deficiencies in the Company's processes at different process levels to initiate appropriate countermeasures, 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 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 the risk policy, the majority of risks can be avoided or their impact can at least be mitigated.

## 6.3 Significant Risks

### 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>		
Financial risks	Medium	Very high
Risk of receivables default	High	High

Currency and interest rate risks	High	High
<b>Political and Legal Risks</b>		
Statutory and regulatory risks	Medium	Medium
Risks from patent disputes	Medium	Medium
<b>Operational Risks</b>		
Personnel risks	High	Medium
Warranty risks	Low	Medium

## Market Risks

MOBOTIX products are used as video security 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 security 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, a field 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 Türkiye)—and of course because of the COVID-19 pandemic and global supply chain volatility. 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. The global market volatility can thus lead to changes in the availability of components. The risk of longer delivery times in this context is countered by the contractually guaranteed larger stock of inventory of components at suppliers and of finished goods. There are procurement bottlenecks affecting product availability, which are the consequence of the COVID-19 pandemic and global supply chain volatility.

Temporary unavailability of critical suppliers, for example for the processors, which could lead to significant production disruptions, cannot currently be ruled out due to the global procurement situation of electronic components, in particular semiconductors, processors and chips as a result of the global COVID-19 pandemic and global supply chain volatility. Therefore, the Management Board expects the **procurement environment** to be exposed to growing risk.

## Financial Risks

Due to the Company's credit standing and existing credit commitments, there are **financial risks**. Of the reported liabilities to banks of €38.6 million, €33.1 million have a term of up to one year, of which in December 2022 €23.0 million were extended until December 2023 and €3.5 million were extended until November 2023. Scheduled repayments of the reported short and medium-term liabilities to banks are planned to amount to €2.7 million for the 2023 calendar year. If the banks do not extend their credit lines beyond the calendar year 2023 or only with amounts lower than those used, the majority shareholder Konica Minolta, Inc., has contractually agreed to assume the financing beyond the calendar year 2023 until September 30, 2024, including a qualified subordination agreement. The current income and liquidity plans of MOBOTIX AG and thus of the Group include liquidity additions, which were prepared on the basis of the best estimates of the Management Board. If there are any significant delays in planned sales or other significant time shifts in payment receipts, or if one or more of the assumptions made in the plans prove to be incorrect, the continued support of the majority shareholder through loans or other external sources of financing will be necessary, for example, through an increase in capital on the basis of an authorized capital of €6.0 million to enable MOBOTIX AG and therefore the Group to continue in business as a going concern. This

constitutes a material uncertainty relating to events or circumstances that may raise significant doubts about the ability of MOBOTIX AG and therefore the Group to continue to be a going concern.

**Currency risks** generally exist in connection with the business operations in the US and the purchasing requirements of MOBOTIX AG in US dollars. An **interest rate risk** is significant due to the use of, in particular, short-term credit lines or short-term money market loans. The existing medium-term **borrowing** was taken out with a fixed interest rate.

**Bad debt risks** are to be limited in the future by the Company's reworked, efficient accounts receivable management, including dunning and collection with restrictive granting of payment terms, but bad debt risks cannot be ruled out due to the COVID-19 pandemic and global supply chain volatility.

### Political and Legal Risks

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. On the other hand, limits will be imposed on video surveillance through various laws and regulations, such as the EU General Data Protection Regulation.

In the video security industry, there is still a risk of patent disputes. It cannot be ruled out that the MOBOTIX Group will be involved in patent infringement proceedings and that these could have a significant 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 marked effect on the markets relevant to the MOBOTIX Group.

The IT risk and cyber security requirements required for the business model are ensured by significant investments in the IT infrastructure, product certifications and penetration testing.

The Management Board continues to assume that technological innovations and further distribution expansion are of great importance for the long-term success of the Group.

## 7. 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, as well as the 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 approach and that MOBOTIX will, therefore, prevail despite growing competitive pressure.

Over the coming months, MOBOTIX will develop intelligent IP video solutions for select 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, robust outdoor cameras will

increasingly also be used as sensors in industrial automation, such as for monitoring temperature-critical processes, early fire recognition tests 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. Thanks to the 2018 launch of the MOBOTIX MOVE camera portfolio as a "complementary portfolio" and regular extensions, it was 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 as well as from the ONVIF compatibility of our products.

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 M73 and S74 cameras in the 2019/20 financial year, additional high-performance video analysis apps have also been made available via licensing, which enables the development of new market verticals through new customer solutions.

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

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

### **8. Forecast Report**

For the financial year 2022/23, the MOBOTIX Group's envisaged sales are in the region of €66 million to €68 million. Accordingly, the EBIT for financial year 2022/23 is in the region of €2.0 million to €4.0 million. For MOBOTIX AG, the Management Board expects similar sales and EBIT trends as are expected for the MOBOTIX Group. Sales 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 COVID-19 pandemic, the effects of the war in Ukraine, the product mix and the performance of the US distribution market. Overall, the Management Board assumes that, based on the incoming orders received in the first half of the year, the results of operations of the Company and thus of the Group will improve significantly compared to the year under review and will close the 2022/23 financial year in accordance with the plan.

The forward-looking statements made above are predictions.

## 9. Dependent Company Report

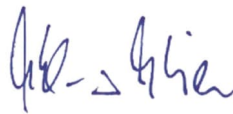
A report on the relationships with affiliated companies was prepared for the 2021/22 financial year in accordance with Section 312 of the German Stock Corporation Act (AktG). Regarding those transactions that have to be reported, the report states: "The Management Board declares that, for the legal transactions 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, March 31, 2023

The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



Hartmut Sprave • CTO