

# Report of the Supervisory Board MOBOTIX AG, Winnweiler-Langmeil

## Financial year 2023/24

October 01, 2023 to September 30, 2024

**Dear Ladies and Gentlemen,**

**Dear Shareholders**

The development of the net assets, financial position and results of operations in the 2023/24 financial year did not again fully meet the expectations of the Management Board and the Supervisory Board with respect to the business development. The main reasons for this development are, in addition to the general macroeconomic changes surrounding the war in Ukraine and Gaza and the resulting delay in the willingness to invest in many markets, also the delayed launch of the MOBOTIX ONE platform, restructuring in the sales organization and a reduction in inventories among single top customers.

The planned revenue of between EUR 54.0 to 56.0 million could not be achieved with the revenue of EUR 50.0 million generated. Overall, MOBOTIX decreased its revenue by 21,9% in the 2023/24 financial year compared to the previous year.

EBIT improved from EUR -3.9 million to EUR -3.0 million, despite lower revenues, as targeted measures enabled significant cost savings.

The impairments on trade receivables of EUR 3.2 million recognized in the 2022/23 financial year led to a reversal of EUR 0.2 million as other operating income in the year under review. Further overdue receivables will also be consistently pursued up in the current 2024/25 financial year.

Due to the decline in sales, EBIT deviates from the initial forecast of EUR 0.3 to 1.0 million.

The consolidated net loss for the year deteriorated by EUR 0.1 million to EUR -5.5 million (previous year: EUR -5.4 million).

The VAXTOR Group, which was acquired in 2022, contributed to this result with software sales above the expected level.

The business strategy focuses on the healthcare, industry and utilities markets, based on recent product launches in collaboration with technology partners and on the new "ONE" platform, which was launched in August 2024. Feedback from the recent DACH (Germany, Austria, Switzerland) partner conference in February 2025 was positive and customer feedback will continue to be incorporated into R&D strategies.

The focus in BY 2024/25 is on further rationalization of costs and investments to optimize the customer experience. The online web store launched in the reporting year has received positive feedback from customers.

The sales organization has been optimized and will be further adapted to focus primarily on the core markets in DACH and Europe, while partnerships with distributors and key accounts in the US and APAC markets will be strengthened. The market in the Middle East is currently being reassessed.

The MOBOTIX Group financial position remained tense throughout the 2023/24 financial year.

There are financing risks exist in connection with the creditworthiness of the company and thus of the Group and the existing loan commitments. Of the EUR 8.1 million in liabilities to banks recognized in the Group as at the reporting date, EUR 8.1 million have a term of up to one year (MOBOTIX AG: EUR 8.0 million, of which EUR 8.0 million have a term of up to one year). If the banks do not extend their credit lines in future or only extend them at lower amounts than those utilized, the majority shareholder has contractually agreed to assume the financing in the amount of EUR 6.5 million.

## Report of the Supervisory Board

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As of September 30, 2024, intercompany loans granted by the majority shareholder amount to EUR 38.7 million. As of November 25, 2024, a further intercompany loan of EUR 2.0 million was disbursed by the majority shareholder as part of the credit line granted in the year under review. The balance of the intercompany loan as of January 31, 2025 is therefore EUR 40.7 million. The undrawn loan commitments from the year under review amount to EUR 4.0 million and would also include the repayment of a bank loan of EUR 3.5 million.

Therefore, on February 25, 2025, the majority shareholder extended inter-company loans totaling EUR 44.7 million until March 31, 2026. Unless the majority shareholder decides otherwise, the term of the inter-company loans will automatically be extended again until September 30, 2026. This extension will automatically occur in the event of a change of control.

On February 25, 2025, the majority shareholder provided additional support in the form of further loans of up to EUR 8.5 million, also until March 31, 2026. These can be drawn and paid in several tranches. The term will also be automatically extended until September 30, 2026, unless the majority shareholder notifies the Company by March 31, 2026 that it does not wish to be automatically extended. The commitment to grant the above mentioned loans of EUR 8.5 million would also include the repayment of a bank loan of EUR 3.0 million. In addition to this commitment, the reimbursement of development costs of EUR 2.0 million for already approved development projects would also be taken into account.

With an equity ratio of 16.8% and equity of EUR 12.8 million, the company still has a satisfactory equity base.

### **Methods of consulting, auditing and control**

The Management Board fulfilled its information obligations. At its meetings, it provided the Supervisory Board with regular, comprehensive and timely information on all topics relevant to the Group, such as the company's situation, technology strategy, product development, business performance, the financial situation, the personnel situation, current and new investment projects and all decisions and business transactions of importance to the company.

Deviations in the course of business from the plans, which the Management Board always explained to us promptly and in detail, were dealt with intensively by the Supervisory Board.

In preparation for the Supervisory Board meetings, we regularly received detailed written reports from the Management Board. This meant that we always had sufficient opportunity to critically examine the reports and proposed resolutions of the Management Board and to make our own suggestions before adopting our resolutions after careful examination and consultation. The Management Board was available to answer our questions at the Supervisory Board meetings.

The Management Board also kept the Supervisory Board informed of the current business situation and significant financial and internal company developments outside of meetings through regular reports. In the case of transactions requiring approval, the Supervisory Board gave its approval to the measures proposed by the Management Board after thorough examination and consultation. In doing so, we critically assessed the information provided by the Management Board, scrutinized it in detail and checked its plausibility.

Throughout the year, there were no conflicts of interest on the part of Supervisory Board or Management Board members.

The Management Board also kept the Chairman of the Supervisory Board informed of all important developments and upcoming decisions in regular discussions between meetings. In the reporting year, the Supervisory Board did not make use of the option to inspect company documents and writings or to appoint special experts for certain tasks (Section 111 (2) AktG). The Supervisory Board has not formed any committees to date, as this would not have contributed to an increase in efficiency due to the size and structure of the Company. In all matters, the entire Supervisory Board has always dealt with the issues and decisions at hand.

### **Focus of the Supervisory Board's deliberations**

A total of 12 Supervisory Board meetings were held in the 2023/24 financial year. When necessary, the Supervisory Board met without the Management Board being present. In principle, all three members of the Supervisory Board were present at the meetings.

At the first Ordinary Supervisory Board Meeting in October 2023, the focus was on the sales analysis for September and the outlook for the first quarter of 2023/24, as well as an update on the ongoing audit. As part of the medium-term plan, an analysis of the sales channels and a plan to improve gross profit were presented. The topics of inventory reduction, purchasing control, cash flow analysis, receivables forecasts and the progress of customer payments were standard topics at each Supervisory Board Meeting due to their current relevance.

## Report of the Supervisory Board

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At the second Ordinary Supervisory Board Meeting to approve the financial statements in March 2024, the Management Board presented the financial report for the past financial year 2022/23. The annual consolidated financial statements as at 30 September 2023 were presented and analyzed in detail in the presence of the auditor who confirmed this report. The auditor answered all questions comprehensively and conclusively. At this meeting, we passed the resolution to approve the annual financial statements and to approve the consolidated financial statements. The invitation and agenda for the Annual General Meeting in May 2024 and the proposal for the appropriation of profits were resolved.

At an Extraordinary Supervisory Board Meeting in June 2024, the Supervisory Board was informed about the project status of MOBOTIX ONE (CV22). In particular, the reasons for the delay in the project were presented and discussed.

The third Ordinary Meeting of the Supervisory Board focused on the Credit Control Guideline to minimize outstanding receivables for cashflow stability, and a review of the Annual General Meeting held in May. The standard topics were discussed as usual.

At the fourth ordinary Supervisory Board meeting in July 2024, the Management Board presented the sales performance in the second quarter of the financial year and provided an outlook for sales and earnings development in the second half of the year. The Management Board also presented the status of the product roadmap. The Supervisory Board was also informed about the current status of the ongoing legal proceedings.

Between meetings, the Supervisory Board was in regular contact with the Management Board, in particular with the Chairman of the Management Board, on important issues and held several discussions. In the months in which no Supervisory Board meetings were held, a total of eight "Jour fixe" meetings were held in which the Management Board and Supervisory Board discussed current issues and developments together.

Topics that were generally discussed regularly throughout the year includes the Company's development, sales and marketing activities, the status of product development and product quality as well as the inventory situation and purchasing control, cash flow situation, outstanding receivables, pending legal proceedings and the development of the share price.

In addition, the Supervisory Board dealt intensively with personnel, financing and liquidity planning as well as the status of process and structural optimizations. The development of the subsidiary in the USA and of Vaxtor in Spain were discussed regularly.

### **Audit of the AG and Consolidated Financial Statements 2023/24**

On May 10, 2024, the company's Annual General Meeting elected Grant Thornton AGE Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the auditor and Group auditor for the financial year ending September 30, 2024. A declaration of independence was obtained from the auditor in advance, which did not lead to any objections.

The auditor has issued an unqualified audit opinion on the annual financial statements and the management report of MOBOTIX AG in accordance with the German Commercial Code (HGB) as well as for the consolidated financial statements and the combined management report in accordance with the German Commercial Code (HGB) as at September 30, 2024.

However, it refers to statements made by the Management Board in the notes and in the management report that:

The current profit and liquidity planning of MOBOTIX AG and thus of the group includes a liquidity requirement that is covered by existing loan agreements of the majority shareholder, which was drawn up based on the best possible estimates of the Management Board. Should the existing termination clauses in the loan agreements result in the termination of the same or should significantly delays in planned sales or further significant delays in incoming payments arise or should one or more of the assumptions made in the planning prove to be inaccurate, further financial support, for example from the majority shareholder, will be necessary in addition to the loans already granted. Otherwise, the continued existence of MOBOTIX AG and, due to the economic and financial interdependencies, the Group would be jeopardized. This represents a material uncertainty in connection with events or circumstances that could raise significant doubts about the ability of the Company to continue the business activities of MOBOTIX AG and thus of the Group.

The report of MOBOTIX AG on relationships with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (§ 312 AktG Abhängigkeitsbericht) (Dependent Company Report) for the period from October 1, 2023 to September 30, 2024 as submitted by the Management Board, was also audited by the auditor and issued with an unqualified audit opinion.

The financial statement documents and the Management Board's proposal for the appropriation of profits as well as the auditor's reports were submitted to the Supervisory Board for review in good time. The Supervisory Board examined and discussed the annual financial statements, the consolidated financial statements, the combined management report, the Dependent Company Report in accordance with Section 312 of the German Stock Corporation Act (§ 312 AktG Abhängigkeitsbericht), the Management Board's proposal for the appropriation of profits and the auditor's report in detail. The auditor took part in these discussions, was available to answer questions and reported on the key findings of the audit.

After completing its own review, the Supervisory Board concurred with the auditor's findings and determined that there were no objections, including to the declaration by the Management Board at the end of the Dependent Company Report:

"The Management Board declares that, in the legal transactions and measures listed in the report on relationships with affiliated companies, the Company received appropriate consideration for each legal transaction according to the circumstances known to us at the time the legal transactions were carried out or the measures were taken and was not disadvantaged by the measures taken.

No measures have been omitted at the instigation of or in the interests of the controlling company or one of its affiliated companies."

Winnweiler-Langmeil, March 20, 2025

The Management Board

At its meeting on March 20, 2025, the Supervisory Board approved the annual financial statements and the consolidated financial statements of MOBOTIX AG prepared by the Management Board. The annual financial statements are thus adopted.

### **Appropriation of earnings**

We discussed in detail with the Management Board a proposal for the appropriation of earnings that does not provide for a dividend and approved this proposal in view of the Company's current financial situation.

### **Committees**

The Supervisory Board of MOBOTIX AG currently has no committees, as there has been no corresponding need to date. There is therefore no need for a report on the work of the committees.

There were no personnel changes on the Supervisory Board in the reporting period.

The following personnel change was resolved on the Management Board in the reporting period: Philippos Antoniou, CSMO, is leaving MOBOTIX AG to take up the position of Vice President EMEA at VAXTOR Technologies, a MOBOTIX Group company, with effect from 1 October 2024.

### **The following personnel decisions were made on the management board in the financial year 2024/25:**

On January 31, 2025, the Supervisory Board re-appointed Mr. Klaus Kiener as Chief Financial Officer (CFO) of MOBOTIX AG for a further two years. He will continue to be responsible for Finance, Corporate Planning/Controlling, Investor Relations, Legal/Compliance/Data Protection, IT, Logistics/Customs and Quality Management.

On February 17, 2025, the Supervisory Board re-appointed Mr. Christian Cabirol as Chief Technology Officer (CTO) of MOBOTIX AG for a further two years. He is responsible for Mechanical and Electronic Design, Software Development and Strategic Innovation.

## Report of the Supervisory Board

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The Supervisory Board would like to thank all of the Group's employees worldwide and the members of the Management Board for their achievements in the 2023/24 financial year and their great personal commitment, as well as the employee representatives for their trusting cooperation.

We are convinced that the MOBOTIX Group is strategically well positioned for the future and will return to a growth path in the financial year 2024/25 and beyond.

We wish the Management and employees every success for the challenges of the 2024/25 financial year and would particularly like to thank the customers, partners and shareholders of MOBOTIX AG for their continued trust in these challenging times.

Winnweiler-Langmeil, March 20, 2025

For the Supervisory Board



Toshiya Eguchi