

# NEXR

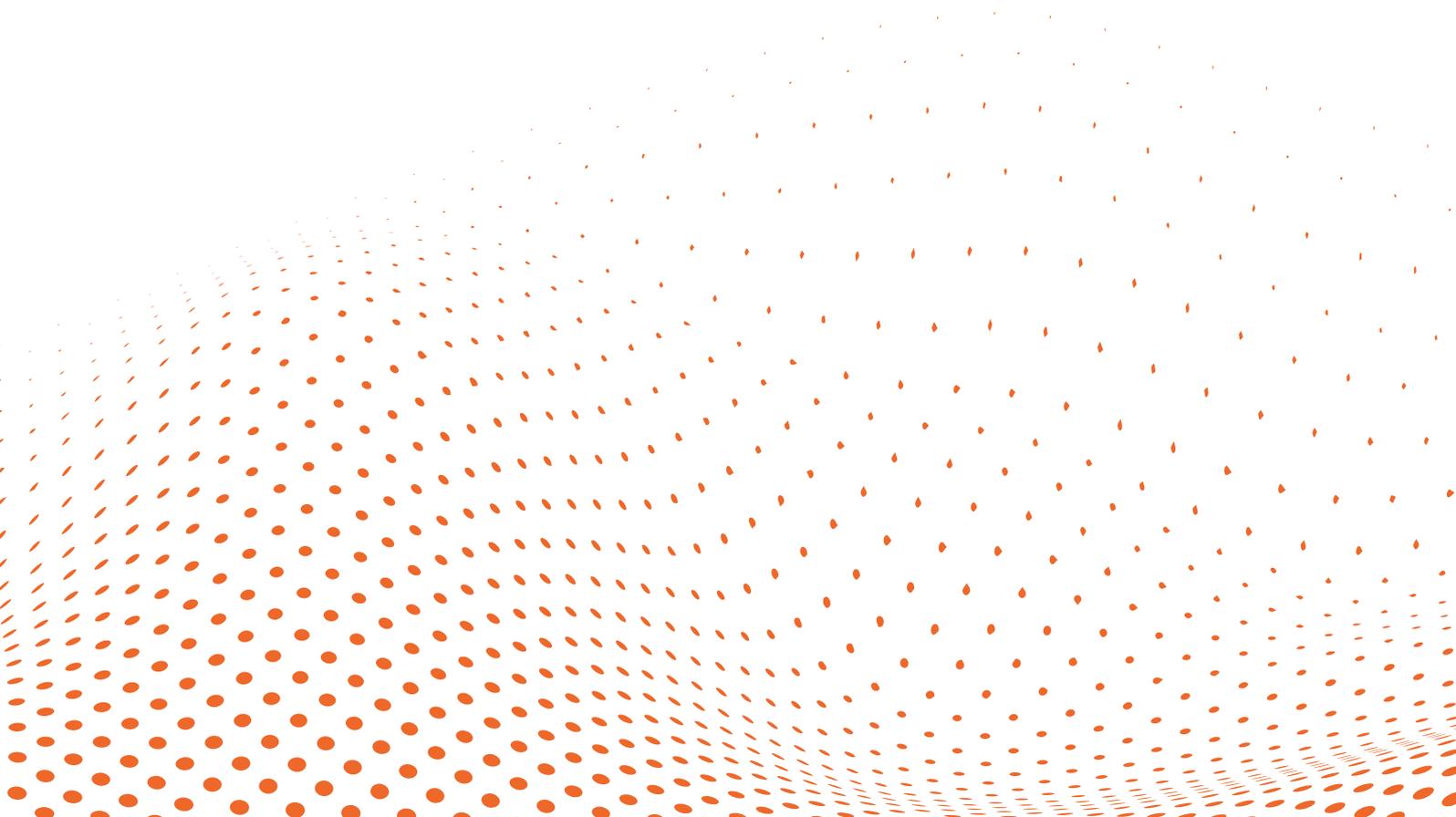


Annual Report 2021

## AT A GLANCE IN FIGURES

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in EUR thousand	2021	2020	Delta %
<b>Sales revenues</b>	<b>408</b>	<b>261</b>	<b>+ 56%</b>
<b>EBITDA</b>	<b>- 9,123</b>	<b>- 8,816</b>	<b>+ 4%</b>
<b>Earnings after taxes</b>	<b>- 14,722</b>	<b>- 11,709</b>	<b>+ 26%</b>
Earnings per share* (in EUR)	-2,38	-2,84	- 16%
<b>Employees</b>	<b>65</b>	<b>53</b>	<b>+ 23%</b>



## COMPANY PROFILE

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NeXR Technologies SE from Berlin (XETRA: NXR) is a listed virtual reality company that combines state-of-the-art technologies to develop avatar-based products and solutions. The company's vision is of an everyday life in which everyone uses their avatar to do everyday tasks better.

NeXR Technologies has core competencies in the areas of 3D scanner development, motion capture, virtual reality and virtual production, with broad-based experience in gaming and data-driven business models.

Based on these core areas of expertise, the company meets an increased demand for virtual solutions for enterprises and private customers with its self-developed multi-user and multi-purpose platforms:

### 1. AVATAR CLOUD

The Avatar Cloud is a platform for automated creation, storage and provision of avatars for various applications. Avatars are created with the help of the scanner technology developed in-house.

### 2. EVENT CLOUD

The platform is based on the use of the Unreal Engine developed by Epic Games and is used to play out live events in VR, on the web as well as on mobile devices using avatars.

Both platforms form the basis of various products and solutions developed jointly with customers for a variety of different industries and use cases.

## PRODUCTS

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**NeXR Fashion** is a solution for the fashion industry developed on the basis of the 3D body scanner. With the help of the personal avatar, which shows the customer's exact body measurements, and an app for virtual try-ons, the online shopping experience is simplified. For retailers, targeted purchases reduce the rate of returns and the logistics effort. NeXR Fashion thus contributes to greater sustainability in online retail.

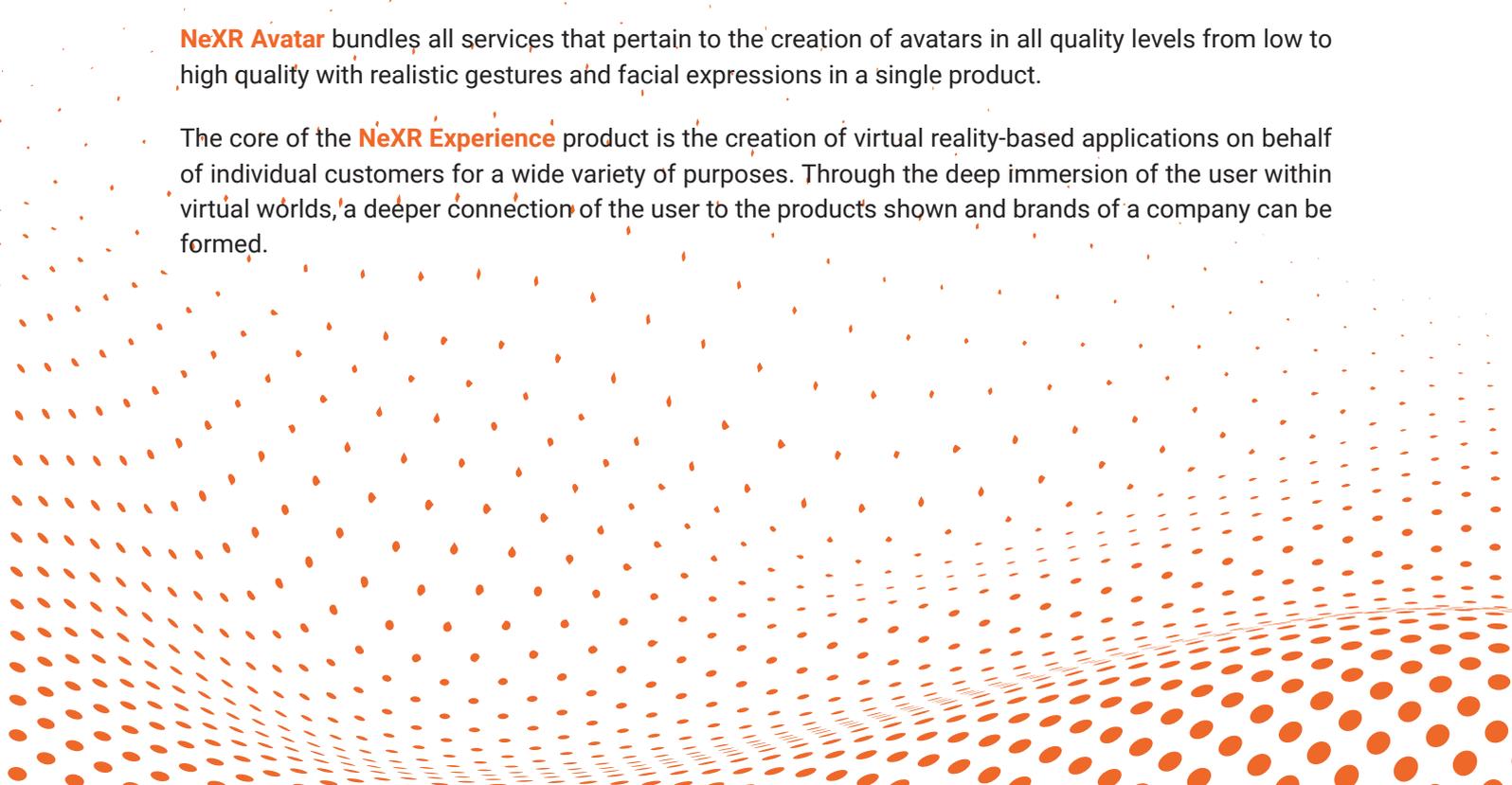
With **NeXR Fitness**, training successes can be displayed using the customer's personalized avatars. At the same time, the user can buy new workout clothes from connected retailers through his avatar.

**NeXR Show** brings performing artists back together with their fans in times that demand staying at a distance. Using the Unreal Engine, NeXR Show offers immersive live events such as concerts and DJ sets with customized reactive stages and streams them to the well-known streaming platforms such as YouTube or Twitch. Thanks to hybrid technology, the well-known and widely used green screen can be combined with motion capture technology in the Virtual Production Studio, allowing artists to perform either for real or as animated avatars.

**NeXR Seminar** is a virtual reality solution for remote presentations, seminars and training. Users benefit from having the presenter himself as an avatar in the virtual space. The presenter can interact live with the participants and provide an immersive learning experience through the closed virtual environment.

**NeXR Avatar** bundles all services that pertain to the creation of avatars in all quality levels from low to high quality with realistic gestures and facial expressions in a single product.

The core of the **NeXR Experience** product is the creation of virtual reality-based applications on behalf of individual customers for a wide variety of purposes. Through the deep immersion of the user within virtual worlds, a deeper connection of the user to the products shown and brands of a company can be formed.



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# CONTENTS

<b>Foreword</b>	<b>2</b>
<b>Report of the Board of Directors</b>	<b>4</b>
<b>Management Report</b>	
PRINCIPLES OF THE COMPANY	6
FORECAST, OPPORTUNITY AND RISK REPORT	11
CORPORATE GOVERNANCE STATEMENT	18
TAKEOVER-RELEVANT DISCLOSURES	19
<b>Completion</b>	<b>25</b>
<b>Appendix</b>	<b>30</b>
<b>Responsibility statement by the legal representatives</b>	<b>46</b>
<b>Auditor's Report</b>	<b>47</b>
<b>Additional Information</b>	<b>55</b>

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## FOREWORD BY THE MANAGING DIRECTOR

### DEAR SHAREHOLDERS,

A new era dawned for virtual reality companies in late 2021: The renaming of Facebook to Meta marked the breakthrough of the Metaverse. Consequently, many companies announced their own Metaverse projects, including Microsoft, Google's parent company Alphabet, and Disney. Since the topic of the Metaverse has been on everyone's minds, for companies as well as investors, the general conditions have also changed considerably for us. The Metaverse as the future of the Internet is the technology for linking the real and digital worlds, in which users communicate, learn, shop, work and play via avatars, i.e. the **Next Extended Reality**, made by NeXR Technologies.

Even if we were a bit early at first, NeXR Technologies as a long-standing virtual reality pioneer and with renowned partners is ideally positioned to benefit from the megatrend Metaverse. With the only European share that fully pays into the Metaverse, we offer the opportunity to participate in the growth of these new worlds. We successfully completed the development of our first marketable products and services at just the right time in 2021. The Metaverse is here and we are poised for future growth.

We started off with innovative solutions for the monetization of the Metaverse. With NeXR Fashion and NeXR Fitness, we are creating completely new types of online shopping and training solutions by integrating avatars. Avatars can reduce the rate of returns by virtually trying on clothes that fit perfectly, curbing overproduction and thus contributing to greater sustainability. The mass and automated avatar data can also be used for a wide range of other applications and industries in the future.

Virtual reality events implemented with NeXR Seminar not only create new applications for a constantly evolving future, but also save travel costs and reduce CO2 emissions as a side effect. We held the first virtual reality capital markets conferences in 2021, where companies could interactively present their strategy live in front of VR attendees. A live keynote by Gabor Steingart, journalist and publisher from Media Pioneer Publishing AG, provided an exciting glimpse of the future for investors. He presented himself as a digital avatar from the virtual reality environment of the editorial ship The Pioneer One.

After the corona pandemic temporarily slowed us down on our way to profitability, our sales growth of 56% in fiscal year 2020 is a development in the desired direction. Even though we had to adjust the forecast for fiscal year 2021 in September due to corona-related delays in market launches, the business performance was within the new forecast with sales of EUR 0.4 million and a net loss of EUR 14.7 million.

We plan to enter the market with our products and services in 2022. We will invest more in scanner development and production to expand the cooperation with H&M and acquire new customers for NeXR Fashion. We also plan to expand our live events with NeXR Show and NeXR Seminar and increase the

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related sales revenue. The renewal of the cooperation with the game developer Konami makes us confident that we can take additional orders with NeXR Avatar. With liquid assets of around EUR 3.8 million as of December 31, 2021, as well as the financing commitment of our main shareholder Hevella Capital that was just extended and now totals around EUR 13.9 million, we are sufficiently financed through the middle of the coming year 2023.

Not only does the pandemic continue to have the world in its grip, despite easing measures, the war in Ukraine will also have consequences for economic development that are difficult to foresee. Overall, we therefore expect to achieve moderate sales growth to between EUR 0.8 million and EUR 1.3 million in fiscal year 2022. Due to investments in entering the market, we expect the operating result (EBITDA) to remain negative at EUR -9.2 million to EUR -9.6 million and interest expenses to result in a net loss for the year of EUR -14.6 million to EUR -15.1 million.

Our market environment has improved decisively with the onset of the Metaverse trend, yet we are literally moving into new dimensions together with our partners from a wide range of industries. Our journey into the Metaverse may have just started. However, with our products and services, we are already ideally positioned to benefit from this huge growth market in the medium and long term.

Special thanks go to all NeXR Technologies employees for their tireless efforts, loyalty and personal flexibility during the second year of the pandemic. They remained highly motivated and committed to the successful development of our products and our company.

I would also like to thank you, our shareholders, for the trust you continue to place in us. 2022 will be the year of market entry. We at NeXR Technologies hope that you will continue to accompany us on the road to a successful future.

**NeXR Technologies SE**

Berlin, in April 2022



Markus Peuler  
Managing Director

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# Report by the Board of Directors

## DEAR SHAREHOLDERS,

In fiscal year 2021, the Board of Directors performed the duties incumbent upon it by law, the Rules of Procedure and the Articles of Association with due care and in full. It managed the company, determined the basic lines of business activity and continuously monitored the work of the Managing Directors, providing them with verbal and written advice.

The Board of Directors was informed in good time about all transactions of particular importance. Transactions requiring approval were duly submitted to the Board of Directors by the Managing Directors in good time. The Board of Directors examined all reports and documents in detail. All transactions requiring approval were approved.

### Composition of the Managing Directors and the Board of Directors

In the reporting period, the Board of Directors consisted of the following four members:

Rolf Elgeti (Chairman), Axel von Starck, Achim Betz (Deputy Chairman, Chairman of the Audit Committee) and Prof. Dr. Klemens Skibicki. Christian Daudert stepped down as a member of the Board of Directors with effect from June 3, 2021.

There has been an Audit Committee headed by Achim Betz since the Annual General Meeting on February 13, 2019.

### Meetings of the Board of Directors

A total of 12 regular meetings of the Board of Directors were held in fiscal year 2021 at which a quorum of the members of the Board of Directors and Managing Directors was present. In 2022, another four meetings of the Board of Directors were held until the meeting at which the Annual Financial Statements for 2021 were adopted. In fiscal year 2021 and the current year 2022, the deliberations of the Board of Directors were held exclusively by the full Board.

### Focus of the deliberations of the Board of Directors

In addition to the regular statutory reporting, the Board of Directors focused its deliberations in its meetings, in particular, on the following topics:

- Alignment of the business model
- Securing the liquidity of the company
- Implementation of a capital increase
- Net assets, the financial position, results of operations and company planning
- Preparation of the Annual General Meetings in 2021
- The Annual Financial Statements and their audit for fiscal year 2021
- Remuneration System
- The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation (AktG) and Corporate Governance Statement

The Managing Director informed the Board of Directors regularly and comprehensively about the company's planning, the course of business and the current situation of the company, and complied fully with their duties to provide information at all times. The Board of Directors also dealt in detail with the economic situation and the operational and strategic development and discussed the further development of the company.

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### Annual audit

At the Annual General Meeting on June 3, 2021, RSM GmbH Wirtschaftsprüfungsgesellschaft (Frankfurt/Main) was again elected auditor of the Financial Statements for fiscal year 2021 and was then appointed by the Board of Directors. RSM completed the audit of the Annual Financial Statements and the Management Report for fiscal year 2021 and issued an unqualified audit opinion. The financial statement documents, the audit report and the main points of the audit were discussed in detail with the auditor at the Board of Directors meeting on April 12, 2022. The auditors reported on the main findings of their audit and were available to the Board of Directors to answer questions and provide additional information.

In particular, the measures to ensure liquidity, the measures to strengthen equity through the completed capital increase and the situation of negative balance sheet equity as of December 31, 2021, the resulting balance sheet over-indebtedness and the determination of a positive going concern forecast were discussed.

The Annual Financial Statements – comprising the Consolidated Statement of Financial Position, the Consolidated Statement of Income, the Notes to the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity – and the Management Report as of December 31, 2021, have thus been prepared in full in accordance with the provisions of the German Commercial Code (HGB) and audited by RSM.

Following intensive discussion of the audit results, the Board of Directors approved and adopted the Annual Financial Statements and the Management Report for fiscal year 2021. Accordingly, the net loss for fiscal year 2021 amounts to approximately EUR 15 million and the net loss not covered by equity amounts to approximately EUR 38 million.

The Annual Financial Statements of NeXR Technologies SE were thus adopted in accordance with Section 47 (5) of the German Stock Corporation Act (SE-AG).

### Corporate Governance

In the past fiscal year, the Board of Directors continuously monitored the implementation of the provisions of the German Corporate Governance Code and the development of corporate governance standards. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) was issued and made permanently available to the company's shareholders on the website at [www.nexr-technologies.com/de/corporate-governance/](http://www.nexr-technologies.com/de/corporate-governance/).

Information on corporate governance in the company and a detailed report on the amount and structure of the remuneration of the Managing Directors and the Board of Directors can be found in the Corporate Governance Statement and the Compensation Report, respectively.

During the reporting period, no conflicts of interest arose among the individual members of the Board of Directors or the Managing Directors that are required to be disclosed to the Board of Directors and about which the Annual General Meeting must be informed.

On behalf of the Board of Directors, I would like to thank all employees for their personal commitment and constructive cooperation in the past fiscal year.

### NeXR Technologies SE

Berlin, April 2022

Rolf Elgeti  
Chairman of the Board of Directors

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# MANAGEMENT REPORT

## PRINCIPLES OF THE COMPANY

### BUSINESS MODEL

NeXR Technologies offers its solutions, products and services through its three business units 3D Instagram, OnPoint Studios and VRiday. The company is driving forward the development of a platform for the automated creation, storage and provision of avatars as well as the development of a platform for staging live events in VR, on the web and on mobile devices.

For the fashion industry, for example, avatars created on the basis of the 3D body scanner determine a customer's exact body measurements and make them available to an app for virtual try-ons. The virtual fittings are intended to simplify the online shopping experience and reduce the partners' returns rate through targeted purchasing. NeXR thus wants to contribute to achieving greater sustainability in online retail.

In addition, the customer can order various usage-based additional services. The focus is on the development of a comprehensive scanner network planned together with partners. The goal here is the mass and automated creation of avatars and subsequently, the creation of a differentiated database with avatars and the data simultaneously obtained from them.

This data can be further exploited in a wide variety of industries.

The NeXR Seminar and NeXR Show products are also offered in a two-tier business model. Besides a one-time or basic fee for the initial creation and adaptation of a virtual concert, seminar or training environment, the company participates in the playout of the live events via additional usage-based services. In addition, further revenues will be generated through the use of yet other monetization concepts known from the digital games industry.

As a third mainstay, the company generates revenues from providing agency services and one-time orders in the areas of virtual reality (NeXR Experience) and on contract-related avatar creation in varying quality (NeXR Avatar).

### RESEARCH AND DEVELOPMENT

In the year under review, NeXR focused its R&D resources on the further development of the NeXR Seminar, NeXR Show, NeXR Avatar, NeXR Fashion, NeXR Fitness and NeXR Experience hardware and software offerings.

Expenses for this were not capitalized. A total of 42 employees (2020: 31) were engaged in the further development of hardware and software products as of the reporting date.

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## EMPLOYEES

NeXR had an average of 65 employees (2020: 53 employees) in the reporting year under review.

## CONTROL SYSTEM

### Organs

NeXR has a monistic management structure. Its governing bodies are the Annual General Meeting, the Board of Directors and the Managing Director.

The Board of Directors consisted of the following four members as of December 31, 2021: Rolf Elgeti (Chairman), Achim Betz (Deputy Chairman, Chairman of the Audit Committee), Axel von Starck and Prof. Dr. Klemens Skibicki.

Christian Daudert ceased to be a member of the Board of Directors with effect from June 03, 2021.

Markus Peuler was the Managing Director during the period under review.

NeXR has had an Audit Committee since February 19, 2019.

### Control system

The company's management steers the company by using key figures such as sales, EBITDA and liquidity. Furthermore, activities on the social media channels and website visits are monitored using non-financial key figures to manage the company.

## OVERALL ECONOMIC AND INDUSTRY DEVELOPMENT

### Overall economic development

As of the second half of 2021, the recovery of the global economy from the corona-related slump of the previous year was sluggish and uneven from region to region. New virus variants and increasing infection rates slowed economic activity, according to the Kiel Institute for the World Economy (IfW). Capacity problems in the logistics system and supply bottlenecks for relevant precursors such as semiconductors also had a negative impact on the economy. Overall global production grew by 5.7% in 2021.

According to the IfW, the recovery of the German economy was once again held back by the incidence of infection in the winter of 2021. The effects of the corona pandemic restricted activity in contact-intensive service sectors and led to a decline in private consumer spending. Over the course of the year, delays in international supply chains and price increases in the energy sector had a negative impact on economic development. Overall, according to the Federal Statistical Office (Destatis), gross domestic product (GDP) rose by 2.7% in 2021, still below the level seen before the outbreak of the corona pandemic in many areas of the economy. Growth was driven by the continuing success of the vaccination program, which enabled openings in retail and gastronomy. The main driver of demand was the public sector, while private consumer spending stabilized at the previous year's low level.

The war in Ukraine at the beginning of 2022 has placed new burdens on the global economy. With inflation already rising sharply and the US Federal Reserve ending its expansionary monetary policy,

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higher commodity prices are also fueling rising prices. Together with the effects of the sanctions, the IfW again expects stronger production burdens due to supply bottlenecks in the coming months. As a result of the resulting forecast reduction of 1 percentage point, global economic growth of only 3.5% is expected for 2022. At the same time, the economic upside forces remain considerable. The impact of the corona pandemic on the global economy is diminishing, however, in conjunction with the Ukraine conflict, it continues to pose uncertainties for global economic development.

The war in Ukraine is having a negative impact on Germany, in particular, due to the more uncertain availability of raw materials. High prices for imported energy raw materials thus reduce consumers' purchasing power, but can still be mitigated. While private households have a high level of pent-up purchasing power from the pandemic, the industry can point to well-filled order books. According to the Kiel Institute for the World Economy (IfW), the economic recovery will slow down more noticeably in 2022 than previously expected. For the current fiscal year, the IfW is forecasting economic growth of only 2.1% as a result of the 1.9 percentage points reduction in the forecast for Germany.

### Industry development

NeXR's products and services provide virtual application solutions for a wide range of industries, from gaming, virtual conferences and concerts to retail trade and fitness. This connection of the real world with virtual experience in a new kind of space where people can interact with each other in a variety of ways is known as the Metaverse. As a further development of the Internet, the various concepts are characterized by their own business system, which enables a wide range of applications thanks to its high degree of interoperability.

game, the association of the German games industry, considers the Metaverse to be one of the most exciting visions of the digital economy. According to this, not least the corona pandemic has made it clear how important digital spaces currently are in the lives of millions of people. Computer games are already interactive, social and immersive. Therefore, according to game, both companies and technologies from the games industry play an important role in the Metaverse ideas. In addition to 3D engines, virtual and augmented reality glasses, network technologies and concepts from the games sector are also gradually filling the still unknown concept of the Metaverse. There is a wide range of possible applications for private and professional use: According to a game survey of people interested in the Metaverse, the most frequently cited application is exchange, at 30%, followed by shared games, at around 26%. Close to 25% of those surveyed are already interested in visiting virtual events such as concerts or exhibitions offered by NeXR Technologies, and around 15% are interested in virtual shopping. More than one in three Germans over the age of 16 can already imagine using the Metaverse in the future. This equates to a total of more than 24 million people.

### EVENTS OF SIGNIFICANT IMPORTANCE TO BUSINESS PERFORMANCE

The company completed the capital increase resolved in June 2021 in October 2021. As part of the rights offering and the subsequent private placement, a total of 2,061,064 new no-par value bearer shares of the company, each representing EUR 1.00 of the issuer's share capital, were acquired from shareholders and investors at a price of EUR 2.45 per new share. The share capital of the company was thus increased to EUR 6,183,193 against cash contributions.

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The company raised gross proceeds of approximately EUR 5.0 million from the offering and intends to use the net proceeds to further develop its products in the areas of virtual reality and 3D scanner systems and to launch them on the market.

In addition, NeXR currently has access to continuing and extended financing commitments from the main shareholder totaling approximately EUR 13.9 million at the time the financial statements were prepared.

### COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

For fiscal year 2021, NeXR Technologies SE originally expected sales revenues of between EUR 1.5 and EUR 3.0 million and an annual net loss of between EUR 12.5 and EUR 13.5 million.

In September 2021, the company lowered its forecast for fiscal year 2021 to revenues of EUR 0.4 million to EUR 0.8 million and a net loss of EUR 14.8 million to EUR 15.5 million due to corona-related delays in product launches.

With sales of EUR 0.4 million and a net loss of EUR 14.7 million, NeXR Technologies' business performance was in line with the adjusted forecast.

### EARNINGS, FINANCIAL AND ASSET POSITION

#### Earnings position

**Sales revenues** increased by 56% to EUR 408 thousand (2020: EUR 261 thousand) in the reporting period, mainly due to service contracts in the NeXR Seminar and NeXR Show segments.

In the reporting year 2021, **other own work capitalized** of EUR 338 thousand in connection with the manufacture of scanners was reported for the first time.

**Other operating income**, mainly reversals of provisions (EUR 249 thousand), decreased by 50% to EUR 355 thousand (2020: EUR 712 thousand). In the same period of the previous year, this was offset by income of EUR 610 thousand from the reduction of specific bad debt allowances on receivables.

The **cost of raw materials and supplies and of purchased merchandise** increased by 93% to EUR 360 thousand (2020: EUR 187 thousand) as a result of the development and production of new scanners.

Due to external development and programming contracts in the areas of 3D Instagram and VRiday, the **cost of services purchased** increased by 109% to EUR 1,291 thousand (2020: EUR 619 thousand).

**Personnel expenses** rose by 24% to EUR 4,930 thousand (2020: EUR 3,975 thousand) as a result of the increased headcount.

**Amortization** of intangible assets remained at the previous year's level of EUR 2,505 thousand (2020: EUR 2,522 thousand). Due to losses on receivables, current assets were written down by EUR 42 thousand (2020: EUR 164 thousand).

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**Other operating expenses** decreased by 27% to EUR 3,643 thousand (2020: EUR 5,009 thousand), in particular, due to lower legal and consulting costs. In the same period of the previous year, costs were incurred due to the increase in capital. External sales costs fell to EUR 203 thousand (2020: EUR 342 thousand) as internal resources were built up. Losses on receivables and impairments of current assets decreased to EUR 42 thousand (2020: EUR 215 thousand). Due, in particular, to the use of cloud storage in the invoicing of scans, expenses for licenses and concessions increased by 64% to EUR 280 thousand (2020: EUR 171 thousand).

**Interest and similar expenses** increased to EUR 3,052 thousand (2020: EUR 2,429 thousand) due to the increased borrowing to finance business activities.

The **operating loss before interest, taxes, depreciation and amortization (EBITDA)** in 2021 was slightly above the previous year's level at EUR -9,165 thousand (2020: EUR -8,816 thousand).

The **result after taxes** (net loss for the year) decreased as expected to EUR 14,722 thousand. The net loss for the year from 2020 of EUR -11,709 thousand still included netting of deferred tax assets with deferred tax liabilities in the amount of EUR 1,542 thousand.

## FINANCIAL POSITION

### Principles and objectives of financial management

In order to cover the necessary liquidity requirements, the company is dependent on ongoing financing from equity and borrowed funds until profitability is achieved.

In the period under review, the company covered its financing requirements mainly by taking out loans from shareholders and by increasing its capital in October.

### Investments

In the reporting period, the company invested EUR 167 thousand in operating equipment, fixtures, software and IT (2020: EUR 139 thousand). In addition, NeXR Technologies invested EUR 338 thousand in the production of scanners (2020: EUR 0).

### Liquidity

As of December 31, 2021, the company had cash and cash equivalents of EUR 3,774 thousand (December 31, 2020: EUR 631 thousand). In addition, the company had EUR 3.9 million in unrestricted financing lines as of the balance sheet date (2020: around EUR 8 million) and EUR 13.9 million at the time the financial statements were prepared.

## ASSET POSITION

**Total assets** increased to EUR 46,293 thousand as of December 31, 2021 (December 31, 2020: EUR 35,536 thousand) due to borrowings to finance operating losses.

The company's **non-current assets** decreased to EUR 4,014 thousand (December 31, 2020: EUR 6,015 thousand), mainly due to write-downs on goodwill.

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The company's **current assets** increased to EUR 4,222 thousand (December 31, 2020: EUR 1,090 thousand), in particular, due to the increase in cash and cash equivalents to EUR 3,774 thousand (December 31, 2020: EUR 631 thousand).

The net loss not covered by **equity** increased to EUR 37,947 thousand (December 31, 2020: EUR 28,275 thousand) as a result of the operating loss situation.

**Subscribed capital** increased to EUR 6,183 thousand (December 31, 2020: EUR 4,122 thousand) as a result of the capital increase carried out in October 2021, while the **capital reserve** increased accordingly to EUR 16,472 thousand (December 31, 2020: EUR 13,484 thousand).

At EUR 1,230 thousand, **provisions** were at the level of the previous year (December 31, 2020: EUR 1,251 thousand).

**Liabilities** increased to EUR 45,063 thousand (December 31, 2020: EUR 34,285 thousand) mainly due to the ongoing debt financing by shareholders and consisted mainly of loans and interest payable to shareholders of EUR 34,004 thousand (December 31, 2020: EUR 23,432 thousand), convertible bonds of EUR 3,500 thousand (December 31, 2020: EUR 3,500 thousand) and advance payments received from the issuance of tokens of EUR 6,436 thousand (December 31, 2020: EUR 6,418 thousand). Trade payables increased to EUR 884 thousand (December 31, 2020: EUR 695 thousand).

## FORECAST, OPPORTUNITY AND RISK REPORT

### RISK MANAGEMENT OBJECTIVES AND METHODS/INTERNAL CONTROL SYSTEM

The company continues to be in the process of establishment and has continued to work on building up and developing a risk management system and an internal control system in the reporting year.

### OPPORTUNITY AND RISK REPORT

NeXR's business model is constantly developed further and adapted to the changing requirements of the still relatively young virtual reality (VR) market and customers. The company continuously evaluates the resulting opportunities and risks and adapts its business model accordingly.

#### Opportunities

NeXR regularly evaluates opportunities for the company. In principle, opportunities can arise from the further development of software and hardware solutions or from the market launch of new or improved products and service offerings.

NeXR is currently active in the market with its products and services from the *3D Instagraph*, *OnPoint Studios* and *VRiday* business units.

In the *3D Instagraph* business unit, the company assumes, for example, that lifelike avatars will be used in many areas of life in the future, such as in the fashion industry and is positioning itself as a portal to the digital world with its scanner expertise. Furthermore, the company intends to use the anonymized data collected in the 3D scanning process to approach third-party users, such as the leisure, health, and consumer goods industries.

In the *VRiday* and *OnPoint Studios* business units, the company expects, among other developments, that virtual seminars and shows will be in demand from business customers and end consumers. Furthermore, the company expects that, in addition to the traditional websites, online stores and social media channels, the need for a VR presence in the so-called Metaverse of companies will increase in order to create new opportunities for contact with customers.

The company has one of the largest and most modern virtual production studios in Europe. Here, it assumes that movements of people will continue to be captured, digitalized and thus 2D/3D avatars animated for the film, animation and video game industries.

In general, the ongoing trend toward the Metaverse is expected to lead to an increasing demand for avatars and corresponding digitalizations and animations.

## Risks

The company is exposed to various risks in the course of its ordinary business activities. These are the risk areas listed in the adjacent table. All risks can lead to individual or several assets having to be written down or provisions having to be recognized as liabilities, the earnings situation developing negatively and/or a liquidity bottleneck occurring.

As the financial risks have a direct impact on individual items in the balance sheet and income statement, these risks are dealt with explicitly below.

### Risk fields

Business risks	Economic risks, risks from the general competitive situation, reputational risks and their impact on customer relationships, growth risks and market entry risks, risks from the technology platforms used on the market
Operational risks	Personnel risks, risks from product innovation, risks of lack of or delay in obtaining safety approval and placing products on the market
Financial risks	Financing risks, exchange rate risks, interest rate risks, bad debt risks, over-indebtedness and illiquidity risks
Legal and regulatory risks	Risks from changes in the legal and regulatory framework and risks from legal disputes, in particular, licensing risks and trademark and copyright risks, risks of challenges to resolutions by the Annual General Meeting, risks from the issue of STARAMBA.tokens

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Liquidity risks	Lack of availability of financing options, no prolongation of credit agreements, dependence of capital increase decisions on the share price level
Information and IT risks	Risks arising from the operation and design of IT systems and risks in connection with the confidentiality, availability, and integrity of data
Continuation risks	Simultaneous occurrence of several individual risks with consequences jeopardizing the existence of the company in terms of over-indebtedness, illiquidity and uncertain continuation forecast, failure of the resolved capital increase without alternative financing options

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### Business risks

NeXR's business performance is also fundamentally influenced by the general economic situation. The willingness of companies to invest, which depends on the economic situation, and the willingness of end consumers to consume also have an influence on the company's business development in the short term. The company counters these macro risks by flexibly adapting its products and services to customer needs and, if necessary, by adjusting its business model and its personnel and cost structure.

With regard to the business risks, the Managing Director continues to assume a medium probability of occurrence (2020: unchanged) and a medium impact (2020: unchanged) on the asset, financial and earnings position because the company has continued to receive a positive response from pilot customers and significant progress has been made in product development.

### Operational risks

Recruiting and retaining qualified personnel can become an operational risk for NeXR. If the company does not succeed in recruiting and retaining qualified personnel, there could be delays in the completion of hardware and software developments and thus delayed product launches. The company strives to retain employees in the long term by providing an attractive work atmosphere in teams that work independently and to recruit talented employees on a permanent basis. The restrictions of the corona pandemic have temporarily burdened the working atmosphere and could lead to departures of qualified personnel in the medium term.

In developing software, NeXR works with partners who also have access to service providers in Ukraine. With hardware production, the company purchases components directly and indirectly from international suppliers. Due to the ongoing crisis situation in Ukraine and the unforeseeable global consequences, there is a risk that there could be a delay in the development and marketing of key products or delivery difficulties.

The market launch of hardware products also depends on safety approvals in the respective countries.

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Approvals could be delayed due to delays in the provision of test rigs, thus making market launches more difficult.

In addition, there is a fundamental risk that the company's products could prove to be insufficiently marketable or that the markets addressed could develop only after a considerable time lag.

The company is paying particular attention to the market positioning of its products and services and to building sustainable customer structures. Although the current customer base and market positioning is still relatively small, NeXR saw increased demand for products and solutions in the second half of 2021. The company remains focused on building and expanding customer structures with sustainable revenues in each business area, but continues to be exposed to the risk of delays in the market due to the corona pandemic.

With regard to the operating risks, the Managing Director assumes a medium probability of occurrence (2020: unchanged) and a medium impact (2020: unchanged) on the asset, financial and earnings position.

#### **Financial risks**

The company does not yet generate sufficient freely disposable liquidity and is therefore dependent on financing from equity and borrowed funds. In the reporting period, the company covered its financing requirements mainly by taking up shareholder loans and through the completed capital increase. The risk continues to lie predominantly in the dependency on access to the capital market and the conditions that can be achieved for the respective financing instrument (including interest rates, collateral, conversion options). The company counters these risks through active Investor Relations communication and a high level of transparency in order to sustainably strengthen the confidence of current and potential shareholders as well as new financing partners in the company.

Currency risks exist in particular, where receivables, liabilities, cash and cash equivalents, and planned transactions exist or will arise in a currency other than the company's local currency. In the reporting period, the company settled the majority of its sales in euros and was exposed to virtually no foreign exchange risks. Payables and receivables were accounted for at the spot exchange rate. No hedging transactions were concluded.

Interest rate risks can arise primarily from changes in market interest rates that lead to changes in expected cash flows. The loan liabilities to financing partners are concluded with fixed interest rates and are therefore not subject to interest rate risks.

The company counters bad debt risks by selecting its business partners and by agreeing advance payments for larger-volume transactions and pre-financing requirements. In the case of other receivables, the risk of default is limited by the selection of business partners and short maturities.

In the event of identifiable concerns regarding the recoverability of receivables, these receivables are immediately individually impaired or derecognized and the risks are recognized in profit or loss.

If there are identifiable concerns regarding the recoverability of non-current or current assets, they are impaired.

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The company's documented balance sheet over-indebtedness as of December 31, 2021, which continues to exist, could have an impact on its ability to obtain follow-up financing from financing partners and to obtain payment terms from suppliers. These risks could have a significant negative impact on the liquidity situation and pose a threat to the company's continued existence. However, by obtaining far-reaching financing commitments from the main shareholder and carrying out the capital increase, the company has implemented measures to ensure that over-indebtedness under insolvency law does not occur. Liabilities are subordinated to a significant extent.

If these measures are not sustained or cannot be implemented, the company's continued existence as a going concern is at risk.

With regard to financial risks, the Managing Director continues to assume a high probability of occurrence (2020: unchanged) and a high impact (2020: unchanged) on the asset, financial and earnings position.

#### **Legal and regulatory risks**

Relationships with business and advertising partners give rise to risks in the event of non-renewal of contracts and changes to compensation agreements or contractual items with potentially significant negative effects on the company's business prospects. NeXR counters these risks through active contract management and proactive negotiations with contractual partners during contract terms.

The contractual use by the company, its contractors and its employees of its own rights and those granted by third parties under trademark and copyright law represents a further legal risk for the company that could jeopardize its continued existence as a going concern due to the high contractual penalties and the possibility of legal action in international jurisdictions.

The company is exposed to risks from the contestation of resolutions of the Annual General Meeting and, if necessary, the invalidity of resolutions of the Annual General Meeting. These risks can restrict its financing options, make it more difficult to continue as a going concern, and thus jeopardize the company's continued existence.

The company could also be exposed to risks in connection with the issuance of the STARAMBA.tokens, whereby acquirers of tokens could complain about the currently still limited usability and return their acquired tokens to the company for remuneration.

General legal risks are monitored on an ongoing basis by the legal department.

With regard to legal and regulatory risks, the Managing Director continues to assume a medium probability of occurrence (2020: unchanged) and a high impact (2020: unchanged) on the asset, financial and earnings position.

#### **Liquidity risks**

The company's main risk is liquidity risk. It does not yet generate sufficient freely available liquidity and therefore continues to rely on financing from equity and debt.

The company continues to strive to provide itself with sufficient financial resources, whether by way of capital increase measures or through short- and long-term committed loans, convertible loans, convertible bonds or the outsourcing of business operations.

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With regard to liquidity risks, the Managing Director continues to assume a high probability of occurrence (2020: unchanged) and a high impact (2020: unchanged) on the asset, financial and earnings position.

### **Balance sheet risks**

The German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung e.V.). (FREP) conducted an independent random audit of the Annual Financial Statements and the Management Report for fiscal year 2019 in 2021. No objections were identified.

The company is over-indebted on the balance sheet and has a net loss not covered by equity of EUR 37.9 million as of December 31, 2021 (2020: EUR 28.3 million).

### **Measures to hedge liquidity risks**

Liquidity is tight as of the reporting date; however, the company is able to meet its payment obligations due to the continued support from the main shareholder and the capital increase that was carried out.

The company initiated the following measures to secure liquidity in 2021:

The company completed the capital increase resolved in June 2021 in October 2021. As part of the subscription offer and the subsequent private placement, a total of 2,061,064 new no-par value bearer shares of the company, each with a pro-rata amount of the share capital of the issuer of EUR 1.00, were acquired from shareholders and investors at a price of EUR 2.45 per new share. The share capital of the company was increased to EUR 6,183,193 against cash contributions.

Since November 2018, the shareholder Hevella Capital GmbH & Co. KGaA has issued various financing commitments, which have been increased to up to EUR 41 million as of the date of publication. As of the publication date, the company can still draw down around EUR 13.9 million from these financing commitments, which means that financing is secured until the middle of next year. The financing commitment is automatically reduced by future cash inflows from capital increases or other corporate actions up to the delta between the financing commitment and the total loan amount disbursed up to the time of the inflows.

The convertible bond in the amount of EUR 3.5 million from the shareholder Hevella Capital GmbH & Co. KGaA, which was due for repayment or conversion on December 31, 2021, was extended through December 31, 2023, and the interest payment was deferred.

The Board of Directors constantly considers further options for financing the company. These could include the further issuance of convertible bonds, the raising of convertible loans or capital increases.

If the company does not succeed in implementing further measures to strengthen its equity base in the medium term and in maintaining or extending the financing commitments of the main shareholder, the company's continued existence as a going concern will be jeopardized.

With regard to the implementation of the measures to hedge the liquidity risks, the Managing Director assumes a medium to high probability of occurrence (2020: unchanged) and a high impact (2020: unchanged) on the asset, financial and earnings position.

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### Information and IT risks

Information and IT risks at NeXR consist of inadequate protection against unauthorized access to data by third parties, misuse of data by employees or the failure of computer systems and networks. The company counters these risks by performing comprehensive back-up procedures and regular security checks of all important systems and applications. In addition, the hardware and software used is always kept up to date with the latest technology. Virus, access protection, and encryption systems that have been tried and tested on the market ensure data security and protect against data loss and theft. Furthermore, the Company is covered by cybersecurity insurance against data theft and/or misuse.

With regard to information and IT risks, the Managing Director assumes a low probability of occurrence (2020: unchanged) and a medium impact (2020: unchanged) on the asset, financial end earnings position.

### Continuation risks

As of December 31, 2021, the company reported a net loss not covered by equity of EUR 37.9 million and cash and cash equivalents of EUR 3.8 million. Despite the measures taken to hedge liquidity risks, the balance sheet situation could have a negative impact on the company's reputation, which could in turn lead to a loss of expert employees, a reduction in creditworthiness, the impairment of customer relationships, the reduction of payment terms and the maturity of loans. In addition, due to the shortfall in the balance sheet, the company's management is required to permanently review its over debt status and maintain very short-term liquidity planning, which keeps management capacities tied up. Last, but not least, the company's ability to continue as a going concern is also based on the achievement of the operational development of customers and marketable products depicted in the company's planning, as described under operational risks. This combination of risks can lead to a significant threat to the continued existence of the company as a going concern.

With regard to the impact of the Corona pandemic, it should also be emphasized that despite the development of relevant products and solutions, the business outlook (overall economic development and industry development) has not been insignificantly affected. The company felt the effects of the corona pandemic to a significant extent during the reporting period. In particular, sales activities were significantly slowed down due to the cancellation of trade fairs and the continuous postponement of meetings with customers. This impaired the development of the business and the continuation of development projects.

With regard to the overall going concern risks, the Managing Director assumes a medium probability of occurrence (2020: unchanged) and a high impact (2020: unchanged) on the asset, financial and earnings positions.

### Summary presentation of the overall risk situation

Due to the over-indebtedness situation and the liquidity position as of the reporting date, the company has taken various measures to ensure solvency into the coming year.

Taking into account the opportunities and risks described above, the management therefore continues to expect the company to continue as a going concern as of the reporting date.

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## FORECAST REPORT

### Forecast

After NeXR was able to achieve initial successes in customer acquisition in fiscal year 2021, the company intends to position itself further in the market with its products and services in 2022.

It has plans to expand the successful cooperation with H&M and to acquire additional new customers in the NeXR Fashion segment. To this end, investments in the development and production of scanners will be stepped up.

Following the successful completion of the first live events in the NeXR Show and NeXR Seminar segments in 2021, the company intends to expand further partnerships and corresponding sales in the second half of 2022.

By renewing its cooperation with the Japanese gaming software publisher Konami Digital Entertainment, the company sees the development in the field of motion capture and avatars positively. Additional orders from the gaming industry as well as smaller contract developments are expected for 2022.

For fiscal year 2022, NeXR expects to achieve sales revenues of between EUR 0.8 and 1.3 million, depending on the development of the pandemic and the general political and economic situation.

However, due to the high investments and the increase in staff in the 3D Instagram division as well as further high start-up costs to establish itself in the market, the company continues to expect a negative earnings situation with EBITDA of EUR -9.2 million to EUR -9.6 million as well as a net loss for fiscal year 2022 of between EUR 14.6 and 15.1 million due to interest on the extended financing requirements.

## CORPORATE GOVERNANCE STATEMENT

The corporate governance statement pursuant to sections 289f, 315d of the German Commercial Code (HGB) and the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG) can be found on our website at <https://www.nexr-technologies.com/de/corporate-governance/>.

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## TAKEOVER-RELEVANT DISCLOSURES

Pursuant to Section 289a of the German Commercial Code (HGB), the company is required to report on certain structures subject to the German Stock Corporation Act (AktG) and other legal provisions in order to provide a better overview of the company and to disclose restrictions relating to a takeover bid.

### **DIRECT OR INDIRECT SHAREHOLDINGS EXCEEDING 10 PERCENT OF THE VOTING RIGHTS**

Hevella Capital GmbH & Co. KGaA announced on October 26, 2021, that it had acquired a total of 1,872,166 shares amounting to EUR 4,586,807 at EUR 2.45 per share by exercising subscription rights on October 25, 2021. Consequently, its share of the voting rights increased by 1,872,166 voting rights to 4,221,913 and its share of the voting rights amounted to 68.28%.

Hevella Capital GmbH & Co. KGaA announced on October 27, 2021, that it had made a gratuitous share loan in the amount of 188,898 shares to BankM on October 27, 2021, which accompanied the capital increase, for the purpose of supplying the subscribers of the new shares.

According to its notification, the shares held by Hevella Capital GmbH & Co. KGaA in the company are further attributable to the following persons and entities, which thus indirectly control NeXR Technologies SE:

- Hevella Beteiligungen GmbH, Potsdam, as general partner of Hevella Capital GmbH & Co. KGaA
- Obotritia Capital KGaA, Potsdam, as majority-owned limited shareholder of Hevella Capital GmbH & Co. KGaA
- Rolf Elgeti, Potsdam, as general partner of Obotritia Capital KGaA

### **SHARES WITH SPECIAL RIGHTS OR RESTRICTIONS**

As far as NeXR is aware, there are no shares with special rights or restrictions on the exercise of voting rights.

### **BUYBACK OF OWN SHARES**

The company has no authorization to buy back its own shares pursuant to Section 71 of the German Stock Corporation Act (AktG).

### **COMPOSITION OF THE SHARE CAPITAL**

As of December 31, 2021, the share capital of NeXR consisted of no-par value shares. The number of shares outstanding as of December 31, 2021, totaled 6,183,193 (December 31, 2020: EUR 4,122,129).

By resolution on June 3, 2021, the Annual General Meeting resolved that the share capital of the company, currently amounting to EUR 4,122,129.00, divided into 4,122,129 no-par value bearer shares with a pro-rata amount of the share capital of the company of EUR 1.00 per share, be increased by up to EUR 2,061,064.00 by issuing up to 2,061,064 new no-par value bearer shares with a pro-rata amount of the share capital of the company of EUR 1.00 per share to up to EUR 6,183,193. The capital increase was

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carried out in October 2021. The share capital of the company was increased by EUR 2,061,064.00 from EUR 4,122,129 to EUR 6,183,193.00 by issuing 2,061,064 new shares against cash contributions. The capital increase was entered in the Commercial Register on October 25, 2021. The new shares are entitled to dividend as of January 1, 2021. The issue price was EUR 1.00 per share. The 2,061,064 (Euro 2,061,064.00) ordinary bearer shares in the form of no-par value shares have not yet been admitted to trading on the Regulated Market of the Frankfurt Stock Exchange. The admission process is expected to be completed in May 2022. Until then, the shares to be admitted will be listed under the securities identification number ISIN DE000A3E5EW2.

Pursuant to Section 136 of the German Stock Corporation Act (AktG), shareholders are not entitled to vote under certain conditions. The company is not aware of any contractual restrictions affecting voting rights or the transfer of shares.

### SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

Shares with special rights conferring powers of control are not provided for by the company's Articles of Association.

### AUTHORIZATION OF THE BOARD OF DIRECTORS TO ISSUE SHARES

#### Capital increase from Authorized Capital 2021

With the implementation of the capital increase in October 2021, the Board of Directors has made full use of its authorization under the Articles of Association, based on the resolution of the Annual General Meeting of June 3, 2021, to increase the share capital of the company from EUR 4,122,129.00, divided into 4,122,129 no-par value bearer shares with a pro-rata amount of the share capital of the company of EUR 1.00 per share by issuing up to 2,061,064 new no-par value bearer shares ("New Shares") against cash and/or non-cash contributions by up to a total of EUR 2,061,064.00. The capital increase was fully implemented in October 2021 and entered in the Commercial Register on October 25, 2021. The New Shares with an issue amount of EUR 1.00 per share are entitled to dividend as of January 1, 2021. The nominal amount is EUR 2,061,064.00. The New Shares have not yet been admitted to trading on the Regulated Market of the Frankfurt Stock Exchange and will be listed under the securities identification number ISIN DE000A3E5EW2 by the time they are admitted.

As part of the capital increase, a subscription offer was made to the shareholders on September 27, 2021, in accordance with the Articles of Association. The Articles of Association provided in detail for this:

"The new shares shall in principle be offered to the shareholders for subscription. Provided that shareholders' subscription rights are not excluded, subscription rights may also be granted by underwriting the shares from banks or other companies meeting the requirements of Section 186 (5) of the German Stock Corporation Act (AktG) with the obligation to offer them to shareholders for subscription (indirect subscription right).

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The Board of Directors is authorized to exclude the shareholders' subscription right, however,

- for fractional amounts;
- in the case of capital increases against cash contributions, provided that the total pro-rata amount of share capital represented by the new shares in respect of which subscription rights are excluded does not exceed 10% of the share capital existing at the time the resolution is adopted by the Annual General Meeting or – if this amount is lower – at the time this authorization is exercised, and the issue price of the new shares is not significantly lower within the meaning of Sections 203 (1) and (2) and 186 (3) sentence 4 German Stock Corporation Act (AktG) than the stock market price of shares of the same class and carrying the same rights that are already listed at the time the Board of Directors finally determines the issue price. For the purpose of calculating the 10% limit, shares shall be included that have already been issued or sold during the term of this authorization at the time of its exercise in direct or analogous application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG) with exclusion of subscription rights. Furthermore, shares to be issued to service option and/or conversion rights or option and/or conversion obligations under convertible bonds and/or bonds with warrants shall be counted, provided that such bonds were issued during the term of this authorization with exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG);
- in the case of capital increases against contributions in kind for the granting of new shares in connection with business combinations for the purpose of acquiring companies, parts of companies or interests in companies or other assets eligible for contribution in connection with such a combination or acquisition, including the acquisition of receivables from the company or other assets;
- insofar as this is necessary with regard to the protection against dilution in order to grant the holders or creditors of option and/or convertible bonds issued by the company or its subsidiaries under an authorization granted to the Board of Directors by the Annual General Meeting subscription rights to the extent to which they would be entitled after exercising the option or conversion right or after fulfillment of option and/or conversion obligations;
- to service option and/or conversion rights or option and/or conversion obligations arising from bonds with warrants and/or convertible bonds issued by the company;
- in the case of cooperation with another company, if the cooperation serves the company's interests and the cooperating company requests a shareholding;
- in order to be able to issue shares to members of the Board of Directors, Managing Directors and employees of the company as well as to members of the management and employees of companies affiliated with the company. The new shares may also be issued to a credit institution or an equivalent company which takes over these shares with the obligation to pass them on exclusively to the persons benefiting hereunder. The Board of Directors is authorized to determine the further terms and conditions of the share issue, including the issue price, and the content of the share rights when carrying out capital increases from Authorized Capital 2021/I. The Board of Directors is also authorized to determine the dividend rights of the shareholders. The beginning of the dividend entitlement may also be set at the beginning of a fiscal year which has already ended, provided no resolution has yet been passed on the appropriation of profits for this fiscal year."

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The net proceeds from the capital increase will be used to further support the market entry and the subsequent expansion of cooperation with other parties as well as the expansion of the team.

### **Conditional Capital**

#### *Conditional Capital (2016/I)*

The share capital of the company is conditionally increased by up to EUR 835,244.00 by issuing up to 835,244 new no-par value bearer shares (**Conditional Capital 2016/I**). The Conditional Capital increase serves to grant shares upon exercise of option or conversion rights or upon fulfillment of option or conversion obligations to the holders of the option or convertible bonds issued by the company or a company in which it holds a direct or indirect majority interest on the basis of the authorization granted by the Annual General Meeting on July 28, 2016. The shares are to be issued at the option or conversion price to be determined in each case in accordance with the above authorization.

The conditional capital increase will only be carried out in the event of the issue of bonds with warrants or convertible bonds and only to the extent that the holders of bonds with warrants or convertible bonds issued or guaranteed by the company or its direct or indirect majority shareholding companies on the basis of the authorization resolution of the Annual General Meeting of July 28, 2016 until July 27, 2021, exercise their option or conversion rights or fulfill their option or conversion obligations and to the extent that no other forms of fulfillment are used. The new shares issued as a result of the exercise of the option or conversion right or the fulfillment of the option or conversion obligation generally participate in the profits from the beginning of the fiscal year in which they are created. If a resolution on the appropriation of profits has not yet been passed for a fiscal year that has already ended, the beginning of the dividend entitlement may also be set at the beginning of this fiscal year that has already ended.

The Board of Directors is authorized to determine the further details of the implementation of the conditional capital increase.

The Board of Directors is authorized to amend the wording of Article 5 (1) and Article 6.2 (1) sentence 1 of the Articles of Association in accordance with the respective utilization of the Conditional Capital and to make all other related amendments to the Articles of Association that relate only to the wording. The same shall apply in the event of non-utilization of the authorization to issue bonds with warrants or convertible bonds after expiry of the authorization period and in the event of non-utilization of Contingent Capital 2016/I after expiry of the deadlines for exercising option or conversion rights or for fulfilling option or conversion obligations.

#### *Conditional Capital (2017/I)*

The share capital of the company is conditionally increased by up to EUR 75,000.00 by issuing up to 75,000 new no-par value bearer shares (**Conditional Capital 2017/I**). The Conditional Capital 2017 serves to secure subscription rights from stock options issued by Staramba SE on the basis of the authorization of the Annual General Meeting of Staramba SE on July 25, 2017, in the period from July 25, 2017, to June 30, 2022, as part of the 2017 Stock Option Program.

The conditional capital increase will only be implemented to the extent that stock options are issued and the holders of these stock options exercise their subscription rights to shares in the company and

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the company does not grant treasury shares or a cash settlement in fulfillment of the subscription rights. The shares will be issued from the Conditional Capital at the exercise price determined in accordance with item 1. lit. e) under item 9 of the agenda of the Annual General Meeting on July 25, 2017. The new shares will generally participate in profits from the beginning of the fiscal year in which they are created. If no resolution has yet been passed on the appropriation of profits for a fiscal year which has already expired, the start of dividend entitlement may also be set at the start of this fiscal year which has already expired.

The Board of Directors is authorized to determine the further details of the implementation of the conditional capital increase.

The Board of Directors is authorized to amend the wording of Article 5 (1) and Article 6.3 (1) sentence 1 of the Articles of Association in accordance with the respective utilization of the Conditional Capital and to make all other related amendments to the Articles of Association that only affect the wording. The same shall apply in the event of non-utilization of the authorization to establish a Stock Option Program 2017 after expiry of the authorization period and in the event of non-utilization of the Conditional Capital 2017/I after expiry of the deadlines for exercising the subscription rights.

## **STATUTORY PROVISIONS AND PROVISIONS OF THE ARTICLES OF ASSOCIATION CONCERNING THE APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND MANAGING DIRECTORS AND CONCERNING AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

### **Organs**

NeXR's governing bodies are the Annual General Meeting, the Board of Directors and the Managing Director(s).

### **Board of Directors**

In accordance with the Articles of Association, the Board of Directors consists of four members who are elected by the Annual General Meeting. The members of the Board of Directors are elected for the period up to the end of the Annual General Meeting which resolves on the ratification of the acts of the Supervisory Board for the fourth fiscal year after the beginning of the term of office. The year in which the term of office begins shall not be counted. The Annual General Meeting may determine a shorter term of office at the time of election. The members of the Board of Directors may be elected once or several times for the previously determined period.

Substitute members may be elected for a certain member or for several members of the Board of Directors at the same time as the ordinary members of the Board of Directors. The substitute member is to join the Board of Directors if the member of the Board of Directors as whose substitute member he or she is appointed ceases to be a member of the Board of Directors before the end of the term of office. If no election of a substitute member takes place at the next Annual General Meeting, the term of office shall be extended until the end of the term of office of the Board member who left the Board prematurely. By-elections are to be held for the remainder of the term of office of the departing member.

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Members of the Board of Directors who have been elected by the Annual General Meeting without being bound by an election proposal may be dismissed by the Annual General Meeting before the end of their term of office. The resolution requires a majority of at least three quarters of the votes cast.

Each member of the Board of Directors and each substitute member may resign from office without good cause by giving one month's notice in writing to the Chairman of the Board of Directors.

The Board of Directors is authorized by NeXR's Articles of Incorporation to make amendments to the Articles of Incorporation that affect only the form.

#### **Managing Director(s)**

The Board of Directors appoints one or more Managing Directors. Members of the Board of Directors may be appointed Managing Directors, provided that the majority of the Board of Directors continues to be composed of non-executive members. Managing Directors may be removed at any time by resolution of the Board of Directors. A Managing Director who is also a member of the Board of Directors may only be removed for an important reason.

#### **Agreements with the Board of Directors in the event of a takeover bid**

There are no agreements with the Board of Directors that are subject to a change of control as a result of a takeover bid. Furthermore, there are no agreements with members of the Board of Directors, with the Managing Director or with employees that provide for remuneration in their favor in the event of a takeover.

#### **Concluding remarks on the Dependence Report**

I declare as Managing Director of NeXR Technologies SE pursuant to Sec. 312 (3) of the German Stock Corporation Act (AktG) that, with regard to the legal transactions and measures listed in the Dependent Report for fiscal year 2021, the company received appropriate consideration for each legal transaction according to the circumstances known to me at the time the legal transaction was made or the measure was taken or omitted and was not disadvantaged by the fact that the measure was taken or omitted.

#### **NeXR Technologies SE**

Berlin, April 12, 2022



Markus Peuler  
The Managing Director

# CONSOLIDATED FINANCIAL STATEMENTS

## PROFIT AND LOSS ACCOUNT

in EUR	2021	2020
1. Sales revenues	407,742	261,167
2. Other own work capitalized	337,656	0
<b>3. Total output</b>	<b>745,399</b>	<b>261,167</b>
4. Other operating income	354,994	711,727
- of which income from currency translation EUR 3,923 (previous year: EUR 3,744)		
5. Cost of materials	-1,649,997	-805,273
a) Cost of raw materials, supplies and purchased merchandise	-359,231	-186,528
b) Cost of purchased services	-1,290,766	-618,745
6. Personnel expenses	-4,930,022	-3,975,186
a) Wages and salaries	-4,245,647	-3,453,928
b) Social security contributions and expenses for pensions and other employee benefits	-684,375	-521,257
- thereof for pension plan EUR 10,490 (previous year: EUR 0)		
7. Depreciation	-2,547,662	-2,686,501
a) on intangible fixed assets and property, plant and equipment	-2,505,313	-2,522,020
b) on current assets, insofar as these exceed the depreciation customary in the corporation	-42,348	-164,481
8. Other operating expenses	-3,642,890	-5,009,176
- of which expenses from currency translation EUR 3,119 (previous year: EUR 8,716)		
9. Other interest and similar income	93	6,649
10. Interest and similar expenses	-3,051,758	-2,429,235
11. Taxes on income and earnings	1	2,217,135
- of which income from additions to and reversal of deferred taxes EUR 0 (E previous year: UR 2,217,135)		
<b>12. Earnings after taxes</b>	<b>-14,721,842</b>	<b>-11,708,694</b>
13. Other taxes	-314	-124
<b>14. Net loss for the year</b>	<b>-14,722,155</b>	<b>-11,708,818</b>
15. Loss carried forward	-45,881,008	-34,172,190
<b>16. Accumulated deficit</b>	<b>-60,603,163</b>	<b>-45,881,008</b>

## BALANCE SHEET

ASSETS in EUR thousand	Dec. 31, 2021	Dec. 31, 2020
<b>A. Fixed assets</b>		
I. Intangible assets		
1. Licenses acquired against payment, industrial property rights and similar rights and assets acquired against payment, as well as licenses to such rights and assets	51,376	53,193
2. Goodwill	3,448,144	5,746,906
II. Property, plant and equipment		
1. Technical equipment and machinery	263,125	0
2. Other equipment, operating and office equipment	212,685	215,111
3. Advance payments and assets under construction	38,783	0
III. Financial assets		
1. Shareholdings	101	1
<b>B. Current assets</b>		
I. Inventories		
1. Raw materials and supplies	44,536	43,803
2. Work in progress, unfinished services	21,196	21,197
3. Advance payments made	0	60,873
II. Receivables and other assets		
1. Trade receivables	27,007	19,367
2. Other assets	356,206	313,278
- thereof with a remaining term of more than one year EUR 77,674 (previous year: EUR 128,634)		
III. Cash on hand, Bundesbank balances, bank balances and checks	3,773,580	630,986
<b>C. Prepaid expenses</b>	109,128	156,335
<b>D. Net loss not covered by equity</b>	37,947,471	28,274,923
<b>Total assets</b>	<b>46,293,339</b>	<b>35,535,972</b>

## BALANCE SHEET

LIABILITIES in EUR	Dec. 31, 2021	Dec. 31, 2020
<b>A. Equity</b>		
I. Subscribed capital	6,183,193	4,122,129
(Conditional Capital EUR 910,244)		
II. Capital reserve	16,472,499	13,483,956
III. Accumulated deficit	-60,603,163	-45,881,008
thereof loss carried forward from previous year EUR 45,881,008		
Uncovered deficit	37,947,471	28,274,923
Book equity	0	0
<b>B. Provisions</b>		
1. Other accrued liabilities	1,230,024	1,250,521
<b>C. Liabilities</b>		
1. Bonds	3,500,000	3,500,000
- thereof convertible EUR 3,500,000 (previous year: EUR 3,500,000)		
- thereof with a remaining term of more than one year EUR 3,500,000 (previous year: EUR 3,500,000)		
- thereof due to shareholders: EUR 3,500,000 (previous year: EUR 3,500,000)		
2. Liabilities to banks	8	3
- thereof with a remaining term of up to one year EUR 8 (previous year: EUR 3)		
3. Advance payments received on orders	6,436,419	6,418,073
- thereof with a remaining term of more than one year EUR 6,436,419 (previous year: EUR 6,418,073)		
4. Trade accounts payable	883,630	694,741
- thereof with a remaining term of up to one year EUR 883,630 (previous year: EUR 694,741)		
5. Other liabilities	34,243,257	23,672,634
- of which to shareholders EUR 34,003,723 (previous year: EUR 23,432,305)		
- thereof from taxes EUR 76,698 (previous year: EUR 72,708)		
- of which social security EUR 0 (previous year: EUR 170)		
- thereof with a remaining term of up to one year EUR 239,535 (previous year: EUR 240,330)		
- thereof with a remaining term of more than one year EUR 34,003,723 (previous year: EUR 23,432,305)		
<b>Total assets</b>	<b>46,293,339</b>	<b>35,535,972</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR	2021	2020
Result for the period	-14,722,155	-11,708,818
-/+ Write-ups/write-downs of fixed assets	2,505,313	2,522,020
+/- Increase/decrease in provisions	-20,497	132,918
-/+ Increase/decrease in inventories	60,140	-104,659
-/+ Increase/decrease in trade receivables	-7,640	85,160
+/- Increase/decrease in other assets not attributable to investing or financing activities	4,278	1,442,754
+/- Increase/decrease in trade accounts payable	188,889	-76,550
+/- Increase in other liabilities not attributable to investing or financing activities	-32,498	-50,893
- Gain on disposal of fixed assets	-323	-635
+ Loss on disposal of fixed assets	0	88,781
- Interest income	-93	-6,649
+ Interest expenses	3,051,758	2,249,063
-/+ Income tax income / income tax expense	1	-2,217,135
+/- Income tax payments	-1	0
+/- Other non-cash expenses / income	-337,656	0
<b>Cash flow from operating activities</b>	<b>-9,310,483</b>	<b>-7,464,642</b>
- Payments for investments in intangible assets	-21,549	-36,377
+ Proceeds from disposals of property, plant and equipment	323	1,070
- Payments made for investments in property, plant and equipment	-145,012	-100,654
- Cash outflows for investments in financial assets	-100	0
+ Cash received from interest	93	6,649
<b>Cash flow from investing activities</b>	<b>-166,245</b>	<b>-129,312</b>
+ Proceeds from capital increases	5,049,607	3,757,685
+ Proceeds from the issue of bonds and the raising of (financial) loans	7,570,000	4,560,000
- Outflows from the redemption of bonds and (financial) loans	0	-400,000
- Payments for interest	-286	-35,300
<b>Cash flow from financing activities</b>	<b>12,619,321</b>	<b>7,882,385</b>
Cash-effective changes in cash and cash equivalents (total cash flows)	3,142,593	288,431
+ Cash and cash equivalents at the beginning of the period	630,986	342,555
<b>Cash and cash equivalents at the end of the period</b>	<b>3,773,580</b>	<b>630,986</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR	Subscribed capital	Capital reserve	Equity generated	Total
Status as of Jan. 1, 2021	2,332,755	11,515,645	-34,172,190	-20,323,790
Issuance of bonds	1,789,374	1,968,311		3,757,685
Result for the period			-11,708,818	-11,708,818
Balance as of Dec. 31, 2021	4,122,129	13,483,956	-45,881,008	-28,274,923
Issue of shares	2,061,064	2,988,543		5,049,607
Result for the period			-14,722,155	-14,722,155
<b>Balance as of Dec. 31, 2021</b>	<b>6,183,193</b>	<b>16,472,499</b>	<b>-60,603,163</b>	<b>-37,947,471</b>

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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021

## A. GENERAL INFORMATION

NeXR Technologies SE is a European company (Societas Europaea) listed on the Regulated Market (General Standard of the Frankfurt and Berlin Stock Exchanges) with its registered office in 10969 Berlin, Charlottenstraße 4, Germany (Registration No. HRB 158018, Local Court of Berlin Charlottenburg).

The company is a large corporation as defined by the provisions of Section 267 (3) sentence 2 of the German Commercial Code (HGB), in conjunction with Section 264d HGB. The Annual Financial Statements have been prepared in accordance with the accounting provisions of Sections 242 et seq. and 264 d et seq. of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act (AktG) and Article 61 of EU Regulation 2157/2001.

The income statement has been prepared using the total cost method in accordance with Section 275 (1) of the German Commercial Code (HGB).

As of December 31, 2021, the fully paid-in share capital of the company is divided into 6,183,193 no-par value bearer shares and amounts to EUR 6,183,193.

In the period under review, the company continued to develop individual products on behalf of customers and secured the financing of business operations through agreements with shareholders.

## B. NOTES ON ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods applied in the previous year have been retained. Despite the tight liquidity situation at the time of preparation, the accounting and valuation methods are based on the assumption that the company will continue to operate as a going concern (Section 252 (1) No. 2 of the German Commercial Code (HGB)). Due to the tense liquidity situation at the time of reporting, the company has taken various measures to secure its solvency beyond 2022. If, contrary to the expectations of the Managing Director, the company's plan is not achieved and the planned measures to safeguard liquidity cannot be successfully implemented, the company's continued existence as a going concern is at risk. With regard to the measures implemented after the balance sheet date, reference is also made to the information on events after the balance sheet date under Note E. Other disclosures 11.

### 1. FIXED ASSETS

**Intangible assets acquired against payment** were valued at acquisition cost less scheduled straight-line depreciation. Impairment losses were recognized to the extent necessary. If the useful life is indefinite, no scheduled amortization is charged.

The goodwill results from a merger in 2016. The valuation was performed at fair value on the basis of an expert opinion which determined the capitalized earnings value based on earnings taxes.

Goodwill includes deferred taxes. For the deferred taxes resulting from the merger in the fiscal year 2016, deferred tax assets and liabilities are not assumed by the transferring entity but must be reassessed and recognized accordingly. As the assets and liabilities taken over were measured at fair value, the deferred taxes to be recognized as liabilities in respect of the disclosed hidden reserves are hidden charges. They therefore represent acquisition costs, as they must be recognized as liabilities. The deferred tax liabilities on the acquired goodwill are inseparably linked to the goodwill and must therefore be capitalized as acquisition costs of this goodwill.

The scheduled amortization of goodwill is based on a useful life of 7.5 years, which predominantly reflects the technical know-how. The remaining useful life as of December 31, 2021, is 1.5 years.

**Property, plant and equipment** was valued at acquisition cost. Fixed assets are depreciated on a straight-line basis. The depreciation period is based on the normal useful life of the asset.

Low-value assets with an acquisition cost of up to EUR 800.00 were written off in full.

Balance sheet item	(Group of assets)	Useful life
<b>I.</b>	<b>Intangible assets</b>	
1.	Concessions acquired against payment, industrial property rights and similar rights and assets acquired against payment, as well as licenses to such rights and assets	1 to 15 years, partially unlimited
2.	Goodwill	7,5 years
<b>II.</b>	<b>Property, plant and equipment</b>	
	Other equipment, operating and office equipment	1 to 13 years

**Financial assets** include shares in companies in which an interest is held. One investment was written down to a memo value of EUR 1.00 in previous years due to the permanent impairment in value.

## 2. CURRENT ASSETS

The STARAMBA.tokens (SST) held by the company at the reporting date are reported under **inventories**. They are measured at acquisition or production cost. This item also includes inventories of raw materials and supplies, which are measured at cost.

**Trade accounts receivable** and **other assets** are stated at nominal value. Specific valuation allowances were recognized to the extent necessary. There is no need for general allowances. Receivables denominated in foreign currencies are translated at the average spot exchange rate.

**Cash and cash equivalents** were recognized at nominal value.

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**Prepaid expenses** have been recognized for significant items, for expenses to be incurred in subsequent fiscal years, for example. These mainly relate to prepaid rent for January 2022, deferred license payments and a deferred lease payment.

### 3. BORROWINGS

**Provisions** are recognized for all identifiable risks and uncertain liabilities in the amount deemed necessary in accordance with prudent business judgment (Section 253 (1) sentence 2 of the German Commercial Code (HGB)).

Provisions with a remaining term of more than one year are discounted over the remaining term at the average market interest rate for the past seven fiscal years determined by the Deutsche Bundesbank for objectification reasons (Section 253 (2) sentence 1 of the German Commercial Code (HGB)). Cost increases are taken into account when determining the settlement amount. The option to discount provisions with a remaining term of less than one year was not exercised. The recognition and measurement of provisions for a Virtual Share Option Program (VSOP 2019) is based on E-GAS 11. The options are measured as of the commitment date using an option pricing model. The accrual of provisions depends on the performance of the beneficiary.

**Liabilities** were recognized at the settlement amount.

Transactions in foreign currencies are recognized at the respective daily exchange rates or the rates agreed for this purpose. Currency translation on the balance sheet date is performed at the average spot exchange rate in accordance with Section 256a of the German Commercial Code (HGB).

**Deferred taxes** arising from temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the financial statements and their tax base or from tax loss carryforwards are measured at the tax rates applicable in the individual companies at the time the differences reverse, and the amounts of the resulting tax benefit and relief are not discounted. As of the balance sheet date, deferred tax assets are offset against deferred tax liabilities. The company has not made use of the option to capitalize deferred taxes on loss carryforwards (asset surplus after offsetting against deferred tax liabilities).

### 4. INCOME STATEMENT

Proceeds from the sale of tokens are initially recognized as advance payments received. Revenue is only recognized when the tokens are accepted as payment for the sale of products and services.

## C. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 1. FIXED ASSETS

The development of fixed assets and the acquisition costs of the individual items are shown in the following statement of changes in fixed assets.

The intangible assets acquired for consideration have a carrying amount of EUR 3,500 thousand (previous year: EUR 5,800 thousand). The main component is goodwill arising from the merger at fair value in 2016. In the reporting period, goodwill was amortized on a scheduled basis to EUR 3,448 thousand.

Property, plant and equipment amounts to EUR 515 thousand (previous year: EUR 215 thousand) and includes internally generated technical equipment and assets under construction (scanners) as well as operating and office equipment.

Financial assets amount to EUR 101 (previous year: EUR 1) and include shares in companies in which a participating interest is held. Disclosures on shareholdings Section 285 no. 11 of the German Commercial Code HGB:

Shareholding	Seat	Share	Share capital in fiscal year (FY)	Equity	Result of the last FY
Social VR GmbH in Liquidation, AG Berlin * HRB13777	Berlin	48.00%	EUR 25 thousand (previous year: EUR 25 thousand)	EUR -54 thousand (previous year: EUR -49 thousand)	EUR -4 thousand (previous year: EUR +55 thousand)
IN X SPACE Technologies UG (limited liability company) ** HRB	Berlin	10.00%	EUR 1 thousand	EUR -39 thousand	EUR -40 thousand

\* Data according to the last prepared financial statements of the companies as of December 31, 2019. By resolution of August 13, 2020, the company was dissolved, is in liquidation as of the balance sheet date.

\*\* Data based on preliminary financial accounting evaluations from December 2021

## STATEMENT OF CHANGES IN NON-CURRENT ASSETS AS OF DECEMBER 31, 2021

in EUR	Intangible rights of use	Goodwill	Intangible assets	Property, plant and equipment	Financial assets	Fixed assets
<b>Acquisition/manufacturing costs</b>						
Balance on Jan. 1, 2021	108,379	86,556,147	86,664,527	669,880	2,562	87,336,969
Additions	21,549	0	21,549	484,177	100	505,826
Disposals	0	0	0	2,400	0	2,400
Transfers	0	0	0	0		0
Balance on Dec. 31, 2021	129,928	86,556,147	86,686,076	1,151,657	2,662	87,840,395
<b>Accumulated depreciation</b>						
Balance on Jan. 1, 2021	55,187	80,809,241	80,864,428	454,770	2,561	81,321,759
Depreciation and amortization in fiscal year	23,366	2,298,762	2,322,128	183,186	0	2,505,313
Disposals	0	0	0	891	0	891
Transfers	0	0	0	0	0	0
Balance on Dec. 31, 2021	78,553	83,108,003	83,186,556	637,065	2,561	83,826,181
Write-ups in fiscal year	0	0	0	0	0	0
<b>Carrying amount</b>						
Dec. 31, 2021	51,375	3,448,144	3,499,519	514,593	101	4,014,214
<b>Carrying amount</b>						
Dec. 31, 2021	53,192	5,746,906	5,800,098	215,111	1	6,015,210

**2. RECEIVABLES AND OTHER ASSETS**

Receivables and other assets amounting to EUR 78 thousand are due after more than one year, while other amounts are due within one year.

There are no receivables from companies in which an equity investment is held (previous year: EUR 0 thousand).

There were no receivables within the meaning of Section 285 No. 9c of the German Commercial Code (HGB) as of the reporting date (previous year: EUR 0 thousand).

**3. BALANCES WITH BANKS AND CASH IN HAND**

Bank balances amounted to EUR 3,774 thousand (previous year: EUR 631 thousand).

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## 4. EQUITY

Reported equity as of December 31, 2021, is negative. The net loss not covered by equity amounts to EUR 37,947 thousand.

### 4.1 Subscribed capital

The company's fully paid-in share capital is divided into 6,183,193 no-par value bearer shares (December 31, 2020: 4,122,129), and amounts to EUR 6,183,193 as of December 31, 2021 (December 31, 2020: EUR 4,122,129).

#### *Capital increase from Authorized Capital 2021*

With the completion of the capital increase in October 2021, the Board of Directors has made full use of its authorization under the Articles of Association, based on the resolution of the Annual General Meeting of June 3, 2021, to increase the share capital of the company from EUR 4,122,129.00, divided into 4,122,129 no-par value bearer shares with a pro-rata amount of the share capital of the company of EUR 1.00 per share, by issuing up to 2,061,064 new no-par value bearer shares ("New Shares") against cash and/or non-cash contributions by up to a total of EUR 2,061,064.00. The capital increase was fully implemented in October 2021 and entered in the Commercial Register on October 25, 2021. The New Shares with an issue amount of EUR 1.00 per share are entitled to dividend as of January 1, 2021. The nominal amount is EUR 2,061,064.00. The New Shares have not yet been admitted to trading on the Regulated Market of the Frankfurt Stock Exchange and will be listed under the securities identification number ISIN DE000A3E5EW2 until they are admitted.

As part of the capital increase, a subscription offer was made to the shareholders on September 27, 2021, in accordance with the Articles of Association. The Articles of Association provided in detail for the following:

"The new shares shall in principle be offered to the shareholders for subscription. Provided that shareholders' subscription rights are not excluded, subscription rights may also be granted by underwriting the shares from banks or other companies meeting the requirements of Section 186 (5) of the German Stock Corporation Act (AktG) with the obligation to offer them to shareholders for subscription (indirect subscription right).

However, the Board of Directors is authorized to exclude the shareholders' subscription right

- for fractional amounts;
- in the case of capital increases against cash contributions, provided that the total pro-rata amount of the share capital represented by the new shares in respect of which subscription rights are excluded does not exceed 10% of the capital stock existing at the time the resolution is adopted by the Annual General Meeting or, if this amount is lower, at the time this authorization is exercised, and the issue price of the new shares is not significantly lower within the meaning of Sections 203 (1) and (2) and 186 (3) sentence 4 of the German Stock Corporation Act (AktG) than the stock market price of shares of the same class and carrying the same rights that are already listed at the time the Board of Directors finally determines the issue price. 1 and 2, 186 (3) sentence 4 AktG. For the purpose of calculating the 10% limit, shares are to be included that have already been issued or sold during the term of this authorization at the time of its exercise in direct or analogous application of Section 186 (3)

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sentence 4 of the German Stock Corporation Act (AktG) with exclusion of subscription rights. Furthermore, shares to be issued to service option and/or conversion rights or option and/or conversion obligations under convertible bonds and/or bonds with warrants are to be counted, provided that such bonds were issued during the term of this authorization with exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG);

- in the case of capital increases against contributions in kind for the granting of new shares in connection with business combinations for the purpose of acquiring companies, parts of companies or interests in companies or other assets eligible for contribution in connection with such a combination or acquisition, including the acquisition of receivables from the company or other assets;
- insofar as this is necessary with regard to the protection against dilution in order to grant the holders or creditors of option and/or convertible bonds issued by the company or its subsidiaries under an authorization granted to the Board of Directors by the Annual General Meeting subscription rights to the extent to which they would be entitled after exercising the option or conversion right or after fulfillment of option and/or conversion obligations;
- to service option and/or conversion rights or option and/or conversion obligations arising from bonds with warrants and/or convertible bonds issued by the company;
- in the case of cooperation with another company, if the cooperation serves the company's interests and the cooperating company requests a shareholding;
- in order to be able to issue shares to members of the Board of Directors, Managing Directors and employees of the company as well as to members of the management and employees of companies affiliated with the company. The new shares may also be issued to a credit institution or an equivalent company which takes over these shares with the obligation to pass them on exclusively to the persons benefiting hereunder. The Board of Directors is authorized to determine the further terms and conditions of the share issue, including the issue price, and the content of the share rights when carrying out capital increases from Authorized Capital 2021/I. The Board of Directors is also authorized to determine the dividend rights of the shareholders. The beginning of the dividend entitlement may also be set at the beginning of a fiscal year which has already ended, provided no resolution has yet been passed on the appropriation of profits for this fiscal year."

The net proceeds from the capital increase will be used to further support the market entry and the subsequent expansion of cooperations as well as the expansion of the team.

#### ***Conditional Capital (2016/I)***

The share capital of the company is conditionally increased by up to EUR 835,244.00 by issuing up to 835,244 new no-par value bearer shares (**Conditional Capital 2016/I**). The conditional capital increase serves to grant shares upon exercise of option or conversion rights or upon fulfillment of option or conversion obligations to the holders of the option or convertible bonds issued by the company or a company in which it holds a direct or indirect majority interest on the basis of the authorization granted by the Annual General Meeting on July 28, 2016. The shares are to be issued at the option or conversion price to be determined in each case in accordance with the above authorization.

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The conditional capital increase will only be implemented in the event of the issue of warrant bonds or convertible bonds and only to the extent that the holders of warrant bonds or convertible bonds issued or guaranteed by the company or companies in which it holds a direct or indirect majority interest on the basis of the authorization resolution of the Annual General Meeting of July 28, 2016, before July 27, 2021, exercise their option or conversion rights or fulfill their option or conversion obligations and to the extent that no other forms of fulfillment are used. The new shares issued as a result of the exercise of the option or conversion right or the fulfillment of the option or conversion obligation generally participate in the profits from the beginning of the fiscal year in which they are created. If a resolution on the appropriation of profits has not yet been passed for a fiscal year that has already expired, the beginning of the dividend entitlement may also be set at the beginning of this fiscal year that has already expired.

The Board of Directors is authorized to determine the further details of the implementation of the conditional capital increase.

The Board of Directors is authorized to amend the wording of Articles 5 (1) and 6.2 (1) sentence 1 of the Articles of Association in accordance with the respective utilization of the Conditional Capital and to make all other related amendments to the Articles of Association that relate only to the wording. The same shall apply in the event of non-utilization of the authorization to issue bonds with warrants or convertible bonds after expiry of the authorization period and in the event of non-utilization of Contingent Capital 2016/I after expiry of the deadlines for exercising option or conversion rights or for fulfilling option or conversion obligations.

#### ***Conditional Capital (2017/I)***

The share capital of the company is conditionally increased by up to EUR 75,000.00 by issuing up to 75,000 new no-par value bearer shares (**Conditional Capital 2017/I**). The Conditional Capital 2017 serves to secure subscription rights from stock options issued by Staramba SE on the basis of the authorization of the Annual General Meeting of Staramba SE on July 25, 2017, in the period from July 25, 2017, to June 30, 2022, as part of the 2017 Stock Option Program.

The conditional capital increase will only be implemented to the extent that stock options are issued and the holders of these stock options exercise their subscription rights to shares in the company and the company does not grant treasury shares or a cash settlement in fulfillment of the subscription rights. The shares will be issued from the Conditional Capital at the exercise price determined in accordance with item 1. lit. e) under item 9 of the agenda of the Annual General Meeting on July 25, 2017. The new shares participate in profits from the beginning of the fiscal year in which they are created. If no resolution has yet been passed on the appropriation of profits for a fiscal year that has already expired, the beginning of the dividend entitlement may also be set at the beginning of this fiscal year which has already expired.

The Board of Directors is authorized to determine the further details of the implementation of the conditional capital increase.

The Board of Directors is authorized to amend the wording of Articles 5 (1) and 6.3 (1) sentence 1 of the Articles of Association in accordance with the respective utilization of the Conditional Capital and to make all other related amendments to the Articles of Association that only affect the wording. The

same shall apply in the event of non-utilization of the authorization to establish a Stock Option Program 2017 after expiry of the authorization period and in the event of non-utilization of the Conditional Capital 2017/I after expiry of the deadlines for exercising the subscription rights.

#### 4.2 Virtual Stock Option Rights (Sec. 160 (1) no. 5 AktG)

The company launched a Virtual Stock Option Program in fiscal year 2019 (VSOP 2019). The stock option conditions of December 13, 2019, apply.

Members of management	164,886
Employees	99,814
External partners	350,000

Up until December 31, 2021, Virtual Stock Option rights were issued in the following quantities:

The obligations arising from the Stock Option Program up to December 31, 2021, are recognized under provisions.

#### 4.3 Capital reserve (Section 152 (2) of the German Stock Corporation Act (AktG))

Additional amounts between the market values of the new shares issued as a result of the increase in share capital and their nominal values were transferred to the capital reserve. In fiscal year 2021, the capital reserve increased by EUR 2,988 thousand to EUR 16,472 thousand as a result of the issue of new shares.

#### 4.4 Profit/loss carried forward (Section 268 (1) sentence 2 of the German Commercial Code (HGB))

The net loss for the year as of December 31, 2020, was offset in full (EUR 11,709 thousand) against the loss carryforward and then carried forward. As of the reporting date, the loss carried forward before appropriation therefore amounts to EUR 45,881 thousand.

#### 4.5 Proposed appropriation of earnings

The Managing Director proposes to carry forward the net loss for the year in the amount of EUR 14,722 thousand.

### 5. Provisions

Provisions for taxes are not to be recognized as liabilities.

Other provisions amounted to EUR 1,230 thousand (previous year: EUR 1,251 thousand) and developed as follows:

in EUR thousand	Balance on Jan. 1, 2021	Consumption	Reversal	Additions	Balance on Dec. 31, 2021
<b>Designation</b>					
Miscellaneous other provisions	894	219	235	295	735
Acquisition costs	108	95	7	102	108
Personnel costs	205	1	7	147	344
Retention obligation	43	0	0	0	43
<b>Total</b>	<b>1,251</b>	<b>315</b>	<b>249</b>	<b>544</b>	<b>1,230</b>

Miscellaneous other provisions include EUR 6 thousand for litigation cost risks. Provisions for the Virtual Stock Option Program (VSOP 2019) are included in miscellaneous other provisions in the amount of EUR 470 thousand and in provisions for personnel costs in the amount of EUR 188 thousand.

## 6. LIABILITIES

The convertible bonds remain unchanged at EUR 3,500 thousand. The related interest amount is reported under other liabilities.

Advance payments received include payments received from token sales to the extent that the tokens have not yet been redeemed for services rendered by NeXR.

Other liabilities include tax liabilities of EUR 77 thousand (previous year: EUR 73 thousand) and loan and interest liabilities to shareholders of EUR 34,004 thousand (previous year: EUR 23,432 thousand).

Other liabilities include liabilities with a remaining term of more than one year and less than five years in the amount of EUR 34,004 thousand (previous year: EUR 23,432 thousand). The other liabilities are due for payment within one year.

## 7. DEFERRED TAX LIABILITIES

As of the balance sheet date, there are deferred tax liabilities of EUR 696 thousand resulting from the difference between the goodwill recognized at fair value in the commercial balance sheet and at carrying amount in the tax balance sheet from the merger of Staramba SE and Staramba GmbH in 2016. As of the balance sheet date, these deferred tax liabilities are offset by higher deferred tax assets from loss carryforwards of EUR 5,871 thousand and deferred tax assets from personnel provisions of EUR 9 thousand, which were recognized up to the amount of the deferred tax liabilities and offset against the deferred tax liabilities. No use has been made of the option to capitalize deferred taxes on loss carryforwards (excess assets after offsetting against deferred tax liabilities). The calculations were based on a tax rate of 30.18%.

#### D. NOTES TO THE INCOME STATEMENT

Of the sales revenues of EUR 408 thousand (previous year: EUR 261 thousand), EUR 406 thousand resulted from the provision of electronic services in the area of VRiday. The remaining amounts result from user fees.

The geographical breakdown of sales is as follows:

in EUR thousand	Fiscal year	Previous year
Rest of the world	6	3
USA	0	0
Domestic	402	137
EU	0	121
<b>Total</b>	<b>408</b>	<b>261</b>

Other own work capitalized includes costs for the production of Fusion III scanners.

Other operating income includes income from the reduction of specific bad debt allowances on receivables in the amount of EUR 42 thousand; related bad debt losses in the amount of EUR 42 thousand are reported under write-downs of current assets. Furthermore, income from the reversal of provisions in the amount of EUR 249 thousand is also included.

The cost of materials item mainly results from the cost of materials for the production of Fusion III scanners. The cost of purchased services mainly results from software services and the administration of STARAMBA.tokens (STT).

Personnel expenses include expenses for the Virtual Stock Option Program (VSOP) amounting to EUR 124 thousand.

Other operating expenses include legal and consulting fees of EUR 731 thousand, of which EUR 77 thousand result from consulting in connection with capital increases.

The goodwill arising in 2016 from the merger with Staramba GmbH was amortized as scheduled in 2021 in the amount of EUR 2,299 thousand (previous year: EUR 2,299 thousand). There were no losses from the disposal of non-current assets in 2021 (previous year: EUR 89 thousand).

The allowance for doubtful accounts was reduced by EUR 1 thousand in 2021 (previous year: EUR 93 thousand increase). The losses on receivables amounted to EUR 42 thousand.

in EUR thousand	Fiscal year	Previous year
<b>Other interest and similar income</b>	<b>0</b>	<b>6</b>
thereof		
Other interest and similar income	0	6
<b>Other interest and similar expenses</b>	<b>3,052</b>	<b>2,429</b>
thereof		
Interest on current liabilities	1	3
Interest to shareholders	3,051	2,426
<b>Interest result</b>	<b>-3,052</b>	<b>-2,423</b>

## E. OTHER INFORMATION

### 1. OTHER FINANCIAL OBLIGATIONS

The other financial obligations together with their maturities are shown in the table below.

in EUR thousand	Up to 1 year	2 to 5 years	Over 5 years	Total
Rental obligations	329	294	0	623
Services, order commitments	169	0		169
<b>Total</b>	<b>498</b>	<b>294</b>	<b>0</b>	<b>792</b>

### 2. DISCLOSURES ON THE CASH FLOW STATEMENT

The cash flow statement has not been prepared in accordance with the recommendation of the German Accounting Standards Committee (GASC) pursuant to GAS 21.

Interest expense in the fiscal year amounted to EUR 3,052 thousand (previous year: EUR 2,429 thousand). Of this amount, interest paid in the fiscal year totaled EUR 1 thousand (previous year: EUR 35 thousand).

Cash and cash equivalents are cash and cash equivalents. Cash and cash equivalents are defined as cash on hand and demand deposits. Cash equivalents are short-term, highly liquid funds held as a liquidity reserve that can be converted into cash at any time and are subject to only insignificant fluctuations in value. Therefore, cash equivalents may only have a remaining maturity of three months or less at the time of acquisition. In addition, liabilities due at any time to credit institutions and other short-term borrowings that are part of the disposition of cash and cash equivalents must be included in cash and cash equivalents in accordance with GAS 21 and be disclosed.

### 3. DISCLOSURES ON THE STATEMENT OF CHANGES IN EQUITY

As of the reporting date, the net loss not covered by equity amounted to EUR 37,947 thousand.

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#### 4. EMPLOYEES

The average number of employees in the fiscal year was 65 (previous year: 53).

#### 5. DISCLOSURE REQUIRED BY SECTION 285 NO. 14 GERMAN COMMERCIAL CODE (HGB)

The Annual Financial Statements of NeXR Technologies SE are included in the Consolidated Financial Statements of Obotritia Capital KGaA, Potsdam. These Consolidated Financial Statements are published electronically in the Federal Gazette.

#### 6. DISCLOSURES UNDER SECTION 285 NO. 15A GERMAN COMMERCIAL CODE (HGB) AND SECTION 160 PARA. 1 NO. 5 GERMAN STOCK CORPORATION ACT (AKTG)

As of the reporting date, the company still has convertible bonds outstanding in the amount of EUR 3,500 thousand. The listing of the convertible bond on the open market of the Frankfurt Stock Exchange took place on March 22, 2017. It originally had a term of 2 years and was extended until December 31, 2023. The convertible bond is divided into 3,500 bearer bonds with a nominal value of EUR 1 thousand each. The annual interest rate is 6%. The convertible bonds entitle to conversion into new shares of NeXR Technologies SE. The conversion price was set at EUR 21.20 per no-par value share of the company in the event that the bondholders exercise their conversion rights. Due to the capital increase registered in October 2021, the conversion price had to be recalculated and now amounts to EUR 10.45 per share.

#### 7. DISCLOSURES ON MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT

The company opts for the so-called monistic management system pursuant to Article 38 lit. b) SeVO. Since June 3, 2021, the Board of Directors consists of the following persons:

1. Rolf Elgeti, businessman, Potsdam (Chairman of the Board of Directors)
2. Achim Betz, Certified Public Accountant and Tax Advisor, Nürtingen (Deputy Chairman of the Board of Directors, Chairman of the Audit Committee)
3. Axel von Starck, Businessman, Hamburg
4. Prof. Dr. Klemens Skibicki, Management Consultant, Cologne

NeXR has had an Audit Committee pursuant to Section 324 (1) of the German Commercial Code (HGB) since February 19, 2019. The members are Achim Betz (Chairman) and Axel von Starck.

The company is represented by its Managing Directors:

Markus Peuler, businessman, Berlin has been the sole Managing Director since September 16, 2019.

Markus Peuler was not a member of any other supervisory boards or control bodies during the reporting period.

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Rolf Elgeti was a member of the following supervisory boards and other supervisory bodies during the reporting period:

- Member of the Audit Committee of Bankhaus Obotritia GmbH (since February 26, 2019)
- Chairman of the Supervisory Board of TAG Immobilien AG (since November 2014)
- Chairman of the Supervisory Board of Deutsche Leibrenten Grundbesitz AG (since July 2015)
- Chairman of the Supervisory Board of Obotritia Hotel SE
- Member of the Advisory Board of Laurus Property Partners GmbH (since July 2016)
- Chairman of the Supervisory Board of Creditshelf AG (since May 2018)
- Member of the Advisory Board Highlight Event and Entertainment AG (since June 2018)
- Chairman of the Board of Directors and CEO of OboTech Acquisition SE

Achim Betz was a member of the following supervisory boards and other supervisory bodies during the reporting period:

- Chairman of the Supervisory Board of Hevella Capital GmbH & Co KG
- Chairman of the Audit Committee of Bankhaus Obotritia GmbH
- Deputy Chairman of the Supervisory Board of Deutsche Leibrenten Grundbesitz AG
- First Deputy Chairman of the Supervisory Board of Deutsche Konsum REIT-AG
- Second Deputy Chairman of the Supervisory Board of Deutsche Industrie REIT-AG

Axel von Starck was a member of the following supervisory boards and other supervisory bodies during the reporting period:

- Chairman of the Supervisory Board of Odeon Venture Capital AG (ended in the reporting period)
- Member of the Advisory Board of Bitbond GmbH (ended in the reporting period)
- Member of the Advisory Board of Credi2 GmbH
- Member of the Advisory Board of Doozer Real Estate Systems GmbH
- Member of the Advisory Board of Store2be GmbH

## **8. ORGAN-RELATED REMUNERATION**

The members of the Board of Directors received remuneration of EUR 32 thousand (previous year: EUR 38 thousand) for the exercise of their mandate in the year under review, as well as reimbursement of travel expenses.

The Chairman of the Audit Committee, Achim Betz, received remuneration of EUR 18 thousand (previous year: EUR 18 thousand). Prof. Dr. Klemens Skibicki received remuneration of EUR 10 thousand (previous year: EUR 10 thousand) and Christian Daudert received remuneration of EUR 4 thousand (previous year: EUR 10 thousand) until his leave.

The total remuneration of the Managing Director of NeXR in fiscal year 2021 amounted to EUR thousand 342 (previous year: EUR thousand 318).

## 9. DECLARATION ON THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Directors of NeXR Technologies SE has issued the Declaration of Compliance with the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on the company's website (<https://www.nexr-technologies.com/corporate-governance/>).

## 10. AUDITOR'S FEES

The total auditor's fees calculated for the fiscal year amounted to EUR 116 thousand and can be broken down as follows:

in EUR thousand	
Audit services	81
Other confirmation services	21
Tax consulting services	0
Other services	14
<b>Total</b>	<b>116</b>

## 11. EVENTS AFTER THE BALANCE SHEET DATE PURSUANT TO SECTION 285 NO. 33 GERMAN COMMERCIAL CODE (HGB)

In December 2018, the shareholder Hevella Capital GmbH & Co. KGaA provided a financing commitment in the form of a convertible loan of up to EUR 6,000 thousand.

This convertible loan was increased by EUR 4,000 thousand in April 2019, by another EUR 2,000 thousand in June 2019, by another EUR 8,000 thousand in July 2019, by another EUR 7,000 thousand in March 2020, by another EUR 3,000 thousand in March 2021 and by an additional EUR 6,000 thousand in September 2021. As a result of the capital increase registered in October 2021, the loan volume was reduced by EUR 5,000 thousand. The loan was increased by a further EUR 10,000 thousand in March 2022. The loan was increased by a further EUR 3,000 thousand in March 2021 and by a further EUR 6,000 thousand in September 2021. The subsequent increase by a further EUR 10,000 thousand in March 2022 secures the financing of the company into the coming year 2023. The financing commitment is automatically reduced by future cash inflows from capital increases or other corporate actions up to the delta between the financing commitment and the total loan amount disbursed up to the time of the inflows.

However, as a result, the Company continues to rely on ongoing financial support, without which the Company's continued existence would be jeopardized.

The company carried out a capital increase in August 2020. The share capital of the company was increased by EUR 2,061,064.00 from EUR 4,122,129.00 to EUR 6,183,193.00 by issuing 2,061,064 New Shares against cash contributions. The capital increase was entered in the Commercial Register on October 25, 2022. Reference is made to the explanations under 4.1 Equity. The new shares have not yet been admitted to trading on the Regulated Market of the Frankfurt Stock Exchange and will be listed under the securities identification number ISIN DE000A3E5EW2 until they are admitted.

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The company continues to feel the effects of the corona crisis; to the extent that a continued lockdown must be expected to delay planned sales. In February 2022, Russian troops invaded Ukraine in violation of international law. The economic consequences of the resulting disruption of supply chains and progressive embargo measures cannot yet be quantified. Neither country represents a direct sales market for us. In this regard, we refer to our statements in the Management Report (including in the Forecast Report).

## **12. NOTIFICATION PURSUANT TO SECTION 160 PARA. 1 NO. 8 GERMAN STOCK CORPORATION ACT (AKTG)**

The following notifications pursuant to Section 160 (1) no. 8 of the German Stock Corporation Act (AktG) had been made by the time of preparation:

The company announced on October 26, 2021, that the total number of voting rights has increased to 6,183,193 since October 25, 2021.

Hevella Capital GmbH & Co. KGaA announced on October 26, 2021, that it had acquired shares in the amount of EUR 4,586,807 at a price of EUR 2.45 per share by exercising subscription rights on October 25, 2021. As a result, its share of the voting rights increased by 1,872,166 voting rights to 4,221,913 and its share of the voting rights amounted to 68.28%.

Hevella Capital GmbH & Co. KGaA announced that on October 27, 2021, it had made a gratuitous share loan in the amount of 188,898 shares to BankM, which accompanied the capital increase, for the purpose of supplying the subscribers of the new shares.

### **Comment:**

According to its notification, the shares held by Hevella Capital GmbH & Co. KGaA in the company are further attributable to the following persons and entities, which thus indirectly control NeXR Technologies SE:

- Hevella Beteiligungen GmbH, Potsdam, as General Partner of Hevella Capital GmbH & Co. KGaA
- Obotritia Capital KGaA, Potsdam, as majority-owned limited shareholder of Hevella Capital GmbH & Co. KGaA
- Rolf Elgeti, Potsdam, as General Partner of Obotritia Capital KGaA

### **NeXR Technologies SE**

Berlin, April 12, 2022



Markus Peuler  
The Managing Director

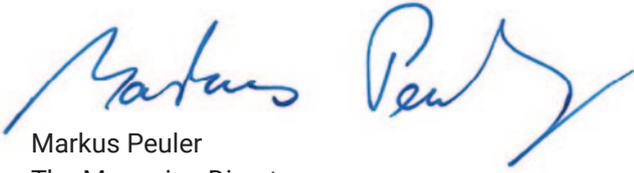
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## Assurance of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the Management Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

**NeXR Technologies SE**

Berlin, April 12, 2022



Markus Peuler  
The Managing Director

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# INDEPENDENT AUDITOR'S REPORT

**To NeXR Technologies SE, Berlin**

## REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

### Audit Opinion

We have audited the Annual Financial Statements of NeXR Technologies SE, comprising the Consolidated Statement of Financial Position as of December 31, 2021, the Consolidated Statement of Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the fiscal year from January 1 to December 31, 2021, and the Notes to the Consolidated Financial Statements, including a description of the accounting policies. In addition, we have reviewed the Management Report of NeXR Technologies SE for the fiscal year from January 1 to December 31, 2021. In accordance with German legal requirements, we have not audited the content of the components mentioned in the "Other information" section of our audit opinion.

In our opinion, based on the findings of our audit

- the attached Annual Financial Statements comply in all material respects with the provisions of German commercial law applicable to corporations and, in compliance with German generally accepted accounting principles, give a true and fair view of the financial position of the company, as of December 31, 2021, and its income situation for the fiscal year from January 1 to December 31, 2021, and
- the attached Management Report conveys an overall true and fair view of the situation of the company. With regard to all essential respects, this Management Report complies with the Annual Financial Statements, corresponds to the German statutory provisions and accurately presents the opportunities and risks of future development. Our opinion on the Management Report does not extend to the content of the Corporate Governance Statement required under Section 289f German Commercial Code (HGB).

Pursuant to Section 322 para. 3 clause 1 of the German Commercial Code (HGB), we hereby declare that our audit has not led us to any adverse findings concerning the proper preparation of the Annual Financial Statements and the Management Report.

### Basis for the audit opinion

We have audited the Annual Financial Statements and the Management Report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Auditors Ordinance (No. 537/2014, hereinafter "EU-APrVO") in accordance with the German generally accepted principles for the audit of financial statements promulgated by the Institute of Public Auditors (Institut der Wirtschaftsprüfer – IDW). Our responsibilities under these rules and policies are further described in the section entitled "Auditor's Responsibility when Auditing Financial Statements" of our auditor's report. We are independent

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of the company in accordance with the German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, in accordance with Art. 10 para. 2 lit. f) EU-APrVO, we declare that we have not provided any prohibited non-audit services as defined in Art. 5 para.1 EU-APrVO.

We believe that the audit evidence is sufficient and appropriate to provide a basis for our audit opinion with regard to the Annual Financial Statements and the Management Report.

#### **Significant uncertainty in connection with the continuation of the business activity**

We refer to the information provided in B. and E.11. of the Notes and the disclosures in the sections "Liquidity risks," "Measures to hedge liquidity risks," "Risks to a going concern" and "Summary of the overall risk situation" in the Management Report, in which the legal representatives of the company describe its tight liquidity situation. As discussed in B. and E.11. of the Notes and disclosures in the sections "Liquidity risks," "Liquidity risk management measures," "Risks to a going concern" and "Summary of the overall risk situation" in the Management Report, these events and circumstances point to the existence of a material uncertainty that casts serious doubt on the ability of the company to continue its activities and its continued existence is at risk within the meaning of Section 322 para. 2 clause 3 of the German Commercial Code (HGB). This has not affected our audit opinions.

#### **Particularly important issues raised in the audit of the Annual Financial Statements**

Particularly important issues raised in the audit are those matters which, in our best judgement, were most significant in our audit of the Annual Financial Statements for the fiscal year from January 1 to December 31, 2021. These issues have been taken into account in the context of our audit of the Annual Financial Statements as a whole and in our opinion on the audit; we are not offering a separate opinion on these matters.

From our point of view, the following facts were most significant in our audit:

- Impairment of goodwill
- Accounting assuming a going concern

We structure our presentation of these particularly important audit matters as follows:

1. Facts and the problems
2. Audit procedure and findings
3. Reference to further information

We present the most important facts from the audit below:

#### **Impairment of goodwill**

1. In the Annual Financial Statements prepared for NeXR Technologies SE, EUR 3.4 million in goodwill is listed under intangible assets; the goodwill originally came from the 2016 upstream merger and was posted at fair value. This goodwill makes up 6.8% of the total assets as of the closing date and thus has a significant impact on the company's financial position. Goodwill is recognized at acquisition cost less scheduled depreciation.

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The valuation of goodwill is complex and highly dependent on the estimates of the legal representatives, in particular with regard to future price and volume developments, the timing of operating cash flows, the discount factors used, and the long-term growth rate. The valuation is therefore subject to uncertainties. The complexity of its valuation was therefore of particular importance to our audit.

2. As part of our audit work, we gained an understanding of the company's process of assessing the value of its goodwill and determining the weighted average capital costs. In doing so, we also assessed, based on the information obtained during our audit, whether there were indications of required depreciation not identified by the company. We critically scrutinized and examined the valuation model and the plausibility of the assumptions made. In this regard, we reviewed the forecast for future revenue and earnings development of the 3D Instagraph business unit (including "scanners and 3D data") and dealt with the planning approved by the Managing Director and the Board of Directors.

Based on our audit procedures, we did not arrive at any material findings and find the valuations made by the legal representatives, including the disclosures in the Notes, to be reasonable.

3. The information provided by the company on the accounting principles applied is disclosed in the company's Notes on "Accounting Policies." Information on the amount of goodwill can be found in the Statement of Fixed Assets as an attachment to the Notes.

#### **Accounting assuming a going concern**

1. The accounting for the Annual Financial Statements of NeXR Technologies SE as of December 31, 2021, was based on the assumption of a going concern. As of December 31, 2021, the company had negative equity of EUR 37.9 million and continues to be classified as a start-up. Accordingly, it generates only a small amount of revenue and cash inflows. The company repeatedly received financial commitments from shareholders in fiscal year 2021 and subsequently as the financial statements were being prepared.

Preparing a balance sheet assuming a going concern is a complex matter. Therefore, the preparation of the balance sheet assuming a going concern was of particular importance to our audit.

2. As part of our audit work, we gained an understanding of the company's liquidity review process. In doing so, we also assessed, based on the information we obtained during our audit, whether there was any indication that the company would be unable to ensure payment of the expected liabilities over the next 12 months. In this regard, we reviewed the forecast for future revenue and earnings development and the financing commitments already obtained and agreed with the projections approved by the Managing Director and the Board of Directors.

We believe that the preparation of the Annual Financial Statements and the Management Report, assuming the going concern, is appropriate on the basis of our audit procedures.

3. The information provided by the company on the accounting principles applied is disclosed in the company's Notes on "Accounting Policies." Additional disclosures regarding risks which threaten the existence of the company have been made in the Notes and the Management Report. Please refer to our note above on "Significant uncertainty in connection with the continuation of business activities."

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### Other information

The legal representatives are responsible for the other information. The other information comprises

- The Corporate Governance Statement
- the assurance of the legal representatives on the Annual Financial Statements and the Management Report pursuant to Section 264 (2) Sentence 3 German Commercial Code (HGB) or Section 289 (1) Sentence 5 German Commercial Code (HGB), and
- the other parts of the Annual Report, except for the audited Annual Financial Statements and Management Report and our audit opinion.

Our audit opinions on the Annual Financial Statements and the Management Report do not cover the other information and, accordingly, we do not express an audit opinion or any other form of conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and, in doing so, assess whether the other information is

- materially inconsistent with the Annual Financial Statements, the Management Report or our knowledge obtained in the course of the audit, or
- otherwise appears to be materially misrepresented.

### Responsibility of the legal representatives and the Board of Directors for the Annual Financial Statements and the Management Report

The legal representatives are responsible for the preparation of the Annual Financial Statements, which comply in all material respects with the provisions of German commercial law applicable to corporations, and for ensuring that the Annual Financial Statements give a true and fair view of the asset, financial and earnings position of the company in accordance with German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls that they have determined are necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error, in accordance with German generally accepted accounting principles.

In preparing the Annual Financial Statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the going concern assumption. Furthermore, they are responsible for preparing the accounting on the basis of the going concern principle, unless this is precluded by factual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the Management Report, which as a whole provides a suitable view of the company's position and is consistent in all material respects with the Annual Financial Statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the arrangements and measures (systems) that they have deemed necessary to enable

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the preparation of a Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made in the Management Report.

The Board of Directors is responsible for overseeing the company's financial reporting process for the preparation of the Annual Financial Statements and the Management Report.

#### **Auditor's Responsibility for the Audit of the Annual Financial Statements and the Management Report**

Our objective is to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Management Report as a whole provides a suitable view of the company's position and is consistent, in all material respects, with the Annual Financial Statements and with the findings of our audit, complies with German legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinions on the Annual Financial Statements and the Management Report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 German Commercial Code and the EU-Audit Regulation and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from violations or inaccuracies and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these Annual Financial Statements and the Management Report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement of the Annual Financial Statements and the Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting material misstatements is higher for non-compliance than for inaccuracy, as non-compliance can involve fraud, forgery, intentional omissions, misleading representations, or the override of internal controls.
- we obtain an understanding of internal control relevant to the audit of the Annual Financial Statements and of arrangements and actions relevant to the audit of the 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 the company's internal control systems.
- we evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- we draw conclusions regarding the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that could cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Financial Statements

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and Management Report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may cause the company to no longer be able to continue as a going concern.

- we assess the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in such a way that the Annual Financial Statements give a true and fair view of the asset, financial and earnings position of the company, in accordance with German principles of proper accounting.
- we assess the consistency of the Management Report with the Annual Financial Statements, its compliance with the law and the view of the company's position conveyed by it.
- we perform audit procedures on the forward-looking statements made by the legal representatives in the Management Report. Based on sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and evaluate the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

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

We issue a statement to those responsible for governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that could reasonably be thought to bear on our independence, and the safeguards that have been put in place to address them.

From the matters we discussed with those responsible for governance, we determine those matters that were of greatest significance in the audit of the Annual Financial Statements for the current reporting period and are therefore the key audit matters. We describe these matters in the auditor's report unless the law or regulations preclude public disclosure of the matters.

## OTHER STATUTORY AND LEGAL REQUIREMENTS

### REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTIONS OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT PREPARED FOR THE PURPOSE OF DISCLOSURE IN ACCORDANCE WITH SECTION 317 (3B) OF THE GERMAN COMMERCIAL CODE. 3b HGB

#### *Audit opinion*

In accordance with Section 317 (3b) of the German Commercial Code (HGB), we have performed a reasonable assurance audit to determine whether the reproductions of the Annual Financial Statements

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and Management Report contained in the attached file [NeXR SE Annual Financial Statements and Management Report 31.12.2021.zip] and prepared for disclosure purposes (hereinafter also referred to as "ESEF documents") comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the Annual Financial Statements and Management Report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the Annual Financial Statements and Management Report contained in the attached file referred to above and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 (1) of the German Commercial Code (HGB). In addition to this opinion and our opinions on the accompanying Annual Financial Statements and Management Report for the fiscal year from January 1 to December 31, 2021 included in the "Report on the Audit of the Annual Financial Statements and Management Report" above, we do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

#### ***Basis for the audit opinion***

We conducted our audit of the reproductions of the Annual Financial Statements and Management Report contained in the above-mentioned attached file in accordance with Section 317 (3b) of the German Commercial Code (HGB) and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purposes of Disclosure pursuant to Section 317 (3a) of the German Commercial Code (HGB) (IDW EPS 410). Our responsibility thereunder is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents." Our auditing practice has applied the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1).

#### **Responsibility of the legal representatives and the Board of Directors for the ESEF documents**

The company's legal representatives are responsible for the preparation of the ESEF documents with the electronic reproductions of the Annual Financial Statements and the Management Report in accordance with Section 328 (1) Sentence 4 No. 1 of the German Commercial Code (HGB).

Furthermore, the company's legal representatives are responsible for the internal controls that they deem necessary to enable the preparation of the ESEF documents that are free from material non-compliance, whether intentional or unintentional, with the requirements of Section 328 (1) of the German Commercial Code ("HGB") concerning the electronic reporting format.

The company's legal representatives are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited Annual Financial Statements and audited Management Report as well as other documents to be disclosed to the operator of the Bundesanzeiger (Federal Gazette).

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The Board of Directors is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

### **Auditor's Responsibility for the Audit of the ESEF Documents**

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) of the German Commercial Code ("HGB"). During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material non-compliance with the requirements of Section 328 (1) of the German Commercial Code ("HGB"), whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion..
- we gain an understanding of internal controls relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815, as amended as of the reporting date, regarding the technical specification for that file.
- we assess whether the ESEF documentation provides a consistent XHTML representation of the audited Annual Financial Statements and the audited Management Report.

### **Other information according to Article 10 EU-APrVO**

We were elected the auditors by the Annual General Meeting on June 3, 2021. We were appointed by the Board of Directors on September 06, 2021. We have served as the auditors of NeXR Technologies SE, Berlin, without interruption since fiscal year 2018.

We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the Board of Directors pursuant to Article 11 EU-APrVO (audit report).

### **AUDITOR RESPONSIBLE**

The auditor responsible for the audit is Arno Kramer.

Frankfurt/Main, April 12, 2022

RSM GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

D. Hanxleden  
German Public Auditor

A. Kramer  
German Public Auditor

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## DISCLAIMER

The financial statements and management report of NeXR prepared by the Managing Director take into account all circumstances that have occurred after the end of the 2021 financial year and up to the date of preparation.

The management report contains forward-looking statements. Actual results may differ materially from expectations about anticipated developments.

## CONTACT

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NeXR Technologies SE

### TEXT AND EDITING:

NeXR Technologies SE/CROSS ALLIANCE communication GmbH

### DESIGN AND REALIZATION:

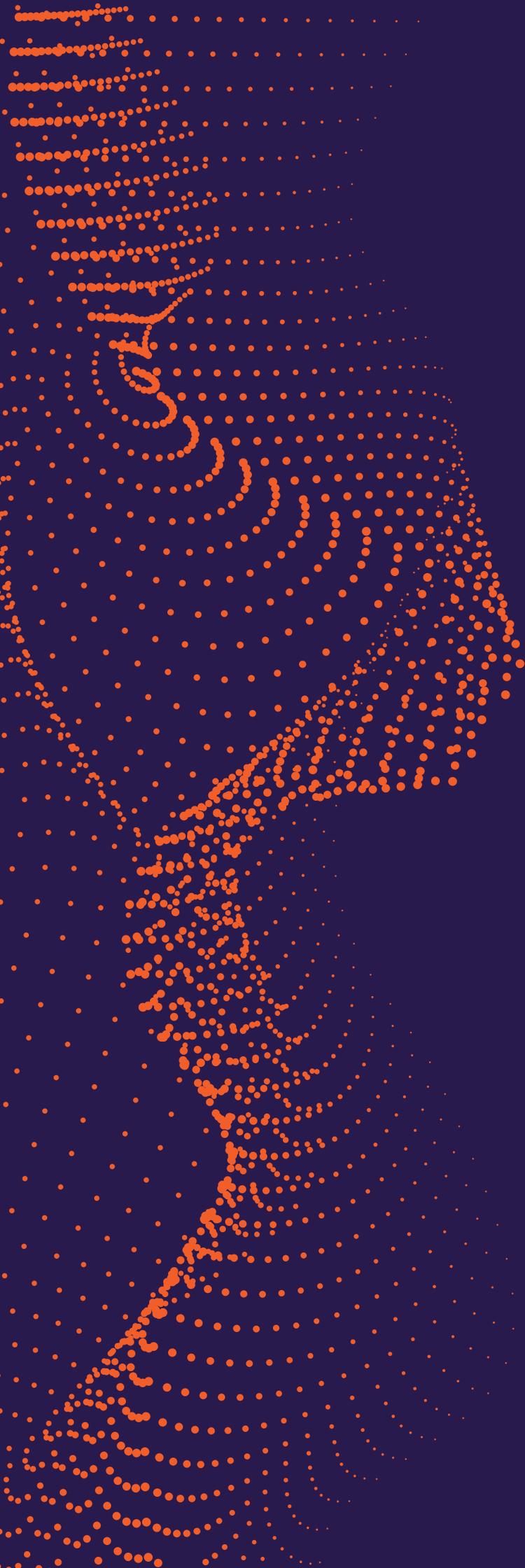
CROSS ALLIANCE communication GmbH

## FINANCIAL CALENDAR 2022

September 30, 2022	Publication of Half-year Financial Report
June 20, 2022	Annual General Meeting
April 13, 2022	Publication of Annual Report 2021

## SHARE DATA

Share capital	EUR 6,183,193
Number of shares	6,183,193
WKN (German Securities Identification Number)	A1K03W/A3E5EW
ISIN	DE000A1K03W5/DE000A3E5EW2
Bloomberg	DE000A1K03W5/DE000A3E5EW2
Share class	No-par-value bearer share
Market segment	General Standard
Stock Exchanges	XETRA, Frankfurt
Designated Sponsor	BankM AG



# NEXR

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Charlottenstrasse 4  
10969 Berlin  
Germany