

**MOBOTIX AG**

**Half-Year Financial Report**

**October 1, 2014 to March 31, 2015**



**Security-Vision-Systems**

Security-Vision-Systems





## Summary Of Business Development

This report encompasses the financial results for the six-month period from October 1, 2014 to March 31, 2015.

The first half of 2014/15 saw a very large number of new product launches. Technologically, one of the main developments was the replacement of 5-Megapixel cameras with highly light-sensitive 6-Megapixel Moonlight systems. The process of switching all camera models to this new technology is not due to be completed until the third quarter of the year. These new 6-Megapixel Moonlight systems are around 100 times more light-sensitive than the 3-Megapixel cameras that were still being sold until a year ago. This gives MOBOTIX a significant competitive advantage in the market.

The completely redeveloped and extremely user-friendly video management software was not launched in the first half of the year as originally planned. However, the beta version, which is already available to 2,000 registered users, is being described as a 'game changer' at all international presentations.

The reorganization of the sales function and the market launch of new products in February enabled MOBOTIX AG to raise revenue in the second quarter by 30 percent compared with the first quarter of the year.

At EUR 4.5 million, EBIT for the first half of the year is already twice as high as for the entire previous financial year (EUR 2.3 million). The increase in revenue and the growth resulting from the technological switch to the new 6-Megapixel Moonlight cameras did not materialize until the second quarter, which meant that the revenue effect was slightly diluted for the reporting period as a whole. Despite lower revenue, total operating output for the first half of the year was still 4.7 percent higher than in the same period of the previous year. March 2015 saw the highest revenue of any month in the Company's history.

Due to the high level of demand – and despite the change in technology – inventories were around 6.4 percent lower than at the end of 2013/14 (EUR 10.9 million, compared with EUR 11.6 million as of September 30, 2014). At EUR 24.9 million (September 30, 2014: EUR 22.4 million), receivables and bank balances were significantly higher than the total liabilities of EUR 10.9 million (September 30, 2014: EUR 9.9 million).

There was a successful outcome to patent disputes in the US, and we were able to have several US patents of the plaintiffs revoked as a deterrent against any other potential patent trolls.

The acquisition of our competitors Axis and Milestone by the Japanese camera manufacturer Canon at very high valuations and inquiries in this respect during the reporting period indicate substantial consolidation in the video security market.

## Business And Market

### Market And Competition

In addition to the introduction of the 6-Megapixel Moonlight cameras, the range of solutions offered by MOBOTIX was also systematically expanded during the first six months of the year:

The existing product portfolio consisting of the outdoor and thermal camera lines has been extended to include a newly developed indoor camera line. The i25 indoor wall camera and the c25 indoor ceiling camera are the smallest, lightest, and most affordable complete hemispheric video systems by MOBOTIX specially designed for indoor use.

Three variants of the PTMount-Thermal for the S15D camera system were added to the thermal camera line. With these high-quality, weatherproof pan-tilt mounts for the integrated, highly-sensitive thermal sensors, MOBOTIX now offers compact and discreet dome-shaped mountings that can be manually adjusted in three directions.

The introduction of the video analysis software MxAnalytics, which is now integrated into the single-lens cameras, extends the range of powerful free software solutions available. Using MxAnalytics, it is possible to collect and analyze statistical data on the behavior of people and objects.

A number of other significant development projects were continued or initiated successfully.

In a competitive environment characterized by growing consolidation, pressure on prices is increasing in major sales markets. As a highly innovative technology company, MOBOTIX is countering this trend by introducing, for example, new technologies, new camera lines and systems, and a number of software innovations.

## Net Assets, Financial Position And Results Of Operations

### Results Of Operations

Total operating output rose by 4.7 percent to EUR 41.5 million in the first half of 2014/15, compared with EUR 39.6 million in the corresponding prior-year period. Revenue in the second quarter of the 2014/15 financial year increased by 30 percent on the first quarter. This revenue growth in the second quarter is due in no small part to the introduction of the new technologies and camera lines. The total revenue generated in the first half of the year (EUR 40.7 million) is still down by 5.3 percent on the corresponding prior-year period (EUR 43.0 million).

Other operating income rose by €1.1 million to €1.4 million due to income from currency translation (prior year: €0.3 million).

The cost-of-materials ratio (material costs as a percentage of total operating output) grew from 31.7 percent in the prior-year period to 34.1 percent in the first half of 2014/15, due in part to the introduction of the new indoor camera line.

The staff costs ratio (staff costs as a percentage of total operating output) dropped year on year to 31.3 percent (prior year: 32.2 percent), although staff costs rose slightly.

EBITDA (13.6 percent of total operating output; earnings before interest, tax, depreciation, and amortization) amounted to €5.6 million, an increase of €1.0 million on the figure for the corresponding prior-year period of €4.6 million. EBIT (10.9 percent of total operating output; earnings before interest and tax) amounted to €4.5 million, an increase of €1.4 million (corresponding prior-year period: €3.1 million).

## Net Assets

Inventories decreased by €0.7 million to €10.9 million from €11.6 million at the beginning of the financial year, a drop of 6.4 percent.

Receivables and other assets increased by EUR 4.8 million compared with the start of the financial year to a total of EUR 19.6 million as of March 31, 2015. This was a result of higher revenue in March 2015 than in September 2014.

Cash and cash equivalents fell by €2.3 million to €5.3 million as of March 31, 2015 (September 30, 2014: €7.6 million), primarily due to the dividend distribution of €3.9 million.

The dividend distribution for 2013/14, combined with the profit generated in the first half of 2014/15, resulted in a net decrease in equity of €1.2 million to €39.2 million. The equity ratio of 67.9 percent (prior year: 70.9 percent) remains at a high level.

The EUR 1.0 million increase in liabilities to EUR 10.9 million (September 30, 2014: EUR 9.9 million) was primarily attributable to an increase in trade payables and scheduled loan repayments of EUR 0.6 million.

## Financial Position

Cash flow from operating activities before changes in working capital in the first half of 2014/15 amounted to €6.0 million (corresponding prior-year period: €4.0 million). Cash flow from operating activities declined to €2.5 million (corresponding prior-year period: €5.1 million) owing, above all, to the increase in trade receivables as of March 31, 2015 compared to September 30, 2014.

The negative cash flow from financing activities of EUR 4.6 million (corresponding prior-year period: negative cash flow of EUR 10.6 million) resulted, in particular, from a dividend distribution of EUR 3.9 million.

Overall, the changes in the individual cash flows resulted in cash and cash equivalents of €5.3 million as of March 31, 2015 (September 30, 2014: €7.6 million).

## Significant Events After The End Of The First Half Of 2014/15

No events of particular significance occurred after the end of the first half of the 2014/15 financial year.

## Changes To The Management Board

On December 17, 2014 the Supervisory Board of MOBOTIX AG appointed Dr. Tristan Haage as a new member of the Management Board with responsibility for sales. Dr. Haage comes from the Kaiserslautern region, has a doctorate in physics, and took charge of sales on April 1, 2015.

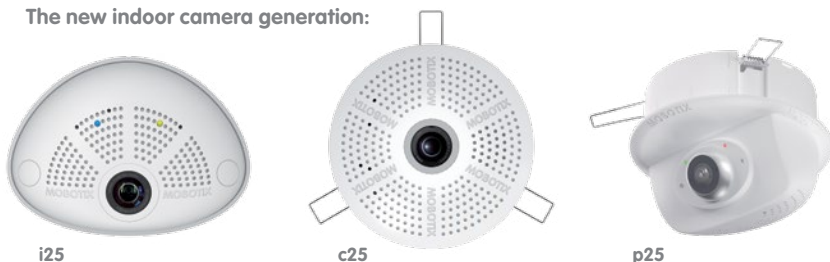
## Opportunities And Risks Of Future Development; Outlook

There were no significant changes to the opportunities and risks of future development in the first half of 2014/15. The information provided in the risk report for 2013/14 continues to apply virtually unchanged.

The Management Board continues to regard the forecast for the 2014/15 financial year of year-on-year revenue growth in the double-digit range, combined with an even higher rise in EBIT, as realistic.

The forward-looking statements made above are predictive in nature. Actual results may therefore differ substantially from these expectations.

The new indoor camera generation:



Broadening the thermal camera series:



## Condensed Consolidated Financial Statements

### Condensed Consolidated Balance Sheet As Of March 31, 2015

€'000	Mar. 31, 2015	Sep. 30, 2014
Non-current assets	21,017	21,907
Current assets	35,798	34,075
Prepaid expenses	779	700
Deferred tax assets	199	263
<b>ASSETS</b>	<b>57,793</b>	<b>56,945</b>
Equity	39,214	40,402
Provisions	7,690	6,658
Liabilities	10,884	9,880
Deferred tax liabilities	5	5
<b>EQUITY AND LIABILITIES</b>	<b>57,793</b>	<b>56,945</b>

### Condensed Income Statement For The Period October 1, 2014 to March 31, 2015

€'000	Oct. 1, 2014- Mar. 31, 2015	Oct. 1, 2013- Mar. 31, 2014
Revenue	40,729	43,007
Increase/Decrease in inventories of finished goods and work in progress	762	-3,388
Other operating income	1,425	313
Cost of materials	14,165	12,563
Staff costs	13,002	12,774
Depreciation, amortization expense and impairment losses	1,132	1,488
Other operating expenses	10,115	9,995
Other interest and similar income	4	5
Interest expense and similar charges	145	169
<b>Profit from ordinary activities</b>	<b>4,361</b>	<b>2,948</b>
Income taxes	1,302	1,127
Other taxes	17	17
<b>Profit for the period</b>	<b>3,042</b>	<b>1,804</b>

## Condensed Notes To The Consolidated Financial Statements

### General

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

### Accounting Policies

These condensed interim consolidated financial statements of MOBOTIX AG for the period ended March 31, 2015 have been prepared in accordance with German generally accepted accounting principles (HGB).

In the condensed interim consolidated financial statements for the period ended March 31, 2015, which have been prepared in accordance with German Accounting Standard No. 16 (DRS 16) 'Interim Financial Reporting' issued by the German Accounting Standards Committee (DRSC) and the General Terms and Conditions for the Entry Standard of Deutsche Börse AG for the Open Market, the same accounting policies have been used as in the consolidated financial statements for 2013/14.

These condensed interim consolidated financial statements have been reviewed by the auditor, KPMG AG, Wirtschaftsprüfungsgesellschaft, Saarbrücken.

For further information about the individual accounting policies used, please refer to the consolidated financial statements of MOBOTIX AG for the year ended September 30, 2014.

Unless indicated otherwise, all amounts in the condensed interim consolidated financial statements are stated in thousands of euros (€ thousand). The translation of amounts in euros into thousands of euros may give rise to rounding discrepancies of plus or minus one unit (thousands of euros or percent).

### Basis Of Consolidation

The entities that were consolidated with MOBOTIX AG as of March 31, 2015 were the same as those included in the consolidated financial statements for the year ended September 30, 2014 and in the comparative prior-year period.

Winnweiler-Langmeil, April 20, 2015

The Management Board



Klaus Gesmann • CEO



Dr. Oliver Gabel • CTO



Dr. Tristan Haage • CSO

### Disclaimer

This financial report contains MOBOTIX AG statements and information that relate to future periods. These forward-looking statements use formulations such as 'plan', 'expect', 'intend', 'endeavour', 'will', 'estimate', 'believe', 'aim to' and similar expressions. Such statements are made based on the current situation and latest expectations and may occasionally differ significantly – either on the upside or downside – from actual developments. Some of the factors that may give rise to uncertainties are changes in domestic or international macroeconomic conditions, changes in the underlying political situation, the introduction of new products or technologies by other companies, changes in investment behaviour in MOBOTIX AG's key markets, movements in exchange rates or interest rates, and the integration of acquired companies. MOBOTIX AG undertakes no obligation – over and above the existing legal requirements – to revise or update forward-looking statements.

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