

MOBOTIX AG

Annual Report

1 October 2016 to 30 September 2017

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Dear Shareholders,

2016/17 was a challenging year for the MOBOTIX Group in many areas. A situation that parallels wider competition in the market including sustained price erosion without sufficient corrective actions and initiatives.

MOBOTIX Group experienced revenue decrease of 17.7%, from €79.6 million to €65.5 million. Revenues excluding component sales were €63.1 million compared to €72.8 million in the previous year for a decline in revenues of €9.7 million (-13.3%). Earnings before interest, tax, depreciation and amortization (EBITDA) was -8.3% of total operating output excluding component sales; amounting to -€5.3 million. Earnings before interest and tax (EBIT) was -11.8% of total operating output excluding component sales; amounting to -€7.6 million.

Overall, the business year 2016/2017 ended with a net loss for the year of €6.3 million compared to a 2015/16 annual net loss of €1.7 million leading to a negative return on revenue (excluding component sales) of -10.0% compared to 2015/16 rate of -2.3%.

In response to this situation, in August 2017 the MOBOTIX Group Management Board announced a comprehensive restructuring program: “Fit for the Future” focusing on cost reductions across several administrative functions with additional investments in global sales development, marketing and R&D in key focus areas. The “Fit for the Future” program includes the adoption of a lean and consequently more efficient operational organisation with adapted job profiles and roles complimented by more efficient work processes and investment in IT infrastructure.

The new strategic focus is on the global megatrends matching the MOBOTIX core competences which include intelligent end-to-end solutions with additional focus on technology partnerships. Cyber security is another such area with significant historical growth that is predicted to accelerate further as a key driver for video surveillance solutions. This focus is a key part in the new sales strategy that was presented to partners and customers in Autumn 2017.

Significant changes were also enacted by end of the business year in the global sales organisation with new leadership roles and focus on customer acquisition and increased share of wallet with existing partners. R&D plans have also been adapted at the end of the business year with increased focus on MOBOTIX core technologies and especially software development.

Technology partnerships, integrations and co-operation has been initialised with leading manufacturers in video management software, analytics and access control during August 2017 to secure increased opportunities for MOBOTIX partners and end-users. This focus will continue to other areas to embed MOBOTIX technology into new solutions for the benefit of existing and new end-users.

An example of this focus includes the new “Cactus” concept that was launched in September 2017 to enhance visibility on the increased market demand for cyber security which has received positive response from customers and partners.

Several new global initiatives have also been undertaken with Konica Minolta since August 2017 that have been subsequently enlarged during 2018 including sales plans in Europe and Americas that will be further developed in the APAC regions. In addition, technology co-operation was discussed and further developed in business year 2017/2018.

Despite the performance described above, the equity ratio is still 49.0% along with unused credit lines totalling €20.5 million from several banks supported by cash in the amount of €7.5 million representing a solid financial situation for the MOBOTIX Group by the end of business year 2016/2017.

Increase in revenues of the MOBOTIX Group based on initial outcomes from the restructuring program is projected for the business year 2017/2018 to be around 3% compared with the business year 2016/2017. This projection leads to estimated revenues from sales (excluding component sales) of approximately €65 million for the business year 2017/2018. The projected EBIT for the business year 2017/2018 is €0.7 million.

Given the overall assessment of the financial situation of the MOBOTIX Group, the Management Board has proposed to pay a dividend of €0.53 million for the business year 2016/2017.

On behalf of the entire Management Board and our employees, I would like to thank you for placing your trust in MOBOTIX as we execute on our transformative program over the coming year.



Thomas Lausten • CEO

| Financial year (1 October 2016 to 30 September 2017) | 2016/17 | 2015/16 | Delta % |
|---|---------------------|--------------------|---------|
| Financial performance | TEUR | TEUR | |
| Total operating output | 66,429 | 81,928 | -18.9 |
| Revenue | 65,487 | 79,583 | -17.7 |
| Of which outside Germany (%) | 64.8 | 66.1 | |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | -5,338 | 1,262 | |
| EBITDA margin (EBITDA as percentage of total operating output) | -8.0 | 1.5 | |
| Earnings before interest and tax (EBIT) | -7,575 | -1,026 | -638.3 |
| EBIT margin (EBIT as percentage of total operating output) | -11.4 | -1.3 | |
| Profit before tax | -7,910 | -1,353 | -484.6 |
| Return on revenue (%) before tax | -12.1 | -1.7 | |
| After-tax profit for the year | -6,299 | -1,663 | -278.8 |
| Cash flow from operating activities | -384 | 3,604 | |
| Balance Sheet Figures | 30.9.2017 | 30.9.2016 | |
| Equity | 26,262 | 32,132 | -18.3 |
| Equity ratio (equity as percentage of total assets) | 49.0 | 60.4 | |
| Total assets | 53,568 | 53,222 | 0.7 |
| Non-current assets | 17,864 | 19,224 | -7.1 |
| Current assets | 33,538 | 33,379 | 0.5 |
| Of which cash and cash equivalents | 7,493 | 3,079 | 143.4 |
| Employees | | | |
| Number of employees (reporting date) | 384 ⁽¹⁾ | 395 | -2.8 |
| Revenue per employee | 193 ⁽²⁾ | 222 ⁽³⁾ | -13.1 |
| EBITDA per employee | -16 ⁽²⁾ | 4 ⁽³⁾ | |
| EBIT per employee | -22 ⁽²⁾ | -3 ⁽³⁾ | |
| Key per-share figures (€) | | | |
| Dividend | 0.04 ⁽⁴⁾ | 0.00 | |
| DVFA/SG cash flow ⁽⁵⁾ | -0.31 | 0.05 | |

1) Including trainees, including MOBOTIX Australia and MOBOTIX Singapore, including four members of the Management Board; headcount.

2) Based on an average of 339 employees.

3) Based on an average of 359 employees.

4) Proposed

5) Based on an average of 13.143 million shares.

- October 2016** MOBOTIX start off the new business year by releasing the MOBOTIX Management Center 1.3 free of charge. Users can mark any cameras and groups as favorites as well as filter for camera and group bars to directly access frequently used cameras or groups.
- November 2016** The v25 does a victory lap: The funkschau reader's choice competition awards the v25 including MxTubeMount first prize as ITK Product of the Year in the physical security category.
- December 2016** MOBOTIX investigate: MOBOTIX cameras feature in an episode of the cult German detective show "Tatort" in December 2016 and help solve a thrilling crime.
- January 2017** MOBOTIX develop the intelligent 3D motion detection MxActivitySensor 2.0, which further minimizes false alarms triggered in conventional motion detection (for example, in response to the movement of birds or small wild animals).
- February 2017** Mx6 dual cameras open up new opportunities: MOBOTIX start series production of their new Mx6 6MP camera line in February with the outdoor dual cameras M16, D16, S16, and V16. In terms of their outer appearance, these models look exactly the same as the x15 cameras (which are still available). All the innovations in these new cameras have been made to the mainboard and camera software. Mx6 cameras simultaneously deliver video data in up to three different formats: MxPEG, MJPEG and, for the first time, H.264.
- March 2017** MOBOTIX are represented at CeBIT 2017 for the first time at the Konica Minolta exhibition booth. MOBOTIX are a partner for the new Konica Minolta solution as part of the new "Workplace of the Future."
- April 2017** The MOBOTIX US team presents solutions at ISC West in Las Vegas with technology partners such as Genetec, Accel Robotix, Sierra Wireless, E-Holovision, and Overland.
- May 2017** Run, MOBOTIX, run! MOBOTIX are also represented at this year's company run in Kaiserslautern, Germany. MOBOTIX sprint their way to victory with a 66-person team in the company's founding city.
- June 2017** Thomas Lausten becomes the new CEO of MOBOTIX AG, thus completing the Management Board. Lausten has experience in both corporate and mid-sized businesses.
- July 2017** The complete generation of Mx6 cameras is now available with the new indoor line p26, i26, c26, and v26.
- August 2017** MOBOTIX begin their "Fit For The Future" program aimed at restructuring the company's operations and organization. Above all, this consists of measures that are intended to adapt and focus the sales structure for growth markets, strengthen product development and the IT infrastructure, and streamline the company's operational organization.
- September 2017** Hamburg, Paris, Copenhagen, Manchester, Warsaw – MOBOTIX are represented at the leading trade fairs in the security sector across the world. The M16 Thermal even succeeds in bringing home the "Security Product of the Year 2017" award from Warsaw.

ZAK – Zentrale Abfallwirtschaft Kaiserslautern, Germany

To ensure that operations run smoothly and that the 88-hectare premises of the modern waste management facility remain safe, the municipal waste management company ZAK in Kaiserslautern (Germany) counts on the reliability of meanwhile 65 MOBOTIX video systems. Two M15D thermal cameras are used to monitor the temperatures in the timber shelter of the temperatures of the fuel. Thanks to the intelligent thermal technology the systems trigger an event or alarm when detecting temperatures outside of a preset range. 90% of the cameras that ZAK uses are M25 video systems, which are distributed over the premises, especially in areas that are complex. Truck drivers who are constantly moving back and forth on the premises, use the images of these cameras as a rearview camera on a tablet computer. Moreover, a Q25 camera with 360° hemispheric view is installed in the administrative building and two T25 IP video door stations at the main gate.

„I’ve been working for a long time with these video systems. They are both exceptionally robust and maintenance-free. What’s more, it’s also easy to manage the network cameras. [...] The range of possible applications is still very diverse, thanks to the high image quality and the option to use various lenses.“

Michael Hentz, IT and telecommunications manager at ZAK



Savelberg, The Netherlands

The versatile Savelberg care center in Gouda, the Netherlands, invests continuously in improving conditions to increase the quality of life for the elderly and individuals with dementia. An intensive search for a system that would help people help themselves was underway as part of renovation measures. It was found in the Conview Care solution from Leertouwer, which was specially developed for organizations that want to improve their processes in the care sector. This solution stands out for its capacity for open integration, vendor-neutral technology and ease of administration. The system implemented at Savelberg comprises video surveillance, sound and motion detection and electronic bracelets.

The staff are notified automatically by the system when one of the residents leaves the assigned living space. High-resolution Q25 MOBOTIX cameras in around 40 apartments work as smart video and audio sensors, and are connected to Conview Care. The system makes the Savelberg staff’s work substantially easier. In view of the easy implementation and positive customer feedback, all apartments are to be equipped with Conview Care and MOBOTIX cameras in the future.

„Each residential unit is equipped with a camera featuring a smart sensor, which sends an automatic message as soon as a resident gets out of bed. Our staff do not need to make unnecessary rounds at night anymore, which may disturb the residents’ sleep. But they can still take action if there is a real problem. Around 40 apartments are currently equipped with a MOBOTIX Q25 camera connected to Conview Care. So far, they have worked very well without any problems whatsoever. Implementation was easier than expected. Our care staff like the system very much, and are happy with the solution. It enables a new style of working for them that improves the well-being of our residents. Given the positive experience we have had, we intend to continue working with Leertouwer to equip all apartments with Conview Care and smart MOBOTIX cameras over the next few years.“ Irene Feenstra, Director of the Savelberg center

Montebello, USA

The city-owned Montebello Bus Lines (MBL) is the third-largest public transit agency in Los Angeles County, California, with an annual ridership of over 8.2 million. As part of its duty of care and obligation to keep both its passengers and bus drivers safe, the agency needed a suitable video security solution that would enable faster responses to incidents. Motivated by its desire to use as few cameras on each bus as possible along with its need for a system robust enough to survive continual high vibration, heat and dust each day, MBL selected a MOBOTIX system solution. Each bus equipped with the video security system has five FlexMount S15 cameras with two 6-megapixel image sensors each. These provide a detailed view of the indoor and outdoor area of the bus, and can even detect faces and license plates. MBL worked closely with Transit Security Systems Inc. to develop a management platform that includes a video viewing and archiving solution along with tracking and incident alerting capabilities. This way, any bus can be displayed immediately, and existing recordings can be searched to investigate incidents or follow up on information.

„So far, the system has been installed on seven buses, and the response has been extremely positive. New security threats are rising around the world. We need to change the way we do security, because the old way just isn't working.“

David Tsuen, Information Systems Manager, MBL

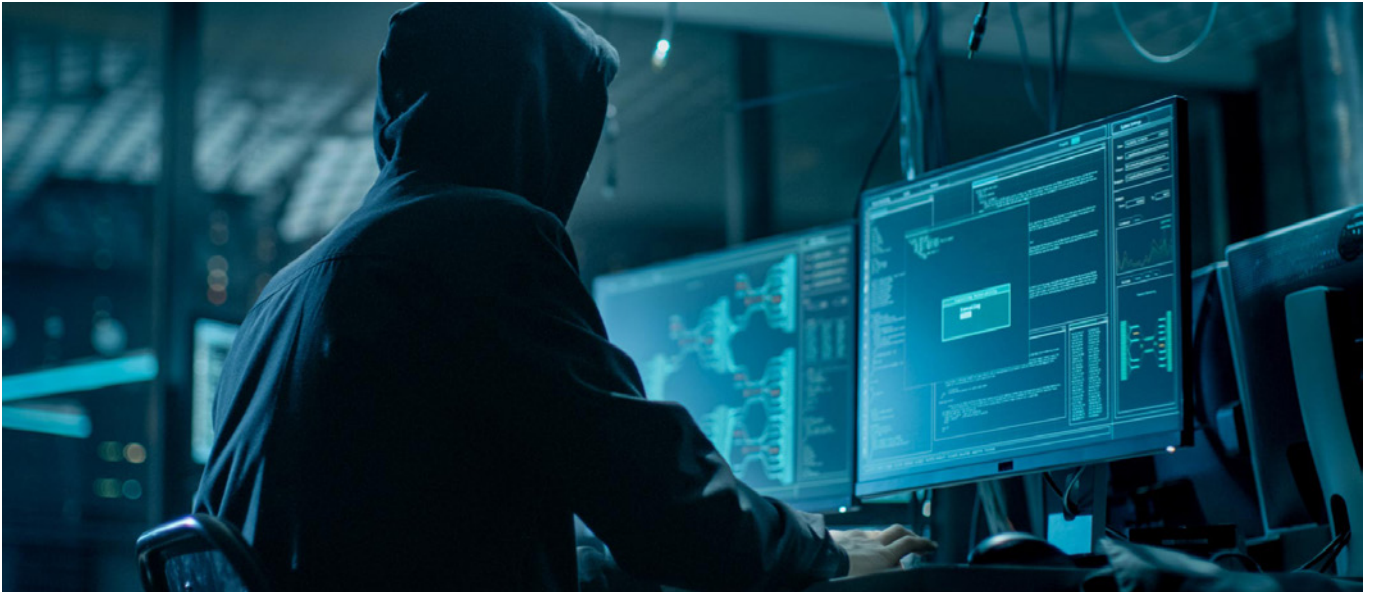


Edmund Rice College, Australia

The Edmund Rice College is an independent Catholic high school for boys located in the south-west of Sydney. The school's current 1980s analogue security system was only semi-operational and not up to the essential task of protecting these assets. Therefore a modern alarm system was fitted in the Sports Hall and MOBOTIX cameras were installed around the outside and inside of the building. A combination of M15s and D15 easily protected the exterior of the building and only a single i25 was needed to cover the entire sports hall arena. Positive results were seen quite soon afterwards, with the access reliable footage acting to reduce incidences of bullying and fighting. Edmund Rice College can now look to the future with reassurance, knowing that they have a scalable, flexible security system built to last. They already have expanded the alarm system by the installation of cameras in the newly refurbished library. MOBOTIX decentralized technology made installation simple, with no new cabling nor additional infrastructure required and MOBOTIX hemispheric technology meant fewer cameras cover larger areas.



Stay Untouched!



Beyond Human Vision – Looking to a Secure Future With a New Slogan and Fresh Ideas

In autumn 2017, MOBOTIX entered a new chapter in their corporate communication with the slogan “Beyond Human Vision,” which was launched across the world. While the technical details of individual products were once given the utmost attention, the high utility and overall package of advantages that make a MOBOTIX solution so appealing will take center stage in the future.

The MOBOTIX Unique Selling Point: Our Complete Package Of Technology, Innovation, and Quality

We combine each of these elements to create a high-quality complete solution, offering maximum flexibility plus a highly engineered tool set so that our customers can solve problems as efficiently and reliably as possible. Thanks to intelligent technology, we at MOBOTIX can look beyond the human perspective so that we can start preparing our customers for tomorrow, today.

Initiative for Cyber Security in Video Surveillance: MOBOTIX Has Finger on the Pulse with the Cactus Concept

The MOBOTIX Cactus Concept was also launched in 2017. The objective of the Cactus Concept is to implement a multimedia cyber

security campaign in order to raise awareness among potential and existing MOBOTIX customers of the extremely important issue of data security in network-based video security systems, inform them about the growing risks, and show them how they can protect themselves.

“Modern video surveillance and access control systems help protect people, places, and property across the world, but they are increasingly targeted by criminals aiming to infiltrate, take over, or disable these vital systems,” says Thomas Lausten, Chief Executive Officer of MOBOTIX. “In addition, billions of new IP-networked devices are being added each year thanks to trends such as the Internet of Things. For this reason, our industry has to set a good example and offer secure platforms that reduce the risk of these dangerous attacks.”

The cactus symbolizes the core concept behind the MOBOTIX strategy, in which each individual hardware and software component is secured multiple times over against external threats. MOBOTIX use seamless end-to-end encryption, from the image source, to the data cable and storage, right through to the user’s computer, in a way that resembles the prickly, resilient cactus. And in the same way that a cactus is completely protected by its thorns, all modules, including the camera, storage, cable, and video management

system, are protected against unauthorized access with digital “thorns” in the MOBOTIX system.

In-House Products Guarantee Secure Software

MOBOTIX hold a unique position in the sector, as the company develop all of their software instead of licensing other manufacturer’s developments. This innovative approach offers significant security benefits. As the entire software development process is carried out within the company, MOBOTIX are less prone to weaknesses than other brands, who experience security issues due to immature software and hardware solutions from third-party providers. Representing “Security from the core,” the Cactus Concept has been anchored in the company from the very beginning and can be seen in every department.

Device and Communication Security

All recordings generated by the camera are encrypted in the device itself before being saved – starting from the ring buffer that uses the SD card integrated in every camera. MOBOTIX have developed a secure file system. If a camera is hacked or stolen, the unauthorized user can be denied access to the video data recorded inside the camera if they do not have administrator rights, which in turn are protected by the configuration processes described above. Furthermore, every MOBOTIX video system can be used with security features that protect against theft and manipulation, such as reinforced housings, sensors, and alarm and warning functions.

Access to the user interface for configuring the camera is only permitted for authorized users. Tiered rights can be created for different user groups in every system. In practice, this means that MOBOTIX cameras never save user passwords as plain text, but provide them with a complex hash algorithm (SHA-512). If a configuration file were to end up in the wrong hands, it would be extremely difficult to extract the password in plain text format.

Secure Network and Device Communication

All data exchanged between MOBOTIX cameras and other network hosts can be encrypted to guarantee the confidentiality and integrity of data streams. This same technology, which is used to secure online banking via HTTPS (SSL/TLS), and digital root certificates are supported in line with tried and tested procedures by default. MOBOTIX also offer integrated support for managing unique X.509 certificates on any video source, so that companies can secure their cameras and door stations which are authenticated via systems such as OpenVPN. This means that if one camera is stolen or hacked, the unauthorized user cannot infiltrate the rest of the camera system using the compromised camera’s access data.

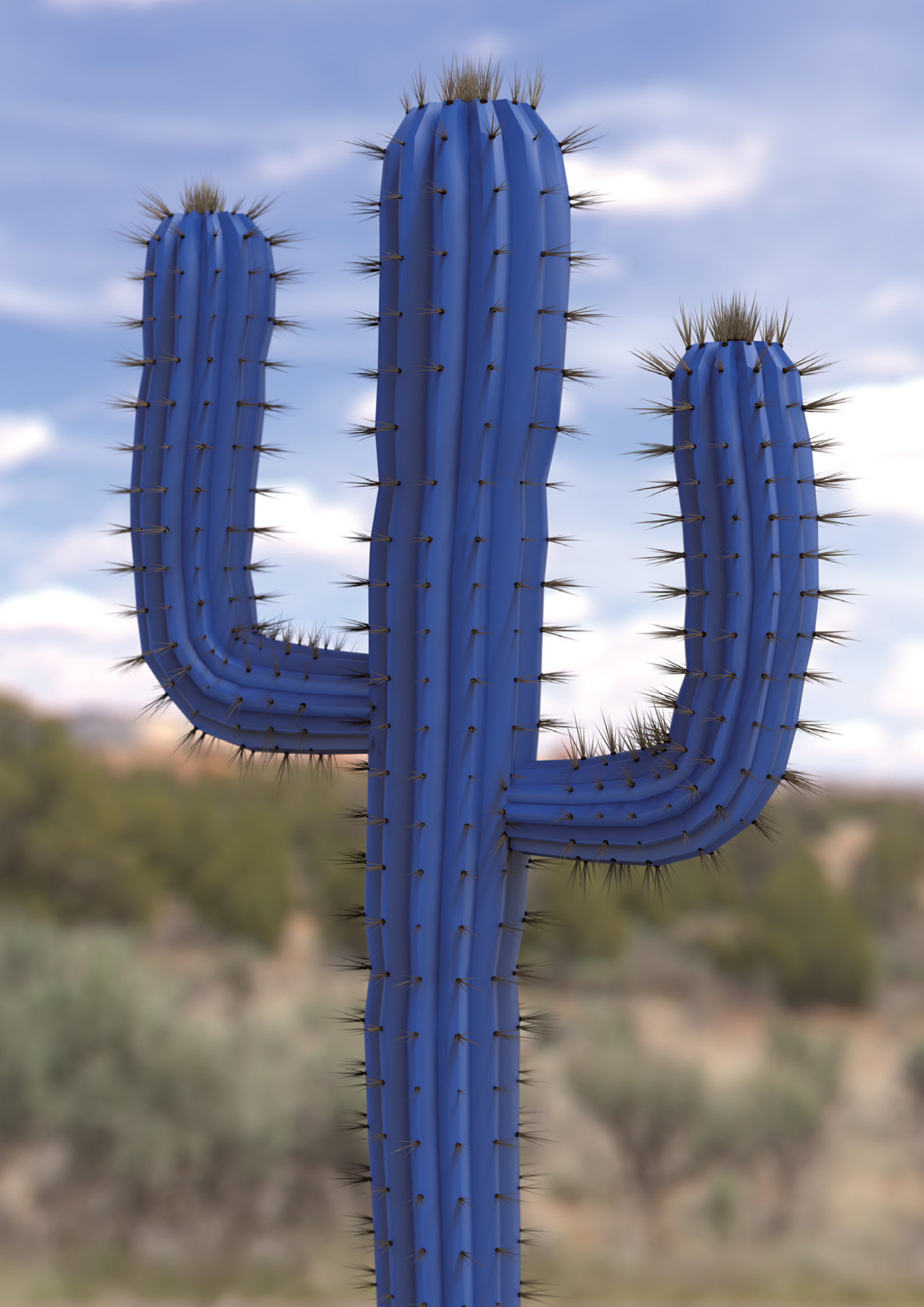
Continuous Monitoring and Inspection

Nonetheless, these procedures must be tested to reliably guarantee the security of the environment. To this end, MOBOTIX make use of services offered by SySS GmbH (www.syss.de), a respected and independent provider of external penetration tests which carries out extensive testing and certification of the security of software and hardware components. The test procedure consists of comprehensive system penetration tests in which adept hackers attempt to break through the individual protection mechanisms. This way, any gaps can be closed before production even begins.

Stay Untouched With MOBOTIX

Video monitoring is becoming increasingly popular, and the threat posed by hacker attacks is growing alongside it. To this end, MOBOTIX actively protect customer devices against threats. Our Cactus Concept aims to educate potential and existing MOBOTIX customers about how important data security is for network-based video security systems. We support our customers in continuously enhancing their environments’ cyber security. As outstanding security is a cornerstone of the MOBOTIX value proposition, we strive to protect technologies and systems that make our society a safer place for everyone in cooperation with other industry players, customers, and authorities. You can find more information on cyber security at: www.cactusconcept.com





Dear Sir or Madam, Dear Shareholders,

Contrary to expectations, sales at the MOBOTIX group decreased from €79.6 million to €65.5 million in the 2016/17 and total operating output fell by 18.9% from €81.9 million to €66.4 million. Revenue from sales comprises revenue from component sales to contract manufactures in the amount of €2.4 million. In the previous year, revenue from sales comprised revenue from component sales to contract manufactures in the amount of €6.8 million.

The number of camera systems sold declined by 21%, which had a significant influence on sales. The percentage sales decline in outdoor cameras with higher contribution margins was significantly less than the sales decline in indoor cameras with lower contribution margins, so that the declining sales and profit could be mitigated.

The significant sales decrease (-13.3%) without taking into account revenue from component sales is largely due to the increased competition, particularly from Chinese camera suppliers, but also due to expectations not being met by partners and end customers regarding the performance of the new Mx6 camera line introduced in March 2017. Sales in Europe including Germany, in the U.S. and the MEA region in particular significantly declined and are unsatisfactory. The business activities of the MOBOTIX group in no manner reflect the expectations of the Management Board and Supervisory Board for the performance of business, especially considering the sector-specific conditions. EBITDA is negative by -8.3% of total operating output and comes to -€5.3 million. EBIT further fell from -€1.0 million to -€7.6 million and now total approximately

-11.8% of total operating output (excluding component sales). The annual result after taxes remains negative and amounts to -€6.3 million.

Total liabilities to banks are €14.5 million. At the balance sheet date no short-term credit lines were utilized, as they were repaid in full. The long-term liabilities for financing the company buildings were, scheduled and unscheduled, repaid in the amount of €4.6 million. With equity of approximately €26 million, the equity ratio is 49.0% compared to 60.4% in the previous year. MOBOTIX AG therefore

remains on a satisfactory financial foundation, despite the negative performance.

The key task and challenge in the new year is continuing the successfully started restructuring program “Fit for the Future”, which includes a cost optimization, strengthening of product development and focusing the sales structure on growth markets. In addition to that, the implementation of a SAP ERP and CRM system sets the course for more efficient processes. Further focal points are the further development and monetization of the video management software MxManagementCenter as the core business of MOBOTIX AG.

The growth potential in the area of digital IP video security systems is still regarded as comparatively high by the market research companies in all worldwide submarkets. Mainly in the submarkets of the Americas and Asia the growth potential with 4% is expected to be above average. The attractiveness of the market environment has led to an intensified competition in the past months, especially by Chinese vendors that keep pushing into the market segment of high-resolution network cameras with inexpensive products, thus significantly increasing the intensity of competition and price pressure. In the market study quoted, the market research company IHS Research states that video camera prices dropped by around 18% in the 2016 calendar year and thus more strongly than in the previous year. This trend will continue until 2021. MOBOTIX encounters the more difficult competitive environment among other things by introducing new technologies, adapting industry standards and improving the integration of third-party systems. This will open up previously untapped market potential. As a technology company with a high level of innovation, MOBOTIX differentiates itself from its competitors above all through its complete system solution offer and the solutions tailored to vertical focus markets.

Konica Minolta became a strategic investor in MOBOTIX in 2016 with the stated aim of helping MOBOTIX to improve its leading camera technology through innovations such as new high-resolution imaging sensors and high-grade lenses. For example, the MOBOTIX product portfolio will be presented at the booth of Konica Minolta

at CeBit in June 2018. The strategic partnership of Konica Minolta and MOBOTIX in the global distribution and technology must be further developed in the next fiscal year.

In the past financial year, the Supervisory Board advised and monitored the Management Board chiefly on business-related matters with a special focus on sales and product development activities and on the business organization and HR-related measures. In keeping with its tasks laid down by law and the Articles of Association, we continuously monitored business activities with utmost diligence and care. We assured ourselves of the legality, expediency and regularity of said activities and found no objections to be raised.

We closely monitored the work of the Management Board during the year under review. The Supervisory Board consistently worked closely with the Management Board based on mutual trust in the

Consultation, Review and Monitoring Methods

The Management Board regularly, comprehensively and timely informed the Supervisory Board about the situation of the company in its meetings, in particular about the technology strategy, product development, business performance, the financial position, the personnel situation, ongoing and new investment projects as well as about all important decisions and business transactions.

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

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

interest of cooperative and constructive interaction. The Management Board always involved the Supervisory Board in a comprehensive and timely manner in all decision-making of fundamental importance for the company. Following in-depth consultation and examination of the extensive documents provided to us by the Management Board, we approved individual transactions where required by law.

The Supervisory Board agrees to the proposal of the Management Board to pay a minimum dividend of €530,857.68 pursuant to Section 254 of the German Stock Corporation Act (AktG). Taking into consideration a further minimum dividend for the next financial year, the remaining distributable profit shall be allocated to retained earnings. A corresponding proposed resolution for the distribution of profits will be submitted to the Annual General Stockholders' Meeting.

The Management Board also informed the Supervisory Board outside of the meetings by means of regular reports about the current state of business and about important financial and internal company developments. In case of transactions requiring approval, such as the Development Framework Agreement with Konica Minolta, the implementation of a SAP ERP and CRM system, the restructuring program "Fit for the Future", refinancing of MOBOTIX AG or capital increase of MOBOTIX CORP, the Supervisory Board agreed to the measures proposed by the Management Board after a detailed examination and discussion. We critically evaluated the plausibility of, as well as scrutinized and reviewed, the information submitted by the Management Board.

The Supervisory Board was satisfied with the proper governance of company management throughout the year. No conflicts of interest occurred in the Supervisory Board during the 2016/17 financial year. In addition, no conflicts of interest arose in regard to Management Board members.

The reports of the Management Board during the year provided a good indication of the business performance and are in line with the report given in the 2016/17 annual financial statements. In addition, the Management Board also informed the Chairman of the Supervisory Board of all important developments and pending decisions in the course of regular discussions between the meetings.

The Supervisory Board did not exercise the right to examine the company's books and records or to commission special experts with

specific tasks in the reporting year (Section 111 (2) of the German Stock Corporation Act (AktG)). To date the Supervisory Board has not formed any committees since they would not have contributed to improved efficiency due to the size and structure of the company. The entire Supervisory Board has consistently focused its attention on future topics and decisions in all matters.

Focal Points of the Supervisory Board Discussions

The Supervisory Board held a total of ten meetings in the 2016/17 financial year. When needed the Supervisory Board met without the attendance of the Management Board. All members of the Supervisory Board were present at all meetings.

The aim of our first meeting in October 2016 was the conclusion of a sales agreement between Konica Minolta Europe and MOBOTIX. The Supervisory Board consented to said agreement.

At our second meeting, also held in October, we examined an initial financial report for the 2015/16 financial year. Other topics included the sales strategy and monetization of the MxManagementCenter video management system.

At our meetings in November 2016, we adopted the resolutions regarding the 2015/16 annual financial statements as well as the proposed resolutions, including the proposed resolution for the distribution of profits, to be submitted to the Annual General Stockholders' Meeting. Following in-depth consultation, we approved the 2016/17 budget and investment plan submitted by the Management Board and provided our consent to conclude a global sales agreement between Konica Minolta and MOBOTIX.

Yuji Ichimura was elected by the Supervisory Board to serve as Chairman of the Supervisory Board at the meeting in January 2017.

At our meeting on 27 March, Thomas Lausten was appointed as a member of the Management Board with effect from (no later than) 1 July 2017 for a period of three years, at which time he was also named CEO.

On 30 March 2017, the Management Board reported on business activities in the first half of 2016/17. The Supervisory Board consented to a long-discussed sales agreement being concluded between MOBOTIX Corporation and Konica Minolta.

At our meeting in April, we closely examined the analysis of the MOBOTIX Group's business performance in the first two quarters of the year under review as well as the required measures and actions. Other topics included the potential insourcing of external production and the rollout of an SAP ERP and CRM system.

After in-depth discussion and review, the Supervisory Board agreed in May to a framework R&D agreement being concluded between Konica Minolta and MOBOTIX.

At the final meeting for the year under review in August 2017, we primarily focused on the sales, product and marketing strategy and on the topics of organization and restructuring. A potential capital increase for the MOBOTIX Corp. and the Rules of Procedure for the Management Board were also discussed.

Discussions about current company development, the status of product development and product launch planning were held throughout the year. The Supervisory Board also dealt intensively with the issue of personnel, financial and liquidity planning as well as the status of process and structural optimization in sales. The development of the subsidiary in the U.S. was discussed on an ongoing basis and staff restructuring measures were approved.

Audit of the 2016/17 Consolidated Financial Statements

On 12 January 2017, the Annual General Stockholders' Meeting of the Company appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Saarbrücken branch office, to perform the tasks of the auditors of the financial statements and consolidated financial statements for the financial year as of 30 September 2017. The Company's stockholders launched proceedings to have this resolution adopted by the Annual General Stockholders' Meeting declared null and void at the Commercial Chamber of the Kaiserslautern Regional Court. A ruling on the complaints is pending. The resolution of the Annual General Stockholders' Meeting shall remain in effect until such time as a ruling in the matter is made. The Company filed a petition requesting that the court appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Saarbrücken branch office, as auditors of the financial statements and consolidated financial statements. A ruling in the proceedings is pending with the Higher Regional Court of Zweibrücken. On the basis of the resolution of the Annual General Stockholders' Meeting, KPMG AG Wirtschaftsprüfungsgesellschaft, Saarbrücken branch office, was appointed as the auditor for the annual financial statements and consolidated financial statements for the 2016/17 financial year. A statement of independence was obtained from the auditor in advance and did not lead to any objections. At this time, the Supervisory Board expects that the Higher Regional Court of Zweibrücken will confirm the appointment.

The annual financial statements and the annual report of MOBOTIX AG according to the German Commercial Code (HGB), the consolidated financial statements and consolidated annual report according to HGB as of 30 September 2017 were audited by the auditor and an unqualified audit opinion was issued respectively. The auditors did not identify material weaknesses in the risk management system.

The dependent company report according to Section 312 AktG prepared by the Management Board for the financial year from 1 October to 30 September 2017 was also audited by the auditor and an unqualified audit opinion was issued respectively:

“In conclusion, as a result of our audit, we have no reservations within the meaning of Section 313 (4) AktG concerning the Management Board's report on related party transactions. Therefore, we have issued the following unqualified audit opinion for the Management Board's report on related party transactions of MOBOTIX AG, Winnweiler-Langmeil, for the financial year from 1 October 2016 to 30 September 2017, in accordance with Section 313 (3) AktG:

Based on our statutory audit and assessment, we confirm that

- 1. the factual statements in the report are correct,*
- 2. the payments made by the Company were not unreasonably high with regard to the legal transactions specified in the report.*

Saarbrücken, 22 February 2018

KPMG AG

Wirtschaftsprüfungsgesellschaft“

The annual accounting documents of the Management Board and the audit reports of the auditor were submitted to the Supervisory Board for review. The Supervisory Board conducted a detailed review and discussion of the annual financial statements, the consolidated financial statements for the corporation (Aktiengesellschaft) and group, the combined management report, the dependent company report according to Section 313 AktG, the distribution of profits proposed by the Management Board and the audit report of the auditor. The auditor attended these discussions, was available for questions and reported on significant findings of the audit.

Upon completing its own review, the Supervisory Board agreed with the results of the auditor and noted that it had no objections; also no objections to the final statement of the Management Board of the Dependent Company Report:

“The Management Board declares that, for the legal transactions and measures disclosed in the report regarding relationships with affiliated companies, adequate compensation was received by the company for each legal transaction and the company

was not disadvantaged by the measures implemented according to the circumstances that were known to us at the time the legal transactions were conducted or the measures were implemented.

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

Winnweiler-Langmeil, 29 December 2017

Der Vorstand“

In its meeting on 27 March 2018, the Supervisory Board adopted the annual financial statements prepared by the Management Board and approved the consolidated financial statements of MOBOTIX AG. The annual financial statements are thus adopted.

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

There were no changes to the composition of the Supervisory Board during the reporting period. The term of office of Sabine Hinkel will terminate as scheduled upon the completion of the Annual General Stockholders' Meeting on 30 September 2020. The terms of office of Yuji Ichimura and Kunihiro Koshizuka will terminate as scheduled upon the completion of the Annual General Stockholders' Meeting on 30 September 2021.

The Management Board consisted of three members in the past financial year; this number increased to four as of 15 June 2017. Dr. Tristan Haage, the Chief Sales Officer, and Dr. Oliver Gabel, the Chief Technology Officer, chose to resign from the Management Board of MOBOTIX AG effective on 31 October 2017 and 30 November 2017, respectively, with the mutual consent of the Supervisory Board and Management Board. The newly appointed CEO Thomas Lausten has made a fast and seamless transition into his role as Chief Executive Officer.

The Supervisory Board would like to thank all employees around the world and the Management Board members for their hard work in the 2016/17 financial year. We would also like to express our gratitude for the loyal service of the employee representatives.

We are convinced that MOBOTIX, in partnership with Konica Minolta, is well positioned for the future to grow profitably in the 2017/18 financial year and beyond. We wish management and the employees great success in tackling the challenges of the coming year. Our special gratitude goes out to the customers, partners and stockholders of MOBOTIX AG for their faith and confidence.

Winnweiler-Langmeil, Germany, 9 April 2018

On Behalf of the Supervisory Board

Yours



Yuji Ichimura

Beyond Human Vision

Discover the Horizon

Focused at and beyond security with our decentralised technology combining visual, thermal, sound and sensor data to better protect your environment. With MOBOTIX, you benefit from our open application interfaces and software development kits that allow you to create intelligent end-to-end solutions.

Extend your Senses

Designed for intuitive operation assisted by artificial intelligence that's ready to solve even the most challenging problems, with MOBOTIX you benefit from intuitive design and simple operation that removes the need for complex management processes.

Create the Future

Our research and development leads the industry blending current and future-proof technologies into solutions that solve today's challenges while ready for the next generation. MOBOTIX engineers working on advanced areas such as Light Detection and Ranging (LIDAR) and Machine Intelligence are leading the industry in automated incident detection.

MOBOTIX

Basic Information On The Group

Technology And Products

MOBOTIX AG are a leading provider of high-resolution digital, network-based video security systems and sells their solutions through distributors and qualified sales partners across the world.

As part of the decentralized system architecture developed by MOBOTIX, images are no longer analyzed on a central PC, but in the cameras themselves. They detect movement automatically, save the images in a database and inform the system operator of the event via e-mail or VoIP telephone call. This decentralized structure relieves both the network and the central video management system, enables higher frame rates and significantly reduces the number of storage systems required when recording high-resolution video sequences. Owing to their inexpensive decentralized architecture, MOBOTIX video security systems are suitable for highly diverse applications, from small systems with a few Web cameras through to large-scale property surveillance with hundreds of cameras and central control stations. Examples of such applications can be found not only in airports, train stations, universities and logistics companies, but also in the remote maintenance and automation sector. Over 1 million MOBOTIX cameras are in use around the world.

A key component in the product portfolio of MOBOTIX AG is the video management software MxManagementCenter (MxMC). In the financial year 2016/17, user-friendliness was improved substantially on the basis of market feedback, and performance on Windows and Macintosh systems was enhanced. In addition, the range of features was also expanded.

Apart from complete video solutions, which are tailored to vertical focus markets, the expansion of the MOBOTIX system to include

now-established standards, such as ONVIF and H.264, represents a main focus of current R&D. Both MxMC and current MOBOTIX camera series will support ONVIF and H.264. Another focal point is the integration of MOBOTIX cameras with the video management system from Genetec, which, alongside Milestone, is among the world's leading providers of video management systems. This integration will be implemented by means of MOBOTIX's own video codec, MxPEG. Previously untapped market potential will be opened up by adapting industry standards and improving the integration of third-party systems.

As a response to the growing demand for flawless alarm systems with no blind spots for perimeter protection, MOBOTIX is further increasing development of the Activity Sensor 2.1 and combining the results of evaluation with additional evaluation systems like e.g. the LIDAR making it a highly-efficient complete solution. MxManagementCenter acts as the software platform.

The Mx6 camera line, including M16, D16, S16 and V16 outdoor dual-lens cameras, was introduced to the market in March 2017. These cameras use a new, more powerful CPU that delivers up to twice as many images per second – at the same resolution. Consequently, they can deliver up to 34 frames per second in full HD, which is even better for capturing rapid movements. The Mx6 camera line simultaneously delivers video streams in up to three different formats: MxPEG, MJPEG and, for the first time, H.264. This allows users to choose the right codec; for example, they can use MxPEG to fulfill requirements for high image quality or use H.264 to achieve compatibility with the industry standard. Mx6 cameras also offer the basic features of the global open interface standard ONVIF. The new Mx6 camera line with H.264/ONVIF therefore opens

Total Operating Output

€66.4 million (-18.9%)

Revenue

€65.5 million (-17.7%)

up new application and integration options for our partners and end customers.

The indoor camera line, the outdoor camera line and the thermal camera line demonstrate that MOBOTIX have a wide range of powerful, decentralized IP camera systems. All optical camera systems come with highly light-sensitive 6-megapixel „Moonlight“ sensors.

Based on an extraordinary decentralized technology concept, MOBOTIX systems already feature many efficient protective measures against hacker attacks. The comprehensive package of measures, which MOBOTIX developed to guarantee the cyber security of their hardware and software solutions and which they are constantly optimizing, is now marketed as part of a multi-media campaign under the attention-grabbing name “Cactus Concept.”

The indoor camera line comprises the product lines i26 (Hemispheric wall camera), c26 (Hemispheric ceiling camera), p26 (Ceiling camera) and v26 (Allround indoor camera). The v26 is intended mainly for ceiling installation, given its traditional dome design. It has a tiltable lens mount and is optionally available with vandalism protection (stainless steel ring and reinforced dome).

The outdoor camera line comprises the product lines M16 (Allround-Dual camera), S16 (FlexMount as a mono or dual camera), D15 (DualDome camera), V16 (Vandalism camera), Q26 (Hemispheric camera), M25 (Allround camera) and D26 (MonoDome camera), as well as the IP-based Door Station T25.

The thermal camera line consists of the product lines M16D-Thermal and S16D-Thermal. The Dual-Thermal camera systems are optionally available as thermal radiometry models that feature calibrated high-end thermal imaging sensors.

MOBOTIX provide extensive accessories and powerful software solutions for all camera lines as well as for the IP-based Door Station.

Structure Of The MOBOTIX Group

The MOBOTIX Group consists of MOBOTIX AG, Winnweiler/Langmeil, Germany; MOBOTIX CORP, New York, USA; MOBOTIX LIMITED, Nottingham, UK; MOBOTIX DO BRASIL SERVICOS EM SISTEMAS DE

SEGURANCA LTDA., São Paulo, Brazil; MOBOTIX SINGAPORE PTE. LTD., Singapore and MOBOTIX AUSTRALIA PTY LTD, Sydney, Australia. MOBOTIX LIMITED, Nottingham, UK; MOBOTIX DO BRASIL SERVICOS EM SISTEMAS DE SEGURANCA LTDA., São Paulo, Brazil; MOBOTIX SINGAPORE PTE. LTD., Singapore and MOBOTIX AUSTRALIA PTY LTD, Sydney, Australia are service companies and have not been included in the Company’s consolidated financial statements, as their contribution is minor.

All manufacturing and development of new products as well as the coordination of worldwide sales and distribution take place in Winnweiler/Langmeil, Germany.

The subsidiary MOBOTIX CORP included in the consolidated financial statements is purely a distribution company for the American market. The Managing Directors of MOBOTIX CORP, New York, USA, are Thomas Lausten (CEO) and Klaus Kiener (CFO).

Sales

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

MOBOTIX products are sold internationally primarily through distributors with downstream qualified system integrators and resellers. The distributors are assisted in most regions by local Business Development Managers and Technical Project Engineers, who are directly employed by the MOBOTIX Group.

In the United States, the Company sells its products through its own distribution subsidiary, MOBOTIX CORP.

Additionally, distribution agreements exist with individual regional companies of Konica Minolta Group.

The MOBOTIX Group’s export ratio in the financial year 2016/17 was 65% (previous year: 66%).

Research And Development

The MOBOTIX Group employed 63 people (by headcount) in its Development department as of 30 September 2017. As in previous years, its development activities focused on the creation of new

hardware and software products as well as on the further optimization of product functionality.

Most development work is performed in-house. Development activities are outsourced on a small scale only in the areas of tool engineering, lens design and PC board layout.

MOBOTIX were again in a position to present numerous product innovations and evolutions in the financial year 2016/17.

MOBOTIX began series production of the new additional Mx6 camera line including high-performance outdoor, indoor and thermographic cameras in March 2017. The switch to dual core microprocessor technology enables a general increase in performance, which is beneficial to all CPU-intensive image analysis functions (such as MxAnalytics), as well as higher frame rates. The new platform technology features many new technical innovations from MOBOTIX. Mx6 cameras are, in principle, ONVIF-capable, and already fulfill many basic functions of the global open interface standard. The intention is to achieve full ONVIF compatibility through a firmware update expected in the first quarter of 2018. This makes MOBOTIX partners and customers significantly more flexible and efficient when planning security solutions consisting of custom component combinations (camera, recording devices, accessories, VM software).

The further developed video management software MxManagementCenter (MxMC) with a focus on ease-of-use has already proved itself in practical use among the customers, and was expanded once more to include several features and useful performance enhancements.

An expandable device bar is available from version MxMC 1.4 (introduced in May 2017). This makes simultaneous selection and management of several video sources and camera groups quick and easy, thanks to a clear tree structure. In the user management

dialog field, the section for entering a user password has been expanded with additional password options that heighten data security. MxMC has a special advantage over other video management systems: It allows the camera images to be fully automatically arranged or distributed on the monitor in a grid pattern, depending on the currently selected window size. MxMC is an extremely flexible system well suited to both novices and security professionals in all sectors, and will soon be individually extended to include high-quality, application-specific additional features.

MOBOTIX offers a particularly simple and compact solution for displaying live images from a MOBOTIX camera on a monitor or TV with HDMI connection using the PoE-powered network device MxThinClient (presented in May 2017). The MxThinClient is license- and maintenance-free, requires just 2 watts of power, can be easily supplied with emergency power via the PoE switch and is boot-stable (fast, reliable auto start following a power failure). The network device can be enabled/disabled by plugging and unplugging the Ethernet patch cable supplying power. By foregoing all control elements such as a keyboard and mouse, very special applications can be offered in the entrance area of a shop, for example, indicating that video surveillance is in operation (prevention of theft) – or as easy and license-free implementation of security applications, or wall monitors if the intention is to only display live camera images.

An infrared sensor series that can be run cost-efficiently and in an environmentally-friendly way thanks to PoE power was introduced in summer 2017. Together with the MxSplitProtect installation box, which is also new, it can be installed quickly and easily, as well as in a visually appealing way, owing to its elegant design.

At the end of fiscal year 2017, the proven Video Codec MxPEG with introduction of MxPEG+ Codecs for the Mx6 camera line was once again improved and now reduces on the average the needed net-

EBITDA

€-5.3 million

EBIT

€-7.6 million

work bandwidth and with that the storage capacity with approximately 25% compared to the present MxPEG encoders.

Finally, MxBell was completed at the end of the financial year 2017 as a free app both for mobile iOS and Android devices. Our customers now have a mobile companion that is really easy to use and

Financial Report

Macroeconomic And Sector-Specific Conditions

MOBOTIX operate in the market for video security systems. The market for video security systems comprises analog video security systems and network camera systems, video management software and accessories. The market segment of relevance to MOBOTIX is the network camera systems segment.

The competitive environment is relatively homogeneous throughout the world, with roughly 80% of the major rivals showing similarities in all global sub-markets. A market survey from August 2017 by the market research company IHS Research concludes that the total revenue generated by the network camera systems market worldwide is set to grow by an annual average of around 4% between 2016 and 2021. The growth potential is expected to be above average, mainly in the submarkets of the Americas and Asia.

Increasing competition in the high-resolution network camera market segment is characterized by increasing price pressure as well. In the market study quoted, the market research company IHS Research states that video camera prices dropped by around 18% in the 2016 calendar year and that this trend will continue until 2021 in the high-resolution network camera segment as well.

provides worldwide access to your MOBOTIX IP Video Door Station and cameras at home. It includes push notifications each time your door bell rings.

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

Business Activities

In the financial year 2016/17, the MOBOTIX Group's revenue from sales decreased by 17.7% year-on-year, from €79.6 million to €65.5 million. Revenue from sales comprises revenue from component sales to contract manufacturers in the amount of €2.4 million (previous year: €6,8 million). Excluding component sales, this results in a decline in sales year-on-year of €9.7 million (-13.3%). The decline in sales is mainly due to the decline in the number of camera systems sold (-21%). Declining sales volume has been recorded due to the increased competition, particularly from Chinese camera suppliers, but also due to expectations not being met by partners and end customers regarding the performance of the new Mx6 camera line introduced in March 2017. The percentage sales decline in outdoor cameras was significantly less than the sales decline in indoor cameras, so that the declining sales could be mitigated. Above-average decline in sales volume was recorded particularly in Europe (including Germany), in the MEA region and in the American market.

The total operating output (revenue from sales, increase in the inventory of finished goods and work in progress) declined year-on-year by 18.9%, from €81.9 million to €66.4 million. Adjusted for revenue from component sales to contract manufacturers, the total operating output decreased by 14.8% from the previous year. The considerable drop in gross income - due to the decline in sales - was

Total assets

€53.6 million (+0.7 %)

Equity

€26.3 million (-18.3 %)

compensated only partially by cost reductions, in particular, producing a net loss for the year in the amount of €6.3 million (previous year: €-1.7 million). EBITDA (earnings before interest, tax, depreciation and amortization) in the amount of €-5.3 million for the financial year is €6.6 million less than in the previous year (previous year: €1.3 million), and the annual result of -€6.3 million decreased year-on-year (previous year: annual net loss of €1.7 million) by €4.6 million. The measures introduced to reduce further material costs were tightened once again. However, for the most part, they - together with the measures also introduced to optimize structures in the sales regions - will not start contributing to an improved business performance until the financial year 2017/18.

Owing to the negative business development, MOBOTIX AG began preparing a comprehensive restructuring program entitled “Fit for the Future” in the last quarter of the financial year 2016/17 and adjusting the cost structure as well strengthening product development in particular and focusing the sales structure on growth markets.

The keystones of this program are intended to be a lean and consequently more efficient operational organization, adapted job profiles, more efficient work processes as well as investment in the IT infrastructure (SAP/ERP and SAP/CRM implementation).

It will also involve job losses, which will be carried out in a manner that is as socially responsible as possible. Consequently, efforts will be made in a first step to avoid compulsory redundancies wherever possible and to streamline personnel based on a “volunteer program.”

The discussions with the works council regarding the “Fit for the Future” restructuring program began on 15 August 2017 and came to a conclusion on 23 October 2017, when a partial reconciliation of interests was signed and a company agreement was concluded regarding the “volunteer program.” Moreover, an agreement was also reached regarding framework conditions for a social plan downstream from the volunteer program.

The annual financial statements for the financial year 2016/2017 included €1.8 million as part of a restructuring provision before taxes resulting from the “Fit for the Future” program. Scheduled severance payments in the amount of €1.4 million for the “volunteer program” form a substantial part of this provision. Furthermore, the provision includes €0.3 million for the termination of a lease and €0.1 million for legal fees and consulting costs associated with restructuring.

Net Assets, Financial Position And Results Of Operations Of The MOBOTIX Group

Results Of Operations

The financial year 2016/17 saw a decline in sales of the MOBOTIX Group of 17.7%, from €79.6 million in the previous year to €65.5 million. Revenue from sales comprises revenue from component sales to contract manufacturers in the amount of €2.4 million (previous

year: €6.8 million). In addition to lower revenue from component sales, the decline in sales is essentially the result of weaker sales in various sales regions.

The export ratio (excluding component sales) was 64.8% in the financial year 2016/17 (previous year: 66.1%). Revenue from sales

Percentage exported to other countries

65 %

Cash flow from operating activities

-0.4 Mio. €

in Germany, excluding revenue from component sales, fell from €24.7 million in the financial year 2015/16 to €22.2 million (-9.9%). The rest of Europe (excluding Germany) accounts for €20.2 million (previous year: €23.7 million). Sales in the rest of the world declined by 15.5%, from €24.4 million in the previous year to €20.6 million in the reporting year.

The total operating output (revenue from sales, increase and/or decrease in the inventory of finished goods and work in progress) declined year-on-year by 18.9%, from €81.9 million in the previous year to €66.4 million in the financial year 2016/17. This is primarily due to the decrease in sales.

Other operating income fell by €1.1 million to €0.7 million. In the previous year, other operating income included income from selling gold in the amount of €1.1 million.

The material usage ratio (cost of materials excluding component sales, adjusted for changes in inventory, in proportion to revenue from sales, excluding component sales) rose year-on-year to 43.1% in the 2016/17 financial year (previous year: 41.2%).

The increase in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 38.3% in the financial year 2016/17 (previous year: 34.0%) is mainly due to the decrease in revenue from sales. Personnel costs in the financial year 2016/17 fell year-on-year by €1.0 million (3.9%). This is mainly due to the lower average number of employees, also caused by the transfer of Australian employees to the non-consolidated MOBOTIX AUSTRALIA PTY LTD, Sydney, Australia. The expenses for Australian employees are included indirectly in the annual financial statements of MOBOTIX AG in the service costs reported under other operating expenses.

Depreciation, amortization expenses and impairment losses in the financial year 2016/17 in the amount of €2.2 million (previous year: €2.3 million) are more or less identical to those of the previous year.

Other operating expenses in the amount of €17.4 million in the financial year 2016/17 (previous year: €17.8 million), adjusted for the allocation to restructuring reserves in the amount of €1.8 million,

fell year-on-year by €2.2 million (-12.4%). This drop in other operating expenses was primarily due to the cost-saving measures launched in the second half of the financial year 2015/16, in particular for marketing costs, delivery costs, travel expenses and the costs of temporary workers. Marketing expenses, for example, were reduced to €3.0 million. Sales-related expenses for goods deliveries were reduced by €0.7 million. On the other hand, expenses for legal fees and consulting costs in connection with the "Fit for the Future" restructuring program, actions relating to the General Stockholders' Meeting and arbitration proceedings increased by €0.6 million EUR, and currency losses increased by €0.5 million. Other operating expenses also included expenses connected with the value adjustment of receivables from Turkey and Saudi Arabia in the amount of €1.1 million (previous year: €0.6 million).

EBITDA (-8.3% of total operating output excluding component sales; earnings before interest, tax, depreciation and amortization) amount to €-5.3 million (2015/16: €1.3 million). EBIT (-11.8% of total operating output excluding component sales; earnings before interest and tax) amount to -€7.6 million (2015/16: €-1.0 million). The financial year 2016/17 ended with a net loss for the year of €6.3 million (2015/16: annual net loss of €1.7 million) and a negative return on revenue (excluding component sales) of -10.0% (2015/16: -2.3%).

Net Assets

Non-current assets decreased by €1.4 million, or -7.1%, to €17.9 million. Capital expenditure of €0.9 million on non-current assets was offset by depreciation and amortization of €2.2 million. Most of this spending was related to investment in intangible assets and in technical equipment and machinery as well as office furniture and equipment. The capital expenditure on technical equipment and machinery mainly comprised investment in injection molding tools and IT equipment.

Inventories, particularly work in progress, rose from €14.4 million to €15.4 million as a result of the introduction of the new Mx6 line of cameras.

Trade receivables as of 30 September 2017 decreased by €5.4 million to €10.0 million since the beginning of the financial year owing to

lower sales volume in September 2017 compared with September 2016. In the financial year 2016/17, additional provisions were formed in the amount of €1.1 million.

Cash in hand/bank balances and cash equivalents as of 30 September 2017 rose to €7.5 million, representing a €4.4 million increase since the beginning of the financial year (30 September 2016: €3.1 million).

Equity decreased to €26.3 million due to the net loss for the year of €6.3 million (30 September 2016: €32.1 million). The equity ratio fell from 60.4% to 49.0% on a balance sheet total that increased by €0.4 million (0.7%) to €53.6 million (30 September 2016: €53.2 million). MOBOTIX held a total of 128,134 treasury shares as of 30 September 2017.

The increase in bank loans and overdrafts is the result of taking on a medium-term loan in the amount of €14.5 million and a long-term loan for financing the company buildings in the amount of €4.6 million. The short-term money market loans were repaid in full (€4.0 million).

Trade payables decreased by €1.0 million to €2.0 million year-on-year as compared to 30 September 2016 (30 September 2016: €3.0 million).

Financial Position

Operating cash flow before changes in working capital came to €-4.0 million in the financial year 2016/17 (previous year: €1.3 million). The decline compared to the previous year is mainly due to the weaker annual result before income taxes.

The cash flow from operating activities before taxes on income was

€-0.5 million in the financial year 2016/17 (previous year: €4.9 million). Given an operating cash flow of €-4.0 million prior to changes in working capital, the decline in trade receivables (€5.4 million) led to an improvement in negative operating cash flow from operating activities prior to income taxes. At the same time, the increase in inventories (-€1.0 million) went hand in hand with the decrease in trade receivables (€1.0 million).

The net cash flow from investing activities amounted to -€0.9 million (previous year: -€1.0 million) and was mainly due to capital expenditure on property, plants and equipment.

The positive cash flow from financing activities in the amount of €9.7 million (previous year: -€5.2 million) resulted primarily from the taking on of two medium-term loans totaling €14.5 million (previous year: €3.0 million). However, there were also cash outflows for the redemption of financial loans in the amount of €4.6 million (previous year: €1.3 million).

The changes in these individual cash flows resulted in total cash and cash equivalents of €7.5 million as of 30 September 2017 (30 September 2016: €-0.9 million).

The Company's solvency was secure at all times during the financial year 2016/17. Financing options continue to be available to the Company as a result of its credit standing. The MOBOTIX Group currently has credit lines totaling €20.5 million from several banks at its disposal that had not been utilized as of the balance sheet date.

Employees

384 (headcount including members of the Management Board, trainees, apprentices, MOBOTIX Australia and MOBOTIX Singapore)

Of which are in Development

63

Non-current liabilities increased by €10.3 million year-on-year to €17.0 million as compared to 30 September 2016. Current liabilities fell from €9.7 million to €4.4 million. As a proportion of the MOBOTIX Group's balance sheet total, non-current liabilities increased from

12.6% to 31.7%. Current liabilities, including provisions, accounted for 19.3% of total assets as of the reporting date compared with 27.0% as of 30 September 2016.

Net Assets, Financial Position And Results Of Operations Of MOBOTIX AG

Results Of Operations

The financial year 2016/17 saw a decline in sales of MOBOTIX AG of 18.0%, from €76.7 million in the previous year to €62.9 million. Revenue from sales comprises revenue from component sales to contract manufacturers in the amount of €2.4 million (previous year: €6.8 million). In addition to lower revenue from component sales, the decline in sales is essentially the result of weaker sales in individual sales regions.

The export ratio (excluding component sales) was 63.2% in the 2016/17 financial year (previous year: 64.7%). Revenue from sales in Germany, excluding revenue from component sales, fell from €24.7 million in the financial year 2015/16 to €22.2 million (-9.9%). The rest of Europe (excluding Germany) accounts for €20.2 million (previous year: €23.7 million). Sales in the rest of the world declined by 17.4%, from €21.5 million in the previous year to €17.8 million in the reporting year.

The total operating output (revenue from sales, increase and/or decrease in the inventory of finished goods and work in progress) declined year-on-year by 19.7%, from €79.2 million in the previous year to €63.6 million in the financial year 2016/17. This is primarily due to the decrease in sales.

Other operating income fell by €1.3 million to €0.7 million. In the previous year, other operating income included income from selling gold in the amount of €1.1 million.

The material usage ratio (cost of materials excluding component sales, adjusted for changes in inventory, in proportion to revenue from sales, excluding component sales) rose year-on-year to 45.5% in the 2016/17 financial year (previous year: 42.6%).

The increase in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 36.8% in the financial year 2016/17 (previous year: 32.0%) is mainly due to the decrease in revenue from sales. Personnel costs in the financial year 2016/17 fell year-on-year by €0.7 million (3.0%). This is mainly due to the lower average number of employees.

Depreciation, amortization expenses and impairment losses in the financial year 2016/17 in the amount of €2.2 million (previous year: €2.2 million) are identical to those of the previous year.

Other operating expenses in the amount of €14.3 million in the financial year 2016/17 adjusted for the allocation to restructuring reserves in the amount of €1.5 million fell year-on-year by €2.9 million. This drop in other operating expenses was primarily due to the cost-saving measures launched in the second half of the financial year 2015/16, in particular for marketing costs, delivery costs, travel expenses and the costs of temporary workers. Marketing expenses, for example, were reduced to €2.7 million. Sales-related expenses for goods deliveries were reduced by €0.4 million. On the other hand, expenses for legal fees and consulting costs in connection with the "Fit for the Future" restructuring program, actions relating to the General Stockholders' Meeting and arbitration proceedings increased by €0.2 million. Service costs also increased by €0.6 million. Other operating expenses also included expenses connected with the value adjustment of receivables in the amount of €1.0 million (previous year: €0.6 million).

EBITDA (-5.2% of total operating output excluding component sales; earnings before interest, tax, depreciation and amortization) amount to €-3.2 million (2015/16: €3.2 million). EBIT (-8.8% of total operating output excluding component sales; earnings before interest and

tax) amount to €-5.4 million (2015/16: €1.0 million). The financial year 2016/17 ended with a net loss for the year of €4.1 million (2015/16: annual net income of €0.3 million) and a negative return on revenue (excluding component sales) of -6.8% (2015/16: 0.5%).

Net Assets

Non-current assets decreased by €1.4 million, or -7.5%, to €17.6 million. Capital expenditure of €0.6 million on property, plants and equipment was offset by depreciation and amortization of €2.0 million. Most of this spending was related to investment in plants and machinery and in office furniture and equipment. The capital expenditure on technical equipment and machinery mainly comprised investment in injection molding tools and IT equipment.

The increase in financial assets of €6.7 million resulted from the capital increase carried out by MOBOTIX CORP to consolidate U.S. business.

Inventories, particularly work in progress, rose from €13.2 million to €14.0 million as a result of the introduction of the new Mx6 line of cameras.

Trade receivables as of 30 September 2017 decreased by €4.2 million to €8.0 million since the beginning of the financial year owing to lower sales volume in September 2017 compared with September 2016. Provisions in the amount of €1.0 million were formed in the financial year 2016/17.

Trade receivables as of 30 September 2017 decreased by €5.9 million to €3.7 million since the beginning of the financial year. The decline in Receivables due from affiliated companies resulted mainly from the settlement of MOBOTIX CORP receivables following the capital increase.

Cash in hand/bank balances and cash equivalents as of 30 September 2017 rose to €7.0 million, representing a €4.4 million increase since the beginning of the financial year (30 September 2016: €2.6 million).

Equity decreased to €33.2 million due to the net loss for the year of €4.1 million (30 September 2016: €37.3 million). The equity ratio

fell from 64.4% to 55.4% on a balance sheet total that increased by €1.9 million (3.3%) to €59.9 million (30 September 2016: €58.0 million). MOBOTIX held a total of 128,134 treasury shares as of 30 September 2017.

The increase in bank loans and overdrafts of €5.9 million to €18.4 million is the result of taking on a medium-term loan in the amount of €14.5 million. Scheduled and unscheduled repayments were made for medium- and long-term loans for financing the company buildings totaling €4.6 million. The short-term money market loans were repaid in full (€4.0 million).

Trade payables decreased by €1.0 million to €1.8 million year-on-year as compared with 30 September 2016 (30 September 2016: €2.8 million).

Financial Position

Operating cash flow before changes in working capital amounted to €-2.0 million in the financial year 2016/17 (previous year: €3.2 million). The decline compared to the previous year is mainly due to the weaker annual result before income taxes.

The cash flow from operating activities before taxes on income was €-6.3 million in the financial year 2016/17 (previous year: €4.8 million). Given an operating cash flow of €-2.0 million prior to changes in working capital, the decline in trade receivables (€4.2 million) and the decline in receivables from affiliated companies (€5.9 million) led in particular to a cash flow from operating activities prior to income taxes in the amount of €6.3 million. At the same time, the increase in inventories (-€0.8 million) went hand in hand with the decrease in trade receivables (€-1.0 million).

The net cash flow from investing activities amounted to €-7.6 million (previous year: €-1.0 million) and was mainly due to the capital increase by MOBOTIX CORP in the amount of €6.7 million.

The positive cash flow from financing activities in the amount of €9.7 million (previous year: -€5.2 million) resulted primarily from the taking on of two medium-term loans totaling €14.5 million (previous year: €3.0 million). However, there were also cash outflows

for the redemption of financial loans in the amount of €4.6 million (previous year: €1.3 million).

The changes in these individual cash flows resulted in total cash and cash equivalents of €7.0 million as of 30 September 2017 (30 September 2016: €-1.4 million).

The Company's solvency was secure at all times during the financial year 2016/17. Many financing options continue to be available to the Company as a result of its credit standing. The MOBOTIX Group currently has credit lines totaling €20.5 million from several banks at its disposal that had not been utilized as of the balance sheet date.

Non-current liabilities increased by €10.3 million year-on-year to €17.0 million as compared to 30 September 2016. As a proportion of the MOBOTIX AG balance sheet total, non-current liabilities increased from 11.6% to 28.4%. Current liabilities, including provisions, accounted for 16.2% of total assets as of the reporting date compared with 24.0% as of 30 September 2016.

Overall Assessment Of The MOBOTIX Group's Net Assets, Financial Position And Results Of Operations

The MOBOTIX Group's net assets, financial position and results of operations in 2016/17 in no manner reflect the management's expectations for the performance of business during this financial year.

The expectations of sales at the same level as in the previous year were mainly linked to a significant increase in sales in the second half of the financial year 2016/17. However, this recovery failed to materialize. In contrary, the decline in sales continued in the second half of the financial year 2016/17. Given the decline in sales of 17.7%, it was no longer possible to meet the expectations of a slightly positive EBIT figure. The cost savings implemented could only limit the losses incurred in the financial year 2016/17. A significant improvement in the earnings position can only be achieved at this sales level through a comprehensive restructuring program, that was started in the last quarter of financial year 2016/17.

The MOBOTIX Group had an equity ratio of 49.0% as of 30 September 2017, equity in the amount of €26.3 million as well as cash and cash equivalents in the amount of €7.5 million, which represents a satisfactory financial situation in order to continue the "Fit for the Future" restructuring program successfully in the financial year 2017/18. Particular focal points are boosting investment in the IT infrastructure (SAP/ERP and SAP/CRM) as well as product development and marketing, and focusing the sales structure on growth markets.

Events After The Reporting Period

MOBOTIX Reaches Agreement With Works Council And Coordinates Key Considerations For Implementing The "Fit For The Future" Restructuring Program

The discussions with the works council regarding the "Fit for the Future" restructuring program began on 15 August 2017 and came to a conclusion on 23 October 2017, when a partial reconciliation of interests was signed and a company agreement was concluded regarding the "volunteer program." Moreover, an agreement was also reached regarding essential framework conditions for a severance agreement downstream from the volunteer program.

The restructuring program includes all investments made to strengthen the IT infrastructure (implementing an ERP/CRM system), measures to strengthen product development and an increased focus of the sales structure on growth markets, as well as a streamlined, more efficient structure for work processes and operational organization as a whole. As part of the process of streamlining the operational organization, up to 60 jobs will be cut. This reduction will be carried out in a manner that is as socially responsible as possible and, to the extent possible, within the scope of the volunteer program. At the time of preparing the annual financial statements, 26 termination agreements had been signed and further 24 employees had left the Company of their own independent of the volunteer program. Their positions will not be filled for the time being.

There were no further events of significance after the end of the 2016/17 financial year.

Changes To The Management Board

New Chief Executive Officer For MOBOTIX AG

At its meeting on 27 March 2017, the Supervisory Board of MOBOTIX AG appointed Mr. Thomas Lausten as CEO for a term of three years. Mr. Lausten has begun employment as of 15 June 2017.

Changes To The Management Board Of MOBOTIX AG

Chief Sales Officer Mr. Dr. Tristan Haage left his position as a member of the Management Board effective 31st October 2017 at own request due to personal reasons and in mutual agreement with the Supervisory Board and the Management Board of MOBOTIX AG in

order to devote himself to a new professional challenge. The management of the Sales Department will be followed until further notice by Chief Executive Officer Thomas Lausten.

Chief Technology Officer Mr. Dr. Oliver Gabel left his position as a member of the Management Board effective 30th November 2017 at own request due to personal reasons and in mutual agreement with the Supervisory Board and the Management Board of MOBOTIX AG in order to devote himself to a new professional challenge. The management of the Engineering Department will be followed until further notice by Chief Executive Officer Thomas Lausten.

Rescissory Actions And Proceedings for Annulment Relating To Resolutions Adopted By The Annual General Stockholders' Meeting For The Financial Year 2015/16

MOBOTIX AG became aware on 9 March 2017 that three shareholders had filed for rescissory action and proceedings for annulment at the Kaiserslautern District Court in relation to resolutions adopted by the Annual General Stockholders' Meeting of MOBOTIX AG on 12 January 2017 for agenda items 2 to 6, i.e., in particular, against the

resolution to retain net profit as of 30 September 2016 (agenda item 2) and to reelect two Supervisory Board members (agenda item 6).

MOBOTIX AG consider these actions to be unjustified and has taken legal steps.

Risk Report

Risk Management

The MOBOTIX Group implemented a risk management system as part of the corporate management system. This is to ensure that risks can be identified and addressed early on (prior to considering risk-mitigation measures). It consists of early identification of risks,

control and planning processes, reporting and an internal control system. The principles and decisions relating to the risk management system have been documented in a risk management handbook. The system is enhanced and optimized on an ongoing basis.

| Likelihood of occurrence | |
|--------------------------|-------------|
| Very low | < 25 % |
| Medium | 25 % – 50 % |
| High | 50 % – 75 % |
| Very high | >75 % |

| Possible impacts (€) | |
|----------------------|-----------------------------|
| Very low | < €0.1 million |
| Medium | €0.1 Mio. EUR – 0.2 million |
| High | €0.2 Mio. EUR – 0.7 million |
| Very high | > €0.7 million |

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

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

We have set up the internal control system described under Item 6.2 to manage the business risks that are typical for the MOBOTIX Group and that could have a material impact on the Group's net assets, financial position and results of operations.

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

Internal Control System

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

Overview Of Overall Risk

| | Likelihood of occurrence | Possible impact |
|-----------------------------------|--------------------------|-----------------|
| Market risks | | |
| Sales risks/competitive situation | Very high | Very high |
| Procurement risks | Medium | Medium |
| Financial risks | | |
| Risk of receivables default | Medium | Medium |
| Currency risks | Medium | Low |
| Political and legal risks | | |
| Statutory and regulatory risks | Medium | Medium |
| Risks from patent disputes | Medium | Medium |
| Operational risks | | |
| Personnel risks | Medium | Medium |
| Warranty risks | Low | Medium |

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

The internal control system is an integral element of risk monitoring in the Group. It is based not only on defined control mechanisms

Material Risks

Market Risks

MOBOTIX products are used as video security solutions in various sectors, such as transportation (buses, train stations, airports, traffic surveillance etc.), retail and industry as well as for building and perimeter protection. In past years, MOBOTIX succeeded in standing out from among many competitors through high-resolution and hemispheric camera technology.

External market studies show that digital IP video security systems will see growth in coming years, but that average prices will decrease considerably. Specifically, fiercer competition is expected, especially in the segment of high-resolution network cameras, a field where MOBOTIX has so far held a strong position.

There are also further risks resulting from political changes in specific regions (such as Brexit and the political situation in Turkey). Therefore, the Management Board expects the market environment to be exposed to growing risk.

Procurement market risks are generally viewed by the Management Board as being typical for the industry. Market volatility can lead to changes in the availability of components. The risk of longer

for prevention and monitoring – such as automated and manual reconciliation processes – but also on predefined approval processes, separation of functions and compliance with guidelines. Another important measure is ensuring that the actions of individuals are verified by a second person. By rigorously applying the principles and instructions laid down in the risk policy, the majority of risks can be avoided, or their impact can at least be mitigated.

delivery times in this context is countered by the contractually guaranteed larger stock of inventory of components at contract manufacturers and of finished goods. There are currently no procurement bottlenecks impacting product availability, but they cannot be ruled out entirely.

The sudden unavailability of critical suppliers, e.g., processor suppliers, which would lead to considerable disruptions to production, continues to be regarded as unlikely.

Financial Risks

Due to the Company's credit standing and existing credit commitments, there are currently no substantial financial risks. Currency risks exist generally in connection with the business operations in the U.S. and the purchasing requirements of MOBOTIX AG in US dollars. There is currently no material interest-rate risk. The existing borrowing was taken out with a fixed interest rate. Risks of receivables default are mitigated through efficient receivables management (including payment reminders and collections), combined with a restrictive policy on payment terms for customers.

Profit from normal business activities

€-6.3 million

Operating cash flow before changes in working capital

€-4.0 million

Political And Legal Risks

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

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

Opportunity Report

MOBOTIX is active in the continuously growing video surveillance system market. This growth is mainly driven by increasing security demands.

The Management Board generally assumes that technological market drivers, such as improved image resolutions of video systems and cloud-based installations, will favor the decentralized technology approach and that, in this way, MOBOTIX will prevail despite considerable, growing competitive pressure.

Operational Risks And Other Risks

Given the changes to the market and competition environment, the organization has a continued need for adjustment. This presents fundamental risks, which the Company counters through adjusting personnel resources, optimizing processes and control systems as well as updating the IT infrastructure (particularly ERP and CRM).

The production and sales of technical products entail warranty risks. These are reflected in the financial statements by recognizing appropriate provisions. The Company has also taken out product liability insurance to safeguard against possible losses and risks.

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

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

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

MOBOTIX currently offers a wide range of IP video cameras, including accessories, as well as its own video management software. The

Equity

26.3 Mio. €

Equity ratio

49.0 %

Company intends to provide further software applications and add peripheral components (switch, IR emitter etc.) to its range of products, thus offering a complete system from a single provider and giving itself a competitive edge.

Further opportunities arise from the substantially improved integration options resulting from the adoption of standards such as ONVIF and H.264, as well as from the integration of MOBOTIX cameras with the leading video management systems from Genetec and Milestone.

The Management Board also tests optimization of the MOBOTIX income model by monetizing the MxMC video management software, for example, via license models. In spring 2018, with MxMC1.7, for the first time a version subject to licensing will be released, in addition to the free-of-charge MxMC version, which in the first step will support the integration of Vectron cash register systems in the Management Center.

In the future, MOBOTIX will focus even more on the technology partnerships in order to respond to the diverse expectations of the vertical markets with optimally-tailored total solutions.

Moreover, the cooperation with Konica Minolta offers considerable growth opportunities over the medium term.

Forecast Report

The increase in sales of the MOBOTIX Group projected for the financial year 2017/18 is around 3% compared with the financial year 2016/17 and leads to projected revenue from sales (excluding component sales) of approximately €65 million for the financial year 2017/18. The projected EBIT for the financial year 2017/18 is €0.7 million, accordingly. For MOBOTIX AG, the Management Board anticipates revenue from sales of approximately €62 million and a positive EBIT that is slightly higher than the EBIT of the MOBOTIX Group.

The forward-looking statements made above are predictions.

Dependent Company Report

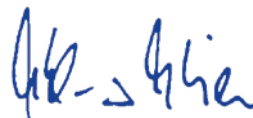
A report on the relationships with affiliated companies was prepared for the financial year 2016/2017 in accordance with Section 312 of the German Stock Corporation Act (AktG). Regarding those transactions that have to be reported, the report states: "The Management Board declares that, for the legal transactions and measures disclosed in the report regarding relationships with affiliated companies, adequate consideration was received by the company for each legal transaction and the company was not disadvantaged by the implemented measures according to the circumstances that were known to us at the time the legal transactions were concluded or the measures were implemented. No measures have been refrained from at the behest or in the interest of the controlling company or a company affiliated with it."

Winnweiler/Langmeil, Germany, 29 December 2017

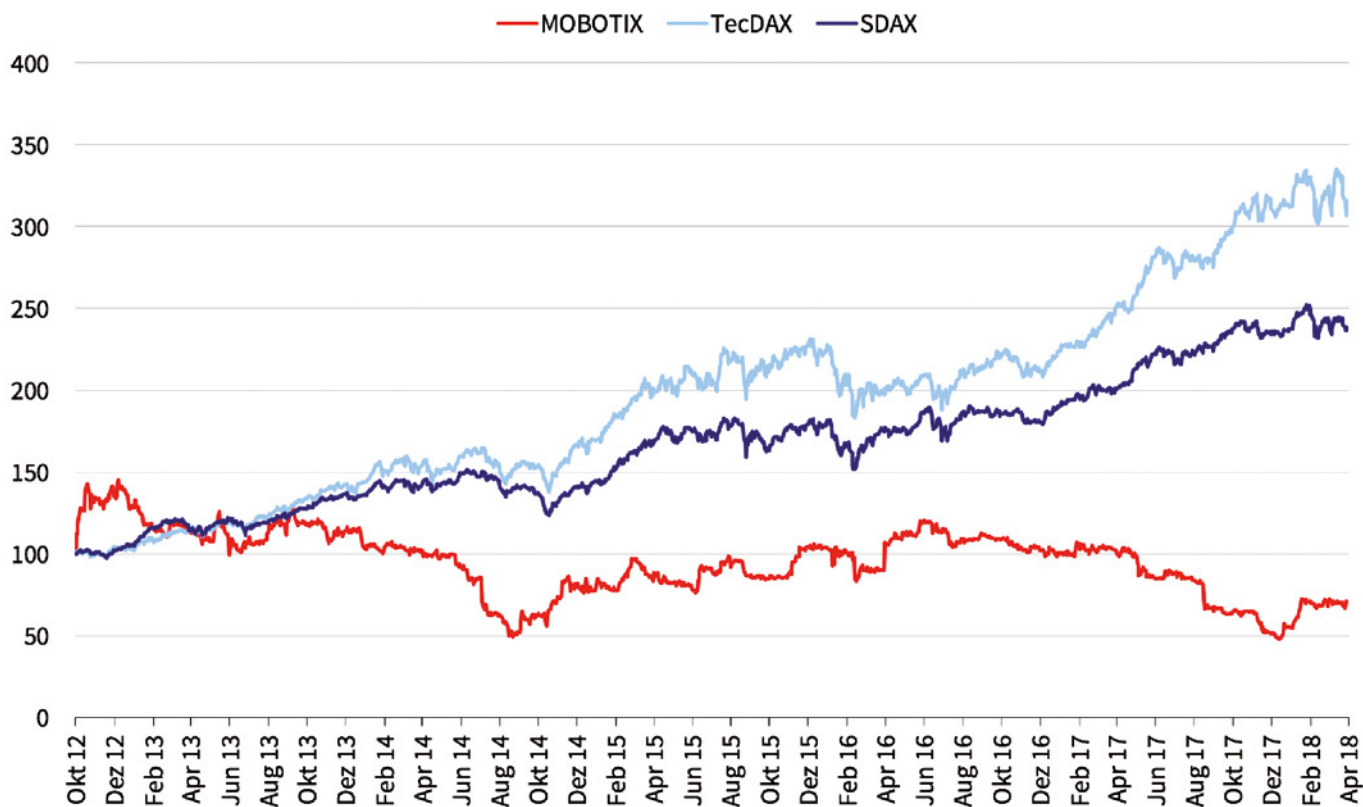
The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



MOBOTIX stock overview

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





| Balance Sheet | | | |
|--|---------------------|------------------|------------------|
| €'000s | See appendix | 30.9.2017 | 30.9.2016 |
| NON-CURRENT ASSETS | | | |
| Intangible assets | (1) | | |
| Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets | | 112 | 102 |
| Advance payments | | 88 | 0 |
| | | 200 | 102 |
| Property, plants and equipment | (1) | | |
| Land and buildings, including buildings on third-party land | | 13,611 | 14,187 |
| Technical equipment and machinery | | 2,992 | 3,474 |
| Other equipment, factory and office equipment | | 1,045 | 1,385 |
| Advance payments and assets under construction | | 16 | 72 |
| | | 17,664 | 19,118 |
| Financial assets | (2) | | |
| Shares in affiliated companies | | 0 | 4 |
| | | 17,864 | 19,224 |
| CURRENT ASSETS | | | |
| Inventories | | | |
| Raw materials and supplies | | 4,794 | 4,766 |
| Work in progress | | 3,400 | 2,004 |
| Finished goods | | 7,170 | 7,624 |
| | | 15,364 | 14,394 |
| Receivables and other assets | (3) | | |
| Trade receivables | | 9,981 | 15,346 |
| Receivables due from affiliated companies | | 201 | 0 |
| Other assets | | 499 | 560 |
| | | 10,681 | 15,906 |
| Cash in hand and bank balances | | 7,493 | 3,079 |
| | | 33,538 | 33,379 |
| PREPAID EXPENSES AND DEFERRED CHARGES | (4) | 518 | 444 |
| DEFERRED TAX ASSETS | (5) | 1,648 | 175 |
| ASSETS | | 53,568 | 53,222 |

| Balance Sheet | | | |
|--|---------------------|------------------|------------------|
| €'000s | See appendix | 30.9.2017 | 30.9.2016 |
| EQUITY | (6) | | |
| Subscribed capital | | 13,271 | 13,271 |
| minus notional value of treasury shares | | -128 | -128 |
| Issued capital | | 13,143 | 13,143 |
| Capital reserves | | 1,250 | 1,250 |
| Statutory reserve | | 77 | 77 |
| Adjustment for currency translation | | 165 | -264 |
| Consolidated retained earnings | | 11,627 | 17,926 |
| | | 26,262 | 32,132 |
| PROVISIONS | | | |
| Provisions for taxes | | 0 | 69 |
| Other provisions | (7) | 5,936 | 4,569 |
| | | 5,936 | 4,638 |
| LIABILITIES | (8) | | |
| Bank loans and overdrafts | | 18,410 | 12,494 |
| Advance payments received for orders | | 16 | 1 |
| Trade payables | | 2,007 | 2,966 |
| Liabilities to affiliated companies | | 136 | 67 |
| Other liabilities | | 801 | 922 |
| | | 21,370 | 16,450 |
| DEFERRED TAX LIABILITIES | | 0 | 2 |
| LIABILITIES | | 53,568 | 53,222 |

| Consolidated Income Statement | | | |
|--|---------------------|----------------|----------------|
| €'000s | See appendix | 2016/17 | 2015/16 |
| Sales | (9) | 65,487 | 79,583 |
| Increase in finished and unfinished goods and work in progress | | 942 | 2,345 |
| Other operating income | (11, 13) | 735 | 1,835 |
| Material costs | | 30,567 | 39,115 |
| a) Expenses for raw, auxiliary and operating materials as well as for purchased goods | | 29,811 | 37,436 |
| b) Expenses for purchased services | | 756 | 1,679 |
| Personnel expenses | | 24,529 | 25,525 |
| a) Wages and salaries | | 21,231 | 22,122 |
| b) Social security and pensions of which relating to pensions €60,000 (previous year: €83,000) | | 3,298 | 3,403 |
| Amortization of intangible assets and depreciation of property, plants and equipment | | 2,237 | 2,288 |
| Other operating expenses | (10, 11, 13) | 17,367 | 17,826 |
| Depreciation of financial assets | | 4 | 0 |
| Interest and similar expenses | | 335 | 327 |
| Taxes on income (income, previous year expenses) | (14) | -1,611 | 310 |
| a) Current taxes | | -136 | 322 |
| b) Deferred taxes | (5) | -1,475 | -12 |
| After-tax profit | | -6,264 | -1,628 |
| Other taxes | | 35 | 35 |
| Consolidated net loss | | -6,299 | -1,663 |
| Consolidated profit | | 17,926 | 19,589 |
| Consolidated retained earnings | | 11,627 | 17,926 |

Cash Flow Statement

| €'000s | 2016/17 | 2015/16 |
|--|---------------|---------------|
| Annual result before taxes on income | -7,910 | -1,353 |
| + Income from interest | 335 | 327 |
| + Amortization of intangible assets and depreciation of property, plants and equipment | 2,237 | 2,288 |
| + Increase of other provisions | 1,367 | 38 |
| -/+ Profit/loss due to disposal of property, plants and equipment | -6 | 1 |
| + Other non-cash expenses | 4 | 0 |
| Operating cash flow before changes in working capital | -3,973 | 1,302 |
| + Decrease of inventories, trade receivables as well as other assets that do not fall under investment or financing activities | 4,544 | 8,535 |
| - Decrease of trade payables as well as other liabilities that do not fall under investment or financing activities | -1,023 | -4,920 |
| Cash flow from operating activities before taxes on income | -452 | 4,917 |
| +/- Income tax refunds/payments | 68 | -1,313 |
| Cash flow from operating activities | -384 | 3,604 |
| - Cash outflows for purchases of property, plants and equipment | -634 | -997 |
| - Cash outflows for purchases of intangible assets | -256 | -109 |
| + Cash inflows from disposals of property, plants and equipment | 11 | 103 |
| Cash flow from financing activities | -879 | -1,003 |
| - Dividend payments | 0 | -6,572 |
| - Cash outflows for redemption of loans | -4,584 | -1,314 |
| + Cash inflows from the take-up of loans | 14,500 | 3,000 |
| - Interest paid | -224 | -293 |
| Cash flow from financing activities | 9,692 | -5,179 |
| Net change in cash and cash equivalents | 8,429 | -2,578 |
| Net change in financial facilities due to exchange rate | -15 | 57 |
| Cash and cash equivalents at the beginning of the reporting period | -921 | 1,600 |
| Cash and cash equivalents at the end of the reporting period | 7,493 | -921 |
| Transfer to inventory in accordance with balance sheet: | | |
| + Short-term loans | 0 | 4,000 |
| Cash in hand and bank balances | 7,493 | 3,079 |

| Statement Of Changes In Equity | | | | | | | |
|--|--------------------|-----------------|------------------|-------------------|--|--------------------------------|---------------|
| €'000s | Subscribed capital | Treasury shares | Capital reserves | Statutory reserve | Adjusting items for foreign currency translation | Consolidated retained earnings | Group equity |
| As of 1 October 2015 | 13,271 | -128 | 1,250 | 77 | -281 | 26,161 | 40,350 |
| Dividend payment | | | | | | -6,572 | -6,572 |
| Consolidated net loss | | | | | | -1,663 | -1,663 |
| Earnings from foreign currency translation | | | | | 17 | | -221 |
| Consolidated earnings | | | | | 17 | -1,663 | -1,646 |
| As of 30 September 2016 | 13,271 | -128 | 1,250 | 77 | -264 | 17,926 | 32,132 |
| As of 1 October 2017 | 13,271 | -128 | 1,250 | 77 | -264 | 17,926 | 32,132 |
| Consolidated net loss | | | | | | -6,299 | -6,299 |
| Earnings from foreign currency translation | | | | | 429 | | 429 |
| Consolidated earnings | | | | | 429 | -6,299 | -5,870 |
| As of 30 September 2017 | 13,271 | -128 | 1,250 | 77 | 165 | 11,627 | 26,262 |

| Shareholding | | | |
|---|-------------------|--------------|--------------|
| Company | Registered office | Sep 30, 2017 | Sep 30, 2016 |
| MOBOTIX CORP | New York, USA | 100.0 % | 100.0 % |
| MOBOTIX Limited | Nottingham, GB | 100.0 % | 100.0 % |
| MOBOTIX Singapore PTE. LTD. | Singapur, SG | 100.0 % | 100.0 % |
| MOBOTIX AUSTRALIA PTY LTD | Sydney, AU | 100.0 % | 100.0 % |
| MOBOTIX DO BRASIL SERVICOS EM SISTEMAS DE SEGURANCA Ltda. | São Paulo, BR | 100.0 % | 100.0 % |

1. General Information

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

The consolidated financial statement of MOBOTIX AG has been prepared in line with the stipulations of the German Commercial Code and German Stock Corporation Act. The changes made to the German Commercial Code following the implementation of the German Accounting Directive Implementation Act (BilRUG) of 17 July 2015 were also taken into account.

The new regulations on size classes and definition of revenues from sales stipulated by Art. 75 of the Introductory Act to the German Commercial Code (EGHGB) were already implemented in the previous year.

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

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

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

2. Principles Of Consolidation

The annual financial statements of the companies included in the consolidated financial statements of MOBOTIX AG are prepared in line with Group-wide accounting policies as per the reporting date of 30 September 2017.

Consolidation Of Investments

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

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

Liability Consolidation/Interim Results/Consolidation Of Expenditures And Incomes

Intra-group receivables and liabilities between the companies

There may be minor discrepancies in the figures provided in euros or as a percentage, since the figures have been rounded to the nearest thousand euros.

Scope Of Consolidation

MOBOTIX CORP, New York, USA (previously MOBOTIX Ltd. Liability Company, Columbia, South Carolina) was founded as a subsidiary in 2003 for the purpose of entering the American market. MOBOTIX CORP was fully consolidated as part of MOBOTIX AG as of the opening balance sheet date. MOBOTIX DO BRASIL SERVICOS EM SISTEMAS DE SEGURANCA LTDA. was founded in São Paulo, Brazil, on 4 September 2012 as a service company for Brazil. MOBOTIX SINGAPORE PTE. LTD. was founded in Singapore on 30 December 2013 as a service company for Singapore. MOBOTIX AUSTRALIA PTY LTD. was founded in Sydney, Australia, on 23 December 2014 as a service company for Australia. MOBOTIX LIMITED, Nottingham, UK, MOBOTIX DO BRASIL LTDA., São Paulo, Brazil, MOBOTIX SINGAPORE PTE. LTD., Singapore and MOBOTIX AUSTRALIA PTY LTD., Sydney, Australia, are not included in the consolidated financial statements, as they are not material to the presentation of a true and fair view of the MOBOTIX Group's net assets, financial position and results of operations.

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

Currency Conversion

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

The assets and liabilities listed in the annual financial statements prepared in foreign currency are translated into euros using the mean spot exchange rate as of the reporting date, with the exception of equity which is to be translated into euros at historical rates. Items on the income statement in the annual financial statements

prepared in foreign currency are translated into euros for the first time at average monthly exchange rates. The difference due to currency translation is listed under the “Adjustment for foreign currency translation” item as part of the consolidated equity.

3. Information On Accounting Policies

Intangible Assets, Property, Plants And Equipment And Financial Assets

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

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

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

Shares in affiliated companies are valued at cost. If the value of such shares is permanently impaired, their carrying amount is written down to their fair value. If the reasons for such write-downs cease to apply, the impairment losses are reversed in accordance with Section 253 (5) of the German Commercial Code (HGB).

Inventories

Raw, auxiliary and operating materials reported under inventories are recognized at their average price, taking into account their realizable value on the balance sheet date and the lower-of-cost-or-market principle. Work in progress and finished goods are valued at their manufacturing cost in accordance with the lower-of-cost-or-market principle. Manufacturing costs include the direct cost of materials and production as well as an appropriate proportion of the materials and production overheads incurred and production-related depreciation of non-current assets.

Deferred Taxes

Deferred tax assets and liabilities are recognized in respect of differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income and the corresponding carrying amounts reported in the tax accounts, provided these differences are expected to lessen in subsequent financial years. The resulting tax expenses and benefits are recognized in full.

Receivables And Other Assets

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

Deferred Tax Assets

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

Provisions

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

Liabilities

Liabilities are carried at their settlement amount.

4. Information And Explanations Regarding Individual Items On The Balance Sheet And Income Statement

(1) Intangible Assets And Property, Plants And Equipment

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

(2) Financial Assets

See table „Financial Assets“.

(3) Trade Receivables And Other Assets

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

(4) Prepaid Expenses And Deferred Charges

Prepaid expenses and deferred charges included discounts of €97 thousand on five loans in the previous year.

(5) Deferred Tax Assets

Deferred tax assets in the amount of €1,648 thousand (previous year: €175 thousand) comprise accumulated tax losses of €1,444 thousand (previous year: €0) incurred in the financial year 2016/17 and €204 thousand (previous year: €175 thousand) resulting from the elimination of intra-Group profits and losses arising from transactions between MOBOTIX AG and MOBOTIX CORP. The recognition of deferred tax assets is based on a tax rate of 28.6%.

Deferred tax assets on tax relief entitlements in the United States, which are expected to arise from the anticipated use of existing loss carryforwards (€5,623 thousand) in future years, are not being

recognized at present owing to the uncertainty surrounding the recovery of tax benefits.

(6) Equity

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

The Company issued 13,271,442 ordinary shares as of the balance sheet date, of which 13,143,308 are in circulation. It held 128,134 shares as treasury shares as of 30 September 2017. These no-par-value shares each represent €1.00 of the Company's share capital, which is fully paid-up.

The Annual General Meeting held on 20 December 2013 adopted a resolution to authorize the Management Board once again – subject to compliance with the principle of equal treatment (Section 53a of the German Stock Corporation Act (AktG)) – to acquire treasury shares up to a total of 10% of the Company's existing share capital on or before 19 December 2018. The shares acquired under this authorization – in conjunction with other of the Company's shares that the Company has already acquired or still possesses or that are attributable to it pursuant to Sections 71d and 71e AktG – must at no time account for more than 10% of the Company's share capital.

The shares may be purchased through the stock exchange or by means of a public purchase offer made to all shareholders. If the number of shares offered for sale in a public purchase offer exceeds the total number of shares that the Company intends to purchase, the shareholders' tender rights may – in order to simplify the purchase procedure – be disapplied in proportion to the number

Financial Assets

| Name and registered office of company | Percentage of capital | Equity | Result in 2016/17 |
|---|-----------------------|------------|-------------------|
| MOBOTIX LIMITED, Nottingham, UK* | 100.0 | £1 | £0 |
| MOBOTIX DO BRASIL SERVICOS EM SISTEMAS DE SEGURANCA Ltda., São Paulo, Brasilien | 100.0 | R\$-22,000 | R\$-0 |
| MOBOTIX SINGAPORE PTE. LTD., Singapur | 100.0 | S\$76,000 | S\$25,000 |
| MOBOTIX AUSTRALIA PTY LTD, Sydney, Australia | 100.0 | A\$60,000 | A\$48,000 |

* not operational

of shares offered for sale in each case.

This procedure is further simplified by the option – which also dis-applies shareholders' tender rights – to preferentially purchase small numbers of up to 300 shares offered for sale by each shareholder.

Furthermore, the Management Board is also authorized to use the treasury shares acquired under this authorization – subject to the consent of the Supervisory Board – for purposes for which the shareholders' pre-emption rights are dis-applied.

The Company did not purchase any of its own shares in the financial year 2016/17. Its treasury shares account for €128,000 of its share capital.

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

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

The distributable profit comprises accrued, retained profits. Pursuant to Section 268 (8) of the German Commercial Code (HGB) the accrued profits are restricted to distribution in the amount of deferred tax assets.

(7) Other Provisions

Other provisions primarily include the following types of provisions.

| | €'000s |
|---|--------|
| Provisions for restructuring | 1,754 |
| Provisions for outstanding invoices | 1,740 |
| Provisions for annual bonuses and sales commissions | 619 |
| Provisions for Christmas bonuses | 383 |

(8) Liabilities

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

Other liabilities include social security payments of €997 thousand (previous year: €97 thousand) and taxes of €329 thousand (previous year: €591 thousand).

(9) Sales

Revenue comprises revenue from component sales to external manufacturers in the amount of €2,448 thousand (previous year: €6,832 thousand). Revenue excluding revenue from component sales to external manufacturers is €22,220 thousand (previous year:

| Liabilities | | | | | |
|---|----------------------------------|--------------------------------|---------------------------------|--------------------------|--------------------------------|
| | Maturity period | | | | of which secured |
| €'000s | Total | Up to one year | One to five years | Over five years | Amount |
| To banks | 18,410 (12,494) | 1,420 (5,765) | 16,990 (6,465) | 0 (264) | 3,210* (6,844*) |
| Arising from advance payments received for orders | 16 (1) | 16 (1) | 0 (0) | 0 (0) | 0 (0) |
| Trade receivables | 2,007 (2,966) | 2,007 (2,966) | 0 (0) | 0 (0) | 0 (0) |
| Liabilities to affiliated companies | 136 (67) | 136 (67) | 0 (0) | 0 (0) | 0 (0) |
| Other liabilities | 801 (922) | 801 (922) | 0 (0) | 0 (0) | 0 (0) |
| Total | 21,370 (16,450) | 4,380 (9,721) | 16,990 (6,465) | 0 (264) | 3,210 (6,844) |

* Land charges

€24,657 thousand) in Germany, €20,211 thousand (previous year: €23,698 thousand) in the rest of Europe and €20,608 thousand (previous year: €24,396 thousand) in the rest of the world.

(10) Other Operating Expenses

Other operating expenses include expenses connected with the allocation of provisions for restructuring in the amount of €1,754 thousand. This excludes €1,435 thousand in personnel expenses.

(11) Income And Expenses From Other Reporting Periods

Other operating income includes income of €114 thousand (previous year: €60 thousand) from other reporting periods, while other operating expenses include expenses of €164 thousand (previous year: €152 thousand) from other periods.

(12) Other Financial Obligations

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

(13) Currency Conversion Income And Expenses

Other operating income includes income of €164 thousand (previous year: €251 thousand) from currency conversion, while other operating expenses include expenses of €747 thousand (previous year: €274 thousand) from currency conversion.

(14) Taxes From Income And Profit

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

(15) Miscellaneous

The contractual relationship with the general contractor for the new construction (construction phase I) in Langmeil, Germany, was terminated for good cause in 2009 before the construction was completed. The general contractor submitted their final invoice amounting to €2,262 thousand (net) in 2009. MOBOTIX is contesting this invoice, since counterclaims for contractual penalties, defects and underperformance amount to at least the same amount. Proceedings at the court of first instance are pending. As in the previous year, this situation was reflected in the financial statements – in line with the Management Board's risk assessment – by the recognition of an item of property, plants and equipment on the assets side of the balance sheet and the reporting of a corresponding provision on the liabilities side. Consequently, the unrecognized final payment did not give rise to any outflow of cash.

| Tax reconciliation €'000s | Financial year 1 Oct 2016–30 Sep 2017 |
|--|---------------------------------------|
| Earnings before tax | -7,910 |
| Income taxes derived from earnings before tax (income) | -2,262 |
| Loss carryforwards not capitalized/utilized | 734 |
| U.S. tax rate difference | -135 |
| Other non-deductible expenses | 46 |
| Taxes from previous years | -2 |
| Other | 8 |
| Reported income taxes | -1,611 |

5. Other Mandatory Disclosures

(1) Average Number Of People Employed In The Financial Year (Full-time Equivalent)

The following groups of employees (excluding the Management Board, trainees and temporary employees) were employed by the Group during the financial year 2016/17. The total number of people employed on average was 339.1 (previous year: 359.1).

| | |
|---------------------|-------|
| Full-time employees | 322.0 |
| Part-time employees | 17.1 |

(2) Auditor's Fees

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

| €'000s | Financial year | |
|------------------------------|----------------|------------|
| | 2016/17 | 2015/16 |
| Annual audit services | | |
| invoiced | 48 | 43 |
| From provisions | 72 | 60 |
| Tax advisory services | | |
| invoiced | 49 | 0 |
| Other services | | |
| invoiced | 9 | 0 |
| Total | 178 | 103 |

(3) MOBOTIX AG Management Board

Members Of The MOBOTIX AG Management Board

- Thomas Lausten, Master of Business Administration, Hellebaek, Denmark
(CEO since 27 March 2017; start employment 15 June 2017)
- Dr. Oliver Gabel, PhD in Engineering, Weilerbach, Germany
(Chief Technology Officer until 30 November 2017)
- Dr. Tristan Haage, PhD in Physics, Bolanden, Germany
(Chief Sales Officer until 31 October 2017)
- Klaus Kiener, MBA, Wiesbaden, Germany
(Chief Financial Officer)

Management Board Member Remuneration

The total remuneration paid to the members of the Management Board amounted to €951 thousand. This consisted entirely of short-term remuneration. Remuneration in the financial year 2016/17 includes the allocation of provisions for severance payments in the amount of €315 thousand.

(4) MOBOTIX AG Supervisory Board

Members Of The Supervisory Board

- Yuji Ichimura, Executive Officer and Executive General Manager of Business Development at Konica Minolta, Inc., Tokyo, Japan (Chairman)
- Sabine Hinkel, MBA, Höringen, Germany
- Kunihiro Koshizuka, Director and Senior Executive Officer of Konica Minolta, Inc., Tokyo, Japan

Supervisory Board Member Remuneration

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

shares, each representing €1.00 of the share capital). The Chairman of the Supervisory Board receives twice the fixed and variable remuneration.

The total remuneration paid to the members of the Supervisory Board amounted to €40,000 in the financial year 2016/17 (previous year: €40,000).

(5) Events After The Reporting Period

Changes To The Management Board

Chief Sales Officer Mr. Dr. Tristan Haage left his position as a member of the Management Board effective 31st October 2017 at own request due to personal reasons and in mutual agreement with the Supervisory Board and the Management Board of MOBOTIX AG in order to devote himself to a new professional challenge. The management of the Sales Department will be followed until further notice by Chief Executive Officer Thomas Lausten.

Chief Technology Officer Mr. Dr. Oliver Gabel left his position as a member of the Management Board effective 30th November 2017 at own request due to personal reasons and in mutual agreement with the Supervisory Board and the Management Board of MOBOTIX AG in order to devote himself to a new professional challenge. The management of the Engineering Department will be followed until further notice by Chief Executive Officer Thomas Lausten.

MOBOTIX Reaches Agreement With Works Council And Coordinates Key Considerations For Implementing The “Fit For The Future” Restructuring Program

The discussions with the works council regarding the “Fit for the Future” program began on 15 August 2017 and came to a conclusion on 23 October 2017, when a partial reconciliation of interests was signed and a company agreement was concluded regarding the “volunteer program.” Moreover, an agreement was also reached regarding essential framework conditions for a severance agreement downstream from the volunteer program.

The restructuring program includes all investments made to strengthen the IT infrastructure (implementing an ERP/CRM system), measures to strengthen product development and an increased focus of the sales structure on growth markets, as well as a streamlined, more efficient structure for work processes and operational organization as a whole. As part of the process of streamlining the operational organization, up to 60 jobs will be cut. This reduction will be carried out in a manner that is as socially responsible as possible and, to the extent possible, within the scope of the volunteer program. At the time of preparing the annual financial statements, 26 termination agreements had been signed and further 24 employees had left the Company of their own independent of the volunteer program. Their positions will not be filled for the time being.

(6) Group Affiliation

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

Konica Minolta Holdings, Inc., Tokyo, Japan establishes the consolidated financial statements for the largest number of companies. These are translated into German language and are published in the Bundesanzeiger (German Federal Gazette) and are available upon request from the company.

MOBOTIX AG, Langmeil, Germany establishes the consolidated financial statements for a smaller number of companies. These are published in the Bundesanzeiger (German Federal Gazette) and are available upon request from the company.

(7) Notifications Pursuant To Section 20(1), (5) And (6) Of The German Stock Corporation Act (AktG)

Dr. Ralf Hinkel, Höringen, Germany, notified us in a letter dated 1 April 2008 in accordance with Section 21 (1a) of the German Securities Trading Act (WpHG) that he held 50.14% of all voting rights (representing 2,218,134 voting rights) in MOBOTIX AG on 28 March 2008.

Dr. Ralf Hinkel Holding GmbH, Am Stundenstein 2, 67722 Winnweiler, Germany, notified us on 29 June 2010 in accordance with Section 21 (1) WpHG that its share of the voting rights in MOBOTIX

AG, Winnweiler/Langmeil, Germany, ISIN: DE0005218309, WKN: 521830 exceeded the thresholds of 3, 5, 10, 15, 20, 25, 30 and 50% of the voting rights on 29 June 2010 and amounted to 50.14% (representing 2,218,134 voting rights) on this date.

Dr. Ralf Hinkel Holding GmbH, Winnweiler, Germany, notified us on 8 July 2010 in accordance with Section 27a (1) WpHG that its share of the voting rights in MOBOTIX AG, Winnweiler/Langmeil, Germany, ISIN: DE0005218309, WKN: 521830 exceeded the thresholds of 3, 5, 10, 15, 20, 30 and 50% of the voting rights on 29 June 2010 and amounted to 50.14% (representing 2,218,134 voting rights) on this date.

The following notifications were issued regarding the aims being pursued by means of the acquisition of the voting rights as well as the origin of the funds used for the acquisition:

“1. We aim to maintain a long-term strategic investment in MOBOTIX AG. Our acquisition of shares constituted an internal restructuring by the majority shareholder Dr. Ralf Hinkel, which did not alter this investment’s long-term strategic focus.

2. We currently do not plan to obtain any more voting rights in MOBOTIX AG by acquiring shares or by other means within the next 12 months.

3. At present, we are not seeking to exert any influence over the composition of the Supervisory Board of MOBOTIX AG. We do, however, intend to transfer to Dr. Ralf Hinkel Holding GmbH the right enshrined in the Company’s Articles of Incorporation for Dr. Hinkel himself or for companies either controlled by him or under his management to appoint one member of MOBOTIX AG’s Supervisory Board. This will require the Company’s Articles of Incorporation to be amended, and the Annual General Meeting of MOBOTIX AG will then have to approve this amendment.

4. We are not seeking to materially alter MOBOTIX AG’s capital structure – especially with regard to its leverage – or its dividend policy.

5. The voting rights were acquired without payment of any consideration. The background to the transaction was an internal restructuring by the majority shareholder Dr. Hinkel and the associated transfer of MOBOTIX AG shares held personally by Dr. Hinkel to Dr. Ralf Hinkel Holding GmbH at their carrying amount by way of a non-cash capital contribution. Dr. Hinkel is the sole shareholder in Dr. Ralf Hinkel Holding GmbH.”

The amendment of the right to appoint enshrined in the Company’s Articles of Incorporation as mentioned in no. 3 of the above notifications was adopted at the Annual General Meeting held on 28 October 2010.

Dr. Ralf Hinkel Holding GmbH informed the Company on 23 December 2013 that it is divesting from parts of its shares that have fallen below the notification threshold of 50% and is planning to sell more shares.

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

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

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

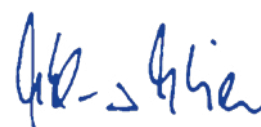
Konica Minolta, Inc., Tokyo, Japan, informed us in the same letter, in accordance with Section 20 (4) AktG, that it holds the majority of shares and voting rights (majority interest) in MOBOTIX AG.

Winnweiler/Langmeil, Germany, 29 December 2017

The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



| Annex To The Notes | | | | | | |
|--|-----------------------------|------------------|------------------|--------------------------|---|--------------------------------|
| €'000s | As of 1 October 2016 | Additions | Disposals | Reclassifications | Currency translation differences | As of 30 September 2017 |
| Initial investment costs/manufacturing costs | | | | | | |
| Intangible assets | | | | | | |
| Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets | 1,501 | 168 | -1,021 | 0 | -2 | 646 |
| Advance payments | 0 | 88 | 0 | 0 | 0 | 88 |
| Total intangible assets | 1,501 | 256 | -1,021 | 0 | -2 | 734 |
| Property, plants and equipment | | | | | | |
| Land and buildings, including buildings on third-party land | 18,170 | 18 | 0 | 0 | 0 | 18,188 |
| Technical equipment and machinery | 13,284 | 515 | -1,648 | 72 | 0 | 12,223 |
| Other equipment, factory and office equipment | 7,859 | 85 | -1,601 | 0 | -18 | 6,325 |
| Advance payments and assets under construction | 195 | 16 | 0 | -72 | 0 | 139 |
| Total property, plants and equipment | 39,508 | 634 | -3,249 | 0 | -18 | 36,875 |
| Financial assets | | | | | | |
| Shares in affiliated companies | 4 | 0 | 0 | 0 | 0 | 4 |
| Total financial assets | 4 | 0 | 0 | 0 | 0 | 4 |
| Aggregated amortization and depreciation | | | | | | |
| Intangible assets | | | | | | |
| Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets | 1,399 | 157 | -1,020 | 0 | -1 | 534 |
| Advance payments | 0 | 0 | 0 | 0 | 0 | 0 |
| Total intangible assets | 1,399 | 157 | -1,020 | 0 | -1 | 534 |
| Property, plants and equipment | | | | | | |
| Land and buildings, including buildings on third-party land | 3,983 | 594 | 0 | 0 | 0 | 4,577 |
| Technical equipment and machinery | 9,809 | 1,068 | -1,647 | 0 | 0 | 9,231 |
| Other equipment, factory and office equipment | 6,475 | 419 | -1,597 | 0 | -17 | 5,280 |
| Advance payments and assets under construction | 123 | 0 | 0 | 0 | 0 | 123 |
| Total property, plants and equipment | 20,390 | 2,081 | -3,244 | 0 | -17 | 19,211 |
| Financial assets | | | | | | |
| Shares in affiliated companies | 0 | 4 | 0 | 0 | 0 | 4 |
| Total financial assets | 0 | 4 | 0 | 0 | 0 | 4 |

Annex To The Notes

| €'000s | As of 1 October 2016 | Additions | Disposals | Reclassifications | Currency translation differences | As of 30 September 2017 |
|--|----------------------|-----------|-----------|-------------------|----------------------------------|-------------------------|
| Net carrying amount | | | | | | |
| Intangible assets | | | | | | |
| Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets | 102 | | | | | 112 |
| Advance payments | 0 | | | | | 88 |
| Total intangible assets | 102 | | | | | 200 |
| Property, plants and equipment | | | | | | |
| Land and buildings, including buildings on third-party land | 14,187 | | | | | 13,611 |
| Technical equipment and machinery | 3,474 | | | | | 2,992 |
| Other equipment, factory and office equipment | 1,385 | | | | | 1,045 |
| Advance payments and assets under construction | 72 | | | | | 16 |
| Total property, plants and equipment | 19,118 | | | | | 17,664 |
| Financial assets | | | | | | |
| Shares in affiliated companies | 4 | | | | | 0 |
| Total financial assets | 4 | | | | | 0 |

Auditor's report

We have issued the following unqualified auditor's report:

We have audited the consolidated financial statements prepared by MOBOTIX AG, comprising the balance sheet, income statement, notes to the consolidated financial statements, statement of cash flows and statement of changes in equity, together with the combined management report for the financial year from 1 October 2016 to 30 September 2017. The preparation of the consolidated financial statements and the combined management report in accordance with German commercial law are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the legal requirements and give

a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Saarbrücken, 22 February 2018

KPMG AG Wirtschaftsprüfungsgesellschaft

Geis-Sändig

German Public Auditor

Palm

German Public Auditor



| | |
|-------------------------|--|
| CCD image sensor | Charged coupled device; a light-sensitive hardware component |
| CIF | Common image compression; image compression format |
| CMOS image sensor | Complementary metal oxide semiconductor; a light-sensitive hardware component |
| CPU | Central processing unit |
| DVR | Digital video recorder |
| Fixed dome | Camera without moving parts in a dome-shaped housing |
| HDTV | High-definition TV |
| HiRes | High resolution |
| IP network | Data network based on the Internet protocol |
| IP standard | Standardized network protocol |
| JPEG format | A lossy format for online image data that reduces the file size by compressing the same or similar image content, among other things |
| LAN | Local area network |
| Control center computer | Computer that makes it possible to process information transmitted from cameras from a central control center |
| Megapixel | Image size with more than one million pixels |
| MPEG format | Video format for generating data streams with a smooth display of images, defined by the Motion Picture Experts Group |
| SD card | Secure Digital memory card; a digital storage device that, like USB sticks, for example, uses flash memory |
| TCP/IP | Transmission Control Protocol/Internet Protocol |
| Video server | Central storage unit for video images or video streams |
| VoIP | Voice over Internet Protocol; standard for delivering voice communications over IP networks |

| | |
|------------------------|--|
| EBITDA | Earnings before interest, taxes, depreciation and amortization |
| EBITDA margin | $(\text{EBITDA}/\text{total operating output}) \times 100$ (the higher the percentage, the greater the profitability) |
| EBIT | Earnings before interest and taxes |
| EBIT margin | $(\text{EBIT}/\text{total operating output}) \times 100$ (the higher the percentage, the greater the profitability) |
| Total operating output | Revenue +/- changes in inventory + other own work capitalized |
| Gross profit | Total operating output less material costs |
| Equity ratio | Total equity as of the reporting date divided by total assets multiplied by 100 (the higher the ratio, the lower the leverage) |

2017/18 financial calendar

| | |
|---|------------------------|
| Annual General Meeting for 2016/17 financial year | Monday, 28 May 2018 |
| Publication of 2017/18 half-year report | Thursday, 28 June 2018 |

Contact

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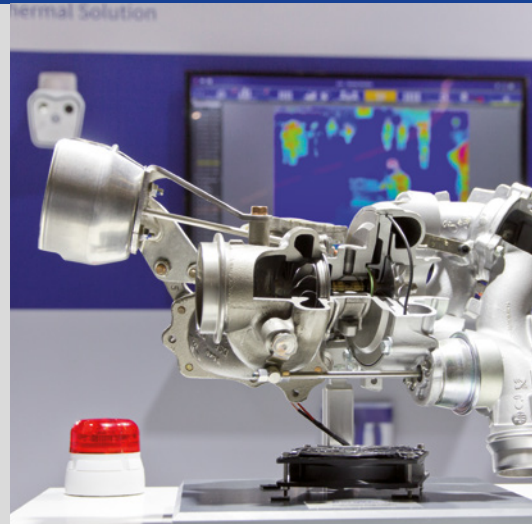
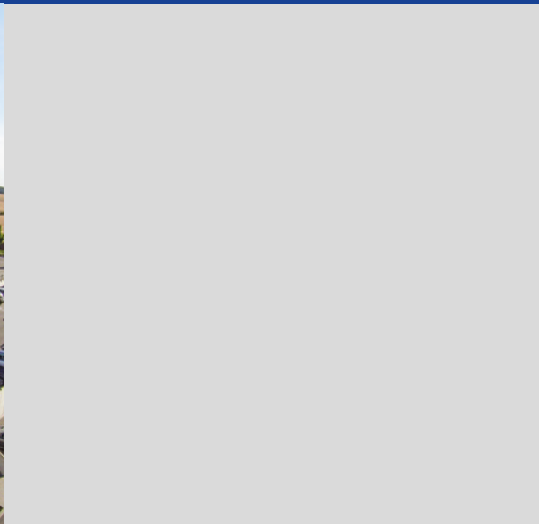
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