

MOBOTIX AG

Annual Report

1 October 2017 to 30 September 2018



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Dear Shareholders,

2017/18 was a year with many changes and a new strategic focus in order to improve performance and regain profit. The “Fit for the Future” restructuring program was introduced in August 2017. Several functions and departments were restructured in order to improve the performance in a more lean organisation with increased focus on expanding global business while reducing administrative costs.

Investments were made especially in R&D, Sales and Marketing combined with the implementation of IT platforms for customer management, phone support as well as an ERP system for finance.

The objective is to realise the potential of MOBOTIX technology and DNA with focus on the well-known German quality and Cyber Security which becomes even more important in an increasingly disruptive market with many new opportunities and growth potential for video surveillance also outside the security field. New markets are being developed e.g. within production surveillance, customer behaviours in retail stores and health care segments.

A new sales strategy has been introduced with focus on vertical market concepts and benefits for end-users in different segments while supporting our valued reseller partners with additional tools and marketing.

The Americas market achieved the strongest regional growth and is considered to be an even more key focus market in the next years combined with expansion of MOBOTIX home markets in Germany and other parts of Europe, Middle East and APAC countries.

The new product strategy has also been implemented with focus on intelligent cyber secure video solutions. The new MOBOTIX MOVE product range was introduced in August 2018 with several new camera models and has since been further developed with NAS solutions which combined with our new MxManagement-Center 2.0 software offers a complete solution focus based on German quality. Our new CTO, Hartmut Sprave, is already developing this together with his team into the new upcoming camera platform providing additional opportunities for smart IoT devices.

Another important part of the new product strategy is a stronger cooperation with technology partners which add value and synergies to complement MOBOTIX technology. We have experienced a significant interest from many well-known leading companies who also have started to present MOBOTIX technologies to their customers in many global markets.

Partnerships have been developed with companies in video management systems, analytics, deep learning and many other growing markets which will lead to improved growth potential for MOBOTIX.

The above measures have had a positive impact on revenues and net income for the MOBOTIX Group in fiscal year 2017/18.

MOBOTIX Group generated a revenue increase of 1.4% from EUR 65.5 million in the previous year to EUR 66.4 million. Revenues from sales include revenues from component sales to contract manufacturers in the amount of EUR 2.5 million (previous year: EUR 2.4 million) and, for the first time, revenues from orders for development and services from Konica Minolta, Inc., Tokyo, Japan in the amount of EUR 1.8 million.

Both staff costs and other operational expenses were significantly reduced as a result of the restructuring program.

EBITDA of the fiscal year 2017/18 amounts to EUR 3.2 million and was therefore EUR 8.5 million higher than in the previous year (EUR -5.3 million). The 2017/18 fiscal year ended with a net income of EUR 0.4 million (2017/18: net loss of EUR 6.3 million).

With total assets down by EUR 2.7 million (-5.1%) to EUR 50.9 million (September 30, 2017: EUR 53.6 million), the equity ratio increased from 49.0% to 51.4%.

The Management Board has proposed to pay again a dividend of €0.53 million for the business year 2017/18.

I would like to thank you for your support and commitment to MOBOTIX and our exciting journey moving forward.

On behalf of the Management Board



Thomas Lausten • CEO of MOBOTIX AG

Financial year (1, Oktober 2017 – 30, September 2018)	2017/18	2016/17	Delta %
Financial performance	TEUR	TEUR	
Total operating output	66,903	66,429	0.7
Revenue	66,376	65,487	1.4
Of which outside Germany (%)	66.7	64.8	
Earnings before interest, tax, depreciation and amortization (EBITDA)	3,219	-5,334	160.3
EBITDA margin (EBITDA as percentage of total operating output)	4.8	-8.0	
Earnings before interest and tax (EBIT)	1,029	-7,575	113.6
EBIT margin (EBIT as percentage of total operating output)	1.6	-11.4	
Profit before tax	857	-7,875	110.9
Return on revenue (%) before tax	1.3	-12.0	
After-tax profit for the year	419	-6,299	106.7
Cash flow from operating activities	-920	-384	-139.6
Balance Sheet Figures	30.9.2018	30.9.2017	
Equity	26,135	26,262	-0.5
Equity ratio (equity as percentage of total assets)	51.4	49.0	
Total assets	50,857	53,568	-5.1
Non-current assets	17,466	17,864	-2.2
Current assets	31,559	33,538	-5.9
Of which cash and cash equivalents	2,747	7,493	-63.3
Employees			
Number of employees (reporting date) ⁽¹⁾	341	384	-11.2
Average number of employees (FTE)	310	339	-8.6
Revenue per employee ⁽²⁾	214	193	10.9
EBITDA per employee ⁽²⁾	10	-16	162.5
EBIT per employee ⁽²⁾	3	-22	113.7
Key per-share figures (€)			
Dividend	0.04 ⁽³⁾	0.04	
DVFA/SG cash flow ⁽⁴⁾	0.20	-0.31	

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

2) Based on the average number of employees

3) Proposed

4) Based on an average of 13.143 million shares

Our Vision

Our purpose is to be the most reliable company protecting people and assets by intelligent cyber secure video technologies beyond human vision.

MOBOTIX

October 2017

MOBOTIX is off to a successful start in the new fiscal year: The funkschau readers have decided that our M16 is number 1 in the category „Physical Safety“!

December 2017

MxBell is now available – the new App for iOS and Android. The new mobile device for the MOBOTIX IP video door station, including push notifications during ringing, is available for download.

February 2018

With the new firmware version MX-V5-0.2.x, the new Mx6 cameras also feature ONVIF support in profile S (Mandatory Features). This global, open interface standard makes MOBOTIX partners and customers much more flexible.

November 2017

At the Global Partner Conference 2017, 234 participants from 46 countries come to the company headquarters to learn about the new corporate strategy with a focus on „Beyond Human Vision“.

January 2018

With the introduction of the „MOBOTIX Cactus Concept“, MOBOTIX announces a stronger focus on cyber security. The concept includes a holistic approach to protecting MOBOTIX products against impending cyber attacks.

March 2018

MOBOTIX and Konica Minolta have signed an agreement on medium-term technology development, under which MOBOTIX technology will be further developed to provide innovative solutions for a wide variety of applications. As part of this agreement, Konica Minolta will initially invest 1.5 million euros in MOBOTIX technology development.

In addition, an employee participation program was introduced in March.

April 2018

Mr. Klaus Kiener will serve as Chief Financial Officer (CFO) for a further three years from April 2018. He was reappointed by the Supervisory Board in March 2018.

In the category Video Surveillance Advanced Imaging Technologies, the MOBOTIX S16 DualFlex camera wins the "Security Today & GovSec Govies Government Security Award".

The MOBOTIX M16 camera wins the "Security Industry Association New Product Showcase 2018" in the IP video surveillance camera category.

June 2018

From June 2018, Hartmut Sprave will strengthen the Management Board. The Supervisory Board of MOBOTIX AG has appointed Mr. Sprave as CTO. Hartmut Sprave has many years of experience in software and hardware development.

The new MOBOTIX Partner Portal goes live in June 2018.

In the "Video Surveillance" category, MOBOTIX again took first place in the PROTECTOR Award 2018 for the S16 Thermal TR camera at this year's SicherheitsExpo in Munich.

August 2018

The S16 Thermal TR wins the "Security Today's New Product of the Year Award 2018" in the category "Video Surveillance Cameras – Thermal".

May 2018

MOBOTIX announces the launch of the second generation of the Mx6 camera line with integrated MxBus functionality. The MxBus technology is based on a change of camera hardware and is an encrypted two-wire system developed by MOBOTIX that can be used to extend the functionality of a camera with practical MOBOTIX add-on modules.

In addition, the CRM system SAP C4C goes live to strengthen the Sales teams.

July 2018

MOBOTIX has announced the market launch of MOBOTIX MOVE, a new family of video surveillance cameras designed to complement the company's existing portfolio. The new models offer end customers practical additional functions.

September 2018

MOBOTIX at Security Essen 2018: With officially certified solutions for corporate security and many innovative hardware and software developments „Made in Germany“, MOBOTIX is represented at Security Essen.

At the GIT Security Award, the MOBOTIX S16 Thermal was able to assert itself against a large number of renowned security solutions in the area of CCTV/video security and was awarded first prize.

Torridon Hotel, Scotland

The Torridon Hotel and Inn is located in one of the most spectacular and idyllic locations in Scotland. It has attracted a number of high profile guests and is the location for several films and TV series. During a major refurbishment in 2015-16, senior management decided to install a well-regarded analogue CCTV system. Beside an all-inclusive and high resolution system the Managing Director also had other criteria around the installation and physical appearance of the cameras because some parts of the building are nearly 150 years' old, which means it had to be careful in terms of where cameras can be installed. By using innovative MOBOTIX hemispheric technologies it was able to use fewer cameras to discreetly cover larger areas. Including thermal imaging cameras in the car park area and key entry points could be achieved with just 20 MOBOTIX cameras.

"The whole system has proven incredibly reliable and overall the professionalism shown by Ness Tec has delivered us a modern video security system capability that helps to protect our guests, staff and property."

— Rose-Bristow, The Torridon Hotel



Collège St. André, France

A new video security system had to be implemented to ensure the security of everyone on the premises of the Collège Episcopal Saint André school in Colmar, France, as well as to prevent vandalism and violent behavior. In addition to an MxManagement-Center and MxDisplay remote station, 60 out of a total of 90 cameras have already been installed, including both indoor and outdoor cameras. Installation had to be carried out in several stages since the school consists of several buildings.

MOBOTIX partner MILEX, which is responsible for the project, installed additional indoor models in the summer of 2017 in order to equip the two remaining school buildings and the administrative building. The new annex is scheduled to be equipped with cameras in 2018. The MOBOTIX security systems enable the school to protect pathways and better monitor external visitors coming and going. The MOBOTIX App for iOS allows staff to view camera images and open gates while they are away from the premises.

"The MOBOTIX solution has allowed us to secure our main pathways, such as gates and corridors leading to classrooms, and to better monitor external visitors coming and going. The school wanted a solution that could be integrated with the existing network infrastructure, without overloading it. The process of adding 60 cameras to our computer network was entirely transparent, thanks to MOBOTIX. Being able to record videos on the camera's SD card and send them to an NAS system overnight is highly useful for us. The students have been informed about the use of the security solution, and after installing the cameras, we found that everyone felt safer."

— Béryl Gondouin, IT Responsable at the Collège Episcopal



Bergen County, USA

The Bergen County Sheriff's Office (BCSO) in Hackensack is the largest law enforcement agency in all of Bergen County in the American state of New Jersey. High-resolution video images are absolutely crucial in the field of criminal justice for identification purposes and for preserving evidence, which is why the premises are now equipped with state-of-the-art technology. Bergen County relies on MOBOTIX cameras and Pivot3 storage to provide high-resolution videos and enable cost-effective and expandable centralized storage.

The goal of this project was to deploy an IP video system at all facilities for identification purposes and for providing evidentiary support in liability claims. For example, the audio and video functions provide officers with the extra eyes and ears they need to stay a step ahead of possible incidents. D14 DualDome cameras, Q24 Hemispheric cameras, T24 Door Stations and M12 DualNight cameras were installed in the buildings, among other products. The MOBOTIX Vandalism V15, which is protected against vandalism by 5-mm stainless-steel armor plating, was specifically designed for extreme situations, which made it the perfect choice for this project.

“One of the most beneficial aspects of the system is that it is completely scalable. As we expand our facilities [...] we can deploy additional layers of security. Furthermore, the system has delivered significant cost savings, as we were able to deploy fewer cameras.”

— Mickey Bradley, Inspector at the Sheriff's Office of Bergen County



Kardex MLOG, Germany

Fast, punctual deliveries are the be all and end all in logistics. Flawless operations in a fully automated warehousing system with as few downtimes as possible can prevent significant economic losses. This is why Kardex Mlog equips its storage and retrieval systems with MOBOTIX S15D cameras. Kardex Mlog especially appreciates that the video systems can be ideally adapted to pre-existing IT infrastructures and do not require any additional cables or programs.

Each storage and retrieval system is equipped with an S15D camera, providing a 360-degree bird's eye, all-round view. The installed video systems now also give the warehouse operators the option to analyze the cause of the disruption using the recording and quickly implement targeted troubleshooting measures.

“The downtimes have been reduced by 25 to 30 percent on average since the camera system has been installed. In my opinion, the system is unrivaled on the market.”

— Norbert E. Raif, Managing Director at IBC Raif GmbH



New Products in FY 2017/18

Second Generation of the Mx6 Camera Line (MOBOTIX IoT Video Systems)

Since mid-June 2018, MOBOTIX will offer its second generation Mx6 camera line with integrated MxBus functionality (camera types x16B/x26B). The MxBus technology is based on an extended camera board. This two-wire cable system developed by MOBOTIX is encrypted against cyberattacks and expands camera functions by including practical additional MOBOTIX modules such as the MX-GPS-Box, a reliable time server for a complete video system.

Within a MOBOTIX video system, Mx6 cameras without MxBus can also process and use the data from an MxBus module that is connected to a camera within the same network. For example, they can access the time signal from a GPS-Box or activate their own recording through MxMultiSense modules placed at the ceiling of a room via MxMessageSystem.

The new x16B/x26B models feature the same exterior structures as the corresponding first-generation Mx6 cameras. This means that all of the sensor modules, mounts and system components that they contain can also be used for the latest generation of MOBOTIX cameras.

All first-generation Mx6 camera models (x16A/x26A) are also available as corresponding second-generation camera models with MxBus (x16B/x26B). In order to use the MxBus functionality with the Indoor cameras c26B, i26B, p26B and v26B, as well as to add two additional inputs and two outputs to the camera, an additional MxIOBoard-IC is required.

MOBOTIX MOVE Camera Program

With the new MOBOTIX MOVE series, MOBOTIX launched its first cameras in summer 2018 that are equipped with standard functions such as Wide Dynamic Range, integrated IR illumination or electromechanical PTZ that were previously not available with MOBOTIX and support the ONVIF S and G profiles.

Available in 4 models including bullet, vandal proof bullet and fixed dome and two speed domes; all models are PoE powered and IP66/IK10 rated for flexible deployment.

“MOBOTIX MOVE is a recognition that we need to bring the same level of MOBOTIX expertise to a wider range of projects that have a specific requirement,” explains Thomas Lausten, Chief Executive Officer of MOBOTIX.

“We listened to our global customers and integrators and created a new product family that delivers standards-based features while retaining the build quality, reliability and innovation that MOBOTIX is renowned for within the security and access control market.”

MOBOTIX MOVE also is the first MOBOTIX camera range with motorised varifocal lenses, high speed mechanical Pan-Tilt-Zoom, Speed Domes and Wide Dynamic Range sensors at up to 4MP resolution. The built-in software offers Smart Event functions, remote zoom and focus plus iris control on Autofocus Lens. Each device includes a built-in SD card slot and certain models have integrated IR LED illumination. The true day/night feature with integrated movable IR cut filter technology provides colour

images at day time and monochrome infrared sensitive images at night. With full ONVIF support, MOBOTIX MOVE cameras can natively support the widest range of video management software and NVR devices including PTZ control, audio, multicasting and relay outputs.

“With the addition of MOBOTIX MOVE, our customers now have more choice without compromising on quality,” says Lausten, “All MOBOTIX



MOVE products are specified and tested by MOBOTIX in Germany and manufactured under supervision. Our customers can be sure that we won't lose our product DNA and all MOBOTIX MOVE

branded devices are delivered and supported according to the same high-quality standards our customers expect," Lausten adds.

Pioneering The Video Security Industry

MOBOTIX Is More Than Just Another Camera Manufacturer

We do not see ourselves as a classic manufacturer of cameras. In terms of IoT, our video systems are computers with lenses, working intelligently and with embedded storage capacities. MOBOTIX is distinctly characterized as a pioneering global company that is developing solutions based on the German way of engineering and approaching things as this is appreciated as being particularly innovative and of high quality.

MOBOTIX stand apart with their uncompromisingly reliable, intelligent solutions that can be expanded virtually without limits and which ensure long-term investment security. The company remains true to the core values and DNA, including their proprietary software, hardware and the MxPEG+ video codec, for example. It was specially developed for security applications and has enormous advantages in times of cyber attacks and threats.

We will stay true to our original DNA, while also opening up our systems for integration and increased usability. The ONVIF industry standard is included in our products and facilitates using them within third-party video management systems and integration more easily in projects. As a video surveillance provider, we are the right choice for everyone who seeks intelligent systems to enhance daily business, security and life. To deliver this promise, we provide the appropriate mix of networked hardware, software and service products.

Integrated Intelligence

MOBOTIX IP video systems have been optimised for remote applications and cloud-based technology because they can reduce video bandwidth by scaling the size and frame rate. However, image details are still available thanks to the onboard virtual PTZ functionality. The cameras store high-resolution video onboard while also delivering low-bandwidth live images and playback, on demand. Additionally, MOBOTIX cameras can manage an event-driven video ring buffer via network or Internet. The live channel and the recorded video are highly secured because the video encryption is performed inside the camera.

100% Future-Proof: Added Values And Artificial Intelligence

The decentralized intelligence in our camera system is crucial for Artificial Intelligence and makes it easier for our products to communicate with other sensors and devices in the network to help achieve solutions "Beyond Human Vision." These solutions include reliably detecting threats by combining various sensor technologies, as well as independently initiating actions to defend against such threats. Meanwhile, the state-of-the-art data analysis function, located on the camera itself, helps users increase process efficiency and develop innovative business models. Future software updates will enable totally new functions, such as recognizing license plates, faces or voices.

Quality And Reliability “Made in Germany”

The Most Robust Cameras In The Industry

MOBOTIX provide high-quality video surveillance systems that ensure comprehensive security in a modern, networked world. Fields of application include most demanding security areas like prisons, airports or soccer stadiums because MOBOTIX systems have no restrictions in terms of number of users or cameras. The professional VMS and the video analysis are parts of the system offering.

MOBOTIX cameras can withstand extreme weather conditions and temperature fluctuations over a long period of time. No additional protective housings or air conditioning measures are required for outdoor installation. The standard fiberglass-rein-

forced camera housing offers optimum protection against corrosion and direct sunlight.

Extensive Warranty Up To 8 Years

At MOBOTIX, we don't just talk about quality - we deliver it. We have therefore extended our standard warranty to three years: The new RMA and Warranty scheme applies to all of the Mx6 camera range, MxDisplay, MxThinClient, Mx Interface Boxes and sensors, Mx2Wire +, MxSwitch, MxSplitProtect, and all of their related accessories.

For Mx6 products a warranty extension of up to five additional years can be purchased.

Cyber Security included

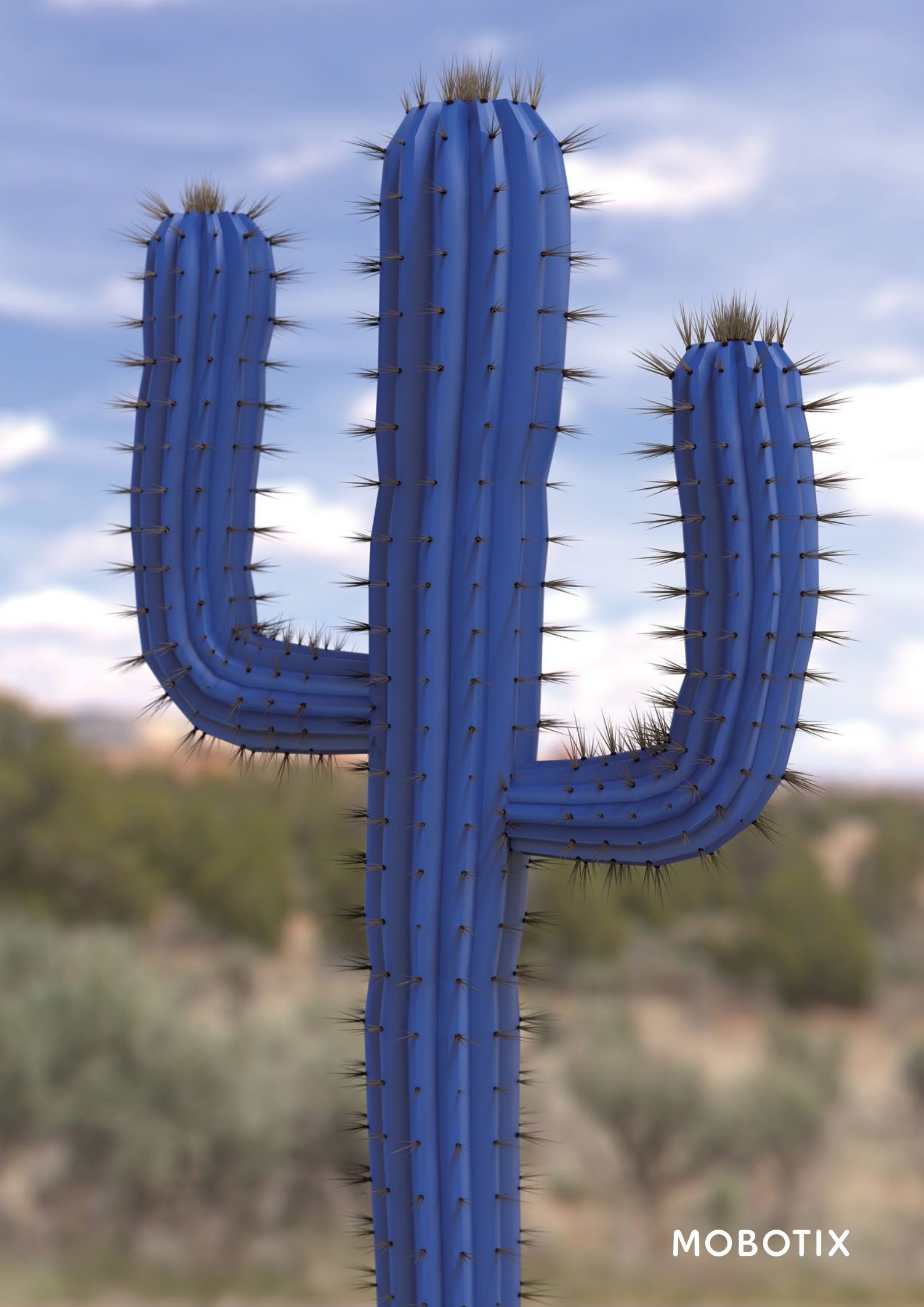
The MOBOTIX “Cactus Concept”

MOBOTIX is constantly developing the unique “Cactus Concept” in order to provide even more reliable and comprehensive protection for its premium products Made in Germany. With an intelligent MOBOTIX video system that is immediately ready for use and meets the constantly changing requirements of the modern world, MOBOTIX customers protect themselves reliably against serious attacks by hackers.

SySS-certified IT security

The IT security of MOBOTIX has effectively been tested and certified in August 2018 by SySS GmbH, the market leader for penetration tests in Germany. In several scenarios, our hardware and software components were subjected to simulated hacker attacks. This and regular future testing will further extend our industry-leading cyber security standards.





MOBOTIX

Dear Sir or Madam, Dear Shareholders,

with a revenue in the amount of €63.9 million (excluding component sales) in the 2017/18 financial year, the MOBOTIX Group was unable to meet the planned revenue target of €65 million. It did, however, significantly exceed its profit target of €0.7 million with an EBIT of €1.0 million.

The number of camera systems sold decreased by 1.5% in comparison to the previous year. Declining sales volume has been recorded due to the continued increased competition, particularly from Chinese camera suppliers, but also due to expectations not being met by partners and end customers. A higher-than-average decline in sales was reported particularly in Germany, the Benelux region and in Australia, while sales volumes increased in the American market and in the MEA region.

EBITDA is equivalent to 5.0% of the total operating output (excluding component sales) and amount to €3.2 million, which corresponds to an increase of €8.5 million in comparison to the previous year. EBIT is equivalent to 1.6% of the total operating output (excluding component sales) and amounts to €1.0 million in comparison to -€7.6 million in the previous year. The 2017/18 financial year ended on an annual net income of €0.4 million compared to an annual net loss of €6.3 million in the previous year, which, however, was burdened by restructuring costs of €1.4 million after tax effects.

Personnel costs were significantly reduced compared to the previous year (-€2.2 million), as were other operating expenses (-€5.7 million).

Total liabilities to banks are €17.0 million. Equity remained virtually unchanged from the previous year. The equity ratio is 51.4% compared to 49.0% in the previous year. MOBOTIX AG's financial position therefore remains satisfactory.

The business activities generally met the expectations of the Management Board and Supervisory Board for business performance.

The main task and challenge in the new year is the implementation of the new product strategy focusing on smart cyber secure video solutions that offer a clear competitive advantage. This strategy is based around a new camera platform which provides additional possibilities for intelligent IoT devices. Optimization of the MOBOTIX AG income model using license models to monetize the MxManagementCenter video management software

remains a further focal point; these models are available alongside the MxMC versions free of charge, which continue to be. In addition, the timely implementation of an SAP ERP and CRM system is the precondition for more effective and more efficient processes.

At 5% in the period 2018 to 2022, 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. Above-average growth is expected in the Americas region in particular.

The study forecasts that global annual sales growth from 2018 to 2022 will average 23% for network cameras with a resolution of between 6 and 8.3 megapixels. At the same time, IHS Research is expecting a 16% annual average decline in prices. As such, the decline in prices already forecast in previous studies will continue.

MOBOTIX is reacting to increased competition by introducing new competitive products such as the MOBOTIX MOVE product line, adapting industry standards such as ONVIF and H.264 and improving integration into leading video management systems but also with complementary products such as PTZ cameras to gain access to new market segments. As a highly innovative technology company, MOBOTIX sets itself apart from its competitors above all else through its complete system solution package and solutions tailored to vertical focus markets.

MOBOTIX intends to add peripheral components such as a switch, IR emitter and NAS to its range of products, thus offering a complete system from a single provider and giving itself a competitive edge.

A number of technology partnerships were concluded during the 2017/18 financial year as a response to the diverse requirements in the vertical markets with optimally tailored complete solutions.

Since 2016, Konica Minolta has been a strategic investor in MOBOTIX with the intention of continuing to improve MOBOTIX's leading camera technology through innovations such as new high-resolution image sensors and high-quality lenses and to strengthen the sales team around the world. Collaboration with Konica Minolta was further expanded in the area of R&D during the reporting year, focused on developing new video surveillance

technologies. The sales through the Konica Minolta global channel as well as joint R&D contributed to the profitability of MOBOTIX in 2017/18.

In the past financial year, the Supervisory Board advised and monitored the Management Board chiefly on business-related matters with a special focus on the sales and product strategy, on product development activities and on the business organization, including HR-related measures. The Supervisory Board dealt extensively with the respective current state of business as well as corporate and liquidity planning multiple times.

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.

Consultation, Review And Monitoring Methods

The Management Board has fulfilled its duties to inform. It provided the Supervisory Board with regular, comprehensive and timely information about all issues relevant for the Group in its meetings, such as the situation of the company, technology strategy, product development, business performance, the financial position, the personnel situation and ongoing and new investment projects, as well as about any important decisions and 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 ample opportunity in all cases to critically analyze the Management Board's reports and proposed resolutions and to put forward our own suggestions before passing resolutions following in-depth examination and consultation. The Management Board was available to answer our questions at the Supervisory Board meetings.

The Supervisory Board intensively monitored the work of the Management Board during the reporting year. The Supervisory Board worked as usual closely with the Management Board based on mutual trust in the interest of cooperative and constructive interaction. The Supervisory Board was always involved in all decision-making of fundamental importance for the company in a comprehensive and timely manner. Following in-depth consultation and examination of the extensive documents provided to us by the Management Board, we approved individual transactions where required by the articles of association or stock corporation 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 (Aktiengesetz, AktG). The remaining distributable profit in the amount of €819,476.92 shall be carried forward to new account. 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. With respect to transactions requiring approval, such as the Master Service Agreement with Konica Minolta Inc., the contract with our supplier regarding the manufacture and supply of board assemblies, the "Fit for the Future" company agreement, the employee participation program and the introduction of the MX MOVE OEM camera line, the Supervisory Board agreed to the measures proposed by the Management Board after a detailed review 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. There were no conflicts of interest concerning members of the Supervisory Board or the Management Board.

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 2017/18 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

A total of seven meetings of the Supervisory Board took place in the 2017/18 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 Management Board presented an initial financial report for the past financial year 2016/17 at our first meeting in November 2017. In addition, business plans for the 2017/18 financial year were discussed extensively and decided on, the current status in relation to the necessary restructuring measures was presented and the future product and development strategy was discussed.

The focus of the discussions in the second meeting in February 2018 was on current revenue and profit trends and current developments in the ongoing financial year. An employee participation program and the collaboration with Konica Minolta were also discussed.

At our meeting on 2 March 2018, Hartmut Sprave was appointed as a member of the Management Board with effect from (no later than) 1 September 2018 for a period of two years. Klaus Kiener was reappointed as the Chief Financial Officer with effect from 1 April 2018 for a period of three years.

At the end of March 2018, we closely examined the annual and consolidated financial statements as of 30 September 2017 in the presence of the auditor. All questions were answered in full by the auditors. In this meeting, we passed a resolution to adopt the annual financial statements and approve the consolidated financial statements.

The agenda for the Annual General Meeting and the proposed resolutions, including the proposed resolution for the distribution of profits, were adopted in the meeting at the start of April

2018. Business performance during the first six months and the necessary measures were also discussed in the meeting in April.

In the meeting directly before the Annual General Stockholders' Meeting in May 2018, the Management Board reported on the status of the implementation of the EU General Data Protection Regulation (GDPR) as well as the Group's current position. Furthermore, Christiane Kampling was presented as the new Head of Marketing & Corporate Communications. The Supervisory Board and the Management Board discussed the new product vision and strategy.

In our last meeting in September, the final budget and investment plan for the 2018/19 financial year were submitted to the Supervisory Board and approved. A possible five-year plan was discussed, and the regional sales strategies and the priorities of the partnerships were explained.

The Supervisory Board held discussions on multiple occasions and maintained regular contact with the Management Board and in particular with the CEO between the meetings to discuss significant issues.

Discussions about company development, sales and marketing activities, the status of product development and the technology partnerships, including the collaboration with Konica Minolta, the implementation of the new IT infrastructure, pending legal proceedings and share price performance 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. The development of the subsidiary in the U.S. was discussed on an ongoing basis.

Audit of the 2017/18 Consolidated Financial Statements of MOBOTIX AG

In keeping with the resolution of the Annual General Stockholders' Meeting in May of 2018, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, was appointed by the Supervisory Board as the auditor for the annual financial statements and consolidated financial statements for the 2017/18 financial year. A statement of independence was obtained from the auditor in advance and did not lead to any objections.

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 2018 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 2017 to 30 September 2018 was also audited by the auditor and an unqualified audit opinion was issued respectively:

“Based on the results of our audit, the dependent company report does not give rise to any reservations. We have therefore issued the following auditor's report:

Based on our audit and assessment, which were carried out in accordance with professional standards, we confirm that

- 1. the factual statements made in the report are correct*
- 2. the payments made by the Company in connection with the transactions detailed in the report were not unreasonably high or any disadvantages have been compensated*
- 3. there are no circumstances that would require a materially different assessment of the measures listed in the report than that of the management board.*

Mannheim, 22 November 2018.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

*Kaschub, German Public Auditor
Ringle, German Public Auditor“*

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, 31 October 2018

The Management Board“

In its meeting on 29 November 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 - as in the previous year - 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. Mrs. Hinkel intends to resign as a member of the Supervisory Board with effect from the end of 24 January 2019. 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 four members in the past financial year. 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. Hartmut Sprave took up the role of CTO on 1 June 2018.

The Supervisory Board would like to thank all Group employees around the world and the Management Board members for their hard work in the 2017/18 financial year and their great personal commitment. We would also like to express our gratitude for the trusting cooperation of the employee representatives.

We are convinced that the MOBOTIX Group is well positioned for the future to grow profitably in the 2018/19 financial year and beyond. The cooperation with Konica Minolta is opening up quality growth opportunities in the medium term both for technological order development and in sales.

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, 29 November 2018

For the Supervisory Board



Yuji Ichimura

Our Mission

Develop cyber secure and decentralized, low-energy systems in a close and honest co-operation with our global partners.

We want to protect people and assets while saving money for our endusers in all installed MOBOTIX systems.

MOBOTIX

Basic Information On The Group

Technology And Products

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

As part of the decentralized IoT 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 component in the product portfolio of MOBOTIX AG that supports business is the video management software MxManagementCenter (MxMC). In the financial year 2017/18, the range of functions as well as user-friendliness were greatly improved on the basis of market feedback, among others through the introduction of licensed add-ons such as a configuration tool and a POS add-on, and performance on Windows and Macintosh systems was enhanced.

IT security is a central component of MOBOTIX technology. It is ensured on the basis of a combination of decentralized IoT technology and the MxMC video management software developed

in-house. MOBOTIX is working together with Syss GmbH, a well-regarded independent provider of penetration testing services, as part of the “MOBOTIX Cactus Concept” cyber security campaign launched in 2017. Within the scope of this partnership, the Mx6 camera line was certified as “cyber secure” by Syss in 2018.

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. Along with the Mx6 camera series, MxMC will also support these industrial standards from Autumn 2018. 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+. A number of new technology partnerships were concluded during the 2017/18 financial year. The aim here was to continue efforts to integrate MOBOTIX cameras into more and more third-party systems and hence open up market opportunities that had previously been closed to the company.

In order to be in the best position possible to meet the demands of individual projects and tenders, the MOBOTIX MOVE camera line, which consists of four models, was launched in summer 2018 to supplement MOBOTIX’s existing range of IoT cameras.

The MOBOTIX camera portfolio is rounded off by the M16D-Thermal and S16D-Thermal product lines. The Dual-Thermal camera systems are optionally available as thermal radiometry models that feature calibrated high-end thermal image sensors.

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

Total Operating Output

€66.9 million (+0.7%)

Revenue

€66.4 million (+1.4%)

The launch of the new T26 generation of Door Stations at the end of the financial year 2017/18 ensured the continuity of the product line.

Structure Of The MOBOTIX Group

The MOBOTIX Group consists of MOBOTIX AG, Winnweiler/Langmeil, Germany; MOBOTIX CORP, New York, USA; MOBOTIX LIMITED, Nottingham, UK; MOBOTIX SINGAPORE PTE. LTD., Singapore; and MOBOTIX AUSTRALIA PTY LTD, Sydney, Australia. MOBOTIX LIMITED, Nottingham, UK; 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. MOBOTIX DO BRASIL SERVICOS EM SISTEMAS DE SEGURANCA LTDA., São Paulo, Brazil, was liquidated in the financial year 2017/18.

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 Dr. Tristan Haage (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.

Furthermore, there are distribution agreements in place with individual regional companies of the Konica Minolta Group.

The MOBOTIX Group's export ratio in the financial year 2017/18 was 67% (previous year: 65%).

Research And Development

The MOBOTIX Group employed 68 people (by headcount) in its Product organization as of 30 September 2018. 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. Collaboration with Konica Minolta was further expanded in the area of R&D in the financial year 2017/18, with plans for even greater cooperation in 2018/19.

MOBOTIX were again in a position to present numerous product innovations and evolutions in the financial year 2017/18.

A number of new functions were added to the MxBell app available for iOS and Android devices in March 2018. For example, a playback view to search for clips filtered by video source and time and a grid view to display up to four cameras at once in the live feed were added to the previous functions already available.

MOBOTIX began series production of the Mx6B camera line, which includes high-performance outdoor, indoor and thermographic cameras as well as an expanded list of functions, in June 2018. This means that the MxBus standard developed by MOBOTIX is also used in the Mx6 line. The other advantages of the Mx6A line, including higher frame rates, ONVIF compatibility and several added firmware functions, continue to be available in the Mx6B line. A firmware update announced for Q4 2018 will deliver full ONVIF compatibility as well as higher frame rates and extra functions.

The MOBOTIX MOVE camera line was added to the portfolio alongside the Mx6B series in summer 2018. This line consists of four models (one Bullet, one VandalDome and two PTZ cameras). The line was launched in order to be in the best position possible to respond to the demands of individual projects and tenders and hence open up further market opportunities. The MOBOTIX MOVE line supports the ONVIF/ H.264 industry standards while also offering integrated IR illumination, autofocus lenses and WDR functions which had hitherto not been offered in the MOBOTIX portfolio.

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

Starting with MxMC version 1.8 launched in May 2018, there is a central configuration tool available from MOBOTIX; MxMC 2.0, which will be released in Q4 2018, will include a number of additional configuration options. The first licensed add-on feature, MxMC POS, was released alongside the configuration tool in May 2018. This add-on allows information from Vectron POS systems to be linked with recordings from MOBOTIX cameras which enables change to be checked quickly or detailed searches to

be carried out. The release of MxMC 2.0 includes additional licensed add-ons that, for example, make it possible to add MOBOTIX MOVE cameras. 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 it will soon be individually extended to include high-quality, application-specific additional features.

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

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.

A market survey from July 2018 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 5% between 2018 and 2022. In particular, growth potential is expected to be above average in the Americas. Conversely, the IHS study concludes that growth for the EMEA region beyond the specified period will be low. In addition, growth in the Asia and China submarkets is in line with expected global growth in the market for network camera systems.

The study forecasts that global annual sales growth from 2018 to 2022 will average 23% for network cameras with a resolution

of between 6 and 8.3 megapixels. At the same time, IHS Research is expecting a 16% annual average decline in prices. As such, the fall in prices already forecast in previous studies will continue.

Business Activities

In the financial year 2017/18, the MOBOTIX Group's revenue from sales increased by 1.4% year-on-year, from €65.5 million to €66.4 million. Revenue from sales comprises revenue from component sales to contract manufacturers in the amount of €2.5 million (previous year: €2.4 million) and, for the first time, revenue from order development and services for Konica Minolta, Inc., Tokyo, Japan, in the amount of €1.8 million. As a result, sales excluding component sales increased by €0.8 million, or 1.3%, compared to the previous year. Revenue from the sale of video security systems and software declined 1.5% to €62.1 million (previous year: €63.0 million). The decline in revenue from the sale of video security systems and software is mainly due to the decline in the number of camera systems sold, which was down 1.5% from

EBITDA

€3.2 million

EBIT

€1.0 million

the previous year. 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 launched the previous year. A higher-than-average decline in sales was reported particularly in Germany, the Benelux region and in Australia, while sales volumes rose in the American market and in the MEA region.

The total operating output (revenue from sales, increase in the inventory of finished goods and work in progress, own work capitalized) rose year-on-year by 0.7%, from €66.4 million to €66.9 million. Adjusted for revenue from component sales to contract manufacturers, the total operating output also increased by 0.6% from the previous year. Given a gross profit of €36.1 million (previous year: €35.9 million), which was slightly higher than in the previous year, a significant improvement in the annual result was achieved thanks to the successful implementation of the restructuring program at the beginning of the financial year and further cost savings. The annual result improved by €6.7 million to €0.4 million (previous year: -€6.3 million).

EBITDA (earnings before interest, tax, depreciation and amortization) in the amount of €3.2 million for the financial year is €8.5 million higher than in the previous year (previous year: €-5.3 million).

Owing to the negative business development in the financial year 2016/17, 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 as strengthening product development and marketing in particular, and focusing the sales structure on growth markets. These measures led to sales stabilizing and contributed to a significant improvement in business performance.

The keystones of this are a streamlined and consequently more efficient operational organization, adapted job profiles, more efficient work processes and investment in the IT infrastructure (SAP/ERP and SAP/CRM implementation).

The restructuring program led to job cuts which were carried out in a manner that was as socially responsible as possible within a “volunteer program” that was concluded on 23 October 2017 along with the works council with the signing of the partial reconciliation of interests and the company agreement on the “volunteer program.” In addition to job cuts, the restructuring program also includes all investments made to strengthen the IT infrastructure (SAP/ERP and SAP/CRM implementation), 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.

Non-financial performance indicators are of minor importance for understanding the MOBOTIX Group’s business performance and position.

Total assets

€50.9 million (-5.1 %)

Equity

€26.1 million (-0.5 %)

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

Results Of Operations

The financial year 2017/18 saw an increase in sales of the MOBOTIX Group of 1.4%, from €65.5 million in the previous year to €66.4 million. Revenue from sales comprises revenue from component sales to contract manufacturers in the amount of €2.5 million (previous year: €2.4 million). The increase in sales is mainly due to revenue in the amount of €1.8 million from orders development and the services for Konica Minolta, Inc., Tokyo, Japan, which was included for the first time. Revenue from the sale of video security systems and software declined 1.5% to €62.1 million (previous year: €63.0 million).

The export ratio (excluding component sales) was 66.7% in the 2017/18 financial year (previous year: 64.8%). Revenue from the sale of video security systems and software fell from €22.2 million in the financial year 2016/17 to €20.6 million (-7.2%). The rest of Europe (excluding Germany) accounts for €21.1 million (previous year: €20.2 million). Sales in the rest of the world declined by 1.3%, from €20.6 million in the previous year to €20.3 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, other own work capitalized) increased year-on-year by 0.7%, from €66.4 million in the previous year to €66.9 million in the 2017/18 financial year. This is primarily due to the increase in sales.

Other operating income rose by €0.4 million to €1.1 million. The increase is mainly due to the release of provisions for restructuring in the amount of €0.2 million and income from foreign currency translation.

The material usage ratio (cost of materials, excluding component sales, adjusted for changes in inventory, in proportion to revenue

from the sale of video security systems and software) rose year-on-year to 44.8% in the 2017/18 financial year (previous year: 43.1%).

The decrease in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 34.8% in the financial year 2017/18 (previous year: 38.3%) is mainly due to the decrease in personnel costs. Personnel costs in the financial year 2017/18 fell year-on-year by €2.2 million (8.8%). This is mainly due to the lower average number of employees, among others as a result of the “Fit for the Future” restructuring program.

Depreciation, amortization expenses and impairment losses in the financial year 2017/18 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 €11.7 million in the financial year 2017/18 (previous year: €17.4 million), adjusted for the allocation to restructuring reserves in the amount of €1.8 million, fell year-on-year by €3.9 million (-25.0%). This drop in other operating expenses was primarily due to the cost-saving measures already launched in the financial year 2016/17, in particular for delivery costs, marketing costs and miscellaneous other operating expenses. Marketing expenses were reduced by €0.5 million. Sales-related expenses for goods deliveries were reduced by €0.6 million. Charges for value adjustments also fell by €1.0 million while currency losses decreased by €0.6 million. Conversely, expenses related to temporary workers increased by €0.3 million as a result of the insourcing of the final assembly of indoor cameras from external contract manufacturers.

EBITDA (5.0% of total operating output excluding component sales; earnings before interest, tax, depreciation and amortization)

Percentage exported to other countries
66.7 %

Cash flow from operating activities
€ -0.9 million

comes to €3.2 million (2016/17: -€5.3 million). EBIT (1.6% of total operating output excluding component sales; earnings before interest and tax) amount to €1.0 million (2016/17: €-7.6 million). The 2017/18 financial year ended on an annual net income of €0.4 million (2016/17: net loss of €6.3 million) and a return on revenue (excluding component sales) of 0.7% (2016/17: -10.0%).

Net Assets

Non-current assets decreased by €0.4 million, or -2.2%, to €17.5 million. Capital expenditure of €1.8 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 in the amount of €1.2 million and in technical equipment and machinery as well as office furniture and equipment in the amount of €0.6 million. Capital expenditure on intangible assets chiefly relate to investments in new IT infrastructure. Capital expenditure on technical equipment and machinery mainly comprised investment in injection molding tools and IT equipment.

Inventories, particularly work in progress, rose from €15.4 million to €16.2 million as a result of the introduction of the new Mx6 B line of cameras.

Trade receivables as of 30 September 2018 increased by €1.2 million to €11.2 million since the beginning of the financial year owing to higher sales volume in September 2018 compared with September 2017.

The higher volume of business with the Konica Minolta Group resulted in an increase in receivables from affiliated companies which rose from €0.9 million to €1.1 million.

Cash in hand/bank balances and cash equivalents as of 30 September 2018 rose to €2.7 million, representing a €4.8 million decrease since the beginning of the financial year (30 September 2017: €7.5 million) as a result of the recourse to the cash in hand from the refinancing for the restructuring and investments in the IT infrastructure (SAP/ERP and SAP/CRM implementation) carried out in September 2017.

Equity remained essentially unchanged at €26.1 million (30 September 2017: €26.3 million). The equity ratio rose from 49.0% to 51.4% on a balance sheet total that decreased by €2.7 million

(-5.1%) to €50.9 million (30 September 2017: €53.6 million). A dividend for the financial year 2016/17 in the amount of €0.5 million was paid in the financial year 2017/18. MOBOTIX held a total of 128,134 treasury shares as of 30 September 2018.

The decline in other provisions by €1.7 million to €4.3 million is mainly due to the use of provisions for restructuring.

The decrease in bank loans and overdrafts of €1.4 million to €17.0 million (30 September 2017: €18.4 million) is the result of the scheduled repayment of medium- and long-term loans.

Trade payables increased by €0.6 million to €2.6 million year-on-year as compared with 30 September 2017 (30 September 2017: €2.0 million).

Financial Position

Operating cash flow before changes in working capital came to €1.6 million in the 2017/18 financial year (previous year: -€4.0 million). The increase compared to the previous year is mainly due to the significantly stronger annual result before income taxes.

The cash flow from operating activities before taxes on income was -€0.9 million in the financial year 2017/18 (previous year: -€0.5 million). Given an operating cash flow of €1.6 million prior to changes in working capital, the increase in trade receivables (€1.2 million) and in receivables from affiliated companies (€0.9 million) led in particular to a negative cash flow from operating activities before taxes on income.

The net cash flow from investing activities amounted to -€1.8 million (previous year: -€0.9 million) and was mainly due to investment in intangible assets.

The negative cash flow from financing activities in the amount of -€2.1 million (previous year: €9.7 million) resulted primarily from the scheduled repayment of medium- and long-term loans totaling €1.4 million and the dividend payment of €0.5 million.

The changes in these individual cash flows resulted in total cash and cash equivalents of €2.7 million as of 30 September 2018 (30 September 2017: €7.5 million).

The Company's solvency was secure at all times during the financial year 2017/18. 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 decreased by €4.2 million year-on-year to €12.8 million as compared to 30 September 2017. Current liabilities, including provisions, rose from €10.3 million to €12.0 million. As a proportion of the MOBOTIX Group's balance sheet total, non-current liabilities decreased from 31.7% to 25.1%. Current liabilities, including provisions, accounted for 23.5% of total assets as of the reporting date compared with 19.3% as of 30 September 2017.

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

Results Of Operations

The 2017/18 financial year saw an increase in sales of MOBOTIX AG by 0.9%, from €62.9 million in the previous year to €63.5 million. Revenue from sales comprises revenue from component sales to contract manufacturers in the amount of €2.5 million (previous year: €2.4 million). The increase in sales is mainly due to revenue in the amount of €1.8 million from order development and services for Konica Minolta, Inc., Tokyo, Japan, which was included for the first time. Revenue from the sale of video security systems and software declined 2.0% to €59.0 million (previous year: €60.2 million).

The export ratio (excluding component sales) was 62.3% in the 2017/18 financial year (previous year: 63.1%). Revenue from the sale of video security systems and software fell from €22.2 million in the financial year 2016/17 to €20.6 million (-7.2%). The rest of Europe (excluding Germany) accounts for €21.1 million (previous year: €20.2 million). Sales in the rest of the world declined by 2.8%, from €17.8 million in the previous year to €17.3 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, other own work capitalized) increased year-on-year by 1.1%,

from €63.6 million in the previous year to €64.3 million in the 2017/18 financial year. This is primarily due to the increase in sales.

Other operating income rose by €0.3 million to €1.0 million. The increase is mainly due to the release of provisions for restructuring in the amount of €0.2 million.

The material usage ratio (cost of materials, excluding component sales, adjusted for changes in inventory, in proportion to revenue from the sale of video security systems and software) rose year-on-year to 46.1% in the 2017/18 financial year (previous year: 45.7%).

The decrease in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 33.5% in the financial year 2017/18 (previous year: 36.8%) is mainly due to the decrease in personnel costs. Personnel costs in the financial year 2017/18 fell year-on-year by €1.8 million (8.0%). This is mainly due to the lower average number of employees, resulting among others from the "Fit for the Future" restructuring program.

Depreciation, amortization expenses and impairment losses in the financial year 2017/18 in the amount of €2.2 million (previous year: €2.2 million) are identical to those of the previous year.

Employees

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

Of which are in Product Organisation

68

Other operating expenses in the amount of €10.6 million in the financial year 2017/18 (previous year: €12.8 million), adjusted for the allocation to restructuring reserves in the amount of €1.8 million, fell year-on-year by €2.2 million (-17.1%). This drop in other operating expenses was primarily due to the cost-saving measures already launched in the financial year 2016/17, in particular for delivery costs, marketing costs and miscellaneous other operating expenses. Marketing expenses were reduced by €0.5 million. Sales-related expenses for goods deliveries and expenses for legal fees and consulting costs each declined by €0.3 million. Charges for value adjustments also decreased by €0.9 million. Conversely, expenses related to temporary workers increased by €0.3 million as a result of the insourcing of the final assembly of indoor cameras from external contract manufacturers.

EBITDA (5.7% of total operating output excluding component sales; earnings before interest, tax, depreciation and amortization) comes to €3.5 million (2016/17: -€3.2 million). EBIT (2.2% of total operating output excluding component sales; earnings before interest and tax) amount to -€1.4 million (2016/17: -€5.4 million). The 2017/18 financial year ended on an annual net income of €0.8 million (2016/17: net loss of €4.1 million) and a return on revenue (excluding component sales) of 1.3% (2016/17: -6.8%).

Net Assets

Non-current assets decreased by €0.4 million, or -1.6%, to €24.5 million. Capital expenditure of €1.8 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 in the amount of €1.2 million and in technical equipment and machinery as well as office furniture and equipment in the amount of €0.6 million. Capital expenditure on intangible assets chiefly relate to investments in new IT infrastructure. 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 €14.0 million to €15.1 million as a result of the introduction of the new Mx6 B line of cameras.

Trade receivables as of 30 September 2018 increased by €0.8 million to €8.7 million since the beginning of the financial year owing to higher sales volume in September 2018 compared with September 2017.

The increased volume of business with the Konica Minolta Group mainly resulted in a rise in receivables from affiliated companies from €1.5 million to €5.2 million.

Cash in hand/bank balances and cash equivalents as of 30 September 2018 decreased to €2.4 million, representing a €4.7 million decrease since the beginning of the financial year (30 September 2017: €7.0 million). This resulted from the recourse to the cash in hand from the refinancing for the restructuring and investments in the IT infrastructure (SAP/ERP and SAP/CRM implementation) carried out in September 2017.

Equity increased slightly year-on-year to €33.5 million (30 September 2017: €33.2 million). The equity ratio rose from 55.4% to 58.0% on a balance sheet total that decreased by €2.2 million (-3.6%) to €57.7 million (30 September 2017: €59.9 million). A dividend for the financial year 2016/17 in the amount of €0.5 million was paid and €17.7 million was allocated to other retained earnings in the financial year 2017/18, in accordance with the resolution on the appropriation of earnings of 28 May 2018. MOBOTIX held a total of 128,134 treasury shares as of 30 September 2018.

The decline of other provisions by €1.6 million to €3.9 million is mainly due to the use of provisions for restructuring.

The decrease in bank loans and overdrafts of €1.4 million to €17.0 million (30 September 2017: €18.4 million) is the result of the scheduled repayment of medium- and long-term loans.

Trade payables increased by €0.7 million to €2.5 million year-on-year as compared with 30 September 2017 (30 September 2017: €1.8 million).

Financial Position

Operating cash flow before changes in working capital came to €1.9 million in the 2017/18 financial year (previous year: -€2.0 million). The increase compared to the previous year is mainly due to the significantly stronger annual result before income taxes.

The cash flow from operating activities before taxes on income was €-0.8 million in the financial year 2017/18 (previous year: €6.3 million). Given an operating cash flow of €1.9 million prior to changes in working capital, the increase in trade receivables (€0.8 million) and in receivables from affiliated companies (€1.5 million) led in particular to a negative cash flow from operating activities before taxes on income. At the same time, trade payables (€0.7 million) increased.

The net cash flow from investing activities amounted to -€1.8 million (previous year: -€7.6 million) and was mainly due to investment in intangible assets.

The negative cash flow from financing activities in the amount of -€2.1 million (previous year: €9.7 million) resulted primarily from the scheduled repayment of medium- and long-term loans totaling €1.4 million and the dividend payment of €0.5 million.

The changes in these individual cash flows resulted in total cash and cash equivalents of €2.4 million as of 30 September 2018 (30 September 2017: €7.0 million).

The Company's solvency was secure at all times during the financial year 2017/18. 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 decreased by €4.2 million year-on-year to €12.8 million as compared to 30 September 2017. Current liabilities, including provisions, rose from €9.7 million to €11.5 million. As a proportion of the MOBOTIX Group's balance sheet total, non-current liabilities decreased from 28.4% to 22.1%. Current liabilities, including provisions, accounted for 19.9% of the balance sheet total as of the reporting date compared with 16.2% as of 30 September 2017.

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 2017/18 mainly reflected the management's expectations for the performance of business during this financial year.

The planned revenue from sales of €65 million (excluding component sales) could not be achieved, as the revenue generated from sales was €63.9 million (excluding component sales). However, the EBIT for the financial year 2017/2018, €1.0 million, significantly exceeded the predicted amount (€0.7 million). As a result of the "Fit for the Future" restructuring program, personnel costs were significantly reduced year-on-year (by €2.2 million), as were other operating expenses (by €5.7 million).

Konica Minolta and MOBOTIX launched a strategic cooperation in the 2017/2018 financial year that focuses on the development of video surveillance technologies for existing channel partners.

The MOBOTIX Group had an equity ratio of 51.4% as of 30 September 2018, equity in the amount of €26.1 million, cash and cash equivalents in the amount of €2.7 million and unused short-term credit lines from banks in the amount of €20.5 million – all of which represents a satisfactory financial situation in order to make further investments in the IT infrastructure (SAP/ERP) as well as to boost product development and marketing and to focus the sales structure on growth markets.

Changes To The Management Board

Changes To The Management Board Of MOBOTIX AG

Dr. Tristan Haage, the Chief Sales Officer (CSO), chose to resign from the Management Board of MOBOTIX AG effective on 31 October 2017 for personal reasons, with the mutual consent of the Supervisory Board and Management Board, in order to accept a new professional challenge. Sales will be handled by the CEO, Thomas Lausten, until further notice.

Changes To The Management Board Of MOBOTIX AG

Dr. Oliver Gabel, the Chief Technology Officer (CTO), chose to resign from the Management Board of MOBOTIX AG effective on 30 November 2017 for personal reasons, with the mutual consent of the Supervisory Board and Management Board, in order to accept a new professional challenge. Technology was handled by the CEO, Thomas Lausten, until Hartmut Sprave took up this role.

Changes To The Management Board Of MOBOTIX AG

The MOBOTIX AG Supervisory Board appointed Hartmut Sprave as the new Chief Technology Officer (CTO) on 2 March 2018 and reappointed Klaus Kiener as the Chief Financial Officer (CFO) for another three years.

Hartmut Sprave succeeds Dr. Oliver Gabel, who had resigned in November 2017, and his experience includes many years in software and hardware development. Hartmut Sprave took up the role of CTO on 1 June 2018.

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.

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 5.2 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 are reported directly to those in charge of the units under review and to the Management Board.

Ad-hoc audits are carried out in order to identify and investigate current issues promptly. If required, these result in immediate process changes aimed at continuously improving the quality of processes. 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 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

Likelihood Of Occurrence	
Low	< 25 %
Medium	25 % – 50 %
High	50 % – 75 %
Very high	> 75 %

Possible Impacts (€)	
Low	< €0.1 million
Medium	€0.1 million – €0.2 million
High	€0.2 million – €0.7 million
Very high	> €0.7 million

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.

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 Tur-

key). 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 delivery times in this context is countered by the contractually guaranteed larger stock of inventory of components at suppliers and of finished goods. There are 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.

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

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.

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. Having said that, 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.

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.

Consolidated Annual Net Profit
€0.4 million

**Operating cash flow before changes
in working capital**
€1.6 million

Opportunity Report

MOBOTIX is active in the continuously growing video surveillance system market. This growth is mainly driven by increasing security demands, Industry 4.0 and the Internet of Things (IoT).

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

Over the coming months, MOBOTIX will develop intelligent IP video solutions for select market segments with a unique competitive edge (e.g., due to 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 or within the scope of preventative maintenance.

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

The Company intends to provide further software applications and add peripheral components (switch, IR emitter, NAS etc.) to the MOBOTIX MOVE segment, 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 leading video management systems from Genetec and Milestone.

The Management Board also optimizes the MOBOTIX income model by monetizing the MxMC video management software, for example, via license models. The MxMC versions that are available free of charge, as well as the ones that require licenses, will continue to be available alongside the latest versions of MxMC.

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

Moreover, the cooperation with Konica Minolta is already opening up growth opportunities in the medium term for technological order development as well as in sales.

Forecast Report

The increase in sales of the MOBOTIX Group projected for the financial year 2018/19 is around 6% compared with the financial year 2017/18 and leads to projected revenue from sales (excluding component sales) of approximately €67.5 million for the financial year 2018/19. The projected EBIT for the financial year 2018/19 is around €1.4 million, accordingly, representing an increase of 40%. For MOBOTIX AG, the Management Board also

forecasts a revenue sales of around €64 million (excluding component sales) and a positive EBIT that is slightly higher than that of the MOBOTIX Group.

The forward-looking statements made above are predictions.

Equity

€26.1 million

Equity ratio

51.4 %

Dependent Company Report

A report on the relationships with affiliated companies was prepared for the financial year 2017/18 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, 31 October 2018

The Management Board



Thomas Lausten • CEO

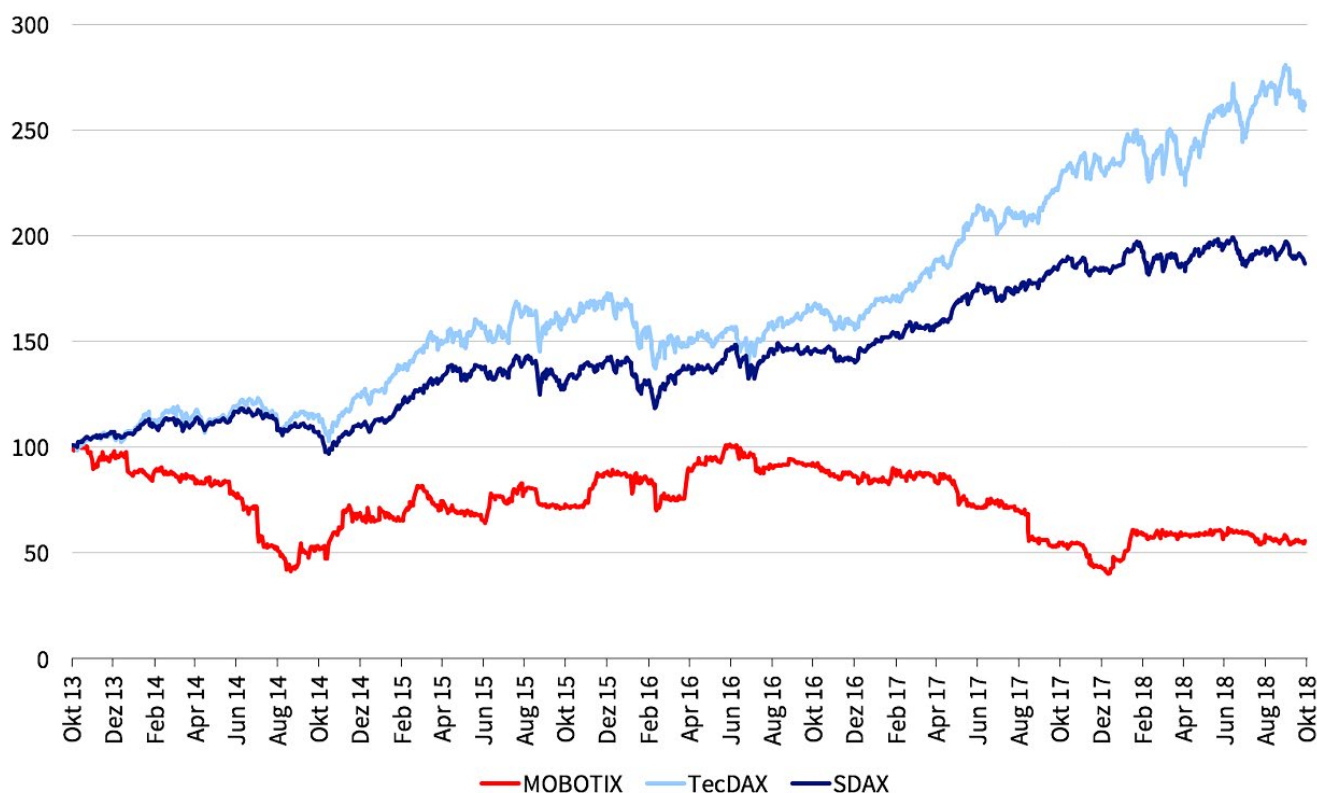


Klaus Kiener • CFO



Hartmut Sprave • CTO

Indexed Share Price Development



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 Notes	30.9.2018	30.9.2017
NON-CURRENT ASSETS			
Intangible Assets	(1)		
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets		532	112
Advance payments		725	88
		1,257	200
Property, Plants And Equipment	(1)		
Land and buildings, including buildings on third-party land		13,017	13,611
Technical equipment and machinery		2,440	2,992
Other equipment, factory and office equipment		742	1,045
Advance payments and assets under construction		10	16
		16,209	17,664
Financial Assets	(2)		
Shares in affiliated companies		0	0
		17,466	17,864
CURRENT ASSETS			
Inventories			
Raw materials and supplies		5,264	4,794
Work in progress		5,594	3,400
Finished goods		5,337	7,170
		16,195	15,364
Receivables And Other Assets	(3)		
Trade receivables		11,220	9,981
Receivables due from affiliated companies		1,145	201
Other assets		252	499
		12,617	10,681
Cash In Hand And Bank Balances		2,747	7,493
		31,559	33,538
PREPAID EXPENSES AND DEFERRED CHARGES		608	518
DEFERRED TAX ASSETS	(4)	1,224	1,648
ASSETS		50,857	53,568

Balance Sheet			
€'000s	See Notes	30.9.2018	30.9.2017
EQUITY	(5)		
Subscribed capital		13,271	13,271
./.. Treasury shares		-128	-128
(Corrected) subscribed capital		13,143	13,143
Capital Reserves		1,250	1,250
Retained Earnings			
Statutory reserve		77	77
Other retained earnings		17,678	0
		17,755	77
Equity Capital Difference From Currency Conversion		150	165
Loss carried forward (Previous Year: Profit carried forward)		-6,582	17,926
Consolidated Annual Net Profit (Loss)		419	-6,299
		26,135	26,262
PROVISIONS			
Other provisions	(6)	4,281	5,936
		4,281	5,936
LIABILITIES	(7)		
Bank loans and overdrafts		16,990	18,410
Advance payments received for orders		13	16
Trade payables		2,651	2,007
Liabilities to affiliated companies		149	136
Other liabilities		638	801
		20,441	21,370
LIABILITIES		50,857	53,568

Consolidated Income Statement			
€'000s	See Notes	2017/18	2016/17
Revenue from sales	(8)	66,376	65,487
Increase in finished and unfinished goods and work in progress		361	942
Other own work capitalized		166	0
Other operating income	(9,11)	1,093	735
Material costs		30,659	30,567
Expenses for raw, auxiliary and operating materials as well as for purchased goods		30,201	29,811
Expenses for purchased services		458	756
Personnel expenses		22,374	24,529
Wages and salaries		19,198	21,231
Social security and pensions of which relating to pensions €53,000 (previous year: €60,000)		3,176	3,298
Amortization of intangible assets and depreciation of property, plants and equipment		2,190	2,237
Other operating expenses	(9,11)	11,708	17,367
Depreciation of financial assets		0	4
Interest and similar expenses		172	335
Taxes from income and profit (expenses, previous year: profit)	(12)	438	-1,611
Current Taxes		14	-136
Deferred Taxes	(4)	424	-1,475
AFTER-TAX PROFIT		455	-6,264
Other Taxes		36	35
CONSOLIDATED ANNUAL NET PROFIT (LOSS)		419	-6,299

Cash Flow Statement		
€'000s	2017/18	2016/17
Jahresergebnis vor Ertragsteuern	857	-7,910
+ Income from interest	171	335
+ Amortization of intangible assets and depreciation of property, plants and equipment	2,190	2,237
-/+ Increase/decrease of other provisions	-1,656	1,367
+/- Profit/loss due to disposal of property, plants and equipment	2	-6
+ Other non-cash expenses	0	4
Operating cash flow before changes in working capital	1,564	-3,973
-/+ Increase/decrease of inventories, trade receivables as well as other assets that do not fall under investment or financing activities	-2,933	4,544
+/- Increase/decrease of trade payables as well as other liabilities that do not fall under investment or financing activities	463	-1,023
Cash flow from operating activities before taxes on income	-906	-452
+/- Income tax payments/refunds	-14	68
Cash flow from investing activities	-920	-384
- Cash outflows for purchases of property, plants and equipment	-589	-634
- Cash outflows for purchases of intangible assets	-1,203	-256
+ Cash inflows from disposals of property, plants and equipment	0	11
Cashflow aus der Investitionstätigkeit	-1,792	-879
- Dividend payments	-531	0
- Cash outflows for redemption of loans	-1,420	-4,584
+ Cash inflows from the take-up of loans	0	14,500
- Interest paid	-154	-224
Cash flow from financing activities	-2,105	9,692
Net change in cash and cash equivalents	-4,817	8,429
Net change in financial facilities due to exchange rate	71	-15
Cash and cash equivalents at the beginning of the reporting period	7,493	-921
Cash and cash equivalents at the end of the reporting period	2,747	7,493

Statement Of Changes In Equity						
€'000s	Subscribed capital	Treasury shares	(Corrected) Subscribed capital	Capital Reserves	Statutory Reserves	
As of 1 October 2016	13,271	-128	13,143	1,250	77	
Currency conversion						
Consolidated annual net loss						
As of 30 Sep. 2017	13,271	-128	13,143	1,250	77	
As of 1 October 2017	13,271	-128	13,143	1,250	77	
Allocation to reserves						
Distribution						
Currency conversion						
Consolidated annual net profit						
As of 30 Sep. 2018	13,271	-128	13,143	1,250	77	

Shareholding			
Company	Registered office	Sep 30, 2018	Sep 30, 2017
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 %

	Other Retained Earnings	Reserves	Equity capital difference from currency conversion	Profit carried forward (Loss carried forward)	Consolidated annual net profit (loss)	Group equity
	0	77	-264	17,926		32,132
			429			429
					-6,299	-6,299
	0	77	165	17,926	-6,299	26,262
	0	77	165	11,627		26,262
	17,678	17,678		-17,678		0
				-531		-531
			-15			-15
					419	419
	17,678	17,755	150	-6,582	419	26,135

A. 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 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.

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.

B. 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 2018.

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 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.

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 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, U.K., 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. MOBOTIX DO BRASIL SERVICOS EM SISTEMAS DE SEGURANCA LTDA., São Paulo, Brazil, was liquidated in the financial year 2017/18.

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 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.

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.

C. Information On Accounting Policies

Accounting Principles

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. Interest on borrowed capital is not included in the manufacturing costs.

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.

D. 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) Deferred Tax Assets

Deferred tax assets in the amount of €1,224,000 (previous year: €1,648,000) comprise accumulated tax losses of €1,087,000 (previous year: €1,444,000) incurred in the financial year 2016/17 and €157,000 (previous year: €204,000) 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 (€6,331,000) in future years, are not being recognized at present owing to the uncertainty surrounding the recovery of tax benefits.

(5) 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 2018. These no-par-value shares each represent €1.00 of the Company's share capital, which is fully paid-up.

The Annual General Meeting of MOBOTIX AG, Winnweiler/Langmeil, held on 28 May 2018, adopted a resolution to pay a dividend of €0.04 per share for the 2016/17 financial year. This constituted a total dividend payout of €531,000. The treasury shares held by the Company do not carry dividend rights. The dividend was distributed on 31 May 2018.

The Annual General Meeting held on 28 May 2018 adopted a resolution to authorize the Management Board once again – subject to compliance with the principle of equal treatment (Section 53a of the German Stock Corporation Act (AktG)) – to acquire treasury shares up to a total of 10% of the Company's existing share capital on or before 30 April 2023. 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.

At the Management Board's discretion, shares can be acquired on the open market or via a public purchase offer to all Company stockholders or by means of a public call to stockholders to submit offers to sell.

The Company did not purchase any of its own shares in the financial year 2017/18. Its treasury shares account for €128,000 of its share capital.

Financial Assets			
Name and registered office of company	Percentage of capital	Equity	Result in 2017/18
MOBOTIX LIMITED, Nottingham, UK*	100.0	1 British pound	0 British pounds
MOBOTIX SINGAPORE PTE. LTD., Singapore	100.0	SGD 95,000	SGD 19,000
MOBOTIX AUSTRALIA PTY LTD, Sydney, Australia	100.0	AUD 66,000	AUD 6,000

* not operational

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.

€17,678,000 was allocated to other retained earnings pursuant to the resolution adopted by the Annual General Meeting held on 28 May 2018.

The loss carried forward includes the accumulated losses of MOBOTIX CORP, the undistributed annual results of MOBOTIX AG that were not transferred to other retained earnings.

The Management Board of MOBOTIX AG proposes to distribute TEUR 531 to the shareholders from the distributable profit of MOBOTIX AG in the amount of TEUR 1,350 and to carry forward TEUR 819 to new account.

(6) Other Provisions

Other Provisions primarily include the following types of provisions.

	€'000s
Provisions for outstanding invoices	1,740
Provisions for annual bonuses and sales commissions	761
Provisions for Christmas bonuses	323
Provisions for vacation	320

(7) Liabilities

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

Other liabilities include social security payments of €143,000 (previous year: €99,000) and taxes of €210,000 (previous year: €329,000).

Liabilities to affiliated companies relate exclusively to trade receivables.

Liabilities					
	Maturity period				of which secured
	Total	Up to one year	One to five years	Over five years	Amount
to banks	16,990 (18,410)	4,240 (1,420)	12,750 (16,990)	0 (0)	3,090* (3,210*)
arising from advance payments received for orders	13 (16)	13 (16)	0 (0)	0 (0)	0 (0)
trade receivables	2,651 (2,007)	2,651 (2,007)	0 (0)	0 (0)	0 (0)
liabilities to affiliated companies	149 (136)	149 (136)	0 (0)	0 (0)	0 (0)
other liabilities	638 (801)	638 (801)	0 (0)	0 (0)	0 (0)
Total	20,441 (21,370)	7,691 (4,380)	12,750 (16,990)	0 (0)	3,090 (3,210)

* Land charges

(8) Revenue from sales

Revenue from sales comprises revenue from component sales to external manufacturers amounting to €2,520,000 (previous year: €2,448,000) and revenue from order development and the services for Konica Minolta, Inc., Tokyo, Japan, amounting to €1,791,000 (previous year: €0). Revenue excluding revenue from component sales and the order development is €20,611,000 (previous year: €22,220,000) in Germany, €21,110,000 (previous year: €20,211,000) in the rest of Europe and €20,344,000 (previous year: €20,608,000) in the rest of the world.

(9) Income And Expenses From Other Reporting Periods

Other operating income includes income of €227,000 (previous year: €114,000) from other reporting periods, while other operating expenses include expenses of €161,000 (previous year: €164,000) from other periods.

(10) 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. The commissioning of a system house to introduce an ERP system is expected to result in financial obligations of €250,000.

(11) Currency Conversion Income And Expenses

Other operating income includes income of €269,000 (previous year: €164,000), from currency conversion, while other operating expenses include expenses of €131,000 (previous year: €747,000) arising from currency conversion.

(12) Taxes From Income And Profit

The table "Tax Reconciliation" reconciles the income taxes derived from profit before tax with the income taxes actually reported in the financial statements.

(13) 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 €2,262,000 (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 2017 – 30 Sep 2018
Earnings before tax	857
Income taxes derived from earnings before tax (income)	245
Loss carryforwards not capitalized/utilized	209
U.S. tax rate difference	-38
Other non-deductible expenses	20
Other	2
Reported income taxes	438

E. 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 2017/18:

Full-time employees	293.4
Part-time employees	16.8

The total number of people employed on average was 310.2 (previous year: 339.1).

(2) Auditor's Fees

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

Financial year		
€'000s	2017/18	2016/17
Statutory audit services		
invoiced	45	48
From provisions	25	72
Tax advisory services		
invoiced	0	49
Other services		
invoiced	0	9
Total	70	178

(3) MOBOTIX AG Management Board

Members Of The MOBOTIX AG Management Board

- Thomas Lausten, Master of Business Administration, Kaiserslautern (Chief Executive Officer)
- Dr. Oliver Gabel, Diplom-Ingenieur, Weilerbach (Chief Technology Officer until 30 November 2017)
- Dr. Tristan Haage, Diplom-Physiker, Bolanden (Chief Sales Officer until 31 October 2017)
- Klaus Kiener, Diplom-Betriebswirt, Wiesbaden (Chief Financial Officer)
- Hartmut Sprave, Diplom-Physiker, Lorsch (Chief Technology Officer; since 2 March 2018; role taken up 1 June 2018)

Management Board Member Remuneration

The total remuneration paid to the members of the Management Board amounted to €641,000 (previous year: €951,000). This consisted entirely of short-term remuneration. Remuneration in fiscal year 2016/17 included additions to the provision for severance payments in the amount of €315,000.

(4) MOBOTIX AG Supervisory Board

Members Of The Supervisory Board

- Yuji Ichimura, Executive Officer and Executive General Manager of Business Development of Konica Minolta, Inc., Tokyo, Japan, (Chairman)
- Sabine Hinkel, MBA, Höringen
- 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 €13,271,442.00 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 €41,000 in the financial year 2017/18 (previous year: €40,000).

(5) Group Affiliation

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

Konica Minolta Holdings, Inc., Tokyo, Japan, prepares the consolidated financial statement for the largest group of companies. This consolidated financial statement is translated into the German language and published in the Federal Gazette and can be obtained from the company. MOBOTIX AG, Langmeil, Germany, prepares the consolidated financial statement for the smallest group of companies, which is published in the Federal Gazette and can be obtained from the company.

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, 31 October 2018

The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



Hartmut Sprave • CTO

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

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).



Annex To The Notes						
€'000s	As of 1 Oct 2017	Additions	Disposals	Reclassifications	Currency translation differences	As of 30 Sep 2018
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	646	509	-31	88	1	1,213
Advance payments	88	725	0	-88	0	725
Total intangible assets	734	1,234	-31	0	1	1,938
Property, Plants And Equipment						
Land and buildings, including buildings on third-party land	18,188	0	0	0	0	18,188
Technical equipment and machinery	12,223	534	-1	16	0	12,772
Other equipment, factory and office equipment	6,325	46	-3	0	6	6,374
Advance payments and assets under construction	139	10	0	-16	0	133
Total property, plants and equipment	36,875	590	-4	0	6	37,467
Financial Assets						
Shares in affiliated companies	4	0	-4	0	0	0
Total financial assets	4	0	-4	0	0	0
Aggregated amortization and depreciation						
Intangible Assets						
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	534	147	0	0	0	681
Advance payments	0	0	0	0	0	0
Total intangible assets	534	147	0	0	1	682
Property, Plants And Equipment						
Land and buildings, including buildings on third-party land	4,577	594	0	0	0	5,171
Technical equipment and machinery	9,231	1,101	0	0	0	10,332
Other equipment, factory and office equipment	5,280	348	-3	0	6	5,632
Advance payments and assets under construction	123	0	0	0	0	123
Total property, plants and equipment	19,211	2,043	-3	0	6	21,257
Financial Assets						
Shares in affiliated companies	4	0	-4	0	0	0
Total financial assets	4	0	-4	0	0	0

Annex To The Notes

€'000s	As of 1 Oct 2017	Additions	Disposals	Reclassifications	Currency translation differences	As of 30 Sep 2018
Net carrying amount						
Intangible Assets						
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	112					532
Advance payments	88					725
Total intangible assets	200					1,257
Property, Plants And Equipment						
Land and buildings, including buildings on third-party land	13,611					13,017
Technical equipment and machinery	2,992					2,440
Other equipment, factory and office equipment	1,045					742
Advance payments and assets under construction	16					10
Total property, plants and equipment	17,664					16,209
Financial Assets						
Shares in affiliated companies	0					0
Total financial assets	0					0

Independent auditor's report

To MOBOTIX AG

Opinions

We have audited the consolidated financial statements of MOBOTIX AG, Winnweiler- Langmeil, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 30 September 2018, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year from 1 October 2017 to 30 September 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of MOBOTIX AG, which has been combined with the management report, for the fiscal year from 1 October 2017 to 30 September 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as of 30 September 2018 and of its financial performance for the fiscal year from 1 October 2017 to 30 September 2018 in compliance with German legally required accounting principles, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The supervisory board is responsible for the report of the supervisory board. In all other respects, the executive directors are responsible for the other information. The other information comprises the other parts of the annual report which we expect to receive after we have issued our independent auditor's report. This particularly applies to the "Letter to the shareholders", the "Report of the supervisory board" and other sections of the annual report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circum-

stances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German legally required accounting principles.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Mannheim, 22. November 2018

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Kaschub

Wirtschaftsprüfer

Ringle

Wirtschaftsprüfer



CCCD 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)

Corporate Calendar 2018/19	
Annual General Meeting Fiscal Year 2017/18	Thursday, 24 January 2019
Family Office Capital Day, Wien	Thursday, 21 February 2019
Solventis Share Forum, Frankfurt	in April 2019
Innovation Summit Europe	Wednesday, 3 to Friday, 5 April 2019
Innovation Summit DACH	Sunday, 7 to Tuesday, 9 April 2019
ISC West, Las Vegas	Wednesday, 3 to Friday, 5 April 2019
German Spring Conference, Frankfurt	Monday, 13 to Wednesday, 15 May 2019
IFSEC, London	Tuesday, 18 to Thursday, 20 June 2019
Release of Half-Year Report for Fiscal Year 2018/19	Thursday, 27 June 2019
ASIAL, Sydney	Wednesday, 24 to Friday, 26 July 2019
Global Partner Conference 2019	Sunday, 27 to Tuesday, 29 October 2019
Annual General Meeting Fiscal Year 2018/19	January 2020

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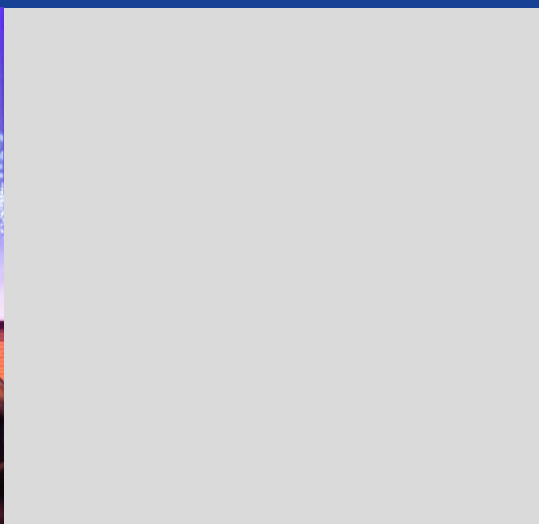
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Disclaimer

This financial report contains statements and information from MOBOTIX AG that refer to future periods. These statements related to future periods can be identified by words such as 'plan,' 'expect,' 'intend,' 'aim,' 'become,' 'estimate,' 'assume,' 'target' or similar words. Such statements are made based on the current situation and latest expectations and may occasionally differ significantly – either on the upside or downside – from actual developments. Some of the factors that may give rise to uncertainties are changes in domestic or international macroeconomic conditions, changes in the underlying political situation, the introduction of new products or technologies by other companies, changes in investment behavior in MOBOTIX AG's key markets, movements in exchange rates or interest rates, and the integration of acquired companies. MOBOTIX AG undertakes no obligation – over and above the existing legal requirements – to revise or update forward-looking statements. MOBOTIX AG assumes no obligation to correct or update any future-related statements other than existing statutory obligations.

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