

MOBOTIX AG

Annual Report

1 October 2018 to 30 September 2019



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Dear Shareholders,

We appreciate your support during the past years with many changes in our company. We increased our business to 71,0 mill Euro and finally improved EBIT again to 2,9% which however must increase further to the expected levels of min 11% in our strategy plan.

2018/2019 was The 2nd year of business transformation in the “Fit for The Future” change management program where many new initiatives were launched but also where many processes and actions were implemented with focus on sustainable innovation “Made in Germany“ for our many customers around the world.

The global video surveillance market is growing in several areas as indicated in leading market reports as IHS research etc. This provides new market opportunities and MOBOTIX must develop faster in the coming years to stay ahead of the increasing competition. Our new product strategy has been developed to meet this development as German innovation leader. We are planning investments in especially R&D and sales/marketing to scale our business to the next levels.

One of the most important achievements during the year was the development of our brand new MOBOTIX 7 platform together with Konica Minolta and in line with MOBOTIX core values and long term strategy of manufacturing intelligent video surveillance systems and solutions beyond Human Vision.

The vision of MOBOTIX 7 platform is to create the most cyber secure platform for video surveillance and Artificial Intelligence on the edge, independent from risks related to network infrastructure which is a growing problem and challenge at many companies and public institutions around the world.

Our technology makes it possible to install apps on the very advanced camera for every need which provides intelligent information that so far has not been possible without expensive central servers and software solutions.

Retail customers can e.g. use crowd management AI app to analyse customer behaviour and the facial recognition app can be used in airports to detect if wanted persons are trying to onboard planes. Mood- and age detections can be used as important

information to employees In healthcare Sector and many similar examples can be described for other areas which will provide new significant benefits by video surveillance - not only for security.

The MOBOTIX 7 platform was introduced during our Global Partner Conference In Mainz end of October and has been fantastic received by more than 580 Partners and first products are delivered by December 2019.

2018/2019 was also a year with further optimisation in our sales and marketing teams. The new sales strategy was implemented during summer 2019 and focus on 6 specific vertical markets and a stronger focus on benefits for our end users by using solutions from MOBOTIX and our partners.

We have developed a partner society with more nearly 60 technology partners developing new solutions with us while we also have increased co-operation with several channel partners enabling them to sell their MOBOTIX customised solutions to other partners.

Sales and marketing organisations work closer together to continuously improve the value propositions of MOBOTIX and how we can help our customers with valuable information that benefits people and optimize profits in many areas.

The New MOBOTIX Channel partner program was also implemented in further countries and outline specific benefits for our partners which develop in line with our common business activities. We have seen increasing business with many partners but need to develop our value propositions further to build new business models and markets for MOBOTIX. Initiatives have been made which we will share with you,

We also developed our infrastructure during 2018/2019 in order to manage the implementation of new initiatives, business models and streamlined processes.

SAP ERP system was implemented as planned by April 2019 and enable our teams to optimise all business processes from development and manufacturing to sales and technical support. Further modules are being implemented also during BY 2019/2020 and first efficiencies have been recognized. Investments have additionally been made in other areas where our hard- and software platforms have been optimized in all areas.

The many initiatives were implemented with support and enthusiasm by our global employees. We have welcomed more than 55 new employees in 2018/2019 with required new competences and synergies to the many employees that have developed MOBOTIX during past years. New managers have been appointed in several functions both at our HQ in Langmeil as well as in other global functions,

A new employee program was finally initiated by the end of 2018/2019 with focus on further development of the MOBOTIX Company culture which is one of our most significant assets and the basis for the planned growth in 2019/2020 and in next years.

We look forward to meet you at our Annual Shareholder Meeting on the 30th of January 2020 and express special thanks for your benevolent trust.

On behalf of the Management Board



Thomas Lausten • CEO

Financial year (1, October 2018 – 30, September 2019)	2018/19	2017/18	Delta %
Financial performance	TEUR	TEUR	
Total operating output	70.956	66.903	6,1
Revenue	69.903	66.376	5,3
Of which outside Germany (%)	69,7	66,7	
Earnings before interest, tax, depreciation and amortization (EBITDA)	4.271	3.255	31,2
EBITDA margin (EBITDA as percentage of total operating output)	6,0	4,9	
Earnings before interest and tax (EBIT)	1.958	1.065	83,8
EBIT margin (EBIT as percentage of total operating output)	2,9	1,7	
Profit before tax	1.756	857	104,9
Return on revenue (%) before tax	2,5	1,3	
After-tax profit for the year	884	419	111,0
Cash flow from operating activities	1.360	-920	247,8
Balance Sheet Figures	30.9.2019	30.9.2018	
Equity	26.659	26.135	2,0
Equity ratio (equity as percentage of total assets)	49,4	51,4	
Total assets	53.924	50.857	6,0
Non-current assets	17.115	17.466	-2,0
Current assets	35.527	31.559	12,6
Of which cash and cash equivalents	1.726	2.747	-37,2
Employees			
Number of employees (reporting date) ⁽¹⁾	357	341	4,7
Average number of employees (FTE)	302	310	-2,6
Revenue per employee ⁽²⁾	231	214	7,9
EBITDA per employee ⁽²⁾	14	10	34,7
EBIT per employee ⁽²⁾	6	3	88,7
Key per-share figures (€)			
Dividend	0,04 ⁽³⁾	0,04 ⁽³⁾	
DVFA/SG cash flow ⁽⁴⁾	0,24	0,20	

1) Including trainees, including three members of the Management Board; headcount

2) Based on the average number of employees

3) Proposed, rounded

4) Based on an average of 13.153 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 2018

Creating Cyber Secure Business Together – MOBOTIX Global partner conference focuses on security through collaboration

December 2018

Milestone Systems VMS integrates all current MOBOTIX cameras

February 2019

Specialized in deep learning: MOBOTIX and Konica Minolta develop new camera platform

November 2018

Approval of a 5-year plan by the management board and the supervisory board

January 2019

MOBOTIX and Konica Minolta expand common development within intelligent edge video systems for human behaviour analysis

March 2019

Innovative thermal cameras communicate with extinguishing systems to prevent fires in production



April 2019

MOBOTIX Spring Splash: Innovations ready for the market

June 2019

MOBOTIX obtains the CNPP trust passport, integrating the cybersecurity dimension in all of its digital video surveillance camera systems (IoT)

August 2019

The MOBOTIX Partner Society: Conquering new markets together

May 2019

Cyber security on a new level. MOBOTIX launches first cactus patch

July 2019

Strategic Partnership: MOBOTIX and RealNetworks develop live video facial recognition

September 2019

Successful Cooperation: All MOBOTIX IoT camera solutions integrated in Genetec's cloud-based stratocast video management system

KUHN RIKON, Switzerland

KUHN RIKON is a world-renowned Swiss cookware manufacturer with over 200 employees. Their cookware holds up against stovetop heat with panache. However, manufacturing these products involves highly difficult production steps. One of these caused a disastrous accident in 2015. During mechanical pot polishing, an abrasive spontaneously combusted. The flames were fed by the machine's ventilation, which led to a fatal dust explosion. Large portions of the production facility caught fire, incurring damages of over 5 million Swiss francs (approximately €4.6 million). The production managers all agreed that this could never happen again!

The system has been running smoothly since 2018. Process security has been restored. Other facilities are also using this solution in the meantime. Employees can use the precise MOBOTIX lenses to analyze how hot individual areas are. Thanks to the simplified control that this new setup entails, productivity was boosted by around five percent. All in all, this was a full success for KUHN RIKON and MOBOTIX!

„We are very satisfied with the entire system and plan an expansion of other production facilities.“

— Paul Brunschwiler, Production Manager KUHN RIKON

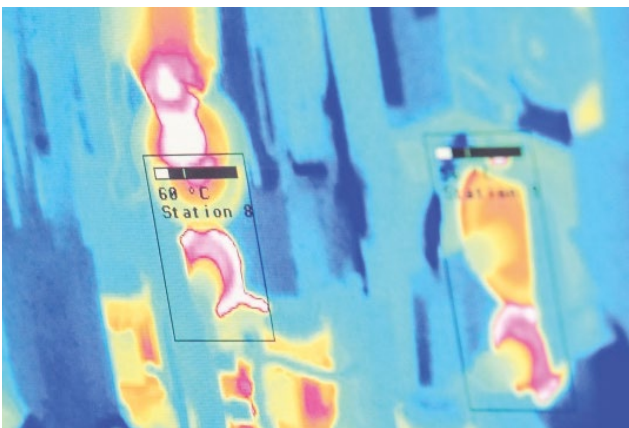
Jos. Schneider GmbH (hagebaumarkt stores)

hagebau is an association of some 360 trading companies offering building products at more than 1700 locations across Europe. Employing around 500 staff, the Schneider group of companies has its headquarters in Erlstätt and runs 13 hagebaumarkt stores around Traunstein, most of them in the Upper Bavaria region. Thousands of customers visit these stores every day to browse the wide range of products on offer. Busy day-to-day operations and a high turnover of goods pose significant challenges in terms of the safety of customers and employees, as well as on-site inventory protection.

Using just the MOBOTIX cameras that were monitoring the retail space in Traunstein hagebaumarkt, inventory discrepancies resulting from theft were able to be resolved. But MOBOTIX camera surveillance offers much more than anti-theft protection: The user can analyze the footage, allowing them to adjust the range of products as required and improve product positioning — an optimal approach for increasing sales potential.

„MOBOTIX camera surveillance is far more than just anti-theft protection. The solution impressed us all, as did the support we received from CN H&D GmbH.“

— Martin Wohlmayer, Head of IT and Organization at Jos. Schneider GmbH



AH ELZINGA, Netherlands

Entrepreneur Kees Elzinga has equipped his refurbished Albert Heijn supermarket in Meppel with high resolution MOBOTIX cameras. The objective is to prevent incidents in the shop and the immediate surroundings and to keep a discreet eye on the safety of all visitors and staff.

“We have installed an additional 17 cameras in and around the refurbished AH Elzinga super market, bringing the total to around 30”, explains Evert Jan Kin, security specialist at Systra ICT. “For the greater part these are unobtrusive c25 cameras and a few additional p25s. All cameras are managed on a standard computer using MOBOTIX video management software.” “When we first opted for MOBOTIX in 2012, the video quality and specialist support by a local partner were the deciding factors,” Elzinga continues. “Additionally, the fact that they were manufactured in Germany and not in Asia fitted with my sense of quality. Over the last few years, we were able to see for ourselves that they work reliably and are virtually maintenance-free. Lastly, they are known as the cameras that offer the best protection against hackers, which is an additional benefit for retail applications.”

— Evert Jan Kin, Security specialist at Systra ICT



K-12 Private School, USA

In light of recent violent events across the nation, a premier private school on the West Coast decided to act immediately when they found their existing security system outdated and performing poorly.

Having the ability to merge three solutions, access management, video surveillance, and emergency communication, into a single device not only creates a more efficient system but also aids with budgetary requirements by cutting down both hardware and installation costs. While there is no true way to stop a tragedy, the use of advanced security technologies like MOBOTIX, allows schools to minimize damages and take preventative measures to better protect their students.

“Not only was Mobotix able to provide an Emergency Duress platform to get first responders onsite quickly; the system also meets the needs for video surveillance, mass notification and video intercom.”

— George Honaker, Technical Project Engineer



Product Innovations in FY 2018/19

A world first development has been completed:

The MOBOTIX 7 system platform with intelligent plug-in app concept

Network-based video technology has replaced analog video technology as the worldwide standard. The phase of the aggressive, purely price-driven market suppression policy of some Asian mass producers is over. The - sometimes immense - damage caused worldwide by security deficiencies (hacked camera as a gateway to the entire company network) has led to a rethink. The overall economic value and benefit of a video system is now back in the foreground.

The differentiation in the competition is mainly based on topics such as Artificial Intelligence (AI) or Deep Learning (DL), cyber security, data security (GDPR), solution-oriented product portfolio and customer service. With MOBOTIX 7, we brought a new camera system platform to market maturity in fiscal year 2018/19. Due to the decentralized architecture, which has been further developed over many years and is consistently cyber-safe - today referred to as „Edge Technology“ - it is excellently tailored to the requirements of practice-oriented deep learning methods.

The new MOBOTIX 7 system platform, which was developed in close cooperation with our strategy partner Konica Minolta, is the key to our AI-based app solutions „Beyond Human Vision“. The state-of-the-art analysis methods of the apps in the MOBOTIX 7 platform cameras help the user to increase process efficiency and develop new business and revenue models. With updates to the camera software, new apps and completely new functions based on Deep or Machine Learning will be available again and

again, actively helping to prevent and overcome everyday problems.

The app concept available with the MOBOTIX 7 system platform goes far beyond what is currently available on the market. For example, an experienced MOBOTIX partner or end customer can program an individual application with independent functions as a custom app in the camera. Just as is usual for the development of apps for mobile devices such as tablets or smartphones. As an alternative to self-programming, you can also have your custom app programmed directly by MOBOTIX specialists. The many different ideas and needs of the MOBOTIX partners and end customers are constantly resulting in new application solutions for the MOBOTIX 7 system platform. Completely open and dynamic. Customized to your needs.

The technological top performance of the individual applications also deserves special mention. Because an app in a MOBOTIX 7 camera already starts in the image creation chain and can therefore always use the entire performance spectrum of the system in real time without loss - including the extremely high CPU and GPU performance as well as the programmable logic (asynchronous app technology).

The first product based on the new MOBOTIX 7 camera platform is the MOBOTIX M73 High Performance IoT camera, with an extremely large selection of certified MOBOTIX apps already on sale in October 2019. Using a simple license model, these apps can



be used directly with each individual M73 as a modular and flexible edge application - in the well-known decentralized MOBOTIX tradition, even without a permanent network connection. And

that without any further investment in central video servers or recording devices.

MOBOTIX Partner Society: Creating Success. Together.

Integration and Innovation with MOBOTIX

The MOBOTIX Partner Society, newly introduced in fiscal year 2018/19, strengthens our existing, successful Partner Program. Through joint innovations with our partners, we are able to offer secure complete solutions and thus successfully expand the MOBOTIX portfolio. We solve special challenges and close market gaps.

With the Partner Society, we offer a unique platform that facilitates the search for intelligent system solutions for individual requirements. The new platform creates new connections, generates synergies and opens up new markets.

Technology and Solution Partner

Two Partner Society programs – Technology Partners and Solution Partners – have been created thus far. Technology Partners are innovative manufacturers of complementary products who have integrated MOBOTIX in their own products. By cooperating with technology partners, MOBOTIX supports the market and

cooperates exclusively with organizations that are leaders in their field. Quality standards that offer the best solutions together with MOBOTIX premium camera technology are therefore put in place.

Solution Partners are existing MOBOTIX Channel Partners who have already developed their own intelligent application solutions based on MOBOTIX technology. Demand for individual solutions is incredibly high. To this end, each Solution Partner has developed special solutions with enormous added value. MOBOTIX offers these companies marketing across the world via the new platform.

Much value, many applications

You don't have to be a MOBOTIX Solution or Technology Partner to benefit from the MOBOTIX Partner Society. For end users and certified MOBOTIX partners, exciting new application possibilities and massive added value also open up.



Green IP Video

Environmental awareness is growing around the world while energy prices are rising and MOBOTIX offers outstanding solutions.

How much energy is needed by a camera or the network and computer technology they are based on? This varies greatly. The network cable (PoE) fully supplies MOBOTIX IoT cameras with minimal amounts of energy and only relevant data is transmitted via the network. There is no need for permanent computational power from external computers or mass storage systems (which constantly consume power). This is noticeable.

A complete solution from MOBOTIX saves energy and IT resources over many years, which – virtually on the side – also makes it one of the most attractive systems on the market in economic terms.

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.

CNPP-certified IT security

MOBOTIX is the first manufacturer in Europe to obtain “CNPP certified” product certification for its video surveillance cameras, offering a commitment to resist IT and electronic cyber-attacks. CNPP is a key player in risk prevention and control in the areas of fire/explosion security, security/malicious acts, cyber-security, environmental issues, and occupational risks.



The durability of MOBOTIX cameras is another financial and ecological benefit. While our cameras often survive multiple generations of devices from other market players, they save material and costs. Today even 15-year-old camera models are still serviced with cybersecure software updates and can be repaired inexpensively, thanks to the intelligent modular design. By the way, some MOBOTIX cameras have already been running for about 20 years without needing any replacement parts.

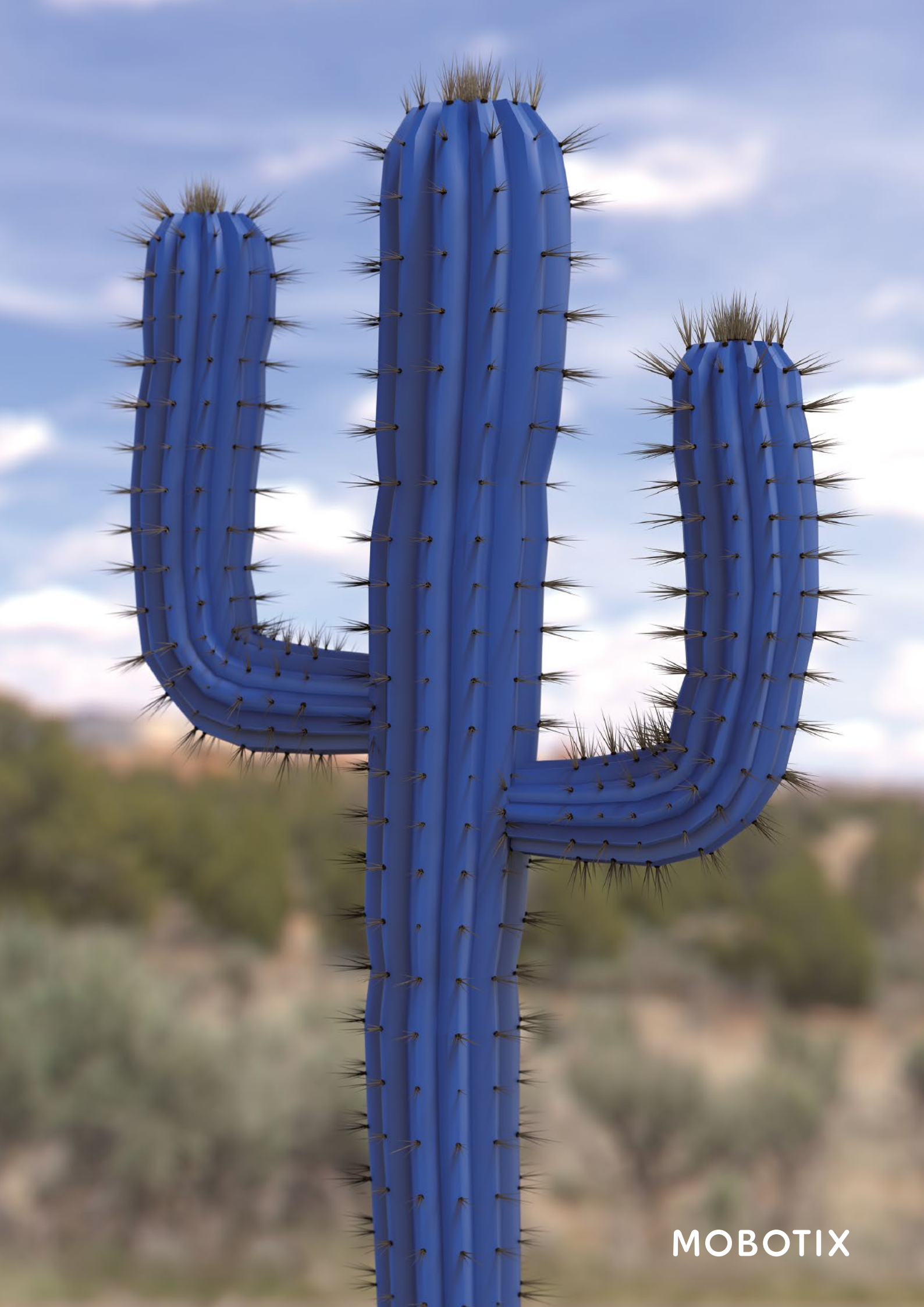
Your benefits:

- Active contribution to environmental and climate protection.
- Protection of environmental resources (energy, material and CO2).
- Noticeable financial benefits for the total cost of the video system (TCO).

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,

The MOBOTIX Group's net assets, financial position and results of operations in 2018/19 mainly reflected the expectations of the Management Board and the Supervisory Board for the performance of business during this financial year.

In the financial year 2018/19, the MOBOTIX Group's sales revenue increased by 5.3% year-on-year, from €66.4 million to €69.9 million. Revenue generated in addition to proceeds from component sales to contract manufacturers in the amount of €4.5 million (previous year: €2.5 million) and proceeds from contract development for Konica Minolta in the amount of €3.6 million (previous year: €1.7 million).

Excluding component sales, this results in an increase in turnover year-on-year of €1.6 million (2.5%). Revenue from the sale of video security systems and software declined slightly by 0.9% to €61.5 million (previous year: €62.1 million).

The decline in the proceeds from video security system and software sales results mainly from the decrease in revenue per camera system based on increased competition, in particular from Chinese camera providers. The sales volume stayed essentially at the same level as the previous year.

However, declines in sales and were recorded, particularly for the German and American markets. In contrast, significant sales increases were achieved in the following sales regions: Northern/Eastern Europe (+18%), APAC (+10%), MEA (+5%), and Southern/Western Europe (+5%).

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 5.8%, from €66.9 million to €70.8 million. Adjusted for revenue from component sales to contract manufacturers, the total operating output also increased by 3.0% from the previous year.

Other operating expenses in the amount of €11.5 million in the 2018/19 financial year decreased year-on-year by €0.2 million (-1.7%).

EBITDA (earnings before interest, tax, depreciation and amortization) in the amount of €4.3 million for the financial year is €1.0 million higher than the previous year's figure of €3.3 million.

EBIT (earnings before interest and taxes) in the amount of €2.0 million for the financial year is €0.9 million higher than the previous year's figure of €1.1 million.

The result for the year has increased by €0.5 million to €0.9 million (previous year: €0.4 million).

The development of the new MOBOTIX 7 camera platform, which was completed at the end of the financial year 2018/19 and presented at the Global Partner Conference in October 2019, the first camera model (M73) brought to the market based on the new platform, as well as the associated further monetization of software in the form of software APPs, were all important objectives that we achieved.

Another important goal that we achieved was to strengthen the strategic collaboration between Konica Minolta and MOBOTIX in financial year 2018/19, and to facilitate the development of new technologies for video monitoring.

The investments made in IT infrastructure, especially in the SAP ERP system, are leading to more efficient work processes.

The MOBOTIX Group had an equity ratio of 49.5% as of September 30, 2019, equity in the amount of €26.7 million, cash and cash equivalents in the amount of €1.7 million, and unused short-term credit lines from banks in the amount of €19.0 million—all of which represents a satisfactory financial situation in order to make further investments in product development and marketing and to focus the sales structure on growth markets.

A market survey from June 2019 by the market research company IHS Research concludes that the total revenue generated by the security camera market worldwide is set to grow by an annual average of around 9% between 2018 and 2023, and even by an average of 10% for the network camera market. In the forecasts, China stands out as the most significant growth market with a 44% market share, followed by the Americas with a 23% share, EMEA with 17%, and Asia (excluding China) with 15%.

In addition to edge processing, the study names the accelerated development and use of artificial intelligence, a growing demand for cyber security, as well as initiatives surrounding analytics and deep learning as the main trends in the market for security cameras. IHS Research predicts high growth rates of 37% and

63% respectively in the analytics and deep learning market segments.

MOBOTIX is reacting to increased competition, for example by introducing new competitive products based on the MOBOTIX 7 camera platform and the MOBOTIX MOVE product line, adapting industry standards such as ONVIF and H.264/H.265 and improving integration into leading management video systems, as well as complementary products, 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.

Additional technology partnerships were concluded during the 2018/19 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 and of strengthening 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.

During the reporting 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. At several of its meetings,

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 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 Supervisory Board dealt extensively and critically with the respective current state of business as well as corporate, revenue and liquidity planning.

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 at all times and found no objections to be raised.

In the past financial year, the Supervisory Board closely monitored the work of the Management Board. The Supervisory Board worked closely with the Management Board as usual, based on mutual trust and 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 and stock corporation law.

The Supervisory Board agrees to the proposal of the Management Board to pay a minimum dividend of €0.53 million pursuant to Section 254 of the German Stock Corporation Act (Aktengesetz; AktG). The remaining net profit of €2.17 million will be carried forward to the next accounting period. A corresponding proposed resolution for the distribution of profits will be submitted to the Annual General Stockholders' Meeting.

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 Management Board also informed the Supervisory Board outside of the meetings by means of regular reports about the current state of business and about important financial and internal company developments. In the case of transactions requiring approval, the Supervisory Board approved the measures proposed by the Management Board after detailed examination and discussion. We critically evaluated the plausibility of, as well as scrutinized and reviewed, the information submitted by the Management Board.

The Supervisory Board was satisfied with the proper governance of company management throughout the year. 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 2018/19 annual financial statements. In addition, the Management Board also informed the Chairperson 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 five meetings of the Supervisory Board took place in the 2018/19 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 the financial report for the past financial year 2017/18 at our first „official“ meeting in November 2018. We closely examined the annual and consolidated financial statements as of September 30, 2018 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 addition, corporate planning for the next five years was discussed and defined in detail, and the future product and development strategy was considered.

The second meeting in January 2019 focused on the current sales and earnings development as well as the development of the camera platform MOBOTIX 7.

In our April 2019 meeting the America sales region and the SAP ERP launch on April 1, 2019 were the subject of intense discussion. Business performance during the first six months and necessary measures were also considered in the meeting in April.

The fourth meeting, in July 2019, focused on the current sales and earnings development, the development of the camera platform MOBOTIX 7 and the optimization of the supply chain.

In our last meeting, in September 2019, the final budget and investment plan for the 2019/20 financial year were submitted to the Supervisory Board and approved. The Supervisory Board and the Management Board also discussed new product visions and strategies.

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.

In general, discussions about company development, sales and marketing activities, the status of product development and technology partnerships, including the collaboration with Konica Minolta, the implementation of the new IT infrastructure, pen-

ding 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.

AG and consolidated financial statements audit 2018/19

On January 24, 2019 the Annual General Meeting of the company selected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, as annual and consolidated financial statements auditor for the financial year ended September 30, 2019. 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 September 30, 2019 were audited by the auditor and an unqualified independent auditors' report was issued respectively. No significant weaknesses in the risk management system were identified.

The report presented by MOBOTIX AG to the Management Board on relationships with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (Dependent Company Report) for the period from October 1, 2018 to September 30, 2019 was also audited by the auditor and endorsed with the following unqualified independent auditors' report:

„There are no objections based on the final outcome of our audit to the dependent company report. We are therefore issuing the following independent auditors' report:

Following our obligatory audit and assessment, we confirm that:

- 1. The actual content of the report is accurate;*
- 2. With regards to the legal transactions listed in the report, the payments made by the company were not unreasonably high or disadvantages were offset;*
- 3. Among the measures listed in the report, there are no circumstances for a materially different assessment from that of the Management Board.*

Mannheim, November 20, 2019

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

*Kaschub, Auditor
Wöhe, Auditor“*

The annual accounting documents and proposed resolution for the distribution of profits of the Management Board and the audit reports of the auditor were submitted to the Supervisory Board for review in good time. The Supervisory Board conducted a detailed review and discussion of the annual financial statements, the consolidated financial statements, the summary management report, the dependent company report pursuant to Section 312 of the German Stock Corporation Act (AktG), the resolution for 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, including with the declaration by the Management Board at the conclusion 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 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, November 8, 2019

The Management Board“

In its meeting on December 5, 2019, the Supervisory Board adopted the annual financial statements prepared by the Management Board and approved the consolidated financial statements of MOBOTIX AG. As a result, the annual financial statements were 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.

The following changes to the composition of the Supervisory Board occurred during the reporting period:

Sabine Hinkel, long-serving member of the Supervisory Board of MOBOTIX AG, tendered her resignation from office with effect from January 25, 2019.

The Supervisory Board elected Mr. Olaf Jonas, General Manager Corporate Governance Division, Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany, to the Supervisory Board of MOBOTIX AG at the Annual General Meeting of Shareholders for financial year 2017/18 on January 24, 2019.

Kunihiro Koshizuka, long-serving member of the Supervisory Board, tendered his resignation from office with effect from May 1, 2019. A request for the appointment of his successor was filed with the competent court.

The district court of Kaiserslautern appointed Mr. Keiji Okamoto as a member of the Supervisory Board with effect from May 1, 2019. Mr. Okamoto is Managing Director of Konica Minolta Business Solutions Europe GmbH, Langenhagen, Executive Officer of Konica Minolta Inc., Tokyo, and is responsible for business development in the European region.

There were no changes to the composition of the Management Board during the reporting period.

The Supervisory Board would like to thank all Group employees around the world and the Management Board members for their hard work in the 2018/19 financial year. We would also like to express our gratitude for the loyal service of the employee representatives.

We are convinced that the MOBOTIX Group is well positioned for the future to grow profitably in the 2019/20 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, December 5, 2019

On behalf of the Supervisory Board

Kind regards,



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.

Basic Information on the group

Technology and products

MOBOTIX AG is a leading provider of high-resolution digital, network-based video systems and sells its solutions through distributors and qualified sales partners across the world. Founded in 1999, the company celebrated its 20th anniversary in the summer of 2019.

As part of the decentralized IoT system architecture developed by MOBOTIX, images are no longer analyzed on a central server, but in the camera itself. They detect movement automatically, save the images in a database and inform the system operator of the event, e.g. via email 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 data storage requirement 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 1.2 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 MOBOTIX Management Center (MxMC). As in previous years, user-friendliness and functionality have been significantly improved in 2018/19 based on market feedback by the introduction of optional add-ons available via license, such as an extensive configuration tool or a powerful „event/transaction interface (SMART Data Interface)“ for the integration of POS, barcode or number plate recognition systems with increased performance on Windows and Macintosh systems. This has significantly increased the application potential for our complete solutions.

IT security is a central component of MOBOTIX technology. The combination of decentralized IoT technology and the MxMC video management software developed in-house provides the basis for ensuring IT security. 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. To guarantee our high IT security standards we perform annual post-tests by putting our latest firmware versions to the test. In addition, MOBOTIX was one of the first camera manufacturers to receive an IT Security Certificate in the summer of 2019 from the international IT security test center CNPP, based in France. Further collaborations with so-called „White Hacker“ institutes, whom we commission to specifically try to attack our software, support our efforts to deliver products that meet the highest IT security requirements.

In the spring of 2019, MOBOTIX provided a comprehensive IT security patch for almost the entire history of the MOBOTIX camera. This demonstrates that MOBOTIX is one of the only camera manufacturers to provide updates for products that it discontinued more than 10 years ago, yet which are still relied upon in the field due to their quality and robustness, to ensure the security of our products during ongoing operation.

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. As of spring 2019, all active products released since 2018 (MOBOTIX IoT Mx6 a/b, plus the MOBOTIX MOVE range launched in summer 2018, and the Management Center MxMC 2.x) are officially certified as ONVIF-compliant products. This provides the basis for integrating our products into solutions along with third-party products, provided that they also meet the ONVIF-S standard. Another focal

Total Operating Output

€ 71.0 million (+6.1%)

Revenue

€ 69.9 million (+5.3%)

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. Integration will be implemented using MOBOTIX's own video codec MxPEG+, as well as via ONVIF.

The Genetec cooperation was strengthened by the integration of the Mx6 line into the Genetec Stratocast solution, which enables us to offer our customers MOBOTIX cameras as a „cloud solution“ (recording and management of image data via the Internet) for the first time, in cooperation with Genetec.

A number of new technology partnerships were concluded during the 2018/19 financial year, with the aim of continuing to integrate MOBOTIX cameras into third-party systems, thus continuing access to previously untapped market potential. Both the new technologies launched during this financial year and our partner programs have made a significant contribution to this effort. Founded in the fall of 2018, the MOBOTIX Customer Advisory Program (MxCAP) was further developed during 2018/19. The program engages with selected customers during the product idea phase and these can be actively involved in the portfolio design. Today, the group comprises around 30 global customers making it possible to take into account the different needs and requirements of the global markets.

In order to optimally respond to project and tender requirements, the MOBOTIX MOVE supplementary portfolio was expanded in spring 2019 with the addition of six new camera models. The portfolio now includes a total of ten models, which satisfy a wide range of customer requirements, and have been accepted and used by our customers with success.

The MOBOTIX camera portfolio is complemented 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 provides extensive accessories and powerful software solutions for all camera lines as well as for the IP-based Door Station.

The launch of the new T26 generation of Door Stations at the end of the financial year 2017/18 ensured the continuity of this product line. In spring 2019, these next-generation improvements enabled us to release an improved version of our Door Stations

App MOBOTIX Mx-Bell, with additional functions at no extra cost, thus providing our customers with a comfortable and even more powerful access control solution.

The new sales release program, established in 2018 and first presented at the Global Partner Conference that year, is already showing very high customer acceptance in 2018/19. The program is based on two specifically defined „focus product“ release dates per year (April and October). Launching the program ensured on-schedule releases, as well as the functionality of new products, which has led to an increased ability to plan and to greater satisfaction among our customers.

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 SINGAPORE PTE. LTD., Singapore; and MOBOTIX AUSTRALIA PTY LTD, Sydney, are included as service companies for the first time in the 2018/19 financial year in the Company's consolidated financial statements. As a dormant company, MOBOTIX LIMITED, Nottingham, is not included in the consolidated financial statements.

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

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

Sales

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

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

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

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

The MOBOTIX Group's export ratio in the 2018/19 financial year was 70% (previous year: 67%).

Research and development

The MOBOTIX Group employed 68 people (by headcount) in its product organization as of 30 September 2019. 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 only carried out to a small extent externally in the areas of camera design, tool engineering, lens design and PC board layout. Collaboration with Konica Minolta was further intensified in the area of R&D in the financial year 2018/19 and is also to be expanded in 2019/20 and beyond. The initial results of this successful collaboration were evident in the development of the new MOBOTIX 7 camera platform, which Konica Minolta itself can use for their own product development in modified form, as well as the use of Konica Minolta's proprietary high-performance deep learning algorithms in MOBOTIX Analytics apps, which already existed in part, in order to significantly increase performance and customer benefits as a result. Further collaboration is already in the pipeline for the financial year 2019/20 in the area of the LiDAR technology, in the course of extensive and detailed previous audits.

MOBOTIX was able to demonstrate once again its innovative strength and numerous product innovations and developments in financial year 2018/19. The new features that were officially presented to customers at the Global Partner Conference 2018 have been introduced to the market as part of the new product release process, and will consequently be tracked within the framework of the future MOBOTIX Development Planning program.

As introduced in general within the context of the Global Partner Conference in October 2018, MOBOTIX is focused on the following future topics, which we will continue to track in 2019/20, and over the next few years: The main focus for MOBOTIX develop-

ment in 2019/20 is the new MOBOTIX 7 camera platform, as presented at the Global Partner Conference 2019. This high-performance and future-oriented camera platform opens up an exceptionally broad application potential for MOBOTIX and for our customers. This applies especially to vertical markets and to industry-specific solutions, which are made possible for the first time ever by the new camera platform, based on the tried and tested, unique, decentralized MOBOTIX concept. This is made possible by using one of the highest performing SoC (System on Chip) and deep learning algorithm apps, which will be optionally available and customized on this platform. MOBOTIX 7 provides tailor-made solutions with maximum performance. The first M73 camera model based on the MOBOTIX 7 platform was presented and released for sale at the Global Partner Conference in October 2019. Additional camera models such as the MOBOTIX S7x, as well as thermal imaging solutions, are planned for the 2019/20 financial year.

All MOBOTIX 7 products based on the high-performance platform are consequently being released via software and firmware releases with additional functionality throughout 2019/20.

As part of the „MxBell“ MOBOTIX App update released in April 2019, we were able to broaden the functional scope of the app, originally developed for the Door Station to support all MOBOTIX P3 and Mx6 camera lines. The app is still available as a free download for iOS and Android operating systems.

We already released the improved MOBOTIX „MxFFS Buffered Archive“ recording procedure for our Mx6 camera line in 2018. During the first quarter of 2019, we were able to release this optimized recording procedure for our discontinued MOBOTIX P3 line to our customers, in order to retrofit previously installed P3 cameras with this function.

We were also able to significantly increase the customer value of our MOBOTIX MOVE products - already successfully released in summer 2018 - through additional features, as well as optimized integration with the overall solution including MxMC and MxNAS. In spring 2019, we expanded the MOVE portfolio by an additional six camera models, in order to cover broader market requirements with this portfolio.

Our further developed MOBOTIX Management Center (MxMC) video management software, with the focus on ease-of-use, has already proved itself in practical use among our customers, and

was expanded once more to include some new features and useful performance enhancements. A free MxMC version is in the pipeline, including functional improvements, as well as the development of additional licensed features, which expand customer benefits and reduce commissioning costs for the customer (TCO). Specifically, with the release of advanced configuration in MxMC2.1, we were also able to simplify the configuration of the T26 (T25) Door Station significantly via MxMC „Advanced Configuration“.

The release of the MxMC „Smart Data Interfaces“, enables third-party products such as POS systems, number plate recognition systems and barcode scanners to be integrated into the MOBOTIX world for the first time using a „freely available“ software development kit.

The stored data can then be specially filtered as required in the MxMC, and the associated video recordings can be distributed as appropriate.

MxMC has a special advantage over other video management systems because 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 a very flexible system well suited to both novices and professionals in all sectors, and it will soon be individually extended to include high-quality, application-specific additional features.

Our strategic partnership with Genetec was broadened to encompass a new field of application as part of the V5.2.4.15 firmware release. Integrating the Genetec Stratocast protocol into our MX6 camera line has enabled us to sell our cameras as part of the Genetec Stratocast cloud solution for the first time ever. This solution requires no additional hardware or software at the customer's premises beyond the camera itself. Using a „simple“ Internet connection, the image data is saved directly in a highly secure data center via the Internet, and can be retrieved from there by the customer via a mobile app. In 2019/20, we will continue to focus on this future trend by further developing the MOBOTIX Mx6 camera line integration with cloud solutions, and strengthen this with additional products.

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 in addition to video management software and accessories. The relevant market segment for MOBOTIX is general security cameras and the network camera system segment in particular.

A market survey from June 2019 by the market research company IHS Research concludes that the total revenue generated by the security camera market worldwide is set to grow by an annual average of around 9% between 2018 and 2023, and by an average of 10% for the network camera market. In the forecasts, China stands out as the most significant growth market with a 44% market share, followed by the Americas with a 23% share, EMEA with 17%, and Asia (excluding China) with 15%.

In addition to edge processing, the study specifies accelerated development and use of art of intelligence, a growing demand for cyber security, as well as initiatives surrounding analytics and deep learning as the main trends in the market for security cameras. IHS Research predicts high growth rates of 37% and 63% respectively in the analytics and deep learning market segments.

Business development

In the financial year 2018/19, the MOBOTIX Group's sales revenue increased by 5.3% year-on-year, from €66.4 million to €69.9 million. Revenue from sales comprises in addition to revenue from component sales to contract manufacturers in the amount of €4.5 million (previous year: €2.5 million), revenue from contract development for Konica Minolta in the amount of €3.6 million (previous year: €1.7 million). Excluding component sales, this results in an increase in turnover year-on-year of €1.6 million (2.5%). Revenue from the sale of video security systems and software declined by 0.9% to €61.5 million (previous year: €62.1

million). The decline in the revenue from video security systems and software sales results mainly from the decrease in revenue per camera system based on increased competition, in particular from Chinese camera providers. The sales volume stayed essentially at the same level as the previous year. Sales increases were achieved in the following sales regions: Northern/Eastern Europe (+18%), APAC (+10%), MEA (+5%), and Southern/Western Europe (+5%).

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 6.1% from €66.9 million to €71.0 million. Adjusted for revenue from component sales to contract manufacturers, the total operating output also increased by 3.3% from the previous year.

EBITDA (earnings before interest, tax, depreciation and amortization) in the amount of €4.3 million for the financial year is €1.0 million above the previous year (previous year: €3.3 million).

The result for the year has increased by €0.5 million to €0.9 million (previous year: €0.4 million).

In particular, Product Development initiatives were advanced further and Marketing efforts strengthened during the 2018/19 financial year. The new MOBOTIX 7 camera platform, and the M73 - the first model based on this platform - were successfully presented at the Global Partner Conference in October. 2019 activities were focused on growth markets and the necessary human resource and organizational changes were precipitated. These measures led to sales stabilization and contributed to a significant improvement in business performance.

The strategic changes are based on a more efficient operational organization, adapted job profiles, more efficient work processes and investment in the IT infrastructure (SAP/ERP and SAP/CRM implementation). Non-financial performance indicators are of secondary importance for the understanding of business development and the MOBOTIX Group's situation.

EBITDA

€ 4.3 million

EBIT

€ 2.0 million

Net assets, financial position and results of operations of the MOBOTIX Group

Results of operations

The financial year 2018/19 saw an increase in sales of the MOBOTIX Group of 5.3%, from €66.4 million in the previous year to €69.9 million. Revenue from sales comprises revenue from component sales to contract manufacturers in the amount of €4.5 million (previous year: €2.5 million). In addition to higher revenue from selling components, the sales increase essentially resulted from contract development revenues in the amount of €3.6 million (previous year: €1.7 million). Revenue from the sale of video security systems and software declined by 0.9% to €61.5 million (previous year: €62.1 million).

The export ratio (excluding component sales) was 69.7% in the financial year 2018/19 (previous year: 66.7%). Revenue from the sale of video security systems and software in Germany declined from €20.6 million in the financial year 2017/18 to €18.6 million (-9.6%). The rest of Europe (excluding Germany) accounts for €22.0 million (previous year: €21.1 million). Sales in the rest of the world rose by 2.6%, from €20.3 million in the previous year to €20.9 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 6.1%, from €66.9 million in the previous year to €71.0 million in the 2018/19 financial year. This is primarily due to the increase in sales.

Other operating income fell by €0.2 million to €0.9 million. In the previous year, income from the release of provisions for restructuring was 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 45.3% in the 2018/19 financial year (previous year: 44.8%).

The decrease in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 34.4% in the financial year 2018/19 (previous year: 34.8%) is due to the increase in revenue from sales. Personnel costs in the 2018/19 financial year increased year-on-year by €0.5 million (2.2%). Despite the lower average number of employees, this can be attributed to the first-time consolidation of service companies MOBOTIX SINGAPORE AND MOBOTIX AUSTRALIA, etc.

Depreciation, amortization expense and impairment losses in the 2018/19 financial year in the amount of €2.3 million (previous year: €2.2 million) have increased slightly. This is attributable to the increase in the amortization of intangible assets due to the commissioning of the SAP ERP system.

Other operating expenses in the amount of €11.5 million in financial year 2018/19 (previous year: €11.7 million) decreased compared to the previous year by €0.2 million (-1.7%). The decrease in other operating expenses is mainly due to the decline in service costs by €0.5 million due to the first-time consolidation of service companies MOBOTIX SINGAPORE AND MOBOTIX AUSTRALIA. In addition, marketing expenses were reduced by €0.2 million, legal and consulting costs by €0.3 million, and the cost of goods duty by €0.3 million. Conversely, expenses related to temporary workers increased by €0.5 million as a result of the final assembly of indoor cameras being insourced from external contract manufacturers, among other factors.

EBITDA (6.4% of total operating output excluding component sales; earnings before interest, tax, depreciation and amortization) amounts to €4.3 million (2017/18: €3.3 million). EBIT (3.0% of total operating output excluding component sales; earnings before interest and tax) amounts to €2.0 million (2017/18: €1.1 million). The 2018/19 financial year ended on an annual net income of €0.9 million (2017/18: €0.4 million) and a return on revenue (excluding component sales) of 1.4% (2017/18: 0.7%).

Percentage exported to other countries

69.7 %

Cash flow from operating activities

€ 1.4 million

Net assets

Non-current assets decreased by €0.3 million (-2.0%) to €17.1 million. Capital expenditure of €2.0 million on non-current assets was offset by depreciation and amortization of €2.3 million. Most of this spending was related to investment in intangible assets in the amount of €1.3 million and in technical equipment and machinery, as well as office furniture and equipment in the amount of €0.7 million. Capital expenditure on intangible assets chiefly relate to investments in new IT infrastructure, particularly the new SAP ERP system. Investments in technical equipment and machinery mainly consist of investments in injection molding tools in connection with the development of the new MOBOTIX 7 camera platform and IT equipment.

Inventories, particularly finished goods, rose from €16.2 million to €18.7 million as a result of the targeted increase in camera stocks.

Receivables from deliveries and services increased by €1.8 million to €13.0 million up to 30 September 2019 compared to the beginning of the financial year, due to increased component sales at the end of the financial year in connection with subcontracting to selected contract manufacturers.

The higher volume of business with the Konica Minolta Group resulted in an increase in receivables from affiliated companies which rose by €0.2 million to €1.3 million.

Cash in hand/bank balances and cash equivalents as of 30 September 2019 decreased to €1.7 million, representing a €1.0 million decrease since the beginning of the financial year (30 September 2018: €2.7 million), particularly through increased investment in the new MOBOTIX 7 camera platform during the last quarter of the financial year.

Equity capital has increased by €0.5 million to €26.7 million (30. September 2018: €26.1 million) compared to the previous year, mainly as a result of the annual surplus of €0.9 million. The equity ratio fell from 51.4% to 49.4% on a balance sheet total that increased by €3.0 million (6.0%) to €53.9 million (30 September 2018: €50.9 million). A dividend for the financial year 2018/19 in the amount of €0.5 million was paid in the financial year 2018/19. MOBOTIX held a total of 118,641 treasury shares as of 30. September 2019.

The increase in other provisions by €0.3 million to €4.6 million is primarily due to additions to provisions in human resources.

The increase in liabilities to banks in the amount of €0.3 million to €17.3 million (30.09.2018: €17.0 million) resulted from the absorption of short-term loan funds in the amount of €1.5 million. In contrast are scheduled repayments of long- and medium-term loans in the amount of €1.2 million. A loan in the amount of €3.0 million, which was due for payment, was extended for another three years.

Trade payables increased by €1.8 million to €4.5 million compared to 30. September 2018 (30. September 2018: €2.7 million).

Financial position

Operating cash flow before changes in working capital amounted to €4.6 million in the financial year 2018/19 (previous year: €1.6 million). The increase compared with the previous year is attributable in particular to the improved net income before income taxes and the increase in other provisions.

The cash flow from operating activities before income taxes was at €1.4 million in the financial year 2018/19 (previous year: €-0.9 million). Based on an operating cash flow of €4.6 million before working capital changes, the increase in inventories (€2.5 million) and receivables from deliveries and services (€1.7 million), in particular, led to a cash flow from operating activities before income taxes in the amount of €1.4 million.

The cash flow from investment activities amounted to €-2.0 million (previous year: €-1.8 million), and is primarily due to investments in intangible assets, especially in the SAP ERP system.

The negative cash flow from financing activities amounting to €-1.9 million (previous year: €-2.1 million) resulted in particular from the scheduled repayment of medium- and long-term loans totaling €1.2 million, and the dividend payment in the amount of €0.5 million.

The changes in these individual cash flows resulted in total cash and cash equivalents of €0.2 million as of 30. September 2019 (30. September 2018: €2.7 million).

The Company's solvency was secure at all times during the 2018/19 financial year. Financing options continue to be available to the Company as a result of its credit standing. The MOBOTIX Group currently has short-term credit lines totaling €20.5 million from several banks at its disposal that were utilized as of the balance sheet date in the amount of €1.5 million.

Non-current liabilities increased by €0.8 million year-on-year to €13.6 million as of 30 September 2019. Current liabilities, inclu-

ding provisions, rose from €12.0 million to €13.7 million. The proportion of non-current liabilities in the MOBOTIX Group balance sheet total stands at 25.1%, the same as the previous year. Current liabilities, including provisions, accounted for 25.4% of the balance sheet total as of the reporting date compared with 23.5% as of 30 September 2018.

Net assets, financial position and results of operations of MOBOTIX AG

Results of operations

The 2018/19 financial year saw an increase in sales of MOBOTIX AG by 7.0%, from €63.5 million in the previous year to €67.9 million. Revenue from sales comprises revenue from component sales to contract manufacturers in the amount of €4.5 million (previous year: €2.5 million). In addition to higher proceeds from selling components, the sales increase essentially resulted from contract development revenues in the amount of €3.6 million (previous year: €1.7 million). Revenue from the sale of video security systems and software also increased by 0.7% to €59.4 million (previous year: €59.0 million).

The export quota (in relation to the proceeds from the sale of video security systems and software) in financial year 2018/19 amounted to a total of 68.6% (previous year: 65.1%). Revenue from the sale of video security systems and software in Germany declined from €20.6 million in the financial year 2017/18 to €18.6 million (-9.6%). The rest of Europe (excluding Germany) accounts for €22.0 million (previous year: €21.1 million). Sales in the rest of the world increased by 8.7%, from €17.3 million in the previous year to €18.8 million in the reporting year.

The total operating output (revenue from sales, increase and/or decrease in the inventory of finished goods and work in progress, other own work capitalized) increased year-on-year by 6.8%, from €64.3 million in the previous year to €68.7 million in the 2018/19 financial year. This is primarily due to the increase in sales.

Other operating income fell by €0.2 million to €0.8 million. In the previous year, income from the release of provisions for

restructuring was 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 47.4% in the 2018/19 financial year (previous year: 46.1%).

The decrease in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 32.3% in the financial year 2018/19 (previous year: 33.5%) is due to the increase in revenue from sales. Personnel costs in financial year 2018/19 were at the previous year's level of €20.7 million. Due to decline the average number of employees, moderate salary increases and contributions to personnel provisions did not lead to an increase in personnel costs in financial year 2018/19.

Depreciation, amortization expense, and impairment losses in the 2018/19 financial year in the amount of €2.3 million (previous year: €2.2 million) only increased slightly.

Other operating expenses in the amount of €10.6 million in the 2018/19 financial year remained almost the same as in the previous year. The decreases in marketing expenses by €0.3 million, legal and consulting costs by €0.3 million and goods duty costs by €0.3 million offset the increases in expenditure on temporary workers by €0.5 million, and IT costs by €0.2 million. The increase in temporary workers is due to the final assembly of indoor cameras being insourced from external contract manufacturers, among other factors.

EBITDA (8.0% of total operating output excluding component sales; earnings before interest, tax, depreciation, and amortization) amounts to €5.1 million (2017/18: €3.5 million). EBIT (4.5% of total operating output excluding component sales; earnings before interest and tax) amounts to €2.9 million (2017/18: €1.4 million). The 2018/19 financial year ended on an annual net income of €1.9 million (2017/18: €0.8 million) and a return on revenue (excluding component sales) of 3.0% (2017/18: 1.3%).

Net assets

Non-current assets decreased by €0.4 million (-1.7%) to €24.1 million. Capital expenditure of €1.9 million on non-current assets was offset by depreciation and amortization of €2.3 million. Most of this spending was related to investment in intangible assets in the amount of €1.3 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, particularly the new SAP ERP system. Investments in technical equipment and machinery mainly consist of investments in injection molding tools in connection with the development of the new MOBOTIX 7 camera platform and IT equipment.

Inventories, particularly finished goods, rose from €15.1 million to €17.4 million as a result of the targeted increase in camera stocks.

Receivables from deliveries and services increased by €1.8 million to €10.6 million up to 30 September 2019 compared to the beginning of the financial year, due to increased component sales at the end of the financial year in connection with the reintroduction of subcontracting to contract manufacturers.

The receivables from affiliated companies increased by €1.3 million to €6.5 million. This is mainly due to extended payment terms for MOBOTIX CORP.

Cash in hand/bank balances and cash equivalents as of 30 September 2019 decreased to €1.3 million, representing a €1.1 million decrease since the beginning of the financial year (30 September 2018: €2.4 million), particularly through increased investment in the new MOBOTIX 7 camera platform during the last quarter of the financial year.

Equity capital has increased by €1.4 million to €34.9 million (30.09.2018: €33.5 million) compared to the previous year as a result of the annual surplus of €1.9 million. The equity ratio fell from 58% to 56.6% on a balance sheet total that increased by €4.0 million (7.0%) to €61.7 million (30 September 2018: €57.7 million). A dividend for the financial year 2017/18 in the amount of €0.5 million was paid in the financial year 2018/19. MOBOTIX held a total of 118,641 treasury shares as of 30 September 2019.

The increase in other provisions by €0.3 million to €4.2 million is primarily due to additions to provisions in human resources.

The increase in liabilities to banks in the amount of €0.3 million to €17.3 million (30.09.2018: €17.0 million) resulted from the absorption of short-term loan funds in the amount of €1.5 million. In contrast are scheduled repayments of long- and medium-term loans in the amount of €1.2 million. A loan in the amount of €3.0 million, which was due for payment, was extended for another three years.

Trade payables increased by €1.9 million to €4.4 million compared to 30 September 2018 (30.09.2018: €2.5 million).

Financial position

Operating cash flow before changes in working capital amounted to €5.3 million in the financial year 2018/19 (previous year: €1.9 million). The increase compared with the previous year is attributable in particular to the improved net income before income taxes and the increase in provisions.

Employees

357 (headcount including members of the Management Board and trainees)

Of which are in Product Organisation

68

The cash flow from operating activities before taxes on income was €1.1 million in the financial year 2018/19 (previous year: €-0.8 million). Based on an operating cash flow of €5.3 million before working capital changes, the increase in inventories (€2.2 million), receivables from deliveries and services (€1.8 million), and receivables from affiliated companies (€1.3 million), in particular, led to a cash flow from operating activities before income taxes in the amount of €1.1 million. At the same time, trade payables (€1.9 million) increased.

The cash flow from investment activities amounted to €-1.9 million (previous year: €-1.8 million), and is primarily due to investments in intangible assets, especially in the SAP ERP system.

The negative cash flow from financing activities amounting to €-1.8 million (previous year: €-2.1 million) resulted in particular from the scheduled repayment of medium- and long-term loans totaling €1.2 million, and the dividend payment in the amount of €0.5 million.

The changes in these individual cash flows resulted in negative total cash and cash equivalents of €0.2 million as of 30 September 2019 (30 September 2018: €2.4 million).

The Company's solvency was secure at all times during the 2018/19 financial year. Financing options continue to be available to the Company as a result of its credit standing. The MOBOTIX Group currently has short-term credit lines totaling €20.5 million from several banks at its disposal that were utilized as of the balance sheet date in the amount of €1.5 million.

Non-current liabilities increased by €0.8 million year-on-year to €13.6 million as of 30 September 2019. Current liabilities, including provisions, rose from €11.5 million to €13.3 million. As a proportion of the MOBOTIX Group's balance sheet total, non-current liabilities decreased from 22.1% to 22.0%. Current liabilities, including provisions, accounted for 21.5% of the balance sheet total as of the reporting date compared with 19.9% as of 30 September 2018.

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 2018/19 mainly reflected the management's expectations for the performance of business during this financial year.

The planned revenue from sales of €67.5 million (excluding component sales) could not be achieved, as the revenue generated from sales was €65.4 million (excluding component sales). However, the EBIT for the financial year 2018/19, €2.0 million, significantly exceeded the predicted amount of €1.4 million. In particular, increased product-related sales in the sales regions of Northern/Eastern Europe (+18%), APAC (+10%), MEA (+5%), and Southern/Western Europe (+5%) show that the organizational and human resource changes achieved their desired effect.

The development of the new MOBOTIX 7 camera platform, which was completed at the end of the financial year 2018/19 and presented at the Global Partner Conference in October 2019, the first camera model (M73) brought to the market based on the new platform, as well as the associated further monetization of software in the form of software APPs, were all important objectives that we achieved.

Another important goal achieved was to strengthen the strategic collaboration between Konica Minolta and MOBOTIX in financial year 2018/19, and to facilitate the development of new technologies for video monitoring.

The MOBOTIX Group had an equity ratio of 49.5% as of 30 September 2019, equity in the amount of €26.7 million, cash and cash equivalents in the amount of €1.7 million, and unused short-term credit lines from banks in the amount of €19.0 million - all of which represents a satisfactory financial situation in order to make further investments in product development and marketing and to focus the sales structure on growth markets.

Changes to the Supervisory Board

Sabine Hinkel, long-serving member of the Supervisory Board of MOBOTIX AG, tendered her resignation from office with effect from 24 January 2019. Ms. Hinkel informed the Management Board of MOBOTIX AG in line with legal guidelines.

The Supervisory Board of MOBOTIX AG elected Mr. Olaf Jonas, General Manager Corporate Governance Division, Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany, to the Supervisory Board of MOBOTIX AG at the Annual General Stockholders' Meeting for financial year 2017/18 on 24 January 2019.

Kunihiro Koshizuka, long-serving member of the Supervisory Board of MOBOTIX AG, tendered his resignation from office with effect from 1 May 2019. Mr. Koshizuka informed the Management Board of MOBOTIX AG in line with legal guidelines. Mr. Koshizuka had been a member of the Supervisory Board of MOBOTIX AG since May 2016. Request for the appointment of a successor was filed with the competent court.

The district court of Kaiserslautern appointed Mr. Keiji Okamoto as a member of the Supervisory Board of MOBOTIX AG with effect from 1 May 2019. Mr. Okamoto is Managing Director of Konica Minolta Business Solutions Europe GmbH, Langenhagen, Executive Officer of Konica Minolta Inc., Tokyo.

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 considers these actions to be unjustified and has taken legal steps. The process is currently being appealed before the higher regional court of Zweibrücken; in the meantime, settlement negotiations are being carried out with the plaintiffs.

A large, stylized number '7' is the central focus, rendered with a vibrant rainbow gradient from blue at the top to red at the bottom. It is set against a dynamic background of colorful powder explosion, with blue and green powder trailing upwards and red powder trailing downwards. The word 'MOBOTIX' is written in a clean, white, sans-serif font across the middle of the '7'.

MOBOTIX

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.

Probability of occurrence	
Low	< 25%
Medium	25% - 50%
High	50% - 75%
Very high	> 75%

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 predefi-

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

ned approval processes, separation of functions and compliance with guidelines. Another important measure is ensuring that the actions of individuals are verified by a second person. By rigorously applying the principles and instructions laid down in the risk policy, the majority of risks can be avoided or their impact can at least be mitigated.

Significant 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. MOBOTIX succeeded in standing differences out from among many competitors through high-resolution and hemispheric camera technology.

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

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

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

Opportunity report

MOBOTIX is active in the continuously growing video surveillance system market. The Company's growth is mainly due to an increasing requirement for „IT Security,“ automation, Industry 4.0, intelligent „sensors“ based on high-performance deep learning and AI, video analytics, and 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

Consolidated Annual Net Profit

€ 0.9 million

Operating cash flow before changes in working capital

€ 4.6 million

such, robust outdoor cameras will increasingly also be used as sensors in industrial automation, such as for monitoring temperature-critical processes, early fire recognition tests, 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.

Further opportunities arise from the substantially improved integration options resulting from the adoption of standards such as ONVIF and H.264/H.265, as well as from the integration of MOBOTIX cameras with leading video management systems from Genetec and Milestone, and further products through their ONVIF compatibility.

The Board of Directors also optimizes the sales and earnings model for MOBOTIX by monetizing the MxMC video management software, and the new MOBOTIX 7 Camera APPs through licensing, for example. 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. As part of the market launch of the MOBOTIX 7 M73 Camera in October 2019, additional high-performance video analysis APPs will also be made available via a license, which will enable the development of new market verticals through new customer solutions.

The introduction of the MOBOTIX NAS in October 2018 was the first time MOBOTIX had opened itself up and offered both classic solutions based on the KOBOTIX decentralized concept with IoT portfolio, and a widespread, centralized concept well-established on the market: a centralized video recording framework with MOBOTIX MOVE products using established ONVIF standards, which also includes a direct integration with third-party products via 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 excellent growth opportunities in the medium term for technological order development as well as in sales.

Equity

€ 26.7 million

Equity ratio

49,4 %

Forecast report

For the financial year 2019/20, the MOBOTIX Group's planned turnover is in the region of €70 million to €74 million. The turnover is largely dependent on the success of the new MOBOTIX 7 camera platform, which was presented at the Global Partner Conference in October 2019, the first camera model (M73) brought to the market based on the new platform, further associated monetization of software in the form of software APPs, as well as a renewal of the existing product portfolio in 2019/20. Accordingly, the planned EBIT for financial year 2019/20 is in the region of €2.5 million to €3.2 million. For MOBOTIX AG, the Management Board expects similar turnover and EBIT trends to the MOBOTIX Group.

The forward-looking statements made above are predictions.

Dependent company report

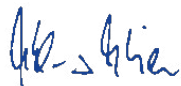
A report on the relationships with affiliated companies was prepared for the 2018/19 financial year in accordance with Section 312 of the AktG (German Stock Corporation Act). Regarding those transactions that have to be reported, the report states: „The Management Board declares that, for the legal transactions 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, 8 November 2019

The Management Board



Thomas Lausten • CEO

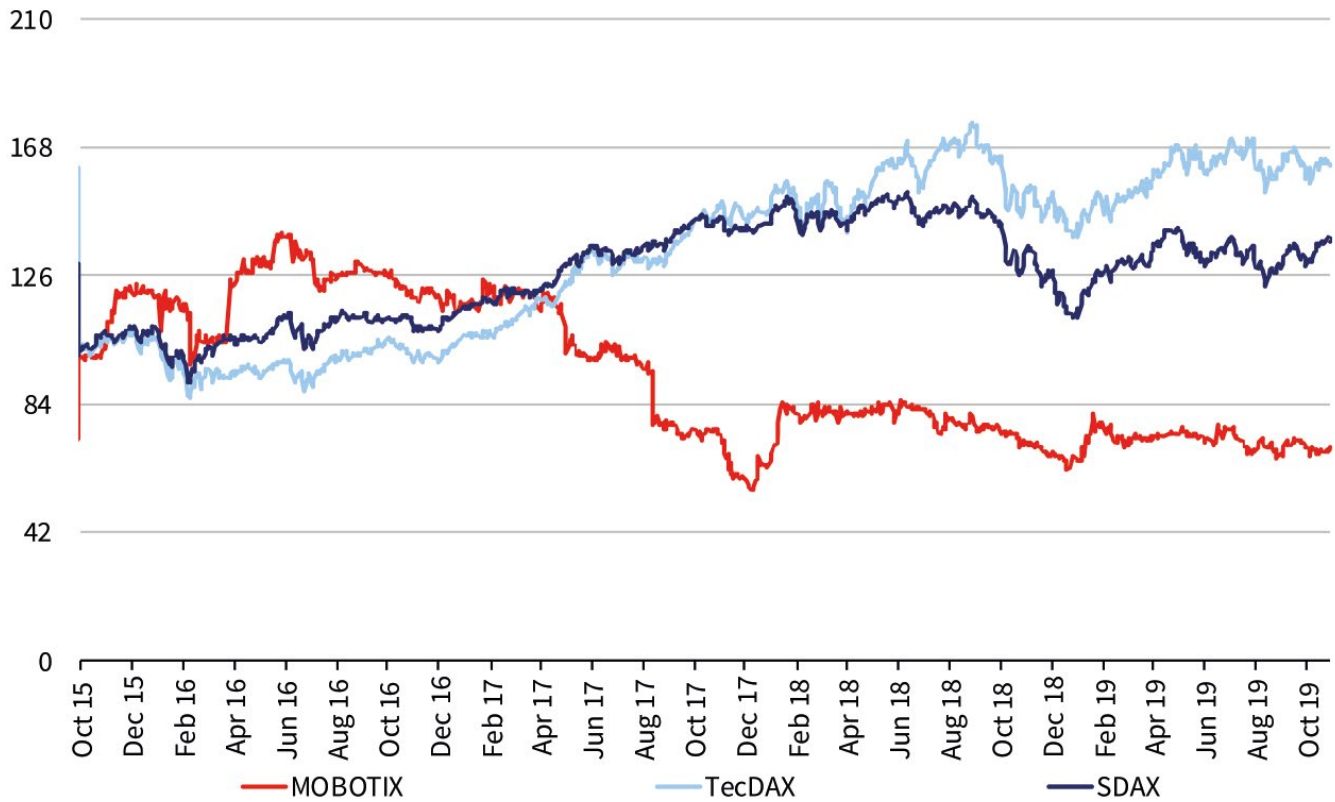


Klaus Kiener • CFO



Hartmut Sprave • CTO

Indexed Shared 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	13.152.801 shares





Balance Sheet			
€'000s	See Notes	30.9.2019	30.9.2018
NON-CURRENT ASSETS			
Intangible Assets	(1)		
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets		2,038	532
Advance payments		106	725
		2,144	1,257
Property, plant and equipment	(1)		
Land and buildings, including buildings on third-party land		12,426	13,017
Technical equipment and machinery		1,150	2,440
Other equipment, factory and office equipment		1,198	742
Advance payments and assets under construction		197	10
		14,971	16,209
Financial Assets	(2)		
Shares in affiliated companys		0	0
		0	0
		17,115	17,466
CURRENT ASSETS			
Inventory			
Raw materials and supplies		6,044	5,264
Work in progress		5,770	5,594
Finished goods and merchandise		6,890	5,337
		18,704	16,195
Receivables and other assets	(3)		
Trade receivables		12,955	11,220
Receivables due from affiliated companies		1,270	1,145
Other assets		872	252
		15,097	12,617
Cash in hand and bank balances		1,726	2,747
		35,527	31,559
PREPAID EXPENSES AND DEFERRED CHARGES		679	608
DEFERRED TAX ASSETS		603	1,224
ASSETS		53,924	50,857

Balance Sheet			
€'000s	See Notes	30.9.2019	30.9.2018
EQUITY	(5)		
Subscribed capital		13,271	13,271
./. Treasury shares		-118	-128
(Corrected) subscribed capital		13,153	13,143
Capital reserves		1,250	1,250
Retained earnings			
Statutory reserve		77	77
Other retained earnings		17,751	17,678
		17,828	17,755
Equity capital difference from currency conversion		118	150
Loss carryforward		-6,574	-6,582
Consolidated annual net profit		884	419
		26,659	26,135
PROVISIONS			
Provisions for taxes		109	0
Other provisions	(6)	4,637	4,281
		4,746	4,281
LIABILITIES	(7)		
Bank loans and overdrafts		17,250	16,990
Advance payments received for orders		32	13
Trade payables		4,515	2,651
Liabilities to affiliated companies		108	149
Other liabilities		614	638
		22,519	20,441
LIABILITIES		53,924	50,857

Consolidated Income Statement			
€'000s	See Notes	01.10.2018 30.09.2019	01.10.2017 30.09.2018
Revenue from sales	(8)	69,903	66,376
Increase in finished and unfinished goods and work in progress		657	361
Other own work capitalized		396	166
Other operating income	(9, 11)	851	1,093
Material costs		33,164	30,659
Expenses for raw, auxiliary and operating materials as well as for purchased goods		32,459	30,201
Expenses for purchased services		705	458
Personnel expenses		22,864	22,374
Wages and salaries		19,707	19,198
Social security contributions and expenditure on pension benefits of which relating to pensions €46,000 (previous year: €53,000)		3,157	3,176
Amortization of intangible assets and depreciation of property, plants and equipment		2,313	2,190
Other operating expenses	(9, 11)	11,508	11,708
Interest and similar expenses		166	172
Taxes from income and profit		872	438
Current taxes		252	14
Deferred taxes	(12)	620	424
AFTER-TAX PROFIT		920	455
Other taxes		36	36
CONSOLIDATED ANNUAL NET PROFIT		884	419

Cash Flow Statement		
€'000s	01.10.2018	01.10.2017
	-	-
	30.09.2019	30.09.2018
Annual result before taxes on income	1,756	857
+ Income from interest	166	171
+ Amortization of intangible assets and depreciation of property, plants and equipment	2,313	2,190
+/- Decrease/Increase of other provisions	296	-1,656
+ Loss due to disposal of fixed and tangible assets	0	2
+ Other non-cash expenses	83	0
Operating cash flow before changes in working capital	4,614	1,564
- Increase in inventory, trade receivables and other assets that do not fall under investment or financing activities	-5,049	-2,933
+ Increase in trade payables and other liabilities that do not fall under investment or financing activities	1,812	463
Cash flow from operating activities before taxes on income	1,377	-906
- Income tax payments/refunds	-17	-14
Cash flow from operating activities	1,360	-920
- Cash outflows for purchases of property, plants and equipment	-662	-589
- Cash outflows for purchases of intangible assets	-1,293	-1,203
Cash flow from investing activities	-1,955	-1,792
- Dividend payments	-531	-531
- Cash outflows for redemption of loans	-4,240	-1,420
+ Cash inflows from the take-up of loans	3,000	0
- Interest paid	-166	-154
Cash flow from financing activities	-1,937	-2,105
Net change in cash and cash equivalents	-2,532	-4,817
Net change in financial facilities due to exchange rate	-39	71
Consolidation-related changes in the scope of funds	50	0
Cash and cash equivalents at the beginning of the reporting period	2,747	7,493
Cash and cash equivalents at the end of the reporting period	226	2,747
Transfer to inventory in accordance with balance sheet:		
+ Short-term loans	1,500	0
Cash in hand and bank balances	1,726	2,747

Statement of Changes in Equity						
€'000s	Subscribed capital	Treasury shares	(Corrected) subscribed capital	Capital reserves	Statutory reserve	Other retained earnings
As of 01.10.2017	13,271	-128	13,143	1,250	77	0
Allocation to reserves						17,678
Distribution						
Currency conversion						
Consolidated annual net profit						
As of 30.09.2018	13,271	-128	13,143	1,250	77	17,678
As of 01.10.2018	13,271	-128	13,143	1,250	77	17,678
Distribution						
Currency conversion						
Issuance of treasury shares		10	10			73
Change in the consolidated companies						
Consolidated annual net profit						
As of 30.09.2019	13,271	-118	13,153	1,250	77	17,751

Statement of Changes in Equity					
€'000s	Reserves	Equity difference from currency conversion	Loss carryforward	Consolidated annual net profit	Group equity
As of 01.10.2017	77	165	11,627		26,262
Allocation to reserves	17,678		-17,678		0
Distribution			-531		-531
Currency conversion		-15			-15
Consolidated annual net profit				419	419
As of 30.09.2018	17,755	150	-6,582	419	26,135
As of 01.10.2018	17,755	150	-6,163	419	26,135
Distribution			-531		-531
Currency conversion		-32			-32
Issuance of treasury shares	73				83
Change in the consolidated companies			120		120
Consolidated annual net profit				884	884
As of 30.09.2019	17,828	118	-6,574	884	26,659

Shareholding			
Company	Registered office	30.9.2019	30.9.2018
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 %

A. General information

The financial year used by MOBOTIX AG 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 2019.

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.

The capital consolidation of MOBOTIX Singapore PTE. LTD., Singapore, and of MOBOTIX AUSTRALIA PTY LTD., Sydney, Australia, was based on the valuations at the time of the initial inclusion in the 2018/19 financial year.

Liability consolidation/interim results/consolidation of expenditures and incomes

Intra-group receivables and liabilities between the companies

Scope of consolidation

MOBOTIX CORP, New York, USA (previously MOBOTIX Ltd. Liability Company, Columbia, South Carolina) was founded as a subsidiary in 2003. This was 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 Singapore PTE. LTD., Singapore, as well as MOBOTIX AUSTRALIA PTY Ltd., Sydney, Australia, were included in the consolidated financial statements of MOBOTIX AG for the first time in the 2018/19 financial year. MOBOTIX LIMITED, Nottingham, is not included in the consolidated financial statements as it is not material to the presentation of a true and fair view of the MOBOTIX Group's net assets, financial position and results of operations.

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

Currency conversion

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

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

The materials and supplies reported under inventories are recognized at their average price, taking into account of their realizable value on the balance sheet date and the lower-of-cost-and-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.

Liabilities

Liabilities are carried at their settlement amount.

Currency conversion

Assets and liabilities denominated in foreign currencies are generally translated at the average spot exchange rate on the balance sheet date, as all foreign currency items have residual terms of less than one year. Section 253 (1) sentence 1 and section 252 (1) no. 4 clause 2 of the German Commercial Code (Handelsgesetzbuch, HGB) are not applied in this respect.

The following accounting and valuation principles are applied where valuation units are formed in accordance with section 254 HGB:

Economic hedging relationships are reflected in the balance sheet through the formation of valuation units. In cases where both the „freeze“ method, in which the offsetting changes in value arising from the hedged risk are not recognized, and the „transfer method“, according to which the offsetting changes in value arising from the hedged risk of both the hedged item and the hedging instrument are recognized, can be applied, the freeze method is applied. The offsetting positive and negative changes in value are recognized without affecting the income statement.

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 the non-current intangible assets and property, plant and equipment reported on the balance sheet are presented in the statement of changes in non-current 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 of €603,000 (previous year €1,224,000) comprise accumulated tax losses of €502,000 (previous year: €1,087,000) incurred in the 2016/17 financial year and €101,000 (previous year €157,000) from the elimination of intra-Group profits and losses 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 (€7,865,000) in future years, are not being recognized owing to the past and current loss situation.

(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 13,152,801 are in circulation. It held 118,641 shares as treasury shares as of 30 September 2019. 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 24 January 2019, adopted a resolution to pay a dividend of €0.04 per share for the 2017/18 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 29 January 2019.

The Annual General Meeting held on 28 May 2018 adopted a resolution to authorize the Management Board once again –

Financial Assets			
Name and registered office of company	Share of capital in percent	Equity	Result in 2018/19
MOBOTIX LIMITED, Nottingham, UK*	100,0	1 British pound	0 British pounds

* not operational

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. At no time may the shares acquired on the basis of this authorization, together with other shares of the Company which the Company has already acquired or still holds or which are attributable to it pursuant to sections 71d, 71e of the German Stock Corporation Act (Aktengesetz, AktG), account for more than 10% of the respective share capital of the Company.

At the Management Board’s discretion, shares are 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 treasury shares in the 2018/19 financial year. As part of an employee stock option plan, 9,493 treasury shares were issued to employees and members of the Management Board in the 2018/19 financial year. Its treasury shares account for €119,000 of its share capital. The treasury shares were purchased in financial years 2010/11 and 2011/12. 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 Management Board of MOBOTIX AG proposes to distribute

€531,000 to the shareholders from the retained earnings of €2,699,000 of MOBOTIX AG and to carry forward €2,168,000 to new account.

(6) Other provisions

Other provisions primarily include the following types of provisions.

	€'000s
Provisions for outstanding invoices	€1,705 (previous year €1,740)
Provisions for annual bonuses and sales commissions	€731 (previous year €761)
Provisions for Christmas bonuses	€367 (previous year €320)
Provisions for non taken vacation	€348 (previous year €323)

(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 €203,000 (previous year €143,000) and taxes of €190,000 (previous year €210,000).

Liabilities to affiliated companies relate exclusively to trade payables.

(8) Revenue from sales

Revenue from sales comprises revenue of €61,486,000 (previous year €62,065,000) from the sale of video management systems, revenue of €4,478,000 (previous year €2,520,000) from the sale of components to external manufacturers, revenue from the contract development for Konica Minolta, Inc. Tokyo, Japan in the amount of €3,563,000 (previous year €1,714,000), and other revenue in the amount of €376,000 (previous year €77,000).

Revenue from the sale of video management system solutions of €18,637,000 (previous year €20,611,000) is attributable to Germany, €21,982,000 (previous year €21,110,000) to the rest of Europe, and €20,867,000 (previous year €20,344,000) to the rest of the world.

(9) Income and expenses from other reporting periods

Other operating income includes income of €143,000 (previous year: €227,000) from other reporting periods, while other operating expenses include expenses of €46,000 (previous year: €161,000) from other reporting 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.

Liabilities					
	Maturity period				Of which secured
	Total	up to 1 year	1 to 5 years	over 5 years	Amount
To financial institutions	17,250 (16,990)	3,700 (4,240)	13,550 (12,750)	0 (0)	3,090* (3,210*)
Arising from advance payments received for orders	32 (13)	32 (13)	0 (0)	0 (0)	0 (0)
Trade receivables	4,515 (2,651)	4,515 (2,651)	0 (0)	0 (0)	0 (0)
Liabilities to affiliated companies	108 (149)	108 (149)	0 (0)	0 (0)	0 (0)
Other liabilities	614 (638)	614 (638)	0 (0)	0 (0)	0 (0)
Total	22,519 (20,441)	8,969 (7,691)	13,550 (12,750)	0 (0)	3,000 (3,090)

* Land charges

(11) Currency conversion income and expenses

Other operating income includes income of €257,000 (previous year: €269,000) from currency conversion, while other operating expenses include expenses of €244,000 (previous year: €131,000) from currency conversion.

(12) Valuation units

The following valuation units were formed:

Underlying transaction/ hedging instrument	Risk/type of valuation unit	Amount involved	Level of hedged risk
(1) Foreign currency receivable /foreign exchange derivative	Currency risk/micro hedge	FC'000S US\$	€4,981,000

re (1): The offsetting changes in value of the underlying and hedging transaction are expected to offset one another in the amount of €4,981,000 in the hedging period because risk positions (underlying transaction) are hedged in the same currency and for the same term by forward exchange transactions in the same amount immediately after they arise. The offsetting changes in value from the underlying transaction and the hedging transaction had largely offset one another by the balance sheet date the critical terms match method is used to measure the effectiveness of the hedging relationship.

(13) Taxes from income and profit

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

Tax Reconciliation €'000s	Financial year 1.10.2018 – 30.9.2019
Profit before tax	1,756
Income taxes derived from earnings before tax (income)	502
Loss carryforwards not capitalized/utilized	313
Other non-deductible expenses	26
Other	31
Reported income taxes	872

(14) 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.

E. Other Compulsory Information

(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 2018/19 financial year:

Full-time employees	283,0
Part-time employees	19,2

The total number of people employed on average was 302.2 (previous year: 310.2).

(2) Auditor's fees

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

€'000s	Financial year	
	2018/19	2017/18
Statutory audit services		
invoiced	26	45
from provisions	75	25
Other services		
invoiced	34	0
Total	135	70

(3) MOBOTIX AG Management Board

Members of the MOBOTIX AG Management Board

- Thomas Lausten, Master of Business Administration, Kaiserslautern (Chief Executive Officer)
- Klaus Kiener, Graduate in Business Administration, Wiesbaden (Chief Financial Officer)
- Hartmut Sprave, Graduate Physicist, Otterbach (Chief Technology Officer)

Management Board Member's remuneration

The total remuneration paid to the members of the Management Board amounted to €813,000 (previous year €641,000). This consisted entirely of short-term remuneration.

(4) MOBOTIX AG Supervisory Board

Members of the Supervisory Board

- Yuji Ichimura, Executive Officer and Executive General Manager of Business Development at Konica Minolta, Inc., Tokyo, Japan (Chairman)
- Sabine Hinkel, Graduate in Business Administration (BA), Höringen (until 24 January 2019)
- Olaf Jonas, General Manager Corporate Governance Division, Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany (since 24 January 2019)
- Kunihiko Koshizuka, Director and Senior Executive Officer of Konica Minolta, Inc., Tokyo, Japan (until 30 April 2019)
- Keiji Okamoto, Managing Director of Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany, and Executive Officer of Konica Minolta Inc., Tokyo, Japan (since 1 May 2019)

Supervisory Board Members' 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 conso-

lidated 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 €42,000 in the 2018/19 financial year (previous year: €41,000).

(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 statements for the largest group of companies. These consolidated financial statements are translated into German 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.

(6) Notifications pursuant to Section 20 (1), (5) and (6) of the German Stock Corporation Act

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) of AktG, even with the addition of shares (Section 20 (2) AktG).

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

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

Winnweiler/Langmeil, 8 November 2019


The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



Hartmut Sprave • CTO

Annex To The Notes							
€'000s	As of 1.10.2018	Addi- tions	Dispo- sals	Amendment of the scope of consolida- tion	Trans- fer pos- ings	Currency transla- tion diffe- rences	As of 30.9.2018
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	1,213	1,153	0	0	719	4	3,089
Advance payments	725	140	0	0	-759	0	106
Total intangible assets	1,938	1,293	0	0	-40	4	3,195
Property, plant and equipment							
Land and buildings, including buildings on third-party land	18,188	0	0	0	0	0	18,188
Technical equipment and machinery	12,772	57	0	0	-3,379	0	9,450
Other equipment, factory and office equipment	6,374	407	-1	6	3,429	25	10,240
Advance payments and assets under construction	133	197	-123	0	-10	0	197
Total property, plant and equipment	37,467	662	-124	5	40	25	38,075
Financial Assets							
Shares in affiliated companies	0	0	0	0	0	0	0
Total financial assets	0	0	0	0	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	682	367	0	0	0	2	1,051
Advance payments	0	0	0	0	0	0	0
Total intangible assets	682	367	0	0	0	2	1,051
Property, plant and equipment							
Land and buildings, including buildings on third-party land	5,171	591	0		0	0	5,762
Technical equipment and machinery	10,332	766	0		-2,798	0	8,300
Other equipment, factory and office equipment	5,632	589	-1	3	2,798	21	9,042
Advance payments and assets under construction	123	0	-123		0	0	0
Total property, plant and equipment	21,257	1,946	-124	3	0	21	23,104

Annex To The Notes

€'000s	As of 1.10.2018	Addi- tions	Dispo- sals	Amendment of the scope of consolida- tion	Trans- fer pos- tings	Currency transla- tion diffe- rences	As of 30.9.2018
Financial Assets							
Shares in affiliated companies	0	0	0	0	0	0	0
Total financial assets	0	0	0	0	0	0	0

Net carrying amount

Intangible assets

Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	532						2,038
Advance payments	725						106
Total intangible assets	1,257						2,144

Property, plant and equipment

Land and buildings, including buildings on third-party land	13,017						12,426
Technical equipment and machinery	2,440						1,150
Other equipment, factory and office equip- ment	742						1,198
Advance payments and assets under const- ruction	10						197
Total property, plant and equipment	16,209						14,971

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 2019, 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 2018 to 30 September 2019, 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 of the Company, for the fiscal year from 1 October 2018 to 30 September 2019.

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 2019 and of its financial performance for the fiscal year from 1 October 2018 to 30 September 2019 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 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 circumstances, 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 opinion. 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 2019

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Kaschub

Wöhe

Auditor

Auditor

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 2019/20	
Innovation Summit Americas Fort Lauderdale	8.-10. January 2020
Intersec Dubai	19 to 21 January 2020
Annual General Meeting Fiscal Year 2019/20	30 January 2020
EuroCIS Düsseldorf	16 to 20 February 2020
Light and Building Frankfurt	8 to 13 March 2020
Innovation Summit APAC Sydney	11 to 13 March 2020
ISC West Las Vegas	18 to 20 March 2020
Intersec Saudi Arabia	23 to 25 March 2020
Innovation Summit Europe East Bulgaria	1 to 3 April 2020
Expo Seguridad Mexico	22 to 24 April 2020
Innovation Summit DACH	11 to 13 May 2020
Investor Relations Spring Event Frankfurt	18 May 2020
Security Exhibition & Conference Melbourne	22 to 24 July 2020
SECURITY Essen	22 to 25 September 2020
Global Partner Conference	26 to 28 October 2020

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Disclaimer

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