



MOBOTIX AG

Annual Report

1 October 2019 to 30 September 2020

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Dear MOBOTIX Shareholders,

Preparing this year's annual letter to Shareholders is very different from any year before.

The world is in the middle of one of the greatest health threats, one that is impacting the global economy and all citizens around the world. We hope you and your families are well and have been safe during the past months.

Sales of video security systems and software increased by 10.7% to €68.1 million. Revenue growth increased especially in the Americas by 58% based on a re-structure and new sales strategy focusing on a partner program and selected vertical markets.

Total revenues reached €70.4 million, an increase of €0.5 million (+0.6%) compared to the previous year, due to planned declining revenue from non-profitable component sales to contract manufacturers in the amount of €0.1 million (previous year: €4.5 million) because of optimized supply chain processes. Contract development for Konica Minolta was reduced to €2.1 million (previous year: €3.6 million) due to the focus on own product development projects.

The demand for thermal cameras increased during the COVID-19 pandemic and we have supplied our thermal cameras to many airports, hospitals, hotels and entry points where the cameras

are a fundamental tool in helping to detect elevated body temperatures and thus in preventing the spread of infections.

In particular, MOBOTIX Corp. thermal camera sales increased in the Americas from USD 1.3 million in the previous year 2018/2019 to USD 9.7 million in fiscal year 2019/2020 while the MOBOTIX Group thermal camera sales increased globally from €5.5 million in the previous fiscal year 2018/2019 to €23.9 million in fiscal year 2019/2020.

The Americas market thus achieved the strongest regional growth and continues to be a key focus market in the next years along with an expansion of the MOBOTIX home market in Germany and other parts of Europe and Middle East.

Accordingly, MOBOTIX Corp. contributed with a positive EBIT of USD 1.87 million.

Other operating expenses for MOBOTIX Group in fiscal year 2019/20 decreased by 16% or €1.8 million compared to the previous year due to the planned effects of the restructuring program that has been gradually implemented during the past years.

EBIT increased in fiscal year 2019/2020 to €6.2 million (€2.0 million EBIT in the previous fiscal year 2018/2019) or €3.0 million without the positive effect of capitalized development costs.

The EBIT margin increased from 2.8% to 4.3% without the positive effect of capitalized development costs which is in line with the previous capital market forecasts.

Our new MOBOTIX 7 platform was introduced at our Global Partner Conference in Mainz end of October 2019 to more than 580 MOBOTIX Partners that participated in the biggest event ever for MOBOTIX.

The feedback from our global partners was positive in terms of product design and concept but we also realized that further software updates were required and this has been a key focus for us during the past year. Meanwhile, we have also released several software updates based on the feedback from our MOBOTIX Community and are pleased to see further positive reactions.

We continue to invest and expand our global sales teams. Our sales and marketing strategies now focus on six vertical markets and we are communicating directly through our partner network with end-users in public sector, utilities, manufacturing, education, retail and health care.

Our commitment is to deliver innovations and solutions that meet especially the fast-changing needs of these markets while working very closely together with our loyal MOBOTIX partners. The concept of our new partner program is simple and rewards our partners for their loyalty – the more business we can develop together, the greater the benefits are to our partners in terms of additional support and service from us.

Our communication has been adapted to focus on awareness and increased visibility of MOBOTIX at both end-users and resellers in our global markets. We have during the last months invested even more in digital marketing and continuously reach out to our existing and new customers via social media including our own YouTube channel, Newsletters, webinar meetings, on-line trainings, frequent updates on our website, case studies, Google AdWords, Podcasts, etc.

Similar investments have been made within our internal IT infrastructure where we have also upgraded and optimized our communication tools. The final steps in implementing the SAP/ERP system at MOBOTIX Corp. in the Americas are now completed and MOBOTIX Group can now operate as one global united team based on the same platform. This has also had a further positive impact on the internal team spirit as colleagues now work even closer together than before, across different countries and time zones.

MOBOTIX employs more than 320 employees around the world and have initiated increased investments in R&D to further support our German development culture that embraces creativity while constantly improving product capabilities, performance and quality.

While we foster a culture of respect, trust and empathy at MOBOTIX, we are committed to creating a working environment where our employees can develop further and thrive. The many different cultures and diverse teams of people make MOBOTIX very unique and innovative.

I am very proud to lead this fantastic group of individuals who every day come to work and give their best.

During the pandemic, we have taken extensive steps to protect and support our employees and their families. We quickly adapted so that the majority of our employees could work from home office. For those who must come to work on-site, we are taking every hygiene measure to keep all employees and everyone around them safe.

We have changed seating arrangements, closed buildings and global sales offices to non-essential visitors and have increased the cleaning of all offices and working areas that remain open.

With our latest commitment to the environment, we have also launched a project called Green Strategy which aims at involving all employees in identifying any areas of improvement in order to protect our environment.

I look forward to our Annual Shareholder Meeting on Thursday 28 January 2021, for the first time with shareholders joining virtually. We hope for your understanding that this is the best option during these times and look forward to meeting you soon again in person!

Stay healthy and take care of yourselves and your families!

I wish you all the best.



Thomas Lausten • CEO

Financial year (1, October 2019 – 30, September 2020)	2019/20	2018/19	Delta %
Financial performance	TEUR	TEUR	
Total operating output	73.355	70.956	3,4
Revenue	70.353	69.903	0,6
Of which outside Germany (%)	74,8	68,6	
Earnings before interest, tax, depreciation and amortization (EBITDA)	8.758	4.271	105,1
EBITDA margin (EBITDA as percentage of total operating output)	11,9	6,0	
Earnings before interest and tax (EBIT)	6.172	1.958	215,2
EBIT margin (EBIT as percentage of total operating output)	8,4	2,8	
Profit before tax	5.927	1.756	273,5
Return on revenue (%) before tax	6,6	1,3	
After-tax profit for the year	4.677	884	429,1
Cash flow from operating activities	-526	1.360	-138,7
Balance Sheet Figures	30.9.2020	30.9.2019	
Equity	30.829	26.659	15,6
Equity ratio (equity as percentage of total assets)	48,6	49,4	
Total assets	63.480	53.924	17,7
Non-current assets	20.547	17.115	20,1
Current assets	41.936	35.527	18,0
Of which cash and cash equivalents	2.118	1.726	22,7
Employees			
Number of employees (reporting date) ⁽¹⁾	318	322	-1,2
Average number of employees (FTE)	308	302	1,5
Revenue per employee ⁽²⁾	228	231	-1,3
EBITDA per employee ⁽²⁾	28	14	100,0
EBIT per employee ⁽²⁾	20	6	233,3
Key per-share figures (€)			
Dividend	0,04 ⁽³⁾	0,04	
DVFA/SG (Deutsche Gesellschaft für Betriebswirtschaft/Schmalenbach-Gesellschaft) cash flow ⁽⁴⁾	0,55	0,24	

1) 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 13.159 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 2019

MOBOTIX Global Partner Conference 2019: The New MOBOTIX Solution Platform Sets Standards with Artificial Intelligence and Deep Learning

December 2019

Reappointment of Thomas Lausten as Chief Executive Officer and Hartmut Sprave as Chief Technology Officer for a further three years

February 2020

MOBOTIX offers industry-optimized video surveillance solutions for safer and more effective industrial and production processes

December 2019

The Schneider Group Relies on MOBOTIX Video Surveillance and Security Systems in its Hagebaumarkt (hardware) Stores

January 2020

Product launch of the new MOBOTIX 7 camera platform

March 2020

With a dedicated action plan, MOBOTIX maintains business operations in the wake of the Corona/COVID-19 crisis



April 2020

MOBOTIX CLOUD: The new cyber secure cloud video management system with real MOBOTIX DNA

June 2020

Sales and earnings growth in the third quarter of fiscal year 2019/20 as confirmation of the support of our customers with MOBOTIX video technology addressing the implication of the Corona/COVID-19 crisis

August 2020

MOBOTIX supports its customers with intelligent video technology on their way "back to the new normal"

May 2020

MOBOTIX CREATOR: Intelligent Project Planning Tool reduces the planning effort for architects and project designers many times over

July 2020

MOBOTIX M73 is SySS certified. Cyber security of the entire MOBOTIX IoT camera series confirmed

September 2020

MOBOTIX: Security that Sets the Standard. Video Security Solutions for Education & Science

Westchester County Police Department, USA

Westchester County with a population of approximately one million, borders directly with New York. Six cities, 19 towns and 23 villages are breaking new ground in the fight against crime. Lieutenant Brian Hess teamed up with Mt. Pleasant's Sergeant Jason Patane to establish Real Time Crime (RTC). RTC is staffed by over 100 investigators from 38 of the counties' Police Departments: They focus on monitoring, deterring and evaluating criminal activity in real-time through the integration of MOBOTIX surveillance technology, machine learning analytics, license plate recognition (LPR) and police databases. This hub gives investigative support to first responders, aids in criminal investigations and improves officer safety.

MOBOTIX was chosen for exceptional image quality even at low light. MOBOTIX M16 cameras were placed on light and traffic poles to capture the lanes and data for license plate analysis.

Prior to installing the MOBOTIX solution, tracking down vehicles of interest was a particularly challenging task. Lt. Hess states, "before this system we needed a license plate to locate a vehicle. Now all we need is a vehicle's description and we can begin the investigation immediately." At 7 million license plate captures a week, RTC has quickly become one of the nation's premier technological tracking device. To date, it's assisted in recovering 537 stolen vehicles and contributed to over 4,000 cases - including terrorist alerts, missing persons, and persons of interest. The success of RTC proves that a collaborative, proactive approach with MOBOTIX technology enables law enforcement to provide new levels of safety for the local businesses, residents and their own officers.



Istanbul Grand Airport (IGA), Turkey

When the COVID-19 pandemic hit the world, it impacted the aviation industry particularly severely. Airports were seen as places that were particularly susceptible to spreading COVID-19. IGA had to find an efficient and practical way to minimize this risk, ensure passengers could pass through the airport safely and keep the airport and air travel operational as much as possible during lockdown.

Istanbul Airport is different from many other large hub airports in that security checks take place before passengers and visitors enter its terminal building. There are seven separate entrances, each manned by a team of security guards. To spot anyone coming into the airport with an increased body temperature, guards used handheld devices to measure the temperature of each person. But this was slow, inefficient and, because of the high volume of people, the devices would start to overheat.

Using the MOBOTIX system enabled the airport to increase flow into and through the airport. The cameras act instantly when someone has a temperature abnormality and handle a large number of people with consistent performance.

IGA considered several different solutions, but finally decided on one from MOBOTIX. It was chosen for the knowledge and experience of the team, and for the flexibility and scalability of the MOBOTIX technology for additional applications such as high-performance perimeter protection. IGA's technical team was particularly impressed with the accuracy and intelligence of the MOBOTIX thermal camera technology and its ability to manage even the most critical challenges.



BG Klinik Ludwigshafen, Germany

BG Klinik Ludwigshafen specializes in trauma, hand, plastic and burns surgery with a 500-bed capacity. As an institution for learning, research and further education, it maintains a partnership with Heidelberg University.

As a solution, BG Klinik has chosen MOBOTIX cameras that can detect anomalies in body temperature using technology developed by the MOBOTIX technology partner Tec Trade Solution (TTS). Visitors' entrances are monitored to protect patients, staff and visitors.

"The robust, cybersafe MOBOTIX cameras equipped with versatile software interfaces are perfect for developing such solutions with our partners," says Christian Heller, MOBOTIX Sales Director DACH. "The thermal cameras do not measure for fever, as the weather and other environmental factors can cause false positives when determining skin surface temperatures," explains Thomas Striegel, Managing Director at Tec Trade Solution. "Instead, they detect anomalies in body temperature so that people can be sent for further tests if needed."

The same type of technology has been used for years in the chemicals industry to reliably measure the surface temperature of reactors, regardless of the weather conditions. "Our technology determines the normal temperature range using a set of prerequisites. It then notifies the user if temperatures deviate from this range," says Striegel. This enables body temperature anomalies to be detected, regardless of wind and other environmental influences.



Friendly Cityhotel Oktopus, Germany

"Having the MOBOTIX M16-TR thermal imaging camera installed by our IT partner HILTTEC enables us to offer our guests higher safety standards during the COVID-19 crisis," says Hotel Director Thomas Oharek.

There are already 54 MOBOTIX cameras in use at the hotel and its sports complex. The special MOBOTIX thermal camera has been installed in the entrance area, above the reception. Every person entering the hotel (guests, tradespeople, staff) has to stop at the checkpoint marked on the floor. The system detects an elevated body temperature in real time and then sounds an alarm.

Anyone with an abnormal temperature is taken into the back office area, where a further measurement is carried out using a fever-measuring handheld laser. If the reading is confirmed, the visitor is advised to go to the next checkpoint. For the safety of staff and guests, the individual will not be allowed to enter the hotel until their test result has come back.

To relieve some of the pressure on the hotel during the pandemic, the high-end video system is being rented. "It goes without saying that we're willing to respond flexibly to customers' needs in special situations like these," emphasizes Klaus Hilt, Managing Director of HILTTEC.



Taking New Paths and Expanding Proven Strengths - the 2019/20 Fiscal Year

Focus on six core industries with new flexible video systems, more apps for the open platform and best image quality at the center of everything

2019/20 was a special fiscal year, throughout which we have further developed as a solution provider, thanks to our new MOBOTIX 7 platform. Through the combination of our IoT camera technology and a wide range of software applications we can now meet almost every requirement of the target groups in our six core focus industries. In addition, we have also launched a flexible and simple Cloud Solution. The COVID-19 pandemic had a significant impact on the second half of the fiscal year, however, thanks to our thermal camera technology and the versatility of the MOBOTIX 7 apps, we were able to react and respond to counter the pandemic.

The Open MOBOTIX 7 Platform

The market launch of the new, open solution platform MOBOTIX 7 and the high-end M73 camera started off the fiscal year in October 2019. The associated applications, supported by Artificial Intelligence and Deep Learning, have opened up new areas of application – going beyond classic video security tasks. As always, this has been done with top priority for data and cybersecurity and with "Made in Germany" quality, all of which are key differentiators in the marketplace.

Focus on Six Core Industries

Following close consultation with our MOBOTIX partner network, we have been focusing on six core industries worldwide since February 2020: Utilities, Energy & Mining; Industry & Manufacturing; Communities, Federal & State; Retail; Healthcare and Education & Science. More than 20 years of experience, profound

technical know-how and an understanding the special needs of these industries have strengthened us as an individual all-round solution provider in the market. During the last fiscal year, we have specifically focused on the following four sectors:

Industry and Production - Much More than Security

Burglary, fire and accidents are the main risks for companies in this sector and MOBOTIX can assist with providing loss prevention and personnel safety. In addition, our intelligent video analysis can provide process-optimization and preventative maintenance, to reduce machine downtimes and malfunctions, all of which can make a decisive contribution to more effective and profitable production.

Energy & Utilities – a Harsh Environment

In utilities, power plants, waste and recycling management, oil and gas production and mining, things are rough and tough. Generally, if something happens here, it usually has significant consequences to both infrastructure and human life. In such harsh environments, the robustness and durability of MOBOTIX cameras can provide valuable protection.

Government, Counties and Communities - Protection of People and Infrastructure

Public infrastructure, facilities and spaces must be constantly protected from attacks and theft, both physical and digital through cyber-attacks, to maintain the seamless functioning of the administration and public order. Again here, the flexible and



cyber secure MOBOTIX solutions are in demand and provide various solutions to address these needs.

Education & Research - the Future of our Society

Schools and Universities have unfortunately been the target of many attacks and incidents in the past. MOBOTIX video technology can assist in providing both student and property safety by detecting unauthorized access to school grounds and controlling other potential internal threats such as vandalism, bullying, violence, smoke and fire.

Being More Flexible with the MOBOTIX CLOUD

Since April, we have been breaking new ground as a complete solution provider with the MOBOTIX CLOUD, the video management system which is available via a flexible software subscription. As a VSaaS offering (Video Surveillance as a Service), the solution enables complete video management of local cameras via an App which provides: event-controlled video recording, archiving, live remote access to each camera, notifications, user management, internet security and much more. Importantly, users can effectively spread system costs according to usage, whilst MOBOTIX benefits from automatic recurring revenues. A classic win-win situation.

MOBOTIX Responds to the Pandemic Flexibly

Whilst the pandemic has also affected MOBOTIX as a global company our priority has always been to protect our employees and their families, as well as our customers and business partners. Thanks to the flexibility and scalability of our solutions, we could react to the new situation and provide practical support in establishing regulated processes in this unique 'new normal'.



The MOBOTIX Back-On-Track Solutions

In the wake of the COVID-19 pandemic, there are new challenges worldwide. Intelligent MOBOTIX technology is facilitating companies, public and private institutions, and organizations towards a "new normality". Sectors and areas such as retail, hospitality, airports, train stations, municipalities, industry, service companies and educational institutions are finding their way "back on track" thanks to the following applications:

Supporting Social Distancing:

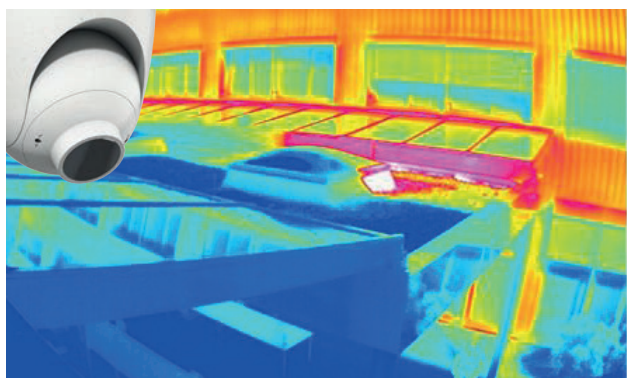
'Maximum Occupancy' and 'Social Distancing' have both become new requirements in retail stores, schools, and public authorities, amongst others. Here MOBOTIX technology has been able to efficiently provide compliance with these new regulations through automatically controlling entrances and exits, e.g., via a traffic light system, to prevent overcrowding and ensuring that minimum distances are being maintained, all without the need for additional staff. Not only is compliance maintained, but any breaches can be quickly alerted and resolved through an instant display of visual warning notifications.

Detect People Not Wearing Masks:

The mandatory wearing of mouth-nose protective masks is becoming commonplace. Intelligent MOBOTIX cameras can detect compliance and trigger alarms and warnings if violations occur.

Detect Temperature Abnormalities:

MOBOTIX Thermal technology enables the measurement of heat radiation from people. The solution does not replace medical devices; however, it can identify elevated temperatures and helps to alert individuals who may need further tests, thereby eliminating the potential risk of infection. The effective use of facial recognition and temperature measurement, through our thermal imaging cameras combined with integrated analytics, has been a major part of our business in our fiscal year 2019/2020.



Our High Quality is Certified

The SySS GmbH as the market leader for penetration tests in Germany, awarded the pronounced cybersecurity of the M73 with the SySS IT security certificate. This security, based on the MOBOTIX Cactus Concept pays off. In the USA, MOBOTIX has obtained a temporary FDA authorization for the M16 Thermal camera for pandemic use (FDA = US Health Authority). We also have NDAA (National Defense Authorization Act) certification for the entire MOBOTIX camera technology. Both of these are important steps for the American market and beyond.

The S74 Sets New Standards in Flexibility and Image Quality

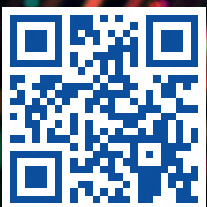
At the fiscal year's end, the new S74 was about to be launched: The S74 video system considerably expands the possibilities for users of the MOBOTIX 7 platform. You can equip the high-performance IoT camera with up to four modules, making it more flexible than any other MOBOTIX video system before. With its concealed camera housing, the camera acts discreetly, with only the modules visible. Equipped with connection cables up to 3 meters long, these optical, thermal and functional modules can be placed anywhere and connected simultaneously in several directions, around corners or in different rooms. The S74 can also access already integrated camera apps. This makes it almost universal for any imaginable requirement in a wide range of industries.

In addition to the already known 4K UHD modules, MOBOTIX presents a real world-first with the S74: the Ultra LowLight 4MP Day & Night Sensor Module with automatic day/night switching. The Ultra LowLight technology manages to produce brilliant images even under minimal lighting conditions while reproducing the original colors. The Ultra LowLight sensors' performance corresponds to a four times higher light sensitivity than a 4K UHD module. Thanks to the optimized Wide Dynamic Range function (WDR), all MOBOTIX 7 generation cameras deliver excellent pictures in demanding lighting conditions, such as backlighting. Areas that are too dark are automatically brightened, and places that are too bright are compensated. The result is a detailed image in all areas.

S74

Video System

Discreet. Versatile. Outstanding.



MOBOTIX

Dear Sir or Madam, Dear Shareholders,

The MOBOTIX Group's net assets, financial position and results of operations in 2019/20 mainly reflected the expectations of the Management Board and the Supervisory Board for the performance of business during this financial year.

Despite the worsening economic conditions as a result of the global COVID-19 pandemic, particularly as of the second half of the financial year, the MOBOTIX Group managed to record positive business development in the 2019/20 financial year.

Anticipated declining revenue from component sales to contract manufacturers in the amount of €0.1 million (previous year: €4.5 million) and from contract development for Konica Minolta in the amount of €2.1 million (previous year: €3.6 million) was more than compensated for by the significant increase in revenue from the sale of video security systems and software in the amount of €68.1 million (+ 10.7%). As a result, sales revenues reached €70.4 million, an increase of €0.5 million (+0.6%) compared to the previous year.

Particularly in the second half of the year, the global COVID-19 pandemic resulted in an increased demand for thermal cameras, which among other things, enable the detection of elevated body temperatures. The negative effect on sales revenue because of the decline in sales volume, due to a downturn in economic conditions, was compensated for by higher revenue from each thermal camera system sold.

In the US sales region, the demand for thermal cameras also increased as a result of the global COVID-19 pandemic. In addition, a re-structure and new sales strategy focusing on a partner program and selected vertical markets generated a sales growth of 58%.

Product development continued to advance in the 2019/20 financial year. The focus was on further development of the new MOBOTIX 7 camera platform primarily the M73 and the new S74, the first models based on this platform. In light of this, capitalization of development costs in the 2019/20 financial year, according to the "right to choose" specified by Sec. 248 (2) HGB (Handelsgesetzbuch [German Commercial Code]), led to a positive effect on earnings before deferred taxes in the amount of €3.1 million.

The reduction in travel due to the global COVID-19 pandemic caused travel costs (including car costs) to decrease by €0.9 million. The €0.5 million reduction in costs for contract workers, as a result of lower sales volumes, also had a positive effect.

The increase in sales, in particular from the sales of video security systems, together with the capitalized development costs and cost savings, resulted in a significant increase in consolidated annual net income and the corresponding earnings figures.

EBIT (earnings before interest and taxes) in the amount of €6.2 million for the financial year is €4.2 million above that of the previous year (previous year: €2.0 million).

The consolidated annual net income has improved by €3.8 million to €4.7 million (previous year: €0.9 million).

A market survey (Video Surveillance Analytics Intelligence Database October 2020) by the market research Company OMDIA concludes that "the CAGR for 2019-2024 for the world market for video surveillance equipment total cameras (excluding China) is estimated at 4.4%."

The study cites as key trends in the market for video-based security systems and in addition to the increased use of video analytics in general, an accelerated development and use of artificial intelligence, a continuing high demand for cyber security, and an increasing importance of deep learning for processing ever larger amounts of data. In the analytics and deep learning market segments, OMDIA forecasts high growth rates of 11 % and 63% respectively.

In this promising market, MOBOTIX is reacting to increased competition 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 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, focused on developing new video surveillance technologies. MOBOTIX is an important part of Konica Minolta's "Imaging IoT solution business strategy for industries", especially through the Company's innovative product and service portfolio.

During the reporting year, the Supervisory Board advised and monitored the Management Board mainly on business-related, organizational and regulatory matters with a special focus on the sales and product strategy, on product development activities and on the business organization, including HR-related measures and compliance. At several of its meetings, 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 required 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

Consultation, Review And Monitoring Methods

The Management Board has fulfilled its commitments 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 technology strategy, product development, business performance, financial position, the personnel situation and ongoing and new investment projects. This also includes any important decisions and transactions.

The Management Board always provided prompt and detailed explanations regarding deviations in business performance from

mutual trust and in the interest of cooperative and constructive interaction. The Supervisory Board was continuously involved in the 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 (Aktienengesetz; AktG). Whilst the net income for the fiscal year 2019/20 could be increased compared to the previous year, we support the proposal of the Management Board not to increase the dividend for fiscal year 2019/20, partly due to the considerable investments that are planned to increase the number of employees in the development departments, especially in the software development area, as well as in the sales organization, e.g. in the USA, but also due to the uncertainties in the business development of the Company due to the COVID-19 pandemic. We are convinced that the investments planned for fiscal year 2020/21 will lead to improved profitability in the medium term and thus also to an increased dividend in the future. The remaining net profit of €4.6 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 an 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 apart from regular 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 2019/20 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 2019/20 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 first official meeting in October 2019 focused on the current sales and earnings performance, the product strategy for fiscal year 2019/20 and the analysis of various sales regions (especially DACH and USA) as well as the resulting strategies and plans for the new fiscal year.

At our official meeting in December 2019, the Management Board presented the financial report of the past fiscal year 2018/19. We closely examined the annual and consolidated financial statements as of September 30, 2019 in the presence of the auditor. All questions were answered in full and comprehensively 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. Dr. Born was unanimously appointed Chairman of the Meeting.

The future product and development strategies were discussed, possible M&A targets and synergies were presented and a revised

5-year plan was explained.

The extension of the management contracts of Thomas Lausten and Hartmut Sprave for another three years was also approved.

In the third session in January 2020, the current sales and earnings development as well as the market feedback regarding the new MOBOTIX 7 camera platform were the main focus of the discussions.

At our meeting in April 2020, the updated product strategy and quality issues were discussed in detail. The business development of the first half of the year and necessary measures were discussed. In addition, the MOBOTIX Management Board informed us about the COVID-19 development in Germany/ Rhineland-Palatinate and the resulting measures at MOBOTIX headquarters and MOBOTIX locations worldwide.

The fifth meeting in July 2020 focused on the current sales and earnings development, the further development of the 5-year plan and the discussion of further synergies between Konica Minolta and MOBOTIX.

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 the months in which no Supervisory Board meetings took place, so-called monthly "Jour Fixes" were held in which the Management Board and Supervisory Board discussed current topics and developments together.

Topics that were discussed regularly throughout the year were about corporate development, sales and marketing activities, the status of product development and quality and technology partnerships, including cooperation with Konica Minolta, the implementation of the new IT infrastructure, pending legal proceedings and the development of the share price.

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 USA, the US market as a whole, and the situation and associated reorganization measures in DACH were also regularly discussed.

AG and consolidated financial statements audit 2019/20

On January 30, 2020 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, 2020. 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, 2020 were audited by the auditor and an unrestricted independent auditors' report was issued respectively. No significant weaknesses in the risk management system were identified.

The report presented by the Management Board of MOBOTIX AG on relationships with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (Dependent Company Report) for the period from October 1, 2019 to September 30, 2020 was also audited by the auditor and endorsed with the following unrestricted 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:

A further key topic was the development of COVID-19 in Germany/Rhineland-Palatinate from April 2020. The Management Board also kept the Supervisory Board continuously informed outside the regular meetings about the effects of the pandemic on the Company, including the implemented (protective) measures taken for the workforce.

Following our audit and assessment in accordance with professional standards, 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, 2020

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 sufficient 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 Manage-

ment 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 end 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 19, 2020

The Management Board"

In its meeting on November 26, 2020, 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.

In the period under review, there were the following personnel changes in the Supervisory Board:

The Supervisory Board members Yuji Ichimura and Keiji Okamoto resigned from office as of June 30, 2020. Mr. Toshiya Eguchi, Executive Officer at Konica Minolta, Inc. responsible for IoT Service Platform Development, Imaging-IoT Solution Business and Visual Solutions Business, and Mr. Tsuyoshi Yamazato, General

Manager, Solution Sales of the Imaging-IoT Solution Business at Konica Minolta, Inc. succeeded them on July 1, 2020. Thus, as of July 1, 2020, the Supervisory Board was composed of Toshiya Eguchi (Chairman of the Supervisory Board), Tsuyoshi Yamazato, and Olaf Jonas as Vice Chairman of the Supervisory Board. The Local Court of Kaiserslautern has granted the application for court appointment of the Supervisory Board members Mr. Toshiya Eguchi and Mr. Tsuyoshi Yamazato, which was filed on June 2, 2020. There were no personnel changes in 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 2019/20 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 2020/21 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 the management and the employees great success for the challenges in the coming year. Our special thanks go out to the customers, partners and shareholders of MOBOTIX AG for their benevolent confidence in these difficult and challenging times.

Winnweiler-Langmeil, November 26, 2020

For the Supervisory Board



Toshiya Eguchi

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, network-based video security systems and markets the solutions through distributors and qualified sales partners across the world. Founded in 1999, the Company has more than 20 years of experience in decentralized IP-based video surveillance solutions.

In the decentralized IoT system architecture developed by MOBOTIX, images are no longer analyzed on a central server but in the camera itself. The cameras 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 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 include airports, train stations, universities and logistics companies, as well as the remote maintenance and automation sector.

One of the major MOBOTIX milestones in the 2019/20 financial year is the MOBOTIX 7 camera platform, launched in October 2019 with the first M73 model. The new camera platform, which is constantly evolving and will include more models in the future, offers 4K image resolution at a 30 fps refresh rate and a wide dynamic range (WDR) to deliver high-quality, high-resolution, fluid images. The flexible application options are rounded off by the innovative app concept with powerful AI (artificial intelligence) and deep-learning algorithms (e.g. people counting, person density, face recognition or number plate recognition). All features can be acquired for specific applications or customers according to the requirements of the vertical markets based

on a simple license model. From October 2020, the platform will be expanded to include the S74 model, which allows even more flexible customer installations. Together with the market launch of the S74, thermal sensor modules with VGA resolution along with an extremely light-sensitive 4MP sensor module will also be offered for both the M73 and the S74.

MOBOTIX Cloud – released for distribution at the end of March 2020 – offers our customers a complete plug-and-play video solution with storage plus evaluation/alerting of video image data for the first time in the cloud. For the customer, this provides a convenient video solution with a tailor-made “pay per use” license concept and minimal hardware requirements and on-site maintenance. MOBOTIX Cloud also offers a free app for iOS and Android, giving customers the flexibility they need to access the video data. In accordance with the respective license agreement, the data are stored chronologically only in approved IT-secure data centers with duplicate storage in line with the regulations of the General Data Protection Regulation (GDPR).

In August 2020, two new network video recorders (NVR) (with 8 and 16 channels) were successfully added to the MOBOTIX 3rd-party portfolio MOBOTIX MOVE. These two NVRs, which have integrated PoE+ interfaces for supplying power to the connected IP cameras via the network cable, make a simple complete plug-and-play solution possible, specifically in conjunction with the MOBOTIX MOVE cameras and with the MOBOTIX IoT cameras via the standardized ONVIF S protocol. Both NVRs enable live image playback and playback of recorded video sequences, both locally on the devices as well as via remote web access, and as a free app for Android and iOS.

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, in 2019/2020, user-friendliness and functional scope were improved based on

Total Operating Output

€73.4 million (+6.1%)

Revenue

€70.4 million (+0,6%)

customer feedback by expanding the camera configuration tool and by optimizing and establishing the powerful event/transaction interface (smart data interface) for integrating cash registers, barcode or number plate reading systems, etc., which are being gradually expanded through the inclusion of the available MOBOTIX 7 apps. Overall, performance on Windows and MacOS systems has been increased. As a result, the fields of application for our overall solutions have increased. Updates to the MOBOTIX app “MxBell” have allowed the functionality of the app originally developed for the door station to be further expanded: With the release in October 2020, the app will now be offered on iOS and Android as a general camera app under the new name MOBOTIX Live. The app is still available as a free download for iOS and Android operating systems.

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 renowned and independent provider of penetration testing services, as part of the “MOBOTIX Cactus Concept” cyber security campaign launched in 2017. In the 2019/20 financial year, our SySS Mx6 camera series was recertified as “Cyber Secure,” and awarded the internationally recognized IT Security certification from CNPP. To secure our high IT security standards, additional, annual tests are being planned for the coming years and our latest firmware versions will be tested. Further collaboration with external IT security test centers is planned. This also includes commissioning so-called “white hacker” institutes, which seek to specifically attack our software at our request. All this goes hand-in-hand with our measures to launch products on the market that fully address IT security requirements.

In addition to complete video solutions tailored to vertical focus markets, the expansion of the MOBOTIX system to include established standards such as ONVIF and H.264 (and also H.265 with the market launch of the MOBOTIX 7 platform) is a main focus of current R&D. All active products released since the spring of 2019 (MOBOTIX IoT Mx6b, MOBOTIX 7, MOBOTIX MOVE Range and Management Center MxMC 2.x) are officially certified as ONVIF-compliant products. This provides the basis for integrating our products into solutions alongside third-party products, provided that they also meet the ONVIF-S standard. A further focus 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’ own video codec MxPEG+, as well as via ONVIF.

In the 2019/20 financial year, MOBOTIX further intensified its focus on integration and strategic partnerships with renowned partners such as Genetec and Milestone, and the depth of integration of MOBOTIX cameras in its partner products. The MOBOTIX technology partner program was boosted by new partners in connection with the new MOBOTIX App, an offer for the “Certified Apps” and “Custom Apps” of the MOBOTIX 7 platform, which enables partners to develop market-specific and customer-specific apps via software development kits (SDKs), thereby addressing new vertical markets.

MOBOTIX provides extensive accessories and powerful software solutions for all camera lines as well.

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. As an inactive Company, MOBOTIX LIMITED, Nottingham, is not included in the consolidated financial statements.

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

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

MOBOTIX SINGAPORE PTE. LTD., Singapore, and MOBOTIX AUSTRALIA PTY LTD, Sydney, are pure service companies for the respective local market that are not intended to generate revenue.

Sales

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

The primary sales model for MOBOTIX products internationally is through distributors with downstream qualified system inte-

grators 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 and other MOBOTIX partners.

The MOBOTIX Group's export ratio in the 2019/20 financial year was 77% (previous year: 70%).

Research and development

On September 30, 2020, the MOBOTIX Group employed 75 people (by headcount) in its Development department. Research and development costs totaling €6.1 million were incurred in the 2019/20 financial year. For the first time in the 2019/20 financial year, the amount of €3.4 million (56% of the total R&D costs) was capitalized among the internally generated intangible assets. Depreciation and amortization on capitalized development costs amounted to €0.2 million.

As in previous years, the 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. A small portion of development activities is carried out externally in the areas of camera design, tool engineering, lens design and PC board layout only. Collaboration with Konica Minolta was further intensified in the area of R&D in the financial year 2019/20 and is also to be expanded in 2020/21 and beyond. The first results of the successful collaboration are already evident in the development of the new MOBOTIX 7 camera platform and the use of Konica Minolta's powerful deep-learning algorithms in the new MOBOTIX Analytics AI app to increase performance and thus customer benefit. Further collaboration, such as to expand the MOBOTIX 7 platform, is being planned for the 2020/21 financial year.

As already presented in a general overview at the Global Partner Conference in October 2019 and confirmed by the product releases in the 2019/20 financial year, MOBOTIX will continue to pursue the following future-related topics in the coming years.

The main focus of MOBOTIX development in 2020/21 is the new MOBOTIX 7 camera platform. This high-performance and future-oriented camera platform opens up a range of applications for MOBOTIX and our customers. This particularly applies to vertical markets and industry-specific solutions, which are becoming possible for the first time with the new camera platform based on the tried and tested, decentralized MOBOTIX concept. This is made possible by the use of one of the most powerful SoC (System-On-Chip) and deep learning algorithm apps. The flexibility of the platform has been further enhanced by expanding the MOBOTIX custom app SDK. Further expansion of the SDK app capabilities will also be the focus of MOBOTIX AG development in 2020/21.

In addition to MOBOTIX 7 development, service releases for improving the Mx6 camera generation will continue to be offered in 2020/21. A comprehensive service release with numerous improvements and new features has already been released in September 2020.

The MOBOTIX Management Center (MxMC) video management software has already proven itself to our customers in practical applications and will be receiving further new functions and useful performance improvements in 2020/21. These focus on a free MxMC version with functional improvements and also the development of additional licensed features that expand customer benefits and reduce commissioning costs for the customer (TCO). An important component of this is the "smart data interface," enabling integration of a wide range of third-party hardware and software into the MOBOTIX Management Center. The release of version V 2.3, in April 2020 added important features such as app support and group sequences.

The first proprietary cloud solution of MOBOTIX was also launched on the market in April 2020, as was the V 2.0 update of the MOBOTIX "MxBell" app. The functionality of the app originally developed for the door station has been expanded with many important features, including the flexible "Smart Buttons" macro function. The app is still available as a free download for iOS and Android operating systems.

In addition to the enhancement of the EventStreamClient SDK, the expansion of the ONVIF interface and the options for using the MOBOTIX 7 (and Mx6) platform in third-party software will also be a central component of development in 2020/21.

The 2019/20 financial year was also affected by the COVID-19 pandemic. MOBOTIX AG has been able to demonstrate adaptability, with numerous firmware extensions and improvements allowing it to position the thermal portfolio on the market as a thermal screening product for measuring elevated body temperature. In the 2020/21 financial year, additional new and further developments in the thermal sector are planned to continue strengthening the market position of the MOBOTIX 7 (and Mx6) platform.

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 video-based security systems in general and network camera systems in particular.

A market survey (Video Surveillance Analytics Intelligence Database October 2020) by the market research Company OMDIA concludes that "the CAGR for 2019-2024 for the world market for video surveillance equipment total cameras (excluding China) is estimated at 4.4%."

Business development

Despite the worsening economic conditions as a result of the global COVID-19 pandemic, particularly as of the second half of the financial year, the MOBOTIX Group managed to record positive business development in the 2019/20 financial year.

Anticipated declining revenue from component sales to contract manufacturers in the amount of €0.1 million (previous year: €4.5 million) and from contract development for Konica Minolta in the amount of €2.1 million (previous year: €3.6 million) was more than compensated for by the significant increase in revenue from the sale of video security systems and software in the amount of €68.1 million (+10.7%). As a result, sales revenues reached €70.4 million, an increase of €0.5 million (+0.6%) compared to the previous year.

Particularly in the second half of the year, the global COVID-19 pandemic resulted an increased demand for thermal cameras, which – among other things – enable the detection of elevated body temperatures due to a COVID-19 infection. The negative effect on sales revenues because of the decline in sales volume due to a downturn in economic conditions was compensated for by higher revenues from each thermal camera system sold.

Sales growth increased especially in the Americas by 58% based on a re-structure and new sales strategy focusing on a partner program and selected vertical markets.

Product development continued to advance in the 2019/20 financial year. The focus was on the further development of the new MOBOTIX 7 camera platform and the M73 and S74, the first models based on this platform. In light of this, capitalization of development costs in the 2019/20 financial year according to the right to choose specified by Sec. 248 (2) HGB (Handelsgesetzbuch [German Commercial Code]) led to a positive effect on earnings before deferred taxes in the amount of €3.1 million.

The reduction in travel due to the global COVID-19 pandemic caused travel costs (including car costs) to decrease by €0.9 million. The €0.5 million reduction in costs for contract workers as a result of lower sales volumes had a positive effect.

The increase in sales, in particular from the sales of video security systems, together with the capitalized development costs and cost savings resulted in a significant increase in consolidated annual net income and the corresponding earnings figures.

EBIT (earnings before interest and taxes) in the amount of €6.2 million for the financial year is €4.2 million above that of the previous year (previous year: €2.0 million).

The consolidated annual net income has improved by €3.8 million to €4.7 million (previous year: €0.9 million).

EBITDA

€8.8 million

EBIT

€6.2 million

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

Results of operations

The 2019/20 financial year saw sales of the MOBOTIX Group increase by 0.6%, from €69.9 million in the previous year to €70.4 million. The sales revenue includes revenue from component sales to contract manufacturers in the amount of €1.0 million (previous year: €4.5 million). The decline in revenue from component sales is the result of the assembly contractors converting to subcontractors, so that the main components are only supplied but no longer sold. Due to development capacities being occupied with the development of the new MOBOTIX 7 platform and the new M73 and S74 camera lines, MOBOTIX developed fewer projects for Konica Minolta. As a result, order development revenue in the amount of €2.1 million decreased by €1.5 million compared to the previous year (previous year: €1.7 million). Revenue from the sale of video security systems increased by 10.7% to €68.1 million (previous year: €61.5 million).

The export ratio (excluding component sales) was 76.6% in the financial year 2019/20 (previous year: 69.7%). The revenue from the sale of video security systems and software in Germany declined from €18.6 million in the 2018/19 financial year to €15.9 million (-14.6%). The rest of Europe (excluding Germany) amounted to €25.1 million (previous year: €22.0 million). Sales in the rest of the world increased by 29.7%, from €20.9 million in the previous year to €27.1 million in the reporting year.

According to the right to choose specified by Sec. 248 (2) HGB, the own development costs of €3.3 million were capitalized for the first time and consequently reported under the P&L item "Other Capitalized Own Services" with an effect on the income statement. In the previous year, the capitalized own services mainly involve own services in connection with the introduction of the SAP ERP system.

The total operating output (revenue from sales, increase and/or decrease in the inventory of finished goods and work in progress, and other own work capitalized) increased by 4.3%, from

€71.0 million in the previous year to €74.0 million in the 2019/20 financial year. This is primarily attributable to the increase in sales.

The other operating income declined by €0.2 million to €0.7 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 47.0% in the 2019/20 financial year (previous year: 45.5%).

The decrease in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 31.6% in the financial year 2019/20 (previous year: 34.4%) is mainly due to the increase in sales revenue. Personnel costs in the 2019/20 financial year increased year-on-year by €0.5 million (2.1%). This is mainly due to salary increases and the inclusion (for a full year for the first time) of MOBOTIX AUSTRALIA and MOBOTIX SINGAPORE in the consolidated financial statements despite a decrease in the average number of employees in the 2019/20 financial year.

Depreciation and amortization increased in the 2019/20 financial year to the amount of €2.6 million (previous year: €2.3 million). This is based on the increase in depreciation of intangible assets due to the commissioning of the SAP ERP system in the previous year and scheduled depreciations of tool costs for the new M73 product line.

The other operating expenses in the amount of €9.7 million in the 2019/20 financial year (previous year: €11.5 million) decreased by €1.8 million compared to the previous year (-15.6%). The decrease in other operating expenses is mainly due to the drop in travel and hospitality expenses – including motor vehicle costs – by €0.9 million and in costs for temporary workers by €0.5 million. In addition, marketing expenses were reduced by

Percentage exported to other countries

74,8 %

Cash flow from operating activities

€-0.5 million

€0.2 million, other personnel costs by €0.2 million, and the shipping related cost by €0.1 million. In contrast, the expenses for depreciations on receivables increased by €0.3 million.

EBITDA (11.9% of total operating output excluding component sales; earnings before interest, taxes, and depreciation and amortization) amounted to €8.8 million (2018/19: €4.3 million). EBIT (8.4% of total operating output excluding component sales; earnings before interest, and taxes) amounted to €6.0 million (2018/19: €2.0 million). The 2019/20 financial year ended with consolidated annual net income of €4.7 million (2018/19: €0.9 million) and a return on revenue (excluding component sales) of 6.7% (2018/19: 1.4%).

Net assets

Non-current assets increased by €3.4 million (20.1%) to €20.5 million. Capital expenditure of €4.6 million in non-current assets was offset by depreciation and amortization of €2.6 million.

The reclassification of camera stocks in own use from current assets to non-current assets as a fixed value also contributed toward the increase in non-current assets.

Most of this spending was related to investments in intangible assets in the amount of €3.5 million, in technical equipment and machinery and in office furniture and equipment in the amount of €1.1 million. Investments in intangible assets mainly involve internal development costs to the amount of €3.3 million. 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 raw materials, auxiliary materials and operating materials, increased from €18.7 million to €25.9 million due to the planned increase of the inventories of thermal sensors and components for the M73 and S74 product lines – and also due to a product mix modified as a result of the global COVID-19 pandemic.

In comparison to the beginning of the financial year, receivables from deliveries and services had decreased by €0.9 million to €12.1 million on September 30, 2020, due to a low business volume in the last quarter compared to the previous year.

At €1.1 million, receivables from affiliated companies are only slightly below the previous year's level of €1.3 million.

Cash in hand and bank balances and cash equivalents on September 30, 2020, had increased by €0.4 million to €2.1 million compared to the beginning of the financial year (September 30, 2019: €1.7 million).

At €30.8 million, equity capital increased by €4.2 million compared to the previous year (09/30/2019: €26.7 million), mainly as a result of the annual surplus of €4.7 million. The equity ratio declined from 49.4% to 48.6%, with a balance sheet total that increased by €9.6 million (17.7%) to €63.5 million (September 30, 2019: €53.9 million). A dividend for the financial year 2018/19 in the amount of €0.5 million was paid in the financial year 2019/20. MOBOTIX held a total of 112,119 treasury shares as of September 30, 2020.

The increase in other provisions by €0.4 million to €5.0 million is primarily due to additional human resources provisions.

The increase in liabilities to banks from €6.3 million to €23.6 million (September 30, 2018: €17.3 million) is the result of borrowing additional short-term loans in the amount of €3.5 million up to a total of €5.0 million and borrowing a medium-term loan in the amount of €5.0 million. This is offset by scheduled repayments of long and medium-term loans in the amount of €2.2 million.

Trade payables decreased by €2.3 million to €2.2 million compared to September 30, 2019 (09/30/2019: €4.5 million).

Financial position

The operating cash flow before changes in working capital amounted to €9.2 million in the 2019/20 financial year (previous year: €4.6 million). The increase compared to the previous year is mainly due to the improved annual result.

The cash flow from operating activities before taxes on income was €-0.4 million in the 2019/20 financial year (previous year: €1.4 million). Based on an operating cash flow of €9.2 million before working capital changes, the increase in inventories (€7.2 million) in particular led to a cash flow from operating activities before income taxes to the amount of €-0.4 million.

The cash flow from investment activities amounted to €-4.6 million (previous year: €-2.0 million) and is mainly attributable to investments in internally generated intangible assets.

The positive cash flow from financing activities in the amount of €2.1 million (previous year: €-1.9 million) is particularly the result of borrowing a medium-term loan for working capital financing in the amount of €5.0 million. This is offset by the scheduled repayment of medium and long-term loans totaling €2.2 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 €2.9 million as of September 30, 2020 (September 30, 2019: €0.2 million). The negative cash funds are covered by short-term borrowing in the amount of €5.0 million.

The Company's solvency was secure at all times during the 2019/20 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 of €30.5 million from several banks at its disposal, €5.0 million of which had been utilized by the balance sheet date.

Medium and long-term liabilities increased by €2.8 million to €16.4 million compared to September 30, 2019. Short-term liabilities, including provisions, rose from €13.7 million to €15.4 million. The proportion of medium and long-term liabilities in the MOBOTIX Group balance sheet total stands at 25.8%, the same as the previous year. Short-term liabilities, including provisions, accounted for 24.3% of the balance sheet total as of the reporting date, compared with 25.4% as of September 30, 2019.

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

Results of operations

The 2019/20 financial year recognized MOBOTIX Group sales decline by 3.6%, from €67.9 million in the previous year to €65.5 million. The sales revenue includes revenue from component sales to contract manufacturers in the amount of €1.0 million (previous year: €4.5 million). Order development revenue in the amount of €2.1 million was down by €1.5 million compared to the previous year (previous year: €1.7 million). Revenue from the sale of video security systems and software increased by 6.2% to €63.1 million (previous year: €59.4 million).

The export ratio (excluding component sales) was 74.8% in the financial year 2019/20 (previous year: 68.6%). The revenue from the sale of video security systems and software in Germany declined from €18.6 million in the 2018/19 financial year to €15.9 million (-14.6%). The rest of Europe (excluding Germany) amounted to €25.1 million (previous year: €22.0 million). Sales in the rest of the world increased by 17.3%, from €18.8 million in the previous year to €22.1 million in the reporting year.

The total operating output (sales revenue, increase or decrease in the inventory of finished goods and work in progress, other own work capitalized) increased by 0.7%, from €68.7 million in the previous year to €69.1 million in the 2019/20 financial year. This is primarily attributable to the increase in sales.

According to the right to choose specified by Sec. 248 (2) HGB, the own development costs of €3.3 million were capitalized for the first time and consequently reported under the P&L item "Other Capitalized Own Services" with an effect on the income statement. In the previous year, the capitalized own services mainly involve own services in connection with the introduction of the SAP ERP system.

The other operating income declined by €0.1 million to €0.6 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) increased year-on-year to 50.2% in the 2019/20 financial year (previous year: 47.4%).

The decrease in the personnel cost ratio (cost of personnel in proportion to the total operating output, excluding component sales) to 30.4% in the financial year 2019/20 (previous year: 32.3%) is mainly due to the increase in sales revenue. Personnel costs in the 2019/20 financial year increased by €0.3 million (+1.3%) compared to the previous year. This is mainly due to salary increases and a decrease in the average number of employees in the 2019/20 financial year.

At €2.5 million, depreciation and amortization increased in the 2019/20 financial year (previous year: €2.3 million). This is based on the increase in depreciation of intangible assets due to the commissioning of the SAP ERP system in the previous year and scheduled depreciations of tool costs for the new M73 product line.

The other operating expenses in the amount of €9.0 million in the 2019/20 financial year (previous year: €10.6 million) decreased by €1.6 million (-15.0%) compared to the previous year. The decrease in other operating expenses is mainly due to a decrease in travel and hospitality expenses – including motor vehicle costs – by €0.6 million and in costs for temporary workers by €0.5 million. In addition, marketing expenses were reduced by €0.2 million, other personnel costs by €0.2 million, and the shipping related costs by €0.1 million. In contrast, the expenses for depreciations on receivables increased by €0.2 million.

EBITDA (10.1% of total operating output excluding component sales; earnings before interest, taxes, depreciation and amortization) amounts to €7.0 million (2018/19: €5.1 million). EBIT (6.4% of total operating output excluding component sales; earnings before interest and taxes) amounts to €4.4 million (2018/19: €2.9 million). The financial year 2019/20 ended with an annual net income of €2.9 million (2018/19: €1.9 million) and a return on revenue (excluding component sales) of 4.5% (2018/19: 3.0%).

Employees

318 (headcount including members of the Management Board)

Net assets

Non-current assets increased by €3.5 million (14.4%) to €27.6 million. Capital expenditure of €4.6 million on non-current assets was offset by depreciation and amortization of €2.5 million.

The reclassification of camera stocks in own use from current assets to non-current assets as a fixed value also contributed toward the increase in non-current assets.

Most of this spending was related to investments in intangible assets in the amount of €3.5 million, in technical equipment and machinery, and in office furniture and equipment in the amount of €1.1 million. Investments in intangible assets mainly involve internal development costs to the amount of €3.3 million. 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 raw materials, auxiliary materials and operating materials, increased from €17.4 million to €24.6 million due to the targeted building up of the inventories of thermal sensors and components for the M73 and S74 product lines – and also due to a product mix modified as a result of the global COVID-19 pandemic.

In comparison to the beginning of the financial year, receivables from deliveries and services had decreased by €1.9 million to €8.6 million on September 30, 2020, due to a low business volume in the last quarter compared to the previous year.

At €6.0 million, receivables from affiliated companies are only slightly below the previous year's level of €6.5 million and mainly involve receivables from MOBOTIX CORP.

Cash in hand / bank balances and cash equivalents on September 30, 2020, rose to €1.7 million, representing a €0.4 million increase since the beginning of the financial year (September 30, 2019: €1.3 million).

Of which are in Product Organisation

75

At €37.4 million, equity capital increased by €2.5 million compared to the previous year (09/30/2019: €34.9 million), mainly as a result of the annual surplus of €2.9 million. The equity ratio declined from 56.6% to 53.5%, with a balance sheet total that increased by €8.2 million (13.3%) to €69.9 million (September 30, 2019: €61.7 million). A dividend for the financial year 2018/19 in the amount of €0.5 million was paid in the financial year 2019/20. MOBOTIX held a total of 112,119 treasury shares as of September 30, 2020.

The increase in other provisions by €0.5 million to €4.7 million is primarily due to additional human resources provisions.

The increase in liabilities to banks from €6.3 million to €23.6 million (September 30, 2018: €17.3 million) is the result of borrowing additional short-term loans in the amount of €3.5 million up to a total of €5.0 million and borrowing a medium-term loan in the amount of €5.0 million. This is offset by scheduled repayments of long and medium-term loans in the amount of €2.2 million.

Trade payables decreased by €2.2 million to €2.1 million compared to September 30, 2019 (09/30/2019: €4.4 million).

Financial position

Operating cash flow before changes in working capital amounted to €7.2 million in the financial year 2019/20 (previous year: €5.3 million). The increase compared to the previous year is mainly due to the improved annual result.

The cash flow from operating activities before taxes on income was €-0.4 million in the 2019/20 financial year (previous year: €1.1 million). Based on an operating cash flow of €7.2 million before working capital changes, the increase in inventories (€7.2 million) in particular led to a cash flow from operating activities before income taxes in the amount of €-0.4 million.

The cash flow from investment activities amounted to €-4.6 million (previous year: €-1.9 million) and is mainly attributable to investments in internally generated intangible assets.

The positive cash flow from financing activities in the amount of €2.1 million (previous year: €-1.8 million) is particularly the result of borrowing a medium-term loan for working capital financing in the amount of €5.0 million. This is offset by the scheduled repayment of medium and long-term loans totaling €2.2

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 €3.3 million as of September 30, 2020 (September 30, 2019: €-0.2 million). The negative cash funds are covered by short-term borrowing in the amount of €5.0 million.

The Company's solvency was secure at all times during the 2019/20 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 €30.5 million from several banks at its disposal, €5.0 million of which had been utilized by the balance sheet date.

Medium and long-term liabilities increased by €2.8 million to €16.4 million compared to September 30, 2019. Short-term liabilities, including provisions, increased from €13.3 million to €15.3 million. The proportion of medium and long-term liabilities in the MOBOTIX Group balance sheet total stands at 23.4%, slightly higher than the previous year. Short-term liabilities, including provisions, accounted for 21.9% of the balance sheet total as of the reporting date, compared with 21.5% as of September 30, 2019.

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 2019/20 mainly reflected the management's expectations for the performance of business during this financial year, including the global COVID-19 pandemic that spread in the second half of the year.

The planned sales revenue of €70 million to €74 million (excluding component sales) could be obtained with the achieved sales of €70.2 million (excluding component sales). Likewise, at €3.0 million, the planned EBIT (excluding capitalized development costs) of €2.5 million to €3.2 million for the 2019/20 financial year was also achieved. In particular, increased product-related sales in the sales regions of America (+58%), MEA (+35%), and Northern Europe (+31%) show that the organizational and human resource changes have achieved their desired effect.

An important goal achieved was the development of the new MOBOTIX 7 camera platform and the first M73 and S74 camera models based on it that were launched on the market, which was further promoted in the 2019/20 financial year, and also the associated basis for further monetization of the software in the form of software apps.

As of September 30, 2020, the MOBOTIX Group had an equity ratio of 48.6%, equity in the amount of €30.8 million, cash and

cash equivalents in the amount of €2.1 million, and unused short-term credit lines from banks in the amount of €25.5 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 or else to offset further effects of the global COVID-19 pandemic.

Changes to the Supervisory Board

Supervisory Board members Yuji Ichimura and Keiji Okamoto resigned from the office effective June 30, 2020. Mr. Toshiya Eguchi, Executive Officer of Konica Minolta, Inc., responsible for IoT Service Platform Development, Imaging-IoT Solution Business, and Visual Solutions Business, and Mr. Tsuyoshi Yamazato, General Manager, Solution Sales of Imaging-IoT Solution Business at Konica Minolta, Inc., succeeded them on July 1, 2020. As of July 1, 2020, the Supervisory Board is therefore composed of Toshiya Eguchi (Chairman of the Supervisory Board), Tsuyoshi Yamazato, and Olaf Jonas, Deputy Chairman of the Supervisory Board.

The Local Court of Kaiserslautern has complied with the request filed on June 2, 2020, for judicial appointment of Supervisory Board members Mr. Toshiya Eguchi and Mr. Tsuyoshi Yamazato.

Rescissory actions and proceedings for annulment relating to resolutions adopted by the Annual General Stockholders' Meeting for the financial year 2015/16

On March 9, 2017, MOBOTIX AG became aware that three shareholders had filed for rescissory action and proceedings for annulment at the Local Court of Kaiserslautern in relation to resolutions adopted by the Annual General Stockholders' Meeting of MOBOTIX AG on January 12, 2017, for agenda items 2 to 6, i.e. specifically against the resolution to retain net profit as of September 30, 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; settlement negotiations have already been pursued with the plaintiffs, albeit without any results so far.



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 manual. 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.

The internal control system described under Item 5.2 has been set up 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 aim of the control system is to detect possible deficiencies in the Company's processes at different process levels to initiate appropriate counter measures, 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. Afterward, follow-up audits are conducted so that progress on implementing the process changes can be reviewed. The Management Board is notified of any discrepancies without delay.

The internal control system is an integral element of risk monitoring in the Group. It is based not only on defined control mechanisms for prevention and monitoring – such as automated and manual reconciliation processes – but also on predefined approval processes, separation of functions and compliance with guidelines. Another important measure is ensuring that

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

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. In past years, MOBOTIX succeeded in standing out from among many competitors through high-resolution and hemispheric camera technology.

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

There are also further risks resulting from political changes in specific regions (such as Brexit and the political situation in Tur-

key) – and of course because of the global COVID-19 pandemic. Therefore, the Management Board expects the market environment to be exposed to growing risk as in other IT markets but contingency plans have been outlined.

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 delays impacting product availability, but they cannot be ruled out entirely, especially in light of the global COVID-19 pandemic.

The temporary failure of critical suppliers, for example for processors, which could lead to significant disruptions in production, is not regarded as being very likely at present; however, due to the global COVID-19 pandemic, this cannot be ruled out completely.

Overview of overall risk		
	Probability of occurrence	Possible impact
Market Risks		
Sales risks/competitive situation	Very high	Very high
Procurement risks	High	High
Financial risks		
Risk of receivables default	High	High
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 generally exist 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. Bad debt risks are limited by efficient accounts receivable management, including dunning and collection with restrictive granting of payment terms, but cannot be ruled out due to the global COVID-19 pandemic.

Political and legal risks

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

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

Operational risks and other risks

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

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

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

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

Consolidated Annual Net Profit

€4.7 million

Operating cash flow before changes in working capital

€9.2 million

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 cloud-based installations and software applications in the fields of analytics, deep learning, and artificial intelligence, will favor the decentralized technology approach and that MOBOTIX will therefore prevail despite growing competitive pressure.

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

MOBOTIX currently offers a wide range of IP video cameras plus accessories, along with its own video management software. The goal of the Company is to provide more software applications and add peripheral components (switch, IR emitter, NAS, etc.) to the MOBOTIX MOVE segment, thereby offering a complete system from a single provider and giving itself a competitive edge. The 2018 launch of the MOBOTIX MOVE camera portfolio as a "complementary portfolio" and the regular extensions to the camera series, made it possible to offer customers additional business opportunities. MOBOTIX will continue to focus on additional MOBOTIX MOVE products and associated business options, incorporating them into our product portfolio in accordance with our high quality standards.

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

MOBOTIX also optimizes the MOBOTIX AG sales and earnings model by monetizing software through license models. As part of the market launch of the MOBOTIX 7 M73 Camera in December 2019, additional high-performance video analysis apps have also been made available via licensing, which enables the development of new market verticals through new customer solutions.

In the future, MOBOTIX will continue to focus even more on technology partnerships in order to respond to the diverse requirements in the vertical markets with optimally tailored complete solutions.

Moreover, today's collaboration with Konica Minolta is already opening up several growth opportunities in the medium term for technologically oriented order development and sales.

Equity

€30.8 million

Equity ratio

48,6 %

Forecast report

MOBOTIX Group turnover for the 2020/21 financial year is approx. €75 million. EBIT excluding capitalized development costs for the 2020/21 financial year is approx. €3 million due to planned investments in the growth of the MOBOTIX Group. For MOBOTIX AG, the Management Board expects similar turnover and EBIT trends to the MOBOTIX Group. The turnover depends on the overall economic situation due to the consequences of the global COVID-19 pandemic and the success of the new MOBOTIX 7 camera platform and the US sales market.

The forward-looking statements made above are predictions.

Dependent Company report

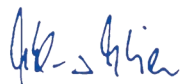
A report on the relationships with affiliated companies was prepared for the 2019/20 financial year in accordance with Section 312 of the AktG (Aktengesetz [German Stock Corporation Act]). Regarding those transactions that have to be reported, the report states: "The Management Board declares that, for 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, November 19, 2020

The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



Hartmut Sprave • CTO

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	13.159.323 shares





Balance Sheet			
€'000s	See Notes	30.9.2020	30.9.2019
NON-CURRENT ASSETS			
Intangible Assets	(1)		
Self-created intangible assets		3,258	0
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets		1,691	2,038
Advance payments		2	106
		4,951	2,144
Property, plant and equipment	(1)		
Land and buildings, including buildings on third-party land		11,836	12,426
Technical equipment and machinery		1,243	1,150
Other equipment, factory and office equipment		2,435	1,198
Advance payments and assets under construction		82	197
		15,596	14,971
Financial Assets	(2)		
Shares in affiliated Companies		0	0
		0	0
		20,547	17,115
CURRENT ASSETS			
Inventory			
Raw materials and supplies		13,361	6,044
Work in progress		5,579	5,770
Finished goods and merchandise		6,954	6,890
		25,894	18,704
Receivables and other assets	(3)		
Trade receivables		12,103	12,955
Receivables due from affiliated companies		1,061	1,270
Other assets		760	872
		13,924	15,097
Cash in hand and bank balances		2,118	1,726
		41,936	35,527
PREPAID EXPENSES AND DEFERRED CHARGES		676	679
DEFERRED TAX ASSETS		321	603
ASSETS		63,480	53,924

Balance Sheet			
€'000s	See Notes	30.9.2020	30.9.2019
EQUITY	(5)		
Subscribed capital		13,271	13,271
./. Treasury shares		-112	-118
(Corrected) subscribed capital		13,159	13,153
Capital reserves		1,250	1,250
Retained earnings			
Statutory reserve		77	77
Other retained earnings		17,788	17,751
		17,865	17,828
Equity capital difference from currency conversion		99	118
Loss carryforward		-6,221	-6,574
Consolidated annual net profit		4,677	884
		30,829	26,659
PROVISIONS			
Provisions for taxes		176	109
Other provisions	(6)	5,024	4,637
		5,200	4,746
LIABILITIES	(7)		
Bank loans and overdrafts		23,550	17,250
Advance payments received for orders		8	32
Trade payables		2,179	4,515
Liabilities to affiliated companies		34	108
Other liabilities		788	614
		26,559	22,519
DEFERRED TAX LIABILITIES		892	0
LIABILITIES		63,480	53,924

Consolidated Income Statement			
€'000s	See Notes	01.10.2019 30.09.2020	01.10.2018 30.09.2019
Revenue from sales	(8)	70,353	69,903
Decrease/Increase in finished and unfinished goods and work in progress		-349	657
Other own work capitalized		3,351	396
Other operating income	(9, 11)	656	851
Material costs		32,201	33,164
a) Expenses for raw, auxiliary and operating materials as well as for purchased goods		26,856	32,459
b) Expenses for purchased services		5,345	705
Personnel expenses		23,344	22,864
a) Wages and salaries		20,131	19,707
b) Social security contributions and expenditure on pension benefits of which relating to pensions €43,000 (previous year: €46,000)		3,213	3,157
Amortization of intangible assets and depreciation of property, plants and equipment		2,586	2,313
Other operating expenses	(9, 11)	9,708	11,508
Interest and similar expenses		209	166
Taxes from income and profit		1,250	872
a) Current taxes		74	252
b) Deferred taxes	(12)	1,176	620
AFTER-TAX PROFIT		4,713	920
Other taxes		36	36
CONSOLIDATED ANNUAL NET PROFIT		4,677	884

Cash Flow Statement		
€'000s	01.10.2019	01.10.2018
	-	-
	30.09.2020	30.09.2019
Annual result before taxes on income	5,927	1,756
+ Income from interest	209	166
+ Amortization of intangible assets and depreciation of property, plants and equipment	2,586	2,313
+ Increase of other provisions	386	296
+ Loss due to disposal of fixed and tangible assets	21	0
+ Other non-cash expenses	43	83
Operating cash flow before changes in working capital	9,172	4,614
- Increase in inventory, trade receivables and other assets that do not fall under investment or financing activities	-7,335	-5,049
-/+ Decrease/Increase in trade payables and other liabilities that do not fall under investment or financing activities	-2,255	1,812
Cash flow from operating activities before taxes on income	-418	1,377
- Income tax payments/refunds	-108	-17
Cash flow from operating activities	-526	1,360
- Cash outflows for purchases of property, plants and equipment	-1,061	-662
- Cash outflows for purchases of intangible assets	-3,565	-1,293
Cash flow from investing activities	-4,626	-1,955
- Dividend payments	-531	-531
- Cash outflows for redemption of loans	-2,200	-4,240
+ Cash inflows from the take-up of loans	5,000	3,000
- Interest paid	-209	-166
Cash flow from financing activities	2,060	-1,937
Net change in cash and cash equivalents	-3,092	-2,532
Net change in financial facilities due to exchange rate	-16	-39
Consolidation-related changes in the scope of funds	0	50
Cash and cash equivalents at the beginning of the reporting period	226	2,747
Cash and cash equivalents at the end of the reporting period	-2,882	226
Transfer to inventory in accordance with balance sheet:		
+ Short-term loans	5,000	1,500
Cash in hand and bank balances	2,118	1,726

Statement of Changes in Equity						
€'000s	Subscribed capital	Treasury shares	(Corrected) subscribed capital	Capital reserves	Statutory reserve	Other retained earnings
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
Consolidated annual net profit						
As of 30.09.2019	13,271	-118	13,153	1,250	77	17,751
As of 01.10.2019	13,271	-118	13,153	1,250	77	17,751
Distribution						
Currency conversion						
Issuance of treasury shares		6	6			37
Change in the consolidated companies						
Consolidated annual net profit						
As of 30.09.2020	13,271	-112	13,159	1,250	77	17,788

Statement of Changes in Equity					
€'000s	Reserves	Equity difference from currency conversion	Loss carryforward	Consolidated annual net profit	Group equity
As of 01.10.2018	17,755	150	-6,163		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
As of 01.10.2019	17,828	118	-5,690		26,659
Distribution			-531		-531
Currency conversion		-19			-19
Issuance of treasury shares	37				43
Consolidated annual net profit				4,677	4,677
As of 30.09.2020	17,865	99	-6,221	4,677	30,829

Shareholding			
Company	Registered office	30.9.2020	30.9.2019
MOBOTIX CORP	New York, USA	100,0 %	100,0 %
MOBOTIX LIMITED	Nottingham, GB	100,0 %	100,0 %
MOBOTIX SINGAPORE PTE. LTD.	Singapore, 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 October 1 and ends on September 30 of the following year.

The consolidated financial statement of MOBOTIX AG has been prepared in line with the stipulations of the German Commercial Code.

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 euro and as percentages, since the figures have been rounded to the nearest thousand euro.

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 Wednesday, September 30, 2020.

Consolidation of investments

MOBOTIX CORP was consolidated as of July 1, 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 December 30, 2013 as a service Company for Singapore. MOBOTIX AUSTRALIA PTY LTD. was founded in Sydney, Australia, on December 23, 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 euro using the mean spot exchange rate as of the reporting date, with the exception of equity which is to be translated into euro at historical rates. Items on the income statement in the annual financial statements prepared in foreign currency are translated into euro at average monthly exchange rates. The difference due to currency translation is listed under the "Equity capital difference from currency conversion" 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

Development costs are capitalized as self-created intangible assets for the first time from the financial year 2019/20. Capitalization occurs when it is certain that the completion of the intangible asset is technically feasible and that future surpluses arise from the marketing.

Capitalized development costs are amortized over the expected useful life of 5 years. The depreciation starts at the end of the development phase. This is the time from which the asset can be used.

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 between 3 and 33 years. Grants and subsidies received are offset on the asset side.

A fixed value was established for the first time in the 2019/20 financial year for camera stocks that are intended for permanent use in the Company.

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 cost price, taking into account 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.

Deferred Tax Liabilities

Deferred tax assets are recognized in respect of differences between the carrying amounts of assets, liabilities and prepaid expenses, provided that this will result in tax relief in later financial years.

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).

Self-created intangible assets

In the 2019/20 financial year, research and development costs totaled €6,103,000. Of this, an amount of €3,421,000 was capitalized among the self-created intangible assets.

(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 €321,000 (previous year €603,000) comprise accumulated tax losses of €230,000 (previous year: €502,000) incurred in the 2016/17 financial year and €91,000 (previous year €101,000) 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 (€5,677,000) 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.

As of the balance sheet date, the Company had issued 13,271,442 ordinary shares, 13,159,323 of which are in circulation. It held 112,119 shares as treasury shares as of September 30, 2020.

Financial Assets			
Name and registered office of Company	Share of capital in percent	Equity	Result in 2019/20
MOBOTIX LIMITED, Nottingham, UK*	100,0	1 British pound	0 British pounds

* not operational

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 Thursday, January 30, 2020, adopted a resolution to pay a dividend of €0.04 per share for the 2018/19 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 January 31, 2020.

The Annual General Meeting held on May 28, 2018 adopted a resolution to authorize the Management Board once again – subject to compliance with the principle of equal treatment (Section 53a of the German Stock Corporation Act (AktG)) – to acquire treasury shares up to a total of 10% of the Company's existing share capital on or before April 30, 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 its 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 2019/20 financial year. As part of an employee stock option plan, 6,522 treasury shares were issued to employees and members of the Management Board in the 2019/20 financial year. Its treasury shares account for €112,000 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 May 28, 2018.

The Management Board of MOBOTIX AG proposes to distribute €531,000 to the shareholders from the retained earnings of €5,117,000 of MOBOTIX AG and to carry forward €4,586,000 to new account.

(6) Other provisions

Other provisions primarily include the following types of provisions.

	€'000s
Provisions for outstanding invoices	€1,537 (previous year €1,705)
Provisions for annual bonuses and sales commissions	€998 (previous year €731)
Provisions for vacation	€471 (previous year €367)
Provisions for Christmas bonuses	€349 (previous year €458)

(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 €304,000 (previous year €203,000) and taxes of €264,000 (previous year €190,000).

Liabilities to affiliated companies relate exclusively to trade payables.

(8) Revenue from sales

Sales revenue comprises revenue of €68,096,000 (previous year €61,486,000) from the sale of video management systems, revenue of €148,000 (previous year €4,478,000) from the sale of components to external manufacturers, revenue from the contract development for Konica Minolta, Inc. Tokyo, Japan in the amount of €2,109,000 (previous year €3,563,000) and other revenue in the amount of €0 (previous year €376,000).

Revenues from the sale of video management system solutions of €15,908,000 (previous year €18,637,000) are attributable to Germany, €25,117,000 (previous year €21,982,000) to the rest of Europe, and €27,071,000 (previous year €20,867,000) to the rest of the world.

(9) Income and expenses from other reporting periods

Other operating income includes income of €66,000 (previous year €143,000) from other reporting periods, while other operating expenses include expenses of €234,000 (previous year: €46,000) 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	23,550 (17,250)	7,200 (3,700)	16,350 (13,550)	0 (0)	8,000 (3,000)
Arising from advance payments received for orders	8 (32)	8 (32)	0 (0)	0 (0)	0 (0)
Trade receivables	2,179 (4,515)	2,179 (4,515)	0 (0)	0 (0)	0 (0)
Liabilities to affiliated companies	34 (108)	34 (108)	0 (0)	0 (0)	0 (0)
Other liabilities	788 (614)	788 (614)	0 (0)	0 (0)	0 (0)
Total	26,559 (22,519)	10,209 (8,969)	16,350 (13,550)	0 (0)	8,000 (3,000)

* Mortgage

(11) Currency conversion income and expenses

Other operating income includes income of €256,000 (previous year €257,000) from currency conversion, while other operating expenses include expenses of €385,000 (previous year: €244,000) from other reporting periods.

(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\$	€'000s 5,016

re (1):The offsetting changes in value of the underlying and hedging transaction are expected to offset one another in the amount of €5,016,000 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 1.10.2019 – 30.9.2020
Profit before tax	5,927
Income taxes derived from earnings before tax (income)	1,695
Loss carryforwards not capitalized/utilized	-480
Other non-deductible expenses	15
Other	20
Reported income taxes	1,250

(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 AG 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 invoice 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 2019/20 financial year:

Full-time employees	284.8
Part-time employees	23.1

The total number of people employed on average was 307.9 (previous year 302.2).

(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	
	2019/20	2018/19
Statutory audit services		
invoiced	60	26
from provisions	45	75
Other services		
invoiced	0	34
Total	105	135

(3) MOBOTIX AG Management Board

Members of the MOBOTIX AG Management Board

- Thomas Lausten, Master of Business Administration, Kaiserslautern (Chairman)
- 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 €942,000 (previous year €813,000). 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 up to June 30, 2020)
- Toshiya Eguchi, Executive Officer at Konica Minolta, Inc., Tokyo, Japan, responsible for IoT Service Platform Development, Imaging-IoT Solution Business and Visual Solutions Business (Chairman since July 1, 2020)
- Olaf Jonas, General Manager Corporate Governance Division, Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany
- Keiji Okamoto, Managing Director of Konica Minolta Business Solutions Europe GmbH, Langenhagen, Germany, and Executive Officer of Konica Minolta Inc., Tokyo, Japan (up to June 30, 2020)
- Tsuyoshi Yamazato, General Manager, Solution Sales of Imaging-IoT Solution Business at Konica Minolta, Inc., Tokyo, Japan (since July 1, 2020)

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 consolidated financial statements and calculated in accordance with the principles of the Society of Investment Professionals in Germany (DVFA) (based on share capital of €13,271,442.00 divided into 13,271,442 no-par-value shares, each representing €1.00 of the share capital). The Chairman of the Supervisory Board receives twice the fixed and variable remuneration.

The total remuneration paid to the members of the Supervisory Board amounted to €49,000 in the 2019/20 financial year (previous year: €42,000).

(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 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 May 13, 2016, that it no longer holds the majority of shares and voting rights (majority interest) of MOBOTIX AG as of May 10, 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 May 10, 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 May 10, 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.

(7) Supplementary Report

At the end of the financial year, no transactions of particular importance have occurred that have a significant financial impact on the MOBOTIX Group's net assets, financial position and results of operations.

Winnweiler-Langmeil, November 19, 2020

The Management Board



Thomas Lausten • CEO



Klaus Kiener • CFO



Hartmut Sprave • CTO

Annex To The Notes							
€'000s	As of 1.10.2019	Addi- tions	Dispo- sals	Amendment of the scope of consolida- tion	Trans- fer pos- ings	Currency transla- tion diffe- rences	As of 30.9.2020
Initial investment costs/manufacturing costs							
Intangible assets							
Self-created intangible assets	0	3,336	0	0	85	0	3,421
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	3,089	227	0	0	0	-5	3,311
Advance payments	106	2	-21	0	-85	0	2
Total intangible assets	3,195	3,565	-21	0	0	-5	6,734
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	9,450	647	0	0	173	0	10,270
Other equipment, factory and office equipment	10,240	343	0	0	1,430	-31	11,982
Advance payments and assets under construction	197	71	0	0	-186	0	82
Total property, plant and equipment	38,075	1,061	0	0	1,417	-31	40,522
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							
Self-created intangible assets	0	163	0	0	0	0	163
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	1,051	576	0	0	0	-7	1,620
Advance payments	0	0	0	0	0	0	0
Total intangible assets	1,051	739	0	0	0	-7	1,783
Property, plant and equipment							
Land and buildings, including buildings on third-party land	5,762	590	0	0	0	0	6,352
Technical equipment and machinery	8,300	728	0	0	0	0	9,027
Other equipment, factory and office equipment	9,042	529	0	0	0	-24	9,547
Advance payments and assets under construction	0	0	0	0	0	0	0
Total property, plant and equipment	23,104	1,847	0	0	0	-24	24,926

Annex To The Notes

€'000s	As of 1.10.2019	Addi- tions	Dispo- sals	Amendment of the scope of consolida- tion	Trans- fer pos- tings	Currency transla- tion diffe- rences	As of 30.9.2020
Net carrying amount							
Intangible assets							
Self-created intangible assets	0						3,258
Purchased industrial property rights and similar rights and assets as well as licenses to such rights and assets	2,038						1,691
Advance payments	106						2
Total intangible assets	2,144						4,951
Property, plant and equipment							
Land and buildings, including buildings on third-party land	12,426						11,836
Technical equipment and machinery	1,150						1,243
Other equipment, factory and office equip- ment	1,198						2,435
Advance payments and assets under const- ruction	197						82
Total property, plant and equipment	14,971						15,596
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 2020, 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 2019 to 30 September 2020, 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 2019 to 30 September 2020.

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 2020 and of its financial performance for the fiscal year from 1 October 2019 to 30 September 2020 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 (Institut der Wirtschaftsprüfer) 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, 20 November 2020

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Kaschub

Wöhe

Auditor

Auditor

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

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

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Disclaimer

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