exceet

ANNUAL REPORT 2015

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Chief Executive Officer
(until 1 March 2016)

Wolf-Günter Freese
Chief Financial Officer

Jan Trommershausen
Chief Operating Officer – ECMS

Robert Wolny
Chief Operating Officer – IDMS

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PROF. DR. HARTMUT GRIEPENTROG*

*Representative of White Hills Management & Co S.C.S.

EXCEET GROUP MANAGEMENT REPORT

SECOND-HALF RECOVERY AFTER MID-YEAR DIP

STRUCTURE & REPORTING

exceet Group SE (hereafter the "**Company**") is a company incorporated as a Société Européenne under the law of Luxembourg and is listed on the regulated market on the Prime Standard of the Frankfurt Stock Exchange (WKN: A0YF5P / ISIN: LU0472835155).

The exceet Group SE ("**Group**" or "**exceet**") and its subsidiaries are an international technology group specialized in the development and production of intelligent, complex and secure electronics of small and mid-sized volumes. The Group provides highly sophisticated solutions and distinguishes through its technical skill set in embedded intelligent electronics with a leading position in the health, industry & security markets. At the end of 2015 exceet consists of 10 manufacturing sites in the heart of Europe and in addition 6 technical sales & development centres for customer proximity to ensure smooth and close communication for innovative solutions and an attractive time-to-market phase for the customer.

exceet reports in 3 business segments:
Electronic Components Modules & Systems (ECMS),
ID Management & Systems (IDMS) and
exceet Secure Solutions (ESS).

BUSINESS MODEL

Distinguished engineering, manufacturing and software skills enable exceet to offer solutions with a high degree of customization and qualified certifications to fulfil demanding customer requirements. The ECMS segment offers full-service development, design and manufacturing of complex electronic components, modules and systems in the field of industrial and medical technology. ECMS is focussed on miniaturization and industrialization with cost optimal product design. exceet's competences in the field of electronics are based on a deep understanding of secure electronics, embedded components, modules and computers combined with a flexible and innovative development environment. This results in a fully coordinated product development and industrialization process, from the feasibility of new products and processes to a complete certified production in a clean room environment.

Furthermore, exceet is a full service supplier of card-based security technologies. The IDMS segment delivers a comprehensive service, including design, development, consulting, production, personalization and letter shop. The card manufacturer has a broad experience in all available printing technologies and is able to guarantee extreme short lead times due to production sides in Western Europe. With a clear focus on the security market, exceet designs and manufactures contact and contactless smart cards, multi-functional cards and card readers. In addition the Group provides related services and products for access, retail, transportation and banking applications. The capabilities in Near Field Communication (NFC), Radio Frequency Identification (RFID) and state of the art Bluetooth technology allow IDMS to successfully meet the challenges passed by a dynamic market environment.

The ESS segment is focused on full-service Internet of Things (IoT) projects in combination with a comprehensive and applied IT Security offering. The modular portfolio consist of standardized and customer specific hardware, e.g. for secure communication, as well as software, services and consulting services. ESS offers companies in the relevant industries a high degree of flexibility to realize IoT projects, security projects or a combination of both with just one supplier.

OBJECTIVES AND STRATEGY

exceet executes a clearly defined growth strategy which is based on the following pillars:

LEVERAGE CUSTOMER RELATIONSHIPS

One of the most important strategic objectives of the Group is to increase its market share in its core markets leveraging on existing long-term customer relationships. In particular the close cooperation with our customers during joint-development projects lead to early insights in the latest market trends, customer requirements and new business opportunities.

NEW APPLICATIONS

Extending the customer base through new applications (e.g. medical implants, optoelectronics, multi access ID solutions, industrial IoT) is another key strategic point of action. exceet pursues a "pull marketing strategy", i.e. attracting sustainable customer demand and interest by offering services and showing convincing capabilities that are valuable for selected potential customers. Targets are major systems integrators and Original Equipment Manufacturer (OEM) in exceet's key markets, which ask for high-quality solutions.

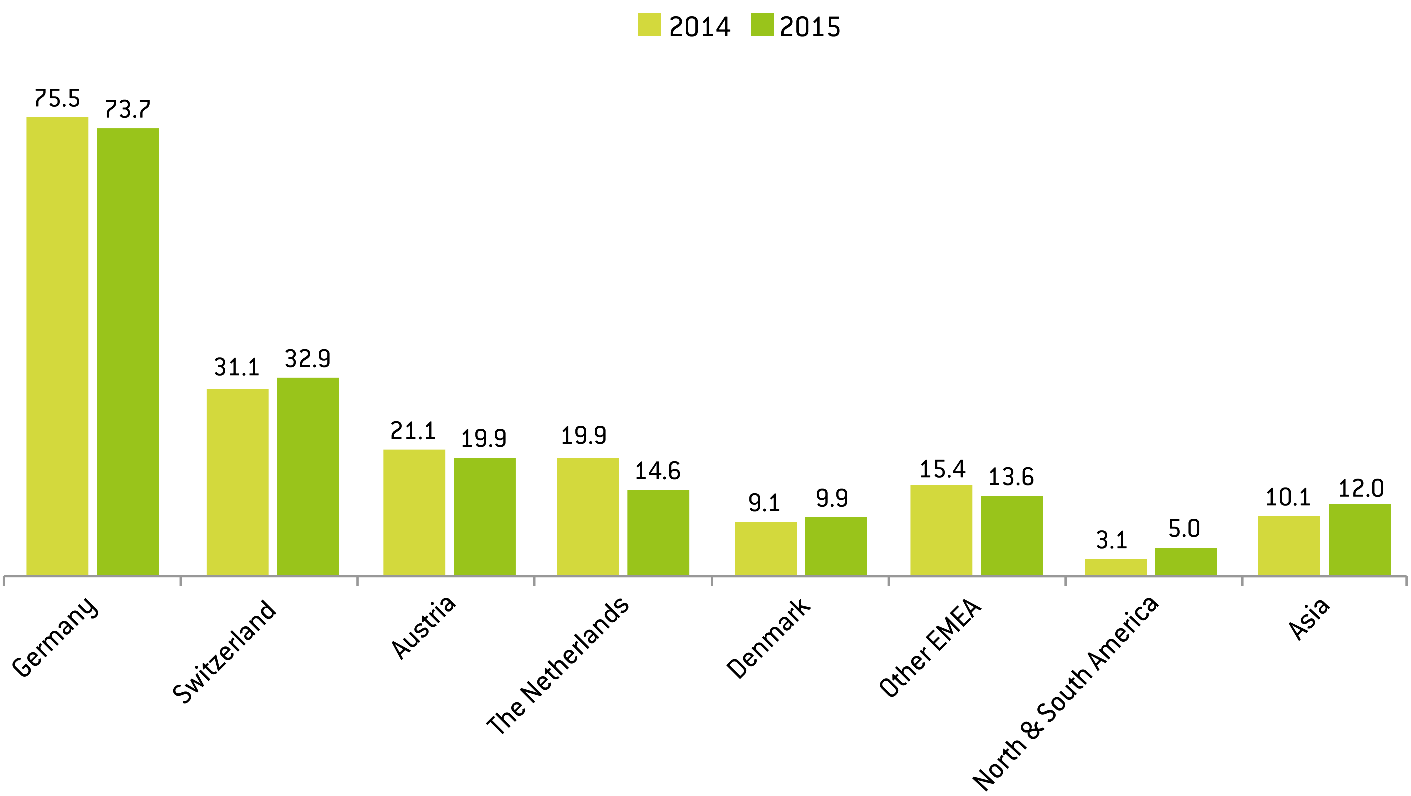
CROSS SEGMENT COLLABORATION

The internal sharing of technical competences and qualifications is key for exceet to offer the best available solution to its customers. Therefore marketing and sales teams regularly provide important market feedbacks which are reflected in new developments. Thanks to this constant internal information exchange, exceet has a better understanding of market dynamics and is able to adapt its development activities faster to the markets and customers' immediate needs. Through the combination of know-how and expertise across its segments, exceet is able to offer its clients unique, comprehensive and secure solutions.

GEOGRAPHICAL PRESENCE

exceet's core markets are Austria, Denmark, Germany, Switzerland and The Netherlands. Further geographic expansion is initiated to follow global customers. Since 2015 the US market is served by a local sales office located in Woburn (MA) next to Boston.

EXCEET's REVENUE BY COUNTRIES
(in EUR million)



STRATEGIC ACQUISITIONS

The Group continues to execute its "buy & build" strategy. Further market consolidation and growth generated by strategic acquisitions is one of the key elements of exceet's strategy.

In 2015 exceet didn't realize an acquisition.

OPERATIONS

ELECTRONIC COMPONENTS MODULES & SYSTEMS (ECMS)

In 2015 ECMS widened its expertise and production capacities in different technical disciplines and hereby strengthened its position, especially in markets with high quality requirements. Due to modern and efficient machinery, the processing time for the assembly of components was in some cases reduced by more than 80%. The short cycle times allow the production of higher volumes at competitive prices. In addition ECMS is well positioned for the integration of sophisticated optoelectronic components in serial productions. The segment was also able to successfully transfer technical knowledge from one industry to another. For example, ECMS used the know-how, which was gained by digital imaging projects in the health market, for new strategic projects in avionics. Complementarily, ECMS consistently pursues the objective of enlarging its share in the customer value chain. In the reporting period, ECMS extended its wafer processing capabilities and is now able to be part of large customer projects at an early and strategically important stage.

Due to the cooperation with several medical device companies, ECMS enlarged its knowledge and skills in development, design, and production of body wearables, which is a promising and growing market for the coming years.

For industrial applications, ECMS created the preconditions to address high volume markets in the relevant industries by the development of an i.MX6 microprocessor module as an innovative system-on-module solution. The ECMS system-on-module component offers an attractive price performance ratio compared to other microcontrollers and sub-microcontrollers. Based on this high-performance system-on-module solution, customers are able to integrate ready-to-use complex boards in their own products without requiring comprehensive development know-how and cost-intensive own production facilities. ECMS delivers pre-assembled high-quality boards, which can be used as a minicomputer e.g. for displays. With this innovative component ECMS is able to address new high-volume markets, such as for example the smart grid.

In the reporting period ECMS successfully finalized a project with one of the leading manufacturers of ropeways. ECMS delivered the central-processing-units (CPUs) for an urban-mobility project. The CPUs support the presentation of different multimedia content on displays in the ropeway gondolas.

Based on its existing customer relations, the new projects and the broad product and service portfolio, ECMS is very well positioned for 2016. Several innovative companies in any kind of industry choose ECMS as their project partner. The ability of ECMS to realize integrated solutions (e.g. body wearables), at a high quality level and the competence to bring innovative and pioneering technologies to market has been highly appreciated by the customers.

exceet electronics GesmbH, Ebbs (Austria)

ID MANAGEMENT & SYSTEMS (IDMS)

In the reporting period IDMS was primarily focused in its marketing efforts on the banking and loyalty markets. IDMS benefitted from its subsidiaries in Germany, Austria and the Czech Republic, which assure regional market presence but also the focus on specialized centers of excellence. Based on these established centers of excellence IDMS could perfectly execute its one-stop-shop strategy.
As a further Unique Selling Proposition (USP) within the high-volume banking card market, IDMS is the only remaining card manufacturer that combines certified production and personalisation in Germany. With this setup, the segment is successfully positioned in the security driven markets against competitors with near shore production approaches. Due to its long-term experience in the field of contactless cards, IDMS was able to establish itself as one of the major suppliers of dual interface cards. These cards are increasingly used for contact and contactless card payments.

EXCEET SECURE SOLUTIONS (ESS)

Due to the competence which ESS gained in different telematics projects in the past, the IT security specialist won another large eHealth project in 2015. The project will assure the secure communication between different kinds of participants of the telematics infrastructure and will be finalized in 2016. This project is a further reference and positions ESS for other IT Security projects in any kind of industry.

ESS won substantial IoT projects with well-known, international companies and realized first showcases. The typical IoT project is characterized by a comprehensive consulting approach. For these individual solutions ESS leverages the combination of products and services belonging to the exceet Group portfolio; e.g. standard or customer specific hardware for the communication part and software for individual control systems. This is complemented by an individual IT Security offering. Consequently, these individual IoT concepts enable the customer to realize a holistic IoT project with a one-stop service.

Based on these first showcases and in combination with the comprehensive IT security know-how, ESS is well prepared to benefit from the high potentials in the IoT and IT Security business.

STREAMLINING OPERATIONAL ACTIVITIES

Since January 2015, three companies of the ECMS segment, namely "as electronics GmbH" (Germany), "Contec-Steuerungstechnik und Automation GmbH" (Austria) and "Mikrap AG" (Switzerland), operate under the joint brand name of exceet electronics. This strategic realignment under the new brand addresses the customer's needs for the development and production of complex electronic modules, components and systems for industrial and medical technology provided by one partner. Numerous jointly publications, exhibitions and customer workshops underlined this new strategy in 2015.

As part of the on-going process of streamlining operational activities, the card production in Vienna was integrated into the Kematen site. The remaining sales office continues to serve the eastern European markets relevant for the IDMS segment.

exceet has run through a set of structural reorganisations to optimize sales and market penetration processes as well as responsibilities in the client relationship management. Moreover, the management has started to cautiously assess options beyond. These may include asset disposals and restructurings in order to improve group profitability. Any measure taken is highly dependent on market conditions and strictly subject to exceet's overalls market position as a high-end technology provider. However, the management is clearly committed to enhance the value creation of the Group.

INVESTMENT

Beside investments in assets to keep the state-of-the-art level of production technology, exceet invested further in human capital to develop new business opportunities for instance in industrial IoT, multi access identity solutions and eHealth.

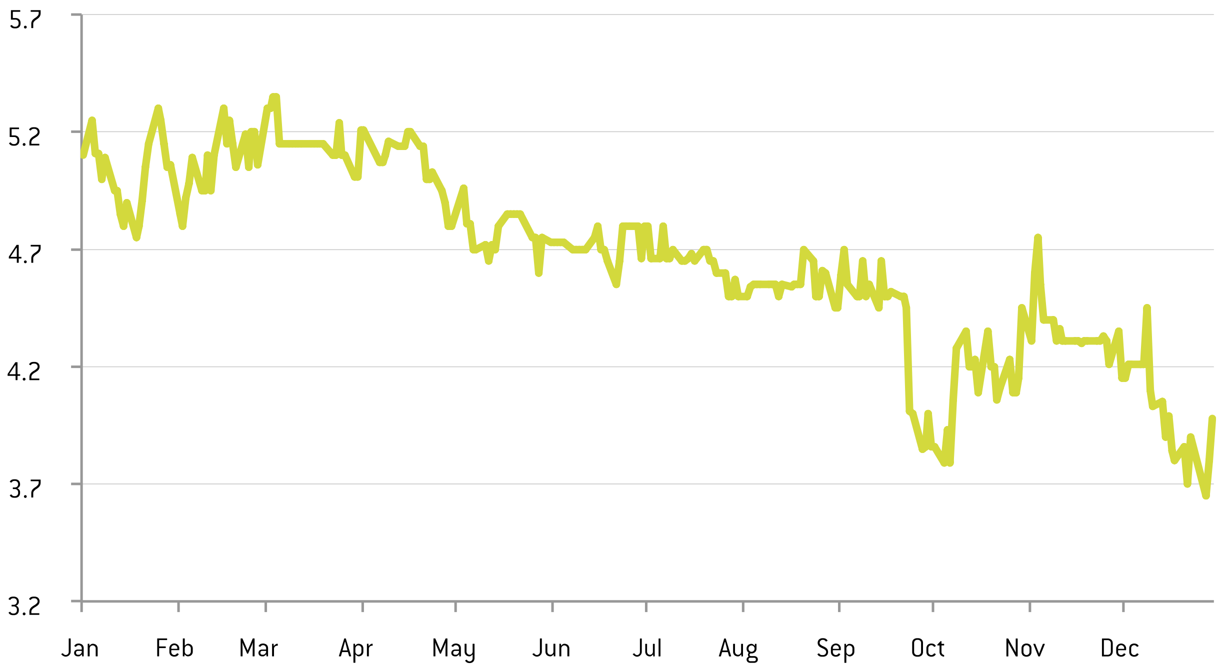
FUNDAMENTALS OF EXCEET SHARES

The Company's authorized share capital currently amounts to 45,675,397 shares, including 20,523,695 Class A Shares (Public Shares). Any analysis of exceet's market capitalization should take only Class A Shares into consideration. The Class B and C Shares can only be converted into Class A Shares provided the publically traded share price is in various tranches above defined hurdles (Euro 12.00, Euro 13.00, Euro 14.00, Euro 15.00 and Euro 16.00) on 20 consecutive trading days (expiring date: 26 July 2016).

The market capitalization of exceet Group SE was EUR 107.7 million at the beginning of 2015 (1 January 2015) and reached EUR 81.7 million at the end of 2015 (31 December 2015). Final share price on the last trading day in 2015 was Euro 3.98. The cumulative XETRA trading volume amounted to 333,732 shares for the entire year (345,139 shares in 2014) of which 196,001 shares were traded between October and December.
Currently, exceet is covered by the investment and research banks Hauck & Aufhäuser Institutional Research (http://www.ha-research.de) with a "Hold" rating and a share price target of Euro 4.40 (published 6 November 2015) and KeplerCheuvreux (http://www.keplercheuvreux.com) with a "Hold" rating and a share price target of Euro 5.30 (published 8 May 2015). 450,000 Class A Shares are held in treasury by the Company (see exceet Group Consolidated Financial Statements note 13 "Equity").

EXCEET SHARE PRICE DEVELOPMENT 2015

	High	Low
Year 2015:	5.35 (04.03.2015)	3.65 (28.12.2015)



The share price dynamic of exceet shares in the course of the reporting year was embedded into a pronounced volatility of the overall German equity market as shown by the DAX, whose level ranged between 9,500 points and 12,300 points. Many Small Cap Stocks failed to follow the year-end rally, which took the DAX to a final level of 10,700 points (+9.6%).

By the end of the year, oil prices, as low as in the recession year 2003, became the major burden for equity markets due to growth concerns and worries about the US Oil Industry. Additionally, problems in the US Junk Bond market had a negative impact on equities. With world equity markets again plunging several times in the course of January and Chinese equities being suspended from trade two times because daily losses exceeded 7%, it is very difficult to forecast the future market dynamics. Cautious optimism is backed by the expectation of a prolonged supportive ECB monetary policy and private demand growth. Those who have a pessimistic view find negative elements in the diverging monetary policies, oil price weakness and deflation concerns, asset bubbles and global indebtedness.

BUSINESS ENVIRONMENT

OVERALL ECONOMIC ENVIRONMENT

During the first half of 2015, the ECB Quantitative Easing Program (QE) and the EU/Greece financial crisis were in the focus of the general economic discussion. The second half of 2015 was influenced by geopolitical issues and migration pressure on Europe. Beside these political issues, economic concerns were driven by the continuing weakness of the BRIC States, especially China, negatively affecting commodity prices and the increase of US official interest rates. Private demand was able to counterbalance growth concerns, especially in Germany thanks to sound labor market conditions, rising wages and low energy prices.

According to the IMF, world trade in 2015 has been atypically growing at a slower pace (2.6%) than global economic growth (3.1%). For the current year the IMF has recently reduced its world growth forecast by 0.2pp to 3.4%. The US will grow by 2.6% and China is predicted to grow by 6.3% (after 6.9% in 2015). Germany has been revised slightly upward by 0.1pp to 1.7%. China is regarded as the major danger to the forecasts due to the possibility of a hard landing. Germany still grows visibly above its 10 year average of 1.3% supported by private demand (+1.9% in 2015) and low energy prices (-0.7% in 2015). But in the current year exports are no longer expected to push growth. The German investment activity showed some signs of improvement by the end of the year, but the German association of corporations in the mechanical engineering industry VDMA is not envisaging real growth for 2016. The deterioration of the general economic situation is underlined by the January figures for two closely followed economic sentiment indicators. The Ifo Business Climate Index showed surprising weakness, suggesting a somewhat frightened outlook into 2016 by the 7,000 business executives surveyed. The ZEW Index of growth expectations among investment professionals showed a fresh decline after a slight recovery before the turn of the year. A survey among 1,400 CEOs worldwide - published by PwC - discloses that two third of the interviewed executives are expecting higher risks to the growth prospects for their own companies than three years ago.

SECTOR-SPECIFIC ENVIRONMENT

Within its major end-markets exceet Group concentrates on fast growing profitable niches that offer promising and sustainable growth prospects for the Group.

Health

The global Med Tech/Medical Device and Health Care Services industry is one of exceet's relevant end markets and accounts for roughly one third of the group sales. The industry has experienced significant growth for years, which is expected to continue. At the same time it is confronted with wide-ranging structural changes: New players from the IT/Software/Data and Telecom industries are entering the health market and form alliances with traditional suppliers out of the electrical engineering, pharmaceutical and insurance industries. Medical progress is accompanied by rapidly growing data volumes worldwide. Exchanging and analyzing these data in a cost-efficient and secure manner in cross-institutional health care networks is of growing importance and attracts new business models. According to consultants Arthur D. Little the worldwide eHealth market will amount to USD 233 billion of sales in 2020. At the same time global players within the electrical engineering industry are restructuring their traditional Med Tech operations driven by pricing pressure in order to catch the new trend for personalization und industrialization of medical services for additional sustainable growth. This "health retail market" is characterized by the emphasis on prevention - monitoring, tracking and digital coaching. Diseases and subsequent care are managed cost-efficiently and with the help of body wearable miniaturized electronic devices as well as a broad range of other digital technologies. Growth areas within the health market are expected to be patient-near small-size diagnostic & therapy devices as well as fully integrated digital services.

Referring to the German eHealth market, the EU Commission has disclosed that health data exchange through electronic channels accounts for only 24% in Germany compared with 36% on average in the rest of the EU. Even if – according to the OECD – the German health system is one of the most expensive worldwide, the Fraunhofer Institute Think Tank sees a serious digitization deficit as new technologies lack a systematic introduction into standardized health processes.

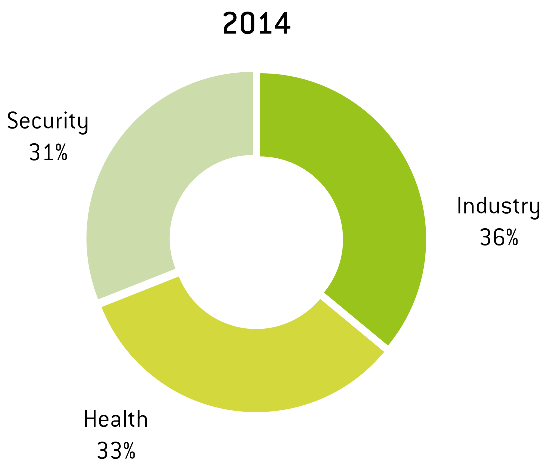
Industry

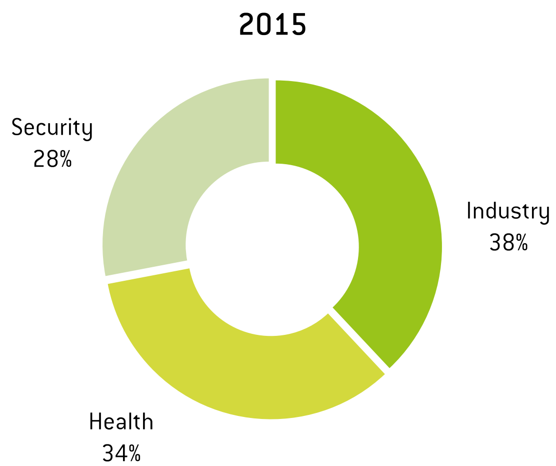
As it is the case for the global Med Tech industry, also the classical industries within the industrial production sector such as automotive, electrical & mechanical engineering, semiconductors as well as related supplying industries are continuously asking for highly miniaturized intelligent electronic devices of utmost quality and reliability. Internet-capable devices, of which sensors have become the all-rounders and mega sellers within many industries, are increasingly in demand. Also sophisticated packaging technologies like Chip on Board (CoB), Flip Chip (FC), System in Packages (SiP) have become standard solutions in more and more applications that require extreme density in smallest spaces. But the market is highly competitive and in some product areas characterized by decreasing prices. USPs can be generated by integration of hardware competences (such as embedding, box building, miniaturization, sensor technologies) with software and security architectures and connectivity as well.

Security

The substantial growth potential of the global Security Market becomes most obvious within the discussion about Smart Cities. Smart Cities are subsuming the idea of Smart Homes, Smart Living and Smart Factories. Current mega projects are initiated predominantly in Asia where systematic and comprehensive connectivity is estimated as a substantial driver of growth. India is actually planning not less than 100 Smart Cities. A lighthouse project in South Korea is designed to offer living space for 70,000 people and office space for 300,000

EXCEET'S REVENUE BY MARKETS
(share of total net sales)





commuters daily by the year 2020. Secure Smart Cards there will have a totally integrated function as ID-card, key and payment tool. The most used intelligent electronic devices will be internet capable sensors including security applications. Experiences in large US cities with traffic guiding and planning systems have disclosed that encryption in many cases has not been sufficient, thus putting the systems at danger referring to system-blackouts or cyber attacks. So-called critical infrastructures, consisting of traffic/transport systems, energy supply/utility systems, IT/telecommunication systems, industry plants and health infrastructures are expected to require high-performing security solutions thus offering strong growth potentials for dedicated providers.

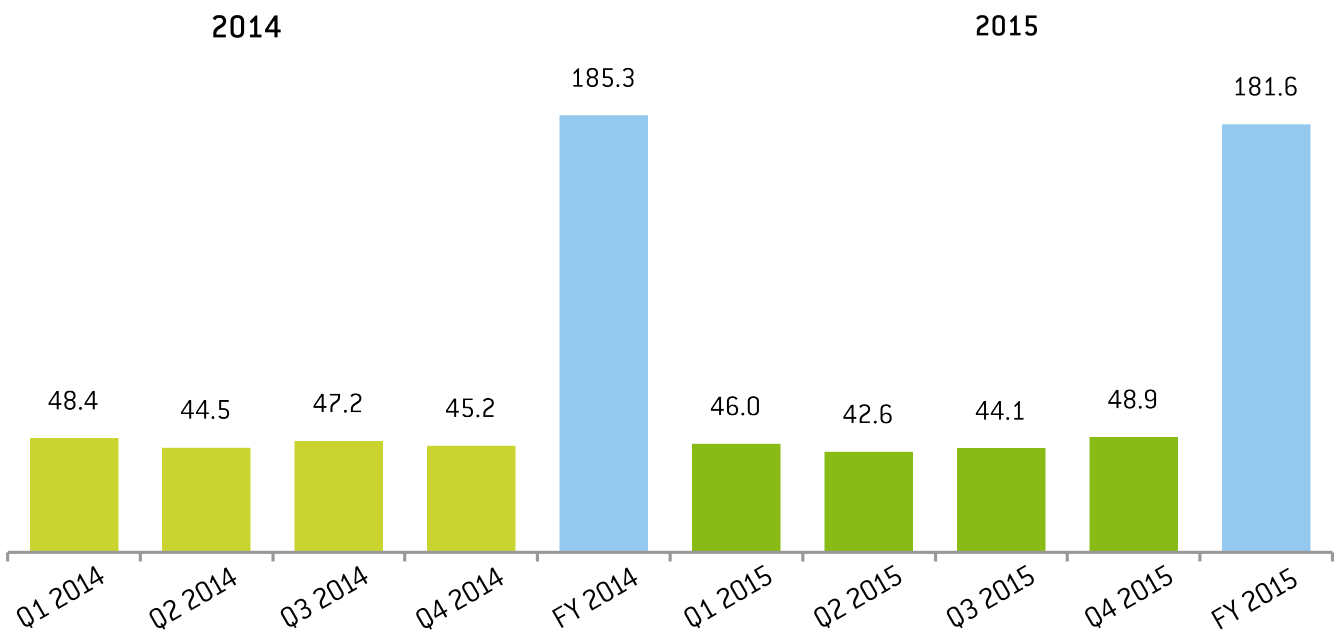
NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The mid-year dip of exceet's business development is reflected in the weaker Gross Profit Margin of EUR 27.0 million or 14.9% (2014: EUR 33.1 million or 17.8%) and the lower EBITDA-Margin of EUR 12.7 million or 7.0% (2014: EUR 19.0 million or 10.3%).

The cautious order behaviour of customers in the current uncertainty of the markets and a project related lower share of traded electronic components decreased the Group sales 2015 by 2.0%, reaching EUR 181.6 million against EUR 185.3 million for the same period of the previous year. The stronger exchange rates of the Swiss Franc and the US dollar versus the Euro supported the consolidated net sales by 4.0% or EUR 7.3 million. On an organic basis, net sales 2015 declined by 8.1% compared to 2014. On 31 December 2015 exceet's order backlog amounted to EUR 85.5 million which is 2.1% lower as of 31 December 2014 (EUR 87.3 million) and reflects a book-to-bill ratio of 1.0 (2014: 0.90).

EXCEET'S QUARTERLY NET SALES DEVELOPMENT
(in EUR million)



The Group achieved sales of EUR 46.0 million in Q1, EUR 42.6 million in Q2, EUR 44.1 million in Q3, and EUR 48.9 million in the fourth quarter. The restrained sales trend out of the second half-year 2014 continued till Q3 of 2015 and results in a negative organic growth rate for the full year 2015 of -8.1%. However Q4 of 2015 showed a plus of 8.1% compared to Q4 of 2014.

Due to the reduced contribution out of the lower sales level the gross profit margin declined from 17.8% to 14.9%, which represents an decrease from EUR 33.1 million to EUR 27.0 million (-18.3%). The net operating costs increased by EUR 0.8 million from EUR 24.1 million to EUR 24.9 million. Unfortunately the impact due to the stronger Swiss Franc compensated with EUR 1.2 million the achieved cost reduction of EUR 0.4 million.

exceet achieved an EBITDA of EUR 12.7 million (7.0% of net sales) in 2015 compared to EUR 19.0 million (10.3% of net sales) in 2014. Depreciations and amortizations in the amount of EUR 10.5 million were up by EUR 0.4 million against the previous year (2014: EUR 10.1 million). EUR 6.8 million (2014: EUR 6.4 million) relate to the depreciation of tangible assets, EUR 3.7 million (2014: EUR 3.7 million) relate to the amortization of intangible assets.

The net financial loss of EUR 2.3 million (2014: net financial loss of EUR 2.1 million) includes a gain of EUR 1.4 million which was a result of the devaluation of warrants (2014: loss of EUR 0.6 million), a negative net foreign currency effect of EUR 2.6 million (2014: loss of EUR 0.4 million) and interest cost in the amount of EUR 1.1 million (2014: EUR 1.1 million). The foreign currency effect is non-cash and includes value adjustments of EUR 2.1 million (loss) on EUR intercompany loans given by the Swiss holding to finance other group companies. These valuation adjustments reflect the substantially weaker EUR against CHF rate of 1.0835 (31.12.2014: 1.2024).

Net income decreased from EUR 4.4 million to a loss of EUR 1.2 million.

The calculation of basic earnings per share (EPS) on 31 December 2015 is based on the net loss of EUR 1.2 million, attributable to the shareholders of the Group and the weighted average number of issued shares, being 20,073,695 (excluding 450,000 treasury shares) Class A Shares, 5,210,526 Class B Shares and 9,000,000 Class C Shares respectively, which totals to 34,284,221 issued shares.

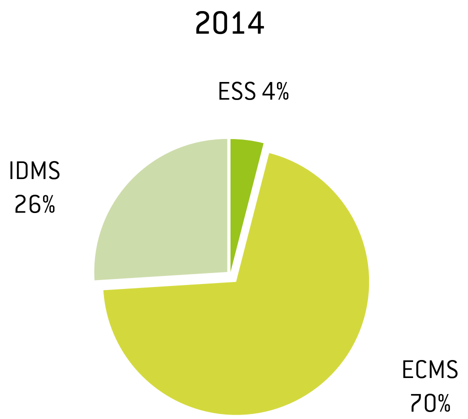
		2015	2014
Profit/(Loss) for the year (in EUR 1,000) attributable to shareholders of the Group	Class A Shares	(683)	4,260
	Class B/C Shares	(484)	142
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	14,210,526	14,210,526
Basic earnings/(loss) per share (Euro/share)	**Class A Shares**	**(0.03)**	**0.21**
	Class B/C Shares	**(0.03)**	**0.01**

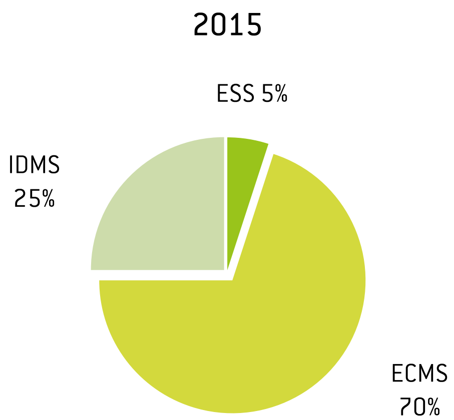
SEGMENT REPORTING

Electronic Components, Modules & Systems (ECMS)
Segment sales decreased by 2.0% to EUR 126.8 million (2014: EUR 129.4 million) mainly caused by the cautious order behaviour of customers in the current market uncertainty and a project related lower share of traded electronic components. The third party net sales in this segment decreased by 1.8% to EUR 126.8 million against EUR 129.1 million during the same period of the previous year. In 2015, EBITDA reached EUR 15.1 million against EUR 20.1 million in 2014. The EBITDA margin decreased accordingly from 15.5% in 2014 to 11.9% in 2015. Main reasons are the project mix and the not in line to the actual level of sales reduced personnel cost to enable the segment to increase sales and development activities for future projects.

ID Management & Systems (IDMS)
Due to the volatile loyalty market, the IDMS segment was not able to hold the level of 2014 sales. The segment sales decreased (all third party net sales) by 6.5% to EUR 45.2 million (2014: EUR 48.4 million). The missing leverage on the fixed cost results in an EBITDA margin decreasing from 7.9% to 6.8% with an EBITDA of EUR 3.1 million (2014: EUR 3.8 million).

EXCEET'S REVENUE BY SEGMENTS
(share of total net sales)





exceet Secure Solutions (ESS)
The ESS segment achieved sales (all third party net sales) of EUR 9.6 million during the reporting period (2014: EUR 7.9 million). This substantial increase by 22.5% was mainly driven by the acquisition of Lucom GmbH Elektrokomponenten und Systeme as of 5 December 2014 (see exceet Group Consolidated Financial Statements note 29 "Business combinations"). The ESS segment pursued in 2015 the development of new projects in the industrial IoT market as well as additional follow-up sales to realized projects in the health market.

BALANCE SHEET POSITIONS

Cash and cash equivalents increased to EUR 33.3 million at the end of the financial year (2014: EUR 31.0 million), mainly due to generated free cash flow of EUR 2.7 million (2014: EUR 6.6 million).

Net working capital increased by EUR 1.6 million from EUR 33.6 million to EUR 35.2 million, which is 19.4% of net sales (2014: 18.1%). Main drivers were the increase of the trade receivables by EUR 1.6 million to EUR 22.7 million due to the strong December sales (2014: EUR 21.1 million), the decrease of the inventory levels from EUR 31.6 million to EUR 30.4 million, the decrease of trade payables by EUR 0.8 million to EUR 9.2 million (2014: EUR 10 million) and the increase of other current liabilities by EUR 1.8 million to EUR 4.3 million (2014: EUR 2.4 million).The change from a net income tax liability (2014: EUR 1.7 million) to a net income tax receivable of EUR 0.4 million in 2015, increased the net working capital further by EUR 2.1 million in 2015.

Mainly higher prepayments of EUR 0.2 million, additional liabilities for value-added taxes and social security of EUR 0.9 million and the earn-out 2015 liability out of the acquisition of Lucom GmbH Elektrokomponenten und Systeme in 2014, payable in 2016, increased the other current liabilities by EUR 1.8 million.

Non-current assets amounted to EUR 96.9 million (2014: EUR 96.9 million), including tangible assets of EUR 34.4 million (2014: EUR 34.2 million) and intangible assets of EUR 60.9 million (2014: EUR 61.1 million). The goodwill component of EUR 40.0 million (2014: EUR 38.1 million) increased by EUR 1.9 million due to FX-effects. As in the prior year, no impairment was recorded against goodwill during the reporting period.

Non-current liabilities increased by EUR 1.1 million, from EUR 54.1 million on 31 December 2014 to EUR 55.2 million on 31 December 2015. This movement was mainly caused by a currency driven increase of the borrowings of EUR 2.8 million, the increase of pension liabilities by EUR 1.3 million (EUR 0.2 million new assessment of the defined benefit obligations, EUR 0.6 million higher service costs and EUR 0.6 million out of currency exchange differences) and a decrease of deferred tax liabilities of EUR 1.3 million.

The other financial liabilities decreased from EUR 1.4 million in 2014 to EUR 0.0 million in 2015. Due to the devaluation of the public warrants based on IFRS requirements. The warrants will expire on 26 July 2016.

As of 31 December 2015, the Company's equity amounted to EUR 105.5 million, an increase against the equity position of 31 December 2014 (EUR 101.0 million). This is mainly attributable to foreign exchange gain impacts of EUR 5.5 million set-off by the net loss of EUR 1.2 million. Over all this results in an increase of the equity ratio from 55.2% in 2014 to 56.5% for 2015.

Net debt as at 31 December 2015 decreased by EUR 1.3 million, now representing a net debt position of EUR 8.1 million, compared to the net debt position at 31 December 2014 of EUR 9.4 million. The net debt to EBITDA ratio climbed to 0.64x versus 0.50x in 2014 based on borrowings (including financial leases) of EUR 41.3 million (2014: EUR 40.4 million) and cash and cash equivalents of EUR 33.3 million (2014: EUR 31.0 million).

Financial situation
During the 2015 financial year, operative cash inflow amounted to EUR 9.1 million (2014: EUR 12.1 million). The decrease of EUR 3.0 million is mainly attributable to the following changes compared to 2014: profit before tax EUR -7.0 million, net working capital movements EUR +2.5 million and in other non-cash items of EUR +1.5 million. The cash outflow from investment activities of EUR 3.8 million (2014: EUR 7.9 million) is including capital expenditure for tangible assets of EUR 3.8 million (2014: EUR 4.3 million), EUR 0.7 million (2014: EUR 0.5 million) for intangible assets and EUR 0.6 million (2014: EUR 0.3 million) cash inflow out of the sale of various tangible assets. In 2015 no net cash was acquired (2014: EUR 3.3 million). Accordingly to the descript factors the free cash flow decreased by EUR 3.9 million from EUR 6.6 million to EUR 2.7 million.

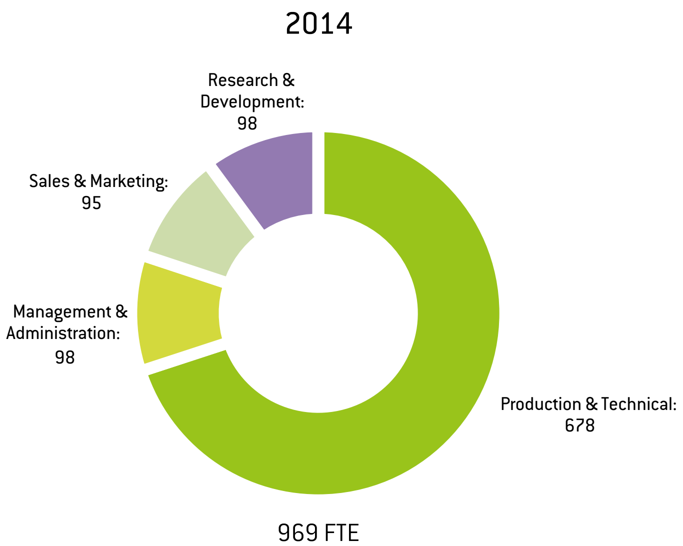
Capital expenditures

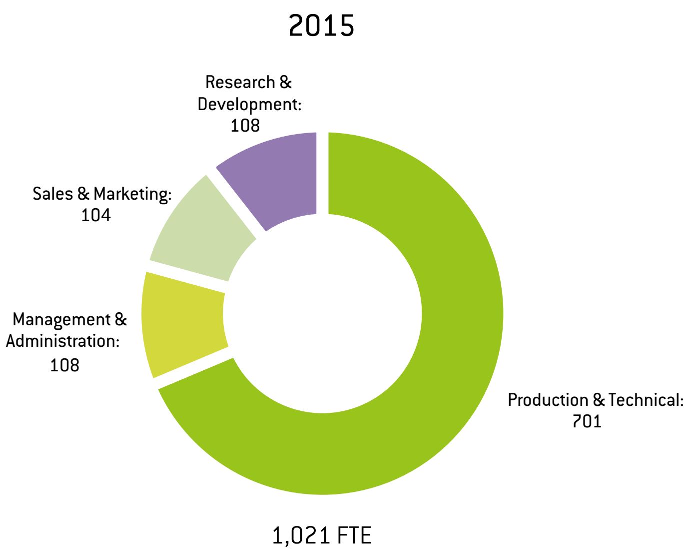
Net capital expenditures, including leasing, of EUR 6.3 million, representing 3.5% of revenues, were invested in property, plant, equipment and software during 2015. Main investments were a new production line for surface-mounted devices (SMD) of EUR 0.8 million, a laser-drilling machine for EUR 0.5 million, an offset printing machine for EUR 0.4 million, a silk-screen printing machine of EUR 0.3 million and several smaller capital expenditures below EUR 0.3 million each. As in the prior year, nearly two-thirds of total capital expenditures apply to the ECMS segment.

EMPLOYEES

As of 31 December 2015, the Group employed 1,021 FTE, representing an increase of 5.4% over the past year (2014: 969). On the reference date, 417 (2014: 394) were employed in Germany, 159 (2014: 152) in Austria, 263 (2014: 261) in Switzerland, 153 (2014: 134) in the Czech Republic, 13 (2014: 15) in The Netherlands and 16 (2014: 13) in Romania.

EXCEET'S EMPLOYEES BY ACTIVITIES





NON-FINANCIAL PERFORMANCE INDICATORS

Staff as a key success factor

exceet is an attractive employer, offering interesting job prospects in an international environment. The loyalty of our employees and their motivation and expertise represent important success factors, and a great competitive advantage.

The human resource strategy supports the core objectives of the corporate strategy. exceet's HR strategy focuses on internationalization, competitiveness and diversity. Specifically, this strategy entails the forward-looking establishment of expertise through global talent recruitment and the attractive and flexible structuring of working conditions.

In due consideration of individual qualification and the integration capacity of an applicant, exceet aims to enhance the quota of female staff on all hierarchy levels.

A further focus of personnel management is to support employees' personal and professional development. Due to the intensely competitive environment, special significance is also allocated to recruiting additional specialist and managerial staff to implement international projects and to further standardize processes and systems in international functions.

The number of employees (full-time-equivalent) as of 31 December 2015 was 1,021 (2014: 969), divided into production & technical: 701 (2014: 678), management & administration: 108 (2014: 98), sales & marketing: 104 (2014: 95), and research & development: 108 (2014: 98). The increase of the number of employees is mainly caused by the higher number of projects in the production and by the increased efforts in development and sales for new projects and markets.

Corporate responsibility
exceet supports projects in the environmental, social and scientific areas, thereby reflecting the Group's corporate responsibility. exceet contributes actively to environmental protection through its careful handling of natural resources, avoidance and recycling of production waste, and development of energy-saving products. Product innovations that enable intelligent and efficient use of energy are an example of the Group's commitment in this field. The Group also benefits from close partnerships and collaborations with public and private research institutions and research and technology businesses, such as the Fraunhofer Institute of Reliability and Microintegration (IZM), the German Federal Ministry of Education and Research (BMBF) or the Leibniz Institute for High-Frequency Technology (Ferdinand-Braun-Institut, Leibniz-Institut für Höchstfrequenztechnik).

Sustainability
As a diversified technology group, exceet provides innovative products and solutions worldwide that secure sustainable success for our customers and therefore contributes continuously to global sustainable development. This is based on a responsible corporate management geared to long-term value creation. exceet therefore set the target of a sustainable value creation – for our customers, for our company and for our stakeholders.

Development and technology investments
Development capacities were further expanded in 2015, and investments were realized in a large number of projects and products. exceet's research and development expenditures for the year 2015 amounted to EUR 8.0 million (2014: EUR 8.2 million), representing 4.4% of the Group's net sales. Due to the unchanged high level of investments in development and technology, exceet is expecting to keep the technology and quality leadership for customers benefit.

OPPORTUNITIES AND RISK REPORT

exceet is exposed to numerous risks and opportunities as part of its business activity; these are invariably linked to the Group's commercial activities. exceet adopts a comprehensive risk management strategy through the Group for early detection and control of risks and to benefit from opportunities resulting from operating activities or improved market conditions. A balanced risk profile is observed in every decision-making instance. The risk policy is oriented on the objective of securing and enhancing exceet's position in its markets in order to achieve a long-term increase in the Company's value. The Board of Directors and the Management Board have established an internal control system for the diverse organizational, technical and commercial processes within the Group. A central component of exceet's risk policy is to take risks only if there is a high probability that the associated business activities will provide added value for the Company. The underlying requirement is that the risks must always remain transparent and manageable.

OPPORTUNITY MANAGEMENT

The management board of the Group regularly debates the Group's strategic opportunities. The task of the Group's companies is to identify opportunities at the operational level and attain a better-than-expected earnings performance where possible.

RISK MANAGEMENT

exceet manages company risks with a group-wide risk management system, which is an integral component of the business processes and a significant element of the decision-making in the company. This permits timely identification of potential risks arising in connection with business activities, as well as risk monitoring and limitation using suitable control measures. At the same time, the risk management system serves as a tool to help seize opportunities in the best possible manner in terms of the Group strategy. The risks relevant for exceet Group can be divided into external, i.e. market and sector-specific risks, as well as internal risks. The latter include strategic, financial, operational and company-related risks.

SECTOR- AND MARKET-RELATED RISKS

Sustained weak economic development or a downturn of the economy, particularly in Europe, can have a negative impact on demand for exceet products. This would result in decreasing sales and margin pressure. exceet counters these risks by way of a growth-oriented company strategy. The objective is to continue to grow profitably both organically and through strategic acquisitions in the markets targeted by exceet. In addition, the technology leadership position in all segments will continue to be enhanced by permanent and comprehensive development activities as well as innovative product offers.

STRATEGIC RISKS

exceet pursues part of its growth strategy via strategic acquisitions in sectors and markets relevant to exceet. If the Company is not able to identify suitable companies in the future or not able to successfully integrate the acquired companies into the Group, this could have a negative impact on the Group's competitive position, growth opportunities and profitability. However, these risks are considered to be minimal, given the long-term experience of Management and the conservative acquisition policy.

INTEREST RATE, LIQUIDITY AND CURRENCY RISKS

exceet is exposed to interest rate, liquidity and currency risks as part of its business activity. Derivative financial instruments are used from time to time in order to limit interest rates. This relates to specific hedging of the risks arising from operational business. Financial instruments entered into and yet to be entered into are continually monitored with the aid of the implemented risk management system.

The Group companies generate revenue mostly in Euro, Swiss francs and to a smaller extent in US dollars. Generally, foreign currencies are kept only if future payments are expected to be made in the respective currency. Foreign currency exposure is mitigated by balancing currency needs among the Group companies. The Group is not involved in hedging transactions. However, the Group is exposed to foreign exchange risks, especially with regard to Swiss francs and US dollars. Liquidity risks arise where payment obligations cannot be fulfilled, can be only partially fulfilled, or are fulfilled with delay due to a lack of liquidity. Solvency is ensured by way of revolving liquidity planning. The Company also has adequate lines of credit to achieve short-term flexibility.

CREDIT RISKS

Credit risks exist regarding financial institutions and customers. The credit risk with respect to financial institutions, which has gained significance in light of the global banking crisis, predominantly arises from the investment of liquid funds. In order to minimize a possible risk of default, financial instruments are mainly entered into with counterparties with prime credit ratings. The credit risk with respect to customers consists of granting terms of credit and the associated risk of default. Credit risk is managed on a group-wide basis. Credit risks arise from cash and cash equivalents, and deposits with banks and financial institutions. Credit exposures to customers, including outstanding receivables and committed transactions, are managed by the individual Group companies.

QUALITY RISKS

Ensuring maximum and consistent quality of all exceet products requires close collaboration with all contract partners. Therefore procurement, production and logistic risks are all monitored regularly to achieve the target of maximum and consistent quality. One risk factor is a potential decrease of product quality. exceet counters these risks with numerous regular audits and quality tests by independent testers and quality assurance measures.

LEGAL RISKS

Legal risks in connection with product liability, warranties or employment law are comprehensively analyzed by the Legal Department and, where required, external specialist consultants. exceet is thus in a position to adequately counter potential risks in a timely manner. Despite these measures, the outcome of current or future actions cannot be predicted with certainty.

PERSONNEL RISKS

exceet places great value on the proper and respectful treatment of all employees. However, the Group also depends heavily on the management board and other managers. Loss of managers could have a negative impact on the development of the Group. exceet counters this risk by creating a good working environment as well as attractive remuneration agreements, taking the Company's long-term objectives into consideration.

IT RISKS

The availability and efficiency of IT infrastructure and applications is crucial for the economic performance of the Group. IT risks consist of the possible failure of operational and administrative IT systems which could impair business transactions. A failure of IT systems could entail existential risks for the Group. exceet therefore specifically invests in the expansion and continual development of modern IT systems in order to ensure functionality at all times and to increase the effectiveness of processes. Although all IT systems have multiple safeguards, it cannot be ruled out that data may be lost, for example as a result of fire, power failures, system errors, hacker attacks, fraud or terrorism. exceet has appointed data protection officers according to the legal requirements in all relevant areas.

EVALUATION OF THE OVERALL RISK SITUATION

Risks that could threaten the continued existence of the Group are currently not present. Overall, there have been no significant changes regarding the Group as compared to the end of the 2014 financial year.

REPORT ON EXPECTED DEVELOPMENTS

OUTLOOK FOR 2016

For exceet the business environment most probably will remain challenging in 2016, especially with respect to overall investment expenditures on which the three business units rely and which in turn are dependent on stable economic and political projections by decision makers. However, the basis for stronger growth of the Group is set. It is exceet's highly regarded portfolio of technological skills in the field of intelligent electronics and related products and services for the end markets Health, Industry and Security. A trigger for stronger growth could be a convincing pick-up of overall investment into IoT projects. According to IDC, one third of executives worldwide regard suppliers of electronic hardware to turn out the strongest beneficiaries in this case.

For the current year 2016 the management is cautiously envisaging sales growth in the mid-single digit area based on the promising project pipeline. By continuation of the trend of the last two quarters, a more than proportional increase of the EBITDA-margin is expected. The trend to smaller individual project sizes that can be observed will reduce the volatility, but demands higher efforts to handle a rising number of projects.

From a current perspective the management of exceet is expecting the outstanding Class B Shares (Founding Shares) and Class C Shares (Earn-Out Shares) to end up at their accounting par value of Euro 0.0152 at the expiration date 26 July 2016. In this case, the company will redeem the Class B and C Shares at this value within the following 6 months the latest till 26 January 2017. The Warrants outstanding are expected to expire out of the money on 26 July 2016.

With respect to Greenock S.à r.l., a major shareholder of exceet Group SE, who had informed the company already in Q1 2014 that they are assessing their strategic options related to their shareholding in exceet Group SE, including a possible disposal of such shareholding to a third party, still no final decision has been taken regarding the form and timing of a potential transaction pursuant to the updated information provided by Greenock S.à r.l.

SUPPLEMENTARY REPORT

Up to March 2016, no other noteworthy operational and structural changes or business transactions have occurred that would significantly change the net assets, financial position and results of operations of exceet Group as compared to 31 December 2015, than already mentioned in the exceet Group Consolidated Financial Statements note 33 “Events after Balance Sheet Date”.

CORPORATE GOVERNANCE

exceet Group SE recognizes the importance of corporate governance. The corporate governance rules of exceet

Group SE are based on Luxembourg Law, its articles of association (the "Articles"), and its internal regulations. The internal regulations comprise (i) the bylaws of the Board of Directors of exceet Group SE, approved on 13 September 2011 (the "Bylaws"), (ii) the charter of the audit committee, approved on 13 September 2011 (the "Charter of the Audit Committee"), and (iii) the charter of the Compensation and Appointment Committee, approved on 13 September 2011 (the "Charter of the Compensation and Appointment Committee").

Electronic copies of the Articles, the Bylaws and Charters of the Audit Committee as well as of the Charter of the Compensation and Appointment Committee can be downloaded from the website of exceet Group SE at http://ir.exceet.lu/investor-relations/corporate-governance.

The main characteristics of exceet's internal control and risk management systems, as far as the establishment of financial information is concerned, can be found in the exceet Group Consolidated Financial Statements under note 2.8 "Financial risk management".

THE BOARD OF DIRECTORS AND THE GROUP MANAGEMENT BOARD

The Board of Directors is responsible for the strategic orientation, the organizational principals and material financial aspects of exceet. Management of the business as such is delegated to the Group Management Board. The authority and the responsibilities of the Board of Directors and its committees, as well as the rules governing authority over group management, are set out in the Bylaws.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors as a whole is supported by the audit committee for reasons of obtaining information and as a counterbalance to the Group Management Board. The audit committee consists of independent and non-executive directors. The Compensation and Appointment Committee elaborates the principles concerning the remuneration of the Board of Directors and the Group Management Board. The Compensation and Appointment Committee consists of independent and non-executive directors. Both committees meet at least once a year.

AUDITORS

PricewaterhouseCoopers, Luxembourg, represented by lead auditor Philippe Duren, have been the statutory and group auditors of exceet Group SE and the exceet Group, respectively, since the financial year 2012. The auditors are elected by the annual general meeting of the shareholders of the Company for the term of office of one year.

Information on the composition and function of the administrative, management and supervisory bodies of the Company and its committees can be found in the exceet Group Consolidated Financial Statements under note 31 "Ultimate controlling parties and related-party transactions".

TAKEOVER LAW

The following disclosures are made in compliance with article 11 of the Luxembourg law of 19 May 2006 on takeover bids, as amended (the "Takeover Law"):

SHARES

The Company's issued share capital is set at Euro 527,960.16, represented by 34,734,221 shares (the "Shares") as set out in the table:

Class of Shares	*Number of Shares*	*of total*
Class A	20,523,695	59.08%
Class B2	2,105,263	6.06%
Class B3	2,105,263	6.06%
Class B4	1,000,000	2.88%
Class C1	3,000,000	8.64%
Class C2	3,000,000	8.64%
Class C3	3,000,000	8.64%

The Company currently has issued 34,734,221 shares with voting rights. The 20,523,695 Class A Shares are listed on the regulated market of the Frankfurt Stock exchange. None of the other Shares are listed on any stock exchange.

As of 31 December 2015, 450,000 Class A Shares with a par value of Euro 0.0152 each, representing 1.3% of the issued share capital of the Company are held by the Company as treasury shares to cover the management stock option plan.

The Class B2, B3, B4, C1, C2 and C3 Shares will be automatically converted into Class A Shares upon fulfilment of the relevant criteria in accordance with the conditions set out in articles 14 and 15 of the Articles.[1)]

RIGHTS ATTACHED TO THE SHARES

Each Share entitles the holder thereof to one vote. All Shares carry equal rights as provided for by Luxembourg Law and as set forth in the Articles, including rights to receive dividends (if declared) or liquidation proceeds. However, each Class A Share is entitled to the same fraction of (and the Class B Shares and the Class C Shares are entitled to none of) any dividend distribution in excess of Euro 0.01.

Holders of the Shares and derivatives or other financial instruments linked to the Shares may be subject to notification obligations pursuant to the Luxembourg law of 11 January 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended (the "Transparency Law"). The following description summarises these obligations.

The Transparency Law provides that, if a person acquires or disposes of a shareholding in the Company, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33.33%, 50% or 66.66% of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Company and the CSSF of the proportion of voting rights held by it further to such event.

A person must also notify the Company and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below the abovementioned thresholds as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Company.

The same notification requirements apply to a natural person or legal entity to the extent he is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

(i) voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer;

(ii) voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;

(iii) voting rights attaching to Shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his intention of exercising them;

(iv) voting rights attaching to Shares in which that person or entity has the life interest;

(v) voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by that person or entity;

(vi) voting rights attaching to Shares deposited with that person or entity which the person or entity can exercise at his discretion in the absence of specific instructions from the shareholders;

(vii) voting rights held by a third party in its own name on behalf of that person or entity;

(viii) voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his discretion in the absence of specific instructions from the shareholders.

The notification requirements also apply to a natural person or legal entity that holds, directly or indirectly:

(i) financial instruments that, on maturity, give the holder, under a formal agreement, either the unconditional right to acquire or the discretion as to his right to acquire, Shares to which voting rights are attached, already issued by the Company,[2)] or

(ii) financial instruments which are not included in point (i), but which are referenced to the Shares referred to in that point and with economic effect similar to

1) A copy of the Articles can be found at http://ir.exceet.ch/fileadmin/exceet/downloads/ir/Articles_of_association_exceet_SE_31052013.pdf

that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement, must now also be disclosed as set out in article 12 of the Transparency Law.[2)]

In addition, where the relevant thresholds are reached or passed upwards or downwards, the law provides for the notification of the aggregate amount of voting rights attached to Shares and those that are notifiable in connection with the special financial instruments set out in the preceding paragraph.[2) 3)]

The notification to the Company and to the CSSF must be effected as soon as possible, but not later than six trading days following a transaction or four trading days following information of an event changing the breakdown of voting rights by the issuer. Upon receipt of the notification, but no later than three trading days thereafter, the Company must make public all the information contained in the notification as regulated information within the meaning of the Transparency Law.

As long as the notifications have not been made to the Company in the manner prescribed, the exercise of voting rights relating to the Shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted as of the moment the shareholder makes the notification.

Where within the 15 days preceding the date for which the general meeting of shareholders has been convened, the Company receives a notification or becomes aware of the fact that a notification has to be or should have been made in accordance with the Luxembourg Transparency Law, the Board of Directors may postpone the general meeting of shareholders for up to four weeks.

In accordance with article 8(4) of the Transparency Law, the disclosure requirements do not apply to the acquisition or disposal of a major holding by a market maker (teneur de marché) in securities insofar as the acquisition or disposal is effected in his capacity as a market maker in securities and insofar as the acquisition is not used by the market maker to intervene in the management of the Company.

In accordance with the Luxembourg Law of 11 January 2008, as amended (the "Transparency Law"), holders of voting rights in the Company are required to notify the Company and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) without undue delay, and no later than within four trading days, of the level of their holdings if they reach or pass certain downward or upward thresholds. The thresholds, as set out in article 8 of the Transparency Law, are 5%, 10%, 15%, 20%, 25%, 33.33%, 50% and 66.66% of the Shares. The notification obligation also applies in defined cases in which a person is entitled to acquire, dispose of or exercise voting rights, as set out in article 9 of the Transparency Law.

Any shareholder together with any affiliate (as defined at article 14.1 of the Articles) and any shareholder with whom such a shareholder is acting as a group and whose aggregate shareholding exceeds two percent of the issued Class A Shares at any time or any multiple thereof must provide the Company with written notice of such event within four business days of such event, as set out in article 7.6 of the Articles. The foregoing is without prejudice to the statutory notification obligations of shareholders of the Company and holders of other financial instruments related to the Shares.

For purposes of the Articles, "acting as a group" means, shareholders who cooperate on the basis of an agreement either express or tacit, either written or oral, for the purpose of acquiring, holding, voting or disposing of Class A Shares of the Company. The Board of Directors of the Company determines if shareholders are acting as a group and, absent manifest error, the determination will be binding on such shareholders.

RESTRICTIONS ON VOTING RIGHTS

Each Share issued and outstanding in exceet Group SE represents one vote.

The Articles do not provide for any voting restrictions. Shareholders' votes are exercisable by the persons who are shareholders on the record date as further set out in article 10 of the Articles, and proxies must be received by

2) This paragraph is based on (i) the provisions of Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "Directive"), (ii) the provisions of the current text of the Luxembourg bill number 6860 (the "Bill") which will implement the Directive into Luxembourg law upon its adoption by the Luxembourg Chamber of Deputies, and (iii) the press release number 15/49 of the CSSF encouraging compliance with the amended transparency requirements prior to the formal adoption of the Bill.

3) Idem as footnote 2.

the Company a certain time before the date of the relevant shareholder meeting, as set out in article 11 of the Articles. In accordance with the provisions of the Articles, the Board of Directors of the Company may determine any such other conditions to be fulfilled by the shareholders willing to take part in any meeting of shareholders of the Company in person or by proxy.

The Company recognizes only one holder per Share. In case a Share is owned by several persons, they must designate a single person to be considered as the sole owner of such Share in relation to the Company. The Company is entitled to suspend the exercise of all rights attached to a Share held by several owners until one owner has been designated.

In accordance with article 28 of the Transparency Law and in accordance with article 7.6 of the Articles, the exercise of voting rights related to the Shares exceeding the fraction that should have been notified under the respective provisions as set out above is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the relevant notification.

SPECIAL CONTROL RIGHTS

There are no special control rights attached to any of the Shares, other than in respect to the declaration of dividend and interim dividend payments as set out in articles 27 and 28 of the Articles respectively.

SHARE TRANSFER RESTRICTIONS

As at the date of this report all Class A Shares are freely transferable. The Class B and Class C Shares are subject to the restrictions on shareholdings set out in article 7.3 of the Articles.

CONTRACTUAL TRANSFER RESTRICTIONS

Other than the restrictions set out in the Articles, exceet Group SE is not aware of any factors, including agreements between shareholders, which may result in restrictions on the transfer of Shares or voting rights attached thereto.

SIGNIFICANT SHAREHOLDINGS

The details of shareholders holding 5% of the Shares or more as notified to exceet Group SE are published under "Notifications of Voting Rights" on the "Investor Relations" page at http://www.exceet.lu. Furthermore, the Company currently holds 450,000 own Class A Shares (1.30% of the total outstanding shares) as Treasury Shares. The current major shareholders known to the Company are set out in the table.

Shareholders	Number of Shares	Percentage of total shareholding notified [4]
Oranje-Nassau Participaties B.V. (Wendel) [1] Eiflia Holdings GmbH [1] Greenock S.à r.l. [1] Mr. Roland Lienau [1] Mr. Ulrich Reutner [1] Mr. Robert Wolny [1] Mr. Jan Trommershausen [1]	28,240,306	81.30%
The following shareholder are part of the group above:		
Vorndran Mannheims Capital GmbH [2]	14,807,168	42.63%
Wendel SA [3]	10,345,275	29.78%

[1] The holdings of Oranje-Nassau Participaties B.V., Eiflia Holdings GmbH, Greenock S.à r.l., and Messrs Roland Lienau, Ulrich Reutner, Robert Wolny and Jan Trommershausen are aggregated by virtue of Article 9(a) of the Transparency Law.

[2] Vorndran Mannheims Capital GmbH, formerly Ventizz Holding GmbH & Co. KG, has notified that it holds the Shares indirectly via Greenock S.à r.l.

[3] Wendel SA has notified that it holds the Shares indirectly via Oranje-Nassau Participaties B.V.

[4] The Company has reduced the number of its outstanding Shares from 39,385,526 to 34,734,221 as of 21 November 2011. Consequently the percentages indicated in this column diverge from the percentages notified to the Company.

SYSTEM OF CONTROL OF THE MANAGEMENT STOCK OPTION PLAN

exceet Group SE currently has a management stock option plan (see exceet Group Consolidated Financial Statements note 16 “Share-based payments”). The Company currently holds 450,000 Class A Shares as Treasury Shares to cover obligations arising out of the management stock option plan. Prior to the allocation thereof to beneficiaries (and there are none allocated at the moment), voting rights attached to the treasury shares are suspended. Once the Treasury Shares will be allocated under the existing management equity program, the voting rights will become exercisable by the relevant beneficiaries.

APPOINTMENT OF BOARD MEMBERS, AMENDMENTS TO THE ARTICLES

The appointment and replacement of the members of the Board of Directors are governed by Luxembourg Law and articles 20 and 21 of the Articles. The Articles are amended in accordance with Luxembourg Law and article 12 of the Articles.

POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to take any actions necessary or useful to fulfil the Company’s corporate object, with the exception of the actions reserved by law or by regulation or the Articles to the general meeting of shareholders.

The Board of Directors is authorized to issue Class A Shares, Class B Shares and/or Class C Shares regardless of whether such Shares are paid for in cash or in kind, to grant options to subscribe for Shares and to issue any other instruments convertible into Shares within the limit of the authorized share capital of the Company in accordance with the Articles, to such persons and on such terms as the Board of Directors sees fit, and specifically to proceed to such issue without reserving a preferential subscription right for the existing shareholders during a period of time of five years from the date of publication of the resolution of the general meeting of the shareholders of the Company taken on 21 July 2011 in the Mémorial C, Recueil Spécial des Sociétés et Associations in Luxembourg.

THE EFFECT OF A TAKEOVER BID ON SIGNIFICANT AGREEMENTS

The Company is party to finance agreements which terminates upon a change of control of the Company following a takeover bid (see exceet Group Consolidated Financial Statements note 14 “Borrowings”). No other significant agreements are known which take effect, alter or terminate in that case.

AGREEMENTS WITH DIRECTORS AND EMPLOYEES

No agreements exist between exceet Group SE and the members of its Board of Directors or its employees that provide for compensation if the members of the Board of Directors or employees resign or are made redundant without valid reason, or if their employment ceases due to a takeover bid for the Company.

RESPONSIBILITY STATEMENT

In accordance with article 3(2) c) of the Transparency Law the undersigned declares that, to the best of his knowledge, the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the undertakings included in the consolidation taken as a whole. The undersigned further declares that, to the best of his knowledge, the Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties they face.

Luxembourg, 2 March 2016

Ulrich Reutner
CEO

On behalf of the Board of Directors
and Management Board

exceet Group SE

FORWARD-LOOKING STATEMENTS

This annual report contains statements that refer to the future. Forward-looking statements are generally characterized by terms such as “could”, “will”, “should”, “potential”, “intend”, “expect”, “seek”, “attempt”, “predict”, “estimate”, “overestimate”, “underestimate”, “believe”, “may”, “forecast”, “continue”, “plan”, “project” or similar terms and formulations. Forward-looking statements are based on certain assumptions, outline future expectations, describe future plans and strategies, contain predictions on the earnings and financial position or express other forward-looking information. The possibilities of predicting results or the actual effects of forward-looking plans and strategies are limited. Even though exceet Group SE assumes that the expectations expressed by these forward-looking statements are based on appropriate assumptions, the actual results and developments may deviate significantly from the information presented in the forward-looking statements. These forward-looking statements are subject to risks and uncertainties and depend on other factors, based on which the actual results in future periods may deviate significantly from the forecast results or communicated expectations. exceet Group SE does not intend, nor shall it undertake, to update the forward-looking statements on a regular basis, as these are based solely on the conditions present at the date of publication.

FINANCIAL CALENDAR 2016

Date	Publication
2 May	Interim First Quarter Report 2016 (QI)
4 May	Annual General Meeting of exceet Group SE in Luxembourg
8 August	Interim First Half Year Report 2016 (QII)
7 November	Interim 9 Months Report 2016 (QIII)

exceet plans to be present at one of the German equity conferences in Frankfurt/M., Germany (21 – 23 November 2016).

EXCEET GROUP CONSOLIDATED FINANCIAL STATEMENTS

All comments within the accompanying notes are in Euro 1,000, if not stated otherwise.

CONSOLIDATED BALANCE SHEET

(in EUR 1,000)	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Tangible assets	5	34,425	34,246
Intangible assets	6	60,944	61,063
Deferred tax assets	7	1,362	1,335
Other financial investments		30	30
Other non-current receivables	10	186	183
Total non-current assets		**96,947**	**96,857**
Current assets			
Inventories	8	30,440	31,593
Trade receivables, net	9	22,720	21,091
Other current receivables	10	1,462	1,370
Current income tax receivable		1,006	224
Accrued income and prepaid expenses	11	745	819
Cash and cash equivalents	12	33,256	30,954
Total current assets		**89,629**	**86,051**
Total assets		**186,576**	**182,908**
EQUITY			
Share capital	13	528	528
Reserves	13	104,960	100,488
Equity attributable to Shareholders of the parent company		**105,488**	**101,016**
Total equity		**105,488**	**101,016**
LIABILITIES			
Non-current liabilities			
Borrowings	14	37,045	35,670
Retirement benefit obligations	15	9,784	8,523
Deferred tax liabilities	7	5,486	6,745
Provisions for other liabilities and charges	20	1,301	1,047
Other non-current liabilities	19	1,633	2,138
Total non-current liabilities		**55,249**	**54,123**
Current liabilities			
Trade payables		9,191	9,994
Other current liabilities	19	4,258	2,428
Accrued expenses and deferred income	17	7,137	7,133
Current income tax liabilities		600	1,908
Borrowings	14	4,273	4,724
Other financial liabilities	18	20	1,421
Provisions for other liabilities and charges	20	360	161
Total current liabilities		**25,839**	**27,769**
Total liabilities		**81,088**	**81,892**
Total equity and liabilities		**186,576**	**182,908**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in EUR 1,000)	Note	2015	2014
Revenue		181,592	185,312
Cost of sales	21-24	(154,574)	(152,249)
Gross profit		**27,018**	**33,063**
Gross profit margin		*14.9%*	*17.8%*
Distribution costs	21-24	(13,810)	(13,335)
Administrative expenses	21-24	(12,661)	(12,483)
Other operating income	23	1,595	1,682
Operating result (EBIT) [1]		**2,142**	**8,927**
EBIT margin		*1.2%*	*4.8%*
Financial income		5,659	868
Financial expense		(9,348)	(2,352)
Changes in fair value in financial instruments		1,401	(566)
Financial result, net	25	**(2,288)**	**(2,050)**
Profit/(Loss) before income tax		**(146)**	**6,877**
Income tax expense	7	(1,021)	(2,475)
Profit/(Loss) for the period		**(1,167)**	**4,402**
Profit margin		*(0.6%)*	*2.4%*
PROFIT ATTRIBUTABLE TO:			
Shareholders of the parent company		(1,167)	4,402
EARNINGS PER SHARE IN EUR (BASIC = DILUTIVE)	26		
Class A shares		(0.03)	0.21
Class B/C shares		(0.03)	0.01
Operating result (EBIT)		2,142	8,927
Depreciation, amortization and impairment charges	5/6	10,511	10,115
Operating result before depreciation, amortization and impairment charges (EBITDA) [2]		**12,653**	**19,042**
EBITDA margin		*7.0%*	*10.3%*

[1] Earnings Before Interest and Taxes
[2] Earnings Before Interest, Taxes, Depreciation and Amortization

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR 1,000)	Note	2015	2014
Profit for the period		**(1,167)**	**4,402**
Other comprehensive income			
Items not to be reclassified to profit and loss:			
Remeasurements of defined benefit obligations	15	311	(3,857)
Deferred tax effect on actuarial (gains)/losses	7	(197)	589
Total items not to be reclassified to profit and loss		**114**	**(3,268)**
Items to be reclassified to profit and loss:			
Currency translation differences		5,522	1,093
Total items to be reclassified to profit and loss		**5,522**	**1,093**
Total comprehensive income for the period		**4,469**	**2,227**
Attributable to:			
Shareholders of the parent company		4,469	2,227

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR 1,000)	Note	2015	2014
Profit/(Loss) before income tax		**(146)**	**6,877**
Adjustments for non-cash transactions			
Amortization on intangible assets	6	3,732	3,687
Depreciation on tangible assets	5	6,779	6,428
Losses/(gains) on disposal of assets	23/24	(33)	(22)
Change of provisions	20	566	604
Adjustments to retirement benefit obligation/prepaid cost	15	774	328
Financial (income)/expense	25	1,065	1,039
Changes in fair value in financial instruments	25	(1,401)	566
Other non-cash (income)/expenses		2,545	(316)
Operating net cash before changes in net working capital		**13,881**	**19,191**
Changes to net working capital			
- inventories		2,145	618
- receivables		(1,067)	2,334
- accrued income and prepaid expenses		101	(151)
- liabilities		278	(2,488)
- provisions for other liabilities and charges		(109)	(639)
- accrued expenses and deferred income		(297)	(1,167)
Tax received (prior periods)		170	301
Tax paid		(5,105)	(4,947)
Interest received		7	22
Interest paid		(926)	(973)
Cashflows from operating activities		**9,078**	**12,101**
Acquisition of subsidiaries, net of cash acquired	29	0	(3,312)
Purchase of tangible assets	5	(3,770)	(4,331)
Sale of tangible assets	5	589	330
Purchase of intangible assets	6	(665)	(549)
Cashflows from investing activities		**(3,846)**	**(7,862)**
Increase of borrowings		5	4,224
Repayments of borrowings		(1,236)	(6,672)
Proceeds/Repayments of other non-current liabilities		(10)	193
Proceeds from finance lease prepayments [1]		782	225
Payments of finance lease liabilities		(3,990)	(2,710)
Cashflows from financing activities		**(4,449)**	**(4,740)**
Net changes in cash and cash equivalents		**783**	**(501)**
Cash and cash equivalents at 1 January	12	**30,954**	**31,170**
Net changes in cash and cash equivalents		783	(501)
Effect of exchange rate gains/(losses)		1,519	285
Cash and cash equivalents at 31 December	12	**33,256**	**30,954**

[1] The exceet Group made prepayments to suppliers for equipment which have been reimbursed to exceet Group by the finance lease company. These prepayments amount to EUR 782 (2014: EUR 225). These cash flows have been presented in the Cash Flow Statement in the line proceeds from finance lease prepayments.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR 1,000)	Note	Issued and paid-in share capital	Capital reserves	Treasury shares	Share-based payments IFRS 2	Retained earnings	Foreign currency transl. diff.	Total Shareholders of the parent company
BALANCES AT 1 JANUARY 2015	13	**528**	**65,485**	**(4,525)**	**199**	**29,815**	**9,514**	**101,016**
Profit/(Loss) for the period						(1,167)		(1,167)
Other comprehensive income:								
Remeasurements of defined benefit obligations	15					311		311
Deferred tax effect on actuarial (gains)/losses	7					(197)		(197)
Currency translation differences							5,522	5,522
Total other comprehensive income for the period		0	0	0	0	114	5,522	5,636
Total comprehensive income for the period		0	0	0	0	(1,053)	5,522	4,469
Share-based payments	16				3			3
Total other equity effects		0	0	0	3	0	0	3
BALANCES AT 31 DECEMBER 2015		**528**	**65,485**	**(4,525)**	**202**	**28,762**	**15,036**	**105,488**
BALANCES AT 1 JANUARY 2014	13	**528**	**65,485**	**(4,525)**	**152**	**28,681**	**8,421**	**98,742**
Profit/(Loss) for the period						4,402		4,402
Other comprehensive income:								
Remeasurements of defined benefit obligations	15					(3,857)		(3,857)
Deferred tax effect on actuarial (gains)/losses	7					589		589
Currency translation differences							1,093	1,093
Total other comprehensive income for the period		0	0	0	0	(3,268)	1,093	(2,175)
Total comprehensive income for the period		0	0	0	0	1,134	1,093	2,227
Share-based payments	16				47			47
Total other equity effects		0	0	0	47	0	0	47
BALANCES AT 31 DECEMBER 2014		**528**	**65,485**	**(4,525)**	**199**	**29,815**	**9,514**	**101,016**

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

exceet Group SE (the "Company"), is incorporated as a Société Européenne under the law of Luxembourg. The Company was incorporated on 9 October 2009 as Helikos SE and renamed to exceet Group SE on 27 July 2011. The registered office is at 115 avenue Gaston Diderich, L-1420 Luxembourg. exceet Group SE carried out its initial public offering on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) under the symbol "EXC" on 4 February 2010.

The consolidated exceet Group SE (the "Group" or "exceet") includes all companies in which exceet Group SE, directly or indirectly, exercises control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All companies consolidated into the Group are disclosed in note 30 "List of consolidated subsidiaries of exceet Group SE".

exceet is an international technology group specialized in the development and manufacturing of intelligent, mission critical and secure electronics of small and mid-size volumes. The Group provides worldwide added value solutions and distinguishes through its technical skill set in embedded intelligent electronics with a leading position in the health, industry & security markets.

The Group differentiates and reports in three business segments: Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and exceet Secure Solutions (ESS).

The ECMS segment (70% of Group Sales 2015) develops and produces complex, integrated electronic products, with a focus on miniaturization, cost optimization and a high degree of customization to suit the needs of the customers. This segment offers a wide portfolio of innovative, integrated electronic solutions. The products and services of the ECMS segment are aimed primarily at customers in the sectors of medical and healthcare, industrial automation, security and avionics.

The IDMS segment (25% of Group Sales 2015) is engaged in design, development and production of contact and contactless smart cards, multifunction cards, card reading devices and related services. Offering tailored, innovative solutions while meeting the highest quality and security standards, the Group considers itself as one of the leading providers of comprehensive solutions for high-tech smart cards and the corresponding card reading devices in Europe. IDMS security solutions are used primarily in the sectors of financial services, security, public sector, transportation, healthcare, as well as retail.

The ESS segment (5% of Group Sales 2015) combines the know-how of authorization and secure communication processes with the experience gathered in the ECMS and IDMS segments relative to the development of innovative solutions for embedded security systems in selected markets. The ESS segment focuses on security solutions for customers in the sectors of medical and healthcare, industrial automation, financial services, security and the public sector.

exceet is mainly focusing on the markets in Europe, but is also active in the markets of USA and Asia-Pacific. The Group consists of 21 legal entities with 15 locations in Austria, the Czech Republic, Germany, Luxembourg, the Netherlands, Romania, Switzerland and the USA. This setup allows the Group to benefit from specific local advantages (e.g. customer proximity) and to apply a flexible production process necessary to fulfill the specific requirements of customers.

The Consolidated Financial Statements as of 31 December 2015 were approved by exceet Group SE's Board of Directors on 2 March 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of exceet are based on the financial statements of the individual group companies drawn up according to uniform accounting principles at 31 December 2015. They were drawn up in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU and comply with Luxembourg law. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of the public warrants and the earn-out liability that have been measured at fair value.

The accounting principles applied to the Consolidated Financial Statements at 31 December 2015 have been amended to comply with all new and revised IFRS standards and interpretations adopted by the European Union (EU) with effective date in 2015:

- IFRS Annual improvements (Amendment) "Annual improvement cycle 2010 - 2012"
  (IASB effective date: 1 July 2014 - EU effective date 1 February 2015)

  The cycle 2010 – 2012 represents a collection of amendments to IFRSs in response to eight issues adressed during the cycle for annual improvements to IFRSs. The standards IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38 are affected by these adaptations.

- "Annual improvement cycle 2011 - 2013"
  (IASB effective date: 1 July 2014 – EU effective date 1 January 2015)

  The cycle 2011 – 2013 represents a collection of amendments to IFRSs in response to four issues addressed during the cycle for annual improvements to IFRSs. The standards IFRS 1, IFRS 3, IFRS 13 and IAS 40 are affected by these adaptations.

  The above standards and amendments adopted by the Group have no impact on its consolidated finacial statements.

A number of new standards, amendments and interpretations are effective for annual periods beginning after 31 December 2015 and have not been applied in preparing these consolidated financial statements.

- IFRS 14 (New) "Regulatory Deferral Accounts"
  (IASB effective date: 1 January 2016 –
  EU endorsement outstanding)

  The objective of IFRS 14 is to specify the financial reporting requirements for "regulatory deferral account balances" that arise when an entity provides goods or services to customers at a price or rate that is subject to price regulation.

  The Group does not expect an impact on the consolidated financial statements.

- IFRS 9 (New) "Financial instruments"
  (IASB effective date: 1 January 2018 –
  EU endorsement outstanding)

  The standard covers the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI for liabilities designated at fair value through profit or loss.

  The Group is assessing the impact on the consolidated financial statement.

- IFRS 15 (New) "Revenue from contracts with customers"
  (IASB effective date: 1 January 2018 – EU endorsement outstanding)

  The standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

  The Group is assessing the impact on the consolidated financial statement.

- IFRS 16 (New) "Leases"
  (IASB effective date: 1 January 2019 – EU endorsement outstanding)

  The standard specifies how to recognise, measure, present and discloses leases. The standard demands from lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. For lessors the standard substantially carries forward the accounting requirements from IAS 17, accordingly a lessor continues to classify leases as operating or finance and to account for those two types of leases differently.

  The Group is assessing the impact on the consolidated financial statement.

  There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 PRINCIPLES OF CONSOLIDATION

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are fully consolidated. These are entities over which exceet Group SE directly or indirectly exercises control (see note 30 with a list of the group companies). The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Group companies acquired during the year are included in the consolidation from the date on which control over the acquired company is transferred to the Group, and are excluded from the consolidation as of the date the Group ceases to have control over the company. For the consolidated entities, 100% of assets, liabilities, income and expenses are included. Intercompany balances and transactions (including unrealized profit on intercompany inventories) are eliminated in full.

2.3 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services. The operating business segments are based on Management's internal reporting. The Group has three main business segments, representing different subsidiaries (see also section 1 "General information"). The Management Board's decisions are based on the Management reporting.

2.4 CURRENCY TRANSLATION

REPORTING CURRENCY AND FUNCTIONAL CURRENCY

Items contained in the subsidiaries' financial statements are recognized in the currency of the primary economic environment in which the respective subsidiary operates ("Functional Currency"). Each entity within the Group determines its own functional currency. In principle, the functional currencies of the subsidiaries included in the consolidated financial statements are their respective local currencies.

The consolidated financial statements of exceet are prepared in Euro (EUR), the presentation currency of the Group. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the exchange rate of the functional currency prevailing on the date of the transaction. All resulting foreign exchange differences are recognized in the income statement.

Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Exchange rate differences are recorded in the income statement. Non-monetary assets and liabilities are translated at the historical rate.

GROUP COMPANIES

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the balance sheet date
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to other comprehensive income. At the time the foreign operation is partially disposed of or sold, these exchange differences that were recorded in equity are recognized into the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the transaction date rate.

2.5 ACCOUNTING AND VALUATION PRINCIPLES

CASH AND CASH EQUIVALENTS

This item includes cash in hand and cash at banks and time deposits with original maturities of three months or less, and bank overdrafts. The cash flow statement summarizes the movements on cash and cash equivalents.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables initially are recorded at original invoice amount, which is considered to be at fair value, less provision made for impairment of these receivables. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the invoice. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

INVENTORIES

Purchased raw materials, components and finished goods are valued at the lower of cost or net realizable value.

Purchased raw materials costs comprise of the average purchase cost.

The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. For these costs, the standard cost method is applied, which approximates historical cost determined on an average basis. Standard costs take into account normal levels of materials, supplies, labor, efficiency and capacity utilization. Standard costs are regularly reviewed and, if necessary, revised in the light of current conditions. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Manufactured finished goods and work in progress are valued at the lower of production cost or net realizable value. Provisions are established for slow-moving, obsolete and phase-out inventory.

TANGIBLE ASSETS

Tangible assets are valued at acquisition cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the expected useful lives of the individual assets or asset categories. Where an asset comprises several parts with different useful lives, each part of the asset is depreciated separately over its applicable useful life. Land is not depreciated. The applicable useful lives are:

• buildings	30 - 50 years
• machinery & production facilities	5 - 10 years
• equipment	5 - 8 years
• vehicles	4 years
• IT hardware	3 years

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy for owned assets. If there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset.

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Subsequent expenditure on an item of tangible assets is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditures for repair and maintenance which do not increase the estimated useful lives of the related assets are recognized as expenses in the period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 5 "Tangible assets").

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other operating income/expenses in the income statement.

LEASING

Assets that are held under leases which effectively transfer to the Group the risks and rewards of ownership (finance leases) are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Minimum lease payments are the payments over the lease term that the Group is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by the Group and reimbursed from the lessor, together with any amounts guaranteed by the Group or by a party related to the Group. Assets under financial leasing are depreciated over their estimated useful life. The corresponding financial obligations are classified as "current borrowings" or "non-current borrowings", depending on whether they are payable within or after 12 months.

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments are recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the Group's benefit.

INTANGIBLE ASSETS

Purchased intangible assets are measured initially at cost; intangible assets acquired in a business combination are measured at fair value. Intangible assets are recognized when they are identifiable and controlled by the Group, when it is probable that future economic benefits to the Group can be expected from the asset and when cost can be measured reliably. With respect to intangible assets, it must first of all be determined whether they have finite or indefinite useful lives. Intangible assets with a finite useful life are amortized over their useful life and shall be tested for possible impairment whenever an indication exists that such intangible asset may be impaired. The amortization period and the amortization method are reviewed at the end of each financial year. Amortization of intangible assets with finite useful lives is recognized in the income statement under the expense category that corresponds to the intangible asset's function. Intangible assets that are not ready to use are not subject to amortization and are tested annually for impairment.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Customer Base, Technology, Brands

Customer base purchased or acquired through a business combination is amortized over a useful life. The useful life is estimated between 10 – 15 years. Purchased technology is amortized over a useful life; usually a period of 5 years and technology acquired through a business combination is amortized between 5 – 10 years, due to the additional know-how basis included (e.g. employees). Brands are amortized over 5 – 15 years depending on the useful life. For amortization, the Group applies the straight-line method. Except for goodwill, the Group has no intangible asset with an indefinite useful life.

Software

Software is amortized over a useful life of 3 – 5 years, unless the software is part of a machine. In this case, the useful life could depend on the machine or the technical equipment.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

The directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

BUSINESS COMBINATIONS AND GOODWILL

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred the amount on non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested at least annually for impairment and carried at cost, less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

OTHER FINANCIAL LIABILITIES

Public warrants are treated as derivatives under IAS 32 as they will be settled net in a variable number of shares (not in cash). Therefore, they are classified as financial liabilities at fair value through profit or loss. The fair value is determined by the rating of the warrants on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) at the reporting date.

Other financial liabilities such as trade and other payables as well as accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

PROVISIONS

A provision is only recorded if the Company has a present (legal or constructive) obligation arising from a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If a provision could not be recorded because not all of the aforementioned criteria were fulfilled, the relevant obligation is then disclosed as a contingent liability.

Provisions are reviewed at each balance sheet date and adjusted to the currently available best estimate. If the resulting interest rate effect is material, the provision is discounted to the present value of the estimated cash outflows necessary to settle the obligation. For provisions that are discounted, the increase in the provisions that reflect the time lapsed is recorded as interest expense. Where it is expected that another party will partly or fully settle the obligation that has been provided for, the reimbursement will only be recognized once it is virtually certain that the Group will receive the reimbursement.

INCOME TAXES / DEFERRED INCOME TAXES

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, discounts and after eliminating intercompany sales. The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity when specific criteria have been met for each of the Group's activities as described below.

The revenue of the Group mainly comprises revenues for the sale of goods. In addition, exceet generates some revenues from the sale of services.

Revenue from Sale of Electronic components and Cards

Revenue from the sale of produced goods and prototypes is recorded as income at the time of delivery. Trade discounts and returns are deducted. The Group typically sells its products through purchase orders under contracts that include fixed or determinable prices and that generally do not include a right of return or similar provisions or other significant post-delivery obligations. Delivery does not occur until products have been shipped to the specified location and the risks of obsolescence and loss have been transferred to the customer.

Revenue from Services

The Group sells consulting, research and development services to its ECMS and ESS customers. Services for IDMS customers encompass administrative services, like personalization, as well as initialization of cards. Sales of services are recognized in the accounting period in which the services are rendered.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group reviews at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is calculated. The recoverable amount of an asset or, where it is not possible to estimate the recoverable amount of an individual asset, a cash-generating unit, is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. If the recoverable amount is lower than the carrying amount, an impairment loss is recognized. Impairment of financial assets is described under the section on financial instruments.

RELATED PARTIES

A party is related to an entity if the party directly or indirectly controls, is controlled by, or is under common control of the entity, has an interest in the entity that gives it significant influence over the entity, has joint control over the entity or is an associate or a joint venture of the entity. In addition, members of key management and close members of their families are also considered as related parties.

RETIREMENT BENEFIT OBLIGATIONS

The Group has defined benefit pension plans. A defined benefit plan is a pension plan which defines the pension obligation amount that the employee will receive at retirement age. This amount usually depends on one or more factors, such as age, period of service and salary.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses, resulting from changes in actuarial assumptions and differences between assumptions and actual experiences, are recognized in the period in which they occur directly in the consolidated statement of comprehensive income. Past service costs are recognized immediately in the income statement.

SHARE-BASED PAYMENTS

The Group operates one equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g. an entity's share price)

- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (e.g. the requirement for employees to save)

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expenses are recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

It is the intention to use the currently hold treasury shares for the settlement of the options at grant date.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

DEFINITION OF NON-GAAP MEASURES

Earnings before interest and taxes (EBIT) are a subtotal which includes all operating income and expenses before addition/deduction of financial income and expenses and income taxes.

Earnings before interest, taxes, depreciation and amortization (EBITDA) are a subtotal which includes all operating income and expenses before addition/deduction of depreciation of fixed assets, amortization of intangibles, impairment of assets, financial income and expenses and income taxes.

GOVERNMENT GRANTS

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.6 FINANCIAL ASSETS

exceet classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and reclassifies them whenever their intention or ability changes.

- Financial assets at fair value through profit or loss
  Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

- Loans and receivables
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current

assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (see note 2.5 "Accounting and Valuation Principles").

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "Changes in fair value in financial instruments", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Group's right to receive payments is established.

The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in the consolidated statement of comprehensive income.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in the section "2.5 Accounting and Valuation Principles – trade receivables and other receivables".

The fair value hierarchy has the following levels:

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within in level 1 that are observable for the asset or liability, either directly (that is, alternative prices) or indirectly (that is, derived from prices)
Level 3: Classification for asset or liabilities which are not valued on observable market data (that are, unobservable inputs, for instance estimation and assumptions)

2.7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CRITICAL JUDGMENTS IN APPLYING ENTITY'S ACCOUNTING POLICIES

Deferred tax
Certain deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom in a reasonably timely manner.

Inventories
For the valuation adjustment of inventories, Management uses judgment which is based on past experience. To determine the inventory provision, the past experience turnover of the inventory is used as the basis for the calculation.

Intangible and tangible assets
exceet reviews regularly the useful life of its intangible assets with definite useful life and also if there are triggering events for a potential impairment. Such trigger events could be a change of the customer base, of the technology or reputation damage of the brand or the software not to be useful anymore. Such assessments are based on estimates which are substantially based on the continued benefit of the intangible asset for the Group.

The Group also regularly assesses the useful life of its tangible assets life and also if there are triggering events for a potential impairment. Such assessment is made on estimates which are based on the technical efficiency, the applicability and the continued use of the tangible assets.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations with an appropriate discount rate. These calculations require the use of estimates.

The Group has performed a sensitivity analysis on the following critical factors of the calculation:

- If the estimated annual volume growth rate at 31 December 2015 had been 10% lower than management's estimates at 31 December 2015 (for example, 4.5% instead of 5.0%).

- If the estimated gross margin at 31 December 2015 had been 2% lower than management's estimates at 31 December 2015 (for example, 32.34% instead of 33%).

- If the estimated pre-tax discount rate applied to the discounted cash flows had been 10% higher than management's estimates (for example, 11.33% instead of 10.3%).

Provisions

The Group is exposed to different risks. Management assumes at the current time that the provisions cover the different risks of the Group. However it is possible that the situation will change and the costs are not covered with the existing provisions or the costs are lower than expected. Any arising changes can have effects on future periods. For details refer to note 20 "Provisions for other liabilities and charges".

Retirement benefit obligation

Actuarial assumptions are made for the purpose of estimating future developments. These include estimates and assumptions relating to discount rates, the expected return on plan assets in individual countries and future wage trends. The actuary also uses statistical data such as mortality tables and staff turnover rates in the actuarial calculations performed with a view to determining employee benefit obligations. If these parameters change due to a change in economic or market conditions, the subsequent result can deviate considerably from the actuarial report and calculation.

Over the medium term, this deviation can have a significant effect on income and expenses arising from employee benefit plans. The carrying amounts of the plan assets and liabilities carried in the balance sheet are set out in note 15 "Retirement benefit obligations".

Share-Based Payments

For the Management Stock Option Program (MSOP), the Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted.
Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 16 "Share-based payments".

Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues on the basis of estimates of whether additional taxes are due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Acquisition related earn-out payment

The basis for the calculation of potential earn-out payments are the agreed medium term plans. If the plan is not met, the earn-out payment will differ from the estimated payment. Such adjustment will be recognized in the consolidated income statement.

2.8 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group's activities are exposed to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk, price risk and public warrant fair value risk), credit risk and liquidity risk. The Group's overall risk management system aims to identify key financial risks at an early juncture, both within the companies and at the Group level, to implement appropriate countermeasures to minimize potential adverse effects on the Group's financial performance.

MARKET RISK

Foreign exchange risk

The Group companies generate revenue mostly in Euro (EUR), Swiss francs (CHF) and to a smaller extent in US dollars (USD). Most of the equipment and the raw materials are purchased from European manufacturers or distributors in Euro. Concerning the Swiss companies, the revenues generated do not fully cover the Company's demand for Euro from time to time. Due to the actual EUR weakness, management has instructed the sales team to price goods in CHF, as long as the market is accepting this.

The revenue generated in USD is generally used for the procurement of equipment, services or raw material and has usually balanced out in the past thus providing a natural hedge. Management has instructed the sales team to either price the products in EUR and CHF, to include exchange rate adjustments in framework contracts or to include an adequate foreign exchange margin in the pricing.

Generally foreign currencies are only kept if future payments are expected to be made in a particular currency. Foreign currency exposure is mitigated by balancing the currency needs among the Group companies. These natural hedging procedures cover extensively the risks that occur. The Group does not enter into any hedging transactions.

The Group is exposed to foreign exchange risks especially with regards to CHF and USD.

As of 31 December 2015, the profits for the period would have been EUR 430 higher (2014: EUR 348) if the CHF had strengthened 10% against the EUR ceteris paribus. With a weaker CHF compared to EUR, profits would have been decreased by similar amounts. This effect is caused by foreign exchange gains/losses of CHF-denominated trade account receivables and trade account payables.

Similarly, as of 31 December 2015, the profits for the period would have been EUR 41 lower (2014: EUR 29) if the USD had weakened by 10% against the EUR ceteris paribus. With a stronger USD, profits would have increased by the same extent, mainly due to foreign exchange gains/losses of USD-denominated trade account receivables and trade account payables.

Foreign exchange rates

The exchange rates relevant to the annual financial statements were:

	31.12.2015	Average 2015	31.12.2014	Average 2014
1 CHF	0.92	0.94	0.83	0.82
1 USD	0.92	0.90	0.82	0.75

Price risk

The Group is not exposed to investment price risk; however, there is a material and raw material price risk for the production of electronic applications and smart cards.

ECMS Segment

With a high value-added, the printed circuit board (PCB) factory has a low exposure to raw material prices. Raw material prices for epoxy and polyimide are to a less degree driven by the oil price, whereas copper, nickel and gold are purchased at spot rates. However, the total cost component of precious metal is minimal to the average selling price and consequently the influence on the margin is limited. In extreme cases, the subsidiary is able to renegotiate selling prices with the clients to adjust for raw material price hikes.

Material content in electronic modules and systems can be high and this implies an associated price risk. The electronic component market is characterized by supply and demand. The actual component market is stable since 2012.

The Group, in close cooperation with its customers, guard effectively these risks with long-term supplier contracts and flexible inventory levels. Higher component costs and the cost of increased inventories are shared with the clients whenever possible. Inventories are at all times covered by open purchase orders from customers. As a result it was possible to largely satisfy deliveries to customers over the past financial year.

IDMS Segment

Most of the products produced and sold in the IDMS segment are highly customized. There are limited comparable products available from potential competitors; the price risks are therefore minor. As most of these customized products are produced on an individual order basis using standard components – no stock holding of finished products without specific order - price increases for these components can be either avoided by changing to another supplier or they can be passed on to customers.

ESS Segment

Most of the revenues within the ESS segment are generated through software, cloud services and professional services. These services are mainly based on human capital which is employed by the operations. Consequently the price risk is very limited.

Cash Flow and Fair Value Interest Rate Risk

Cash flow risk is categorized as very low as a result of the Company's good liquidity position and strong cash flow generation.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The duration for which the Group has fixed the interest rates depends on the current interest conditions in the market.

For some of the long-term borrowings, the Group has capped LIBOR or EURIBOR based variable interest rates thus limiting the interest rate risk.

Covenants, as agreed with the lending banks, determine the interest rate margin over the LIBOR or EURIBOR. This margin largely depends on business performance of the Group (leverage ratio). Compliance with the financial covenants means that the Group has good credit standing with banks and access to further financing resources. In addition, banks provide credit lines that also create scope for short-term financial maneuver.

Sensitivity Analysis

If the interest rates of the different long-term borrowings would have been higher/lower by 100 basis points, with all other variables held constant, the Group would have had higher/lower interest expenses in 2015 of EUR 350 (2014: EUR 381). The Group's borrowings at variable and fixed rates are denominated in EUR and CHF.

Public Warrant fair value risk

exceet's public warrants are accounted for as financial liability recognized at fair value through profit or loss. The fair value is based on the quoted market price of the public warrants. A change in the market price of the public warrants will impact the profit and loss and the equity as well as the amount of the liability. An increasing market price for the public warrants would result in a higher liability and a loss in the consolidated income statement of exceet Group SE.

Sensitivity Analysis

The closing price for the public warrants for the year ended 31 December 2015 was quoted at Eurocent 0.1. An increase in the market price of 10% would result in a loss and a negative equity impact of EUR 2 (2014: EUR 138) whereas a decrease of 10% in the market price would result in a gain and a positive equity impact of the EUR 2 (2014: EUR 138).

CREDIT RISK

Credit risk is managed on a Group basis. Credit risk arises from cash, cash equivalents and deposits with banks and financial institutions. Credit exposures to customers, including outstanding receivables and committed transactions are managed by individual Group companies. The ratings for the engaged banks and financial institutions are monitored regularly. Furthermore, the risk on cash and cash equivalents is minimized by the consideration of different financial institutions. For the risk control assessment of customers, the credit quality of the customer takes into account its financial position, past experience and other factors. Based on the varying customer structure within the Group, no specific individual credit limits are defined by the Group. Accounts receivables are regularly monitored and supported by an effective accounts receivables management method in close cooperation with key account managers.

The table below shows the trade receivables balances of the counterparties of each subsidiary as per the balance sheet date. Management does not expect any losses from non-performance by these counterparties.

TRADE RECEIVABLES (in EUR 1,000)	2015	2014
MAJOR COUNTERPARTIES WITH EXTERNAL CREDIT RATING [1]		
AA	1,593	1,440
A+	3,859	3,231
A	1	35
BBB	1,716	1,620
Total counterparties with external credit rating	**7,169**	**6,326**
MAJOR COUNTERPARTIES WITHOUT EXTERNAL CREDIT RATING		
Group 1	804	3,697
Group 2	13,790	9,075
Group 3	957	1,993
Total counterparties without external credit rating	**15,551**	**14,765**

Group 1 - new customers/related parties less than 6 months
Group 2 - existing customers/related parties since more than 6 months with no defaults in the past
Group 3 - existing customers/related parties since more than 6 months with some defaults in the past (all defaults were fully recovered)

[1] Source for external credit rating: Standard & Poor's

The table below shows the bank balances rated:

CASH AT BANK AND SHORT-TERM BANK DEPOSITS (in EUR 1,000)	2015	2014
BANKS WITH EXTERNAL CREDIT RATING [1]		
AAA	15,988	9,655
AA+	0	566
AA	22	7,687
AA-	439	802
A+	5,029	0
A	5,204	7,223
A-	1,285	3,429
BBB	4,814	1,201
BB	354	271
not rated	121	120
Total cash at bank and short-term bank deposits	**33,256**	**30,954**

[1] Source for external credit rating: Standard & Poor's

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group monitors its risk of suffering a shortage of funds on a monthly basis. In addition, Management monitors forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The following table analyses the maturity profile of the Group's financial liabilities. The amounts disclosed are the contractual undiscounted cash flows including accrued interest and do therefore not reconcile with the financial liabilities presented in the consolidated balance sheet.

(in EUR 1,000)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
BALANCE AT 31 DECEMBER 2015					
Bank borrowings	2,588	25,349	5,363	5,336	38,636
Other borrowings	2,393	1,247	922	122	4,684
Trade payables	9,191	0	0	0	9,191
Other payables	4,258	580	225	828	5,891
BALANCE AT 31 DECEMBER 2014					
Bank borrowings	3,008	1,225	27,613	5,434	37,280
Other borrowings	2,408	1,387	1,695	1	5,491
Trade payables	9,994	0	0	0	9,994
Other payables	2,428	578	718	842	4,566

The financial liability resulting from public warrants with a carrying amount of EUR 20 as at 31 December 2015 is not subject to liquidity risk. Public warrants will be settled net in shares; therefore, the exercising of public warrants will not trigger any cash outflows.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide added value to the shareholders and benefits for other stakeholders; to maintain a favourable capital structure to reduce the cost of capital and to enable the Group to continue to focus on growth.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt. During the last few years, the Group's strategy was to maintain a gearing ratio of a maximum of 30%. The gearing ratios at 31 December 2015 and 2014 were as follows:

(in EUR 1,000)	2015	2014
Bank borrowings	37,352	35,872
Finance lease	3,966	4,522
Total borrowings	41,318	40,394
Less: cash and cash equivalents (note 12)	(33,256)	(30,954)
Net (cash)/debt	**8,062**	**9,440**
Equity	105,488	101,016
Total equity and equity equivalents	105,488	101,016
Total capital	**113,550**	**110,456**
Gearing ratio	*7%*	*9%*

The decrease in gearing ratio in 2015 resulted from an increase in cash and cash equivalents (see the Consolidated Statement of Cash Flows) and to a lesser degree increased borrowings (see note 14 "Borrowings") and an increased equity (see Consolidated Statement of changes in equity) mainly due to the increased foreign exchange effect due to the change in the CHF/EUR rate by the beginning of the year.

FAIR VALUE ESTIMATION

The table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, alternative prices) or indirectly (that is, derived from prices)

Level 3: Classifications for assets or liabilities that are not valued on observable market data (that are, unobservable inputs, for instance estimation and assumptions)

The group policy demands the recognition of transfers into or out of fair value hierarchy levels as of the date of the event or at the change of circumstances that caused the transfer. There were no transfers between the levels during the reporting period.

Level 1 public warrants are valued on the quoted market price at the balance sheet date. The public warrants are listed on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

Level 2 interest caps were valued at fair value by using mark-to-market calculations of observable inputs of interest yield curves.

The level 3 fair value of the earn-out liability is related to the contingent consideration payable for the acquisition of Lucom GmbH. The fixed earn-out amount according the contract is based on the expected EBITDA performance in 2015 and 2016 of the company. The earn-out liability is limited, as an overperformance of EBITDA will not increase the earn-out liability, but an under performance will reduce the liability. The contingent consideration will be payable in the years 2016 and 2017.

As of the balance sheet date, management used the final consolidated financial statement for the year 2015 and the budget for the year 2016 for the assessment of the probable performance of the entity. Based on these information management expects the performance targets to be met. Due to the payments in subsequent years, the contingent consideration payments have been discounted using an actual interest market rate.

Management is assisted for the valuation of financial assets required for financial reporting purposes, including level 3 fair values, by the Group's finance department. Discussions of valuation processes and results are held regularly between the CFO and the finance department.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015, respectively at 31 December 2014.

(in EUR 1,000)	Level 1	Level 2	Level 3	Total
31 DECEMBER 2015				
Assets as per balance sheet				
Financial assets at fair value through profit or loss				
Interest cap		0		0
Total	**0**	**0**	**0**	**0**
Liabilities as per balance sheet				
Financial liabilities at fair value through profit or loss				0
Interest cap				0
Public warrants	20			20
Earn-out liability			998	998
Total	**20**	**0**	**998**	**1,018**
31 DECEMBER 2014				
Assets as per balance sheet				
Financial assets at fair value through profit or loss				0
Interest cap				0
Total	**0**	**0**	**0**	**0**
Liabilities as per balance sheet				
Financial liabilities at fair value through profit or loss				0
Interest cap		41		41
Public warrants	1,380			1,380
Earn-out liability			993	993
Total	**1,380**	**41**	**993**	**2,414**

The following tables are presenting the changes in Level 3 instruments:

(in EUR 1,000)	Total
Balance at 1 January 2015	**993**
Provisions for earn-out of aquisition Lucom GmbH	0
Loss recognized in profit or loss	5
Currency translation differences	0
Balance at 31 December 2015	**998**
Total (gains)/losses for the period included in profit or loss	**5**
Balance at 1 January 2014	**0**
Provisions for earn-out of aquisition Lucom GmbH	993
Gains recognized in profit or loss	0
Currency translation differences	0
Balance at 31 December 2014	**993**
Total (gains)/losses for the period included in profit or loss (note 23)	**0**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. SEGMENT INFORMATION

The Group has three main business segments, Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and exceet Secure Solutions (ESS), representing different subsidiaries. The segment information is presented on the same basis as for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the Group's Chief Operating Decision Maker – Management Board. In addition, the Group has a fourth segment "Corporate and others" for reporting purposes, which only includes the investment companies. Companies of exceet Group SE, which have been subject of reverse asset acquisition, have been assigned to the segment "Corporate and others".

The segment results are as follows:

2015 (in EUR 1,000)	**ECMS**	**IDMS**	**ESS**	**Corporate and others**	**Inter-segment elimination**	**Group consolidated**
External revenue	126,753	45,196	9,643	0		181,592
Inter-segment revenue	76	12	2	307	(397)	0
Total revenue	**126,829**	**45,208**	**9,645**	**307**	**(397)**	**181,592**
EBITDA	**15,107**	**3,062**	**(379)**	**(5,137)**		**12,653**
EBITDA Margin	*11.9%*	*6.8%*	*(3.9%)*			*7.0%*
Depreciation, amortization and impairment	(7,570)	(2,212)	(534)	(195)		(10,511)
EBIT	**7,537**	**850**	**(913)**	**(5,332)**	**0**	**2,142**
EBIT Margin	*5.9%*	*1.9%*	*(9.5%)*			*1.2%*
Financial income	1,338	123	1	4,580	(383)	5,659
Financial expense	(2,105)	(559)	(73)	(6,994)	383	(9,348)
Changes in fair value in financial instruments	0	41	0	1,360		1,401
Financial result – net	**(767)**	**(395)**	**(72)**	**(1,054)**	**0**	**(2,288)**
Profit/(Loss) before income tax	**6,770**	**455**	**(985)**	**(6,386)**	**0**	**(146)**
Income tax expense	(898)	156	(60)	(219)		(1,021)
Profit/(Loss) for the period	**5,872**	**611**	**(1,045)**	**(6,605)**	**0**	**(1,167)**
Non-current assets	66,195	22,990	7,450	312		96,947
Current assets	62,769	13,747	2,666	10,447		89,629
Liabilities	39,156	12,126	4,097	25,709		81,088
Capital expenditure tangible assets	3,858	2,230	138	32		6,258
Capital expenditure intangible assets	201	26	340	98		665
Depreciation tangible assets	(4,828)	(1,818)	(85)	(48)		(6,779)
Amortization intangible assets	(2,742)	(394)	(449)	(147)		(3,732)
Impairment tangible assets	0	0	0	0		0
Impairment intangible assets	0	0	0	0		0
Impairment of goodwill	0	0	0	0		0

2014 (in EUR 1,000)	**ECMS**	**IDMS**	**ESS**	**Corporate and others**	**Inter-segment elimination**	**Group consolidated**
External revenue	129,089	48,351	7,872	0		185,312
Inter-segment revenue	270	9	64	287	(630)	0
Total revenue	**129,359**	**48,360**	**7,936**	**287**	**(630)**	**185,312**
EBITDA	**20,061**	**3,829**	**(659)**	**(4,189)**		**19,042**
EBITDA Margin	*15.5%*	*7.9%*	*(8.3%)*			*10.3%*
Depreciation, amortization and impairment	(7,088)	(2,617)	(247)	(163)		(10,115)
EBIT	**12,973**	**1,212**	**(906)**	**(4,352)**		**8,927**
EBIT Margin	*10.0%*	*2.5%*	*(11.4%)*			*4.8%*
Financial income	599	113	1	666	(511)	868
Financial expense	(943)	(696)	(50)	(1,174)	511	(2,352)
Changes in fair value in financial instruments	0	14	0	(580)		(566)
Financial result – net	**(344)**	**(569)**	**(49)**	**(1,088)**	**0**	**(2,050)**
Profit/(Loss) before income tax	**12,629**	**643**	**(955)**	**(5,440)**		**6,877**
Income tax expense	(3,274)	253	392	154		(2,475)
Profit/(Loss) for the period	**9,355**	**896**	**(563)**	**(5,286)**		**4,402**
Non-current assets	65,411	23,464	7,645	337		96,857
Current assets	64,359	14,303	2,093	5,296		86,051
Liabilities	40,716	11,972	4,264	24,940		81,892
Capital expenditure tangible assets	3,433	1,737	96	11		5,277
Capital expenditure intangible assets	348	93	59	49		549
Depreciation tangible assets	(4,218)	(2,106)	(67)	(37)		(6,428)
Amortization intangible assets	(2,870)	(511)	(180)	(126)		(3,687)
Impairment tangible assets	0	0	0	0		0
Impairment intangible assets	0	0	0	0		0
Impairment of goodwill	0	0	0	0		0

Entity-wide information

Breakdown of the revenue from all segments is as follows:

(in EUR 1,000)	2015	2014
Revenue		
- Electronic components	128,745	129,727
- Cards	33,127	38,298
- Services	19,720	17,287
Total	**181,592**	**185,312**

Top customer information

In 2015, 7.9% (2014: 9.6%) of total revenue of the Group was generated with one client from ECMS. There is no single customer with a share of revenue greater than 10% of total Group revenue in 2015.

Breakdown of the revenue and non-current assets by geographic segments

In addition, a breakdown of sales is presented by country of end customer, which shows the geographic segments according to the country in which the products are used. Non-current assets are allocated based on where the assets are located.

	Revenue				Non Current Assets			
(in EUR 1,000)	2015	*in %*	2014	*in %*	2015	*in %*	2014	*in %*
Germany	73,660	*40.6%*	75,486	*40.7%*	35,365	*36.5%*	36,208	*37.4%*
Switzerland	32,911	*18.1%*	31,068	*16.8%*	39,393	*40.6%*	37,958	*39.2%*
Austria	19,893	*11.0%*	21,147	*11.4%*	19,458	*20.1%*	20,535	*21.2%*
Rest of Europe	37,739	*20.8%*	44,180	*23.8%*	2,730	*2.8%*	2,156	*2.2%*
Total Europa	**164,203**	***90.5%***	**171,881**	***92.70%***	**96,946**	***100.0%***	**96,857**	***100.0%***
North & South America	4,964	*2.7%*	3,079	*1.7%*	1	*0.0%*	0	*0.0%*
Asia (incl. Australia)	12,030	*6.6%*	10,106	*5.5%*	0	*0.0%*	0	*0.0%*
Middle East & Africa	395	*0.2%*	246	*0.1%*	0	*0.0%*	0	*0.0%*
Total	**181,592**	***100.0%***	**185,312**	***100.0%***	**96,947**	***100.0%***	**96,857**	***100.0%***

4. FINANCIAL INSTRUMENTS BY CATEGORY

31 DECEMBER 2015 (in EUR 1,000)	Loans and receivables	Asset at fair value through profit or loss	Total
ASSETS AS PER BALANCE SHEET			
Derivative financial instruments		0	0
Trade and other receivables (excluding prepayments)	25,255		25,255
Cash and cash equivalents	33,256		33,256
Total	**58,511**	**0**	**58,511**

31 DECEMBER 2015 (in EUR 1,000)	Other financial liabilities at amortized cost	Liabilities at fair value through profit or loss	Total
LIABILITIES AS PER BALANCE SHEET			
Borrowings (excluding finance lease liabilities)	37,352		37,352
Finance lease liabilities	3,966		3,966
Derivative financial instruments		0	0
Public Warrants		20	20
Earn-out liabilities (current and non-current)		998	998
Trade and other payables (excluding non-financial liabilities)	15,082		15,082
Accrued expenses and prepaid income	7,143		7,143
Total	**63,543**	**1,018**	**64,561**

31 DECEMBER 2014 (in EUR 1,000)	Loans and receivables	Asset at fair value through profit or loss	Total
ASSETS AS PER BALANCE SHEET			
Derivative financial instruments		0	0
Trade and other receivables (excluding prepayments)	22,805		22,805
Cash and cash equivalents	30,954		30,954
Total	**53,759**	**0**	**53,759**

31 DECEMBER 2014 (in EUR 1,000)	Other financial liabilities at amortized cost	Liabilities at fair value through profit or loss	Total
LIABILITIES AS PER BALANCE SHEET			
Borrowings (excluding finance lease liabilities)	35,872		35,872
Finance lease liabilities	4,522		4,522
Derivative financial instruments		41	41
Public Warrants		1,380	1,380
Earn-out liabilities (current and non-current)		993	993
Trade and other payables (excluding non-financial liabilities)	14,560		14,560
Accrued expenses and prepaid income	7,133		7,133
Total	**62,087**	**2,414**	**64,501**

5. TANGIBLE ASSETS

2015 (in EUR 1,000)	Land & building	Production facilities & machinery	Equipment	Vehicles	IT Hardware	Assets under construction	Total
ACQUISITION COSTS							
As of 1 January 2015	**20,439**	**54,047**	**5,781**	**279**	**2,517**	**322**	**83,385**
Acquisition of subsidiaries (note 29)	0	0	0	0	0	0	0
Additions	84	4,138	358	39	416	1,223	6,258
Disposals	0	(1,927)	(71)	(8)	(294)	(301)	(2,601)
Transfer to other category	0	124	12	0	0	(136)	0
Currency translation differences	548	1,902	420	17	68	6	2,961
As of 31 December 2015	**21,071**	**58,284**	**6,500**	**327**	**2,707**	**1,114**	**90,003**
ACCUMULATED DEPRECIATION							
As of 1 January 2015	**(4,470)**	**(39,020)**	**(3,336)**	**(168)**	**(2,041)**	**0**	**(49,035)**
Additions	(639)	(5,008)	(700)	(52)	(380)	0	(6,779)
Disposals	0	1,683	70	8	292	0	2,053
Transfer to other category	0	0	0	0	0	0	0
Currency translation differences	(125)	(1,309)	(215)	(8)	(56)	0	(1,713)
As of 31 December 2015	**(5,234)**	**(43,654)**	**(4,181)**	**(220)**	**(2,185)**	**0**	**(55,474)**
ACCUMULATED IMPAIRMENT							
As of 1 January 2015	**0**	**(104)**	**0**	**0**	**0**	**0**	**(104)**
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
As of 31 December 2015	**0**	**(104)**	**0**	**0**	**0**	**0**	**(104)**
Net book value as of 1 January 2015	**15,969**	**14,923**	**2,445**	**111**	**476**	**322**	**34,246**
Net book value as of 31 December 2015	**15,837**	**14,526**	**2,319**	**107**	**522**	**1,114**	**34,425**

2014 (in EUR 1,000)	Land & building	Production facilities & machinery	Equipment	Vehicles	IT Hardware	Assets under construction	Total
ACQUISITION COSTS							
As of 1 January 2014	**20,179**	**51,019**	**4,675**	**201**	**2,131**	**237**	**78,442**
Acquisition of subsidiaries (note 29)	0	0	9	28	1	0	38
Additions	350	3,485	702	64	353	323	5,277
Disposals	(17)	(775)	(69)	(18)	(38)	0	(917)
Transfer to other category	(176)	(46)	393	2	58	(231)	0
Currency translation differences	103	364	71	2	12	(7)	545
As of 31 December 2014	**20,439**	**54,047**	**5,781**	**279**	**2,517**	**322**	**83,385**
ACCUMULATED DEPRECIATION							
As of 1 January 2014	**(3,605)**	**(34,718)**	**(2,708)**	**(141)**	**(1,741)**	**0**	**(42,913)**
Additions	(854)	(4,565)	(649)	(42)	(318)	0	(6,428)
Disposals	12	484	57	18	38	0	609
Transfer to other category	0	12	0	0	(12)	0	0
Currency translation differences	(23)	(233)	(36)	(3)	(8)	0	(303)
As of 31 December 2014	**(4,470)**	**(39,020)**	**(3,336)**	**(168)**	**(2,041)**	**0**	**(49,035)**
ACCUMULATED IMPAIRMENT							
As of 1 January 2014	**0**	**(104)**	**0**	**0**	**0**	**0**	**(104)**
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
As of 31 December 2014	**0**	**(104)**	**0**	**0**	**0**	**0**	**(104)**
Net book value as of 1 January 2014	**16,574**	**16,197**	**1,967**	**60**	**390**	**237**	**35,425**
Net book value as of 31 December 2014	**15,969**	**14,923**	**2,445**	**111**	**476**	**322**	**34,246**

Production facilities and machinery includes the following amounts where the Group is a lessee under a finance lease:

Production facilities and machinery

(in EUR 1,000)	2015	2014
Cost - capitalized finance leases	19,839	17,988
Accumulated depreciation	(13,024)	(10,614)
Net book amount	**6,815**	**7,374**

The Group leases various production facilities and machinery under non-cancellable finance lease agreements. The lease terms are 4 to 5 years. The Group purchased fixed assets through finance lease arrangements of EUR 2,488 (2014: EUR 827).

Depreciation expense of EUR 5,535 (2014: EUR 5,435) has been charged in “cost of sales”, EUR 886 (2014: EUR 798) in “administrative expenses”, EUR 358 (2014: EUR 195) in “distribution costs”.

Fire insurance values

(in EUR 1,000)	2015	2014
Buildings, machinery and equipment	112,368	105,891
Total	**112,368**	**105,891**

EUR 15,581 (2014: EUR 15,480) of land and buildings are secured for bank borrowings. Furthermore, EUR 3,908 (2014: EUR 4,410) machinery and equipment are pledged for borrowing facilities (see note 28 “Pledged Assets”).

Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

(in EUR 1,000)	2015	2014
Property, plant and equipment	920	1,890
Intangible assets	13	1
Total	**933**	**1,891**

6. INTANGIBLE ASSETS

2015 (in EUR 1,000)	Goodwill	Customer base	Techno-logy	Brand	Software	Intangible assets under construc-tion	Other intangible assets	Total
ACQUISITION COSTS								
As of 1 January 2015	**38,112**	**29,708**	**6,553**	**2,312**	**5,576**	**840**	**27**	**83,128**
Acquisition of subsidiaries (note 29)	0	0	0	0	0	0	0	0
Additions	0	0	0	0	359	298	8	665
Disposals	0	0	0	0	(257)	0	0	(257)
Transfer to other category	0	0	0	0	6	(6)	0	0
Currency translation differences	1,853	1,724	435	137	267	0	0	4,416
As of 31 December 2015	**39,965**	**31,432**	**6,988**	**2,449**	**5,951**	**1,132**	**35**	**87,952**
ACCUMULATED AMORTIZATION								
As of 1 January 2015	**0**	**(12,043)**	**(3,989)**	**(1,451)**	**(4,057)**	**0**	**(27)**	**(21,567)**
Additions	0	(2,109)	(541)	(248)	(834)	0	0	(3,732)
Disposals	0	0	0	0	249	0	0	249
Transfer to other category	0	0	0	0	0	0	0	0
Currency translation differences	0	(848)	(344)	(92)	(176)	0	0	(1,460)
As of 31 December 2015	**0**	**(15,000)**	**(4,874)**	**(1,791)**	**(4,818)**	**0**	**(27)**	**(26,510)**
ACCUMULATED IMPAIRMENT								
As of 1 January 2015	**0**	**0**	**0**	**0**	**0**	**(498)**	**0**	**(498)**
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
transfer to other category	0	0	0	0	0	0	0	0
currency translation differences	0	0	0	0	0	0	0	0
As of 31 December 2015	**0**	**0**	**0**	**0**	**0**	**(498)**	**0**	**(498)**
Net book value as of 1 January 2015	**38,112**	**17,665**	**2,564**	**861**	**1,519**	**342**	**0**	**61,063**
Net book value as of 31 December 2015	**39,965**	**16,432**	**2,114**	**658**	**1,133**	**634**	**8**	**60,944**

2014 (in EUR 1,000)	Goodwill	Customer base	Techno-logy	Brand	Software	Intangible assets under construc-tion	Other intangible assets	Total
ACQUISITION COSTS								
As of 1 January 2014	**35,446**	**26,668**	**6,472**	**2,287**	**4,666**	**1,178**	**27**	**76,744**
Acquisition of subsidiaries (note 29)	2,319	2,719	0	0	7	0	0	5,045
Additions	0	0	0	0	543	6	0	549
Disposals	0	0	0	0	(30)	0	0	(30)
Transfer to other category	0	0	0	0	347	(347)	0	0
Currency translation differences	347	321	81	25	43	3	0	820
As of 31 December 2014	**38,112**	**29,708**	**6,553**	**2,312**	**5,576**	**840**	**27**	**83,128**
ACCUMULATED AMORTIZATION								
As of 1 January 2014	**0**	**(9,867)**	**(3,420)**	**(1,097)**	**(3,243)**	**0**	**(22)**	**(17,649)**
Additions	0	(2,024)	(507)	(337)	(814)	0	(5)	(3,687)
Disposals	0	0	0	0	30	0	0	30
Transfer to other category	0	0	0	0	0	0	0	0
Currency translation differences	0	(152)	(62)	(17)	(30)	0	0	(261)
As of 31 December 2014	**0**	**(12,043)**	**(3,989)**	**(1,451)**	**(4,057)**	**0**	**(27)**	**(21,567)**
ACCUMULATED IMPAIRMENT								
As of 1 January 2014	**0**	**0**	**0**	**0**	**0**	**(498)**	**0**	**(498)**
Additions	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Transfer to other category	0	0	0	0	0	0	0	0
Currency translation differences	0	0	0	0	0	0	0	0
As of 31 December 2014	**0**	**0**	**0**	**0**	**0**	**(498)**	**0**	**(498)**
Net book value as of 1 January 2014	**35,446**	**16,801**	**3,052**	**1,190**	**1,423**	**680**	**5**	**58,597**
Net book value as of 31 December 2014	**38,112**	**17,665**	**2,564**	**861**	**1,519**	**342**	**0**	**61,063**

The amortization expense of EUR 3,732 (2014: EUR 3,687) has been charged in "cost of sales".

Impairment tests for goodwill

Management reviews the business performance on entity and segment level by reflecting the lowest operational level of cash-generating units (CGUs). Due to the significantly increased project cooperation between the IDMS-Segment entities, as well as the shift of activities between the companies to focus on a center of excellence structure, the composition of the generated entity cash flow changed substantially. As a consequence management determined the IDMS-Segment as one cash-generating unit.

Summary of the goodwill allocation and movements:

2015 (in EUR 1,000)	**Opening**	**Acquisition**	**Transfer**	**Currency translation difference**	**Closing**
GS Swiss PCB AG	4,255			467	4,722
ECR AG	3,386			371	3,757
exceet electronics AG [1]	9,247			1,015	10,262
exceet electronics GesmbH [2]	793				793
as electronics GmbH [3]	3,280				3,280
ECMS Segment	**20,961**	**0**	**0**	**1,853**	**22,814**
exceet Secure Solutions AG [4]	380				380
Lucom GmbH Elektrokomponenten und Systeme	2,319				2,319
ESS Segment	**2,699**	**0**	**0**	**0**	**2,699**
IDMS Segment	**14,452**				**14,452**
Total	**38,112**	**0**	**0**	**1,853**	**39,965**

2014 (in EUR 1,000)	**Opening**	**Acquisition**	**Transfer**	**Currency translation difference**	**Closing**
GS Swiss PCB AG	4,167			88	4,255
ECR AG	3,316			70	3,386
exceet electronics AG [1]	9,058			189	9,247
exceet electronics GesmbH [2]	793				793
exceet electronics GmbH [3]	3,280				3,280
ECMS Segment	**20,614**	**0**	**0**	**347**	**20,961**
exceet Secure Solutions AG [4]	380				380
Lucom GmbH Elektrokomponenten und Systeme	0	2,319			2,319
ESS Segment	**380**	**2,319**	**0**	**0**	**2,699**
IDMS Segment	**14,452**	**0**	**0**	**0**	**14,452**
Total	**35,446**	**2,319**	**0**	**347**	**38,112**

[1] former Mikrap AG
[2] former Contec Steuerung & Automation GmbH
[3] former as electronics GmbH
[4] former AuthentiDate International AG

The recoverable amount of all CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate.

Key assumptions used for value-in-use calculations:

CASH-GENERATING UNIT (CGU)	Compound annual volume growth rate (av. next five years)		Gross margin growth rate (av. next five years)		Long term growth rate		Pre-tax Discount rate	
	2015	2014	2015	2014	2015	2014	2015	2014
GS Swiss PCB AG	6%	4%	6%	3%	1%	1%	6.9%	6.6%
ECR AG	-1%	9%	2%	9%	1%	1%	6.9%	6.6%
exceet electronics AG	3%	5%	4%	6%	1%	1%	6.9%	6.6%
exceet electronics GesmbH	10%	9%	11%	11%	1%	1%	9.1%	8.1%
exceet electronics GmbH	6%	8%	6%	9%	1%	1%	9.6%	8.7%
exceet Secure Solutions AG	24%	10%	25%	18%	1%	1%	9.6%	8.7%
Lucom GmbH Elektrokomponenten und Systeme	5%	6%	4%	5%	1%	1%	9.6%	8.7%
IDMS Segment	4%	3%	4%	2%	1%	1%	9.4%	8.5%

The estimated recoverable amount for all cash generating units exceeds the carrying amount. Management considers the assumed gross margin will not change so significantly as to eliminate this excess.

Compound annual volume growth / Gross margin growth
Budgeted volumes and gross margins are based on past performance and the expectation for the market and customer developments (medium-term planning) over the course of the next five years. The gross margin varies depending on the operating function of the companies and their customer mix.

Long term growth rate
The long term growth rate is estimated at 1% (2014: 1%) and used to extrapolate cash flows beyond the forecast period of five years.

Pre-tax Discount rate
Discount rates are used on a pre-tax basis and represent the current market assessment of the risks specific to each CGU. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) depending on the country in which the Group operates. The WACC takes debt and equity into account. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service in the different countries of operation. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

exceet electronics AG / exceet electronics GesmbH
Management has identified that a reasonable possible change of the WACC assumptions, that could increase the pre-tax discount rate, might cause a possible impairment of the carrying amount for these 2 CGU's.

The valuation headroom (i.e. the estimated recoverable amount exceeding the carrying amount) and the individual change in assumptions for the recoverable amount to equal the carrying amount are shown in the following table:

CASH-GENERATING UNIT (CGU)	Valuation Headroom		Possible Change in pre-tax discount rate	
	2015	2014	2015	2014
exceet electronics AG	4,500	10,800	+1.3%	+3.1%
exceet electronics GesmbH	3,542	12,308	+2.0%	+5.5%

7. DEFERRED TAXES / INCOME TAXES

Income taxes

(in EUR 1,000)	2015	2014
Total current income tax	(2,776)	(4,140)
Total deferred tax	1,755	1,665
Total income tax recognized in income statement	**(1,021)**	**(2,475)**
Total deferred tax directly recognized in other comprehensive income	(197)	589
Total income tax expense	**(1,218)**	**(1,886)**

Reconciliation of tax expense

In the current year, the increase of the average of domestic tax rates was the result of the change in the mix of the profit and loss of the different Group companies.

(in EUR 1,000)	2015	2014
Profit/(Loss) before tax	(146)	6,877
Group effective tax rate	***2480.82%*** [1]	***37.36%***
Tax calculated at average domestic tax rates applicable to profits in the respective jurisdictions	(3,622)	(2,569)
Non-taxable income / additional taxable expenses	4,005	811
Non-deductible expenses / additional taxable income	(1,210)	(574)
Unrecognized tax loss carryforwards	(711)	(259)
Effect of changes in local tax rates	493	0
Tax effect from prior years	24	116
Total income tax (current & deferred)	**(1,021)**	**(2,475)**
in % of earnings before tax	*-699.32%*	*35.99%*

[1] For some of the loss making subsidiaries no deferred tax asset was booked as it is not likely that these entities will generate taxable income in the foreseeable future. As a result the tax rate is distorted as it is based on a weighted average tax rate on the group level. The local statutory tax rates are mostly unchanged compared to the prior year.

In the current year, the increase of the Group effective tax rate is the result of the change in the mix of profit and loss of Group companies located in countries with different tax rates. EUR 3,543 of “Non-taxable income” and EUR 1,031 of “Non-deductible expense” resulted out of the year-end currency adjustment (EUR/CHF) of a convertible bond between Group companies with different tax rates (see exceet Group SE Financial Statements Note 4). The main reason for the effect of changes in local tax rates was the decrease of deferred tax rates of the Swiss companies. These were adjusted to actual expected tax rates.

Deferred taxes

The gross movement on the deferred income tax accounts is as follows:

(in EUR 1,000)	2015	2014
At 1 January	**(5,410)**	**(6,761)**
Acquisition of subsidiaries (note 29)	0	(843)
Income statement charge	1,755	1,665
Directly recognized in other comprehensive income	(197)	589
Currency translation difference	(272)	(60)
At 31 December	**(4,124)**	**(5,410)**

Composition of deferred taxes in the balance sheet

Deferred tax assets and liabilities are presented on a net basis if a legally enforceable right exists to offset current tax receivables against tax payables and if the deferred taxes exist in the same tax jurisdiction. The following amounts remain after offsetting:

(in EUR 1,000)	2015	2014
DEFERRED TAX ASSETS		
Deferred tax assets, realized after 12 months	1,204	1,190
Deferred tax assets, realized within 12 months	158	145
Total deferred tax assets	**1,362**	**1,335**
DEFERRED TAX LIABILITIES		
Deferred tax liabilities, realized after 12 months	(4,243)	(5,124)
Deferred tax liabilities, realized within 12 months	(1,243)	(1,621)
Total deferred tax liabilities	**(5,486)**	**(6,745)**
Total deferred tax	**(4,124)**	**(5,410)**

The changes in deferred tax assets and liabilities in the current year, without taking into account the netting of open items within the same tax jurisdiction, are determined as follows:

(in EUR 1,000)	Intangible assets	Tangible assets	Inventories	Provision	Pension liability	Capitalized tax losses carryforwards	Others	Total
DEFERRED TAX ASSETS								
1 January 2015	**364**	**37**	**110**	**6**	**1,193**	**2,293**	**367**	**4,370**
Movements via income statement	(26)	(35)	74	2	116	(6)	4	129
Movements via OCI	0	0	0	0	(197)	0	0	(197)
Currency translation differences	0	0	0	0	107	0	0	107
31 December 2015	**338**	**2**	**184**	**8**	**1,219**	**2,287**	**371**	**4,409**
1 January 2014	**0**	**73**	**109**	**5**	**544**	**1,957**	**241**	**2,929**
Movements via income statement	364	(36)	1	1	47	336	126	839
Movements via OCI	0	0	0	0	589	0	0	589
Currency translation differences	0	0	0	0	13	0	0	13
31 December 2014	**364**	**37**	**110**	**6**	**1,193**	**2,293**	**367**	**4,370**

(in EUR 1,000)	Intangible assets	Tangible assets	Inventories	Provision	Pension liability	Longterm Liabilities	Others	Total
DEFERRED TAX LIABILITIES								
1 January 2015	**(4,767)**	**(959)**	**(1,362)**	**(106)**	**0**	**(2,497)**	**(89)**	**(9,780)**
Acquisition of subsidiaries (note 29)	0	0	0	0	0	0	0	0
Movements via income statement	558	203	438	11	0	405	11	1,626
Currency translation differences	(165)	(46)	(152)	(7)	0	0	(9)	(379)
31 December 2015	**(4,374)**	**(802)**	**(1,076)**	**(102)**	**0**	**(2,092)**	**(87)**	**(8,533)**
1 January 2014	**(4,508)**	**(990)**	**(1,422)**	**(128)**	**1**	**(2,497)**	**(146)**	**(9,690)**
Acquisition of subsidiaries (note 29)	(843)	0	0	0	0	0	0	(843)
Movements via income statement	616	40	88	23	(1)	0	60	826
Currency translation differences	(32)	(9)	(28)	(1)	0	0	(3)	(73)
31 December 2014	**(4,767)**	**(959)**	**(1,362)**	**(106)**	**0**	**(2,497)**	**(89)**	**(9,780)**

Group companies have uncapitalized tax losses of EUR 40,342 (2014: EUR 37,662) as it is uncertain that the companies can utilize them. Of those tax losses EUR 35,601 (2014: EUR 33,372) have no expiry date and the remaining EUR 4,741 (2014: EUR 4,290) will expire in four to nine years (2014: five to seven years).

8. INVENTORIES

(in EUR 1,000)	2015	2014
Raw materials	20,029	21,096
Work in progress and semi-finished products	6,089	5,617
Finished goods	8,324	8,178
Inventory provision	(4,002)	(3,298)
Total	**30,440**	**31,593**

The cost of inventories recognized as expenses and included in "cost of sales" amounted to EUR 88,879 (2014: EUR 92,630).

No Inventories are pledged (2014 EUR 4,832) (see note 28 "Pledged assets").

9. TRADE RECEIVABLES, NET

(in EUR 1,000)	2015	2014
Trade accounts receivable, gross – due to third parties	22,892	21,200
Provision for impairment	(172)	(109)
Total	**22,720**	**21,091**

As of 31 December 2015 trade receivables of EUR 412 (2014: EUR 188) were impaired. The amount of the total provision for these receivables amounts to EUR 172 as of 31 December 2015 (2014: EUR 109). In total there are EUR 2,049 (2014: EUR 3,089) insured, including EUR 1,461 (2014: EUR 2,474) receivables which are not due.

The ageing of the impaired receivables (referred to the due date of the receivables) is as follows:

(in EUR 1,000)	2015	2014
Not due and past due up to 3 months	3	6
Past due over 3 to 6 months	285	80
Past due over 6 to 12 months	16	92
Past due over 12 months	108	10
Total	**412**	**188**

As of 31 December 2015 trade receivables of EUR 2,936 (2014: EUR 2,934) were past due since up to 3 months but were not impaired. This decision is made based on no recent history of default of these customers.

The following table shows the movements of the provision for impairment for trade receivables:

(in EUR 1,000)	2015	2014
At 1 January	**109**	**300**
Acquisition of subsidiaries (note 29)	0	8
Charged/(credited) to the income statement		
- additional provisions	87	46
- unused amounts reversed	(17)	(222)
Used during the year	(7)	(23)
At 31 December	**172**	**109**

The gross amounts of the Group's trade receivables are denominated in the following currencies:

(in EUR 1,000)	2015	2014
EUR	15,766	15,286
CHF	6,046	4,814
USD	1,060	894
GBP	20	206
Total	**22,892**	**21,200**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Accounts receivables in the amount of EUR 10,325 (2014: EUR 8,924) are pledged (see note 28 "Pledged assets").

10. OTHER RECEIVABLES

(in EUR 1,000)	2015	2014
Short-term deposit	73	93
Social securities	109	31
Payables with debit balances	45	32
Value added tax/withholding tax	681	450
Payments in advance	203	64
Services not yet invoiced	118	168
Others	233	532
Total other current receivables	**1,462**	**1,370**
Long-term deposit	186	183
Total other non-current receivables	**186**	**183**

Other receivables in the amount of EUR 506 (2014: EUR 424) are pledged (see note 28 “Pledged assets”).

11. ACCRUED INCOME AND PREPAID EXPENSES

(in EUR 1,000)	2015	2014
Insurance companies	204	150
Rents	53	72
Maintenance contracts	179	160
Exhibition	92	72
Credit note for goods	82	183
Fees	53	71
Others	82	111
Total	**745**	**819**

Accrued income and prepaid expenses primarily comprise prepaid expenses which will be reflected in expenses.

12. CASH AND CASH EQUIVALENTS

(in EUR 1,000)	2015	2014
Cash at bank and on hand	32,844	30,638
Short-term bank deposits	412	316
Total	**33,256**	**30,954**

The risk that these assets will be subject to changes in value is minimal.

No cash and cash equivalents were pledged in 2015 (2014: EUR 52) (see Note 28 “Pledged assets”).

13. EQUITY

Share capital of exceet Group SE

The authorized share capital as per 31 December 2015 amounts to 45,675,397 shares, thereof 34,734,221 (2014: 34,734,221) shares are issued and can be divided into 20,523,695 (2014: 20,523,695) Class A Shares ("Public Shares"), with 20,073,695 (2014: 20,073,695) Class A Shares listed on the stock exchange and 450,000 (2014: 450,000) listed own Class A Shares held by the Company in Treasury (Treasury Shares), 5,210,526 (2014: 5,210,526) Class B Shares (Founding Shares) and 9,000,000 (2014: 9,000,000) Class C Shares (Earn-out Shares) with a par value of Euro 0.0152 each. The not issued shares of 10,941,176 are Class A Shares. The Treasury Shares are designated to be used for the Management Stock Option Program (see note 16 "Share-based payments").

Share capital of exceet Group SE has developed as follows:

	Euro
Balance at 1 January 2015	**527,960.16**
Balance at 31 December 2015	**527,960.16**
Balance at 1 January 2014	**527,960.16**
Balance at 31 December 2014	**527,960.16**

	Total shares	Class A Shares	Class B Shares	Class C Shares
Number of shares authorized	**45,675,397**	**31,464,871**	**5,210,526**	**9,000,000**
Issued Shares	34,734,221	20,523,695	5,210,526	9,000,000
Not issued shares	10,941,176	10,941,176	0	0
Number of shares issued as at 1 January 2015	**34,734,221**	**20,523,695**	**5,210,526**	**9,000,000**
Number of shares issued as at 31 December 2015	**34,734,221**	**20,523,695**	**5,210,526**	**9,000,000**
Number of shares issued as at 1 January 2014	**34,734,221**	**20,523,695**	**5,210,526**	**9,000,000**
Number of shares issued as at 31 December 2014	**34,734,221**	**20,523,695**	**5,210,526**	**9,000,000**

The Class B and Class C Shares are redeemable Shares in the sense of the Luxembourg Company Law and are split into six separate classes of shares, with rights identical to those of the Public Shares, except as described below:

Conversion into Public Shares

The remaining Class B and Class C Shares will be automatically converted into Public Shares, at a ratio of one Public Share for each Founding Share as follows:

- 2,105,263 Class B2 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reverse asset acquisition is at least equal to Euro 14.00.
- 2,105,263 Class B3 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reverse asset acquisition is at least equal to Euro 16.00.
- 1,000,000 Class B4 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of 30 consecutive Trading Days following consummation of the reverse asset acquisition is at least equal to Euro 12.00.
- 3,000,000 Class C1 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reverse asset acquisition is at least equal to Euro 12.00.
- 3,000,000 Class C2 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reverse asset acquisition is at least equal to Euro 13.00.
- 3,000,000 Class C3 Shares will be converted into Public Shares if the Daily VWAP (as defined hereafter) on any 20 out of any 30 consecutive Trading Days following consummation of the reverse asset acquisition is at least equal to Euro 15.00.

For this purpose, the "Daily VWAP" means, for any trading day, the per Public Share volume-weighted average price on Xetra as reported by Bloomberg for such trading day (or if such volume-weighted average price is unavailable from Bloomberg, the volume weighted average share price of the Public Shares on such trading day determined by an internationally recognized investment bank selected by the Company).

In connection with the aforementioned conversion, the Board of Directors shall be given all powers to implement the conversion of Class B Shares and Class C Shares into Public Shares and to make any statement, cast votes, sign all minutes of meetings and other documents, appear in front of a Luxembourg notary to state the occurrence of the conversion and make
relevant amendments to the Articles of Association, do everything which is lawful, necessary or simply useful in view of the accomplishment and fulfillment of such conversion.

Any Class B or Class C Shares that are not converted to Public Shares on or prior to the fifth anniversary of the consummation of the reverse asset acquisition will no longer be convertible into Public Shares and will be redeemed within six months of such date at a redemption price per Class B Shares and Class C Shares corresponding to the accounting par value of such Class B Shares and Class C Shares (subject to availability of sufficient funds).

Dividend rights

In the event that distributions are made after the date of consummation of the reverse asset acquisition, (i) each Founding Share and Public Share shall be entitled to receive the same amount to the extent such amount does not exceed one Eurocent (Euro 0.01) per Share, and (ii) each Public Share shall be entitled to the same fraction of (and the Class B and the Class C shares shall be entitled to none of) any distribution in excess of one Eurocent (Euro 0.01). In terms of calculation of earnings per share for the different share classes see note 26 “Earnings per share”.

Voting rights

All shares are entitled to one vote at any ordinary or extraordinary general meeting of shareholders.

Transfer restrictions

The shares are freely transferable, subject to the provisions of the law and these articles of association. All rights and obligations attached to any share are passed to any transferee thereof. Until (and including) the last day of a sixty-six (66) months period beginning with the date of consummation of the reverse asset acquisition.

- Class B Shares may be transferred only to existing holders of Class B Shares and their affiliates (as defined hereafter);
- Class B Shares may be transferred only in the event of death of a B Shareholder, to the successors of such B Shareholder;
- Class C Shares may be transferred only to members of management of exceet Group SE and/or members of management of affiliates of exceet Group SE;
- Class C Shares may be transferred as in-kind distributions to direct shareholders who held Class C Shares on the date of consummation of the reverse asset acquisition, but only after (and including) the last day of a twenty-four (24) month period beginning with the date of consummation of the reverse asset acquisition; or
- Class C Shares may be transferred in the event of death of a C Shareholder, to the successors of such C Shareholder.

“Affiliate” of, or person “affiliated” with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified and the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of shares, by contract, or otherwise.

Listing

The Class B and Class C Shares are not listed on a stock exchange.

Other Reserves

(in EUR 1,000)	
Balance at 1 January 2015	**100,488**
Total comprehensive income for the period	4,469
Share-based payments	3
Balance at 31 December 2015	**104,960**
Balance at 1 January 2014	**98,214**
Total comprehensive income for the period	2,227
Share-based payments	47
Balance at 31 December 2014	**100,488**

14. BORROWINGS

(in EUR 1,000)	2015	2014
NON-CURRENT		
Bank borrowings	35,013	33,142
Finance lease liabilities (note 27)	2,032	2,528
Total non-current borrowings	37,045	35,670
CURRENT		
Bank borrowings	2,339	2,730
Finance lease liabilities (note 27)	1,934	1,994
Other loans	0	0
Total current borrowings	4,273	4,724
Total borrowings	**41,318**	**40,394**

Bank borrowings are denominated to 73% in CHF (2014: 69%) and 27% (2014: 31%) in EUR.

Under the main facility agreement with a possible maximal amount of EUR 27.7 million (CHF 30 million) – whereof EUR 24.4 million (CHF 26.5 million) are being used – the bank has the right for an extraordinary termination with the consequence of immediate repayment of outstanding debt there under and payment of a prepayment penalty, if, inter alia, a certain leverage ratio (defined as net debt divided by EBITDA) is exceeded; certain operation measures are not met or in the case of change of control of the Group. Further two loan facilities in accordance with the main facility agreement with Swiss operational subsidiaries in the amount of CHF 10 million (EUR 9.2 million) contain general market conditions and requirements, including restrictions due to change of control. As in prior year, in 2015 all covenant tests confirmed compliance with the financial covenants.

The nominal value of the total bank borrowings is EUR 37,352 (2014: EUR 35,872).

The total bank borrowings are secured liabilities. Bank borrowings in the amount of EUR 8,558 (2014: EUR 8,814) are secured by land and buildings of the Group (see note 5 "Tangible assets"). Bank borrowings of EUR 24,458 (2014: EUR 22,039) are additionally secured by shares of certain subsidiaries (GS Swiss PCB AG, ECR AG, exceet electronics AG, AEMtec GmbH) of the exceet Group AG; EUR 4,047 (2014: EUR 4,466) by assigned trade receivables and EUR 289 (2014: EUR 395) by machinery (see note 28 "Pledged assets").

The exposure of the Group's borrowings to interest rate changes and the contractually fixed interest repricing dates at the balance sheet dates are as follows:

(in EUR 1,000)	2015	2014
6 months or less	32,472	31,007
6 - 12 months	1,406	1,371
1 - 2 years	3,695	3,864
2 - 5 years	1,608	1,790
Over 5 years	2,137	2,362
Total	**41,318**	**40,394**

As per 31 December 2015, the borrowings within interest repricing dates of 6 months or less are mainly non-current with floating interest rates.

The carrying amounts and fair value of the non-current borrowings are as follows:

(in EUR 1,000)	2015	2014
CARRYING AMOUNT		
Bank borrowings	35,013	33,142
Finance lease liabilities	2,032	2,528
Total	**37,045**	**35,670**
FAIR VALUE		
Bank borrowings	36,234	34,728
Finance lease liabilities	2,032	2,528
Total	**38,266**	**37,256**

The fair values of bank borrowings are level 2 fair values and were determined based actual interest rates.

The Group has the following undrawn borrowing facilities:

(in EUR 1,000)	2015	2014
Floating rate:		
– Expiring within one year	6,566	5,948
– Expiring beyond one year	5,430	3,911
Fixed rate:		
– Expiring within one year	0	0
– Expiring beyond one year	0	0
Total	**11,996**	**9,859**

The facilities have been arranged to help finance the operational activities if required. The granted current account lines are normally not fully utilized.

15. RETIREMENT BENEFIT OBLIGATIONS

Contributions to retirement benefit plans are generally calculated based on the salary of the insured employees. In Switzerland, pension obligations are covered by legally segregated assets. The retirement benefit scheme of the Group's subsidiaries located in Switzerland is organized as a legally independent pension fund according to Swiss Law (BVG). The pension fund provides benefits in the event of retirement, death or disability. The plans' benefits are based on age, years of service, salary and on an individual old age account. The plan is financed by contributions paid by the employees and by the employer.

The retirement benefit obligation for the German subsidiary, AEMtec GmbH, Berlin, is an obligation due to the former employees of Infineon Technologies AG (predecessor of AEMtec GmbH). Employees of Infineon Technologies AG were transferred to the new founded AEMtec GmbH. For these employees, the retirement benefit obligation went over to AEMtec GmbH by 31 March 2000. The amount of the obligation depends on different factors such as staff membership, age and salary. The obligation is unfunded.

The calculated retirement benefit obligation for the German subsidiary, exceet Card AG (former PPC Card Systems GmbH, Paderborn), comprises two persons who receive benefits in the event of retirement, death or disability.

The net periodic pension cost and the defined benefit obligations have been calculated using the projected unit credit method.

The amount recognized in the balance sheet is composed as follows:

(in EUR 1,000)	2015	2014
Present value of funded obligation	(51,352)	(44,766)
Fair value of plan asset	42,921	37,554
	(8,431)	(7,212)
Present value of unfunded obligation	(1,353)	(1,311)
Liability in the balance sheet	**(9,784)**	**(8,523)**

Movement of the defined benefit obligation:

2015 (in EUR 1,000)	Present value of obligation	Fair value of plan assets	Total
At 1 January 2015	**(46,077)**	**37,554**	**(8,523)**
Current service cost	(2,193)		(2,193)
Interest on obligation / assets	(627)	509	(118)
Administration expense		(61)	(61)
Total amount recorded in the income statement	**(2,820)**	**448**	**(2,372)**
Remeasurements			
- Return on plan assets		99	99
- Gain / (loss) from change in demographic assumptions			0
- Gain / (loss) from change in economic assumptions			0
- Gain / (loss) from experience	212		212
Total remeasurements	**212**	**99**	**311**
Contributions			
- Company contributions		1,498	1,498
- Plan participants	(1,263)	1,263	0
Total contributions	**(1,263)**	**2,761**	**1,498**
Payments from Plan			
- Benefit payments	2,039	(2,039)	0
- Benefits paid by employer	20		20
Total payments for Plan	**2,059**	**(2,039)**	**20**
Exchange differences	**(4,816)**	**4,098**	**(718)**
At 31 December 2015	**(52,705)**	**42,921**	**(9,784)**

2014 (in EUR 1,000)	Present value of obligation	Fair value of plan assets	Total
At 1 January 2014	**(37,196)**	**33,004**	**(4,192)**
Current service cost	(1,547)		(1,547)
Interest on obligation / assets	(852)	774	(78)
Administration expense		(55)	(55)
Total amount recorded in the income statement	**(2,399)**	**719**	**(1,680)**
Remeasurements			
- Return on plan assets		2,564	2,564
- Gain / (loss) from change in demographic assumptions			0
- Gain / (loss) from change in economic assumptions	(7,025)		(7,025)
- Gain / (loss) from experience	604		604
Total remeasurements	**(6,421)**	**2,564**	**(3,857)**
Contributions			
- Company contributions		1,284	1,284
- Plan participants	(1,075)	1,075	0
Total contributions	**(1,075)**	**2,359**	**1,284**
Payments from Plan			
- Benefit payments	1,822	(1,822)	0
- Benefits paid by employer	18		18
Total payments for Plan	**1,840**	**(1,822)**	**18**
Exchange differences	**(826)**	**730**	**(96)**
At 31 December 2014	**(46,077)**	**37,554**	**(8,523)**

Of the total charge of EUR 2,372 (2014: EUR 1,680), EUR 1,717 (2014: EUR 1,189) were included in "cost of sales", EUR 313 (2014: EUR 225) in "administrative expenses", EUR 342 (2014: EUR 266) in "distribution costs".

The significant actuarial assumptions are as follows:

Swiss pension plan

The average life expectancy for Swiss pension plans was calculated on the basis of BVG2010 Generation tables (2014: BVG2010 Generation tables). The disability rates were also calculated on the basis of BVG2010 (2014: BVG2010).

	2015	2014
Discount rate	*1.05%*	*1.20%*
Inflation rate	*1.00%*	*1.25%*
Interest on old age accounts	*1.25%*	*1.75%*
Future salary increases	*1.00%*	*1.25%*
Labor turnover rate	*5.79%*	*5.69%*

Life expectancy at age 65 (years):

	2015	2014
- Retiring at the end of the reporting period		
- Male	*21.49*	*21.39*
- Female	*23.96*	*23.86*
- Retiring 20 years after the end of the reporting period		
- Male	*23.24*	*23.16*
- Female	*25.67*	*25.59*

German pension plans

The average life expectancy for the German pension plans is based on the biometric basis values by Prof. Dr. Klaus Heubeck, according to the German law.

	2015	2014
Discount rate	*2.50%*	*2.50%*
Inflation rate	*1.75%*	*1.75%*
Pension indexation	*1.75%*	*1.75%*

Average retirement age (years):

	2015	2014
- Male	*65*	*65*
- Female	*65*	*65*

SENSITIVITY OF THE DEFINED BENEFIT OBLIGATION TO CHANGES IN THE PRINCIPAL ASSUMPTIONS

Impact on defined benefit obligation:

		Switzerland	AEMtec GmbH	exceet Card AG (Paderborn)	Total Group
Discount rate	- 0.25%	increase of 4.7%	increase of 5.8%	increase of 3.4%	increase of 4.7%
	+ 0.25%	decrease of 4.3%	decrease of 5.3%	decrease of 3.4%	decrease of 4.3%
Salary increase	- 0.25%	decrease of 0.6%	n/a	n/a	decrease of 0.6%
	+ 0.25%	increase of 0.6%	n/a	n/a	increase of 0.6%
Pension indexation	- 0.25%	n/a	decrease of 3.4%	decrease of 2.8%	decrease of 0.1%
	+ 0.25%	n/a	increase of 3.5%	increase of 3.0%	increase of 0.1%

As of the balance sheet date, the plan assets comprise the following items:

(in EUR 1,000)	2015	in %	2014	in %
Equities	10,611	*24.7%*	9,403	*25.0%*
Bonds	21,895	*51.0%*	18,881	*50.3%*
Real estate	6,226	*14.5%*	5,756	*15.3%*
Qualified insurance policies	412	*1,0%*	446	*1.2%*
Cash and cash equivalents	2,099	*4.9%*	1,488	*4.0%*
Other	1,678	*3.9%*	1,580	*4.2%*
Total	**42,921**	***100.0%***	**37,554**	***100.0%***

The qualified insurance policies are based on unquoted prices, all other categories are based on quoted prices in an active market.

The investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The main proportions of assets are invested in bonds and equities, although the Group also invests in property, hedge funds and cash. The Group believes that bonds and equities offer the best returns in the long term with an acceptable level of risk. The expected long-term return is based on past experience and on expected future returns.

The Group expects EUR 1,433 (2014: EUR 1,074) in contributions to be paid to the defined benefits plans in 2016.

The weighted average duration of the defined benefit obligation for the Swiss pension plans is 19 years, for the German pension plans the weighted average duration is 24 years.

16. SHARE-BASED PAYMENTS

In January 2012, the Company announced the implementation of the Management Stock Option Program (MSOP), pursuant to which up to 450,000 options to acquire Class A Shares of the Company to be granted to selected current and future executives of the Company and its affiliated enterprises. On 21 November 2011, the Board of Directors approved the reservation of 450,000 listed Class A Shares held as Treasury Shares by the Company to be used for the settlement of the MSOP granted.

In August 2012, two executives of the Company were awarded with 66,667 options each with the following terms:

i) The total number of options granted is divided into four equal tranches, where each tranche is characterized by a different strike price of Euro 7.00, Euro 12.00, Euro 13.00 and Euro 16.00;
ii) The options can only be exercised in pre-defined periods, if the volume-weighted average share price, as defined in the Articles of the Company, rises above the strike prices defined above;
iii) The options have a contractual option term of five years from the grant date and the Group has no legal or constructive obligation to repurchase or settle the options in cash;
iv) Options are conditional on the beneficiary's continuing employment with the Company and expire immediately with no compensation should the employment be terminated; and
v) The beneficiary receives one Class A Share for each option exercised with no further payment required.

In 2014 and 2015 no options were awarded with the MSOP to any employee. The options expire in August 2017.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015 Average exercise price per share option in Euro	Share options
At 1 January 2015	12.00	66,667
At 31 December 2015	12.00	66,667

	2014 Average exercise price per share option in Euro	Share options
At 1 Januar 2014	12.00	66,667
At 31 December 2014	12.00	66,667

The stock option plans have been granted to two individuals. As one of the individuals left the company in the year 2012, the stock option plan of this person has been forfeited in line with the rules of the stock option plan.

Out of the 66,667 outstanding options (2014: 66,667 options), none of the options were exercisable as at 31 December 2015.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price per share option in Euro	Share options
August 2012	August 2017	7.00	16,667
August 2012	August 2017	12.00	16,667
August 2012	August 2017	13.00	16,667
August 2012	August 2017	16.00	16,666
2012			**66,667**

The weighted average fair value of options granted during the period was determined using the Monte Carlo simulation based on the logarithmical calculation of the base values over five years on the Gaussian distribution model. Simulation is performed for each beneficiary and individual share options tranche with the following assumptions:

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS BY STRIKE PRICE	Euro 7.00	Euro 12.00	Euro 13.00	Euro 16.00
Fair value at grant date	**4.04**	**2.82**	**2.64**	**2.21**
Share price at grant date	4.87	4.87	4.87	4.87
Excercise price	7.00	12.00	13.00	16.00
Expected volatility	50.5%	50.5%	50.5%	50.5%
Option life (expected weighted average life) in months	14	26	28	32
Expected dividend	0	0	0	0
Risk-free interest rate used	0.46%	0.46%	0.46%	0.46%

Expected volatility was based on an average from the peer group of the Group as the Company does not have a sufficient historical data for its own shares. Risk-free interest rates used were based on the corresponding EURO-swap and forward rate on the grant date. The estimated fair value of the share options will be charged to the income statement over the estimated option life. In 2015, EUR 3 (2014: EUR 47) have been recognized in personnel costs and in equity (see notes 13 "Equity" and 22 "Personnel costs").

17. ACCRUED EXPENSES AND DEFERRED INCOME

(in EUR 1,000)	2015	2014
Incentives for employees	2,765	2,745
Holiday and overtime	1,381	1,488
Social securities	471	355
Salaries	412	315
Audit and consulting fees	480	469
Goods received without invoice	461	329
Warranties	174	410
Provisions, third party	31	32
Accrued outstanding bills	51	6
Cost of shipment	20	20
Interest	116	82
Accrued licence cost	446	447
Credit note for client	16	24
Others	313	411
Total accrued expenses and deferred income	**7,137**	**7,133**

18. OTHER FINANCIAL LIABILITIES

The current financial liability contains a financial liability resulting from fair value measurement of the Public Warrants of EUR 20 (2014: EUR 1,380) and no replacement value for interest cap (2014: EUR 41).

Public Warrants

exceet Group SE completed its initial public offering of 20,000,000 units consisting each of one share and one warrant, both traded on the Frankfurt Stock Exchange, at an initial price of Euro 10.00 raising a total of EUR 200,000.

With consummation of the reverse asset acquisition on 26 July 2011, the terms and conditions of the Class A Warrant were amended, notably;

(i) to provide for the payment in cash of Euro 0.625 per Class A Warrant upon consummation of the reverse asset acquisition; (amount to EUR 12,500 for all Public Warrants)
(ii) to amend the exercise formula for the Class A Warrants to provide that the number of Class A Shares received upon exercise of each Class A Warrant is reduced by 50%;
(iii) to increase the warrant exercise price per Class A Share from Euro 9.00 to Euro 12.00 per Class A Share;
(iv) to increase the redemption trigger from Euro 14.00 to Euro 17.00; and
(v) to extend the term of the Class A Warrants from five years from the date of Helikos SE's IPO to five years from the consummation of the reverse asset acquisition.

Public Warrants are treated as derivatives under IAS 32 as they will be settled net in a variable number of shares (not in cash). Therefore they are classified as financial liabilities at fair value through profit or loss.

As at 31 December 2015, the rating of one Public Warrant on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) was at Eurocent 0.1 (2014: Eurocent 6.9), hence a fair value of EUR 20 (2014: EUR 1,380) and a fair value adjustment gain of EUR 1,360 (2014: loss of EUR 580) was recorded at 31 December 2015.

Interest Cap

The interest cap bought in 2011 expired on the 30 June 2015. The interest rate swap was terminated on the 30 November 2015.

Instrument	2015 Contract amount	2014 Contract amount	Contract period	Instrument rate	Index Tenor
(in EUR 1,000)					
Interest Cap	0	2,212	30.06.2011 - 30.06.2015	2.30%	LIBOR
Interest Swap	0	665	03.01.2011 - 30.11.2015	3.30%	EURIBOR

19. OTHER LIABILITIES

(in EUR 1,000)	2015	2014
Prepayments	645	477
Value-added tax	1,232	840
Other taxes payable	360	291
Social securities	998	509
Government grants	60	42
Earn-out from acquisition (note 29)	500	0
Grant for purchase of equipment from customer	110	110
Others	353	159
Total other current liabilities	**4,258**	**2,428**

The Earn-out from acquisition of EUR 500 (see note 29 “Business combinations”) has been transferred from non-current liabilities in 2015, as the payment will be due in 2016. The position “Others” contains liabilities to consultants and other third parties.

The position in the balance sheet of other non-current liabilities included EUR 1,022 (2014: EUR 976) of government grants and EUR 498 (2014: EUR 993) as remaining contingent consideration for the acquisition of Lucom GmbH Elektrokomponenten und Systeme due in 2017 (see note 29 “Business combinations”).

20. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

(in EUR 1,000)	Guarantees	Legal claims	Recon-struction obligations	Social provisions	Restruc-turing	Others	Total
2015							
At 1 January 2015	**189**	**0**	**145**	**583**	**0**	**291**	**1,208**
Acquisition of subsidiaries (note 29)	0	0	0	0	0	0	0
Charged/(credited) to the income statement							
-Additional provisions	311	0	0	337	0	53	701
-Unused amounts reversed	(88)	0	0	0	0	(47)	(135)
Used during year	(78)	0	0	(26)	0	(17)	(121)
Currency translation differences	0	0	0	0	0	8	8
At 31 December 2015	**334**	**0**	**145**	**894**	**0**	**288**	**1,661**

(in EUR 1,000)	Guarantees	Legal claims	Recon-struction obligations	Social provisions	Restruc-turing	Others	Total
2014							
At 1 January 2014	**3**	**0**	**193**	**533**	**162**	**238**	**1,129**
Acquisition of subsidiaries (note 29)	107	0	0	0	0	6	113
Charged/(credited) to the income statement							
-Additional provisions	82	27	0	309	0	240	658
-Unused amounts reversed	0	0	0	0	0	(54)	(54)
Used during year	(3)	(27)	(48)	(259)	(162)	(140)	(639)
Currency translation differences	0	0	0	0	0	1	1
At 31 December 2014	**189**	**0**	**145**	**583**	**0**	**291**	**1,208**

(in EUR 1,000)	2015	2014
ANALYSIS OF TOTAL PROVISIONS		
Non-current	1,301	1,047
Current	360	161
Total provisions	**1,661**	**1,208**

Guarantees

The Group recognizes guarantee provision to cover warranty claims. The calculation of this provision is based on past experience of warranty claims and returns. The actual costs for warranty and returns may differ from these estimates.

Legal claims

There are no legal claims against the Group at the end of 2015.

Reconstruction obligations

The Group provides for costs associated to asset retirement obligations in connection with any legal or contractual obligation associated with the retirement of a tangible asset or from lease agreements.

Social provisions

The amount provided covers the legally required provisions for possible severance payments in Austria and a severance payment in the Netherlands.

Restructuring

The restructuring provisions used in 2014 were related to IDMS in order to further streamline production and administration and includes termination costs of employees. No restructuring costs are incurred in 2015.

Others

Other provisions include predominantly provisions for anniversaries of EUR 148 (2014: EUR 140), provisions for storage of business documents EUR 78 (2014: EUR 72) and no provisions for reclamation of charges from customers (2014: EUR 12).

21. EXPENSES BY NATURE

(in EUR 1,000)	2015	2014
Raw materials and consumables used	89,489	93,555
Changes in inventories of finished goods and work in progress	369	(403)
Personnel cost (note 22)	62,531	56,932
Repair and maintenance expense	3,088	3,128
Leasing expense (note 27)	787	882
Rental expense (note 27)	2,554	2,378
Administrative expense	4,729	4,828
Marketing and acquisition expense	1,870	1,682
Other expense (note 24)	5,117	4,970
Depreciation, amortization and impairment charges (note 5/6)	10,511	10,115
Total cost of sales, distribution costs, admin & other expenses	**181,045**	**178,067**

Development costs of EUR 8,000 (2014: EUR 8,200) are included in above expenses by nature.

Administrative expenses include EUR 285 (2014: EUR 252) of audit costs and no costs (2014: EUR 0) for non-audit services charged by the Group auditor.

22. PERSONNEL COSTS

Personnel costs comprise the following cost items:

(in EUR 1,000)	2015	2014
Salaries	49,934	45,884
Social contributions	7,999	7,354
Defined benefit plan expenses (note 15)	2,372	1,680
Share-based payments (note 16)	3	47
Other personnel expenses	2,223	1,967
Total	**62,531**	**56,932**

Average staff headcount (FTE) for 2015 amounts to 988 (2014: 954), split into production & technical of 698 (2014: 661); management & administration of 100 (2014: 95); sales & marketing of 100 (2014: 100) and research & development of 90 (2014: 98).

23. OTHER OPERATING INCOME

Other operating income includes the following items:

(in EUR 1,000)	2015	2014
Income from negative goodwill (note 29)	0	62
Income from insurance company	120	92
Government benefits	199	397
Gain on sale of tangible assets	104	42
Rental income	14	6
Income from delivery	523	362
Income from release of other liabilities	70	134
Income from services	30	13
Income from employees	237	263
Others	298	311
Total other operating income	**1,595**	**1,682**

In 2014 income from recognition of negative goodwill of EUR 62 is related to the acquisition of exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.R.L.) (see note 29 "Business combinations").

24. OTHER EXPENSES

Other expenses result from the following items:

(in EUR 1,000)	2015	2014
Energy costs	1,708	1,674
Freight costs	1,282	1,161
Waste disposal and cleaning costs	714	622
Insurance costs	816	827
Expenses for guarantees	0	58
Book loss of sales of equipment	71	20
Security	124	111
Other tax and government requirements	81	69
Costs for claims	99	227
Others	222	201
Total other expenses	**5,117**	**4,970**

25. FINANCIAL RESULT

The financial results are derived as follows:

(in EUR 1,000)	2015	2014
Interest income	9	23
Foreign currency exchange gains	5,642	841
Other financial income	8	4
Financial income	**5,659**	**868**
Interest expenses	(840)	(772)
Financial leasing expense	(107)	(112)
Foreign currency exchange losses	(8,234)	(1,223)
Financial expenses related parties	0	(46)
Other financial expenses	(167)	(199)
Financial expenses	**(9,348)**	**(2,352)**
Net fair value gain on other financial liabilities (note 18)	1,401	
Net fair value loss on other financial liabilities (note 18)		(566)
Changes in fair value in financial instruments	**1,401**	**(566)**
Total financial result	**(2,288)**	**(2,050)**

26. EARNINGS PER SHARE

Earnings per shares (EPS) are calculated by dividing the profit attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period excluding ordinary shares purchased by the Group and held as Treasury Shares.

Due to different rights to receive dividends (see note 13 "Equity"), exceet Group SE has two classes of ordinary shares. Disclosure of EPS amounts is required for both classes of ordinary shares.

a) Basic

The calculation of basic EPS at 31 December 2015 is based on the loss attributable to the owners of the parent of EUR 1,167 (2014: profit of EUR 4,402) and the weighted average number of ordinary shares outstanding of 20,073,695 class A shares and 14,210,526 Class B/C Shares respectively. For the previous year, the notional weighted average number of ordinary shares outstanding are 20,073,695 Class A Shares and 14,210,526 Class B/C Shares

b) Diluted

Diluted EPS are calculated by increasing the average number of shares outstanding by the total number of potential shares arising from option rights. The Group has 20,000,000 outstanding Public Warrants and 66,667 share options from the Management Stock Option Program (MSOP). The warrants and share options are not dilutive as the average market price of the ordinary shares is below the exercise price of the warrants or the share options.

As described under note 13 "Equity" Class B and C Shares that are not converted to Public Shares on or prior to the fifth anniversary of the consummation of the reversed asset acquisition will no longer be convertible into Public Shares and will be redeemed. The expected redemption would reduce the numbers of ordinary shares outstanding, which would then impact the EPS. In the period presented it would lead to higher loss per share for the other class of shares and consequently has not been considered as dilutive.

Should the share options be exercised, the total number of Class A Share would increase by 66,667 to 20,140,362 Class A Shares, having minor impact on the EPS. Share options from the MSOP not exercised within the contractual time frame expire without any redemption and have no dilutive impact on the EPS.

As a result the basic earnings per share equal the dilutive EPS.

		2015	2014
Profit/(Loss) for the year (EUR 1,000) attributable to shareholders of the Group	Class A Shares	(683)	4,260
	Class B/C Shares	(484)	142
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	14,210,526	14,210,526
Basic earnings/(loss) per share (Euro/share)	**Class A Shares**	**(0.03)**	**0.21**
	Class B/C Shares	**(0.03)**	**0.01**

27. OTHER FINANCIAL OBLIGATIONS/COMMITMENTS AND CONTINGENCIES

27.1 RENTAL AND LEASE CONTRACTS

Description of rental and lease contracts:

(in EUR 1,000)	2015	2014
OPERATING LEASE OBLIGATIONS (RENTAL) AS OF 31 DECEMBER		
< 1 year	2,556	2,495
> 1 – 5 years	5,014	5,304
More than 5 years	279	439
Total	**7,849**	**8,238**

(in EUR 1,000)	2015	2014
FINANCE LEASE OBLIGATIONS AS OF 31 DECEMBER		
< 1 year	2,021	2,104
> 1 – 5 years	1,983	2,626
More than 5 years	122	1
Total	**4,126**	**4,731**
Future finance charges on finance lease	(160)	(209)
Present value of finance lease liabilities	**3,966**	**4,522**

The present value of finance lease liabilities is as follows:

(in EUR 1,000)	2015	2014
< 1 year	1,934	1,994
> 1 – 5 years	1,912	2,528
More than 5 years	120	0
Present value of future lease liabilities	**3,966**	**4,522**

In the financial year 2015, the rental and leasing expenses amounted to EUR 3,341 (2014: EUR 3,260).

27.2 CONTINGENT LIABILITIES

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those already provided for (see note 20 “Provisions for other liabilities and charges”).

28. PLEDGED ASSETS

The Company has the following pledged assets:

(in EUR 1,000)	2015	2014
Land and building	15,581	15,480
Pledged accounts receivables	10,325	8,924
Pledged other receivables	506	424
Pledged machinery and equipment	3,908	4,410
Pledged inventories	0	4,832
Pledged cash	0	52
Total pledged assets	**30,320**	**34,122**

Bank borrowings are secured by land and building, receivables, machinery and equipment (see note 14 "Borrowings").

29. BUSINESS COMBINATIONS

29.1 ACQUISITION OF SUBSIDIARIES

No business combinations have taken place in 2015.

exceet Medtec Romania S.R.L.
(former: Valtronic Technologies Romania S.R.L.)
On 31 May 2014 the Group acquired 95% of the shares of Valtronic Technologies Romania S.R.L. (renamed to exceet Medtec Romania S.R.L.) located in Bucharest, Romania. On 30 June 2014 the remaining 5% of shares were acquired.

Lucom GmbH Elektrokomponenten & Systeme
On 5 December 2014 the Group acquired all shares of Lucom GmbH Elektrokomponenten & Systeme, located in Zirndorf, Germany.

The following table shows the cash flows of the acquisitions made in 2015 and 2014, and the transaction costs which were directly recognized in the income statement:

(in EUR 1,000)	2015	2014	Date of consolidation
CASH FLOW ON AQUISITION OF INVESTMENTS			
Cash outflow on acquisition of exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.R.L.)		(52)	31 May 2014
Cash outflow on acquisition of Lucom GmbH		(3,260)	5 December 2014
Total	**0**	**(3,312)**	
TRANSACTION COSTS DIRECTLY RECOGNIZED IN THE INCOME STATEMENT			
exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.R.L.)		(32)	
Lucom GmbH Elektrokomponenten und Systeme		(90)	
Total	**0**	**(122)**	

The transaction costs are included in the administrative expenses.

29.1.1 Acquisition 2014 – exceet Medtec Romania S.R.L. (former Valtronic Technologies Romania S.R.L.)

On 31 May 2014 the Group acquired by way of a share purchase agreement 95% of the shares of Valtronic Technologies Romania S.R.L. (renamed to exceet Medtec Romania S.R.L.), a Romanian development company. The remaining 5% of the shares held by a third party have been acquired on 30 June 2014, also by way of a share purchase agreement. As this second step of the acquisition of the remaining 5% interest was based on the same valuation as the first step, the whole acquisition is reported as one transaction. With this acquisition exceet intends to strengthen its technical development resources for the ECMS segment. The aggregate cash consideration amounts to EUR 307. There are no contingent consideration agreements to be considered. exceet Medtec Romania S.R.L. has been acquired by exceet Group AG. Transaction costs of EUR 32 have been recognized in administrative expenses.

exceet Medtec Romania S.R.L. employs 13 people and contributed revenue of EUR 175 and a net profit of EUR 6 to the Group for the period of 31 May 2014 to 31 December 2014. If the acquisition had occurred on 1 January 2014, exceet Medtec Romania S.R.L. would have contributed EUR 507 revenue and a net profit of EUR 94 to the Group for the full year of 2014.

(in EUR 1,000)

PURCHASE CONSIDERATION	
Purchase consideration paid	(307)
Total purchase consideration	**(307)**
Fair value of net assets acquired	369
Negative Goodwill (note 23)	**62**

The negative goodwill in the amount of EUR 62 has been recognized in other income.

The assets and liabilities arising from the acquisition are as follows:

(in EUR 1,000)

FAIR VALUE	
Cash and cash equivalents	255
Tangible assets (note 5)	1
Software and other intangible assets (note 6)	7
Prepayments to suppliers	4
Trade receivables (including allowance)	57
Other receivables	51
Trade payables	(1)
Other liabilities	(5)
Net assets acquired	**369**

The fair value of trade receivables is EUR 57. The gross contractual amount of trade receivables due is EUR 57; there are no trade receivables expected to be uncollectible.

The carrying amount of the net assets acquired equals their fair value.

(in EUR 1,000)

Consideration settled in cash	(307)
Cash and cash equivalents in subsidiary acquired	255
Cash outflow on acquisition	**(52)**

29.1.2 Acquisition 2014 – Lucom GmbH Elektrokomponenten & Systeme

On 5 December 2014 the Group acquired by way of a share purchase agreement 100% of the shares of Lucom GmbH Elektrokomponenten & Systeme, a leading provider of industrial routers based in Zirndorf, Germany. With this acquisition exceet intends to add secure products for remote service, automation and communications technology to the Machine-to-Machine (M2M) portfolio of the ESS segment. The aggregate consideration amounts to EUR 4,453 which consists of EUR 3,460 cash consideration and contingent consideration in the amount of EUR 993 (undiscounted amount: EUR 1,000). The contingent consideration arrangement requires the Group to pay over the next two years (2016 – 2017) up to EUR 1,000 depending on defined results. The management expects these earn-out payments to be made in full. Lucom GmbH Elektrokomponenten & Systeme has been acquired by exceet Secure Solutions AG. Transaction costs of EUR 90 have been recognized in administrative expenses.

Lucom GmbH employs 18 people and contributed revenue of EUR 342 and a net profit of EUR 53 to the Group for the period of 5 December 2014 to 31 December 2014. If the acquisition had occurred on 1 January 2014, Lucom GmbH would have contributed EUR 4,306 revenue and a net profit of EUR 418 to the Group for the full year of 2014.

Details of net assets acquired and goodwill are as follows:

(in EUR 1,000)

PURCHASE CONSIDERATION	
Purchase consideration paid	3,460
Contingent consideration	993
Total purchase consideration	**4,453**
Fair value of net assets acquired	(2,134)
Goodwill (note 6)	**2,319**

The goodwill of EUR 2,319 was recognised for potential future business opportunities due to the broad customer base within the M2M-market of the ESS segment.
The goodwill is not tax deductible.

The assets and liabilities arising from the acquisition are as follows:

(in EUR 1,000)

FAIR VALUE	
Cash and cash equivalents	200
Tangible assets (note 5)	37
Customer base and technology (note 6)	2,719
Prepayments to suppliers	4
Inventory	127
Trade receivables (including allowance)	282
Other receivables	54
Accrued income and deferred expenses	3
Trade payables	(50)
Other liabilities	(211)
Accrued expenses and deferred income	(75)
Provisions	(113)
Deferred tax, net	(843)
Net assets acquired	**2,134**

The fair value of trade receivables is EUR 282. The gross contractual amount of trade receivables due is EUR 290, of which EUR 8 is expected to be uncollectible.

The carrying amount of the net assets acquired equals their fair value.

(in EUR 1,000)

Consideration settled in cash	(3,460)
Cash and cash equivalents in subsidiary acquired	200
Cash outflow on acquisition	**(3,260)**

30. LIST OF CONSOLIDATED SUBSIDIARIES OF EXCEET GROUP SE

Company	Country	Year of acquisition[1]	Segment	Activity	Ref.	Share capital	Share in the capital	Share of the votes
exceet Group S.E.	LUX	2011	C&O	Holding	1	EUR 527,960	100%	100%
exceet Holding AG[2]	SUI	2011	C&O	Holding	2	CHF 100,000	100%	100%
exceet Group AG	SUI	2006	C&O	Holding & Services	2	CHF 25,528,040	100%	100%
exceet Austria GmbH[3]	AUT	2011	C&O	Holding	3	EUR 35,000	100%	100%
GS Swiss PCB AG	SUI	2006	ECMS	Manufacturing & Sales	4	CHF 1,350,000	100%	100%
ECR AG	SUI	2006	ECMS	Manufacturing & Sales	2	CHF 500,000	100%	100%
AEMtec GmbH	GER	2008	ECMS	Manufacturing & Sales	5	EUR 2,250,000	100%	100%
exceet electronics AG[4]	SUI	2008	ECMS	Manufacturing & Sales	2	CHF 1,000,000	100%	100%
exceet electronics GesmbH[5][6]	AUT	2011	ECMS	Manufacturing & Sales	3	EUR 54,000	100%	100%
exceet electronics GmbH[7]	GER	2012	ECMS	Development & Sales	6	EUR 102,150	100%	100%
exceet Medtec Romania S.R.L.[8]	ROU	2014	ECMS	Development	7	RON 1,000	100%	100%
exceet USA, Inc.	USA	2015	ECMS	Sales	8	USD 10	100%	100%
exceet Card Group AG	GER	2009	IDMS	Holding & Services	9	EUR 7,595,389	100%	100%
exceet Card Austria GmbH[9]	AUT	2009	IDMS	Manufacturing & Sales	10	EUR 35,000	100%	100%
idVation GmbH[10]	GER	2009	IDMS	Development & Services	11	EUR 25,000	100%	100%
exceet Card Nederland B.V.[11]	NED	2009	IDMS	Manufacturing & Sales	12	EUR 226,900	100%	100%
exceet Card AG[12][13]	GER	2010	IDMS	Manufacturing & Sales	11	EUR 6,315,584	100%	100%
exceet CZ s.r.o.[14]	CZE	2010	IDMS	Manufacturing	13	CZK 1,500,000	100%	100%
exceet Secure Solutions AG[15]	GER	2011	ESS	Sales	14	EUR 1,000,000	100%	100%
exceet Secure Solutions Deutschland GmbH[16][17]	GER	2011	ESS	Development & Services	14	EUR 25,000	100%	100%
Lucom GmbH Elektrokomponenten und Systeme[18]	GER	2014	ESS	Development & Services	15	EUR 26,000	100%	100%

[1] Year of acquisition refers to exceet Group AG point of view

[2] exceet Holding AG (former: Helikos AG) was renamed by 9.5.2014

[3] exceet Austria GmbH holds 99.34% of the share capital of exceet electronics GesmbH and exceet Group AG 0.66% of the share capital of exceet electronics GesmbH

[4] exceet electronics AG (former: Mikrap AG) was renamed by 30.12.2014

[5] exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) was renamed by 28.1.2015

[6] exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) and Inplastor GmbH have been merged in December 2014 retroactively as per 28.3.2014

[7] exceet electronics GmbH (former: as electronics GmbH) was renamed by 5.1.2015

[8] exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.P.L) was renamed by 20.6.2014

[9] exceet Card Group AG holds 100% of the share capital of the subsidiary

[10] exceet Card Austria GmbH holds 100% of the share capital of idVation GmbH

[11] exceet Card AG holds 100% of the share capital of exceet Card Nederland B.V.

[12] NovaCard Informationssysteme GmbH and exceet Card AG have been merged in February 2013 retroactively as per 1.1.2013

[13] PPC Card Systems GmbH and exceet Card AG have been merged in August 2012 retroactively as per 1.1.2012

[14] exceet Card Austria GmbH holds 98.67% of the share capital of exceet CZ s.r.o. and idVation GmbH 1.33% of the share capital of exceet CZ s.r.o.

[15] exceet Secure Solutions AG (former AuthentiDate International AG) has been renamed by 13.8.2014

[16] exceet Secure Solutions AG (former AuthentiDate International AG) holds 100% of the share capital of exceet Secure Solutions Deutschland GmbH

[17] exceet Secure Solutions Deutschland GmbH (former: AuthentiDate Deutschland GmbH) was renamed by 20.9.2015

[18] exceet Secure Solutions AG holds 100% of the share capital of Lucom GmbH Elektrokomponenten und Systeme

Ref.	Address		
1	115 avenue Gaston Diderich	L-1420 Luxembourg	Luxembourg
2	Riedstrasse 1	CH-6343 Rotkreuz	Switzerland
3	Wildbichler Strasse 2E	A-6341 Ebbs	Austria
4	Fännring 8	CH-6403 Küssnacht a. R.	Switzerland
5	James-Franck-Strasse 10	D-12489 Berlin	Germany
6	Kantstrasse 10	D-72663 Grossbettlingen	Germany
7	1 Decembrie 1918 Blvd., No. 1G, Sector 3	RO-032451 Bukarest	Romania
8	100 Sylvan Road, Suite G-700	Woburn, Massachusetts 01801	USA
9	Senefelderstrasse 10	D-33100 Paderborn	Germany
10	Industriezone 3	A-6175 Kematen in Tirol	Austria
11	Edisonstrasse 3	D-85716 Unterschleissheim/München	Germany
12	Neutronstraat 8	NL-9743 AM Groningen	Netherland
13	Zernovice 1	CZ-383 01 Prachatice	Czech Republic
14	Rethelstrasse 47	D-40237 Düsseldorf	Germany
15	Ansbacher Str. 2a	D-90513 Zirndorf	Germany

As per 15 September 2015 exceet USA, Inc. was incorporated and is a 100% subsidiary of exceet Group AG.

In March 2014 Inplastor GmbH was operationally merged via an asset transfer with exceet Card Austria GmbH and in December 2014 Inplastor GmbH was legally merged with Contec Steuerungstechnik & Automation Gesellschaft m.b.H. retroactively as per 28 March 2014. No gain or loss was realized as a result of the merger.

In the effort of Group branding strategy, several companies have their legal name changed to incorporate “exceet” as per the following table:

New name	Previous name	Date of change
exceet Secure Solutions Deutschland GmbH	AuthentiDate Deutschland GmbH	20 September 2015
exceet electronics GesmbH	Contec Steuerungstechnik & Automation GmbH	28 January 2015
exceet electronics GmbH	as electronics GmbH	5 January 2015
exceet electronics AG	Mikrap AG	30 December 2014
exceet Secure Solutions AG	AuthentiDate International AG	13 August 2014
exceet Medtec Romania S.R.L.	Valtronic Technologies Romania S.R.L.	20 June 2014

31. ULTIMATE CONTROLLING PARTIES AND RELATED-PARTY TRANSACTIONS

The Company has no ultimate controlling party.

Entities and natural persons (and their families) are considered related parties if they have the possibility to control the exceet Group SE or to exert a significant influence on its financial and business policies. For the purpose of assessing the significant influence exercised by related parties on the financial or business policies of the exceet Group SE, the existence of fiduciary relationships is taken into account in addition, to the existing control relationships.

RELATED ENTITIES

The following entities are to be considered related parties:

Greenock S.à r.l. (Ventizz) New York, USA (shareholder)
Oranje-Nassau Participaties B.V., Amsterdam, Netherlands (shareholder)
Eiflia Holding GmbH, Bonn, Germany (shareholder)
Dagogen AG / Hans Hofstetter / Acrema, St. Gallen, Switzerland (shareholder)
White Hills Management & Co S.C.S. (director)

TAoP GmbH, Kematen, Austria (entity controlled by related person)
Robert Wolny und Mitgesellschafter (entity controlled by related person)

RELATED PERSONS

Board of Directors

- Hans Hofstetter, Chairman of the Board of Directors
- Dirk-Jan Van Ommeren
- Prof. Dr. Hartmut Griepentrog as Representative of White Hills Management & Co S.C.S.
- Dr. Hagen Hultzsch
- Roland Lienau
- Ulrich Reutner

MEMBERS OF THE MANAGEMENT BOARD

Ulrich Reutner	Chief Executive Officer
Robert Wolny	Chief Operating Officer - IDMS
Jan Trommershausen	Chief Operating Officer - ECMS
Wolf-Günter Freese	Chief Financial Officer

The remuneration of members of Management Board and the Board of Directors is disclosed in note 32 "Remuneration of members of Board of Directors and the Management Board".

One Shareholder loan of EUR 5,000 was repaid in full by 31 August 2014 (with cumulated interest of EUR 668 throughout the term of the loan). No interest was charged for the period 2015 (2014: EUR 46).

In addition, the Group had legal charges in 2015 of EUR 225 (2014: EUR 240).

OTHER TRANSACTIONS WITH RELATED PARTIES

A number of board members or related entities transacted with the Group in the reporting period.

The aggregate value of transactions and outstanding balances relating to transactions with related parties were as follows:
The conditions of the loan to shareholders are described in note 14 "Borrowings".

(in EUR 1,000)		2015	2014
TRANSACTION VALUE YEAR ENDED 31 DECEMBER			
Related party	**Transaction**		
Entity controlled by Members of the Board of Directors and Management Board	Legal Service	(225)	(240)
Entity controlled by Shareholder	Loans interest charged	0	(46)
Entity controlled by Members of the Board of Directors and Management Board	Loans interest charged	0	0
Entity controlled by Members of the Board of Directors and Management Board	Other administration costs	0	0
Board of Directors and Management Board	Other administration costs	0	0
BALANCE OUTSTANDING AT 31 DECEMBER			
Related party	**Balance outstanding**		
Entity controlled by Members of the Board of Directors and Management Board	Trade payables and other liabilities	0	(13)
Board of Directors and Management Board	Trade payables and other liabilities	0	0
Entity controlled by Members of the Board of Directors and Management Board	Borrowings and other liabilities	0	0
Entity controlled by Shareholder	Borrowings and other liabilities	0	0
Board of Directors and Management Board	Borrowings and other liabilities	0	0

CONTINGENT LIABILITIES TOWARDS RELATED PARTIES

No contingent liabilities towards related parties.

32. REMUNERATION OF MEMBERS OF BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The following remuneration relates to the financial year 2015:

(in EUR 1,000)	2015	2014
Remuneration for meetings	150	136
Total remuneration to the Board of Directors	**150**	**136**
Salaries and social cost payments to Management Board	1,794	1,553
Share-based payments to Management Board (note 16)	3	47
Post employment benefits payments to Management Board	185	146
Total payments to Management Board	**1,982**	**1,746**

The members of the Management Board and the Board of Directors hold the following shares and options:

MANAGEMENT BOARD	2015 Total shares	2015 Class A Shares	2015 Class B Shares	2015 Class C Shares	2014 Total shares
Ulrich Reutner	1,179,054	634,689	0	544,365	1,179,054
Robert Wolny	1,025,854	481,489	0	544,365	1,025,854
Jan Trommershausen	101,593	47,683	0	53,910	101,593
Total	**2,306,501**	**1,163,861**	**0**	**1,142,640**	**2,306,501**

	Options 1 January 2015	Granted during financial year	Vested during financial year	Closing position 31 December 2015
Jan Trommershausen	66,667	0	0	66,667
Total	**66,667**	**0**	**0**	**66,667**

	Options 1 January 2014	Granted during financial year	Vested during financial year	Closing position 31 December 2014
Jan Trommershausen	66,667	0	0	66,667
Total	**66,667**	**0**	**0**	**66,667**

BOARD OF DIRECTORS	2015 Total shares	2015 Class A Shares	2015 Class B Shares	2015 Class C Shares	2014 Total shares
Hans Hofstetter, Chairman of the Board of Directors	220,000	220,000	0	0	220,000
Dirk-Jan van Ommeren	0	0	0	0	0
White Hills Managment & Co S.C.S., represented by Prof. Dr. Hartmut Griepentrog	0	0	0	0	0
Dr. Hagen Hultzsch	0	0	0	0	0
Roland Lienau	350,216	63,377	286,839	0	395,668
Ulrich Reutner	1,179,054	634,689	0	544,365	1,179,054
Total	**1,749,270**	**918,066**	**286,839**	**544,365**	**1,794,722**

33. EVENTS AFTER THE BALANCE SHEET DATE

IDMS BUSINESS SEGMENT

To focus the activities of exceet Group on the electronic activities, the Board of exceet Group SE decided at the beginning of March to start a process to sell the business segment of IDMS. As this is an event after the balance sheet date of 31 December 2015, the impact has not been included in the consolidated financial statements of the Group.

As a consequence, the IDMS segment will be classified as asset hold for sale starting 1 March 2016. The segment will be shown completely separate from the continued business in the financial statement, for instance will be the net income of the segment presented in the consolidated financial statement on a separate line as "Net Income from Discontinued Operations".

CHANGE IN MANGEMENT

Ulrich Reutner has decided to resign as CEO of exceet Group SE for private reasons on 1 March 2016. He will continue to support exceet till the end of 2016 within the intended sales process of the IDMS segment with his experience in this market.

The present CFO of exceet, Wolf-Günter Freese, will act in addition to his actual function as CEO ad interim.

There were no other events since the balance sheet date on 31 December 2015 that would require adjustment of assets or liabilities of disclosure.

AUDIT REPORT

To the Shareholders of
exceet Group SE

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of exceet Group SE (the "Company") and its subsidiaries (all together, the "Group"), which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé" including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of exceet Group SE and its subsidiaries as of 31 December 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

The Corporate Governance Statement is the responsibility of the Board of Directors. This statement is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

PricewaterhouseCoopers, Société cooperative
Luxembourg, 2 March 2016
Represented by

Philippe Duren

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EXCEET GROUP SE MANAGEMENT REPORT

All figures presented should be read as in Euro, if not stated otherwise.

STRUCTURE & REPORTING

exceet Group SE (hereafter the "Company" or "exceet") is a company incorporated as a Société Européenne under the law of Luxembourg and is listed in the regulated market on the Prime Standard of the Frankfurt Stock Exchange (WKN: A0YF5P / ISIN:LU0472835155).

exceet Group SE is a holding Company and holds a group of subsidiaries in the electronic and security industry. For further details in relation to the subsidiaries please refer to the exceet Group Consolidated Financial Statements.

exceet is led by a management team with many years of industry and market experience. The Company has a total of 20 subsidiaries located in six European countries (Austria, the Czech Republic, Germany, The Netherlands, Switzerland and Romania) and the USA.

This setup allows the companies to benefit from specific local advantages (e.g. customer proximity) and to apply flexible development and production processes necessary to fulfill the requirements of customers.

For further details please refer to the exceet Group Management Report and the consolidated articles of the association of exceet Group SE.[1]

THE COMPANY'S FUTURE OBJECTIVES

As the exceet Group's legal parent company, the Company is to remain and act as the holding company listed on the regulated market of the Frankfurt Stock Exchange.

The objectives of the Company's operating units are:

- increase market share in its core markets with existing long-term customers
- extending the customer base through new applications
- internal sharing of technical competences and qualifications
- further geographical expansion
- further market consolidation and growth generated by strategic acquisitions as a key element of exceet's strategy

THE COMPANY'S STRATEGIC POSITIONING

The Company's purpose is the creation, holding, development and realization of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, acquisition by purchase, sale or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments, patents and licenses, as well as the administration and control of such portfolio.

The main objective of exceet Group SE is to hold directly or indirectly operating subsidiaries, wherein exceet Group SE, directly or indirectly, has a majority of the voting rights and is able to determine the financial and business policies based on the so-called control concept.

MAJOR EVENTS DURING THE REPORTING PERIOD

There were no major events during the reporting period.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

exceet Group SE, as a holding company, is subject to operating expenses in nature and does not have any operational profit.

The other external charges for the Company were EUR 243,303 (2014: EUR 222,435), this comprises mainly of costs in connection with Investor Relations, audit fees, as well as rent and insurance charges and fees

[1] http://ir.exceet.ch/fileadmin/exceet/downloads/ir/Articles_of_association_exceet_SE_31052013.pdf

for tax compliance. The other operating charges of EUR 171,567 (2014: EUR 156,509) were mainly compensation of the Company's independent directors for their services on the Board of Directors in the amount of EUR 150,000 (2014: EUR 133,332).

The revaluation loss of own shares amounted to EUR 571,500 (2014: EUR 112,050) and is due to the current lower share price according to XETRA as per 31 December 2015.

In 2015 the other income from financial fixed assets from affiliated undertakings of EUR 4,405,264 (2014: EUR 2,268,220) is the result of a reversal of previously recognized value adjustment on the convertible loan according to the foreign exchange rate at 31 December 2015. The interest income for the year 2015 is EUR 10,000 (2014: EUR 20,000).

In 2015 the extraordinary income was due to an overstatement of accrued charges in the amount of EUR 13,943 (2014: EUR 73,857).

Total charges of EUR 998,705 (2014: EUR 505,679) and income of EUR 4,429,207 (2014: EUR 2,362,077) resulted in a profit for the financial year of EUR 3,430,502 (2014: EUR 1,856,398).

BALANCE SHEET POSITIONS

As at 31 December 2015 exceet's balance sheet revealed total assets of EUR 191,317,237, compared to EUR 187,830,976 at the end of the previous year. This increase was mainly the result of the higher valuation of the amounts owed by affiliated undertakings of EUR 115,962,500 (2014: EUR 111,547,237).
Fixed assets amounted to EUR 190,725,204 (2014: EUR 186,881,441). This movement included the higher value of the amounts owed by affiliated undertakings described before. Current assets and prepayments amounted to EUR 592,033 (2014: EUR 949,535), comprising cash and cash equivalents positions of EUR 563,893 (2014: EUR 921,203).

Capital and reserves moved from EUR 187,654,510 as per 31 December 2014, to EUR 191,085,012 as per 31 December 2015, reflecting the profit of the financial year of EUR 3,430,502 (2014: EUR 1,856,398).

Capital and reserves include a special non-distributable reserve for own shares created according to provisions of the law for an amount of EUR 4,525,313.

Non subordinated debts increased to EUR 232,225 from EUR 176,466 in prior year. As per 31 December 2015 the amount represents only trade creditors, as per 31 December 2014 the amount consists of EUR 165,846 trade creditors and EUR 10,620 tax debts.

EMPLOYEES

As at 31 December 2015, there were no employees in the Company. For further information concerning employees regarding the exceet Group, please refer to the exceet Group Management Report pages 5 to 25.

DEVELOPMENT AND TECHNOLOGY INVESTMENTS

In 2015, no development expenditures occurred within the Company. For details concerning development expenditure of the exceet Group please refer to the exceet Group Consolidated Financial Statements note 21 "Expenses by nature".

OTHER DISCLOSURES

For information regarding:

- NON-FINANCIAL PERFORMANCE INDICATORS
- OPPORTUNITIES AND RISK REPORT
- REPORT ON EXPECTED DEVELOPMENTS
- CORPORATE GOVERNANCE
- TAKEOVER LAW
- FORWARD-LOOKING STATEMENTS
- FINANCIAL CALENDAR

Please refer to the exceet Group Management Report pages 5 to 25.

RESPONSIBILITY STATEMENT

In accordance with article 3(2) c) of the Transparency Law the undersigned declares that, to the best of his knowledge, the Annual Accounts prepared in accordance with Luxembourg Law give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company. The undersigned further declares that, to the best of his knowledge, the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with the description of the principal risks and uncertainties it faces.

Luxembourg, 2 March 2016

Ulrich Reutner
CEO

On behalf of the Board of Directors
and Management Board

exceet Group SE

EXCEET GROUP SE FINANCIAL STATEMENTS

BALANCE SHEET

(in EUR)	Notes	31 December 2015	31 December 2014
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in affiliated undertakings	3	72,971,704	72,971,704
Amounts owed by affiliated undertakings	4	115,962,500	111,547,237
Own shares or own corporate units	5	1,791,000	2,362,500
Total fixed assets		**190,725,204**	**186,881,441**
Current assets			
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		563,893	921,203
Total current assets		**563,893**	**921,203**
Prepayments		**28,140**	**28,332**
Total assets		**191,317,237**	**187,830,976**
LIABILITIES			
Capital and reserves			
Subscribed capital		527,960	527,960
Share premium and similar premiums		198,928,074	198,928,074
Reserves			
Reserve for own shares or own corporate units	5	4,525,313	4,525,313
Profit or (loss) brought forward		(16,326,837)	(18,183,235)
Profit or (loss) for the financial year		3,430,502	1,856,398
Total capital and reserves	6	**191,085,012**	**187,654,510**
Non subordinated debts			
Trade creditors			
Becoming due and payable within one year	7	232,225	165,846
Tax and social security debts			
Tax debts		0	10,620
Total non-subordinated debts		**232,225**	**176,466**
Total liabilites		**191,317,237**	**187,830,976**

The accompanying notes form an integral part of these annual accounts.

PROFIT AND LOSS ACCOUNT

(in EUR)	Notes	2015	2014
CHARGES			
Other external charges	8	(243,303)	(222,435)
Other operating charges	9	(171,567)	(156,509)
Value adjustments and fair value adjustments on financial fixed assets	4/5	(571,500)	(112,050)
Income tax		(3,210)	(3,210)
Other taxes not included in the previous caption		(9,125)	(11,475)
Profit for the financial year		(3,430,502)	(1,856,398)
Total charges		**(4,429,207)**	**(2,362,077)**
INCOME			
Income from financial fixed assets	4/5	4,415,264	2,288,220
- Derived from affiliated undertakings			
Extraordinary income		13,943	73,857
Total income		**4,429,207**	**2,362,077**

The accompanying notes form an integral part of these annual accounts.

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

1. GENERAL INFORMATION

exceet Group SE (hereafter the "Company") is a Luxembourg Company incorporated as a Société Européenne and subject to the general company law of Luxembourg. The Company was incorporated on 9 October 2009, as Helikos SE and renamed to exceet Group SE on 27 July 2011. The Company is established for an unlimited period. The registered office of the Company is located in Luxembourg at 115 avenue Gaston Diderich, L-1420. The Company is registered with the Register of Commerce and Companies of Luxembourg under the section B number 148.525. exceet Group SE carried out its initial public offering on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) under the symbol "EXC" on 4 February 2010.

The Company's purpose is the creation, holding, development and realization of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, acquisition by purchase, sale or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments, patents and licenses, as well as the administration and control of such portfolio. The main objective of exceet Group SE is to hold directly or indirectly operating subsidiaries, wherein exceet Group SE, directly or indirectly, has a majority of the voting rights and is able to determine the financial and business policies based on the so-called control concept.

The Company may further grant any form of security for the performance of any obligations of the Company or of any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of entities as the Company and lend funds or otherwise assist any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of companies as the Company.

The Company may borrow in any form and may issue any kind of notes, bonds and debentures and generally issue any debt, equity and/or hybrid securities in accordance with Luxembourg law.

The Company may carry out any commercial, industrial, financial, real estate or intellectual property activities which it may deem useful in accomplishment of these purposes.

The accounting period of the Company is from 1 January to 31 December. The Company also prepares consolidated financial statements, which are published according to the provisions of the Luxembourg Law. For further details please refer to the exceet Group Consolidated Financial Statements.

For further details please refer to the exceet Group Consolidated Financial Statements on pages 26-105.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The annual accounts of the Company are prepared in accordance with current Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the modified Law of 19 December 2002, determined and applied by the Board of Directors of the Company.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

2.2 FOREIGN CURRENCY TRANSLATION

The Company maintains its accounting records in Euro (EUR). The annual accounts are expressed in this currency.

Transactions denominated in foreign currencies other than EUR are translated separately into EUR at the exchange rates ruling at the date of transaction.

Fixed assets, which are expressed in currencies other than EUR, are translated into EUR at the exchange rate effective at the date of the transaction. No subsequent translation adjustments are recorded at each balance sheet date. At the balance sheet date, these assets remain translated at historical exchange rates.

All other assets, including long term loans disclosed under fixed assets, expressed in currencies other than EUR are valued individually at the lower of their value translated into EUR at historical exchange rates or at exchange rates prevailing at balance sheet date. Unrealized exchange losses resulting from this conversion are recorded in the profit and loss accounts of the year. The exchange gains are recorded in the profit and loss account at the moment of their realization.

Liabilities expressed in currencies other than EUR are valued individually at the higher of their value translated into EUR at historical exchange rates or at the exchange rates prevailing at balance sheet date. Unrealized exchange losses resulting from this conversion are recorded in the profit and loss accounts of the year. The exchange gains are recorded in the profit and loss account at the moment of their realization.

Realized exchange gains and losses are reflected in the profit and loss account of the year.

2.3 FINANCIAL FIXED ASSETS

Financial fixed assets, including shares in affiliated undertakings and loans to these undertakings, are valued at their acquisition cost including the expenses incidental hereto. Value adjustments are made in respect of financial fixed assets to recognize a durable reduction in their value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Own shares are recorded at acquisition costs. In accordance with article 49.5 of the Law on Commercial companies, a non-distributable reserve ("Reserve for own shares") was credited for an equivalent amount from "Profit or loss brought forward". A value adjustment for own shares is recorded in profit and loss when the market value is lower than the acquisition cost, without any impact on the non-distributable reserve. If the share price increases and the impairment is no longer considered durable, a reversal of value adjustments will be recognized in profit and loss without any impact on the non-distributable reserve.

2.4 DEBTORS

Debtors are stated at their nominal value. Value adjustments are recorded if the net realizable value is lower than the book value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 PREPAYMENTS

Prepayments include expenditure incurred during the financial year but relating to a subsequent financial year.

2.6 DEBTS

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

3. FINANCIAL FIXED ASSETS - SHARES IN AFFILIATED UNDERTAKINGS

Undertakings in which the Company holds at least 20% of the share capital are as follows:

Name	Registered office	Percentage of ownership	Last balance sheet date	Net equity * (EUR)	Loss for the financial year * (EUR)
exceet Holding AG	Risch, Canton of Zug, Switzerland	100%	31 December 2015	42,646,740	9,735

* according to unaudited financial statements under Swiss Code of Obligations

At balance sheet date, the Board of Directors has assessed that no value adjustment is deemed required.

4. FINANCIAL FIXED ASSETS - AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

(in EUR)	31 December 2015	31 December 2014
Convertible loan	114,900,000	110,494,737
Loan receivable from exceet Group AG	1,062,500	1,052,500
Total amounts owed by affiliated untertakings	**115,962,500**	**111,547,237**

Convertible Loan

This caption corresponds to a long-term interest free convertible loan granted on 26 July 2011, by the Company to its fully owned subsidiary exceet Holding AG (former Helikos AG) for an amount of CHF 132,858,871, being the equivalent of EUR 114,900,000 according to the foreign exchange rate applicable at the date of the transaction.

This loan is repayable in CHF on 30 June 2062, and bears no interest.

The loan shall be subordinated to all present and future obligations of exceet Holding AG whether secured or unsecured and shall, in case of insolvency or a liquidation of exceet Holding AG, rank pari passu with the residual recovery rights of exceet Holding AG shareholder(s).

Under certain circumstances, exceet Holding AG has the exclusive right to convert all or part of the unpaid principal amount of this loan into its shares. The loan is convertible into new exceet Holding AG shares at a fixed ratio determined by dividing the outstanding principal amount of the loan at the conversion date by the par value of exceet Holding AG shares. Rounding differences, if any are repayable in cash to the Company. At balance sheet date, the outstanding principal amount of the loan amounts to CHF 132,858,871, being the equivalent of EUR 114,900,000 (2014: EUR 110,494,737) according to the historical exchange rate applicable at the end of the balance sheet date. The convertible loan is valued at the lower of its value translated into EUR at historical exchange rates or at exchange rates prevailing at balance sheet date. The equivalent according to the actual foreign exchange rate at 31 December 2015 amounts to EUR 122,620,102. Accordingly previously recognised foreign exchange losses related to value adjustments of EUR 4,405,264 (2014: EUR 2,268,220) have been reversed as of 31 December 2015.

At balance sheet date, the fair value of the loan receivable from exceet Holding AG is not lower than its net book value as reflected in the Company's annual accounts.

Loan receivable from exceet Group AG

On 25 May 2012, the Company granted an interest bearing loan of EUR 1,000,000 to exceet Group AG, an affiliate of the Company. The interest rate is according to the Swiss Federal Tax Administration. The rate can change annually.

The interest income for the year is EUR 10,000 (2014: EUR 20,000) and remains unpaid at the balance sheet date.

At balance sheet date, the fair value of the loan receivable from exceet Group AG is not lower than its net book value as reflected in the Company's annual accounts.

Due to the nature of the parties the loan is regarded as long term.

5. OWN SHARES

The Board of Directors of the Company resolved on 21 November 2011, upon key points of the Management Stock Option Program, pursuant to which up to 450,000 options for the acquisition of Class A Shares can be granted to selected current and future executives of the Company and its affiliated undertakings.

At balance sheet date, the market value of the listed shares of the Company (ISIN LU0472835155) was EUR 3.90 (2014: EUR 5.25) based on the information made available by the Frankfurt Stock Exchange and EUR 3.98 (2014: EUR 5.25) based on the information made available by XETRA. On that basis, the 450,000 unlisted Class A shares held in treasury by the Company at balance sheet date would be valued at EUR 1,755,000 according to the Frankfurt stock Exchange and EUR 1,791,000 according to XETRA (2014: EUR 2,362,500 according to the Frankfurt Stock Exchange and XETRA). A value adjustment (loss) of EUR 571,500 (2014: EUR 112,050) was recognized in financial assets. The value provided by XETRA of EUR 1,791,000 (2014: EUR 2,362,500) equals the book value at balance sheet date after the value adjustment. The nominal value of the shares is EUR 0.0152. On that basis the 450,000 own shares have a nominal value of EUR 6,840.

6. EQUITY

Changes in equity are as follows:

(in EUR)	Subscribed capital	Share premium attached to shares	"Class A Warrants"	TOTAL share premium account	Reserve for own shares	Profit or (loss) brought forward	Profit or (loss) for the financial year	Total capital and reserves
Class A	311,960							
Class B	79,200							
Class C	136,800							
Opening balance 1 January 2015	**527,960**	**198,728,074**	**200,000**	**198,928,074**	**4,525,313**	**(18,183,235)**	**1,856,398**	**187,654,510**
Allocation of prior year result						1,856,398	(1,856,398)	0
Result for the financial year							3,430,502	
Closing balance 31 December 2015	**527,960**	**198,728,074**	**200,000**	**198,928,074**	**4,525,313**	**(16,326,837)**	**3,430,502**	**191,085,012**

As at 31 December 2014 and 2015, the Company's authorized capital, including the issued share capital, is set at EUR 694,266, consisting of a total of 45,675,397 shares out of which may be issued an additional amount of 10,941,176 Class A Shares. For further details please refer to the exceet Group Consolidated Financial Statements note 13 "Equity".

Legal Reserve

Under the Luxembourg law, 5% of the net profit of the year, net of any losses brought forward, must be allocated to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividend distribution.

Reserve for own shares

As at 31 December 2015, the Company held 450,000 listed Class A Shares having an acquisition cost of EUR 4,525,313. Accordingly, a non-distributable reserve is maintained for the same amount under the caption "Reserve for own shares".

7. TRADE CREDITORS

This caption includes amounts for invoices payable to suppliers and for accrued charges for invoices received after balance sheet date regarding expenses incurred during the financial year ended 31 December 2015. They are becoming due and payable within one year.

(in EUR)	31 December 2015	31 December 2014
Third party invoices payable	47,261	7,105
Intercompany invoices payable	7,219	0
Invoice not received for tax compliance services	5,000	4,500
Invoice not received for audit services	17,145	16,309
Invoice not received for directors remuneration	150,000	133,332
Other invoices not received	5,600	4,600
Total trade creditors	**232,225**	**165,846**

8. OTHER EXTERNAL CHARGES

The other external charges are including mainly costs for Investor Relations, audit fees as well as rent and insurance charges, fees for tax compliance and travel costs of Board of Directors.

9. OTHER OPERATING CHARGES

The other operating charges result mainly from the compensation of the Company's independent directors for their services on its Board of Directors as well as the annual charges of CSSF and charges for listing to the Frankfurt Stock Exchange.

10. EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

An amount of EUR 150,000 (2014: EUR 133,332) has been booked but not yet paid to the members of the management (Board of Directors) for the financial year 2015 (for further details please refer to the exceet Group Consolidated Financial Statements note 32 “Remuneration of members of Board of Directors and the Management Board”). For details to the Management Stock Option Program please refer to the exceet Group Consolidated Financial Statements note 16 “Share-based payments”.

11. OFF-BALANCE SHEET COMMITMENTS

Warrants

Each Public or Founder Warrant gives the holder the right to receive one Public Share upon surrender of a number of Warrants as detailed in the prospectus. All Warrants may be exercised on a cashless basis only. At the balance sheet date, there are 20,000,000 units outstanding.

Commitment to pay the remaining amount of exceet Holding AG’s unpaid capital

The Company commits itself at the first request of the Board of Directors of exceet Holding AG to pay up the rest of this contribution. Such commitment represents CHF 50,000 (EUR 46,147) pursuant to the foreign exchange rate applicable as at 31 December 2015.

Letter of guarantee

The Company has issued a letter of guarantee for exceet Card AG in the amount of EUR 1,300,000. Further to that the company has issued a letter of guarantee for exceet Secure Solutions AG (former: AuthentiDate International AG) to one of exceet Secure Solutions AG suppliers to guarantee due performance of business agreements.

12. SUBSEQUENT EVENTS

There are no other subsequent events.

AUDIT REPORT

To the Shareholders of
exceet Group SE

REPORT ON THE ANNUAL ACCOUNTS

We have audited the accompanying annual accounts of exceet Group SE, which comprise the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE ANNUAL ACCOUNTS

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the annual accounts give a true and fair view of the financial position of exceet Group SE as of 31 December 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Management Report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

The Corporate Governance Statement is the responsibility of the Board of Directors. This statement is consistent with the annual accounts and includes the information required by the law with respect to the Corporate Governance Statement.

PricewaterhouseCoopers, Société cooperative
Luxembourg, 2 March 2016
Represented by

Philippe Duren

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