THIRD QUARTER 2016 REPORT

exceet Group SE
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INTERIM MANAGEMENT REPORT

Reduced complexity – stronger focus and more cost savings

- Q3 group sales reached EUR 46.2 million (+4.8% y-o-y) adding EUR 1.8 million EBITDA to the year-to-date figure (Q3 2015: EUR 3.9 million) negatively affected by the EBITDA of the card business of minus EUR 1.2 million
- 9M group sales amounted to EUR 133.0 million (+0.3% y-o-y); cumulative 9M EBITDA at EUR 5.5 million (9M 2015: EUR 8.2 million) including the 9M contribution of the card business of minus EUR 1.1 million
- Cumulative 9M sales from continued operations (electronics & secure solutions) reached EUR 99.8 million (-2.3% y-o-y; like-for like -1.4% y-o-y) with an EBITDA of EUR 6.5 million (9M 2015: EUR 6.8 million) including restructuring costs of EUR 0.2 million
- As of 15 September 2016, shareholders approved the cancelation of all Class B and C Shares
- The transaction to sell the card segment was closed on 30 September 2016
- Lean characteristics in capital, operational and organizational structures will reduce future overhead costs by about EUR 2.0 million on an annual basis
- Reorganization of Swiss market activities lead to a related goodwill impairment of EUR 3.0 million
- Equity ratio still reflects a healthy level of 53.3% (31.12.2015: 56.5%); cash amounts to EUR 34.4 million (31.12.2015: EUR 33.3 million) providing flexibility for future business development

exceet keeps streamlining its corporate organization after simplifying the capital structure in Q3 2016 and retains its focus on smart and secure electronics. The shareholders approved on 15 September 2016 the cancelation of all B and C Shares. This simplifies the capital base to one single share category and reduces the total number of shares to 20,523,695 shares (Class A Shares). In addition, exceet sold as of 30 September 2016 its card business through a Management-Buy-Out (MBO). This is in line with the operational focus on opto-electronics & sensors systems, smart and embedded electronics & industrial internet of things (IoT) solutions as well as high-end miniaturized printed circuit boards (PCBs). Furthermore, future overhead costs will be reduced substantially by about EUR 2.0 million on an annual basis and the number of operational locations is reduced to eight in total.

As a consequence from the selling process of the ID Management & Systems (IDMS) business segment, the group's IFRS reporting is still split into „Continued Operations“ and „Discontinued Operations“ as of Q1 2016. In order to allow transparent comparison with prior reporting periods, note 18 of the Interim Financial Statements shows the Interim Income Statement in the presentation format used until 31 December 2015 (Total Group Basis including discontinued operations – IDMS).

Having sold the IDMS business segment, the group consists of the ECMS and ESS segments starting on 1 October 2016. The future reporting has to be compared with the former continued business operations.

Revenue Development

Continued Operations

The revenue for the first nine months 2016 reached EUR 99.8 million (9M 2015: EUR 102.2 million) representing a decline of minus 2.3% (without foreign exchange impact: minus 1.4%). The top line weakness of ECMS at the beginning of the year, which had to be attributed to a number of projects being at the end of their life cycle, was followed by a general stabilisation, as increasing sales volumes generated by existing and new projects were able to compensate for the missing sales with a time lag. However, the sales level is still below expectations due to a lower request for PCB deliveries caused by the reduced production volumes of a few OEM customers. As of 30 September 2016 the costs of current projects of exceet Secure Solutions (ESS) have been capitalized as work in progress with expected future revenue of EUR 1.5 million (30.09.2015: none).

Discontinued Operations (IDMS)

The IDMS segment was pushed by higher volume projects out of the loyalty and payment activities. It realized a revenue plus of 9% within the first nine months of 2016 and achieved net sales of EUR 33.2 million (9M 2015: EUR 30.5 million) by showing an adverse trend to the sales of the exceet continued operations, resulting in a sales smoothing effect within the group. The discontinued operations accounted for 25% of group-wide sales.

EBITDA Margin Development

Continued Operations

exceet's continued operations performed almost stable compared with the prior year period. The business achieved an EBITDA of EUR 6.5 million (6.6% margin on net sales) versus EUR 6.8 million in the same period of 2015. This profitability level is below the management's target for the combined electronics and secure solutions business and does not yet reflect the intended effects deriving from the substantial production shift for embedded electronics from Switzerland to Austria, the refocusing of the Swiss market activities and the adaptation of the organizational structure.

Discontinued Operations (IDMS)

The product mix with lower margins on the high volume loyalty cards, higher personal costs related to the reorganization of the loyalty card activities and related adjustments of the inventory as well disposal costs concerning the divestment of the IDMS segment resulted in a negative EBITDA of minus EUR 1.1 million (9M 2015: EUR 1.4 million) after a still slightly positive contribution of EUR 0.2 million in the first six months.

Net Income and Earnings per Share (Total Group Basis)

The group result year to date of minus EUR 28.0 million (9M 2015: minus EUR 2.5 million), included the deconsolidation loss out of the sale of the card segment with EUR 23.0 million, the goodwill impairment of EUR 3.0 million due to expected lower future cash flows of exceet electronics in Switzerland, restructuring costs of EUR 0.4 million as well the low operational profit. There were no substantial impacts from non-cash foreign currency valuation adjustments on EUR intercompany loans granted by the Swiss holding to finance other group companies (9M 2015: minus EUR 2.0 million). The warrants expired on 27 July 2016. However, as of 30 September 2016 exceet reflected a small gain of euro 20,000 out of the warrant revaluation (9M 2015: profit of EUR 0.4 million).

The earnings per share (EPS) were minus euro 1.39 (9M 2015: minus euro 0.07) per Class A Share. On basis of the continued operations the earnings per share were minus euro 0.17 (9M 2015: minus euro 0.07).

Order Backlog

Continued Operations

On 30 September 2016 exceet's order backlog of continued operations amounted to EUR 86.9 million (30.9.2015: EUR 76.2 million). The twelve months rolling book-to-bill ratio of 1.10 (9M 2015: 0.95) reflects the increasing number of new projects as well.

Cash Development (Total Group Basis)

The net debt position of EUR 4.9 million (31.12.2015: EUR 8.1 million) decreased due to the received net cash of EUR 9.9 million out of the sale of the IDMS segment. The cash position of EUR 34.4 million (30.9.2015: EUR 27.7 million; 31.12.2015: EUR 33.3 million) remains exceet's basis to finance the future business development.

Segment Reporting

Electronic Components, Modules & Systems (ECMS)

Net sales decreased to EUR 93.6 million during the first nine months of 2016, against EUR 95.4 million during the same period of 2015. The major reasons for this decrease of 1.9% were the decline of sales related to projects being at the end of their life cycle and a lower request for PCB deliveries due to the reduced production volumes of a few OEM customers. The segment contributed 70.3% to overall group sales (including sales of discontinued operations).

ECMS is a full-service developer and manufacturer of complex electronic components, modules and systems in the field of industrial and medical technology.

The segment proved once again its innovation strength and expanded its market position in the area of innovative body wearables. In the last quarter ECMS continued the industrialization of high quality wearables for the precise measurement of vital data. These wearables, produced and designed by ECMS in co-operation with the customers, are used as medical devices. The measurement of vital signs, such as e.g. heart rate, can be utilized by patients at home or on the way without any professional medical assistance on site, allowing avoidance of hospitalization, helping to reduce costs and to increase patient's quality of life.

Using the enlarged wafer finishing and microchip production facilities in Berlin, ECMS started with a first group of customers the serial production. Customers benefit now from the enhanced value chain using chip-scale-packaging in soldering and from a substantial reduction of the time to market. Other customers in the industrial market segment were interested in the new i.MX6 microprocessor module offered by exceet electronics as an innovative system-on-module solution allowing the integration of ready-to-use complex boards in their own products. During Q3 2016 the process to streamline operations and bundle production capabilities in co-operation with the customers from Rotkreuz (Switzerland) to Ebbs (Austria) was continued. First customers appreciated the advantage of concentrated production capabilities and started their projects in Ebbs (Austria).

In the field of opto-electronics solutions ECMS agreed on a collaboration with the Dutch optics specialist Anteryon. This combination of electronic and optical competences will strengthen the market position of ECMS in this highly specialized market. The two partners will focus on developing cutting-edge technologies and solutions.

In the first nine months of 2016, the ECMS segment achieved an EBITDA of EUR 10.7 million, resulting in an EBITDA margin of 11.4%, compared to EUR 11.4 million or a margin of 11.9% in the same period of the previous year.

exceet Secure Solutions (ESS)

During the reporting period, ESS generated revenues of EUR 6.3 million, accounting for 4.7% of total group sales (including sales of discontinued operations). This reflects a decrease of 9.3% compared to 9M 2015 of EUR 6.9 million. As of 30 September 2016 the costs of current projects have been capitalized as work in progress with expected future revenue of EUR 1.5 million (30.09.2015: none).

The segment is specialized in IT Security and industrial Internet of Things (IoT) projects and solutions.

In Q3 ESS continued to focus on secure communication and secure remote services for operators of machine parks. Due to a stronger market presence, ESS was able to benefit from an increased demand for IT Security services and solutions, especially GRC (Governance Risk and Compliance) consulting services and HSMs (Hardware Security Modules) in combination with customer specific software and services.

The EBITDA for this reporting period reached minus EUR 1.3 million (9M 2015: minus EUR 0.3 million) which is reflecting upfront development costs for the described future growth markets and the lower level of invoiced sales.

ID Management & Systems (IDMS) – discontinued operations

The revenue within the first nine months of 2016 amounted to EUR 33.2 million, which represents an increase of 9.0% compared to EUR 30.5 million in 9M 2015.

IDMS provides cards, personalization and related services for loyalty, payment and urban mobility markets. The segment, which shows in general a higher seasonality than the other business segments, strengthened its sales, marketing and production activities.

The IDMS divestment process was successfully closed and the segment was sold effective on 30 September 2016.

The segment reports an EBITDA of minus EUR 1.1 million for the first nine months 2016 which results in an EBITDA Margin of minus 3.2%. In the same period of the previous year the segment achieved an EBITDA of EUR 1.4 million (representing 4.4% EBITDA Margin).

Group Balance Sheet Positions (Total Group Basis)

As of 30 September 2016, the total assets of exceet Group amounted to EUR 161.1 million, compared to EUR 186.6 million as of 31 December 2015. The following comparison with the balance sheet as of 31 December 2015 is adjusted for the positions allocated to IDMS to allow a comparison on a continued basis:

The non-current assets amounted to EUR 73.1 million (31.12.2015: EUR 96.9 million) and decreased by EUR 23.8 million whereof EUR 23.0 million were related to the IDMS segment. On a comparable basis this position included tangible assets of EUR 29.1 million (31.12.2015 on a comparable basis: EUR 28.1 million) intangible assets of EUR 40.1 million (31.12.2015 on a comparable basis: EUR 44.6 million) and other non-current assets of EUR 3.9 million (31.12.2015 on a comparable basis: EUR 1.2 million). The reduction of the intangible assets was driven by the regular amortization and the impairment of goodwill of EUR 3.0 million due to expected lower future cash flows of exceet electronics in Switzerland. The higher amount of non-current assets included higher deferred tax assets of EUR 1.1 million and a working capital related loan to the IDMS segment of EUR 1.5 million, which was prolonged till 31 December 2017 with the sale of the IDMS segment.

Current assets amounted to EUR 88.0 million, compared to EUR 89.6 million at year-end 2015. The decrease of EUR 1.6 million is mainly driven by the sale of the IDMS segment in the amount of EUR 13.7 million. Inventories rose by EUR 5.4 million to EUR 31.2 million (31.12.2015 on a comparable basis: EUR 25.8 million). Receivables stayed stable at EUR 18.7 million. On a comparable basis current income tax receivables increased by EUR 0.9 million and other current asset positions by EUR 0.5 million. Cash and cash equivalents increased from EUR 33.3 million to EUR 34.4 million. This increase of EUR 1.2 million can mainly be attributed to the received cash of net EUR 9.9 million out of the sale of the IDMS segment and the negative free cash flow of EUR 10.7 million.

The cash inflow out of investing activities of EUR 4.1 million (9M 2015: outflow EUR 2.9 million) consisted of investments of EUR 5.8 million and the received cash of net EUR 9.9 million out of the sale of the IDMS segment. The investments were made mainly into the new wafer-back-end line in Berlin (Germany) with EUR 1.2 million, the PCB related assets in Küssnacht (Switzerland) with EUR 1.3 million and new own developed software components in the ESS segment with EUR 1.1 million. The net debt position as of 30 September 2016 amounts to EUR 4.9 million (31.12.2015: EUR 8.1 million).

At the end of the reporting period, exceet Group's equity amounted to EUR 85.8 million, against EUR 105.5 million as of 31 December 2015. This comes to a reasonable equity ratio of 53.3% (31.12.2015: 56.5%).

The decrease of the current liabilities by EUR 3.4 million to EUR 22.4 million as of 30 September 2016 (31.12.2015: EUR 25.8 million) includes an decrease of EUR 7.9 million out of the sale of the IDMS segment and the decrease of tax liabilities of EUR 0.3 million as well the increase of trade payables of EUR 1.3 million, of accruals of EUR 2.4 million, borrowings of EUR 0.4 million and other smaller changes within the current liabilities of EUR 0.7 million.

Non-current liabilities decreased by EUR 2.3 million from EUR 55.2 million at year-end of 2015 to EUR 52.9 million. This change is based on the sale of the IDMS segment with EUR 4.2 million as well as the increased long-term borrowings by EUR 0.7 million, the increased retirement benefit obligations by EUR 2.3 million, the decreased tax liabilities by EUR 0.6 million and the decrease of other non-current liabilities of EUR 0.5 million.

Capital Market Environment and Share Price Performance

The unexpected Brexit vote on 23 June 2016 put additional pressure on the already subdued economic climate and market participants were confronted with different developments in the major world economies in the course of Q3 2016. The US shows a well-established moderate growth track, but the overall consumer sentiment currently seems to be overshadowed by a harshly polarized presidential election campaign. In Asia, points of concern are Japan's ongoing anemic growth and China's credit financed transformation of the entire economy, which is accompanied by steadily declining growth rates. In particular, markets are increasingly concerned about the inefficiency of an extremely expansive central bank policy in Japan and a sharp deterioration of credit portfolios in China. This casts doubt on the stability of the worldwide banking sector. In Europe, growth and investment activities remain sluggish, especially in the Mediterranean area where political uncertainties continue (e.g. long process to establish a new government in Spain, constitutional referendum in Italy, approaching presidential election in France). In Germany, economic figures for Q3 2016 showed that growth keeps being supported by exports and private demand - due to a weakening Euro and a strong labor market, together with still moderate oil prices lifting disposable income. However, domestic political tensions in Germany are turning into an economic issue and the German political and economic positions within the European Union seem to be increasingly isolated and in contrast with the views of the ECB and the IMF.

Based on these fundamentals, equity markets showed a surprising resilience in the last quarter. European equities (Eurostoxx 50 +4.8%) outperformed US equities (S&P 500 +3.3%). Even better was the performance of the Japanese stock market (Nikkei 225 +5.2%). In Europe, Germany and the UK turned out to be the outperforming markets with the Dax 30 adding 8.6% and the FTSE 100 gaining 6.1% respectively, while Swiss equities showed a lagging performance with the SMI improving by merely 1.5%.

exceet shares were able to gain around 12% in the reporting period reaching euro 2.90 at the end of the quarter. The number of exceet shares traded on XETRA amounted to 120,540 units (against 302,192 in the first and 143,068 in the second quarter).

Employees

Continued Operations

As of 30 September 2016, the Group employed 711 employees (Headcount) or 653 full-time equivalents (FTE) (30.09.2015: 645). 308 (30.09.2015: 295) were employed in Germany, 78 (30.09.2015: 68) in Austria, 251 (30.09.2015: 267) in Switzerland, 15 (30.09.2015: 15) in Romania and 1 (30.09.2015: none) in the USA.

Opportunities and Risk Report

The statements provided in the Annual Report 2015 on the opportunities and risks of the business model remain unchanged.

Significant Events and Actions

The management has no significant events to report from this reporting period.

Outlook

After a stabilization of business in Q2 2016, the reported figures for Q3 2016 showed a further moderate improvement of the group's top line performance. This confirms the management's cautious outlook on a better second half given three months ago. As in the previous business year 2015 when cumulative H2 sales outperformed the corresponding H1 figure, and two thirds of the entire 2015 EBITDA were achieved in H2, a similar trend was also expected for H2 2016. Obstacles to the process of gradual improvement are macroeconomic issues impacting investments. New concerns related to the macroeconomic situation during summer deteriorated the already subdued overall picture at the beginning of the year. This resulted again in a declining general propensity to invest which in turn is affecting exceet's project business and the length of its project cycles with clients.

From a current point of view, major issues in the upcoming months will be related to the US election and the Fed's interest rate policy afterwards. The ECB is expected to stick to its QE program, in order to trigger more inflation. A possible increase in interest rate spreads between the US-Dollar and the Euro could strengthen the Dollar closer to the Euro/Dollar parity. This could help exports of European based companies. exceet's US-business could also benefit from such a development. In Germany, latest surveys support the view of a slow growth with an ongoing general lack of investment. Further points of concern reducing overall growth prospects are the EU/UK Brexit controversy, a possible instability of the banking system and the uncertainty whether oil prices are in an upward trend which is considered to support growth and inflation, but also generating an inflationary pressure on companies' costs in the near future. Irrespective of how the mentioned issues are evolving, exceet is technologically very well positioned in the field of intelligent & secure electronics, offering innovative solutions for demanding clients. Therefore, the management is confident to strongly benefit from the next sizable upturn in the investment cycle. In the meanwhile, exceet is consequently optimizing its structures to start the next business year from a solid base. The group now has a dilution-free, transparent capital base and a stringent business model focussed on smart and secure electronics. The company favours lean structures and flat hierarchies that will be further optimized. Starting 1 January 2017, the management board structure will exclusively consist of the positions of CEO and CFO, currently held by the same person. The business segment organization will be replaced by the second level management team reporting directly to the management board. The management team will be supported by limited group functions related to business development and sales activities. The management is committed to its customers and to organic growth. However, exceet's buy-and-build strategy will be further pursued, but with cautious execution in the future. A further focus will be placed on the improvement of the operational cash flow generation and to get the net profitability level closer to the operational EBITDA figure.

Greenock S.à r.l. a major shareholder of exceet Group SE had informed the company in Q3 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. Pursuant to the updated information provided by Greenock S.à r.l., no final decision has still been taken regarding the form and timing of a potential transaction.

Luxembourg, 7 November 2016
exceet Group SE
The Board of Directors and the Management Board

INTERIM FINANCIAL STATEMENTS
(CONDENSED & CONSOLIDATED)

INTERIM BALANCE SHEET (CONSOLIDATED)

(in EUR 1,000)	unaudited 30 September 2016	audited 31 December 2015
ASSETS		
Non-current assets		
Tangible assets	29,138	34,425
Intangible assets [1]	40,103	60,944
Deferred tax assets	2,375	1,362
Other financial investments	1,530	30
Other non-current receivables	0	186
Total non-current assets	**73,146**	**96,947**
Current assets		
Inventories	31,192	30,440
Trade receivables, net	18,709	22,720
Other current receivables	1,157	1,462
Current income tax receivables	1,737	1,006
Accrued income and prepaid expenses	777	745
Cash and cash equivalents	34,402	33,256
Total current assets	**87,974**	**89,629**
Total assets	**161,120**	**186,576**
EQUITY		
Share capital	312	528
Reserves	85,531	104,960
Equity attributable to Shareholders of the parent company	**85,843**	**105,488**
Total equity	**85,843**	**105,488**
LIABILITIES		
Non-current liabilities		
Borrowings [2]	36,555	37,045
Retirement benefit obligations	11,468	9,784
Deferred tax liabilities	3,190	5,486
Provisions for other liabilities and charges	583	1,301
Other non-current liabilities	1,072	1,633
Total non-current liabilities	**52,868**	**55,249**
Current liabilities		
Trade payables	7,908	9,191
Other current liabilities	3,732	4,258
Accrued expenses and deferred income	7,726	7,137
Current income tax liabilities	314	600
Borrowings [2]	2,701	4,273
Other financial liabilities	0	20
Provisions for other liabilities and charges	28	360
Total current liabilities	**22,409**	**25,839**
Total liabilities	**75,277**	**81,088**
Total equity and liabilities	**161,120**	**186,576**

1) Incl. Goodwill of EUR 22,408 (31.12.2015: EUR 25,513)
2) Net debt for continued operations amount to EUR 4,854 (31.12.2015: EUR 9,114) based on third party borrowings EUR 39,256 (31.12.2015: EUR 38,200) less cash and cash equivalents of EUR 34,402 (31.12.2015: EUR 29,086)

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

INTERIM INCOME STATEMENT (CONSOLIDATED)

(in EUR 1,000)	3 months unaudited 01.07. - 30.09.2016	 unaudited 01.07. - 30.09.2015	9 months unaudited 01.01. - 30.09.2016	 unaudited 01.01. - 30.09.2015
Revenue	34,391	33,126	99,815	102,209
Cost of sales	(29,641)	(27,531)	(86,022)	(86,666)
Gross profit	**4,750**	**5,595**	**13,793**	**15,543**
Gross profit margin	*13.8%*	*16.9%*	*13.8%*	*15.2%*
Distribution costs	(2,210)	(2,339)	(6,913)	(7,218)
Administrative expenses	(1,770)	(2,383)	(6,965)	(8,144)
Other operating expenses	(3,018)	0	(3,018)	0
Other operating income	211	235	604	378
Operating result (EBIT) [1]	**(2,037)**	**1,108**	**(2,499)**	**559**
EBIT margin	*(5.9%)*	*3.3%*	*(2.5%)*	*0.5%*
Financial income	301	2,033	1,424	5,227
Financial expenses	(481)	(262)	(1,985)	(7,938)
Changes in fair value in financial instruments	340	0	20	400
Financial result, net	**160**	**1,771**	**(541)**	**(2,311)**
Profit/(Loss) before income tax	**(1,877)**	**2,879**	**(3,040)**	**(1,752)**
Income tax expense	(215)	(248)	(421)	(514)
Profit/(Loss) from continuing operations	**(2,092)**	**2,631**	**(3,461)**	**(2,266)**
Profit/(Loss) margin	*(6.1%)*	*7.9%*	*(3.5%)*	*(2.2%)*
Profit/(Loss) from discontinued operations	**(15,399)**	**159**	**(24,525)**	**(269)**
Profit/(Loss) for the period	**(17,491)**	**2,790**	**(27,986)**	**(2,535)**
Profit/(Loss) margin	*(50.9%)*	*8.4%*	*(28.0%)*	*(2.5%)*
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	(17,491)	2,790	(27,986)	(2,535)
EARNINGS PER SHARE IN EURO FROM CONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	(0.10)	0.12	(0.17)	(0.07)
Class B/C shares (canceled as of 15 September 2016)	n/a	0.01	n/a	(0.07)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	(0.77)	0.01	(1.22)	(0.01)
Class B/C shares (canceled as of 15 September 2016)	n/a	0.00	n/a	(0.01)
EARNINGS PER SHARE IN EURO ON TOTAL GROUP BASIS (BASIC = DILUTIVE)				
Class A shares	(0.87)	0.13	(1.39)	(0.07)
Class B/C shares (canceled as of 15 September 2016)	n/a	0.01	n/a	(0.07)
Operating result (EBIT)	(2,037)	1,108	(2,499)	559
Depreciation, amortization and impairment charges	5,081	2,107	9,048	6,244
Operating result before depreciation, amortization and impairment charges (EBITDA) [2]	**3,044**	**3,215**	**6,549**	**6,803**
EBITDA margin	*8.9%*	*9.7%*	*6.6%*	*6.7%*

1) Earnings Before Interest and Taxes
2) Earnings Before Interest, Taxes, Depreciation and Amortization

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

	3 months		9 months	
	unaudited	unaudited	unaudited	unaudited
(in EUR 1'000)	01.07. - 30.09.2016	01.07. - 30.09.2015	01.01. - 30.09.2016	01.01. - 30.09.2015
Profit/(Loss) for the period	(17,491)	2,790	(27,986)	(2,535)
Items not to be reclassified to profit and loss:				
Remeasurements of defined benefit obligation	807	(180)	(1,935)	(1,784)
Deferred tax effect on remeasurements of defined benefit obligation	(100)	26	240	264
Items not to be reclassified to profit and loss	707	(154)	(1,695)	(1,520)
Items to be reclassified to profit and loss:				
Reclassification of foreign currency translation reserve	10,507	0	10,507	0
Currency translation differences	(121)	(3,171)	(255)	5,085
Items to be reclassified to profit and loss	10,386	(3,171)	10,252	5,085
Total comprehensive income for the period	(6,398)	(535)	(19,429)	1,030
Attributable to:				
Shareholders of the parent company	(6,398)	(535)	(19,429)	1,030
Total comprehensive income for the period attributable to the Shareholders of the company				
Continued operations	(1,506)	1,670	(5,411)	(3,485)
Discontinued operations	(4,892)	(2,205)	(14,018)	4,515
Total comprehensive income for the period	(6,398)	(535)	(19,429)	1,030

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

INTERIM STATEMENT OF CASH FLOWS (CONSOLIDATED) [1]

(in EUR 1,000)	unaudited 01.01. - 30.09.2016	unaudited 01.01. - 30.09.2015
Profit/(Loss) before income tax	**(28,981)**	**(2,486)**
Adjustment for non-cash transactions		
Amortization on intangible assets	2,768	2,817
Impairment on intangible assets	11,518	0
Depreciation on tangible assets	4,920	5,073
(Gains)/Losses on disposal of assets	(28)	(5)
Change of provisions	132	8
Adjustments to retirement benefit obligations/prepaid costs	289	571
Financial (income)/expenses	15,193	758
Change in fair value in financial instruments	(20)	(409)
Other non-cash (income)/expenses	(387)	2,036
Operating net cash before changes in net working capital	**5,404**	**8,363**
Changes to net working capital		
- inventories	(7,492)	(1,215)
- receivables	(2,270)	(3,281)
- accrued income and prepaid expenses	(257)	(224)
- liabilities	3,305	694
- provisions for other liabilities and charges	(287)	0
- accrued expenses and deferred income	2,577	2,533
Tax received (prior periods)	312	162
Tax paid	(3,492)	(4,443)
Interest received	3	6
Interest paid	(707)	(759)
Cashflows from operating activities [2]	**(2,904)**	**1,836**
Divestment of subsidiaries, net of cash disposed	9,926	0
Purchase of tangible assets	(4,765)	(2,890)
Sale of tangible assets	62	476
Purchase of intangible assets	(1,133)	(452)
Cashflows from investing activities	**4,090**	**(2,866)**
Increase of borrowings	3,440	482
Repayments of borrowings	(2,094)	(786)
Proceeds/(Repayments) of other non-current liabilities	(57)	(465)
Proceeds from finance lease prepayments	719	313
Payments of finance lease liabilities	(2,011)	(3,138)
Cashflows from financing activities	**(3)**	**(3,594)**
Net changes in cash and cash equivalents	**1,183**	**(4,624)**
Cash and cash equivalents at the beginning of the period	**33,256**	**30,954**
Net changes in cash and cash equivalents	1,183	(4,624)
Effect of exchange rate gains/(losses)	(37)	1,374
Cash and cash equivalents at the end of the period	**34,402**	**27,704**

1) The cash flow statement is presented without any effects from discontinued operations as well as assets and liabilities held for sale. Please refer to note 17 “Discontinued Operations” for cash flow from discontinued operations.
2) Free cash flow amounts to EUR -10,713 based on cash flow from operations of EUR 2,904 minus net capital expenditure (adjusted for finance lease) of EUR -7,809

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(in EUR 1,000)	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 2016	528	65,485	(4,525)	202	28,762	15,036	105,488
Profit/(Loss) for the period					(27,986)		(27,986)
Other comprehensive income:							
Remeasurements of defined benefit obligations					(1,935)		(1,935)
Deferred tax effect on remeasurements					240		240
Recycling of currency translation difference to the P&L						10,507	10,507
Currency translation differences						(255)	(255)
Total other comprehensive income for the period	0	0	0	0	(1,695)	10,252	8,557
Total comprehensive income for the period	0	0	0	0	(29,681)	10,252	(19,429)
Cancellation of B/C Shares	(216)						(216)
Share-based payments							0
Total other equity effects	(216)	0	0	0	0	0	(216)
BALANCES AT 30 SEPTEMBER 2016	312	65,485	(4,525)	202	(919)	25,288	85,843
BALANCES AT 1 JANUARY 2015	528	65,485	(4,525)	199	29,815	9,514	101,016
Profit/(Loss) for the period					(2,535)		(2,535)
Other comprehensive income:							
Remeasurements of defined benefit obligations					(1,784)		(1,784)
Deferred tax effect on remeasurements					264		264
Currency translation differences						5,085	5,085
Total other comprehensive income for the period	0	0	0	0	(1,520)	5,085	3,565
Total comprehensive income for the period	0	0	0	0	(4,055)	5,085	1,030
Share-based payments				3			3
Total other equity effects	0	0	0	3	0	0	3
BALANCES AT 30 SEPTEMBER 2015	528	65,485	(4,525)	202	25,760	14,599	102,049

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONDENSED & CONSOLIDATED)

1 General information

exceet Group SE ("Company") - collectively with its subsidiaries - is the successor company of a reversed asset acquisition of exceet Group SE (formerly named Helikos SE) and exceet Group AG with effect from 26 July 2011. The reversed asset acquisition was the result of a planned arrangement whereby exceet Group AG was acquired by exceet Group SE with former exceet Group AG shareholders receiving de facto control of exceet Group SE and with the Management and Board of Directors of exceet Group AG becoming the Management and Board of Directors of exceet Group SE.

exceet Group SE 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 located 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 ("Group" or "exceet") includes all relevant companies in which 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. All companies consolidated into the Group are disclosed in note 20 "List of consolidated subsidiaries of exceet Group SE".

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

To focus the exceet Group on the electronic and secure solutions activities, the Board of exceet Group SE decided at the beginning of March 2016 to start a process to sell the business segment of ID Management & Systems (IDMS). This process was completed as of 30 September 2016 with the sale of the IDMS segment. As a consequence, the group's IFRS reporting will be split in "Continued Operations" and "Discontinued Operations". Finally the Group is structured in two business segments: Electronic Components Modules & Systems (ECMS) and exceet Secure Solutions (ESS).

The ECMS segment (continued operations) develops and produces innovative, complex and integrated electronic products, with a focus on miniaturization, cost optimization and a high degree of customization to suit the needs of the customers. 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 ESS segment (continued operations) enhances the experience gathered in the ECMS segment in regard to the development of innovative solutions for embedded security systems in selected markets. The segment is specialized in IT Security and industrial Internet of Things (IoT) projects and solutions in the mechanical- and medical engineering industries.

exceet is mainly focusing on the markets in Europe, but is also active in the markets of USA and Asia-Pacific. After the divestment of the IDMS segment, the Group consists of 14 legal entities with 10 locations in Austria, Germany, Luxembourg, Romania, Switzerland and the USA. For details on the legal entities please refer to Note 20 "List of consolidated subsidiaries of exceet Group SE". 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 IDMS segment (discontinued operations) was engaged in design, development and production of contact and contactless smart cards, multifunction cards, card reading devices and related services. It consisted of 6 legal entities with business lcoations in Austra, The Czech Republic, Germany and the Netherlands.

This condensed consolidated interim financial information is unaudited and was approved for issue by the Board of Directors on 7 November 2016.

2 Adoption of new and revised accounting standards

New and amended standards adopted by the Group

The following standards and amendments, issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee and as adopted by the European Union (EU), are effective for the first time in the current financial year and have been adopted by the Group:

· IFRS 11	(Amendment)	"Accounting for Acquisitions of Interest in Joint Operations" – IASB and EU effective date 1 January 2016
· IAS 1	(Amendment)	"Disclosure Initiative – IASB and EU effective date 1 January 2016
· IAS 16 /41	(Amendment)	"Bearer Plants" – IASB and EU effective date 1 January 2016
· IAS 16/38	(Amendment)	"Clarification of Acceptable Methods of Depreciation and Amortization – IASB and EU effective date 1 January 2016
· IAS 27	(Amendment)	"Equity Method in separate Financial Statements " – IASB and EU effective date 1 January 2016
· IFRS 10/12 IAS 28	(Amendment)	"Investment entities: Applying Consolidation Exception" – IASB and EU effective date 1 January 2016
· Annual improvement cycle (2012 – 2014)		Various improvements to IFRS 5, IFRS 7, IAS 19 and IAS 34 – IASB and EU effective date 1 January 2016

The above standards and amendments adopted by the Group have no impact on its consolidated results of financial positions.

Apart from these amendments, the interim condensed consolidated financial statements have been prepared on the basis of the accounting policies, significant judgments, key assumptions and estimates as described on pages 33 to 49 of the consolidated financial statements of exceet Group SE 2015.

New standards, amendments and interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these interim condensed consolidated financial statements.

- IFRS 14 (New) "Regulatory Deferral Accounts" – IASB effective date 1 January 2016 – EU endorsement outstanding
- IFRS 9 (New) "Financial instruments" – IASB effective date 1 January 2018 – EU endorsement outstanding
- IFRS 15 (New) "Revenue from contracts with Customers" – IASB effective date 1 January 2018 – EU endorsement outstanding
- IFRS 16 (New) "Leases" – IASB effective date 1 January 2019 – EU endorsement outstanding
- IFRS 2 (Amendment) "Share based payments" – IASB effective date 1 January 2018 – EU endorsement outstanding
- IFRS 4 (Amendment) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" – IASB effective date 1 January 2018 – EU endorsement outstanding
- IAS 7 (Amendment) "Disclosure Initiative" – IASB effective date 1 January 2017 – EU endorsement outstanding
- IAS 12 (Amendment) "Recognition of Deferred Tax Assets for Unrealized Losses – IASB effective date 1 January 2017 - EU endorsement outstanding

The Group is yet to assess the potential impacts of the new standards and amendments to the existing standards and intends to adopt them no later than the effective endorsement date by the EU.

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.

3 Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2016, have been prepared in accordance with IAS 34, 'Interim financial reporting'.

Following the sale of the business segment of IDMS, the respective figures are shown as discontinued operations and certain 2015 figures have been restated in accordance with IFRS 5. The income statement without taking into account the split for discontinued operations can be seen in Note 18.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

All figures presented should be read as in EUR 1,000.

Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

The following exchange rates were relevant to the interim financial report as of 30 September 2016:

	30 September 2016	Average 01.01. - 30.09.2016	31 December 2015	30 September 2015	Average 01.01. - 30.09.2015
CHF 1	0.92	0.91	0.92	0.92	0.94
USD 1	0.90	0.90	0.92	0.89	0.90

Taxes on income in the interim periods are accrued using the local tax rate that would be applicable to expected total annual profit or loss.

Consolidated statement of comprehensive income

The interim consolidated statement of comprehensive income was prepared based on an accruals basis. The consolidated statement of comprehensive income has been presented by using "cost of sales" method.

Seasonality

Revenues and costs are not influenced by seasonal effects, but are mainly impacted by the economic environment in the markets the Group is operating in.

4 Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it 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 interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's consolidated financial statements for 2015. There have been no changes in any risk management policies since the year end.

Fair value estimation

The table below 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, prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not valued on observable market data (that are, unobservable inputs, for instance estimation and assumptions)

The following table presents the Group's assets and liabilities that are measured at fair value.

(in EUR 1,000)	Level 1	Level 2	Level 3	Total
30 SEPTEMBER 2016				
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				0
Public warrants				0
Earn-out liability			500	500
Total	0	0	500	500
31 DECEMBER 2015				
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				0
Public warrants	20			20
Earn-out liability			998	998
Total	20	0	998	1,018

The group's accounting rules demands the recognition of transfers into or out of fair value hierarchy levels as of the date of the event or at the change in 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.

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 tables are presenting the changes in level 3 instruments:

(in EUR 1,000)	Level 3
BALANCE AT 1 JANUARY 2016	998
Payment of earn-out of acquisition	(500)
Interest on earn-out of acquisition	2
Currency translation differences	0
BALANCE AT 30 SEPTEMBER 2016	500
Total (gains)/losses for the period included in profit or loss	2
BALANCE AT 1 JANUARY 2015	993
Interest on earn-out of aquisition	5
Currency translation differences	0
BALANCE AT 30 SEPTEMBER 2015	998
Total (gains)/losses for the period included in profit or loss	5

Fair value of financial assets and liabilities measured at amortized costs

The fair values of borrowings for continued business are as follows:

(in EUR 1,000)	unaudited 30 September 2016	audited 31 December 2015
CARRYING AMOUNT		
Bank borrowings	35,107	35,013
Finance lease liabilities	1,448	859
Total	**36,555**	**35,872**
FAIR VALUE		
Bank borrowings	36,331	36,234
Finance lease liabilities	1,448	859
Total	**37,779**	**37,093**

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.

5 Additional information to the cash flow statement

(in EUR 1'000)	unaudited 01.01. - 30.09.2016	unaudited 01.01. - 30.09.2015	Date of deconsolidation
Cash flow from divestment, net of cash disposed			
Cash inflow on divestment of IDMS Segment	9,926		30 September 2016
Total	**9,926**	0	
Transaction cost directly recognized in the income statement under Discontinued Operations			
IDMS Segment	427		
Total	**427**	0	

The acquisition of tangible assets is mainly related to the purchase of production facilities and machinery. The Group purchased fixed assets through finance lease arrangements of EUR 1,973 (9M 2015: EUR 1,523).

Payments of finance lease liabilities represent payments of amortizations of current lease liabilities and prepayments for new lease liabilities in the current period.

6 Segment information

The Group has two main business segments, Electronic Components Modules & Systems (ECMS) 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 third segment 'Corporate and others' for reporting purposes, which only includes the investment companies.

The Segment ID Management & System (IDMS) formerly reported within the segment reporting has been sold as of 30 September 2016.

The segment information for the nine months ended 30 September 2016 and a reconciliation of EBIT to profit/ (loss) for the period is provided as follows:

Income statement and capital expenditure by segment

01.01. - 30.09.2016 (in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Continued Operations
External revenue	93,564	6,251	0		99,815
Inter-segment revenue	45	11	191	(247)	0
Total revenue	**93,609**	**6,262**	**191**	**(247)**	**99,815**
EBITDA	**10,684**	**(1,341)**	**(2,794)**		**6,549**
EBITDA Margin	*11.4%*	*(21.4%)*			*6.6%*
Depreciation, amortization and impairment	(8,469)	(418)	(161)		(9,048)
EBIT	**2,215**	**(1,759)**	**(2,955)**	**0**	**(2,499)**
EBIT Margin	*2.4%*	*(28.1%)*			*(2.5%)*
Financial income	605	0	1,045	(226)	1,424
Financial expense	(1,056)	(65)	(1,090)	226	(1,985)
Changes in fair value in financial instruments	0	0	20		20
Financial result – net	**(451)**	**(65)**	**(25)**	**0**	**(541)**
Profit/(Loss) before income tax	**1,764**	**(1,824)**	**(2,980)**	**0**	**(3,040)**
Income tax	(1,086)	597	68		(421)
Profit/(Loss) for the period	**678**	**(1,227)**	**(2,912)**	**0**	**(3,461)**
Capital expenditure tangible assets	5,112	173	2		5,287
Capital expenditure intangible assets	189	917	1		1,107
Depreciation tangible assets	(3,448)	(70)	(31)		(3,549)
Amortization intangible assets	(2,003)	(348)	(130)		(2,481)
Impairment intangible assets	(3,018)				(3,018)

01.01. - 30.09.2015 (in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Continued Operations
External revenue	95,306	6,903	0		102,209
Inter-segment revenue	79	1	236	(316)	0
Total revenue	**95,385**	**6,904**	**236**	**(316)**	**102,209**
EBITDA	**11,351**	**(299)**	**(4,249)**		**6,803**
EBITDA Margin	*11.9%*	*(4.3%)*			*6.7%*
Depreciation, amortization and impairment	(5,704)	(396)	(144)		(6,244)
EBIT	**5,647**	**(695)**	**(4,393)**	**0**	**559**
EBIT Margin	*5.9%*	*(10.1%)*			*0.5%*
Financial income	1,128	0	4,558	(459)	5,227
Financial expense	(1,841)	(55)	(6,501)	459	(7,938)
Changes in fair value in financial instruments	0	0	400		400
Financial result – net	**(713)**	**(55)**	**(1,543)**	**0**	**(2,311)**
Profit/(Loss) before income tax	**4,934**	**(750)**	**(5,936)**	**0**	**(1,752)**
Income tax	(879)	304	61		(514)
Profit/(Loss) for the period	**4,055**	**(446)**	**(5,875)**	**0**	**(2,266)**
Capital expenditure tangible assets	2,666	127	31		2,824
Capital expenditure intangible assets	152	275	15		442
Depreciation tangible assets	(3,627)	(62)	(34)		(3,723)
Amortization intangible assets	(2,077)	(334)	(110)		(2,521)

Assets and liabilities by segment

(in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Continued Operations
BALANCES AT 30 SEPTEMBER 2016 (UNAUDITED)					
Non-current assets	62,826	8,663	1,657		73,146
Current assets	65,963	3,886	18,125		87,974
Liabilities	44,208	4,198	26,871		75,277
BALANCES AT 31 DECEMBER 2015 (AUDITED)					
Non-current assets	66,195	7,450	312		73,957
Current assets	62,769	2,666	10,447		75,882
Liabilities	39,156	4,097	25,709		68,962
BALANCES AT 30 SEPTEMBER 2015 (UNAUDITED)					
Non-current assets	67,560	7,917	274		75,751
Current assets	60,687	2,940	11,603		75,230
Liabilities	42,639	4,147	26,974		73,760

7 Other operating expenses

Due to the reorganization of the swiss market activities, management initiated a review of the performance of exceet electronics AG and subsequently of the recoverable amount of this cash generating unit (CGU). Calculations based on the pre-tax cash flow of the CGU, taking into account lower assumptions in relation to the compound annual growth rate and gross margin growth, showed the carrying amount to exceed the recoverable amount. Therefore management decided to recognize an impairment loss of EUR 3,018 against the CGU's goodwill. The goodwill amount in relation to exceet electronics AG amounts now (after currency translation effects of EUR 55) to EUR 7,189 (31.12.2015: EUR 10,262).

8 Financial result

Financial income for the nine months ended 30 September 2016, includes a gain of EUR 20 (9M 2015: Profit of EUR 400) realized on the cancelation of the Public Warrants (note 15 "Other financial liability").

The financial result includes a non-cash loss of EUR 51 (9M 2015: Loss of EUR 2,045) related to the revaluation of euro-loans given by the Swiss holding to finance the other group companies.

9 Development costs

The position "cost of sales" in the consolidated income statement for continued operations includes development costs in the amount of EUR 5,794 (9M 2015: EUR 5,893; full year 2015: EUR 8,000). Development costs are mainly related to development projects for customers as well to products, process development and optimizations for the production.

10 Equity

On 26 July 2016 the conversion right for holders of Class B and Class C shares contained in the articles of association of the Company expired. At the extraordinary general meeting (the "EGM") held 15 September 2016, shareholders agreed to the decrease of the Company's issued share capital by an amount of euro 216,000.00 from euro 527,960.16 to euro 311,960.16 through the cancelation of all (i) 5,210,526 redeemable Class B shares and (ii) 9,000,000 redeemable Class C shares from their holders at their accounting par value.

With resolution at the EGM, the issued share capital is set at 20,523,695 shares, issued as Class A Shares ("Public Shares"), with 20,073,695 Class A Shares listed on the stock exchange and 450,000 own Class A Shares held by the Company (Treasury Shares).

For further information regarding exceet's equity structure, please refer to the consolidated financial statements of exceet Group Consolidated Financial Statements note 13 "Equity" on pages 70 to 72.

11 Earnings per share

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

Due to different rights to receive dividends exceet Group SE has two classes of ordinary shares. Disclosure of EPS amounts is required for both classes of ordinary shares.

Basic earnings per share continued operations

The calculation of basic EPS at 30 September 2016 is based on the loss from continued operations attributable to the owners of the parent of EUR 3,461 for nine months 2016 (9M 2015: Loss of EUR 2,266) and the weighted average number of ordinary shares outstanding of 20,073,695 Class A Shares and 13,421,052 Class B/C Shares respectively. As of 15 September 2016 the Class B/C Shares have been canceled. For the same period in the previous year the notional weighted average numbers of ordinary shares outstanding were 20,073,695 Class A Shares and 14,210,526 Class B/C Shares respectively.

		unaudited 01.01. - 30.09.2016	unaudited 01.01. - 30.09.2015
Profit/(Loss) for continued operations for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(2,074)	(1,327)
	Class B/C Shares	(1,387)	(939)
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	13,421,052	14,210,526
Basic earnings/(loss) per share (euro/share)	Class A Shares	(0.10)	(0.07)
	Class B/C Shares	(0.10)	(0.07)

Basic earnings per share discontinued operations

The calculation of basic EPS at 30 September 2016 is based on the loss from discontinued operations attributable to the owners of the parent of EUR 24,525 for nine months 2016 (9M 2015: Loss of EUR 269) and the weighted average number of ordinary shares outstanding of 20,073,695 Class A Shares and 13,421,052 Class B/C Shares respectively. As of 15 September 2016 the Class B/C Shares have been canceled. For the same period in the previous year the notional weighted average numbers of ordinary shares outstanding were 20,073,695 Class A Shares and 14,210,526 Class B/C Shares respectively.

		unaudited 01.01. - 30.09.2016	unaudited 01.01. - 30.09.2015
Profit/(Loss) for discontinued operations for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(14,698)	(158)
	Class B/C Shares	(9,827)	(111)
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	13,421,052	14,210,526
Basic earnings/(loss) per share (euro/share)	Class A Shares	(0.73)	(0.01)
	Class B/C Shares	(0.73)	(0.01)

Dilutive earnings per share

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 outstanding 66,667 share options from the Management Stock Option Program (MSOP). The 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.

Should the share options of the Management Stock Option Program (MSOP) be exercised, the total number of Class A Shares 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 described in the annual report of exceet Consolidated Financial Statements note 13 "Equity" on pages 70 to 72, 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. As of the extraordinary general meeting held 15 September 2016 Class B/C Shares have been redeemed and been canceled. In the period presented the reduction of outstanding shares will impact EPS as the loss for the period will increase loss per share.

Below the details for the dilutive effect of the cancelation of B/C shares:

		unaudited 01.01. - 30.09.2016
Profit/(Loss) for continued operations for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(3,461)
Number of ordinary shares outstanding after cancellation Class B/C Shares	Class A Shares	20,073,695
Diluted earnings/(loss) per share (euro/share)	Class A Shares	(0.17)

		unaudited 01.01. - 30.09.2016
Profit/(Loss) for discontinued operations for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(24,525)
Number of ordinary shares outstanding after cancellation Class B/C Shares	Class A Shares	20,073,695
Diluted earnings/(loss) per share (euro/share)	Class A Shares	(1.22)

12 Dividends

No dividends were paid during the nine months ended 30 September 2016.

13 Borrowings

Borrowings for continued operations are as follows:

(in EUR 1,000)	unaudited 30 September 2016	audited 31 December 2015
NON-CURRENT		
Bank borrowings	35,107	35,013
Finance lease liabilities	1,448	859
Total non-current borrowings	**36,555**	**35,872**
CURRENT		
Bank borrowings	1,657	1,239
Finance lease liabilities	1,044	1,089
Total current borrowings	**2,701**	**2,328**
Total borrowings	**39,256**	**38,200**

14 Retirement Benefit Obligation

The impact of measurements of the defined benefit obligation arises from changes in economic assumptions (discount rates) EUR 3,015 (9M 2015: EUR 2,009) and from return on plan assets of EUR-1,080 (9M 2015: EUR -225).

15 Other financial liability

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 hence a total of EUR 200,000.

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

The exceet Public Warrants (ISIN LU0472839819) expired on 26 July 2016 in accordance with clause 9.2 of their terms and conditions and have been automatically and immediately canceled on 27 July 2016, hence no fair value was recorded at 30 September 2016 (31.12.2015: EUR 20).

16 Ultimate controlling parties and related-party transactions

The Company has no ultimate controlling party.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Group had legal charges from related parties in the nine months of 2016 of EUR 95 (9M 2015: EUR 49).

17 Discontinued Operations

On 2 March 2016 the Group announced its intention to sell the business segment IDMS and initiated a process to locate a buyer. The associated assets and liabilities were consequently presented as held for sale in the interim reports of 2016. The assets and liabilities of the discontinued operations classified as held for sale are measured at the lower of their carrying value and fair value less cost to sell and are presented separately in the balance sheet. Fair value less cost to sell has been determined based on the valuation of the expected business performance and the expected sales proceed from a third party buyer.

Based on actual value indications from the capital market, the carrying value of IDMS (discontinued operations) was impaired by EUR 8,500 within Goodwill per 30 June 2016.

As of 30 September 2016 the Business segment and the corresponding intercompany loans hold within the Group were sold with effect on the same date. The financial information relating to the discontinued operation for the period to the date of disposal is set below.

(in EUR 1,000)

DISPOSAL CONSIDERATION	
Consideration received	11,500
Carrying amount of net assets disposed	(15,532)
Loss on Disposal before reclassification of foreign currency translation reserve	**(4,032)**
Reclassification of foreign currency translation reserve	(10,507)
Loss on Disposal	**(14,539)**

The carrying amount of assets and liabilities as at the date of sale (30 September 2016) were:

(in EUR 1,000)	
CARRYING VALUE	
Cash and cash equivalents	1,574
Tangible assets	6,364
Intangible assets	7,557
Inventory	6,737
Trade receivables (including allowance)	5,928
Other receivables	923
Accrued income and deferred expenses	224
Trade payables	(4,495)
Other liabilities	(1,227)
Borrowings	(4,509)
Accrued expenses and deferred income	(1,901)
Retirement benefit obligation	(624)
Provisions	(895)
Current income tax liability	(124)
Net assets disposed	**15,532**

(in EUR 1,000)	
Consideration settled in cash	11,500
Cash and cash equivalents in subsidiaries disposed	(1,574)
Cash inflow on divestment, net of cash	**9,926**

The financial performance of the discontinued operations for the first nine months 2016 and 2015 is as follows:

	3 months		9 months	
(in EUR 1,000)	01.07. - 30.09.2016	01.07. - 30.09.2015	01.01. - 30.09.2016	01.01. - 30.09.2015
FINANCIAL PERFORMANCE				
External revenue	11,855	10,987	33,185	30,458
Expenses	(13,645)	(10,921)	(36,087)	(31,192)
Profit / (Loss) before fair value adjustment and income tax	(1,790)	66	(2,902)	(734)
Fair value adjustment - Impairment of Goodwill	0	0	(8,500)	0
Profit / (Loss) before income tax	(1,790)	66	(11,402)	(734)
Income tax	930	93	1,416	465
Profit / (Loss) from discontinued operations	**(860)**	**159**	**(9,986)**	**(269)**
Loss on Disposal of discontinued operations	(14,539)	0	(14,539)	0
Loss from discontinued operations	**(15,399)**	**159**	**(24,525)**	**(269)**
Exchange difference on translation of discontinued operations	10,507	(2,364)	10,507	4,784
Comprehensive income from discontinued operations	**(4,892)**	**(2,205)**	**(14,018)**	**4,515**
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	(15,399)	159	(24,525)	(269)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	(0.77)	0.01	(1.22)	(0.01)
Class B/C shares (canceled as per 15 September 2016)	n/a	0.00	n/a	(0.01)
CASH FLOW INFORMATION				
Net Cash inflow / (outflow) from operating activities	(498)	(774)	(2,457)	642
Net Cash inflow / (outflow) from investing activities	(159)	(299)	(1,064)	(461)
Net Cash inflow / (outflow) from financing activities	977	(305)	925	(1,271)
Net increase / (decrease) in cash generated by discontinued operations	**320**	**(1,378)**	**(2,596)**	**(1,090)**

At 31 December 2015, the following assets and liabilities have been classified as held for sale:

(in EUR 1,000)	30 September 2016	31 December 2015
Assets classified as held for sale		
Tangible assets	0	6,336
Intangible assets [1]	0	16,318
Deferred tax assets	0	150
Other non-current receivables	0	186
Inventories	0	4,647
Trade receivables, net	0	4,021
Other current receivables	0	501
Current income tax receivables	0	168
Accrued income and prepaid expenses	0	240
Cash and cash equivalents	0	4,170
Total assets classified as held for sale	**0**	**36,737**
Liabilities direclty associated with assets classified as held for sale		
Borrowings [2]	0	3,118
Retirement benefit obligations	0	624
Deferred tax liabilities	0	1,681
Provisions for other liabilities and charges	0	1,086
Other non-current liabilities	0	7
Trade payables	0	2,601
Other current liabilities	0	1,191
Accrued expenses and deferred income	0	1,812
Current income tax liabilities	0	6
Total liabilities directly associated with assets classified as held for sale	**0**	**12,126**

1) Incl. Goodwill of EUR 5,952(31.12.2015: EUR 14,452)
2) Net debt for discontinued operations amount to EUR 1,435 (31.12.2015: EUR -1,052) based on third party borrowings EUR -3,009 (31.12.2015: EUR 3,118) less cash and cash equivalents of EUR 1,574 (31.12.2015: EUR 4,170)

18 Additional information

Group Financials (incl. discontinued operations)

The following numbers have been prepared under the assumption that IDMS will be continued operations. These statements have been disclosed to provide additional information to the reader of the interim financial statements to compare the current numbers with prior years reported numbers and is not a requirement from IFRS endorsed by EU.

Interim income statement (consolidated) on Total Group Basis

(in EUR 1,000)	3 months unaudited 01.07. - 30.09.2016	 unaudited 01.07. - 30.09.2015	9 months unaudited 01.01. - 30.09.2016	 unaudited 01.01. - 30.09.2015
Revenue	46,246	44,113	133,000	132,667
Cost of sales	(42,436)	(36,936)	(117,441)	(113,017)
Gross profit	**3,810**	**7,177**	**15,559**	**19,650**
Gross profit margin	*8.2%*	*16.3%*	*11.7%*	*14.8%*
Distribution costs	(2,910)	(3,354)	(10,137)	(10,315)
Administrative expenses	(2,048)	(3,035)	(8,681)	(10,060)
Other operating expenses [3]	(3,018)	0	(11,518)	0
Other operating income	345	517	1,055	1,019
Operating result (EBIT) [1]	**(3,821)**	**1,305**	**(13,722)**	**294**
EBIT margin	*(8.3%)*	*3.0%*	*(10.3%)*	*0.2%*
Financial income	627	2,042	1,750	5,333
Financial expenses	(15,352)	(405)	(17,029)	(8,522)
Changes in fair value in financial instruments	340	3	20	409
Financial result, net	**(14,385)**	**1,640**	**(15,259)**	**(2,780)**
Profit/(Loss) before income tax	**(18,206)**	**2,945**	**(28,981)**	**(2,486)**
Income tax expense	715	(155)	995	(49)
Profit/(Loss) for the period	**(17,491)**	**2,790**	**(27,986)**	**(2,535)**
Profit/(Loss) margin	*(37.8%)*	*6.3%*	*(21.0%)*	*(1.9%)*
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	(17,491)	2,790	(27,986)	(2,535)
EARNINGS PER SHARE IN EURO (BASIC = DILUTIVE)				
Class A shares	(0.87)	0.13	(1.39)	(0.07)
Class B/C shares (canceled as per 15 September 2015)	n/a	0.01	n/a	(0.07)
Operating result (EBIT)	(3,821)	1,305	(13,722)	294
Depreciation, amortization and impairment charges	5,646	2,630	19,206	7,890
Operating result before depreciation, amortization and impairment charges (EBITDA) [2]	**1,825**	**3,935**	**5,484**	**8,184**
EBITDA margin	*3.9%*	*8.9%*	*4.1%*	*6.2%*

1) Earnings Before Interest and Taxes
2) Earnings Before Interest, Taxes, Depreciation and Amortization
3) Impairment of Goodwill IDMS (discontinued operations)

19 Events occurring after the reporting period

As of 6 October 2016 exceet Secure Solutions AG has changed its legal form from a share capital company to a limited liability company and been renamed as exceet Secure Solutions GmbH.

There were no other events since the balance sheet date on 30 September 2016 that would require adjustment of assets or liabilities or a disclosure.

20 List of consolidated subsidiaries of exceet Group SE

As of 15 August 2016 exceet Secure Solutions Deutschland GmbH has been merged with exceet Secure Solutions AG retroactively per 1 January 2016.

In the effort of Group branding strategy, as electronics GmbH has been renamed to exceet electronics GmbH as of 5 January 2015 and Contec Steuerungstechnik & Automation Gesellschaft mbH has been renamed to exceet electronics GesmbH as of 28 January 2015. Furthermore exceet USA, Inc. was incorporated at 15 September 2015, and is a 100% subsidiary of exceet Group AG.

Company	Country	Year of acquisition [1]	Segment	Activity	Share Capital	Share in the capital	Share of the votes
CONTINUED OPERATIONS							
exceet Group S.E.	LUX	2011	C&O	Holding	EUR 527,960	100%	100%
exceet Holding AG [2]	SUI	2011	C&O	Holding	CHF 100,000	100%	100%
exceet Group AG	SUI	2006	C&O	Holding & Services	CHF 25,528,040	100%	100%
exceet Austria GmbH [3]	AUT	2011	C&O	Holding	EUR 35,000	100%	100%
GS Swiss PCB AG	SUI	2006	ECMS	Manufacturing & Sales	CHF 1,350,000	100%	100%
ECR AG	SUI	2006	ECMS	Manufacturing & Sales	CHF 500,000	100%	100%
AEMtec GmbH	GER	2008	ECMS	Manufacturing & Sales	EUR 2,250,000	100%	100%
exceet electronics AG [4]	SUI	2008	ECMS	Manufacturing & Sales	CHF 1,000,000	100%	100%
exceet electronics GesmbH [5][6]	AUT	2011	ECMS	Manufacturing & Sales	EUR 54,000	100%	100%
exceet electronics GmbH [7]	GER	2012	ECMS	Development & Sales	EUR 102,150	100%	100%
exceet Medtec Romania S.R.L. [8]	ROU	2014	ECMS	Development	RON 1,000	100%	100%
exceet USA, Inc.	USA	2015	ECMS	Sales	USD 10	100%	100%
exceet Secure Solutions AG [9][10]	GER	2011	ESS	Development & Sales	EUR 1,000,000	100%	100%
Lucom GmbH Elektrokomponenten und Systeme [11]	GER	2014	ESS	Development & Services	EUR 26,000	100%	100%
DISCONTINUED OPERATIONS (sold as of 30 September 2016)							
exceet Card Group AG	GER	2009	IDMS	Holding & Services	EUR 7,595,389		
exceet Card Austria GmbH [12]	AUT	2009	IDMS	Manufacturing & Sales	EUR 35,000		
idVation GmbH [13]	GER	2009	IDMS	Development & Services	EUR 25,000		
exceet Card Nederland B.V. [14]	NED	2009	IDMS	Manufacturing & Sales	EUR 226,900		
exceet Card AG [15][16]	GER	2010	IDMS	Manufacturing & Sales	EUR 6,315,584		
exceet CZ s.r.o. [17]	CZE	2010	IDMS	Manufacturing	CZK 1,500,000		

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 Secure Solutions AG (former: AuthentiDate International AG) has been renamed by 13.8.2014
10) exceet Secure Solutions AG and exceet Secure Solutions Deutschland GmbH have been merged on 15 August 2016 retroactively as per 1 January 2016
11) exceet Secure Solutions AG holds 100% of the share capital of Lucom GmbH Elektrokomponenten und Systeme
12) exceet Card Group AG holds 100% of the share capital of the subsidiary
13) exceet Card Austria GmbH holds 100% of the share capital of idVation GmbH
14) exceet Card AG holds 100% of the share capital of exceet Card Nederland B.V.
15) NovaCard Informationssysteme GmbH and exceet Card AG have been merged in February 2013 retroactively as per 1.1.2013
16) PPC Card Systems GmbH and exceet Card AG have been merged in August 2012 retroactively as per 1.1.2012
17) exceet Card Austria GmbH holds 100% of the share capital of exceet CZ s.r.o.

For more detailed information please visit www.exceet.lu/divisions/.