



FIRST HALF-YEAR 2017 REPORT

exceet Group SE
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INTERIM MANAGEMENT REPORT

Operational Results and Business Alignment moving ahead

- H1 group sales at EUR 71.1 million, plus 8.7% to prior year (organic growth +8.1%)
- Group sales in Q2 at their highest quarterly level since 2013 reaching EUR 35.7 million (+0.9% versus Q1 2017 and +5.3% versus Q2 2016)
- H1 group EBITDA at EUR 4.5 million (6.3% of net sales), up 28.4% compared to H1 2016
- On 30 June 2017, order backlog at EUR 99.8 million (EUR +17.6 million compared to end of H1 2016), cash at EUR 23.8 million, net debt at EUR 6.8 million and equity ratio at 53.8%
- Non-cash value adjustment on intangible assets by EUR 10.7 million related to the operations in Rotkreuz (Switzerland) and referring to the former acquisition of the legal entities
- As published on 2 May and 5 July 2017, the two potential buyers of the stakes of exceet's existing core shareholders refrained from further negotiations and therefore they will not make a tender offer

Having sold the ID Management & Systems (IDMS) business segment as of 30 September 2016, all comparable prior year figures of the following Management Report are presented excluding IDMS in order to allow a transparent comparison.

Financial Performance

Q2 2017 sales of exceet group amounted to EUR 35.7 million – marking their highest quarterly level since 2013 – and bringing up total H1 sales to EUR 71.1 million. Compared to the already strong sales figure of the preceding quarter, exceet managed to gain another 0.9% in turnover keeping up the overall pleasing level. In 2016 exceet's sales in the second quarter recovered from a weak Q1 figure of EUR 31.5 million to EUR 33.9 million. In 2017, this results in a basis effect with flattening growth rates: Q1 2017 (+12.4%), Q2 2017 (+5.3%) and H1 2017 (+8.7%).

With the fifth consecutive quarter providing top line organic growth exceet is confirming the recent positive sales trend. The clear focus on the promising markets of smart and secure electronics allows the group to gain gradually ground from a solid base. The actual organic growth (+8.1%) in the first half-year 2017 is reflecting the promising order backlog figures recorded at 31 December 2016 and a slow lessening of customer reluctance as new products offer convincing market potentials. The EBITDA development is well on track but the actual margin of 6.3% leaves room for further improvement.

On 30 June 2017 exceet's order backlog amounted to EUR 99.8 million (30.6.2016: EUR 82.2 million). The twelve months rolling book-to-bill ratio of 1.14 (H1 2016: 1.06) supports the continued promising sales trend.

exceet performed in H1 2017 better than in the prior year period. The business achieved an EBITDA of EUR 4.5 million (6.3% margin on net sales) versus EUR 3.5 million (5.4% margin on net sales) in the same period of 2016. But for the printed circuit boards activities, exceet faced lower margins than expected out of the sales mix and the lower volume of sales. The relative fix cost structure of these operations does not support an immediate adjustment of the cost level. However, the implementation of the new lean management structure allowed the reduction of administration costs by approx. EUR 0.6 million compared to the prior year period on a continued operation basis supporting the overall performance of exceet for the first six months.

The current profitability level is still below the management's target for the combined electronics and secure solutions business. As expected and already communicated, the recent measures like concentrating the Swiss market activities, the structural adjustments within ESS in Dusseldorf (Germany) by focusing on the "exceet connect" solution package, as well as the optimization of the production and sales activities in Ebbs (Austria) - after shifting projects to this location from Switzerland - could not yet unfold their intended effects in the reporting period. The EBITDA of H1 2017 includes costs of EUR 0.5 million related to these measures.

The group's net result year to date amounts to minus EUR 10.3 million (H1 2016: minus EUR 1.4 million on a continued basis) including the impairment of intangible assets of EUR 10.7 million related to the operations in Rotkreuz (Switzerland) mainly from capitalized goodwill out of the former acquisitions of the legal entities. The earnings per share (EPS) were minus Euro 0.51 (H1 2016: minus Euro 0.04) per Class A Share.

Excluding the impairment charge exceet made a positive net result of EUR 0.4 million with earnings per share at Euro 0.02.

Segment Reporting

Electronic Components, Modules & Systems (ECMS)

Segment external net sales increased by 7.1% to EUR 66.2 million during the first six months of 2017 (H1 2016: EUR 61.8 million) and contributed 93.1% to overall Group sales. The EBITDA of the segment reached EUR 7.1 million (H1 2016: EUR 7.0 million) mainly due to the lower gross profit margin out of the sales mix and the lower sales level within the PCB activities.

The ECMS segment 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 positive sales trend of the first quarter 2017 continued during the last three months and provided a favorable basis for the group's business development over the first half year.

Existing customers still keep up a substantial demand for customer-specific electronic modules and systems and order higher volumes positively leveraging the results. New and potential customers showed an especially strong interest in exceet's microprocessor related product suite which meets their actual requirements for smaller, higher-powered and easy-to-use controller solutions. Customers benefit from lower costs and a quick-and-easy realization of complex processor solutions. First projects have been started successfully within the operations in Grossbottlingen (Germany).

As of 1 July 2017, the Swiss operational entities in Rotkreuz were merged under the exceet electronics brand, with the expectation to strengthen exceet's market presence in Switzerland. By streamlining its operations, exceet has improved its position to focus on the commercialization of the newly developed product bundles regarding control units and panels as well as web terminals for the medical, industrial and avionics markets. Furthermore, exceet is benefitting from higher order volumes of their customers in Ebbs. A project to enhance and optimize the production processes in Ebbs has been started with external support recently.

The segment continues to invest in the development and industrialization of medical grade body wearable products and homecare solutions for patient monitoring. These sensor based solutions help to simplify and accelerate medical processes regarding patient care, diagnostics and therapy and to obtain accurate vital data collection and analysis. However, current running customer projects are delayed and order volumes are below expectations.

The good condition of the overall economy continues to push sales in the field of complex client-specific micro- and opto-electronics. The positive impact out of sales activities with new customers, including the US and the Scandinavian market, as well as the increasing demand from the customer base led to a stable overall sales growth. Additionally, exceet's proven know-how in the area of micro-optical applications and systems is generating new customer projects which are close to finalization. Typical applications are the micro-camera based recognition of bar codes, QR codes and optical analysis in complex environments. Customers take advantage of a unique spectrum of high-end chip-level technologies realized in state-of-the-art cleanroom facilities.

The business activities related to printed circuit boards are currently forced to operate on a lower sales level due to moderate order releases as customer's order behavior continues to be reserved. As a consequence, the current cost structure and processes will be adjusted to have a higher cost-flexibility. These measures are on track. The development of new technologies regarding the semi-additive process, a proven production method used on rigid and flexible materials enabling the manufacturing of ultra-fine circuitry, is on course.

exceet Secure Solutions (ESS)

During the reporting period, ESS generated external revenues of EUR 4.9 million (H1 2016: EUR 3.6 million), accounting for 6.9% of total group sales. The EBITDA remained negative with minus EUR 1.3 million including restructuring cost of EUR 0.2 million.

The ESS segment is focused on secure connectivity mainly based on IT Security and industrial Internet of Things (IoT) projects and solutions.

Within the IoT related activities, ESS offers concept alignment and management, project coordination as well as customer specific IoT hardware, software and cloud services. This proven industrial IoT expertise of ESS in combination with exceet's electronic development and manufacturing competences is the backbone for secure connection solutions. With the recently launched "exceet connect" solution bundle, ESS concentrates its secure connection competences in one product suite. This solution bundle ensures secure communication between users and devices and guarantees protection against tapping and manipulation of data. With exceet connect's modular solution portfolio the customer has the choice of different security levels. Additionally, the segment further improved eHealth, eSignature and Hardware Security Module (HSM) related developments and sales activities during the quarter.

The market trend for connected solutions regarding remote services and protective maintenance systems continues to push the segment's revenue in the field of industry routers and customized gateways for application-specific-information, e.g. new customers in the area of wind power plants and the retail market benefit from remote access to their systems and plants.

The streamlining process of its organization and the related adaptation of the workforce in Dusseldorf are ongoing and on track. Due to these corrective measures, exceet will be able to focus more intensely on the secure connection market. Some cost savings will be already effective during this year.

Group Balance Sheet Positions

As of 30 June 2017, the total assets of exceet Group amounted to EUR 137.0 million, compared to EUR 151.8 million as of 31 December 2016.

The non-current assets amounted to EUR 57.4 million (31.12.2016: EUR 70.4 million) and decreased by EUR 13.0 million. This position includes tangible assets of EUR 28.1 million (31.12.2016: EUR 29.1 million), intangible assets of EUR 26.6 million (31.12.2016: EUR 38.6 million) and other non-current assets of EUR 2.7 million (31.12.2016: EUR 2.7 million). The reduction of the intangible assets was mainly driven by the impairment of goodwill and customer base related to the operations in Rotkreuz (Switzerland) of EUR 10.7 million. The non-current assets include deferred tax assets of EUR 2.0 million and EUR 0.8 million for a working capital related loan to the sold card business. This loan is due on 31 December 2017 and EUR 0.7 million of the total loan of EUR 1.5 million were already repaid until 30 June 2017.

Current assets amounted to EUR 79.6 million, compared to EUR 81.4 million at year-end 2016. The decrease of EUR 1.8 million includes an increase of the inventories by EUR 3.6 million and the trade receivables of EUR 1.5 million due to the good level of sales and the material purchases precede for projects in progress. The lower cash and cash equivalents of EUR 23.8 million (31.12.2016: EUR 30.9 million) reflect the repayment of bank borrowings related to the sale of the card business of EUR 4.7 million and the substantial increase of the operating net working capital (trade receivables plus inventories minus trade payables) from EUR 39.5 million to EUR 42.2 million.

At the end of the reporting period, exceet Group's equity amounted to EUR 73.7 million, against EUR 84.1 million as of 31 December 2016. This represents a reasonable equity ratio of 53.8% (31.12.2016: 55.4%).

The increase of the current liabilities by EUR 17.3 million to EUR 41.0 million as of 30 June 2017 (31.12.2016: EUR 23.7 million) includes the reclassification of borrowings of EUR 19.7 million from non-current liabilities to current liabilities as the main bank facility agreement will expire on 28 February 2018. Based on first capital market feedback, exceet is expecting a refinancing until this expiration date. In addition borrowings were reduced by EUR 4.7 million out of a repayment obligation related to the sale of the card business. Further the trade payables increased due to the higher level of sales by EUR 2.5 million and the accrued expenses increased by EUR 0.9 million.

Non-current liabilities decreased by EUR 21.7 million from EUR 44.0 million at year-end of 2016 to EUR 22.3 million. EUR 19.7 million are related to the reclassification of the borrowings covered by the main bank facility agreement to current liabilities. The adjustment of the retirement benefit obligations according to the actual actuarial calculation caused a decrease of the provision by EUR 0.9 million and the deferred tax liabilities decreased by EUR 0.7 million.

Cash Development and Net Debt

The cash and cash equivalents of EUR 23.8 million (31.12.2016: EUR 30.9 million) reflect the repayment of bank borrowings and the substantial increase of the operating net working capital caused by the higher level of sales and material purchases for projects in progress.

The H1 2017 cash outflow of EUR 7.1 million (H1 2016: outflow EUR 5.2 million) consisted of EUR 4.9 million for the repayment of borrowings, investments into tangible and intangible assets of EUR 1.7 million, investments into the net working capital of EUR 3.2 million, net tax payments of EUR 1.6 million, interest payments of EUR 0.3 million, currency impact on cash of EUR 0.3 million and the cash inflow out of operations with EUR 5.0 million. The net debt position as of 30 June 2017 amounts to EUR 6.8 million (31.12.2016: EUR 5.4 million).

Employees

As of 30 June 2017, the Group employed 693 employees (Headcount) (30.6.2016: 713) or 637 full-time equivalents (FTE) (30.6.2016: 655). 312 (30.6.2016: 302) were employed in Germany, 228 (30.6.2016: 263) in Switzerland, 83 (30.6.2016: 74) in Austria, 13 (30.6.2016: 15) in Romania and 1 (30.6.2016: 1) in the USA.

Capital Market Environment and Share Price Performance

In its summer outlook the OECD estimates global growth of 3.5% for the current year, 0.2 percentage points higher than forecasted in March. The growth projection for Germany was also revised upward by 0.3 percentage points to 2.0%. Investment spending (+2.8%) and exports (+4.2%) are expected to be the growth drivers for Germany while private consumption might slow down due to the absence of further wage increases.

Economic indicators like the Index of the Centre for European Economic Research (ZEW-Index) and the Business Climate Index (Ifo-Index) are signalling robust growth in Germany for Q2 2017, but economists are becoming more cautious about the second half of the year due to rising bond yields and a stronger Euro. In this context, Central Bank policies in the US and in the Eurozone are the dominant drivers affecting the economic climate but also capital markets. In the US, the Federal Reserve System (Fed) is facing a robust labour market, but latest economic figures were again subdued. There is no inflation increase and it remains to be seen if the Fed will raise rates by the widely expected three steps before the end of the year and therefore start the Quantitative Tightening. The European Central Bank (ECB) most probably will not raise interest rates before the second half of 2018, but markets are awaiting announcements concerning the further progression of the bond purchase program.

Currently, equity markets are generally supported by liquidity, corporate earnings and measures aimed at enhancing market valuation, such as dividend distributions and share-buy-backs. But markets get increasingly concerned about the prospects of rising rates and a long-term stronger Euro. The performance of equities showed a certain divergence within the second quarter. The German Dax maintained its 7.0% Q1 performance but did not increase further between April and June. European stocks as measured by the Eurostoxx 50 even declined slightly and ended the first half with a 4.6% performance after 6.4% at the end of March. On the contrary, the US and Swiss markets extended their positive performances in the course of the second quarter. The Dow Jones in total gained 8.0% in H1 and the SMI increased by 8.4% after a performance of 4.6% and 5.3% respectively at the end of March. As in the first quarter, economically sensitive technology stocks managed again to outperform the broad market. The Nasdaq Composite showed a positive H1 result of 14.0% after 9.8% at the end of March and the German TecDax provides a similar picture performing 20.7% in the entire H1 after 13.0% in Q1.

exceet shares lost a big part of their Q1 2017 positive performance falling from Euro 3.58 to Euro 2.88 between April and June on the news that actually no change in core stake ownerships was taking place. This results in a total H1 2017 performance of +15.2%. The cumulative turnover volume on Xetra amounted to merely 55,801 shares being traded on less than 15 trading days in the course of the entire Q2. This compares to 182,664 shares traded in Q1 2017 and 143,068 shares traded in the second quarter of 2016.

Opportunities and Risk Report

The statements provided in the Annual Report 2016 on the opportunities and risks of the business model remain unchanged.

Significant Events and Actions

As published on 2 May and 5 July 2017, the two potential buyers of the stakes of exceet's existing core shareholders, Greenock S.à r.l. and Oranje-Nassau Participaties B.V., refrained from further negotiations and therefore they will not make a tender offer.

Outlook

exceet's business performance in Q2 2017 overall confirmed the encouraging start into the year despite the currently still lagging level of activities in the PCB business. The management remains confident to deliver its growth and profitability prospects given in last year's annual report. From a current point of view, this includes a single digit organic top line growth rate with cumulative sales in H2 2017 that may exceed the corresponding H1 2017 level. Latest order backlog figures of EUR 99.8 million as of 30 June 2017 are supporting this view. Risks to that scenario could be a deterioration of the general economic climate, bottlenecks in exceet's supply chain due to a strong demand out of the electronics industry and difficulties to find highly qualified technical employees in the market.

The operational profitability as measured by the EBITDA figure should improve from the bottomed-out level of the preceding year. Cost savings from the adjusted management structure, efficiency enhancing measurements and the leverage out of higher project volumes are helping to increase margins.

As indicated in the Q1 2017 report, some non-cash impairment on intangible assets referring to former acquisitions might remain on the agenda until the end of this year for the entities in Dusseldorf and Ebbs. All structural measurements taken so far are visibly supporting the group's turnaround. The Swiss operations in Rotkreuz have been considerably strengthened regarding brand awareness, range of products and services and customer relations. The successful focus on engineering of complex electronic solutions for Industry, MedTech and Avionics has generated a promising project pipeline. The major shift of production capacities from Switzerland to Ebbs will soon be finalized. With a reduced and strongly focused workforce, the Dusseldorf based ESS business activities will concentrate on its modular product suite "exceet connect".

Luxembourg, 7 August 2017
exceet Group SE
The Board of Directors and the CEO / CFO

INTERIM FINANCIAL STATEMENTS

(CONDENSED & CONSOLIDATED)

INTERIM BALANCE SHEET (CONSOLIDATED)

(in EUR 1,000)	unaudited 30 June 2017	audited 31 December 2016
ASSETS		
Non-current assets		
Tangible assets	28,142	29,086
Intangible assets ¹⁾	26,551	38,551
Deferred tax assets	1,967	1,206
Other financial investments	767	1,517
Total non-current assets	57,427	70,360
Current assets		
Inventories	32,295	28,657
Trade receivables, net	20,488	18,953
Other current receivables	956	1,151
Current income tax receivables	938	1,251
Accrued income and prepaid expenses	1,124	516
Cash and cash equivalents	23,782	30,874
Total current assets	79,583	81,402
Total assets	137,010	151,762
EQUITY		
Share capital	312	312
Reserves	73,415	83,830
Equity attributable to Shareholders of the parent company	73,727	84,142
Total equity	73,727	84,142
LIABILITIES		
Non-current liabilities		
Borrowings ²⁾	9,313	29,358
Retirement benefit obligations	9,420	10,311
Deferred tax liabilities	1,939	2,635
Provisions for other liabilities and charges	624	603
Other non-current liabilities	1,016	1,054
Total non-current liabilities	22,312	43,961
Current liabilities		
Trade payables	10,576	8,077
Other current liabilities	2,067	2,281
Accrued expenses and deferred income	6,686	5,774
Current income tax liabilities	350	594
Borrowings ²⁾	21,292	6,933
Total current liabilities	40,971	23,659
Total liabilities	63,283	67,620
Total equity and liabilities	137,010	151,762

1) Incl. Goodwill of EUR 13,411 (31.12.2016: EUR 22,608) – please see note 10 "Intangible assets" for details

2) Net debt amount to EUR 6,823 (31.12.2016: EUR 5,417) based on third party borrowings EUR 30,605 (31.12.2016: EUR 36,291) less cash and cash equivalents of EUR 23,782 (31.12.2016: EUR 30,874)

INTERIM INCOME STATEMENT (CONSOLIDATED)

(in EUR 1,000)	3 months		6 months	
	unaudited 01.04. - 30.06.2017	unaudited 01.04. - 30.06.2016	unaudited 01.01. - 30.06.2017	unaudited 01.01. - 30.06.2016
Revenue	35,721	33,924	71,122	65,424
Cost of sales	(31,119)	(29,658)	(62,136)	(56,381)
Gross profit	4,602	4,266	8,986	9,043
<i>Gross profit margin</i>	<i>12.9%</i>	<i>12.6%</i>	<i>12.6%</i>	<i>13.8%</i>
Distribution costs	(2,460)	(2,358)	(4,910)	(4,703)
Administrative expenses	(1,689)	(2,503)	(3,725)	(5,195)
Other operating expenses (Note 9) ¹⁾	(10,751)	0	(10,751)	0
Other operating income	149	322	266	393
Operating result (EBIT) ²⁾	(10,149)	(273)	(10,134)	(462)
<i>EBIT margin</i>	<i>(28.4%)</i>	<i>(0.8%)</i>	<i>(14.2%)</i>	<i>(0.7%)</i>
Financial income	663	378	909	1,123
Financial expenses	(390)	(637)	(935)	(1,504)
Changes in fair value in financial instruments	0	(320)	0	(320)
Financial result, net	273	(579)	(26)	(701)
Profit/(Loss) before income tax	(9,876)	(852)	(10,160)	(1,163)
Income tax expense	(62)	(56)	(171)	(206)
Profit/(Loss) from continuing operations	(9,938)	(908)	(10,331)	(1,369)
<i>Profit/(Loss) margin</i>	<i>(27.8%)</i>	<i>(2.7%)</i>	<i>(14.5%)</i>	<i>(2.1%)</i>
Profit/(Loss) from discontinued operations	0	(8,657)	0	(9,126)
Profit/(Loss) for the period	(9,938)	(9,565)	(10,331)	(10,495)
<i>Profit/(Loss) margin</i>	<i>(27.8%)</i>	<i>(28.2%)</i>	<i>(14.5%)</i>	<i>(16.0%)</i>
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	(9,938)	(9,565)	(10,331)	(10,495)
EARNINGS PER SHARE IN EURO FROM CONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	(0.50)	(0.03)	(0.51)	(0.04)
Class B/C shares	n/a	(0.03)	n/a	(0.04)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	n/a	(0.25)	n/a	(0.27)
Class B/C shares	n/a	(0.25)	n/a	(0.27)
EARNINGS PER SHARE IN EURO ON TOTAL GROUP BASIS (BASIC = DILUTIVE)				
Class A shares	(0.50)	(0.28)	(0.51)	(0.31)
Class B/C shares	n/a	(0.28)	n/a	(0.31)
Operating result (EBIT)	(10,149)	(273)	(10,134)	(462)
Impairment charges	10,751	0	10,751	0
Depreciation and amortization	602	(273)	617	(462)
Operating result before depreciation, amortization and impairment charges (EBITDA) ³⁾	2,590	1,702	4,500	3,505
<i>EBITDA margin</i>	<i>7.3%</i>	<i>5.0%</i>	<i>6.3%</i>	<i>5.4%</i>

1) Incl. Impairment charges of EUR 10,751

2) Earnings Before Interest and Taxes

3) 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)

(in EUR 1,000)	3 months		6 months	
	unaudited 01.04. - 30.06.2017	unaudited 01.04. - 30.06.2016	unaudited 01.01. - 30.06.2017	unaudited 01.01. - 30.06.2016
Profit/(Loss) for the period	(9,938)	(9,565)	(10,331)	(10,495)
Items not to be reclassified to profit and loss:				
Remeasurements of defined benefit obligation	(495)	(1,428)	555	(2,742)
Deferred tax effect on remeasurements of defined benefit obligation	64	177	(77)	340
Items not to be reclassified to profit and loss	(431)	(1,251)	478	(2,402)
Items to be reclassified to profit and loss:				
Currency translation differences	(707)	227	(562)	(134)
Items to be reclassified to profit and loss	(707)	227	(562)	(134)
Total comprehensive income for the period	(11,076)	(10,589)	(10,415)	(13,031)
Attributable to:				
Shareholders of the parent company	(11,076)	(10,589)	(10,415)	(13,031)
Total comprehensive income for the period attributable to the Shareholders of the company				
Continued operations	(11,076)	(1,932)	(10,415)	(3,905)
Discontinued operations	0	(8,657)	0	(9,126)
Total comprehensive income for the period	(11,076)	(10,589)	(10,415)	(13,031)

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. - 30.06.2017	unaudited 01.01. - 30.06.2016
Profit/(Loss) before income tax	(10,160)	(643)
Amortization on intangible assets	1,514	1,655
Impairment on intangible assets	10,751	0
Depreciation on tangible assets	2,369	2,312
(Gains)/Losses on disposal of assets	[22]	[2]
Change of provisions	39	26
Adjustments to retirement benefit obligations/prepaid costs	[190]	84
Financial (income)/expenses	365	367
Change in fair value in financial instruments	0	320
Other non-cash (income)/expenses	334	34
Operating net cash before changes in net working capital	5,000	4,153
Changes to net working capital		
- inventories	[4,139]	[3,980]
- receivables	[1,663]	42
- accrued income and prepaid expenses	[617]	[353]
- liabilities	2,321	[981]
- provisions for other liabilities and charges	[18]	0
- accrued expenses and deferred income	911	1,395
Tax received (prior periods)	273	218
Tax paid	[1,908]	[2,239]
Interest received	10	2
Interest paid	[319]	[367]
Cashflows from operating activities ²⁾	[149]	(2,110)
Purchase of tangible assets	[1,294]	[2,286]
Sale of tangible assets	22	4
Purchase of intangible assets	[474]	[625]
Cashflows from investing activities	[1,746]	(2,907)
Increase of borrowings	678	801
Repayments of borrowings	[5,544]	[155]
Proceeds/(Repayments) of other non-current liabilities	[38]	[37]
Proceeds from finance lease prepayments	487	0
Payments of finance lease liabilities	[447]	[709]
Cashflows from financing activities	[4,864]	[100]
Net changes in cash and cash equivalents	[6,759]	(5,117)
Cash and cash equivalents at the beginning of the period	30,874	29,086
Net changes in cash and cash equivalents	[6,759]	[5,117]
Effect of exchange rate gains/(losses)	[333]	[98]
Cash and cash equivalents at the end of the period	23,782	23,871

1) The cash flow statement for the prior year comparison is presented on a continued basis. Please refer to note 15 "Discontinued Operations" for cash flow from discontinued operations.

2) Free cash flow amounts to EUR [2,216] (1H 2016: EUR [5,915]) based on cash flow from operations of EUR [149] minus net capital expenditure (adjusted for finance lease) of EUR [2,067]

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 2017	312	65,485	(4,525)	202	(2,945)	25,613	84,142
Profit/(Loss) for the period					(10,331)		(10,331)
Other comprehensive income:							
Remeasurements of defined benefit obligations					555		555
Deferred tax effect on remeasurements					(77)		(77)
Currency translation differences						(562)	(562)
Total other comprehensive income for the period	0	0	0	0	478	(562)	(84)
Total comprehensive income for the period	0	0	0	0	(9,853)	(562)	(10,415)
BALANCES AT 30 JUNE 2017	312	65,485	(4,525)	202	(12,798)	25,051	73,727
BALANCES AT 1 JANUARY 2016	528	65,485	(4,525)	202	28,762	15,036	105,488
Profit/(Loss) for the period					(10,495)		(10,495)
Other comprehensive income:							
Remeasurements of defined benefit obligations					(2,742)		(2,742)
Deferred tax effect on remeasurements					340		340
Currency translation differences						(134)	(134)
Total other comprehensive income for the period	0	0	0	0	(2,402)	(134)	(2,536)
Total comprehensive income for the period	0	0	0	0	(12,897)	(134)	(13,031)
BALANCES AT 30 JUNE 2016	528	65,485	(4,525)	202	15,865	14,902	92,457

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 (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 is listed in the Prime Standard of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) under the symbol “EXC”.

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 19 “List of consolidated subsidiaries of exceet Group SE”.

exceet is an international technology group specialized in the development and production of intelligent, complex and secure electronics of small and mid-size volumes. The Group provides highly sophisticated solutions and distinguishes itself through its technical skill set in embedded intelligent electronics with a leading position in the health and industrial markets.

To focus the exceet Group on the electronic and secure solutions activities, the business segment of ID Management & Systems (IDMS) was sold as of 30 September 2016. As a consequence the Group is now structured in two business segments: Electronic Components Modules & Systems (ECMS) and exceet Secure Solutions (ESS).

The ECMS segment 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 is focused on secure connectivity mainly based on IT Security and industrial Internet of Things (IoT) projects and solutions. Within all IoT projects, the segment provides concept development, customer specific IoT hard- and software and especially process specific IT Security consulting, products and services. The segment also engages further in eHealth, eSignature and Hardware Security Module (HSM) related developments and sales activities.

exceet is mainly focusing on the European markets, but is also active in the markets of USA and Asia-Pacific. The Group consists of 14 legal entities with 10 locations in Austria, Germany, Luxembourg, 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.

This condensed consolidated interim financial information is unaudited and was approved for issue by the Board of Directors on 7 August 2017.

2 Adoption of new and revised accounting standards

New and amended standards adopted by the Group

There are no standards and amendments, issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee and as adopted by the European Union (EU), that are effective for the first time in the current financial year and would have been adopted by the Group:

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 2016.

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 2017 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 and EU effective date 1 January 2018
· 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
· IAS 40	(Amendment)	“Transfer of Investment Property” – IASB effective date: 1 January 2018 – EU endorsement outstanding
· IFRIC 22	(Interpretation)	“Foreign Currency Translation and Advance Consideration” – IASB effective date: 1 January 2018 – EU endorsement outstanding
· IFRIC 23	(Interpretation)	“Uncertainty over Income Tax Treatments” – IASB effective date: 1 January 2019 – EU endorsement outstanding
· Annual improvement cycle 2014 - 2016		IASB effective date: 1 January 2017 / 1 January 2018 – EU endorsement outstanding

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

- IFRS 15 (New) “Revenue from contracts with Customers” – IASB and EU effective date 1 January 2018

During the ongoing process for the implementation of IFRS 15, discussions with local management concerning the new revenue recognition model identified the following areas where the Group is likely to be affected:

- Development projects for customers – the application of IFRS 15 may result in the identification of separate performance obligations, which could affect the timing of the recognition of revenue.
- Accounting for costs incurred in fulfilling a contract – in some cases contract related costs which are currently expensed may need to be recognized as an asset under IFRS 15.
- Reclassifications of amounts to the new balance sheet items of contract assets and contract liabilities.

The Group will adopt IFRS 15 when it becomes effective on 1 January 2018.

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 six months ended 30 June 2017, have been prepared in accordance with IAS 34, 'Interim financial reporting'.

Following the sale of the business segment of IDMS, the respective figures were shown as discontinued operations and certain 2016 figures have now been restated to exclude IDMS for comparison reasons.

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 2016, 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, if not presented otherwise.

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 2016.

The following exchange rates were relevant to the interim financial report as of 30 June 2017:

	30 June 2017	Average 01.01. - 30.06.2017	31 December 2016	30 June 2016	Average 01.01. - 30.06.2016
1 CHF	0.91	0.93	0.93	0.92	0.91
1 USD	0.88	0.92	0.95	0.90	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), 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 2016. 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 JUNE 2017				
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				0
Total	0	0	0	0
31 DECEMBER 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				0
Total	0	0	0	0

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 represent quoted prices (unadjusted) in active markets for identical assets or liabilities.

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 2017	0
Payment of earn-out of acquisition	0
Interest on earn-out of acquisition	0
Currency translation differences	0
BALANCE AT 30 JUNE 2017	0
Total (gains)/losses for the period included in profit or loss	0
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 JUNE 2016	500
Total (gains)/losses for the period included in profit or loss	2

Fair value of financial assets and liabilities measured at amortized costs

The fair values of non-current borrowings are as follows:

(in EUR 1,000)	unaudited 30 June 2017	audited 31 December 2016
CARRYING AMOUNT		
Bank borrowings	7,739	27,926
Finance lease liabilities	1,574	1,432
Total	9,313	29,358
FAIR VALUE		
Bank borrowings	8,347	28,592
Finance lease liabilities	1,574	1,432
Total	9,921	30,024

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

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 809 during the first half-year 2017 (H1 2016: EUR 1,253).

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 – CEO/CFD. In addition, the Group has a third segment "Corporate and others" for reporting purposes, which only includes the investment companies. Companies of exceet Group SE, which have been subject to the reverse asset acquisition, have been assigned to the segment "Corporate and others".

The segment information for the first half-year 2017 and a reconciliation of EBIT to profit/(loss) for the period is provided as follows:

Income statement and capital expenditure by segment

01.01. - 30.06.2017 (in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Total Group
External revenue	66,221	4,901	0		71,122
Inter-segment revenue	0	2	102	(104)	0
Total revenue	66,221	4,903	102	(104)	71,122
EBITDA	7,137	(1,277)	(1,360)		4,500
<i>EBITDA Margin</i>	<i>10.8%</i>	<i>(26.0%)</i>			<i>6.3%</i>
Depreciation, amortization and impairment ¹⁾	(14,242)	(350)	(42)		(14,634)
EBIT	(7,105)	(1,627)	(1,402)	0	(10,134)
<i>EBIT Margin</i>	<i>(10.7%)</i>	<i>(33.2%)</i>			<i>(14.2%)</i>
Financial income	332	0	679	(102)	909
Financial expense	(600)	(44)	(393)	102	(935)
Changes in fair value in financial instruments	0	0	0		0
Financial result – net	(268)	(44)	286	0	(26)
Profit/(Loss) before income tax	(7,373)	(1,671)	(1,116)	0	(10,160)
Income tax	(763)	548	44		(171)
Profit/(Loss) for the period	(8,136)	(1,123)	(1,072)	0	(10,331)
Capital expenditure tangible assets	1,603	12	0		1,615
Capital expenditure intangible assets	59	415	0		474
Depreciation tangible assets	(2,301)	(58)	(10)		(2,369)
Amortization intangible assets	(1,260)	(222)	(32)		(1,514)
Impairment intangible assets	(1,625)	(70)	0		(1,695)
Impairment Goodwill	(9,056)	0	0		(9,056)

1) Incl. Impairment charge of EUR 10,751 (ECMS EUR 10,681 / ESS EUR 70)

01.01. - 30.06.2016 (in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Total Group
External revenue	61,829	3,595	0		65,424
Inter-segment revenue	9	0	135	(144)	0
Total revenue	61,838	3,595	135	(144)	65,424
EBITDA	7,010	(1,031)	(2,474)		3,505
<i>EBITDA Margin</i>	<i>11.3%</i>	<i>(28.7%)</i>			<i>5.4%</i>
Depreciation, amortization and impairment	(3,582)	(276)	(109)		(3,967)
EBIT	3,428	(1,307)	(2,583)	0	(462)
<i>EBIT Margin</i>	<i>5.5%</i>	<i>(36.4%)</i>			<i>(0.7%)</i>
Financial income	488	0	750	(115)	1,123
Financial expense	(782)	(40)	(797)	115	(1,504)
Changes in fair value in financial instruments	0	0	(320)		(320)
Financial result – net	(294)	(40)	(367)	0	(701)
Profit/(Loss) before income tax	3,134	(1,347)	(2,950)	0	(1,163)
Income tax	(691)	438	47		(206)
Profit/(Loss) for the period	2,443	(909)	(2,903)	0	(1,369)
Capital expenditure tangible assets	3,120	62	2		3,184
Capital expenditure intangible assets	170	454	1		625
Depreciation tangible assets	(2,246)	(43)	(23)		(2,312)
Amortization intangible assets	(1,336)	(233)	(86)		(1,655)
Impairment intangible assets	0	0	0		0
Impairment Goodwill	0	0	0		0

Assets and liabilities by segment

(in EUR 1,000)	ECMS	ESS	Corporate and others	Total Group
BALANCES AT 30 JUNE 2017 (UNAUDITED)				
Tangible assets	27,855	251	36	28,142
Intangible assets	19,527	6,905	119	26,551
Other non-current assets	1,461	523	750	2,734
Non-current assets	48,843	7,679	905	57,427
Current assets	65,994	2,422	11,167	79,583
Liabilities	40,461	2,169	20,653	63,283
BALANCES AT 31 DECEMBER 2016 (AUDITED)				
Tangible assets	28,741	297	48	29,086
Intangible assets	31,616	6,782	153	38,551
Other non-current assets	1,223	0	1,500	2,723
Non-current assets	61,580	7,079	1,701	70,360
Current assets	63,791	3,634	13,977	81,402
Liabilities	38,715	2,435	26,470	67,620
BALANCES AT 30 JUNE 2016 (UNAUDITED)				
Tangible assets	28,641	230	59	28,930
Intangible assets	36,655	6,701	147	43,503
Other non-current assets	1,041	1,160	0	2,201
Non-current assets	66,337	8,091	206	74,634
Current assets	68,149	2,976	5,022	76,147
Liabilities	43,877	3,539	25,840	73,256

7 Financial result

The financial result includes a non-cash gain of EUR 201 (H1 2016: Loss of EUR 320) related to the revaluation of euro-loans given by the Swiss holding to finance the other group companies.

8 Development costs

The position “cost of sales” in the consolidated income statement includes development costs in the amount of EUR 4,028 (H1 2016: EUR 3,940; full year 2016: EUR 8,224). Development costs are mainly related to development projects for customers as well to products, process development and optimizations for the production.

9 Other operating expenses

The Group recognized in other operating expenses impairments in the amount of EUR 10,751, whereof EUR 9,056 are impairment of Goodwill, EUR 1,625 of customer base and EUR 70 within intangible assets under construction.

Impairment of Goodwill

In line with the restructuring and subsequent merger as of 1 July 2017 (retroactively per 1 January 2017) of the two Rotkreuz based operational entities within the ECMS segment of ECR AG into exceet electronics AG, these two cash-generating-units (CGU) have been now regarded as one CGU.

Management assessed the recoverable amount of the combined CGU based on the following assumptions:

CASH-GENERATING UNIT (CGU)	Compound annual revenue growth rate (av. next five years)		Gross margin growth rate (av. next five years)		Long term growth rate		Pre-tax Discount rate	
	H1 2017	2016	H1 2017	2016	H1 2017	2016	H1 2017	2016
ECR AG		10%		15%		1%		6%
exceet electronics AG		7%		8%		1%		6%
exceet electronics AG (merged with ECR AG)	7%	9%	10%	11%	1%	1%	6.5%	6.3%

Calculations based on the pre-tax cash flow of the now combined CGU, taking into account lower assumptions in the compound annual growth rate and gross margin growth rate, showed the carrying amount to exceed the recoverable amount. Therefore management decided to recognize an impairment in the amount of EUR 9,056 (CHF 9,750) reducing the corresponding Goodwill from EUR 10,879 (CHF 11,890) as of 31 December 2016 to EUR 1,958 (CHF 2,140) after a currency translation effect of EUR 135.

The Group has performed a sensitivity analysis to determine in which circumstances the estimated recoverable amount would be below the current carrying amount. If the estimated compound annual revenue growth rate would be one percentage point lower than management estimation, an impairment of EUR 567 would need to be recognized additionally. If the estimated Gross margin growth rate would be one percentage point lower, an additional impairment of EUR 4,126 would need to be recognized. If the applied pre-tax discount rate would be one percentage point higher than assumed an impairment of EUR 2,851 would need to be recognized.

Impairment of intangible assets

An impairment of EUR 1,625 was recognized in customer base for exceet electronics AG within the ECMS segment, due to the lowered expected future cash flow generated by the declined number of customer projects. The customer base related to exceet electronics AG amounts to EUR 1,308 (31.12.2016: EUR 3,220) after currency translation effects of EUR 24.

In addition for a software development project within the ESS segment an impairment of EUR 70 has been recognized within intangible assets under construction.

10 Intangible assets

(in EUR 1,000)	Customer				Intangible assets under		Other	Total
	Goodwill	base	Technology	Brand	Software	construction	intangible assets	
AQUISITION COSTS								
As of 1 January 2017	25,681	28,923	7,027	1,996	5,032	2,161	27	70,847
Additions	0	0	0	0	73	401	0	474
Disposals	0	0	0	0	(1)	0	0	(1)
Currency translation differences	(330)	(307)	(77)	(25)	(54)	0	0	(793)
As of 30 June 2017	25,351	28,616	6,950	1,971	5,050	2,562	27	70,527
ACCUMULATED AMORTIZATION								
As of 1 January 2017	0	(15,973)	(5,446)	(1,489)	(4,406)	0	(27)	(27,341)
Additions	0	(939)	(272)	(95)	(209)	0	0	(1,515)
Disposals	0	0	0	0	1	0	0	1
Currency translation differences	0	205	73	22	53	0	0	353
As of 30 June 2017	0	(16,707)	(5,645)	(1,562)	(4,561)	0	(27)	(28,502)
ACCUMULATED IMPAIRMENT								
As of 1 January 2017	(3,073)	(1,048)	0	0	0	(834)	0	(4,955)
Additions	(9,056)	(1,625)	0	0	0	(70)	0	(10,751)
Currency translation differences	189	43	0	0	0	0	0	232
As of 30 June 2017	(11,940)	(2,630)	0	0	0	(904)	0	(15,474)
Net book value as of 1 January 2017	22,608	11,902	1,581	507	626	1,327	0	38,551
Net book value as of 30 June 2017	13,411	9,279	1,305	409	489	1,658	0	26,551

The intangible assets held by the group were mainly impacted by the impairment of Goodwill and Customer base. (Please refer to note 9 “Other operating expenses”)

11 Equity

With resolution at the extraordinary general meeting held 15 September 2016, the issued share capital is set at 20,523,695 shares with a par value of Euro 0.0152, 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). The Company’s share capital amounts to Euro 311,960.16.

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 71 to 73.

12 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.

Until the cancelation of B/C shares as of 15 September 2016, different rights to receive dividends for the two classes of ordinary shares existed. Disclosure of EPS amounts for 2016 is required for both classes of ordinary shares.

Basic earnings per share

The calculation of basic EPS at 30 June 2017 is based on the loss attributable to the owners of the parent of EUR 10,331 for six months 2017 (H1 2016: Loss of EUR 1,369) and the weighted average number of ordinary shares outstanding of 20,073,695 Class A Shares. 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. - 30.06.2017	unaudited 01.01. - 30.06.2016
Profit/(Loss) for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(10,331)	(802)
	Class B/C Shares	n/a	(567)
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	n/a	14,210,526
Basic earnings/(loss) per share (Euro/share)	Class A Shares	(0.51)	(0.04)
	Class B/C Shares	n/a	(0.04)

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 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 expiring August 2017 without any redemption and have no dilutive impact on the EPS.

13 Dividends

No dividends were paid during the first half-year of 2017.

14 Borrowings

Borrowings are as follows:

(in EUR 1,000)	unaudited 30 June 2017	audited 31 December 2016
NON-CURRENT		
Bank borrowings	7,739	27,926
Finance lease liabilities	1,574	1,432
Total non-current borrowings	9,313	29,358
CURRENT		
Bank borrowings	20,327	6,154
Finance lease liabilities	965	779
Total current borrowings	21,292	6,933
Total borrowings	30,605	36,291

The main facility agreement of the group amounts now to EUR 21.0 million (CHF 23.0 million), after the repayment of bank borrowings of EUR 4.7 million (CHF 5.0 million) as of 31 March 2017 and the agreed reduction of the facility agreement by EUR 1.8 million (CHF 2.0 million) at the same date. This facility expires until 28 February 2018, therefore the used facility were reclassified from non-current to current borrowings.

15 Retirement benefit obligation

For the first half-year of 2017 there were EUR 0 (H1 2016: EUR 2,980) impact of measurements of the defined benefit obligation arise from changes in economic assumptions (discount rates) and EUR 546 from return on plan assets (H1 2016: EUR 262).

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 first half-year of 2017 of EUR 47 (H1 2016: EUR 61).

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 were measured at the lower of their carrying value and fair value less cost to sell. 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.

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. For further information please refer to the consolidated financial statements of exceet Group Consolidated Financial Statements note 29 “Discontinued Operations” on pages 95 to 97.

The performance of the discontinued operations for the first half-year of 2016 was as follows:

(in EUR 1,000)	01.04. - 30.06.2017	01.04. - 30.06.2016	01.01. - 30.06.2017	01.01. - 30.06.2016
FINANCIAL PERFORMANCE				
External revenue		10,307		21,330
Expenses		(10,660)		(22,442)
Profit / (Loss) before fair value adjustment and income tax	0	(353)	0	(1,112)
Fairvalue adjustment - Impairment of Goodwill		(8,500)		(8,500)
Profit / (Loss) before income tax	0	(8,853)	0	(9,612)
Income tax		196		486
Profit / (Loss) from discontinued operations	0	(8,657)	0	(9,126)
Exchange difference on translation of discontinued operations		0		0
Comprehensive income from discontinued operations	0	(8,657)	0	(9,126)
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	0	(8,657)	0	(9,126)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	n/a	(0.25)	n/a	(0.27)
Class B/C shares (canceled as per 15 September 2016)	n/a	(0.25)	n/a	(0.27)
CASH FLOW INFORMATION				
Net Cash inflow / (outflow) from operating activities				(1,959)
Net Cash inflow / (outflow) from investing activities				(905)
Net Cash inflow / (outflow) from financing activities				(52)
Net increase / (decrease) in cash generated by discontinued operations	0	0	0	(2,916)

18 Events occurring after the reporting period

As of 1 July 2017 ECR AG, Rotkreuz (Switzerland) has been merged with exceet electronics AG, Rotkreuz (Switzerland) retroactively per 1 January 2017.

There were no other events since the balance sheet date on 30 June 2017 that would require adjustment of assets or liabilities or a disclosure.

19 List of consolidated subsidiaries of exceet Group SE

Company	Country	Year of acquisition ¹⁾	Segment	Activity	Share Capital	Share in the capital	Share of the votes
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	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 ³⁾	SUI	2008	ECMS	Manufacturing & Sales	CHF 1,000,000	100%	100%
exceet electronics GesmbH ⁴⁾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 GmbH ⁹⁾¹⁰⁾¹¹⁾	GER	2011	ESS	Development & Sales	EUR 1,000,000	100%	100%
Lucom GmbH Elektrokomponenten und Systeme ¹²⁾	GER	2014	ESS	Development & Services	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 electronics AG (former: Mikrap AG) was renamed by 30.12.2014

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

5) 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

6) 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

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.R.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 GmbH (former: exceet Secure Solutions AG) has been renamed by 6.10.2016

12) exceet Secure Solutions GmbH holds 100% of the share capital of Lucom GmbH Elektrokomponenten und Systeme

For more operational company information please visit www.exceet.com/divisions/.

20 Responsibility statement

In accordance with article 4(2) of the Luxembourg law of 11 January 2008 *relative aux obligations de transparence concernant l'information sur les émetteurs dont les valeurs mobilières sont admises à la négociation sur un marché réglementé* (the “Transparency Law”) the undersigned confirm that to the best of their knowledge, the condensed set of financial statements covering the six months period ended 30 June 2017, which has been prepared in accordance with the applicable set of the accounting standard IFRS as adopted by the EU, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole as required under article 4(3) of the Transparency Law.

Furthermore, the undersigned confirm that to the best of their knowledge, the interim management report covering the six months period ended 30 June 2017 includes a fair review of important events that have occurred during the first six month of the current financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the current financial year.

Luxembourg, 7 August 2017

Board of Directors
exceet Group SE