



exceet

THIRD QUARTER 2017 REPORT

exceet Group SE
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INTERIM MANAGEMENT REPORT

Further improved Performance supported by strong Demand

- 9M 2017 group sales at EUR 108.7 million (9M 2016: EUR 99.8 million), plus 8.9% compared to prior year; organic growth¹ 9M 2017: +9.0% (9M 2016: minus 1.4%)
- 9M 2017 group EBITDA² at EUR 8.0 million (9M 2016: EUR 6.5 million), up 21.9% versus 9M 2016
- On 30 September 2017, order backlog³ at EUR 96.9 million (EUR +10.0 million compared to 30 September 2016), cash at EUR 25.1 million, net debt⁴ at EUR 4.0 million (31.12.2016: EUR 5.4 million), equity ratio⁵ at 55.5% (31.12.2016: 55.4%)
- On 18 September 2017, White Elephant S.à r.l., indirectly controlled by Active Ownership Fund SICAV-FIS SCS, has published their ownership of 28.26% of exceet shares outstanding (replacing the former shareholder Greenock S.à r.l.)
- On 23 October 2017, White Elephant S.à r.l. submits its voluntary public takeover offer to exceet's shareholders at a share price of Euro 2.91 per share (www.elephant-offer.com)

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

Q3 2017 sales of exceet group amounted to EUR 37.6 million, an increase by 9.4% versus the corresponding quarterly figure of the previous year and surpassing the turnover of the preceding quarter by 5.3%. This cumulates total group sales up to EUR 108.7 million for the first nine months 2017 (+8.9% y-o-y, +9.0% organic growth).

Q3 2017 EBITDA reached EUR 3.5 million, +14.5% compared to Q3 2016 and +34.6% versus the second quarter of the current year, increasing the EBITDA margin⁶ on a quarterly basis to 9.3% (9M 2016: 8.9%). After an EBITDA of EUR 1.9 million in Q1 2017 and EUR 2.6 million in Q2 2017, the Q3 2017 figure marks another improvement within the progression of the year to date, with an EBITDA reaching EUR 8.0 million for the first 9M 2017. This results in an EBITDA margin of 7.3% for the nine months (9M 2016: 6.6%).

Encouraging quarterly order backlog figures since the last quarter of 2016 have been indicating the expected operational improvement 2017 from the low level reached in 2016. The order backlog as of 30 September 2017 of EUR 96.9 million shows a substantial increase of EUR 10.0 million compared to the previous year. The twelve months rolling book-to-bill ratio⁷ of 1.07 (9M 2016: 1.10) supports the continued promising sales trend.

1 **Organic Growth** is the growth rate calculated excluding impact from changes in exchange rates (9M 2017: minus EUR 0.029 million; 9M 2016: minus EUR 0.974 million) and acquisitions (2017 and 2016 none)

2 **EBITDA** is the operating profit (EBIT) of EUR -8.5 million (9M 2016: EUR -2.5 million) plus depreciation and impairments of EUR 16.5 million (9M 2016: EUR 9.0 million) (see page 10 "Interim Income Statement")

3 **Order Backlog** shows the total of all not yet delivered customer orders at revenue value as at balance sheet date, to help to judge future revenue development.

4 **Net Debt** is calculated as balance sheet financial debt adjusted for cash and cash equivalents (see page 9 "Interim Balance Sheet"), to assist in presenting the Group's financial capacities.

5 **Equity Ratio** is calculated as the ratio of total equity to total assets (see page 9 "Interim Balance Sheet"), representing the Group's financial leverage.

6 **EBITDA Margin** represents EBITDA in % of net sales

7 **Twelve months rolling Book-to-Bill Ratio** is the ratio of orders received last twelve months (30.9.2017 EUR 153.8 million; 30.9.2016: EUR 146.8 million) to net sales last twelve months (30.9.2017 EUR 144.3 million; 30.9.2016: EUR 134.0 million), to support the analysis of potential future growth.

exceet is continuing to focus on a bundle of measures to further improve the performance. These are the concentration of the market activities related to the location in Rotkreuz (Switzerland), the reduction of the fix cost base in the printed circuit board activities and at the ESS location in Dusseldorf (Germany) as well as the improvement of the production and sales activities in Ebbs (Austria) – after shifting projects to this location from Switzerland. The EBITDA of 9M 2017 includes costs of EUR 0.6 million related to these measures.

The implementation of the lean group management structure allowed the reduction of administration costs by approx. EUR 0.9 million compared to the prior year period on a continued operation basis.

The group's year to date net result amounts to minus EUR 8.6 million (9M 2016: minus EUR 3.5 million on a continued basis) including the impairment of intangible assets of EUR 10.7 million - of which in June 2017 EUR 10.6 million were recognized in the ECMS segment and EUR 0.1 million in the ESS segment - related to the operations in Rotkreuz (Switzerland) mainly from capitalized goodwill out of the former acquisitions of the legal entities. The earning per share (EPS) were minus Euro 0.43 (9M 2017: minus Euro 0.17 on a continued basis) per Class A Share.

Excluding the impairment charges of Q2 2017, exceet got a positive net result of EUR 2.1 million with earnings per share at Euro 0.11.

Segment Reporting

Electronic Components, Modules & Systems (ECMS)

The segment accounting for 93.3% of group sales increased its external net sales by 8.4% to EUR 101.5 million during the first nine months of 2017 (9M 2016: EUR 93.6 million). The EBITDA of the segment reached EUR 11.6 million, +8.9% compared to prior year (9M 2016: EUR 10.7 million) reflecting an EBITDA margin for the segment of 11.5% (9M 2016: 11.4%).

Within the ECMS segment, exceet develops and produces innovative, complex and intelligent electronics with integrated communication features. Projects are focused on customization based on standard technologies. The segment's miniaturization and secure connectivity know-how leads to cost optimization and quick time-to-market on the customers side. The segment addresses primarily the markets of medical & healthcare, industrial automation, security and avionics. Currently, it also benefits from an overall increased demand of exceet's customer base due to favorable market conditions.

Technologically, exceet has gained promising market awareness for its microprocessor related product suite, its micro- and opto-electronics using cutting-edge technology and its spectrum of high-end chip-level technologies. The sensor-based business in medical-grade body wearable devices currently performs below customers and exceet's expectations. This is also the case with the group's high-end printed circuit board business which is focused on miniaturized applications for the medical and avionics industries. The started adjustments for leaner cost structures already supported the performance of the quarter. The earlier announced implementation of new technologies for the semi-additive process is also well on course. The transformation process of the electronics operations in Rotkreuz (Switzerland) makes good progress towards an optimized production flow. The concentration on customer-specific product bundles like control units, panels and web terminals for the medical, industrial and avionics markets is well accepted.

exceet Secure Solutions (ESS)

ESS contributed 6.7% to group sales and generated external revenues of EUR 7.2 million in the first nine months of the year, +15.9% versus the year earlier figure (9M 2016: EUR 6.3 million). The EBITDA for the reporting period remained negative with minus EUR 1.6 million versus minus EUR 1.3 million the year before.

The segment is focused on secure connectivity and combines its IT security and Internet of Things (IoT) know-how with the group's long-lasting competences in smart electronics. The segment experienced a rising demand for specific industry routers and customized gateways for the use in protective maintenance environments. The modular product suite "exceet connect" which ensures secure communication between users and devices is ready for commercialization and will be presented at upcoming trade fairs. Additionally, with its eSignature and Hardware Security Module (HSM) solutions, ESS offers a complete digital and secure communication portfolio.

Group Balance Sheet Positions

As of 30 September 2017, the total assets of exceet Group amounted to EUR 135.0 million, compared to EUR 151.8 million as of 31 December 2016.

The non-current assets amounted to EUR 54.6 million (31.12.2016: EUR 70.4 million) and decreased by EUR 15.7 million. This position includes tangible assets of EUR 27.0 million (31.12.2016: EUR 29.1 million), intangible assets of EUR 25.4 million (31.12.2016: EUR 38.6 million) and other non-current assets of EUR 2.3 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 in June 2017. The non-current assets include deferred tax assets of EUR 1.9 million and EUR 0.4 million for a working capital related loan to the sold card business. This loan is due on 31 December 2017 and EUR 1.1 million of the total loan of EUR 1.5 million have already been repaid.

Current assets amounted to EUR 80.3 million, compared to EUR 81.4 million at year-end 2016. The decrease of EUR 1.1 million includes an increase of the inventories by EUR 2.6 million and the trade receivables of EUR 3.0 million due to the good level of sales and the preceding material purchases for projects in progress. The lower cash and cash equivalents of EUR 25.1 million (31.12.2016: EUR 30.9 million) reflect the repayment of exceet's bank borrowings related to the sale of the card business of EUR 4.7 million and the substantial increase of the operating net working capital⁸ from EUR 39.5 million to EUR 43.4 million.

At the end of the reporting period, exceet Group's equity amounted to EUR 74.9 million, against EUR 84.1 million as of 31 December 2016. This represents a reasonable equity ratio of 55.5% (31.12.2016: 55.4%).

The increase of the current liabilities by EUR 16.1 million to EUR 39.8 million as of 30 September 2017 (31.12.2016: EUR 23.7 million) includes the reclassification of borrowings of EUR 20.0 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. A potential termination of the bank facility due to the current voluntary public takeover offer by White Elephant S.à r.l. representing a possible change of control, and therefore a special termination right by the bank, has been waived until the expiration date on 28 February 2018. However, the bidder intends to work closely within its capabilities with exceet, to assist in refinancing should the debt financing be withdrawn due to the completion of the takeover offer. In addition borrowings were reduced by EUR 4.7 million out of a repayment obligation related to the sale of the card business and by EUR 1.3 million caused by the weaker Swiss Francs. Further, the trade payables increased due to the higher level of sales by EUR 1.8 million and the accrued expenses increased by EUR 0.8 million.

Non-current liabilities decreased by EUR 23.7 million from EUR 44.0 million at year-end of 2016 to EUR 20.3 million. EUR 20.0 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 2.3 million mainly caused by good returns on the plan assets and the deferred tax liabilities decreased by EUR 0.8 million.

⁸ **Operating Net Working Capital** is defined as sum of inventories plus trade receivables minus trade payables

Cash Development and Net Debt

The cash and cash equivalents of EUR 25.1 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 9M 2017 cash outflow of EUR 5.8 million (9M 2016: outflow EUR 5.4 million) consisted of EUR 4.7 million for the net repayment of borrowings (including financial lease), investments into tangible and intangible assets of EUR 2.4 million, investments into the net working capital of EUR 5.2 million, net tax payments of EUR 1.2 million, interest payments of EUR 0.5 million, currency impact on cash of minus EUR 1.2 million and the cash inflow out of operations with EUR 9.6 million. The net debt position as of 30 September 2017 amounts to EUR 4.0 million (31.12.2016: EUR 5.4 million).

Employees

As of 30 September 2017, the Group had 702 employees (Headcount) (30.9.2016: 711) or 643 full-time equivalents (FTE) (30.9.2016: 653). 325 (30.9.2016: 308) were employed in Germany, 217 (30.9.2016: 251) in Switzerland, 84 (30.9.2016: 78) in Austria, 16 (30.9.2016: 15) in Romania and 1 (30.9.2016: 1) in the USA.

Capital Market Environment and Share Price Performance

In its autumn outlook, published in October 2017, the International Monetary Fund (IMF) revealed a more optimistic picture concerning the world economy than in July. Despite political risks, seen in the US and in the UK, the institution raised its world economic growth forecasts by 0.1 percentage points for both 2017 to 3.6% and 2018 to 3.7%.

Eurozone growth, according to European Central Bank (ECB) figures, will reach 2.2% in 2017 followed by 1.8% next year. German growth, as estimated by the German government, is forecasted at 2.0% for 2017 and 1.9% for 2018. The German upturn is supported by investment spending (+2% in 2017 and +3.7% in 2018) and exports (+3.5% in 2017 and +4% in 2018), while private consumption might slightly suffer due to rising prices.

Regarding to monetary policy, the ECB recently gave signals to start a cautious tightening next year. As of January 2018, the bond purchase program will be reduced to EUR 30 billion per month as the danger of deflation is regarded declining and the actual economic growth is exceeding the growth of the production potential while at the same time possible asset-valuation-bubbles and rising indebtedness might endanger financial stability. Key interest rates will be kept at record low levels for the time being, even more, as the recent Euro strength could prevent the ECB's inflation target rate of 2%.

Global equity markets continued to perform well in the reporting period driven by low interest rates and liquidity and a close to exuberant investor sentiment. Market concerns – experienced during the summer 2017 - about political risks, an uncertain longer-term interest rate outlook and a stronger Euro exchange rate versus the US-Dollar, have recently been faded-out by market participants. The German Dax increased by 11.7% in the 9M-period; adding 4.1% in Q3. The Eurostoxx 50 index performed weaker with a plus of 9.2% between January and September 2017. Swiss equities, which showed already an outstanding performance in the first 6 months 2017, increased by 2.8% in Q3 to end the reporting period with a cumulative 11.4% performance as measured by the Swiss Market Index (SMI). Even better was the performance of the Dow Jones Index, which increased by 4.9% in Q3 and by 13.4% during the entire 9M-period. Sector-wise, again technology stocks were the strongest contributors within the Nasdaq Composite gaining 20.7% and the TecDax index gaining 34.4% year to date.

exceet shares which lost part of their Q1 2017 performance in the course of Q2 2017, recovered most of these losses in the third quarter. The price as of 30 September 2017 was Euro 3.44, +19.4% in Q3 2017 and +37.6% for the entire 9M-period of 2017. The Q3 2017 turnover volume on the German trading platform Xetra amounted to 173,542 shares after a value of 55,801 in the preceding quarter. For the entire 9M-period 2017 Xetra trading volume reached 412,007 shares after 565,800 shares in the corresponding period 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

On 23 October 2017, White Elephant S.à r.l. submitted a voluntary public takeover offer to exceet's shareholders at a share price of Euro 2.91 per share (www.elephant-offer.com). The offer period is announced to end on 20 November 2017.

Outlook

Even if the top-line performance of exceet in Q3 2017 at first sight shows a clear increase, the cumulative nine months sales progression has to be regarded as in line with the management's expectations communicated at the beginning of the year. Current percentage increases should take into account positive basis effects from the low level of the year before. The speed of improvement most probably will slow down in the final quarter as reflected in a slightly diminished order backlog figure versus 30 June 2017. In addition a global occasional shortage of electronic components availability caused by strong market demand might lead for some projects to noticeable longer delivery times and will limit the possibility to realize short-term sales opportunities. However, it should leave exceet with an overall satisfactory recovered annual performance compared to last year, with the second half sales figure slightly surpassing the turnover of the first half year, as pointed out earlier.

The profitability as measured by the EBITDA figure should also follow the path outlined in the fiscal year report 2016 and reiterated in the Q1 and Q2 interim reports. In the absence of larger economic disturbances, that could potentially result in a renewed customer reluctance to continue in their investment cycle, the margin evolution in Q4 should confirm the higher single digit level reached meanwhile. This should provide a reasonable step up on an annual average basis versus the bottomed-out level of 2016.

As already mentioned in the H1 2017 report, some non-cash impairment on intangible assets referring to former acquisitions might remain on the agenda until the end of this year in Ebbs (Austria) and Dusseldorf (Germany).

Luxembourg, 6 November 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 September 2017	audited 31 December 2016
ASSETS		
Non-current assets		
Tangible assets	26,959	29,086
Intangible assets ¹⁾	25,404	38,551
Deferred tax assets	1,894	1,206
Other financial investments	392	1,517
Total non-current assets	54,649	70,360
Current assets		
Inventories	31,298	28,657
Trade receivables, net	21,921	18,953
Other current receivables	1,253	1,151
Current income tax receivables	6	1,251
Accrued income and prepaid expenses	724	516
Cash and cash equivalents	25,119	30,874
Total current assets	80,321	81,402
Total assets	134,970	151,762
EQUITY		
Share capital	312	312
Reserves	74,632	83,830
Equity attributable to Shareholders of the parent company	74,944	84,142
Total equity	74,944	84,142
LIABILITIES		
Non-current liabilities		
Borrowings ²⁾	8,777	29,358
Retirement benefit obligations	8,014	10,311
Deferred tax liabilities	1,825	2,635
Provisions for other liabilities and charges	643	603
Other non-current liabilities	998	1,054
Total non-current liabilities	20,257	43,961
Current liabilities		
Trade payables	9,864	8,077
Other current liabilities	2,150	2,281
Accrued expenses and deferred income	6,539	5,774
Current income tax liabilities	861	594
Borrowings ²⁾	20,355	6,933
Total current liabilities	39,769	23,659
Total liabilities	60,026	67,620
Total equity and liabilities	134,970	151,762

1) Incl. Goodwill of EUR 12,951 (31.12.2016: EUR 22,608) – please see note 11 "Intangible assets" for details

2) Net debt amount to EUR 4,013 (31.12.2016: EUR 5,417) based on third party borrowings EUR 29,132 (31.12.2016: EUR 36,291) less cash and cash equivalents of EUR 25,119 (31.12.2016: EUR 30,874)

INTERIM INCOME STATEMENT (CONSOLIDATED)

(in EUR 1,000)	3 months		9 months	
	unaudited 01.07. - 30.09.2017	unaudited 01.07. - 30.09.2016	unaudited 01.01. - 30.09.2017	unaudited 01.01. - 30.09.2016
Revenue	37,623	34,391	108,745	99,815
Cost of sales	(32,095)	(29,641)	(94,231)	(86,022)
Gross profit	5,528	4,750	14,514	13,793
<i>Gross profit margin</i>	<i>14.7%</i>	<i>13.8%</i>	<i>13.3%</i>	<i>13.8%</i>
Distribution costs	(2,076)	(2,210)	(6,986)	(6,913)
Administrative expenses	(1,964)	(1,770)	(5,689)	(6,965)
Other operating expenses (Note 9) ¹⁾	0	(3,018)	(10,751)	(3,018)
Other operating income	119	211	385	604
Operating result (EBIT) ²⁾	1,607	(2,037)	(8,527)	(2,499)
<i>EBIT margin</i>	<i>4.3%</i>	<i>(5.9%)</i>	<i>(7.8%)</i>	<i>(2.5%)</i>
Financial income	1,373	301	2,282	1,424
Financial expenses	(463)	(481)	(1,398)	(1,985)
Changes in fair value in financial instruments	0	340	0	20
Financial result, net	910	160	884	(541)
Profit/(Loss) before income tax	2,517	(1,877)	(7,643)	(3,040)
Income tax expense	(822)	(215)	(993)	(421)
Profit/(Loss) from continuing operations	1,695	(2,092)	(8,636)	(3,461)
<i>Profit/(Loss) margin</i>	<i>4.5%</i>	<i>(6.1%)</i>	<i>(7.9%)</i>	<i>(3.5%)</i>
Profit/(Loss) from discontinued operations	0	(15,399)	0	(24,525)
Profit/(Loss) for the period	1,695	(17,491)	(8,636)	(27,986)
<i>Profit/(Loss) margin</i>	<i>4.5%</i>	<i>(50.9%)</i>	<i>(7.9%)</i>	<i>(28.0%)</i>
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	1,695	(17,491)	(8,636)	(27,986)
EARNINGS PER SHARE IN EURO FROM CONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	0.08	(0.10)	(0.43)	(0.17)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	n/a	(0.77)	n/a	(1.22)
EARNINGS PER SHARE IN EURO ON TOTAL GROUP BASIS (BASIC = DILUTIVE)				
Class A shares	0.08	(0.87)	(0.43)	(1.39)
Operating result (EBIT)	1,607	(2,037)	(8,527)	(2,499)
Impairment charges	0	3,018	10,751	3,018
Depreciation and amortization	1,607	981	2,224	519
Operating result before depreciation, amortization and impairment charges (EBITDA) ³⁾	3,486	3,044	7,986	6,549
<i>EBITDA margin</i>	<i>9.3%</i>	<i>8.9%</i>	<i>7.3%</i>	<i>6.6%</i>

1) Incl. Impairment charges of EUR 10,751 YTD (9M 2016: EUR 3,018)

2) Earnings Before Interest and Taxes

3) Earnings Before Interest, Taxes, Depreciation and Amortization

INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

(in EUR 1,000)	3 months		9 months	
	unaudited 01.07. - 30.09.2017	unaudited 01.07. - 30.09.2016	unaudited 01.01. - 30.09.2017	unaudited 01.01. - 30.09.2016
Profit/(Loss) for the period	1,695	(17,491)	(8,636)	(27,986)
Items not to be reclassified to profit and loss:				
Remeasurements of defined benefit obligation	1,298	807	1,853	(1,935)
Deferred tax effect on remeasurements of defined benefit obligation	(172)	(100)	(249)	240
Items not to be reclassified to profit and loss	1,126	707	1,604	(1,695)
Items to be reclassified to profit and loss:				
Reclassification of foreign currency translation reserve	0	10,507	0	10,507
Currency translation differences	(1,604)	(121)	(2,166)	(255)
Items to be reclassified to profit and loss	(1,604)	10,386	(2,166)	10,252
Total comprehensive income for the period	1,217	(6,398)	(9,198)	(19,429)
Attributable to:				
Shareholders of the parent company	1,217	(6,398)	(9,198)	(19,429)
Total comprehensive income for the period attributable to the Shareholders of the company				
Continued operations	1,217	(1,506)	(9,198)	(5,411)
Discontinued operations	0	(4,892)	0	(14,018)
Total comprehensive income for the period	1,217	(6,398)	(9,198)	(19,429)

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. - 30.09.2017	unaudited 01.01. - 30.09.2016
Profit/(Loss) before income tax	(7,643)	(3,040)
Amortization on intangible assets	2,172	2,481
Impairment on intangible assets	10,751	3,018
Depreciation on tangible assets	3,590	3,549
(Gains)/Losses on disposal of assets	(22)	(1)
Change of provisions	58	36
Adjustments to retirement benefit obligations/prepaid costs	21	289
Financial (income)/expenses	490	511
Change in fair value in financial instruments	0	(20)
Other non-cash (income)/expenses	208	(1,929)
Operating net cash before changes in net working capital	9,625	4,894
Changes to net working capital		
- inventories	(3,604)	(5,381)
- receivables	(4,083)	244
- accrued income and prepaid expenses	(222)	(273)
- liabilities	1,775	1,292
- provisions for other liabilities and charges	(18)	0
- accrued expenses and deferred income	925	2,488
Tax received (prior periods)	1,060	262
Tax paid	(2,263)	(3,383)
Interest received	30	2
Interest paid	(514)	(592)
Cashflows from operating activities ²⁾	2,711	(447)
Divestment of subsidiaries	0	11,500
Purchase of tangible assets	(1,821)	(3,669)
Sale of tangible assets	22	4
Purchase of intangible assets	(637)	(1,107)
Cashflows from investing activities	(2,436)	6,728
Increase of borrowings	719	1,650
Repayments of borrowings	(5,278)	(2,094)
Proceeds/(Repayments) of other non-current liabilities	(56)	(56)
Proceeds from finance lease prepayments	475	719
Payments of finance lease liabilities	(676)	(1,147)
Cashflows from financing activities	(4,816)	(928)
Net changes in cash and cash equivalents	(4,541)	5,353
Cash and cash equivalents at the beginning of the period	30,874	29,086
Net changes in cash and cash equivalents	(4,541)	5,353
Effect of exchange rate gains/(losses)	(1,214)	(37)
Cash and cash equivalents at the end of the period	25,119	34,402

1) The cash flow statement for the prior year comparison is presented on a continued basis. Please refer to note 18 "Discontinued Operations" for cash flow from discontinued operations.

2) Free cash flow amounts to EUR (32) (9M 2016: EUR (6,837)) based on cash flow from operations of EUR 2,711 minus net capital expenditure (adjusted for finance lease) of EUR (2,743)

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					(8,636)		(8,636)
Other comprehensive income:							
Remeasurements of defined benefit obligations					1,853		1,853
Deferred tax effect on remeasurements					(249)		(249)
Recycling of currency translation difference to the P&L							0
Currency translation differences						(2,166)	(2,166)
Total other comprehensive income for the period	0	0	0	0	1,604	(2,166)	(562)
Total comprehensive income for the period	0	0	0	0	(7,032)	(2,166)	(9,198)
Reclassification Share based payment IFRS 2 to retained earnings				(202)	202		0
Total other equity effects	0	0	0	(202)	202	0	0
BALANCES AT 30 SEPTEMBER 2017	312	65,485	(4,525)	0	(9,775)	23,447	74,944
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

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 20 “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 13 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 6 November 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) (Amendment)	“Financial instruments” – IASB and EU effective date 1 January 2018 “Prepayment Features with Negative Compensation” – IASB effective Date 1 January 2019 – 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
· IAS 28	(Amendment)	“Long-term interests in Associates and Joint Ventures” – IASB effective date: 1 January 2019 – 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 nine months ended 30 September 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 September 2017:

	30 September 2017	Average 01.01. - 30.09.2017	31 December 2016	30 September 2016	Average 01.01. - 30.09.2016
1 CHF	0.87	0.91	0.93	0.92	0.91
1 USD	0.85	0.90	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 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 Group currently does not have assets and liabilities that are measured at fair value.

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 SEPTEMBER 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 SEPTEMBER 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 September 2017	audited 31 December 2016
CARRYING AMOUNT		
Bank borrowings	7,491	27,926
Finance lease liabilities	1,286	1,432
Total	8,777	29,358
FAIR VALUE		
Bank borrowings	8,060	28,592
Finance lease liabilities	1,286	1,432
Total	9,346	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

(in EUR 1'000)	unaudited 01.01. - 30.09.2017	unaudited 01.01. - 30.09.2016	Date of deconsolidation
Cash flow from divestment (continued operations)			
Cash inflow on divestment of IDMS Segment		11,500	30 September 2016
Total	0	11,500	
Transaction cost directly recognized in the income statement under Discontinued Operations			
IDMS Segment	0	427	
Total	0	427	

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 795 during the nine months of 2017 (9M 2016: EUR 1,973).

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 exceed Secure Solutions (ESS), representing different business activities. 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 exceed 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 nine months ended September 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. - 30.09.2017 (in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Total Group
External revenue	101,502	7,243	0		108,745
Inter-segment revenue	0	4	157	(161)	0
Total revenue	101,502	7,247	157	(161)	108,745
EBITDA	11,634	(1,621)	(2,027)		7,986
<i>EBITDA Margin</i>	<i>11.5%</i>	<i>(22.4%)</i>			<i>7.3%</i>
Depreciation, amortization and impairment ¹⁾	(15,961)	(490)	(62)		(16,513)
EBIT	(4,327)	(2,111)	(2,089)	0	(8,527)
<i>EBIT Margin</i>	<i>(4.3%)</i>	<i>(29.1%)</i>			<i>(7.8%)</i>
Financial income	696	0	1,739	(153)	2,282
Financial expense	(995)	(68)	(488)	153	(1,398)
Changes in fair value in financial instruments	0	0	0		0
Financial result – net	(299)	(68)	1,251	0	884
Profit/(Loss) before income tax	(4,626)	(2,179)	(838)	0	(7,643)
Income tax	(1,458)	408	57		(993)
Profit/(Loss) for the period	(6,084)	(1,771)	(781)	0	(8,636)
Capital expenditure tangible assets	2,102	22	4		2,128
Capital expenditure intangible assets	81	556	0		637
Depreciation tangible assets	(3,488)	(87)	(15)		(3,590)
Amortization intangible assets	(1,792)	(333)	(47)		(2,172)
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. - 30.09.2016 (in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Total Group
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
<i>EBITDA Margin</i>	<i>11.4%</i>	<i>(21.4%)</i>			<i>6.6%</i>
Depreciation, amortization and impairment ¹⁾	(8,469)	(418)	(161)		(9,048)
EBIT	2,215	(1,759)	(2,955)	0	(2,499)
<i>EBIT Margin</i>	<i>2.4%</i>	<i>(28.1%)</i>			<i>(2.5%)</i>
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)	0	0		(3,018)
Impairment Goodwill	0	0	0		0

1) Incl. Impairment charge of EUR 3,018 (ECMS EUR 3,018)

Assets and liabilities by segment

(in EUR 1,000)	ECMS	ESS	Corporate and others	Total Group
BALANCES AT 30 SEPTEMBER 2017 (UNAUDITED)				
Tangible assets	26,692	232	35	26,959
Intangible assets	18,370	6,935	99	25,404
Other non-current assets	1,490	421	375	2,286
Non-current assets	46,552	7,588	509	54,649
Current assets	68,036	2,384	9,901	80,321
Liabilities	38,254	2,114	19,658	60,026
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 SEPTEMBER 2016 (UNAUDITED)				
Tangible assets	28,770	314	54	29,138
Intangible assets	32,951	7,049	103	40,103
Other non-current assets	1,105	1,300	1,500	3,905
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

7 Financial result

The financial result includes a non-cash gain of EUR 695 (9M 2016: Profit of EUR 20) 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 6,244 (9M 2016: EUR 5,794; 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

As of 30 June 2017 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

2017

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 as of 30 June 2017:

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 10,378 (CHF 11,890) as of 31 December 2016 to EUR 1,868 (CHF 2,140) after a currency translation effect of EUR 546.

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.

2016

As of 30 September 2016, 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 as of 30 September 2016. The goodwill amount in relation to exceet electronics AG amounted (after currency translation effects of EUR 55) to EUR 7,189 (31.12.2015: EUR 10,262).

Impairment of intangible assets

An impairment of EUR 1,625 was recognized in customer base for exceet electronics AG within the ECMS segment as of 30 June 2017, 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 1,193 (31.12.2016: EUR 3,220) after currency translation effects of EUR 98.

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 Trade receivables, net

(in EUR 1,000)	unaudited 30 September 2017	audited 31 December 2016
Trade accounts receivable, gross - due from third parties	22,776	19,253
Provision for impairment	(855)	(300)
Total	21,921	18,953

As of 30 September 2017 trade receivables of EUR 2,442 (31.12.2016: EUR 412) were impaired. The amount of total provisions for these receivables at risk amounts to EUR 855 (31.12.2016: EUR 300), as there is evidence that not all amounts due will be collected.

11 Intangible assets

(in EUR 1,000)	Customer				Intangible		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					95	542		637
Disposals					(1)			(1)
Currency translation differences	(1,186)	(1,102)	(278)	(88)	(196)	0	0	(2,850)
As of 30 September 2017	24,495	27,821	6,749	1,908	4,930	2,703	27	68,633
ACCUMULATED AMORTIZATION								
As of 1 January 2017	0	(15,973)	(5,446)	(1,489)	(4,406)	0	(27)	(27,341)
Additions		(1,322)	(405)	(144)	(301)			(2,172)
Disposals					1			1
Currency translation differences		735	266	83	183	0	0	1,267
As of 30 September 2017	0	(16,560)	(5,585)	(1,550)	(4,523)	0	(27)	(28,245)
ACCUMULATED IMPAIRMENT								
As of 1 January 2017	(3,073)	(1,048)	0	0	0	(834)	0	(4,955)
Additions	(9,056)	(1,625)				(70)		(10,751)
Currency translation differences	585	137	0	0	0	0	0	722
As of 30 September 2017	(11,544)	(2,536)	0	0	0	(904)	0	(14,984)
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 September 2017	12,951	8,725	1,164	358	407	1,799	0	25,404

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

12 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.

13 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.

Basic earnings per share

The calculation of basic EPS at 30 September 2017 is based on the loss attributable to the owners of the parent of EUR 8,636 for nine months 2017 (9M 2016: Loss of EUR 3,461) and the weighted average number of ordinary shares out-

standing 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.

		unaudited 01.01. - 30.09.2017	unaudited 01.01. - 30.09.2016
Profit/(Loss) for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(8,636)	(3,461)
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
Basic earnings/(loss) per share (Euro/share)	Class A Shares	(0.43)	(0.17)

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 had until August 2017 outstanding 66,667 share options from the Management Stock Option Program (MSOP). This share options expired in August 2017 without any redemption and therefore have no dilutive impact on the EPS.

14 Dividends

No dividends were paid during the nine months ended 30 September 2017.

15 Borrowings

Borrowings are as follows:

(in EUR 1,000)	unaudited 30 September 2017	audited 31 December 2016
NON-CURRENT		
Bank borrowings	7,491	27,926
Finance lease liabilities	1,286	1,432
Total non-current borrowings	8,777	29,358
CURRENT		
Bank borrowings	19,425	6,154
Finance lease liabilities	930	779
Total current borrowings	20,355	6,933
Total borrowings	29,132	36,291

The main facility agreement of the group amounts now to EUR 20.0 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. Based on first capital market feedback, exceet is expecting a refinancing until this expiration date. A potential termination of the bank facility due to the current voluntary public take-over offer by White Elephant S.à r.l. representing a possible change of control, and therefore a special termination right by the bank, has been waived until the expiration date on 28 February 2018.

16 Retirement benefit obligation

For the nine months ended 30 September 2017 there were EUR 0 (9M 2016: EUR 3,015) impact of measurements of the defined benefit obligation arise from changes in economic assumptions (discount rates) and EUR -1,771 from return on plan assets (9M 2016: EUR -1,080).

17 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 2017 of EUR 62 (9M 2016: EUR 95).

18 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 nine months of 2016 was as follows:

(in EUR 1,000)	3 months		9 months	
	01.07. - 30.09.2017	01.07. - 30.09.2016	01.01. - 30.09.2017	01.01. - 30.09.2016
FINANCIAL PERFORMANCE				
External revenue		11,855		33,185
Expenses		(13,645)		(36,087)
Profit/ (Loss) before fairvalue adjustment and income tax	0	(1,790)	0	(2,902)
Fair value adjustment - Impairment of Goodwill		0		(8,500)
Profit/ (Loss) before income tax	0	(1,790)	0	(11,402)
Income tax		930		1,416
Profit / (Loss) from discontinued operations	0	(860)	0	(9,986)
Loss on Disposal of discontinued operations		(14,539)		(14,539)
Loss from discontinued operations	0	(15,399)	0	(24,525)
Exchange difference on translation of discontinued operations		10,507		10,507
Comprehensive income from discontinued operations	0	(4,892)	0	(14,018)
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	0	(15,399)	0	(24,525)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	n/a	(0.77)	n/a	(1.22)
Class B/C shares (canceled as per 15 September 2016)	n/a	n/a	n/a	n/a
CASH FLOW INFORMATION				
Net Cash inflow / (outflow) from operating activities		(498)		(2,457)
Net Cash inflow / (outflow) from investing activities		(159)		(1,064)
Net Cash inflow / (outflow) from financing activities		977		925
Net increase / (decrease) in cash generated by discontinued operations	0	320	0	(2,596)

19 Events occurring after the reporting period

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

20 List of consolidated subsidiaries of exceet Group SE

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

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%
exceet electronics AG ³⁾⁴⁾	SUI	2006	ECMS	Manufacturing & Sales	CHF 1,000,000	100%	100%
AEMtec GmbH	GER	2008	ECMS	Manufacturing & Sales	EUR 2,250,000	100%	100%
exceet electronics GesmbH ⁵⁾⁶⁾⁷⁾	AUT	2011	ECMS	Manufacturing & Sales	EUR 54,000	100%	100%
exceet electronics GmbH ⁸⁾	GER	2012	ECMS	Development & Sales	EUR 102,150	100%	100%
exceet Medtec Romania S.R.L. ⁹⁾	ROU	2014	ECMS	Development	RON 1,000	100%	100%
exceet USA, Inc.	USA	2015	ECMS	Sales	USD 10	100%	100%
exceet Secure Solutions GmbH ¹⁰⁾¹¹⁾¹²⁾	GER	2011	ESS	Development & Sales	EUR 1,000,000	100%	100%
Lucom GmbH Elektrokomponenten und Systeme ¹³⁾	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 AG (former: Mikrap AG) and ECR AG have been merged as of 1 July 2017 retroactively by 1 January 2017

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 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

8) exceet electronics GmbH (former: as electronics GmbH) was renamed by 5.1.2015

9) exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.R.L.) was renamed by 20.6.2014

10) exceet Secure Solutions AG (former: AuthentiDate International AG) has been renamed by 13.8.2014

11) exceet Secure Solutions AG and exceet Secure Solutions Deutschland GmbH have been merged on 15 August 2016 retroactively as per 1 January 2016

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

13) 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/.