FIRST QUARTER 2014 REPORT

exceet Group SE
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Grand Duchy of Luxembourg

INTERIM MANAGEMENT REPORT

Good Start into 2014

- Net Sales EUR 48.4 million (Q1/2013: EUR 43.1 million), plus 12.3% (12.4% organic)
- Order Backlog increased by 7.5% (book to bill ratio of 1.04)
- EBITDA Margin 10.3% (Q1/2013: 6.6%)
- Free Cash Flow of EUR 1.8 million (3.7% of Net Sales)
- Outlook for the coming 2014 quarters remains optimistic
- Greenock S.à r.l., a mayor shareholder of exceet has recently informed the company that it is currently assessing its strategic options related to its shareholding in the company.

Revenue Development

The revenue of the first three months 2014 reached EUR 48.4 million (Q1 2013: EUR 43.1 million) representing an increase of 12.3%. On a like-for-like basis sales grew by strong 12.4%, whereby the impact from foreign currencies was limited to 0.1 percentage points.

Gross Profit and EBITDA Development

The continuous focus on higher margin products in all segments supported the gross profit margin improvement from 15.5% in Q1 2013 to 18.9% in Q1 2014. This represents an increase from EUR 6.7 million to EUR 9.2 million (+37.2%). As a result of this improvement exceet achieved an EBITDA of EUR 5.0 million (10.3% of net sales) in Q1 2014 compared to EUR 2.9 million (6.6% of net sales) in Q1 2013.

Net Income and Earnings per Share

The Group profit for the period of EUR 0.4 million (Q1 2013: EUR 3.2 million) includes a loss of EUR 1.0 million which was a result of the revaluation of warrants (Q1 2013: gain of EUR 3.4 million). The adjusted profit for the period excluding the warrant revaluation improved significant to EUR 1.4 million (Q1 2014: loss of EUR 0.2 million). However, the earnings per share (EPS) reached EUR 0.01 (Q1 2014) in comparison to EUR 0.15 (Q1 2013) per Class A Share due to this revaluation effect. The earnings per Class A Share adjusted by the effect of the revaluation of the warrants amounted for Q1 2014 to EUR 0.06 (Q1 2013: EUR -0.01).

Order Backlog

On 31 March 2014 exceet's order backlog amounted to EUR 103.6 million which is 7.5% higher as of 31 March 2013 (EUR 96.4 million) and reflects a book-to-bill ratio of 1.04 (Q1 2013: 0.96).

Cash Development

The improved EBITDA performance and slightly lower capital expenditures generated a free cash flow in the amount of EUR 1.8 million compared to minus EUR 3.4 million in Q1 2013. Furthermore the net debt position was reduced to EUR 5.1 million compared to EUR 7.0 million at the end of 2013. With a cash position of EUR 34.4 million the Group is well prepared to strengthen organic and acquisition driven growth further.

Segment Reporting

Electronic Components, Modules & Systems (ECMS)

Net Sales increased by 5% to EUR 33.7 million during the first three months of 2014, against EUR 32.1 million during the first three months of 2013. ECMS contributes 69.6% to overall Group sales.

Staying ahead of technological changes is one of the key success factors for the innovative electronics group. This is underlined by the latest technical development such as the recently developed process offering Anisotropic Conductive Film (ACF) bonding for Chip-on-Glass and Flex-on-Glass applications, which is mainly used in the next generation mobile phones, flat screens or smart cards. To reinforce its development capabilities, exceet signed an agreement to purchase Valtronic Technologies Romania Srl, a Romanian development company. The team of eleven highly skilled engineers focus on miniaturised electronics and embedded software solutions for the medical technology market sector.

The ECMS segment is not only supplying electronics for highly reliable and miniaturized requirements such as heart pace makers, drug delivery pumps or hearing aids. The group also provides electronics usable in rough environments with high temperatures, high humidity and high pressure. Profitable revenues were generating particularly in the field of sophisticated micro (opto-) electronic modules for the data and telecom industry. ECMS's capabilities of intelligent electronic manufacturing with state of the art assembly techniques requiring high accuracy placement of chips (below +/- 1µm) and latest clean room class ISO-5 standards, enable ECMS a strong market positioning and profitable revenue generation.

ECMS has completed several engineering and development projects in Q1, which contributed positively to the EBITDA performance and will further enhance the Group's revenues development.

In Q1 2014, the ECMS segment achieved an EBITDA of EUR 5.7 million, accounting for an EBITDA margin of 16.9%, against EUR 3.4 million or a margin of 10.5% compared to the same period of the previous year.

ID Management & Systems (IDMS)

The revenue within the first three months of 2014 amounted to EUR 12.9 million, which represents an increase of 26.6% compared to EUR 10.2 million in Q1 2013.

The Segment accounts for 26.7% of the group-wide sales and reported an EBITDA of EUR 0.9 million for the first Q1 2013 which results in an EBITDA Margin of 6.9%. In the same period of the previous year the segment achieved an EBITDA of EUR 0.5 million (representing 5.1% EBITDA Margin).

exceet Secure Solutions (ESS)

During the reporting period, the segment ESS generated revenues of EUR 1.8 million in Q1 2014, accounting for 3.7% of the total group sales. This reflects a strong improvement compared to Q1 2013 by EUR 1.0 million. Clear driver is the work of ESS for conceptualizing, developing and implementing the heart (encryption) of the telematics infrastructure for the German electronic health card (eGK). The secure data exchange is granted for all participating parties (service providers such as doctors, psychotherapists, dentists as well as hospitals and insurers) by the provided telematics infrastructure.

Furthermore, ESS initiated major strategic changes and is now focusing on two clearly defined growth markets: Secure Communication (with a specific focus on Machine-to-Machine Communication) and exceet's Multi-Identity Solution (eMIS). eMIS has been developed over the past year and is a multifunctional, multi-access and highly secure mobile access solution.

The EBITDA for this reporting period reached minus EUR 0.2 million (Q1 2013: minus EUR 0.1 million) and is reflecting all the ongoing costs to develop the future growth markets.

Group Balance Sheet Positions

As of 31 March 2014, the total assets of exceet Group amounted to EUR 188.7 million, compared to EUR 182.8 million as at 31 December 2013.

The non-current assets of EUR 94.5 million, decreased compared to the year-end position by EUR 0.6 million and include tangible assets of EUR 35.3 million (31.12.2013: EUR 35.4 million) and intangible assets of EUR 58.0 million (31.12.2013: EUR 58.6 million).

Current assets amount to EUR 94.2 million, compared to EUR 87.7 million at year-end 2013. Inventories rose by EUR 1.7 million to EUR 33.1 million (31.12.2013: 31.3 million). Receivables increased from EUR 22.8 million to EUR 23.1 million. Tax prepayments decreased from EUR 0.6 million at year-end 2013 to EUR 0.5 million as of 31 March 2013. Cash and cash equivalents increased from EUR 31.2 million to EUR 34.4 million. This increase can be attributed to the positive free cash flow of EUR 1.8 million, due to improved EBITDA performance. The outflow for investing activities of EUR 1.5 million (Q1 2013: EUR 2.0 million) was mainly invested in replacements. The net debt position as of 31 March 2014, amounts to EUR 5.1 million (31.12.2013: 7.0 million).

At the end of the reporting period, exceet Group's equity amounted to EUR 99.4 million, against EUR 98.7 million as of 31 December 2013. This reflects a reasonable equity ratio of 52.7% (31.12.2013: 54.0%).

The increase of the current liabilities of EUR 4.2 million to EUR 41.2 million as of 31 March 2014 (31.12.2013: EUR 37.0 million) includes the increase in trade payables of EUR 0.8 million, accruals of EUR 1.6 million, tax liabilities of EUR 0.7 million, other financial liabilities of EUR 1.0 million (due to the revaluation of the public warrants) and other smaller changes within current liabilities.

Non-current liabilities increased by EUR 0.9 million from EUR 47.1 million at year-end of 2013 to EUR 48.0 million. Long-term borrowings increased by EUR 1.1 million to EUR 34.6 million (31.12.2013: EUR 33.5 million).

Capital Market Environment and Share Price Performance

The outlook for the Eurozone remains encouraging with a 1.3% GDP growth. Improvements are being seen in Germany – in consumer spending and investment rather than exports – as well as Spain and Italy. France remains a relative laggard, particularly in terms of consumption and investment, but exports are increasing. After a weak Q4, business surveys and employment trends suggest the Irish economy is regaining momentum. Greece could return to positive GDP growth later this year but its recovery will be insipid and dependent on favourable debt restructuring terms. Event risk was a key theme during the Q1 2014, with the Ukrainian crisis as a prime example. On-going question over China's growth trajectory added to uneasiness among investors. Political factors also took centre stage, with the electoral cycle looming in a number of emerging markets.

In the Euro Zone Standish Mellon Asset Management Company LLC, forecasts GDP growth at 1.2% for 2014 and 1.0% for 2015. A major concern in the region is the trend toward disinflation, and monetary policy needs to be eased, the report said.

exceet's share price performance in Q1 2014 was again positive. From January 2014 to March 2014 the share price rose from EUR 5.50 to EUR 6.06 (+10.2%).

Employees

As of 31 March 2014, the Group employed approximately 1'000 employees (Headcount) or 943 full-time equivalents (FTE) (31.03.2013: 908). 365 (31.03.2013: 349) were employed in Germany, 144 (31.03.2013: 140) in Austria, 273 (31.03.2013: 275) in Switzerland, 144 (31.03.2013: 128) in the Czech Republic and 17 (31.03.2013: 16) in the Netherlands.

Opportunities and Risk Report

The statements provided in the Annual Report 2013 on the opportunities and risks of the business model remain unchanged.

Significant Events and Actions

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

Outlook

The outlook for the coming quarters remains optimistic. The management is certain that further organic growth and profitability margin improvement can be accomplished.

Greenock S.à r.l. a major shareholder of exceet Group SE has recently informed the company that it is currently assessing its strategic options related to its shareholding in exceet Group SE, including a possible disposal of such shareholding to a third party. Pursuant to the information provided by Greenock S.à r.l., no final decision has yet been taken regarding the form and timing of the potential transaction. In the interest of exceet Group SE, the company's board of directors intends to cooperate with Greenock S.à r.l. in the course of such transaction.

Luxembourg, 2 May 2014
exceet Group SE
The Board of Directors and the Management Board

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(in EUR 1'000)	unaudited 31 March 2014	audited 31 December 2013
ASSETS		
Non-current assets		
Tangible assets	35'300	35'425
Intangible assets	58'049	58'597
Deferred tax assets	910	836
Other financial investments	28	28
Other non-current receivables	186	181
Total non-current assets	94'473	95'067
Current assets		
Inventories	33'063	31'335
Trade receivables, net	23'149	22'777
Other current receivables	1'699	1'230
Current income tax receivables	487	555
Accrued income and prepaid expenses	1'381	661
Cash and cash equivalents	34'449	31'170
Total current assets	94'228	87'728
Total assets	188'701	182'795
EQUITY		
Share capital	528	528
Reserves	98'916	98'214
Equity attributable to owners of the parent company	99'444	98'742
Total equity	99'444	98'742
LIABILITIES		
Non-current liabilities		
Borrowings	34'596	33'480
Retirement benefit obligations	4'392	4'192
Deferred tax liabilities	7'232	7'597
Provisions for other liabilities and charges	889	855
Other non-current liabilities	933	952
Total non-current liabilities	48'042	47'076
Current liabilities		
Trade payables	12'255	11'416
Other current liabilities	3'289	3'367
Accrued expenses and deferred income	9'790	8'181
Current income tax liabilities	3'262	2'538
Borrowings	10'597	10'347
Other financial liabilities	1'838	854
Provisions for other liabilities and charges	184	274
Total current liabilities	41'215	36'977
Total liabilities	89'257	84'053
Total equity and liabilities	188'701	182'795

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

(in EUR 1'000)	unaudited 01.01. - 31.03.2014	unaudited 01.01. - 31.03.2013
Revenue	48'395	43'086
Cost of sales	(39'227)	(36'403)
Gross profit	**9'168**	**6'683**
Gross profit margin	*18.9%*	*15.5%*
Distribution costs	(3'177)	(3'136)
Administrative expenses	(3'839)	(3'529)
Other operating income	365	355
Operating result (EBIT)[1]	**2'517**	**373**
EBIT margin	*5.2%*	*0.9%*
Financial income	196	658
Financial expenses	(657)	(677)
Changes in fair value in financial instruments	(984)	3'418
Financial result, net	**(1'445)**	**3'399**
Profit before income tax	**1'072**	**3'772**
Income tax expense	(706)	(561)
Profit for the period	**366**	**3'211**
Profit margin	*0.8%*	*7.5%*
Profit attributable to:		
Shareholders of the parent company	366	3'211
Minority interests	0	0
Earnings per share (basic/dilutive) EUR		
Class A Shares	0.01	0.15
Class B/C Shares	0.01	0.01
Operating result (EBIT)	2'517	373
Depreciation, amortization and impairment charges	2'487	2'481
Operating result before depreciation, amortization charges (EBITDA)[2]	**5'004**	**2'854**
EBITDA margin	*10.3%*	*6.6%*

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR 1'000)	unaudited 01.01. - 31.03.2014	unaudited 01.01. - 31.03.2013
Profit for the period	**366**	**3'211**
Items not to be reclassified to profit and loss:		
Remeasurements of defined benefit obligation	(63)	(513)
Deferred tax effect on remeasurements of defined benefit obligation	10	81
Items not to be reclassified to profit and loss	**(53)**	**(432)**
Items to be reclassified to profit and loss:		
Currency translation differences	376	(526)
Items to be reclassified to profit and loss	**376**	**(526)**
Total comprehensive income for the period	**689**	**2'253**
Attributable to:		
Shareholders of the parent company	689	2'253
Minority interests	0	0

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR 1'000)	unaudited 01.01. - 31.03.2014	unaudited 01.01. - 31.03.2013
Profit before income tax	1'072	3'772
Adjustment for non-cash transactions		
Amortization on intangible assets	903	977
Depreciation on tangible assets	1'584	1'504
Losses/(gains) on disposal of assets	2	(25)
Change of provisions	21	0
Adjustments to retirement benefit obligation/prepaid cost (provision)	106	113
Financial expenses	294	255
Change in fair value in financial instruments	984	(3'418)
Other non-cash (income)/expenses	(589)	(348)
Operating net cash before changes in net working capital	4'377	2'830
Changes to net working capital		
- inventories	(1'114)	(1'568)
- receivables	(715)	(149)
- accrued income and prepaid expenses	(717)	(652)
- liabilities	744	(1'545)
- provisions for other liabilities and charges	(85)	(51)
- accrued expenses and deferred income	1'652	1'599
Tax refunds received (prior periods)	134	0
Tax paid	(497)	(1'811)
Interest received	2	22
Interest paid	(324)	(162)
Cash flow from operating activities[1]	**3'457**	**(1'487)**
Acquisition of subsidiaries, net of cash acquired	0	(600)
Purchase of tangible assets	(1'312)	(1'542)
Sale of tangible assets	258	18
Purchase of intangible assets	(171)	(411)
Sale of intangible assets	0	0
Cash flow from investing activities	**(1'225)**	**(2'535)**
Increase of borrowings	1'656	430
Repayment of borrowings	(164)	(469)
Proceeds/Repayments of other non-current liabilities	(19)	106
Proceeds from finance lease prepayments	225	89
Payments of finance lease liabilities	(836)	(839)
Cash flow from financing activities	**862**	**(683)**
Net changes in cash and cash equivalents	**3'094**	**(4'705)**
Cash and cash equivalents at the beginning of the period	**31'170**	**24'426**
Net changes in cash and cash equivalents	3'094	(4'705)
Effect of exchange rate gains/(losses)	185	(202)
Cash and cash equivalents at the end of the period	**34'449**	**19'519**

1) Free cash flow amounts to EUR 1'811 based on Cash flow from Operations of EUR 3'457 minus net capital expenditure (adjusted for finance lease) of EUR 1'646.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(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 2014	528	65'485	(4'525)	152	28'681	8'421	98'742
Profit for the period					366		366
Remeasurements of defined benefit obligation					(63)		(63)
Deferred tax effect on remeasurements of defined benefit obligation					10		10
Currency translation differences						376	376
Other comprehensive income for the period					(53)	376	323
Comprehensive income for the period					313	376	689
Share-based payments				13			13
Other equity effects				13			13
Balances at 31 March 2014	528	65'485	(4'525)	165	28'994	8'797	99'444
Balances at 1 January 2013	528	65'485	(4'525)	56	19'488	9'309	90'341
Profit for the period					3'211		3'211
Remeasurements of defined benefit obligation					(513)		(513)
Deferred tax effect on remeasurements of defined benefit obligation					81		81
Currency translation differences						(526)	(526)
Other comprehensive income for the period					(432)	(526)	(958)
Comprehensive income for the period					2'779	(526)	2'253
Share-based payments				28			28
Other equity effects				28			28
Balances at 31 March 2013	528	65'485	(4'525)	84	22'267	8'783	92'622

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

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

The consolidated exceet Group SE ("Group" or "exceet") includes all relevant companies in which exceet Group SE, directly or indirectly, has a majority of the voting rights and is able to determine the financial and business policies based on the so-called control concept. All companies consolidated into the Group are disclosed in note 17 "List of consolidated subsidiaries of exceet Group SE".

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

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

The ECMS segment (70% of Group Sales Q1 2014) develops and produces complex, integrated electronic products, with a focus on miniaturization, cost optimization and a high degree of customization to suit the needs of the customers. This segment offers a wide portfolio of innovative, integrated electronic solutions. The products and services of the ECMS segment are aimed primarily at customers in the sectors of medical and healthcare, industrial automation, security and avionics.

The IDMS segment (27% of Group Sales Q1 2014) is engaged in design, development and production of contact and contactless smart cards, multifunction cards, card reading devices and related services. Offering tailored, innovative solutions while meeting the highest quality and security standards, the Company considers itself as one of the leading providers of comprehensive solutions for high-tech smart cards and the corresponding card reading devices in Europe. IDMS security solutions are used primarily in the sectors of financial services, security, public sector, transportation, healthcare, as well as retail.

The ESS segment (3% of Group Sales Q1 2014) combines the experience gathered in the ECMS and IDMS segments relative to the development of innovative solutions for embedded security systems in selected markets. The ESS segment focuses on security solutions for customers in the sectors of medical and healthcare, industrial automation, financial services, security, avionics and the public sector.

exceet is mainly focusing on the markets in Europe, but is also active in the markets of USA and Asia-Pacific. The Group consists of 20 legal entities with 14 locations in Austria, the Czech Republic, Germany, Luxembourg, the Netherlands and Switzerland. 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 2 May 2014.

2 Adoption of new and revised accounting standards

New and amended standards adopted by the Group

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

- IFRS 10 (New) "Consolidated financial statements"
- IFRS 11 (New) "Joint arrangements"
- IFRS 12 (New) "Disclosure of interests in other entities"
- IAS 27 (Revised) "Separate financial statements"
- IAS 32 (Amendment) "Financial instruments: Presentation – offsetting financial assets and liabilities"
- IFRIC 21 (New) "Levies"

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

Apart from these amendments, the interim condensed consolidated financial statements have been prepared on the basis of the accounting policies, significant judgments, key assumptions and estimates as described on pages 31 to 48 of the consolidated financial statements of exceet Group SE 2013.

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 2014 and have not been applied in preparing these interim condensed consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group:

- IFRS 9 (New) "Financial instruments" – no effective date set by the IASB yet
- IFRS 14 (New) "Regulatory Deferral Accounts" – IASB effective date 1 January 2016
- IAS 19 (Amendments) "Employee benefits" – IASB effective date 1 July 2014

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

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

3 Basis of preparation

The interim condensed consolidated financial statements for the three months ended 31 March 2014, have been prepared in accordance with IAS 34, 'Interim financial reporting'.

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 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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

Use of estimates and judgments

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

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

The following exchange rates were relevant to the interim financial report as per 31 March 2014:

	31 March 2014	Average 01.01. - 31.03.2014	31 December 2013	31 March 2013	Average 01.01. - 31.03.2013
CHF 1	0.82	0.82	0.81	0.82	0.81
USD 1	0.73	0.73	0.73	0.78	0.76

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

Consolidated statement of comprehensive income

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

Seasonality

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

4 Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk, price risk and public warrant fair value risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's consolidated financial statements for 2013. 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 based on observable market data (that is, unobservable inputs)

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

(in EUR 1'000)	Level 1	Level 2	Level 3	Total
31 March 2014				
Assets as per balance sheet				
Financial assets at fair value through profit or loss				
Interest cap				
Total	0	0	0	0
Liabilities as per balance sheet				
Financial liabilities at fair value through profit or loss				
Interest cap		58		58
Public Warrants	1'780			1'780
Total	1'780	58	0	1'838
31 December 2013				
Assets as per balance sheet				
Financial assets at fair value through profit or loss				
Interest cap				
Total	0	0	0	0
Liabilities as per balance sheet				
Financial liabilities at fair value through profit or loss				
Interest cap		54		54
Public Warrants	800			800
Total	800	54	0	854

There were no transfers between the levels during the period.

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

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

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

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

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

(in EUR 1'000)		Total
Balance at 1 January 2014	0	0
Currency translation differences	0	0
Balance at 31 March 2014	0	0
Total (gains)/losses for the period included in profit or loss	0	0
Balance at 1 January 2013		
Earn-out of acquisition	269	269
Currency translation differences	0	0
Balance at 31 March 2013	269	269
Total (gains)/losses for the period included in profit or loss	0	0

Fair value of financial assets and liabilities measured at amortized costs

The fair values of borrowings are as follows:

(in EUR 1'000)	unaudited 31 March 2014	audited 31 December 2013
Carrying amount		
Bank borrowings	31'076	29'638
Finance lease liabilities	3'520	3'842
Total	34'596	33'480
Fair value		
Bank borrowings	31'076	29'638
Finance lease liabilities	3'520	3'842
Total	34'596	33'480

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. - 31.03.2014	unaudited 01.01. - 31.03.2013	Date of consolidation
Cash flow on acquisition of investments			
Cash outflow on acquisition of exceet CZ s.r.o. (former The Art of Packaging s.r.o.)		(600)	31 December 2010
Total	0	(600)	
Transaction cost directly recognized in the income statement			
Total	0	0	

The cash outflow on acquisition of exceet CZ s.r.o. (former: The Art of Packaging s.r.o.) is related to the acquisition in 2010, with final contractual payments in Q1 2013.

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 324 (Q1 2013: EUR 332).

Proceeds from finance lease prepayments are reimbursements in the current reporting period of prepayments of leasing liabilities in previous reporting periods, these prepayments amount to EUR 225 (Q1 2013: EUR 89).

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

The segment information for the first quarter 2014 and a reconciliation of EBIT to profit / (loss) for the period is provided as follows:

Income statement and capital expenditure by segment

01.01. - 31.03.2014 (in EUR 1'000)	ECMS	IDMS	ESS	Corporate and others	Eliminations	Group consolidated
External revenue	33'691	12'927	1'777	0		48'395
Inter-segment revenue	0	1	0	74	(75)	0
Total revenue	**33'691**	**12'928**	**1'777**	**74**	**(75)**	**48'395**
EBITDA	**5'687**	**890**	**(199)**	**(1'374)**		**5'004**
EBITDA Margin	*16.9%*	*6.9%*	*(11.2%)*			*10.3%*
Depreciation, amortization and impairment	(1'743)	(656)	(51)	(37)		(2'487)
EBIT	**3'944**	**234**	**(250)**	**(1'411)**		**2'517**
EBIT Margin	*11.7%*	*1.8%*	*(14.1%)*			*5.2%*
Financial income	102	20	0	146	(72)	196
Financial expense	(266)	(129)	(10)	(324)	72	(657)
Changes in fair value in financial instruments	0	(4)	0	(980)		(984)
Financial result – net	**(164)**	**(113)**	**(10)**	**(1'158)**	**0**	**(1'445)**
Profit before income tax	**3'780**	**121**	**(260)**	**(2'569)**		**1'072**
Income tax expense	(934)	74	88	66		(706)
Profit for the period	**2'846**	**195**	**(172)**	**(2'503)**		**366**
Capital expenditure tangible assets	1'062	777	8	8		1'855
Capital expenditure intangible assets	106	65	0	0		171
Depreciation tangible assets	(1'029)	(530)	(14)	(10)		(1'583)
Amortization intangible assets	(714)	(126)	(37)	(27)		(904)

01.01. - 31.03.2013 (in EUR 1'000)	ECMS	IDMS	ESS	Corporate and others	Eliminations	Group consolidated
External revenue	32'088	10'209	789	0		43'086
Inter-segment revenue	55	5	0	81	(141)	0
Total revenue	**32'143**	**10'214**	**789**	**81**	**(141)**	**43'086**
EBITDA	**3'366**	**517**	**(129)**	**(900)**		**2'854**
EBITDA Margin	*10.5%*	*5.1%*	*(16.3%)*			*6.6%*
Depreciation, amortization and impairment	(1'734)	(689)	(47)	(11)		(2'481)
EBIT	**1'632**	**(172)**	**(176)**	**(911)**		**373**
EBIT Margin	*5.1%*	*(1.7%)*	*(22.3%)*			*0.9%*
Financial income	319	41	0	380	(82)	658
Financial expense	(275)	(126)	(5)	(353)	82	(677)
Changes in fair value in financial instruments	0	18	0	3'400		3'418
Financial result – net	**44**	**(67)**	**(5)**	**3'427**	**0**	**3'399**
Profit before income tax	**1'676**	**(239)**	**(181)**	**2'516**		**3'772**
Income tax expense	(487)	(46)	56	(84)		(561)
Profit for the period	**1'189**	**(285)**	**(125)**	**2'432**		**3'211**
Capital expenditure tangible assets	1'568	321	13	0		1'902
Capital expenditure intangible assets	137	3	237	33		410
Depreciation tangible assets	(927)	(553)	(13)	(11)		(1'504)
Amortization intangible assets	(807)	(136)	(34)	0		(977)

Assets and liabilities by segment

(in EUR 1'000)	ECMS	IDMS	ESS	Corporate and others	Eliminations	Group consolidated
Balances at 31 March 2014						
Non-current assets	67'485	24'255	2'286	447		94'473
Current assets	74'189	15'077	2'416	2'546		94'228
Liabilities	45'207	20'312	2'684	21'054		89'257
Balances at 31 December 2013						
Non-current assets	67'927	24'452	2'256	432		95'067
Current assets	68'052	15'311	1'389	2'976		87'728
Liabilities	40'587	21'729	1'906	19'831		84'053
Balances at 31 March 2013						
Non-current assets	66'900	24'453	2'176	363		93'892
Current assets	64'338	14'773	891	2'976		82'978
Liabilities	41'577	20'518	1'486	20'667		84'248

7 Financial result

Financial income for the three months ended 31 March 2014, includes a loss of EUR 980 (Q1 2013: Gain of EUR 3'400) realized on the fair value adjustment of the Public Warrants (note 13 "Other financial liability").

8 Development costs

The position "cost of sales" in the consolidated income statement includes development costs in the amount of EUR 2'032 (Q1 2013: EUR 2'167; full year 2013: EUR 8'700).

Development costs are mainly related to development projects for customers as well to products, process development and optimizations for the production.

9 Equity

The authorized share capital as per 31 March 2014 amounts to 45'675'397 shares, thereof 34'734'221 shares are issued and can be divided into 20'523'695 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), 5'210'526 Class B Shares (Founding Shares) and 9'000'000 Class C Shares (Earn-out Shares) with a par value of EUR 0.0152 each. The not issued shares of 10'941'176 are Class A Shares. The Treasury Shares are designated to be used for the Management Stock Option Program.

There were no changes to the share capital of exceet Group SE since the last reporting date of 31 December 2013.

For further information regarding exceet's equity structure, please refer to the consolidated financial statements of exceet Group SE 2013, Note 13 "Equity" on pages 69 to 72.

10 Earnings per share

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

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

Basic earnings per share

The calculation of basic EPS at 31 March 2014 is based on the profit attributable to the owners of the parent of EUR 366 (Q1 2013: gain of EUR 3'211) and the weighted average number of ordinary shares outstanding of 20'073'695 Class A Shares and 14'210'526 Class B/C Shares respectively. For the 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.

(in EUR 1'000)		unaudited 01.01. - 31.03.2014	unaudited 01.01. - 31.03.2013
Profit for the year (EUR 1'000) attributable to equity holders of the Company	Class A Shares	224	3'069
	Class B/C Shares	142	142
Weighted average number of ordinary shares outstanding	Class A Shares	20'073'695	20'073'695
	Class B/C Shares	14'210'526	14'210'526
Basic earnings per share (EUR/share)	Class A Shares	0.01	0.15
	Class B/C Shares	0.01	0.01

Dilutive earnings per share

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

As described in the annual report of exceet Group SE 2013, Note 13 "Equity" on pages 69 to 72, Class B and C Shares that are not converted to Public Shares on or prior to the fifth anniversary of the consummation of the reversed asset acquisition will no longer be convertible into Public Shares and will be redeemed. The redemption would reduce the numbers of ordinary shares outstanding, which would then impact the EPS. In the period presented it would lead to higher earnings per share for the other class of shares and consequently has not been considered as dilutive.

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, by having minor impact on the EPS. Share options from the MSOP not exercised within the contractual time frame expire without any redemption and have no dilutive impact on the EPS.

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

11 Dividends

No dividends were paid during the first quarter of 2014.

12 Borrowings

(in EUR 1'000)	unaudited 31 March 2014	audited 31 December 2013
Non-current		
Bank borrowings	31'076	29'638
Finance lease liabilities	3'520	3'842
Total non-current borrowings	**34'596**	**33'480**
Current		
Bank borrowings	2'742	2'550
Finance lease liabilities	2'216	2'175
Other loans	5'639	5'622
Total current borrowings	**10'597**	**10'347**
Total borrowings	**45'193**	**43'827**

13 Other financial liability

The current financial liability contains a financial liability resulting from fair value measurement of the Public Warrants of EUR 1'780 (31.12.2013: EUR 800).

Public Warrants

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

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

As at 31 March 2014 the rating of one Public Warrant on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) was at eurocent 8.9 (31.12.2013: eurocent 4), hence a fair value of EUR 1'780 was recorded at 31 March 2014 (31.12.2013: EUR 800).

14 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 shareholder loan of EUR 5 million remains unchanged since year-end 2013 with EUR 17 of interest charged for the period in 2014 (Q1 2013: EUR 17). In addition, the Group had legal charges from related parties in the first three months of 2014 of EUR 41 (Q1 2013: EUR 45). For the acquisition of exceet CZ s.r.o. (former: The Art of Packaging s.r.o.) at 31 December 2010, TEUR 600 has been paid to members of Management Board of exceet Group SE by the end of the first quarter of 2013.

15 Business combinations

Valtronic Technologies Romania Srl

In March 2014 the Group signed a share purchase agreement to acquire 95% of the shares of Valtronic Technologies Romania Srl, a Romanian development company. The remaining 5% of the shares held by a third party will be acquired with the closing of this transaction. With this acquisition exceet intends to strengthen its technical development resources for the ECMS segment.

The company employs 13 people and realized in 2013, according to Romanian GAAP, net sales of EUR 756 and a net profit of EUR 17.

As the acquisition requires regulatory approval and depending on contractual agreements to be met, the acquisition date (closing) will be after the reporting date.

16 Events occurring after the reporting period

There were no other events since the balance sheet date on 31 March 2014 that would require adjustment of assets or liabilities or a disclosure.

17 List of consolidated subsidiaries of exceet Group SE

Company	Year of acquisition[1]	Activity	Country	Ref.	Share Capital	Share in the capital	Share of the votes
exceet Group SE	2011	Investments in subsidiaries	LUX	1	EUR 527,960	100%	100%
– Helikos AG	2011	Investments in subsidiaries	SUI	2	CHF 100,000	100%	100%
– exceet Group AG	2006	Investments in subsidiaries	SUI	3	CHF 25,528,040	100%	100%
– ECR AG	2006	Manufacturing of electronic components for industrial and med-tech application	SUI	2	CHF 500,000	100%	100%
– GS Swiss PCB AG	2006	Manufacturing of flexible, semi-flexible and HDI printed circuit boards	SUI	4	CHF 1,350,000	100%	100%
– Mikrap AG	2008	Development and distribution of software and hardware for instrumentation and control technology	SUI	2	CHF 1,000,000	100%	100%
– AEMtec GmbH	2008	Manufacturing of multi-chip modules	GER	5	EUR 2,250,000	100%	100%
– as electronics GmbH	2012	Development and manufacturing of electronic components for industrial application	GER	6	EUR 102,150	100%	100%
– exceet Austria GmbH[6]	2011	Investments in subsidiaries	AUT	7	EUR 35,000	100%	100%
– Contec Steuerungstechnik & Automation Gesellschaft m.b.H.	2011	Manufacturing of electronic components for industrial and med-tech application	AUT	7	EUR 36,000	100%	100%
– Inplastor Graphische Produkte Gesellschaft m.b.H.	2012	Manufacturing of plastic card for Loyality, Events and ID -Security- Solution	AUT	8	EUR 50,000	100%	100%
– AuthentiDate International AG	2011	Digital signatures and trust center	GER	9	EUR 1,000,000	100%	100%
– AuthentiDate Deutschland GmbH[7]	2011	Digital signatures and trust center	GER	9	EUR 25,000	100%	100%
– exceet Card Group AG[8]	2009	Investments in subsidiaries	GER	10	EUR 5,915,500	100%	100%
– exceet Card Austria GmbH (former: VisionCard Kunststoffkartenproduktions GmbH)[2]	2009	Manufacturing of plastic card for Loyality, Access, Events and Transportation	AUT	11	EUR 35,000	100%	100%
– idVation GmbH[3]	2009	Customizing Solutions for RFID area and Logical Access	GER	12	EUR 25,000	100%	100%
– exceet CZ s.r.o. (former: The Art of Packaging s.r.o.)[4]	2010	Production of prelaminates for RFID card components, packaging services	CZE	13	CZK 1,500,000	100%	100%
– exceet Card AG [2,9,10] (former Winter AG)	2010	Production of smart cards and card personalization	GER	12	EUR 6,315,584	100%	100%
– exceet Card Nederland B.V. (former: PPC Card Systems B.V.)[5]	2009	Personalization and mailing of all types of cards	NED	14	EUR 226,900	100%	100%

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

2 exceet Card Group AG holds 100% of the share capital of these subsidiaries

3 exceet Card Austria GmbH holds 100% of the share capital of idVation GmbH

4 exceet Card Austria GmbH holds 98.67% of the share capital of exceet CZ s.r.o. idVation GmbH hold 1.33% of the share capital of exceet CZ s.r.o.

5 exceet Card AG holds 100% of the share capital of exceet Card Nederland B.V.

6 exceet Austria GmbH holds 99.01% of the share capital of Contec GmbH and exceet Group AG 0.99% of the share capital of Contec GmbH

7 AuthentiDate International AG holds 100% of the share capital of AuthentiDate Deutschland GmbH

8 exceet Card Group AG holds 100% of the share capital of NovaCard Systems Inc., USA, which is an inactive company and therefore not consolidated

9 PPC Card Systems GmbH and exceet Card AG (former Winter AG) have been merged in August 2012 retroactively as per 1.1.2012

10 NovaCard Informationssysteme GmbH and exceet Card AG (former Winter AG) have been merged in February 2013 retroactively as per 1.1.2013

Ref.	Address		
1	115 avenue Gaston Diderich	L-1420 Luxembourg	Luxembourg
2	Riedstrasse 1	CH-6343 Rotkreuz	Switzerland
3	Marktplatz 4	CH-9004 St. Gallen	Switzerland
4	Fännring 8	CH-6403 Küssnacht a. R.	Switzerland
5	Carl-Scheele-Strasse 16	D-12489 Berlin	Germany
6	Kantstrasse 10	D-72663 Grossbettlingen	Germany
7	Wildbichler Strasse 2E	A-6341 Ebbs	Austria
8	Leberstrasse 62	A-1110 Wien	Austria
9	Rethelstrasse 47	D-40237 Düsseldorf	Germany
10	Senefelderstrasse 10	D-33100 Paderborn	Germany
11	Industriezone 3	A-6175 Kematen in Tirol	Austria
12	Edisonstrasse 3	D-85716 Unterschleissheim/München	Germany
13	Zernovice 1	CZ-383 01 Okr. Prachatice	Czech Republic
14	Neutronstraat 8	NL-9743 AM Groningen	Netherlands