



REPORT  
THIRD QUARTER 2015

**exceet Group SE**  
115 avenue Gaston Diderich  
L-1420 Luxembourg  
Grand Duchy of Luxembourg

# INTERIM MANAGEMENT REPORT

## Business picks up - Performance still below potential

- 9M group sales of EUR 132.7 million (9M 2014: EUR 140.1 million) still affected by slack customer demand with Q3 showing the expected improvements versus Q2.
- 9M EBITDA climbing to EUR 8.2 million (9M 2014: EUR 15.1 million) with Q3 adding EUR 3.9 million showing the highest quarterly margin year to date.
- exceet USA, Inc. successfully established with an office on the US East Coast aimed to strengthen the group's relations with North American clients and to further develop the presence in this strategic market.
- Leadership in miniaturized intelligent electronics and professional security architectures remains a sound basis to further improve the business substantially.

### Revenue and Margin Development

A low propensity to invest and reluctant call-ups from existing framework agreements are still negatively affecting exceet's revenues and margins. Nevertheless the group managed to achieve 3.5% higher revenues in Q3 2015 versus Q2. Revenues for the first nine months 2015 reached EUR 132.7 million (9M 2014: EUR 140.1 million) representing a decline of 5.3%.

The gross profit and the EBITDA results of the group have therefore still to be seen in the light of lower than anticipated sales and utilization rates. For the first nine months exceet achieved an EBITDA of EUR 8.2 million (6.2% of net sales) compared to EUR 15.1 million (10.8% of net sales) in 9M 2014. However, the Q3 EBITDA-margin of 8.9% again approached the targeted level of double-digit figures after 6.5% in Q1 and 2.9% in Q2.

### Net Income and Earnings per Share

The group result year to date, for the period of minus EUR 2.5 million (9M 2014: EUR +3.5 million), includes non-cash foreign currency valuation adjustments of EUR 2.0 million (loss) on EUR intercompany loans given by the Swiss holding to finance group companies. These valuation adjustments reflect the substantially weaker EUR against CHF.

The net impact out of the revaluation of warrants resulted in a gain of EUR 0.4 million for 9M 2015 (9M 2014: loss of EUR 0.7 million). The adjusted loss for the period excluding the warrant revaluation amounted to EUR 2.9 million (9M 2014: gain of EUR 4.2 million). The earnings per share (EPS) amounted to EUR -0.07 (9M 2015) in comparison to EUR 0.17 (9M 2014) for the Class A Share. The earnings per Class A Share adjusted by the effect of the revaluation of the warrants amounted for 9M 2015 to EUR -0.09 (9M 2014: euro 0.20).

### Order Backlog

On 30 September 2015 exceet's order backlog amounted to EUR 87.1 million which is at the level of 31 December 2014 (EUR 87.3 million). This resulted into a book-to-bill ratio of 0.96 (9M 2014: 0.97) reflecting the lower level of sales compared with 2014.

## Cash Development

The net debt position (EUR 14.5 million compared to EUR 9.4 million at the end of 2014) increased due to the financing in CHF of the group and the lower level of cash. The cash position of EUR 27.7 million (31.12.2014: EUR 31.0 million) is exceet's basis to finance the future business development. The increasing level of sales did not allow for a cash generating reduction of net working capital in Q3 as it would have been expected given the overall development of 2015.

## Segment Reporting

### Electronic Components, Modules & Systems (ECMS)

Net Sales decreased by 3.8% to EUR 95.4 million during the first nine months of 2015, against EUR 99.2 million during the first nine months of 2014. ECMS contributed 71.8% to overall group sales.

ECMS is a full-service developer and manufacturer of complex electronic components, modules and systems in the fields of industrial and medical technology. The segment further enhanced sales activities in the Industrial Internet of Things (IoT) hardware market. ECMS is able to offer either customer specific devices or standard devices, such as routers for large IoT projects.

For the intensification of its business and market development in the North American Market, exceet USA, Inc. was established with opening a representative office on the US East Coast near Boston, MA. exceet USA is especially focused on activities related to the health market.

In Q3 2015 the segment invested in a highly sophisticated bonding technology for electronic components. The new machines were already used for first customer projects for the production of high quality glass lenses for LEDs (Light Emitting Diodes). Customers can reach an extremely high light yield by use of very precise glass lenses. As a consequence energy consumption and costs can be reduced.

In the first nine months of 2015, the ECMS segment achieved an EBITDA of EUR 11.4 million, accounting for an EBITDA margin of 11.9%, compared to EUR 16.2 million or a margin of 16.3% in the same period of the previous year. This reduction is basically caused by the later start of new high margin projects.

### ID Management & Systems (IDMS)

The revenue within the first nine months of 2015 amounted to EUR 30.5 million, which represented a decrease of 12.9% compared to EUR 35.0 million in 9M 2014.

In the reporting period IDMS was primarily focused on loyalty, contactless payment and urban mobility projects. The segment strengthened sales and marketing activities and is well prepared for these positively developing markets.

According to a prediction of the EHI Retail Institute the switch to dual interface cards will push the European card market. IDMS successfully offers since many years this technology and all other production processes for contactless credit cards.

Running projects showed in the third quarter future potentials in the market of financial services, e.g. with the customer “Number26”. Germany’s only mobile-first bank account, offers innovative credit card solutions, as well as online- and mobile banking technologies. IDMS is the only market relevant supplier with certified production processes and production facilities in Germany and positions itself successfully against competitors with nearshore production strategies.

Currently IDMS has nearly full capacity utilization and has an optimistic view for the coming months. The card specialist expects positive seasonal effects in the fourth quarter, e.g. due to the increasing demand for skiing passes and year-end related orders.

The segment accounted for 23.0% of the group sales and reported an EBITDA of EUR 1.4 million for the first nine months of 2015 which results in an EBITDA margin of 4.5%. In the same period of the previous year the segment achieved an EBITDA of EUR 2.3 million representing a 6.6% EBITDA margin.

### exceet Secure Solutions (ESS)

During the reporting period, the segment ESS generated revenues of EUR 6.9 million, accounting for 5.2% of total group sales. This reflects an increase by 13.1% compared to 9M 2014 revenues of EUR 6.1 million.

The segment is focused on IT security and industrial IoT. In the third quarter ESS continued the realization of a follow-up order in context with the German electronic health card (eGK). The finalization of the project is expected for the second quarter 2016. With this project, ESS further strengthens its position as an IT Security specialist and competent, experienced partner in this market.

As in the second quarter 2015, the IoT business is still characterized by a slow but steady market development. Nevertheless, ESS sold meanwhile several IoT projects in various industries with different national and international customers.

The new German IT Security Law, which came into effect in July 2015, opens up new opportunities for ESS. Due to the new legislation, stronger requirements for certifications and other security related permissions are expected, e.g. for online shops and medical device manufacturers. In cooperation with IDMS and ECMS, ESS is able to offer its IT security and compliance know-how and benefit from these new obligations and upcoming standards.

EBITDA for this reporting period reached minus EUR 0.3 million (9M 2014: minus EUR 0.2 million).

### **Group Balance Sheet Positions**

As of 30 September 2015, the total assets of exceet Group amounted to EUR 189.5 million, compared to EUR 182.9 million as of 31 December 2014.

The non-current assets of EUR 99.0 million, increased compared to the year-end position by EUR 2.1 million and include tangible assets of EUR 35.1 million (31.12.2014: EUR 34.2 million) and intangible assets of EUR 61.5 million (31.12.2014: EUR 61.1 million). The main driver for the increase was the substantial strengthening of the Swiss Franc in January 2015.

Current assets amount to EUR 90.6 million, compared to EUR 86.1 million at year-end 2014. Inventories rose by EUR 2.4 million to EUR 34.0 million (31.12.2014: EUR 31.6 million). Receivables increased from EUR 21.1 million to EUR 24.1 million. Current income tax receivables increased to EUR 1.5 million. Cash and cash equivalents decreased from EUR 31.0 million to EUR 27.7 million. This decrease can be mainly attributed to the negative free cash flow of EUR 2.6 million, the cash out for financing activities of EUR 3.6 million and the positive currency impact on cash positions of EUR 1.4 million.

The outflow for investing activities of EUR 2.9 million (9M 2014: EUR 3.0 million) was mainly invested in replacements. The net debt position as of 30 September 2015 amounts to EUR 14.5 million (31.12.2014: EUR 9.4 million).

At the end of the reporting period, exceet Group's equity amounted to EUR 102.0 million, against EUR 101.0 million as of 31 December 2014. This result in a reasonable equity ratio of 53.8% (31.12.2014: 55.2%).

The increase of the current liabilities of EUR 1.5 million to EUR 29.3 million as of 30 September 2015 (31.12.2014: EUR 27.8 million) includes the decrease in trade payables of EUR 0.7 million, tax liabilities of EUR 1.5 million and other financial liabilities of EUR 0.4 million as well as the increase of accruals of EUR 2.7 million, other current liabilities of EUR 1.7 million and other smaller changes within current liabilities.

Non-current liabilities increased by EUR 4.1 million from EUR 54.1 million at year-end of 2014 to EUR 58.2 million. Long-term borrowings increased by EUR 2.0 million to EUR 37.7 million (31.12.2014: EUR 35.7 million) driven by the stronger Swiss Franc.

### Overall Economic & Capital Market Environment and Share Price Performance

After the difficult first half-year 2015 with the launch of ECB Quantitative Easing (QE) and the EU/Greece financial crisis, the prospects for overall economic growth and the US interest rates clearly stood in the foreground during the third quarter. The weakness in the emerging markets and China still seems to be counterbalanced by a better sentiment in consumer demand in the western economies supported by rather robust labour markets, rising wages and low energy prices. However, with inflation falling below central bank's target rates, the Fed is tempted to further postpone a rate increase and the ECB may extend its existing QE program. General growth concerns are fed by scenarios in which the western countries could be stuck inside a longer stagnation period characterized by persisting high indebtedness, low rates leading to asset bubbles and falling commodity prices raising deflation worries. The latest economic data in Germany for industrial order intake and industrial production (especially in investment sensitive machinery and engineering) showed a pronounced weakness thus dampening the sentiment of corporations and the outlooks reported by economic observers and institutes.

Equity market sentiment and activity has been fluctuating among growth concerns on the one hand and supportive central bank rate/liquidity policies on the other hand. This kept volatilities at high levels and drove year-to-date performances into negative territory. The Q3 and 9M performances of selected indices are as follows: Eurostoxx 50 (-9.5% / -1.5%), German DAX (-11.7% / -1.5%), Swiss Market Index (-3.1% / -5.2%). The 10y Government Bond Yield in Germany stood at 0.587% by the end of September. In the course of the third quarter, exceet share price declined to euro 4.00 from euro 4.80. Cumulative turnover volume on XETRA amounted to 76,451 shares. The figure for the cumulative 9M-turnover volume in 2015 amounted to 137,717 shares versus 290,848 shares in 2014.

### Employees

As of 30 September 2015, the Group employed 1,071 employees (Headcount) or 1,014 full-time equivalents (FTE) (30.09.2014: 972 FTE). 417 (30.09.2014: 384) were employed in Germany, 161 (30.09.2014: 161) in Austria, 267 (30.09.2014: 263) in Switzerland, 141 (30.09.2014: 134) in the Czech Republic, 13 (30.09.2014: 17) in the Netherlands and 15 (30.09.2014: 13) in Romania.

## Opportunities and Risk Report

The statements provided in the Annual Report 2014 on the opportunities and risks of the business model remain unchanged.

## Significant Events and Actions

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

## Outlook

The long-term growth prospects for exceet with respect to its technological skills and its product and service portfolio remain unchanged despite the setbacks seen in the course of the current year. The main trigger for exceet's business performance would be a convincing upswing of overall investment activities, especially investments into intelligent electronics, for example in the field of the Internet of Things (IoT). Studies by International Data Corporation (IDC) disclose that executives worldwide put the IoT topic at the top of their agendas but close to 40 percent of them see obstacles for investments within the next two years because of high initial costs. For one of four executives, data security concerns also might lead to the postponement of investment decisions. However, more than a third of the interviewed executives unanimously regard suppliers of electronic hardware – like exceet – to turn out the strongest beneficiaries once investment sentiment improves. Therefore the management of the group maintains its confidence to participate in the growth within these markets as the company's portfolio addresses the skills in demand.

Each of the first three quarters 2015 showed slightly lower sales by mid-single digit percentages compared to the prior year period. The final quarter 2015 most probably should exceed the Q4 figure of 2014 thus continuing the trend seen since this summer.

In order to enhance the operational efficiency of the group, exceet will run through a process of structural adjustments and optimizations including the management structure and asset base of the group. The process will emphasize the group's focus on its high margin core businesses.

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

Luxembourg, 2 November 2015  
exceet Group SE  
The Board of Directors and the Management Board

# INTERIM FINANCIAL STATEMENTS

## (CONDENSED & CONSOLIDATED)



## INTERIM BALANCE SHEET (CONSOLIDATED)

(in EUR 1,000)	unaudited 30 September 2015	audited 31 December 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible assets	35,052	34,246
Intangible assets <sup>1</sup>	61,458	61,063
Deferred tax assets	2,246	1,335
Other financial investments	30	30
Other non-current receivables	182	183
<b>Total non-current assets</b>	<b>98,968</b>	<b>96,857</b>
<b>Current assets</b>		
Inventories	33,961	31,593
Trade receivables, net	24,075	21,091
Other current receivables	2,285	1,370
Current income tax receivables	1,453	224
Accrued income and prepaid expenses	1,090	819
Cash and cash equivalents	27,704	30,954
<b>Total current assets</b>	<b>90,568</b>	<b>86,051</b>
<b>Total assets</b>	<b>189,536</b>	<b>182,908</b>
<b>EQUITY</b>		
Share capital	528	528
Reserves	101,521	100,488
<b>Equity attributable to Shareholders of the parent company</b>	<b>102,049</b>	<b>101,016</b>
<b>Total equity</b>	<b>102,049</b>	<b>101,016</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings <sup>2</sup>	37,692	35,670
Retirement benefit obligations	11,544	8,523
Deferred tax liabilities	6,186	6,745
Provisions for other liabilities and charges	1,111	1,047
Other non-current liabilities	1,676	2,138
<b>Total non-current liabilities</b>	<b>58,209</b>	<b>54,123</b>
<b>Current liabilities</b>		
Trade payables	9,274	9,994
Other current liabilities	4,076	2,428
Accrued expenses and deferred income	9,820	7,133
Current income tax liabilities	435	1,908
Borrowings <sup>2</sup>	4,551	4,724
Other financial liabilities	1,011	1,421
Provisions for other liabilities and charges	111	161
<b>Total current liabilities</b>	<b>29,278</b>	<b>27,769</b>
<b>Total liabilities</b>	<b>87,487</b>	<b>81,892</b>
<b>Total equity and liabilities</b>	<b>189,536</b>	<b>182,908</b>

1) Incl. Goodwill of EUR 39,828 (31.12.2014: EUR 38,112)

2) Net debt amount to EUR 14,539 (31.12.2014: EUR 9,440) based on third party borrowings EUR 42,243 (31.12.2014: EUR 40,394) less cash and cash equivalents of EUR 27,704 (31.12.2014: EUR 30,954)

## INTERIM INCOME STATEMENT (CONSOLIDATED)

(in EUR 1,000)	3 months		9 months	
	unaudited 01.07. - 30.09.2015	unaudited 01.07. - 30.09.2014	unaudited 01.01. - 30.09.2015	unaudited 01.01. - 30.09.2014
Revenue	44,113	47,150	132,667	140,060
Cost of sales	(36,936)	(37,953)	(113,017)	(114,068)
<b>Gross profit</b>	<b>7,177</b>	<b>9,197</b>	<b>19,650</b>	<b>25,992</b>
<i>Gross profit margin</i>	<i>16.3%</i>	<i>19.5%</i>	<i>14.8%</i>	<i>18.6%</i>
Distribution costs	(3,354)	(3,318)	(10,315)	(9,943)
Administrative expenses	(3,035)	(2,586)	(10,060)	(9,580)
Other operating income	517	376	1,019	1,144
<b>Operating result (EBIT)<sup>1</sup></b>	<b>1,305</b>	<b>3,669</b>	<b>294</b>	<b>7,613</b>
<i>EBIT margin</i>	<i>3.0%</i>	<i>7.8%</i>	<i>0.2%</i>	<i>5.4%</i>
Financial income	2,042	276	5,333	623
Financial expenses	(405)	(639)	(8,522)	(1,792)
Changes in fair value in financial instruments	3	84	409	(698)
<b>Financial result, net</b>	<b>1,640</b>	<b>(279)</b>	<b>(2,780)</b>	<b>(1,867)</b>
<b>Profit/(Loss) before income tax</b>	<b>2,945</b>	<b>3,390</b>	<b>(2,486)</b>	<b>5,746</b>
Income tax, net	(155)	(1,063)	(49)	(2,226)
<b>Profit/(Loss) for the period</b>	<b>2,790</b>	<b>2,327</b>	<b>(2,535)</b>	<b>3,520</b>
<i>Profit/(Loss) margin</i>	<i>6.3%</i>	<i>4.9%</i>	<i>(1.9%)</i>	<i>2.5%</i>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO:</b>				
Shareholders of the parent company	2,790	2,327	(2,535)	3,520
Minority interests	0	0	0	0
<b>EARNINGS/(LOSS) PER SHARE IN EURO (BASIC=DILUTIVE)</b>				
Class A Shares	0.13	0.11	(0.07)	0.17
Class B/C Shares	0.01	0.01	(0.07)	0.01
Operating result (EBIT)	1,305	3,669	294	7,613
Depreciation, amortization and impairment charges	2,630	2,503	7,890	7,480
<b>Operating result before depreciation, amortization and impairment charges (EBITDA)<sup>2</sup></b>	<b>3,935</b>	<b>6,172</b>	<b>8,184</b>	<b>15,093</b>
<i>EBITDA margin</i>	<i>8.9%</i>	<i>13.1%</i>	<i>6.2%</i>	<i>10.8%</i>

1) Earnings Before Interest and Taxes

2) Earnings Before Interest, Taxes, Depreciation and Amortization

## INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

(in EUR 1'000)	3 months		9 months	
	01.07. - 30.09.2015	01.07. - 30.09.2014	01.01. - 30.09.2015	01.01. - 30.09.2014
<b>Profit/(Loss) for the period</b>	2,790	2,327	(2,535)	3,520
Items not to be reclassified to profit and loss:				
Remeasurements of defined benefit obligation	(180)	(750)	(1,784)	(2,056)
Deferred tax effect on remeasurements of defined benefit obligation	26	116	264	318
<b>Items not to be reclassified to profit and loss</b>	<b>(154)</b>	<b>(634)</b>	<b>(1,520)</b>	<b>(1,738)</b>
Items to be reclassified to profit and loss:				
Currency translation differences	(3,171)	415	5,085	961
<b>Items to be reclassified to profit and loss</b>	<b>(3,171)</b>	<b>415</b>	<b>5,085</b>	<b>961</b>
<b>Total comprehensive income for the period</b>	<b>(535)</b>	<b>2,108</b>	<b>1,030</b>	<b>2,743</b>
Attributable to:				
Shareholders of the parent company	(535)	2,108	1,030	2,743
Minority interests	0	0	0	0

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

## INTERIM STATEMENT OF CASH FLOWS (CONSOLIDATED)

(in EUR 1,000)	unaudited 01.01. - 30.09.2015	unaudited 01.01. - 30.09.2014
<b>Profit/(Loss) before income tax</b>	(2,486)	5,746
Adjustment for non-cash transactions		
Amortization on intangible assets	2,817	2,731
Depreciation on tangible assets	5,073	4,749
(Gains)/Losses on disposal of assets	(5)	(22)
Change of provisions	8	(25)
Adjustments to retirement benefit obligations/prepaid costs	571	292
Financial (income)/expenses	758	792
Change in fair value in financial instruments	(409)	698
Other non-cash (income)/expenses	2,036	(767)
<b>Operating net cash before changes in net working capital</b>	<b>8,363</b>	<b>14,194</b>
Changes to net working capital		
- inventories	(1,215)	(2,376)
- receivables	(3,281)	(3,019)
- accrued income and prepaid expenses	(224)	(332)
- liabilities	694	804
- provisions for other liabilities and charges	0	(41)
- accrued expenses and deferred income	2,533	647
Tax received (prior periods)	162	120
Tax paid	(4,443)	(4,049)
Interest received	6	20
Interest paid	(759)	(793)
<b>Cashflows from operating activities<sup>1</sup></b>	<b>1,836</b>	<b>5,175</b>
Acquisition of subsidiaries, net of cash acquired	0	(52)
Purchase of tangible assets	(2,890)	(2,937)
Sale of tangible assets	476	312
Purchase of intangible assets	(452)	(320)
<b>Cashflows from investing activities</b>	<b>(2,866)</b>	<b>(2,997)</b>
Increase of borrowings	482	848
Repayments of borrowings	(786)	(6,099)
Proceeds/(Repayments) of other non-current liabilities	(465)	(55)
Proceeds from finance lease prepayments	313	225
Payments of finance lease liabilities	(3,138)	(2,138)
<b>Cashflows from financing activities</b>	<b>(3,594)</b>	<b>(7,219)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(4,624)</b>	<b>(5,041)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>30,954</b>	<b>31,170</b>
Net changes in cash and cash equivalents	(4,624)	(5,041)
Effect of exchange rate gains/(losses)	1,374	403
<b>Cash and cash equivalents at the end of the period</b>	<b>27,704</b>	<b>26,532</b>

1) Free cash flow amounts to EUR (2,553) based on cash flow from operations of EUR 1,836 minus net capital expenditure (adjusted for finance lease) of EUR 4,389

## 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
<b>BALANCES AT 1 JANUARY 2015</b>	528	65,485	(4,525)	199	29,815	9,514	101,016
Profit/(Loss) for the period					(2,535)		(2,535)
<b>Other comprehensive income:</b>							
Remeasurements of defined benefit obligations					(1,784)		(1,784)
Deferred tax effect on remeasurements					264		264
Currency translation differences						5,085	5,085
Total other comprehensive income for the period	0	0	0	0	(1,520)	5,085	3,565
Total comprehensive income for the period	0	0	0	0	(4,055)	5,085	1,030
Share-based payments				3			3
Total other equity effects	0	0	0	3	0	0	3
<b>BALANCES AT 30 SEPTEMBER 2015</b>	528	65,485	(4,525)	202	25,760	14,599	102,049
<b>BALANCES AT 1 JANUARY 2014</b>	528	65,485	(4,525)	152	28,681	8,421	98,742
Profit/(Loss) for the period					3,520		3,520
<b>Other comprehensive income:</b>							
Remeasurements of defined benefit obligations					(2,056)		(2,056)
Deferred tax effect on remeasurements					318		318
Currency translation differences						961	961
Total other comprehensive income for the period	0	0	0	0	(1,738)	961	(777)
Total comprehensive income for the period	0	0	0	0	1,782	961	2,743
Share-based payments				40			40
Total other equity effects	0	0	0	40	0	0	40
<b>BALANCES AT 30 SEPTEMBER 2014</b>	528	65,485	(4,525)	192	30,463	9,382	101,525

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

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONDENSED & CONSOLIDATED)

### 1 General information

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

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

The consolidated exceet Group SE (“Group” or “exceet”) includes all relevant companies in which exceet Group SE, directly or indirectly, has a majority of the voting rights and is able to determine the financial and business policies based on the so-called control concept. All companies consolidated into the Group are disclosed in note 18 “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 itself through its technical skill set in embedded intelligent electronics with a leading position in the health, industry & security markets.

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

The ECMS segment (72% of Group Sales YTD 2015) 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 IDMS segment (23% of Group Sales YTD 2015) is engaged in design, development and production of contact and contactless smart cards, multifunction cards, card reading devices and related services. Offering tailored, innovative solutions while meeting the highest quality and security standards, the 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 (5% of Group Sales YTD 2015) 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 in the public sector.

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

This condensed consolidated interim financial information is unaudited and was approved for issue by the Board of Directors on 2 November 2015.

## 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"
- IAS 39 (Amendment) "Novation of derivatives and continuation of hedge accounting"
- IFRIC 21 (New) "Levies"

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

Apart from these amendments, the interim condensed consolidated financial statements have been prepared on the basis of the accounting policies, significant judgments, key assumptions and estimates as described on pages 31 to 48 of the consolidated financial statements of exceet Group SE 2014.

### 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 2015 and have not been applied in preparing these interim condensed consolidated financial statements.

- IFRS 9 (New) "Financial instruments" – IASB effective date 1 January 2018
- IFRS 14 (New) "Regulatory Deferral Accounts" – IASB effective date 1 January 2016
- IFRS 15 (New) "Contracts with Customers" – IASB effective date 1 January 2018
- IFRS 10/12 (Amendment) "Investment entities: Applying Consolidation Exception" – IASB effective date 1 January 2016
- IAS 28 (Amendment) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" – IASB effective date 1 January 2016 (to be amended)
- IFRS 10 /IAS 28 (Amendment) "Accounting for Acquisitions of Interest in Joint Operations" – IASB effective date 1 January 2016
- IFRS 11 (Amendment) "Disclosure Initiative – IASB effective date 1 January 2016
- IAS 1 (Amendment) "Bearer Plants" – IASB effective date 1 January 2016
- IAS 16 /41 (Amendment) "Clarification of Acceptable Methods of Depreciation and Amortization – IASB effective date 1 January 2016
- IAS 16/38 (Amendment) "Equity Method in separate Financial Statements" – IASB effective date 1 July 2016
- IAS 27 (Amendment) "Various improvements to IFRS 5, IFRS 7, IAS 19 and IAS 34 – IASB effective date 1 July 2016
- Annual improvement cycle (2012 – 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 nine months ended 30 September 2015, 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 2014, 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 2014.

The following exchange rates were relevant to the interim financial report as per 30 September 2015:

	30 September 2015	Average 01.01. - 30.09.2015	31 December 2014	30 September 2014	Average 01.01. - 30.09.2014
CHF 1	0.92	0.94	0.83	0.83	0.82
USD 1	0.89	0.90	0.82	0.79	0.74

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 2014. 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 assets and liabilities that are measured at fair value.

(in EUR 1,000)	Level 1	Level 2	Level 3	Total
<b>30 SEPTEMBER 2015</b>				
<b>Assets as per balance sheet</b>				
Financial assets at fair value through profit or loss				0
Interest cap				0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities as per balance sheet</b>				
Financial liabilities at fair value through profit or loss				0
Interest cap		31		31
Public Warrants	980			980
Earn-out liability			998	998
<b>Total</b>	<b>980</b>	<b>31</b>	<b>998</b>	<b>2,009</b>
<b>31 DECEMBER 2014</b>				
<b>Assets as per balance sheet</b>				
Financial assets at fair value through profit or loss				0
Interest cap				0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities as per balance sheet</b>				
Financial liabilities at fair value through profit or loss				0
Interest cap		41		41
Public Warrants	1,380			1,380
Earn-out liability			993	993
<b>Total</b>	<b>1,380</b>	<b>41</b>	<b>993</b>	<b>2,414</b>

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

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

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

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

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

(in EUR 1,000)	Level 3
<b>BALANCE AT 1 JANUARY 2015</b>	993
Interest on earn-out of acquisition	5
Currency translation differences	0
<b>BALANCE AT 30 SEPTEMBER 2015</b>	998
Total (gains)/losses for the period included in profit or loss	5
<b>BALANCE AT 1 JANUARY 2014</b>	0
Earn-out of acquisition	0
Currency translation differences	0
<b>BALANCE AT 30 SEPTEMBER 2014</b>	0
Total (gains)/losses for the period included in profit or loss	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 30 September 2015	audited 31 December 2014
<b>CARRYING AMOUNT</b>		
Bank borrowings	38,079	35,872
Finance lease liabilities	4,164	4,522
<b>Total</b>	<b>42,243</b>	<b>40,394</b>
<b>FAIR VALUE</b>		
Bank borrowings	38,079	35,872
Finance lease liabilities	4,164	4,522
<b>Total</b>	<b>42,243</b>	<b>40,394</b>

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. - 30.09.2015	unaudited 01.01. - 30.09.2014	Date of consolidation
<b>Cash flow on acquisition of investments</b>			
Cash outflow on acquisition of exceet Medtec Romania S.R.L.		(52)	31 May 2014
<b>Total</b>	<b>0</b>	<b>(52)</b>	
<b>Transaction cost directly recognized in the income statement</b>			
exceet Medtec Romania S.R.L.		24	
<b>Total</b>	<b>0</b>	<b>24</b>	

The acquisition of tangible assets is mainly related to the purchase of production facilities and machinery. The Group purchased fixed assets through finance lease arrangements of EUR 1,523 (9M 2014: EUR 502).

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 313 (9M 2014: EUR 225).

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 excelet 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.

The segment information for the nine months ended 30 September 2015 and a reconciliation of EBIT to profit / (loss) for the period is provided as follows:

### Income statement and capital expenditure by segment

01.01. - 30.09.2015 (in EUR 1,000)	ECMS	IDMS	ESS	Corporate and others	Eliminations	Group consolidated
External revenue	95,313	30,451	6,903	0		132,667
Inter-segment revenue	72	7	1	236	(316)	0
<b>Total revenue</b>	<b>95,385</b>	<b>30,458</b>	<b>6,904</b>	<b>236</b>	<b>(316)</b>	<b>132,667</b>
<b>EBITDA</b>	<b>11,351</b>	<b>1,381</b>	<b>(299)</b>	<b>(4,249)</b>		<b>8,184</b>
<i>EBITDA Margin</i>	<i>11.9%</i>	<i>4.5%</i>	<i>(4.3%)</i>			<i>6.2%</i>
Depreciation, amortization and impairment	(5,704)	(1,646)	(396)	(144)		(7,890)
<b>EBIT</b>	<b>5,647</b>	<b>(265)</b>	<b>(695)</b>	<b>(4,393)</b>	<b>0</b>	<b>294</b>
<i>EBIT Margin</i>	<i>5.9%</i>	<i>(0.9%)</i>	<i>(10.1%)</i>			<i>0.2%</i>
Financial income	1,128	106	0	4,558	(459)	5,333
Financial expense	(1,841)	(584)	(55)	(6,501)	459	(8,522)
Changes in fair value in financial instruments	0	9	0	400		409
<b>Financial result – net</b>	<b>(713)</b>	<b>(469)</b>	<b>(55)</b>	<b>(1,543)</b>	<b>0</b>	<b>(2,780)</b>
<b>Profit/(Loss) before income tax</b>	<b>4,934</b>	<b>(734)</b>	<b>(750)</b>	<b>(5,936)</b>	<b>0</b>	<b>(2,486)</b>
Income tax	(879)	465	304	61		(49)
<b>Profit/(Loss) for the period</b>	<b>4,055</b>	<b>(269)</b>	<b>(446)</b>	<b>(5,875)</b>	<b>0</b>	<b>(2,535)</b>
Capital expenditure tangible assets	2,666	1,589	127	31		4,413
Capital expenditure intangible assets	152	10	275	15		452
Depreciation tangible assets	(3,627)	(1,350)	(62)	(34)		(5,073)
Amortization intangible assets	(2,077)	(296)	(334)	(110)		(2,817)

01.01. - 30.09.2014 (in EUR 1,000)	ECMS	IDMS	ESS	Corporate and others	Eliminations	Group consolidated
External revenue	99,068	34,956	6,036	0		140,060
Inter-segment revenue	158	6	59	218	(441)	0
<b>Total revenue</b>	<b>99,226</b>	<b>34,962</b>	<b>6,095</b>	<b>218</b>	<b>(441)</b>	<b>140,060</b>
<b>EBITDA</b>	<b>16,221</b>	<b>2,299</b>	<b>(208)</b>	<b>(3,219)</b>		<b>15,093</b>
<i>EBITDA Margin</i>	<i>16.3%</i>	<i>6.6%</i>	<i>(3.4%)</i>			<i>10.8%</i>
Depreciation, amortization and impairment	(5,250)	(1,957)	(163)	(110)		(7,480)
<b>EBIT</b>	<b>10,971</b>	<b>342</b>	<b>(371)</b>	<b>(3,329)</b>	<b>0</b>	<b>7,613</b>
<i>EBIT Margin</i>	<i>11.1%</i>	<i>1.0%</i>	<i>(6.1%)</i>			<i>5.4%</i>
Financial income	401	52	0	448	(278)	623
Financial expense	(720)	(436)	(32)	(882)	278	(1,792)
Changes in fair value in financial instruments	0	2	0	(700)		(698)
<b>Financial result – net</b>	<b>(319)</b>	<b>(382)</b>	<b>(32)</b>	<b>(1,134)</b>	<b>0</b>	<b>(1,867)</b>
<b>Profit/(Loss) before income tax</b>	<b>10,652</b>	<b>(40)</b>	<b>(403)</b>	<b>(4,463)</b>	<b>0</b>	<b>5,746</b>
Income tax	(2,990)	703	96	(35)		(2,226)
<b>Profit/(Loss) for the period</b>	<b>7,662</b>	<b>663</b>	<b>(307)</b>	<b>(4,498)</b>	<b>0</b>	<b>3,520</b>
Capital expenditure tangible assets	2,068	1,084	64	8		3,224
Capital expenditure intangible assets	173	93	53	1		320
Depreciation tangible assets	(3,100)	(1,574)	(47)	(28)		(4,749)
Amortization intangible assets	(2,150)	(383)	(116)	(82)		(2,731)

### Assets and liabilities by segment

(in EUR 1,000)	ECMS	IDMS	ESS	Corporate and others	Eliminations	Group consolidated
<b>BALANCES AT 30 SEPTEMBER 2015 (UNAUDITED)</b>						
Non-current assets	67,560	23,217	7,917	274		98,968
Current assets	60,687	15,338	2,940	11,603		90,568
Liabilities	42,639	13,727	4,147	26,974		87,487
<b>BALANCES AT 31 DECEMBER 2014 (AUDITED)</b>						
Non-current assets	65,411	23,464	7,645	337		96,857
Current assets	64,359	14,303	2,093	5,296		86,051
Liabilities	40,716	11,972	4,264	24,940		81,892
<b>BALANCES AT 30 SEPTEMBER 2014 (UNAUDITED)</b>						
Non-current assets	65,948	23,939	2,297	377		92,561
Current assets	66,572	16,946	2,861	3,750		90,129
Liabilities	42,058	15,001	3,229	20,877		81,165

## 7 Financial result

Financial income for the nine months ended 30 September 2015, includes a profit of EUR 400 (9M 2014: Loss of EUR 700) realized on the fair value adjustment of the Public Warrants (note 14 “Other financial liability”).

The financial result includes a non-cash loss of EUR 2,045 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 5,893 (9M 2014: EUR 6,073; full year 2014: EUR 8,200). 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 30 September 2015 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 euro 0.0152 each. The not issued shares of 10,941,176 are Class A Shares. The Treasury Shares are designated to be used for the Management Stock Option Program.

There were no changes to the share capital of exceet Group SE since the last reporting date of 31 December 2014.

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 69 to 71.

## 10 Earnings per share

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

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

### Basic earnings per share

The calculation of basic EPS at 30 September 2015 is based on the loss attributable to the owners of the parent of EUR 2,535 for nine months 2015 (9M 2014: gain of EUR 3,520) 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.

The Q3 2015 gain attributable to the owners of the parent of EUR 2,790 (Q3 2014: EUR 2,327) resulted in basic EPS of euro 0.13 (Q3 2014: euro 0.11) per Class A Shares and euro 0.01 (Q3 2014: euro 0.01) per Class B/C Shares, based on the outstanding weighted average of 20,073,695 Class A Shares and 14,210,526 Class B/C Shares in both quarterly periods.

		unaudited 01.01. - 30.09.2015	unaudited 01.01. - 30.09.2014
Profit/(Loss) for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(1,484)	3,378
	Class B/C Shares	(1,051)	142
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	14,210,526	14,210,526
Basic earnings/(loss) per share (euro/share)	Class A Shares	(0.07)	0.17
	Class B/C Shares	(0.07)	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 Consolidated Financial Statements note 13 “Equity” on pages 69 to 71, 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, 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 nine months ended 30 September 2015.

## 12 Borrowings

(in EUR 1,000)	unaudited 30 September 2015	audited 31 December 2014
<b>NON-CURRENT</b>		
Bank borrowings	35,596	33,142
Finance lease liabilities	2,096	2,528
<b>Total non-current borrowings</b>	<b>37,692</b>	<b>35,670</b>
<b>CURRENT</b>		
Bank borrowings	2,483	2,730
Finance lease liabilities	2,068	1,994
<b>Total current borrowings</b>	<b>4,551</b>	<b>4,724</b>
<b>Total borrowings</b>	<b>42,243</b>	<b>40,394</b>

## 13 Retirement Benefit Obligation

The impact of measurements of the defined benefit obligation arises from changes in economic assumptions (discount rates) of EUR 2,009 (9M 2014: EUR 3,055) and return on plan assets of EUR -225 (9M 2014: EUR -999), no changes arise from changes in demographic assumptions (9M 2014: EUR 0).

## 14 Other financial liability

The current financial liability contains a financial liability resulting from fair value measurement of the Public Warrants of EUR 980 (31.12.2014: EUR 1,380).

### Public Warrants

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

Public Warrants 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 30 September 2015 the rating of one Public Warrant on the Frankfurt Stock Exchange was at eurocent 4.9 (31.12.2014: eurocent 6.9), hence a fair value of EUR 980 was recorded at 30 September 2015 (31.12.2014: EUR 1,380).

## 15 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.

For the nine months in 2015 no interest were charged from related parties (9M 2014: EUR 46). The Group had legal charges from related parties in the nine months of 2015 of EUR 49 (9M 2014: EUR 89).

## 16 Business combinations

### exceet Medtec Romania S.R.L. [former: Valtronic Technologies Romania S.R.L.]

On 31 May 2014 the Group acquired by way of a share purchase agreement 95% of the shares of Valtronic Technologies Romania S.R.L. (renamed to exceet Medtec Romania S.R.L.), a Romanian development company. The remaining 5% of the shares held by a third party have been acquired on 30 June 2014, also by way of a share purchase agreement. As this second step of the acquisition of the remaining 5% interest was based on the same valuation as the first step, the whole acquisition is reported as one transaction. With this acquisition exceet intends to strengthen its technical development resources for the ECMS segment. The aggregate cash consideration amounts to EUR 307. There are no contingent consideration agreements to be considered. exceet Medtec Romania S.R.L. has been acquired by exceet Group AG. Transaction costs of EUR 24 have been recognized in administrative expenses for 9M 2014.

exceet Medtec Romania S.R.L. employs 13 people and contributed revenue of EUR 197 and a net profit of EUR 27 to the Group for the period of 31 May 2014 to 30 September 2014. If the acquisition had occurred on 1 January 2014, exceet Medtec Romania S.R.L. would have contributed EUR 531 revenue and a net profit of EUR 110 to the Group for the nine months of 2014.

(in EUR 1,000)

<b>PURCHASE CONSIDERATION</b>	
Purchase consideration paid	(307)
Fair value of net assets acquired	369
<b>Negative Goodwill</b>	<b>62</b>

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

(in EUR 1,000)

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

(in EUR 1,000)

Consideration settled in cash	(307)
Cash and cash equivalents in subsidiary acquired	255
<b>Cash outflow on acquisition</b>	<b>(52)</b>

The final valuation of the fair value assigned to the identifiable assets and liabilities acquired has been finalized in Q3 2014. The resulting negative Goodwill of EUR 62 has been recognized within other income in that period.

The account receivables and other receivables are valued at fair value; there are no uncollectible receivables.

## 17 Events occurring after the reporting period

There were no other events since the balance sheet date on 30 September 2015 that would require adjustment of assets or liabilities or a disclosure.



## 18 List of consolidated subsidiaries of exceet Group SE

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

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

- 1) Year of acquisition refers to exceet Group AG point of view
- 2) exceet Austria GmbH holds 99.01% of the share capital of exceet electronics GesmbH and exceet Group AG 0.99% of the share capital of exceet electronics GesmbH
- 3) exceet Holding AG (former: Helikos AG) was renamed by 9.5.2014
- 4) exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.P.L) was renamed by 20.6.2014
- 5) exceet electronics GmbH (former: as electronics GmbH) was renamed by 5.1.2015
- 6) exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) was renamed by 28.1.2015
- 7) 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
- 8) exceet electronics AG (former: Mikrap AG) was renamed by 30.12.2014
- 9) exceet Card Austria GmbH holds 100% of the share capital of idVation GmbH
- 10) exceet Card Austria GmbH holds 98.67% of the share capital of exceet CZ s.r.o.
- 11) NovaCard Informationssysteme GmbH and exceet Card AG have been merged in February 2013 retroactively as per 1.1.2013
- 12) PPC Card Systems GmbH and exceet Card AG have been merged in August 2012 retroactively as per 1.1.2012
- 13) exceet Card Group AG holds 100% of the share capital of the subsidiary
- 14) exceet Card AG holds 100% of the share capital of exceet Card Nederland B.V.
- 15) exceet Secure Solutions AG (former AuthentiDate International AG) holds 100% of the share capital of AuthentiDate Deutschland GmbH
- 16) exceet Secure Solutions AG (former AuthentiDate International AG) has been renamed by 13.8.2014
- 17) exceet Secure Solutions AG holds 100% of the share capital of Lucom GmbH Elektrokomponenten und Systeme
- 18) exceet Secure Solutions Deutschland GmbH (former: AuthentiDate Deutschland GmbH) was renamed by 20.9.2015

For more detailed information please visit [www.exceet.lu/divisions/](http://www.exceet.lu/divisions/).