

Media Release



Financial Result Nine Months 2020

- Group Net Sales up to EUR 34.4 million (9M 2019: EUR 32.7 million). FX adjusted Growth Rate plus 2.1%.
- Group EBITDA increased to EUR 5.7 million (9M 2019: EUR 4.3 million) achieving an EBITDA margin of 16.7% (9M 2019: 13.2%).
- Net Profit (recurring) for the period EUR 2.2 million (9M 2019: EUR 1.2 million).
- Q3 2020 weaker due to reduced demand of customers influenced by the Corona pandemic. Strong order intake and backlog indicate Q4 2020 performance similar to last year.

Grevenmacher, 5 November 2020 – exceet's businesses performed satisfactorily until May 2020 in spite of the Corona situation hampering the economy. From June 2020 onwards, customer demand decreased noticeable, especially in the Healthcare segment, due to the impacts of the Corona pandemic. Therefore, Q3 2020 sales were negatively influenced by customer reluctance. The management reacted with the implementation of short-time working programs provided by the government and a cost-efficient vacation policy to mitigate negative effects on profitability. Although business activities declined, the Net Profit for the period in Q3 2020 was still slightly positive.

In Q3 2020 exceet achieved sales of EUR 9.5 million versus EUR 10.3 million one year ago and a total of EUR 34.4 million for the nine months 2020 compared to EUR 32.7 million in the corresponding period last year. Group EBITDA reached EUR 0.9 million in Q3 2020 versus EUR 1.0 million in Q3 2019 and EUR 5.7 million for the entire reporting period compared to EUR 4.3 million for nine months 2019. The EBITDA Margin increased accordingly from 13.2% in the prior year to 16.7% for the nine month period 2020. Net profit for the period of Q3 2020 was slightly positive (Q3 2019: EUR 1.6 million) respectively EUR 3.1 million for the entire period from January to September 2020 (9M 2019: EUR 1.3 million). The large cash position held in Switzerland, which had a significant impact on the net profit in past quarters due to FX-impacts, did lose this impact due to the pay-out of a second special distribution to exceet's shareholders in June 2020.

Since the first quarter, exceet took various adaptive measures to prepare the Group's businesses for the looming intensification of the Corona crisis. These measures included the protection of the production processes by securing the supply chains and raising inventory levels, but also intensifying the personal safety of employees, customers and suppliers by suspending travelling and face-to-face meetings as well as the introduction of home office work for certain members of the staff. All alignments were realized quickly and cost-efficiently and were adapted short term, according to the current risk situation.

Healthcare Segment

In the nine months of 2020, the segment realized net sales of EUR 27.5 million (9M 2019: EUR 26.0 million) accounting for 80.0% (9M 2019: 79.3%) of Group net sales and achieved an increase of 6.0% versus the corresponding period last year. The EBITDA for the first nine months 2020 amounted to EUR 7.3 million (9M 2019: EUR 6.8 million), up 7.3% resulting in an EBITDA margin of 26.5% (9M 2019: 26.1%).

After an exceptionally strong performance of the segment in H1 2020, driven by high onetime order volumes from individual customers, the business significantly calmed down in Q3 2020 due to the continued Corona crisis and its extensive impacts on the economy. Technologically, the Corona adaption measures introduced at the location in Küssnacht caused slight delays in the further development of the Ultra HDI technology. The extension and modernization of the production, as well as the optimization of processes continued in Q3 2020 to put the segment into a favorable position to benefit from an expected renewed increase in volumes.

Software (including IoT) Segment

In the reporting period between January and September, the segment contributed net sales of EUR 6.9 million (9M 2019: EUR 6.8 million) representing 20.0% (9M 2019: 20.7%) of Group net sales. The EBITDA for this period was almost break-even and narrowed from minus EUR 0.4 million for nine months 2019 to minus EUR 0.1 million for nine months 2020. With sales having increased by 1.7% compared to last year, the segment could improve its gross profit performance.

The Corona crisis continued to be the major burden for the planned rollout of the segment's flagship product suite "exceet connect". The lack of opportunities to present the product's state-of-the-art technology due to cancellations of fairs and rigid restrictions of face-to-face contacts with customers caused delays, but a catching up might be possible in the final quarter of the year.

Outlook

exceet's performance in Q1 2020 was very strong primarily due to high demand of its Healthcare customers. As expected, the overall visibility already decreased as of April 2020 due to the spreading Corona pandemic with customers shifting their orders in a number of cases into later timeframes. In Q3 2020 the demand of Healthcare customers deteriorated and production and quality assurance departments prolonged short-time working already started in June. This led to a lower level of output of high-end PCBs at the location in Küssnacht and decreased sales in Q3 2020 year-over-year. The Software (including IoT) business could not achieve sales as expected due to Corona, because new products did not receive the attention as customers cancelled projects. But, efficient management of operating expenses as well as certain subsidies received for short-time working kept exceet's business still profitable in Q3 2020.

Currently, exceet is cautiously confident about a return to a step-by-step stabilization of overall business conditions. The Ultra HDI technology for flexible boards, designed for innovative medtech-devices, continues to keep its promising potential as a driver for the future growth of exceet's Healthcare segment. Developments within this technology showed a slight delay of about three months and will be finished by the end of November 2020. Current order intake and backlog look promising for a recovery in Q4 2020.

Within exceet's Software (including IoT) business, individual long-term projects with customers continue according to plan. The rollout of "exceet connect", the new flagship product suite of this segment, is still lagging behind due to the current lack of possible presentation events, cancellation of fairs and limited possibilities of individual face-to-face presentations with potential customers. Online marketing activities for "exceet connect" started at the end of Q3 2020 and look promising as the number of generated leads show. Based on this positive expectation, but with lower margins in single projects, the Software and IoT business in total is expected to deliver a slightly deteriorated margin performance.

In general, the persisting question mark remains the further progression of the current second wave of the Corona pandemic and how it will impact people and the economy. The management has still the expectation, that the business will be flat in 2020 versus 2019. exceet's overall EBITDA margin, which is historically leveraged by the Group's top line performance, is expected to see a minor impact out of the pressure on the gross margin and potentially additional costs resulting from new technologies in the Healthcare and Software (incl. IoT) segments.

Annex: Performance and Structural Data Nine Months 2020

Performance Report on the Nine Months 2020 available at

<https://www.exceet.com/Q3-2020-Report>

and Company Presentation at

<https://www.exceet.com/Q3-2020-Presentation>

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ISIN LU0472835155 (Public Shares), Regulated Market, Prime Standard, Frankfurt/Main

exceet will announce full year results 2020 on 18 March 2021

(after closing of the market)

About exceet

exceet is a listed holding company focusing on technology corporations within the healthcare and software markets.

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Performance and Structural Data			
(in EUR million, expenses & cash out in parentheses)	January - September		
	2020	2019	Change
Income Statement			
Net Sales	34.4	32.7	+5.1%
- Healthcare	27.5	26.0	+6.0%
- Software (incl. IoT)	6.9	6.7	+2.2%
Gross Profit	8.6	7.9	+9.5%
EBITDA	5.7	4.3	+33.0%
<i>in % of Net Sales</i>	16.7%	13.2%	+3.5pp
- Healthcare	7.3	6.8	+7.3%
- Software (incl. IoT)	(0.1)	(0.4)	+71.2%
EBIT	3.2	2.0	+59.0%
<i>in % of Net Sales</i>	9.4%	6.2%	+3.2pp
Net Profit	3.1	1.3	n.a.
- per Ordinary Share	Euro 0.15	0.06	n.a.
Backlog	14.5	13.5	+7.1%
Cash Flow Statement			
Cash Flow from operations before change in net working capital	5.8	6.1	-4.3%
Change in net working capital	0.7	(0.7)	-200.0%
Cash Flow from operations	5.5	4.4	+25.3%
Capex (incl. finance lease agreements)	(3.9)	(3.4)	+17.3%
Free Cash Flow	1.5	1.0	+52.5%
Balance Sheet			
(in EUR million, expenses & cash out in parentheses)	30.09.2020	31.12.2019	Change
Balance Sheet			
Total Assets	57.8	89.6	-35.5%
Cash	17.5	51.5	-66.1%
Net Financial Cash	14.4	48.1	-70.1%
Goodwill	7.4	7.4	-0.2%
Shareholders' equity	40.8	73.6	-44.5%
Employees (full-time-equivalent)	209	212	-1.4%