THIRD QUARTER 2019 REPORT

exceet Group SE
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Grand Duchy of Luxembourg

INTERIM MANAGEMENT REPORT

- Plus 5.2% increase of Group Net Sales to EUR 32.7 million (9M 2018: EUR 31.1 million). FX Adjusted Growth Rate[1] for 9M 2019: plus 2.2% (9M 2018: 3.6%).
- 21.1% increase in Group EBITDA[1] to EUR 4.3 million versus EUR 3.6 million for the first nine months, reaching 13.2% of Net Sales. Excluding the one-off restructuring costs of EUR 0.8 million, the Recurring EBITDA Margin[1] would be 15.6% of Net Sales.
- EUR 1.3 million Group (9M 2018: minus EUR 0.1 million) supported by a positive non-cash currency effect of EUR 0.9 million and including the one-off restructuring costs of EUR 0.8 million. The Recurring Group Net Result[1] would be EUR 1.2 million.
- On 30 September 2019: Order Backlog[1] at EUR 13.5 million; Cash at EUR 112.3 million, Net Cash[1] at EUR 108.8 million and Equity Ratio[1] at 87.0%.
- exceet has given notification on several corporate issues on 19 September 2019 (see www.exceet.com). Thereof the payout of a special distribution in the amount of Euro 3.00 per share and the conversion of exceet Group SE into a SA under Luxembourg law will be decided on Ordinary and Extraordinary General Meetings scheduled for 20 November 2019.

	January - September		
(in EUR 1,000)	2019	2018	
Net Sales	32,738	31,115	+ 5.2%
FX Adjusted Organic Growth Rate [1]			+ 2.2%
EBITDA [1]	4,315	3,563	+ 21.1%
in % of Net Sales	*13.2%*	*11.5%*	
One-off restructuring costs	802	0	
Recurring EBITDA [1]	5,117	3,563	
in % of Net Sales	*15.6%*	*11.5%*	
Result for the period	1,269	(64)	n.a.
One-off restructuring costs	802	0	
Currency exchange differences (non-cash)			
- gains, net	(896)	0	
- losses, net	0	459	
Recurring Net Result[1] for the periode before currency exchange differences and one-off costs	1,175	395	+ 197.5%
in % of Net Sales	*3.6%*	*1.3%*	

1) See note 18 "Alternative Performance Measures (APM)" Pages 28 -30

Financial Performance

In the course of the fiscal year 2018, exceet signed several agreements to sell its portfolio companies exceet electronics, AEMtec GmbH (Germany) and exceet Medtec Romania S.R.L. These activities had been part of exceet's former business segment Electronic Components, Modules & Systems (ECMS). As a consequence, the Group's IFRS reporting had to be split into "Continued Operations" and "Discontinued Operations" as of Q3 2018 (see exceet Interim Financial Statements note 15 "Discontinued Operations").

The continued operations consist of the printed circuit boards (PCB) activities within the Healthcare segment (former ECMS segment) and the Software segment (former ESS segment), which is actually focused on industrial internet of things (IoT) and secure connectivity. Currently, locations are in Switzerland, Germany, USA and Luxembourg.

The progression of exceet's 9M 2019 performance is characterized by a dynamic Q1 2019 followed by the expected ease of the Group's operative businesses in Q2 2019 and a stabilization in Q3 2019. The actual business development is influenced by the intra-year volatility out of the short-term progression of demand from exceet's customers and the product mix (higher share of lower priced PCBs). Despite wide-spread and serious economic concerns, exceet's third quarter Net Sales raised by 1.8% to EUR 10.3 million. The 9M Net Sales increased by 5.2% (FX Adjusted Growth Rate[1)] 2.2%) to EUR 32.7 million (9M 2018: EUR 31.1 million). The operational profit (EBITDA[1)]) amounted to EUR 1.0 million in Q3 improving the 9M figure to EUR 4.3 million – 13.2% of net Sales - and by 21.1% versus the preceding year period. The cumulative 9M EBITDA[1)] figure contains one-off restructuring costs of EUR 0.8 million. Without this impact, the 9M EBITDA Margin[1)] improved from 11.5% in 2018 to 15.6% in the current year.

The realized cost-stringency of the organization helps to leverage the Group's operational results to its top line performance. An optimal product cost mix, the absence of a slump in consumer spending on healthcare devices and a sustainable sales improvement of the software unit, keep continuing to be the keys for the further realization of benefits. The Book-to-Bill Ratio as of 30 September 2019 slightly improved and amounts to 1.0 (30 September 2018: 0.91).

The Group's 9M 2019 Net Result of EUR 1.3 million is driven by a substantially improved Financial Result containing the currency exchange gains, net of EUR 0.9 million out of the upstream transfer for the share premiums from the Swiss-based exceet Group AG to the Luxembourg-based exceet Group SE in Q3 2019 in preparation of the possible special distribution to be decided on at the upcoming shareholder meeting on 20 November 2019. The related non-cash effect overcompensated the cumulative currency exchange loss as of 30 September 2019 of EUR 3.4 million.

Segment Reporting

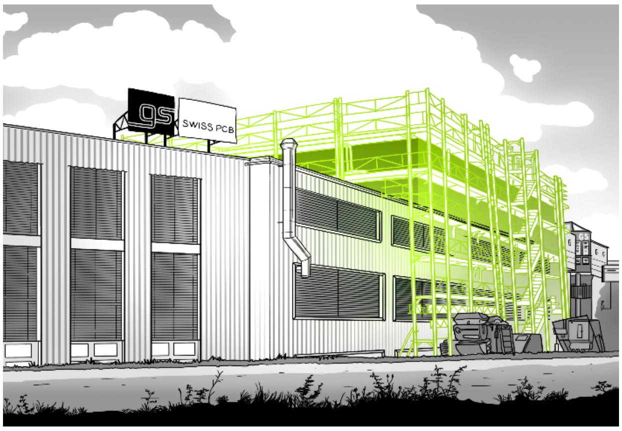
Healthcare

The segment is focused on the development and production of innovative and miniaturized printed circuit boards (PCB) in close cooperation with its customers for high-end electronic functionalities in healthcare and medtech devices, particularly in hearing aids, cochlear implants and other medtech implants. The hearing aids industry represents a stable growing segment within the healthcare market and offers favorable business conditions for the segment's competence and know-how in miniaturization with strong quality requirements. In many cases exceet's deliveries of innovative PCB architectures are crucial for the realization of the demanded features by the customers.

The 9M 2019 performance of the segment was overall driven by typical small to medium size production characteristics. The sizes of series are generally limited and can experience visible volatility on a quarterly basis due to the short-term development of demand of the customers and the product mix with an impact out of differently priced PCBs. The volume of produced PCBs increased by over 9% to 13.6 million pieces in 9M 2019 compared to 9M 2018.

The segment realized Net Sales of EUR 26.0 million (9M 2018: EUR 24.4 million) representing 79.3% of Group sales and an increase by 6.4%. The EBITDA[1)] amounted to EUR 6.8 million (9M 2018: EUR 6.3 million) – plus 7.8% - and resulting in an EBITDA Margin[1)] of 26.1% (9M 2018: 25.8%). Adjusted for currency effects, Net Sales amounted to EUR 25.0 million and increased by 4.0%.

1) See note18 "Alternative Performance Measures (APM)" Pages 28 -30



GS Swiss PCB AG: Investing in future technologies

The high level of performance of the segment – providing steady growth and above-average profitability – has been realized in addition to the substantial projects to ensure future growth:
- the enlargement of the location in Küssnacht, Switzerland, and
- the capability to produce flexible Ultra HDI Printed Circuit Boards.

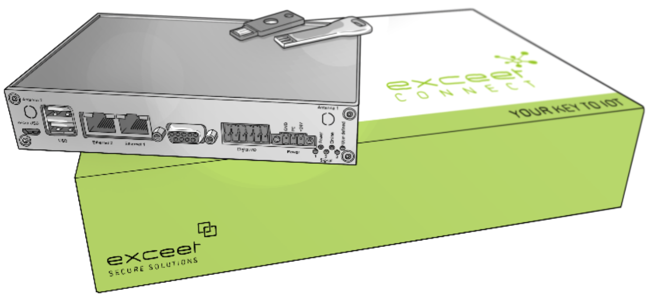
These projects are promising and on the expected track to be finalized. At the end of 2019 the available production space of the building in Küssnacht will be expanded by about 1,000 m^2, an increase by more than 20%. This will allow the further optimization of the production processes and a clear separation of the clean-room areas for the Ultra HDI Printed Circuit Board production.

Software (including IoT)

Secure connectivity in data-critical IT environments such as eHealth architectures and industrial internet of things (IoT) is the focus of this segment.

For the first nine months of 2019, the segment contributed 20.7% to Group sales. The segment generated external revenues of EUR 6.8 million after EUR 6.7 million in the corresponding period of 2018 (plus 0.8%). The EBITDA[1)] amounted to minus EUR 0.4 million (9M 2018: minus EUR 0.6 million). As of 30 September 2019, the segment has more than 94,000 routers in the market – plus 14% compared to 30 September 2018.

The segment continued its efforts to extend the existing partner network to advance market reach of exceet's expertise in secure edge computing applications. Edge computing follows the trend of decentralized data processing close to the device, allowing data computations to be available faster, network traffic to be reduced and pre-processed data to be sent to the cloud. With "exceet connect", the segment has developed a promising market solution, which provides easy implementation and a comprehensive lifecycle management dedicated to guarantee the chosen security level on a long-term basis. "exceet connect" offers system sustainability and security even in environments where no permanent network connection is available and an intelligent modular structure with various levels of security to be chosen by the customer. Technically, "exceet connect" is completely utilizing certificate-based two-factor authentication and uses no longer any passwords throughout the whole system. This reduces the attack surface dramatically. Even the mobile app for device configuration and the web interface for device management is using NFC-based tokens. The product consists of an edge computing gateway with updatable secure element, cloud based device management and regular services such as updates and Common Vulnerabilities and Exposures (CVE) scanning and is offered also as "secure edge computing as a service".



exceet connect: your key to IoT (development kit)

1) See note18 "Alternative Performance Measures (APM)" Pages 28 -30

Group Balance Sheet Positions

As of 30 September 2019, the total assets of exceet Group amounted to EUR 150 million, compared to EUR 144.2 million as of 31 December 2018.

The non-current assets amounted to EUR 24.8 million (31.12.2018: EUR 20.7 million) and increased by EUR 4.1 million of which EUR 1.6 million are related to the implementation of IFRS 16 «Leases» (see exceet Interim Financial Statements note 14 "Changes in accounting policies"). The position includes tangible assets of EUR 10.1 million (31.12.2018: EUR 9.3 million) - including investments of EUR 3.2 million for extending and improving production capabilities within Healthcare, intangible assets of EUR 10.5 million (31.12.2018: EUR 10.8 million) and other non-current assets related to deferred tax assets of EUR 1.3 million (31.12.2018: EUR 0.6 million). Leasing related assets in the amount of EUR 2.0 million within the tangible assets as of 31 December 2018 were reclassified to tangible right-of-use assets due to the implementation of IFRS 16 in 2019. Therefore, tangible right-of-use assets amounted to EUR 2.9 million as of 30 September 2019.

Current assets amounted to EUR 125.2 million, compared to EUR 123.5 million at year-end 2018. The increase of the current assets of EUR 1.7 million is mainly driven by EUR 1.9 million from trade receivables due to the increase of net sales, EUR 0.8 million from accruals and EUR 0.2 million from contracts with customers. However, increases are offset by a decrease of EUR 0.4 million within other receivables and EUR 0.8 million in cash and cash equivalents.

At the end of the reporting period, exceet Group's equity amounted to EUR 130.6 million (31.12.2018: EUR 131.5 million) after recognizing actuarial revaluation adjustments for defined benefit obligations of EUR 2.2 million, net of tax. This represents an Equity Ratio[1)] of 87.0% (31.12.2018: 91.2%).

The non-current liabilities increased by EUR 4.1 million from EUR 6.7 million at year-end of 2018 to EUR 10.8 million. The increase included EUR 1.2 million long-term lease liabilities out of right-of-use assets related to the implementation of IFRS 16. In addition borrowings were reduced by EUR 0.2 million caused by financial lease liability payments and stronger Swiss Francs. The retirement benefit obligations according to the actual actuarial calculation amounted to EUR 5.4 million (31.12.2018: EUR 2.6 million). The increase is mainly reflecting the consideration of the updated economic assumptions in regards to the decreased discount rates. The provisions for other liabilities increased by EUR 0.2 million, due to provisions for restructuring and deferred tax liabilities increased by EUR 0.1 million.

The increase of the current liabilities by EUR 2.6 million to EUR 8.6 million as of 30 September 2019 (31.12.2018: EUR 6.0 million) included EUR 0.3 million for short term lease liabilities out of right-of-use assets. The remaining increase can be attributed to EUR 0.3 million from the trade payables, EUR 0.9 million from accrued contract liabilities (increase of long-term service agreements). Furthermore accrued expenses and provisions for other liabilities increased by total EUR 0.8 million due to the consideration of costs in relation to restructuring of the holding companies. Current income tax liability increased by EUR 0.5 million and other current liabilities and borrowings decreased by EUR 0.2 million in total.

Cash Development and Net Cash[1)]

The cash and cash equivalents amounted as of 30 September 2019 to EUR 112.3 million (31.12.2018: EUR 113.2 million). The decrease of EUR 0.9 million is mainly caused by the generated cash out of operating activities of EUR 4.4 million, capital expenditures of EUR 3.4 million (thereof EUR 2.4 million out of the ongoing building extension in Küssnacht), repayments for financial lease of EUR 0.6 million and an effect of exchange rate losses of EUR 1.2 million. The generated Free Cash Flow[1)] amounted to EUR 1.0 million (9M 2018: EUR 0.6 million).

The generated 9M 2019 operating cash flow of EUR 4.4 million (9M 2018: EUR 1.7 million – comparable continued operations EUR 1.6 million) consisted of EUR 6.1 million, net out of the operations before changes in net working capital, EUR 0.7 million out of an increase of the net working capital, net tax payments of EUR 1.0 million and some interest payments below EUR 0.1 million. The Net Cash[1)] position as of 30 September 2019 amounts to EUR 108.8 million (31.12.2018: Net Cash[1)] EUR 109.4 million).

1) See note 18 "Alternative Performance Measures (APM)" Pages 28 -30

Employees

As of 30 September 2019, the Group employed 229 employees (Headcount) (30.09.2018: 235) or 210 full-time equivalents (FTE) (30.09.2018: 214). 156 (30.09.2018: 157) were employed in Switzerland, 53 (30.09.2018: 56) in Germany and 1 (30.09.2018: 1) in the USA.

Capital Market Environment and Share Price Performance

After a healthy German GDP growth of 0.4% in Q1 2019 overall economic activity contracted by 0.1% in Q2 and is now widely expected to show a decline again for Q3 2019. This would put the leading European economy technically into a recession, that, according to analysts, could be followed by an only limited recovery as order intakes, industrial production and exports remain weak, spilling over negatively into domestic growth parameters like labour markets, construction and services. The well-regarded Ifo-Index has reached the financial crisis level of 2009 resulting in broadly lower growth estimates for 2019 and 2020. Germany's leading economic institutes have recently cut their growth forecasts to 0.5% from 0.9% which equals the latest OECD estimate. The OECD sees 2020 growth similarly at merely 0.6%. The major issues of concern are still the pending US/China trade dispute and the so far unsolved Brexit problem along geopolitical risks from conflicts in the near and middle east and the gulf region. Bond yields have turned more negative for a steadily rising number of maturities in many countries and yield curves between the 2-year and the 10-year maturity, in the meantime, are almost flat in Germany and already inverse in the US and the UK.

As expected, the weak economic environment has triggered monetary policies to become expansive again. On 12 September 2019, the ECB (European Central Bank) has lowered its penalty rate for bank deposits on central bank accounts to minus 0.5% and announced the resumption of its Quantitative Easing Program with a monthly volume of EUR 20 billion as of November. On 18 September 2019, the US Federal Reserve System (Fed) cut its Funds target rate to a range of 1.75-2.00%.

Equity markets had to cope with the prevailing certainty that, most probably, there will be no economic recovery in H2 2019. Besides, the 30 DAX companies achieved a 30% lower aggregated EBIT in Q2, according to Ernst & Young. The same study reveals that in H1 2019, 54 out of 308 German corporations listed in the Prime Standard had to announce either sales or profit warnings (+38% y-o-y). However, prospects for a further supportive monetary policy, especially in the US after the ISM purchasing managers index recently reached the lowest level in 10 years (47.8), kept share prices broadly stable in Q3. The German DAX showed at the end of the 9M-period overall gains of 17.7%. The TecDAX lost 2.1% in Q3, but ended the 9M-period with a price appreciation of 14.9%. Other leading indices show the same tendency: double-digit 9M 2019 performance, thanks to largely stable share prices in Q3 2019.

Q3 2019 trading in exceet shares amounted to a volume of 250,845 shares on the Xetra trading platform. On 23 September 2019, exceet's designated sponsor, Hauck & Aufhäuser, published a research note with a share price target of Euro 7.80 on these corporate announcements and the further prospects for exceet's business model.

Opportunities and Risk Report

The statements provided in the Annual Report 2018 on the opportunities and risks of the business model remain unchanged except for the currency risk. The Group is exposed to foreign exchange risks especially with regard to Swiss francs, US dollars and Euros held in a company with Swiss francs as functional currency. The cash held in Euros after the sale of several activities of the Swiss holding company has increased the non-cash foreign exchange risk out of the balance sheet valuation significantly.

1) See note 18 "Alternative Performance Measures (APM)" Pages 28 -30

Significant Events and Actions

Based on the convening notice of exceet Group published on 18 October 2019, the Group will propose a special distribution out of the share premium reserve in the amount of Euro 3.00 per share (in total EUR 60.2 million) to an Ordinary General Meeting (OGM) and the conversion of exceet Group SE (société européenne) into exceet Group SA (société anonyme) to an Extraordinary General Meeting (EGM) on 20 November 2019.

Outlook

After operative sales had been calming in Q2 2019 following an exceptionally strong Q1, top line growth in Q3 showed an encouraging stabilization amid overall deteriorating economic conditions. This has been bringing the Group's nine month top line growth figure to 5.2%, reaffirming the guidance given in the last annual report. As exceet's healthcare related Printed Circuit Board (PCB) activities show a higher resilience to the current economic downturn than more cyclically exposed industries, the Group sees itself in a good position to deliver further moderate growth. This is confirmed by an increased Order Backlog[1)] of EUR 13.5 million (30 June 2019: EUR 11.1 million) with a Book-To-Bill Ratio[1)] of 1.00. Nevertheless, the strongly clouded visibility for growth and earnings in many industrial sectors discourages the willingness to invest and exceet's customers are acting cautiously.

The Group's operative profitability on the EBITDA[1)] level (13.2% for the 9M period) still shows a satisfying improvement versus one year ago (11.5% for the nine months in 2018). exceet will be able to keep its structurally improved level of profitability, but the typical quarterly volatility of the EBITDA Margin[1)] could be negatively affected in case of a longer lasting reluctance of the markets to invest into technological innovations or a lower propensity to consume.

Notwithstanding, the substantial projects related to the enlargement and optimization of the PCB production, the enabling of the industrial fabrication of ultra-high-dense flexible PCB boards and the establishment of a market presence of "exceet connect" are on track and are expected to support exceet's growth in 2020.

As outlined in the ad hoc announcement published on 19 September 2019, exceet is in the process to implement a bundle of structural and operational adjustments on Group level of which defined topics will be the subject of two separate General Meetings. On 20 November 2019 the shareholders will decide on the proposed special distribution of Euro 3.00 per share in an Ordinary General Meeting (OGM) and on the conversion of the legal form of exceet Group SE into a stock corporation under the laws of Luxembourg (société anonyme (SA)) in an Extraordinary General Meeting (EGM). On a further EGM, not yet scheduled, the shareholders will decide on the change of the legal form of exceet Group SA into a partnership limited by shares under the laws of Luxembourg (société commandite par actions (SCA)) and on the cancellation of exceet shares held in treasury (450,000 shares).

On the occasion of the envisaged change of the legal form further steps will be taken regarding the consolidation of the Group activities in Luxembourg. In the course of this restructuring, one-off expenses in the amount of approximately EUR 1 million are expected to accrue.

Grevenmacher, 5 November 2019

exceet Group SE
The Board of Directors and the CEO / CFO

1) See note 18 "Alternative Performance Measures (APM)" Pages 28 -30

INTERIM FINANCIAL STATEMENTS
(CONDENSED & CONSOLIDATED

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

INTERIM BALANCE SHEET (CONSOLIDATED)

(in EUR 1,000)	unaudited 30 September 2019	audited 31 December 2018
ASSETS		
Non-current assets		
Tangible assets	10,054	9,295
Right-of-use assets	2,913	0
Intangible assets [1]	10,520	10,843
Deferred tax assets	1,341	599
Total non-current assets	**24,828**	**20,737**
Current assets		
Inventories	3,848	3,872
Trade receivables, net	5,395	3,458
Contract assets	2,048	1,819
Other current receivables	465	873
Accrued income and prepaid expenses	1,114	276
Cash and cash equivalents	112,349	113,188
Total current assets	**125,219**	**123,486**
Total assets	**150,047**	**144,223**
EQUITY		
Share capital	312	312
Reserves	130,264	131,168
Equity attributable to Shareholders of the parent company	**130,576**	**131,480**
Total equity	**130,576**	**131,480**
LIABILITIES		
Non-current liabilities		
Borrowings [2]	3,070	3,242
Lease liabilities	1,219	0
Retirement benefit obligations	5,400	2,627
Deferred tax liabilities	616	526
Provisions for other liabilities and charges	511	326
Total non-current liabilities	**10,816**	**6,721**
Current liabilities		
Trade payables	1,328	1,051
Contract liabilities	1,347	411
Other current liabilities	261	364
Accrued expenses and deferred income	3,009	2,570
Current income tax liabilities	1,100	594
Borrowings [2]	444	548
Lease liabilities	346	0
Provisions for other liabilities and charges	820	484
Total current liabilities	**8,655**	**6,022**
Total liabilities	**19,471**	**12,743**
Total equity and liabilities	**150,047**	**144,223**

1) Incl. Goodwill of EUR 7,416 (31.12.2018: EUR 7,239)
2) Net cash amounts to EUR 108,835 (31.12.2018: Net cash EUR 109,398) based on cash and cash equivalents EUR 112,349 (31.12.2018: EUR 113,188) less third party borrowings EUR 3,514 (31.12.2018: EUR 3,790)

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

INTERIM INCOME STATEMENT (CONSOLIDATED)

	3 months		9 months	
	unaudited	unaudited	unaudited	unaudited
(in EUR 1,000)	01.07. - 30.09.2019	01.07. - 30.09.2018	01.01. - 30.09.2019	01.01. - 30.09.2018
Revenue	10,299	10,120	32,738	31,115
Cost of sales	(7,846)	(7,316)	(24,888)	(24,065)
Gross profit	**2,453**	**2,804**	**7,850**	**7,050**
Gross profit margin	*23.8%*	*27.7%*	*24.0%*	*22.7%*
Distribution costs	(769)	(907)	(2,419)	(2,515)
Administrative expenses	(1,462)	(1,118)	(3,500)	(3,106)
Other operating income	59	32	99	61
Operating result (EBIT) [1]	**281**	**811**	**2,030**	**1,490**
EBIT margin	*2.7%*	*8.0%*	*6.2%*	*4.8%*
Financial income	4,389	369	8,241	1,350
Financial expenses	(2,219)	(1,438)	(7,877)	(2,618)
Financial result, net	**2,170**	**(1,069)**	**364**	**(1,268)**
Profit/(Loss) before income tax	**2,451**	**(258)**	**2,394**	**222**
Income tax expense	(887)	(153)	(1,125)	(286)
Profit/(Loss) from continuing operations	**1,564**	**(411)**	**1,269**	**(64)**
Profit/(Loss) margin	*15.2%*	*(4.1%)*	*3.9%*	*(0.2%)*
Profit/(Loss) from discontinued operations	**0**	**(1,582)**	**0**	**(805)**
Profit/(Loss) for the period	**1,564**	**(1,993)**	**1,269**	**(869)**
Profit/(Loss) margin	*15.2%*	*(19.7%)*	*3.9%*	*(2.8%)*
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	1,564	(1,993)	1,269	(869)
EARNINGS PER SHARE IN EURO FROM CONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	0.08	(0.02)	0.06	(0.00)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	n/a	(0.08)	n/a	(0.04)
EARNINGS PER SHARE IN EURO ON TOTAL GROUP BASIS (BASIC = DILUTIVE)				
Class A shares	0.08	(0.10)	0.06	(0.04)
CONTINUED OPERATIONS				
Operating result (EBIT)	281	811	2,030	1,490
Depreciation and amortization	766	728	2,285	2,073
Operating result before depreciation, amortization and impairment charges (EBITDA) [2]	**1,047**	**1,539**	**4,315**	**3,563**
EBITDA margin	*10.2%*	*15.2%*	*13.2%*	*11.5%*

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

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

	3 months		9 months	
	unaudited	unaudited	unaudited	unaudited
(in EUR 1,000)	01.07. - 30.09.2019	01.07. - 30.09.2018	01.01. - 30.09.2019	01.01. - 30.09.2018
Profit/(Loss) for the period	1,564	(1,993)	1,269	(869)
Items not to be reclassified to profit and loss:				
Remeasurements of defined benefit obligation	(3,149)	(323)	(2,527)	1,736
Deferred tax effect on remeasurements of defined benefit obligation	395	35	314	(233)
Items not to be reclassified to profit and loss	(2,754)	(288)	(2,213)	1,503
Items to be reclassified to profit and loss:				
Reclassification of foreign currency translation reserve	(4,255)	(295)	(4,255)	(295)
Currency translation differences	2,524	962	4,413	1,295
Items to be reclassified to profit and loss	(1,731)	667	158	1,000
Total comprehensive income for the period	(2,921)	(1,614)	(786)	1,634
Attributable to:				
Shareholders of the parent company	(2,921)	(1,614)	(786)	1,634
Total comprehensive income for the period attributable to the Shareholders of the company:				
Continued operations	(2,921)	(351)	786	1,779
Discontinued operations	0	(1,263)	0	(145)
Total comprehensive income for the period	(2,921)	(1,614)	786	1,634

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. - 30.09.2019	unaudited [1] 01.01. - 30.09.2018
Profit/(Loss) before income tax	**2,394**	**1,243**
Amortization on intangible assets	602	1,592
Impairment on intangible assets	0	1,829
Depreciation on tangible assets	826	3,151
Depreciation on right-of-use assets	857	0
(Gains)/Losses on disposal of assets	(17)	(28)
Change of provisions	480	973
Adjustments to retirement benefit obligations/prepaid costs	49	307
Financial (income)/expenses	91	(822)
Other non-cash (income)/expenses	770	17
Operating net cash before changes in net working capital	**6,052**	**8,262**
Changes to net working capital		
- inventories	228	(5,876)
- receivables	(1,345)	(4,437)
- accrued income and prepaid expenses	(985)	(1,616)
- liabilities	143	2,802
- provisions for other liabilities and charges	0	(10)
- accrued expenses and deferred income	1,291	4,619
Tax received (prior periods)	0	448
Tax paid	(951)	(2,055)
Interest received	34	54
Interest paid	(115)	(474)
Cashflows from operating activities [2]	**4,352**	**1,717**
Divestment of subsidiaries, net of cash disposed		29,673
Purchase of tangible assets	(3,293)	(2,238)
Sale of tangible assets	18	119
Purchase of intangible assets	(80)	(153)
Cashflows from investing activities	**(3,355)**	**27,401**
Increase of borrowings	0	448
Repayments of borrowings	0	(555)
Repayments of other non-current liabilitities	0	(61)
Payments of finance lease liabilities	(647)	(597)
Cashflows from financing activities	**(647)**	**(765)**
Net changes in cash and cash equivalents	**350**	**28,353**
Cash and cash equivalents at the beginning of the period	**113,188**	**28,965**
Net changes in cash and cash equivalents	350	28,353
Effect of exchange rate gains/(losses)	(1,189)	1,327
Cash and cash equivalents at the end of the period	**112,349**	**58,645**

1) The cash flow statement for nine months 2018 is presented including cash effects from discontinued operations, as well as assets and liabilities held for sale. Please refer to note 15 "Discontinued Operations" for cash flow from discontinued operations.
2) Free cash flow amounts to EUR 997 (9M 2018: EUR 634) based on cash flow from operations of EUR 4,352 less net capital expenditure of EUR 3,355.

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

INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(in EUR 1,000)	Issued and paid-in share capital	Capital reserves	Treasury shares	Retained earnings	Foreign currency transl. diff.	Total shareholders of the parent company
BALANCES AT 31 DECEMBER 2018	312	65,485	(4,525)	43,856	26,352	131,480
Change in accounting policies (IFRS 16), net of tax				(118)		(118)
BALANCES AT 1 JANUARY 2019	312	65,485	(4,525)	43,738	26,352	131,362
Profit/(Loss) for the period				1,269		1,269
Other comprehensive income:						
Remeasurements of defined benefit obligation				(2,527)		(2,527)
Deferred tax effect on remeasurements of defined benefit obligation				314		314
Recycling of currency translation difference to the P&L					(4,255)	(4,255)
Currency translation differences					4,413	4,413
Total other comprehensive income for the period	0	0	0	(2,213)	158	(2,055)
Total comprehensive income for the period	0	0	0	(944)	158	(786)
BALANCES AT 30 SEPTEMBER 2019	312	65,485	(4,525)	42,794	26,510	130,576
BALANCES AT 31 DECEMBER 2017	312	65,485	(4,525)	(9,463)	22,559	74,368
Change in accounting policies (IFRS 15)				359		359
BALANCES AT 1 JANUARY 2018	312	65,485	(4,525)	(9,104)	22,559	74,727
Profit/(Loss) for the period				(869)		(869)
Other comprehensive income:						
Remeasurements of defined benefit obligation				1,736		1,736
Deferred tax effect on remeasurements of defined benefit obligation				(233)		(233)
Recycling of currency translation difference to the P&L					(295)	(295)
Currency translation differences					1,295	1,295
Total other comprehensive income for the period	0	0	0	1,503	1,000	2,503
Total comprehensive income for the period	0	0	0	634	1,000	1,634
BALANCES AT 30 SEPTEMBER 2018	312	65,485	(4,525)	(8,470)	23,559	76,361

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 (hereafter the "Company") is a company incorporated as a Société Européenne under the law of Luxembourg and listed on the regulated Frankfurt Stock Exchange (WKN: A0YF5P / ISIN: LU0472835155) in the Prime Standard segment. The Company's purpose is to invest in structurally growing industries like healthcare, software and technology. 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 17, rue de Flaxweiler, L-6776 Grevenmacher.

The consolidated exceet Group SE (the "Group" or "exceet") is a portfolio of technology companies specialized in the development and production of complex electronics for small and mid-sized volumes and software. The Group provides highly sophisticated solutions and distinguishes itself through its technical skill set with a strong position in the healthcare and industrial markets. The overall six locations are located in Switzerland, Germany, Luxembourg and the USA. All companies consolidated into the Group are disclosed in note 17 "List of consolidated subsidiaries of exceet Group SE".

To reflect the actual business, the Group decided to rename its segments as of 1 January 2019. The segments are Healthcare (former Electronic Components Modules & Systems (ECMS)) and Software (former exceet Secure Solutions (ESS)).

The Healthcare segment (79% of Sales 9M 2019) is focused on the development and production of innovative and miniaturized Printed Circuit Boards (PCBs) in close cooperation with its customers for high-end electronic functionalities in healthcare and medtech devices, particularly in hearing aids, cochlear implants and other medtech implants. The hearing aid industry represents a stable growing segment within the healthcare market and offers favorable business conditions for its competences and know-how in miniaturization with strong quality requirements. In many cases, innovative PCB architectures are crucial for the realization of the demanded features by our customers.

The Software segment (21% of Sales 9M 2019) offers secure connectivity mainly based on IT Security and industrial internet of things (IoT) projects and solutions.

The Group refocused its activities in 2018 and sold several entitites of the formerly named ECMS segment, this included the exceet electronics activities with operating locations in Germany, Austria and Switzerland, its micro- and optoelectronics activities in Germany and its electronics development company in Romania. Therefore, the Group's IFRS reporting for 2019 does only show "Continued Operations" as prior year comparisons and comments and comparisons are made on basis of continued operations. Information about the entities categorized as "Discontinued Operations" are disclosed in note 15 "Discontinued Operations".

This condensed consolidated interim financial information is unaudited and was approved for issue by the Board of Directors on 5 November 2019.

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.

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 36 to 55 of the exceet Group consolidated financial statements 2018.

- IFRS 16 — "Leases" – IASB and EU effective date 1 January 2019
- Annual improvement cycle 2015 - 2017 — IASB and EU effective date 1 January 2019

For the details of the adoption of IFRS 16 please refer to note 14 "Changes in accounting policy" for further details.

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 2019 and have not been applied in preparing these interim condensed consolidated financial statements.

- IFRS 3 (Amendment) "Definition of a Business" –
  IASB effective date: 1 January 2020 – EU endorsement outstanding
- IAS 1 / IAS 8 (Amendment) "Definition of Material" –
  IASB effective date: 1 January 2020 – EU endorsement outstanding
- Amendments to the References to the Conceptual Framework in IFRS Standards –
  IASB effective date 1 January 2020 – EU endorsement outstanding
- Amendments to IFRS 7,IFRS 9 and IAS 39 "Interest Rate Benchmark Reform" –
  IASB effective date 1 January 2020 – EU endorsement outstanding

The Group is in the process to assess the potential impacts of the above new standards and amendments to the existing standards and intends to adopt them not 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 Financial Statements of the Group.

3 Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2019, 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 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

All figures presented should be read as in EUR 1,000, if not presented otherwise.

Use of estimates and judgments

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

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

The following exchange rates were relevant to the interim financial report as of 30 September 2019:

	30 September 2019	Average 01.01. - 30.09.2019	31 December 2018	30 September 2018	Average 01.01. - 30.09.2018
1 CHF	0.92	0.89	0.89	0.88	0.86
1 USD	0.92	0.89	0.87	0.86	0.84

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 the expenses by function method.

Seasonality

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

4 Financial risk management and financial instruments

Financial risk factors

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

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Group's consolidated financial statements for 2018. There have been no changes in any risk management policies since the year end.

Fair value estimation

The Group defined the different levels of fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices)
Level 3: Inputs for the asset or liability that are not valued on observable market data (that are, unobservable inputs, for instance estimation and assumptions)

As per 30 September 2019, the Group has no assets or liabilities at fair value.

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

Fair value of financial assets and liabilities measured at amortized costs

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

(in EUR 1,000)	unaudited 30 September 2019	audited 31 December 2018
CARRYING AMOUNT		
Bank borrowings	2,950	2,840
Finance lease liabilities	120	402
Total	**3,070**	**3,242**
FAIR VALUE		
Bank borrowings	3,007	2,912
Finance lease liabilities	120	402
Total	**3,127**	**3,314**

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 Segment information

The Group has two main business segments, Healthcare and Software (incl. IoT), representing different business activities. The segments are reported in a manner that is consistent with the internal reporting provided to the Group's Chief Operating Decision Maker – CEO/CFO. In addition, the Group has a third segment "Corporate and others" for reporting purposes, which only includes the investment companies.

The segment information for the first nine months 2019 and a reconciliation of EBIT to profit/(loss) for the period is provided as follows:

Income statement and capital expenditure by segment

01.01. - 30.09.2019 (in EUR 1,000)	Healthcare	Software (incl. IoT)	Corporate and others	Eliminations	Total Group
Revenue from sale of electronic components	25,860	5,520			31,380
Revenue from sale of services	101	1,257			1,358
External revenue	25,961	6,777	0		32,738
Inter-segment revenue	0	0	0	0	0
Total revenue	**25,961**	**6,777**	**0**	**0**	**32,738**
EBITDA	**6,782**	**(351)**	**(2,116)**	**0**	**4,315**
EBITDA Margin	*26.1%*	*(5.2%)*			*13.2%*
Depreciation, amortization and impairment	(1,568)	(649)	(68)	0	(2,285)
EBIT	**5,214**	**(1,000)**	**(2,184)**	**0**	**2,030**
EBIT Margin	*20.1%*	*(14.8%)*			*6.2%*
Financial income	342	0	7,949	(50)	8,241
Financial expenses	(439)	(103)	(7,385)	50	(7,877)
Financial result, net	**(97)**	**(103)**	**564**	**0**	**364**
Profit/(Loss) before income tax	**5,117**	**(1,103)**	**(1,620)**	**0**	**2,394**
Income tax	(723)	338	(740)	0	(1,125)
Profit/(Loss) for the period	**4,394**	**(765)**	**(2,360)**	**0**	**1,269**
Capital expenditure tangible assets	3,280	13	0		3,293
Capital expenditure intangible assets	80	0	0		80
Depreciation tangible assets	(760)	(55)	(11)		(826)
Depreciation right-of-use assets	(625)	(175)	(57)		(857)
Amortization intangible assets	(183)	(419)	0		(602)

01.01. - 30.09.2018 (in EUR 1,000)	Healthcare	Software (incl. IoT)	Corporate and others	Eliminations	Total Group
Revenue from sale of electronic components	24,311	5,222	0		29,533
Revenue from sale of services	81	1,501	0		1,582
External revenue	24,392	6,723	0		31,115
Inter-segment revenue	0	0	0	0	0
Total revenue	**24,392**	**6,723**	**0**	**0**	**31,115**
EBITDA	**6,291**	**(583)**	**(2,145)**	**0**	**3,563**
EBITDA Margin	*25.8%*	*(8.7%)*			*11.5%*
Depreciation, amortization and impairment	(1,565)	(452)	(56)	0	(2,073)
EBIT	**4,726**	**(1,035)**	**(2,201)**	**0**	**1,490**
EBIT Margin	*19.4%*	*(15.4%)*			*4.8%*
Financial income	390	3	1,015	(58)	1,350
Financial expenses	(500)	(70)	(2,106)	58	(2,618)
Financial result, net	**(110)**	**(67)**	**(1,091)**	**0**	**(1,268)**
Profit/(Loss) before income tax	**4,616**	**(1,102)**	**(3,292)**	**0**	**222**
Income tax	(621)	334	1	0	(286)
Profit/(Loss) for the period	**3,995**	**(768)**	**(3,291)**	**0**	**(64)**
Capital expenditure tangible assets	930	32	9		971
Capital expenditure intangible assets	40	3	0		43
Depreciation tangible assets	(1,395)	(70)	(15)		(1,480)
Depreciation right-of-use assets	0	0	0		0
Amortization intangible assets	(170)	(382)	(41)		(593)

Assets and liabilities by segment

(in EUR 1,000)	Healthcare	Software (incl. IoT)	Corporate and others	Total Group
BALANCES AT 30 SEPTEMBER 2019 (UNAUDITED)				
Tangible assets	9,902	143	9	10,054
Right-of-use assets	1,603	955	355	2,913
Intangible assets	5,273	5,247	0	10,520
Other non-current assets	452	889	0	1,341
Non-current assets	17,230	7,234	364	24,828
Current assets	18,459	2,841	103,919	125,219
Liabilities	12,656	3,574	3,241	19,471
BALANCES AT 31 DECEMBER 2018 (AUDITED)				
Tangible assets	9,090	186	19	9,295
Intangible assets	5,177	5,666	0	10,843
Other non-current assets	78	521	0	599
Non-current assets	14,345	6,373	19	20,737
Current assets	15,410	2,224	105,852	123,486
Liabilities	9,952	1,250	1,541	12,743

Disaggregation of revenue

The Group generated revenue in its following main markets:

(in EUR 1,000)	01.01.-30.09.2019	01.01.-30.09.2018
Health	23,652	21,085
Industry	9,086	10,030
Total	**32,738**	**31,115**

6 Financial result

The financial result includes a non-cash loss of EUR 56 (9M 2018: EUR 85) related to the revaluation of Euro-loans given by the Swiss holding to finance the other Group companies and a loss of EUR 3,359 (9M 2018: EUR 754) in relation to the valuation of the Euro cash-positions held by the Swiss-franc holding company.

Due to the upstream payment of share premiums between Group entities during the third quarter, the Group had to recycled currency translation differences in the amount of EUR 4,255 from equity to financial income within the profit and loss statement.

EUR 72 of finance expense are interest costs in relation to right-of-use assets.

7 Development costs

The position "cost of sales" in the consolidated income statement includes development costs in the amount of EUR 607 (9M 2018: EUR 511; full year 2018: EUR 676). Development costs are mainly related to development projects for customers as well to products, process development and optimizations for the production.

8 Equity

The issued share capital is set at 20,523,695 shares with a par value of Euro 0.0152, issued as Class A Shares ("Public Shares"), with 20,073,695 Class A Shares listed on the stock exchange and 450,000 own Class A Shares held by the Company (Treasury Shares). The Company's share capital amounts to Euro 311,960.16.

For further information regarding exceet's equity structure, please refer to exceet Group consolidated financial statements 2018 note 14 "Equity" on pages 79 to 80.

9 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.

Basic earnings per share

The calculation of basic EPS at 30 September 2019 is based on the profit attributable to the owners of the parent of EUR 1,269 for nine months 2019 (9M 2018: Loss of EUR 64) and the weighted average number of ordinary shares outstanding of 20,073,695 Class A Shares. For the same period in the previous year the notional weighted average numbers of ordinary shares outstanding were 20,073,695 Class A Shares.

	unaudited 01.01. - 30.09.2019	unaudited 01.01. - 30.09.2018
Profit/(Loss) for the year (EUR 1,000) attributable to equity holders of the Company	1,269	(64)
Weighted average number of ordinary shares outstanding	20,073,695	20,073,695
Basic earnings/(loss) per share (Euro/share)	0.06	(0.00)

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 potential option rights. As per 30 September 2019 the Group has no option rights outstanding, therefore no dilutive impact on the EPS is possible.

10 Dividends

No dividends were paid during the nine months ended 30 September 2019.

Based on the publication of exceet Group on 19 September 2019, the Group will propose a special distribution out of the share premium reserve in the amount of Euro 3.00 per share (in total EUR 60,221) to an Ordinary General Meeting (OGM) on 20 November 2019.

11 Borrowings

(in EUR 1,000)	unaudited 30 September 2019	audited 31 December 2018
NON-CURRENT		
Bank borrowings	2,950	2,840
Finance lease liabilities	120	402
Total non-current borrowings	**3,070**	**3,242**
CURRENT		
Finance lease liabilities	444	548
Total current borrowings	**444**	**548**
Total borrowings	**3,514**	**3,790**

12 Retirement benefit obligation

The impact from return on plan assets amounted for 9M 2019 to EUR 1,743 (9M 2018: minus EUR 287). EUR 4,270 impact (9M 2018: minus EUR 491) from measurements of the defined benefit obligation arising from changes in economic assumptions (discount rates). Movements in 9M 2018 of minus EUR 218 arose for remeasurements arising from experience.

13 Ultimate controlling parties and related-party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Group had legal charges from related parties in the nine months of 2019 in the amount of EUR 206 (9M 2018: EUR 318).

14 Changes in accounting policies

The implementation of the new standard IFRS 16 ("Leases") lead to changes in the accounting policy of the Group.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provision in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases" according to IFRS 16 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The incremental borrowing rates applied were 1.1% for the Swiss entities and 6.0% for the German and Luxembourg entities.

For leases previously classified as finance leases the Group recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

Lease liability

For the year ending 31 December 2018, operating lease liabilities in the amount of EUR 1,550 have been disclosed, these included low value and short term lease liabilities in the amount of EUR 20. Calculating the liabilities of the remaining contracts to be recognized according to IFRS 16 by using the incremental borrowing rate of the lessee, resulted in liabilities of EUR 1,763. With finance lease liabilities of EUR 950 recognized as at 31 December 2018, total lease liabilities of EUR 2,713 have been recognized as per 1 January 2019 as follows:

(in EUR 1,000)	**1 January 2019**
Current lease liabilities	329
Non-current lease liabilities	1,434
Total	**1,763**

Right-of-use asset

The associated right-of-use assets for operating leases were measured on a retrospective basis as if the new standard had always been applied. The recognized right-of-use assets related to the following type of assets:

(in EUR 1,000)	Land & building	Production facilities & machinery	Equipment	Vehicles	Total
AQUISITION COSTS					
As of 1 January 2019	**2,928**	**11,607**	**15**	**63**	**14,613**
Additions				35	35
Currency translation differences	25	511		1	537
As of 30 September 2019	**2,953**	**12,118**	**15**	**99**	**15,185**
ACCUMULATED DEPRECIATION					
As of 1 January 2019	**(1,365)**	**(9,558)**	**(10)**	**(29)**	**(10,962)**
Additions	(227)	(609)	(2)	(18)	(856)
Currency translation differences	(15)	(439)			(454)
As of 30 September 2019	**(1,607)**	**(10,606)**	**(12)**	**(47)**	**(12,272)**
Net book value as of 1 January 2019	**1,563**	**2,049**	**5**	**34**	**3,651**
Net book value as of 30 September 2019	**1,346**	**1,512**	**3**	**52**	**2,913**

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Tangible assets – decrease by EUR 2,049
- Right-of-use assets – increase by EUR 3,651
- Deferred tax assets – increase by EUR 43
- Lease liabilities – increase by EUR 1,763

The net impact on retained earnings on 1 January 2019 was a decrease of EUR 118.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The presentation of operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term lease.
- The exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.
- The use of hindsight in determine the lease term where the contract contains options to extend or terminate the lease.

Relevant accounting policies adjustments IFRS 16

The Group leases various offices, equipment and cars. Rental contracts are typically agreed for fixed periods of 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased property assets may not be used as security for borrowing purposes.

Until the financial year 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leases asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at costs comprising the amount of the initial measurement of lease liability.

Payments associated with short-term leases (lease term of 12 month or less) and leases of low-value assets (below Euro 5,000) are recognized on a straight-line basis as an expense in profit or loss.

15 Discontinued operations

The Group disposed several of its entities over the course of the year 2018:

- exceet electronics activities comprising the entities exceet electronics GmbH (Grossbettlingen, Germany), exceet electronics GesmbH (Ebbs, Austria), exceet electronics AG (Rotkreuz, Switzerland) and exceet Austria GmbH (Ebbs, Austria) were disposed as of 31 July 2018

- AEMtec GmbH (Berlin, Germany) was disposed as of 30 October 2018

- exceet Medtec Romania SRL (Bucharest, Romania) was disposed as of 28 November 2018

As of 30 September 2018, the Group had reclassified all the disposed entities as discontinued operations.

exceet electronics activities

The discontinued operations “exceet electronics activities” consist of three separate cash generating units of the ECMS segment (exceet electronics GmbH, exceet electronics GesmbH, exceet electronics AG) and a holding company (exceet Austria GmbH) which was part of the Corporate & Other segment. For reporting purposes of discontinued operations, the companies have been summarized into “exceet electronics activities”.

The Group signed on 29 June 2018 a contract to sell its “exceet electronics activities”. This transaction was completed on 30 July 2018. The final sales prices was EUR 30.8 million.

Based on the signed contract with the buyer as of 29 June 2018 and based on the at that time carrying value of “exceet electronics activities” an impairment of EUR 1,500 was recognized within Goodwill. With the completion of the transaction and taking into account the business development until the closing date the carrying value of the “exceet electronics activities” amounted finally to EUR 29,826, resulting in a gain of disposal of EUR 945.

As of 30 July 2018, the “exceet electronics activities” and the corresponding intercompany loans held within the Group were sold with effect on the same date. The financial information relating for the period to the date of disposal is set below.

(in EUR 1,000)	
DISPOSAL CONSIDERATION	
Consideration received	30,771
Carrying amount of net assets disposed	(29,826)
Gain on Disposal before reclassification of foreign currency translation reserve	**945**
Reclassification of foreign currency translation reserve	295
Gain on Disposal	**1,240**

The carrying amount of assets and liabilities as at the date of sale (30 July 2018) were:

(in EUR 1,000)	
CARRYING VALUE	
Cash and cash equivalents	1,098
Tangible assets	5,132
Intangible assets	8,809
Inventory	22,468
Trade receivables (including allowance)	7,213
Other receivables (current & non-current)	809
Accrued income and deferred expenses	224
Trade payables	(6,827)
Other liabilities (current & non-current)	(1,151)
Borrowings (current & non-current)	(2,606)
Accrued expenses and deferred income	(2,441)
Retirement benefit obligation	(699)
Provisions	(1,459)
Current income tax liability	(744)
Net assets disposed	**29,826**

(in EUR 1,000)	
Consideration settled in cash	30,771
Cash and cash equivalents in subsidiaries disposed	(1,098)
Cash inflow on divestment, net of cash	**29,673**

AEMtec GmbH

On 25 September 2018, the Group signed a contract with a third party buyer to sell its subsidiary AEMtec GmbH, Berlin for a price of approximately EUR 86.0 million. The transaction was completed on 31 October 2018 after clearance by the appropriate cartel authorities and fulfillment of other contractual issues.

The assets and liabilities as of 30 September 2018 of this entity have therefore been classified as held for sale and are presented in the table regarding Discontinued Operations below. The financial performance of the entity for the first nine months of 2018 is also presented below in the table regarding Discontinued Operations.

exceet Medtec Romania S.R.L.

On 25 September 2018 the Group signed an agreement to sell its entity exceet Medtec Romania S.R.L. to the management.

The assets and liabilities as of 30 September 2018 of this entity have therefore been classified as held for sale and are presented in the table regarding Discontinued Operations below. The financial performance of the entity for the first nine months of 2018 is also presented below in the table regarding Discontinued Operations. Based on the agreed sales price an impairment of EUR 329 has been recognized within the carrying value of the entity.

At 30 September 2018 the following assets and liabilities have been classified as held for sale for the Discontinued Operations.

(in EUR 1,000)	AEMtec GmbH	exceet Medtec Romania S.R.L.	30 September 2018
Assets classified as held for sale			
Tangible assets	11,914	0	11,914
Intangible assets	169	0	169
Deferred tax assets	330	0	330
Other non-current receivables	0	0	0
Inventories	8,856	0	8,856
Trade receivables, net	10,176	57	10,233
Other current receivables	214	23	237
Current income tax receivables	0	0	0
Accrued income and prepaid expenses	292	0	292
Cash and cash equivalents	10,665	343	11,008
Total assets classified as held for sale	**42,616**	**423**	**43,039**
Liabilities direclty associated with assets classified as held for sale			
Borrowings [1]	3,264	0	3,264
Retirement benefit obligations	1,609	0	1,609
Provisions for other liabilities and charges	151	318	469
Other non-current liabilities	855	0	855
Trade payables	3,984	34	4,018
Other current liabilities	229	65	294
Accrued expenses and deferred income	2,158	5	2,163
Current income tax liabilities	356	1	357
Total liabilities directly associated with assets classified as held for sale	**12,606**	**423**	**13,029**

1) Net cash for discontinued operations amount to EUR 6,434 based on third party borrowings EUR 3,264 less cash and cash equivalents of EUR 11,008

The financial performance of the discontinued operations for the first nine months of 2018 is as follows:

(in EUR 1,000)	exceet electronics [1]	AEMtec GmbH	exceet Medtec Romania S.R.L.	Eliminations	Discontinued Operations
			3 months 01.07. - 30.09.2018		
FINANCIAL PERFORMANCE					
Revenue	5,459	13,015	138	(282)	18,330
Expenses	(6,891)	(13,261)	(211)	282	(20,081)
Fair value adjustment - Impairment of Goodwill		0	(329)		(329)
Profit / (Loss) before income tax	(1,432)	(246)	(402)		(2,080)
Income tax	(103)	(638)	(1)		(742)
Profit / (Loss) from discontinued operations	**(1,535)**	**(884)**	**(403)**		**(2,822)**
Profit / (Loss) on Disposal of discontinued operations	1,240	0	0		1,240
Profit / (Loss) from discontinued operations	(295)	(884)	(403)		(1,582)
Remeasurement of defined benefit obligation (net of tax)	149	0	0		149
Currency translation differences	275	(96)	(9)		170
Comprehensive income from discontinued operations	129	(980)	(412)		(1,263)
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent company					(1,582)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)					
Class A shares					(0.08)
CASH FLOW INFORMATION					
Net Cash inflow / (outflow) from operating activities	20	2,051	122		2,193
Net Cash inflow / (outflow) from investing activities	(1,144)	(56)	(2)		(1,202)
Net Cash inflow / (outflow) from financing activities	(89)	(154)	0		(243)
Net increase / (decrease) in cash generated by discontinued operations	**(1,213)**	**1,841**	**120**		**748**

(in EUR 1,000)	exceet electronics [1]	AEMtec GmbH	exceet Medtec Romania S.R.L.	Eliminations	Discontinued Operations
			9 months 01.01. - 30.09.2018		
FINANCIAL PERFORMANCE					
Revenue	37,511	38,893	625	(1,318)	75,711
Expenses	(39,582)	(35,183)	(654)	1,318	(74,101)
Fair value adjustment - Impairment of Goodwill	(1,500)	0	(329)		(1,829)
Profit / (Loss) before income tax	(3,571)	3,710	(358)		(219)
Income tax	(9)	(1,811)	(6)		(1,826)
Profit / (Loss) from discontinued operations	**(3,580)**	**1,899**	**(364)**		**(2,045)**
Profit / (Loss) on Disposal of discontinued operations	1,240	0	0		1,240
Profit / (Loss) from discontinued operations	(2,340)	1,899	(364)		(805)
Remeasurement of defined benefit obligation (net of tax)	1,063	50	0		1,113
Currency translation differences	(295)	(145)	(13)		(453)
Comprehensive income from discontinued operations	(1,572)	1,804	(377)		(145)
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent company					(805)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)					
Class A shares					(0.04)
CASH FLOW INFORMATION					
Net Cash inflow / (outflow) from operating activities	(1,621)	2,393	47		819
Net Cash inflow / (outflow) from investing activities	(1,574)	(773)	(2)		(2,349)
Net Cash inflow / (outflow) from financing activities	(432)	(411)	0		(843)
Net increase / (decrease) in cash generated by discontinued operations	**(3,627)**	**1,209**	**45**		**(2,373)**

1) Financial performance for exceet electronics until 30 July 2018

For further information regarding the disposal of these entities, please refer to Note 29 "Discontinued operations" on pages 102 to 107 in the exceet Group consolidated financial statements 2018.

16 Events occurring after the reporting period

There were no events since the balance sheet date on 30 September 2019 that would require adjustment of assets or liabilities or a disclosure.

Based on the convening notice of exceet Group published on 18 October 2019, the Group will propose a special distribution out of the share premium reserve in the amount of Euro 3.00 per share (in total EUR 60,221) to an Ordinary General Meeting (OGM) and the conversion of exceet Group SE (société européenne) into exceet Group SA (société anonyme) to an Extraordinary General Meeting (EGM) on 20 November 2019.

17 List of consolidated subsidiaries of exceet Group SE

Company	Country	Year of acquisition [1]	Segment	Activity	Share Capital	Share in the capital	Share of the votes
CONTINUED OPERATIONS							
exceet Holding S.à r.l. [2][3]	LUX	2011	C&O	Holding	EUR 30,000	100%	100%
exceet Group AG	SUI	2006	C&O	Holding & Services	CHF 25,528,040	100%	100%
GS Swiss PCB AG	SUI	2006	Healthcare	Manufacturing & Sales	CHF 1,350,000	100%	100%
exceet USA, Inc.	USA	2015	Healthcare	Sales	USD 10	100%	100%
exceet Secure Solutions GmbH [4][5][6]	GER	2011	Software	Development & Sales	EUR 1,000,000	100%	100%
Lucom GmbH Elektrokomponenten und Systeme [7]	GER	2014	Software	Development & Services	EUR 26,000	100%	100%
DISCONTINUED OPERATIONS							
exceet Austria GmbH [15]	AUT	2011		Holding	EUR 35,000	100%	100%
exceet electronics AG [8][9][15]	SUI	2006		Manufacturing & Sales	CHF 1,000,000	100%	100%
exceet electronics GesmbH [10][11][12][15]	AUT	2011		Manufacturing & Sales	EUR 54,000	100%	100%
exceet electronics GmbH [13][15]	GER	2012		Development & Sales	EUR 102,150	100%	100%
AEMtec GmbH [16]	GER	2008		Manufacturing & Sales	EUR 2,250,000	100%	100%
exceet Medtec Romania S.R.L. [14][17]	ROU	2014		Development	RON 1,000	100%	100%

1) Year of acquisition refers to exceet Group AG point of view
2) exceet Holding AG (former: Helikos AG) was renamed by 09.05.2014
3) exceet Holding S.à r.l. (former: exceet Holding AG) has been renamed by 02.10.2018
4) exceet Secure Solutions AG (former: AuthentiDate International AG) has been renamed by 13.08.2014
5) exceet Secure Solutions AG and exceet Secure Solutions Deutschland GmbH have been merged on 15.08.2016 retroactively as per 01.01.2016
6) exceet Secure Solutions GmbH (former: exceet Secure Solutions AG) has been renamed by 06.10.2016
7) exceet Secure Solutions GmbH holds 100% of the share capital of Lucom GmbH Elektrokomponenten und Systeme
8) exceet electronics AG (former: Mikrap AG) was renamed by 30.12.2014
9) exceet electronics AG (former: Mikrap AG) have been merged as of 01.07.2017 retroactively as per 01.01.2017
10) exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) was renamed by 28.01.2015
11) exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) and Inplastor GmbH have been merged in December 2014 retroactively as per 28.03.2014
12) exceet Austria GmbH holds 99.34% of the share capital of exceet electronics GesmbH and exceet Group AG 0.66% of the share capital of exceet electronics GesmbH
13) exceet electronics GmbH (former: as electronics GmbH) was renamed by 05.01.2015
14) exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.R.L.) was renamed by 20.06.2014
15) Divested as of 30.7.2018
16) Divested as of 31.10.2018
17) Divested as of 22.11.2018

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

18 Alternative Performance Measures

18.1 EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) is calculated as operating result (EBIT) plus depreciation and impairments. EBITDA is an indicator of the operating profitability of the Group.

(in EUR 1,000)	9M 2019	9M 2018	Reference
Operating result (EBIT)	2,030	1,490	Consolidated Income Statement
Depreciation on tangible assets	826	1,480	Note 5
Depreciation on right-of-use assets	857	0	Note 5
Amortisation on intangible assets	602	593	Note 5
EBITDA	**4,315**	**3,563**	

18.2 EBITDA MARGIN

EBITDA Margin represents EBITDA in % of net sales. EBITDA Margin is used as a normalised indicator of the operating profitability of the Group, comparable between different periods.

(in EUR 1,000)	9M 2019	9M 2018	Reference
Revenue	32,738	31,115	Consolidated Income Statement
EBITDA	4,315	3,563	Note 18.1
EBITDA Margin	**13.2%**	**11.5%**	

18.3 RECURRING EBITDA

Recurring EBITDA is calculated by adding back non-recurring costs, which are not related to the recurring operation of the Group, to the EBITDA. Non-recurring costs are defined within the Group as one-off costs (e.g. external advisory costs, provisions for reduction of workforce) which occur due to restructuring activities within the Group. The Recurring EBITDA displays the recurring (normalized) performance of the Groups.

(in EUR 1,000)	9M 2019	9M 2018	Reference
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4,315	3,563	Note 18.1
Non-recurring costs due to restructuring	802		
Recurring EBITDA	**5,117**	**3,563**	

18.4 RECURRING EBITDA MARGIN

Recurring EBITDA Margin represents Recurring EBITDA in % of net sales. The Recurring EBITDA Margin is used as a normalized indicator of the recurring operating profitability of the Group, comparable between different periods excluding any one-off costs.

(in EUR 1,000)	9M 2019	9M 2018	Reference
Revenue	32,738	31,115	Consolidated Income Statement
Recurring EBITDA	5,117	3,563	Note 18.3
Recurring EBITDA Margin	**15.6%**	**11.5%**	

18.5 RECURRING GROUP NET RESULT

Recurring Group net result is calculated by adding back non-recurring costs, which are not related to the recurring operation of the Group, to the net result of the period. Non-recurring costs are defined within the Group as one-off costs (personnel, administration and other expenses) which occur due to restructuring activities within the Group and foreign exchange difference not related to the normal course of business of the Group. It is used to assess the recurring (normalized) performance of the Groups.

(in EUR 1,000)	9M 2019	9M 2018	Reference
Profit / (Loss)	1,269	(64)	Consolidated Income Statement
Non-recurring costs due to restructuring	802		
Currency exchange difference (non-cash)	(896)	459	
Recurring Group net result	**1,175**	**395**	

18.6 FX ADJUSTED GROWTH RATE

FX adjusted growth is the growth rate calculated excluding impact from changes in exchange rates during the reporting period. The FX adjusted growth rate aims at evaluating the performance of the Group without considering currency fluctuations. The FX adjusted growth rate replaces the organic growth rate, as the Group has no current acquisitions.

(in EUR 1,000)	9M 2019	9M 2018	Reference
Revenue	32,738	31,115	Consolidated Income Statement
Impact of the exchange rates on revenues	(933)	1,404	
Revenue for organic growth calculation	**31,805**	**32,519**	
Prior year comparable revenue	31,115	31,385	Consolidated Income Statement
Organic growth	**2.2%**	**3.6%**	

18.7 ORDER BACKLOG

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

(in EUR 1,000)	30 September 2019	30 September 2018	Reference
Order Backlog	**13,521**	**11,178**	

18.8 BOOK-TO-BILL RATIO

Twelve months rolling Book-to-Bill Ratio is the ratio of orders received over the last twelve months to net sales over the last twelve months, to support the analysis of potential future growth.

(in EUR 1,000)	30 September 2019	30 September 2018	Reference
Revenue	32,738	31,115	Consolidated Income Statement
Order backlog 30 September (prior year)	11,178	15,518	
Revenue (last 12 months)	43,159	42,131	Revenue from 01.10. until 30.09.
Order backlog prior year adjustment/FX effects	(2,505)	440	
Order backlog 30 September (reporting year)	13,521	11,178	Note 18.7
Orders received during the period	42,997	38,231	
Book-to-Bill Ratio	**1.00**	**0.91**	

18.9 OPERATING NET WORKING CAPITAL

Operating Net Working Capital is defined as the sum of inventories plus trade receivables minus trade payables. This values allows to assess the capital requirement of the Group.

(in EUR 1,000)	30 September 2019	31 December 2018	Reference
Inventories	3,848	3,872	Consolidated Balance Sheet
Trade receivables	5,395	3,458	Consolidated Balance Sheet
Trade payables	(1,328)	(1,051)	Consolidated Balance Sheet
Operating Net Working Capital	**7,915**	**6,279**	

18.10 NET CASH

Net Cash is calculated as financial debt adjusted for cash and cash equivalents to assist in presenting the Group's financial capacities at balance sheet date.

(in EUR 1,000)	30 September 2019	31 December 2018	Reference
Bank borrowings (current and non-current)	(2,950)	(2,840)	Note 11
Finance lease (current and non-current)	(564)	(950)	Note 11
Total borrowings (current and non-current)	(3,514)	(3,790)	Consolidated Balance Sheet
Less: cash and cash equivalents	112,349	113,188	Consolidated Balance Sheet
Net Cash	**108,835**	**109,398**	

18.11 EQUITY RATIO

Equity Ratio is calculated as the ratio of total equity to total assets, representing the Group's financial leverage and stability.

(in EUR 1,000)	30 September 2019	31 December 2018	Reference
Total Assets	150,047	144,223	Consolidated Balance Sheet
Total Equity	130,576	131,480	Consolidated Balance Sheet
Equity Ratio	**87.0%**	**91.2%**	

18.12 FREE CASH FLOW

Free cash flow is based on cash flow from operations minus net capital expenditure (adjusted for finance lease). This performance indicator represents the cash being generated by the Group after necessary capital expenditures to maintain and expand its asset base.

(in EUR 1,000)	30 September 2019	30 September 2018 [1]	Reference
Cash flow from operating activities	4,352	1,648	Consolidated Cash Flow
Net capital expenditures [2]	(3,355)	(1,014)	Note 5
Free cash flow	**997**	**634**	

1) Based on continued operations (excluding discontinued operations)
2) Including cash from disposal of assets EUR 18 (9M 2018: EUR 0)