



FIRST HALF-YEAR 2020 REPORT

exceet Group SCA
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Grand Duchy of Luxembourg

INTERIM MANAGEMENT REPORT

- Group Net Sales up to EUR 24.9 million (H1 2019: EUR 22.4 million). FX adjusted Growth Rate¹⁾ plus 6.4%.
- Group EBITDA¹⁾ increased to EUR 4.8 million (H1 2019: EUR 3.3 million) achieving an EBITDA margin¹⁾ of 19.4% (H1 2019: 14.6%).
- EUR 3.1 million Group Net Profit (H1 2019: minus EUR 0.3 million) with a Net Profit Margin of 12.4%, Recurring Group Net Profit¹⁾ at EUR 2.1 million (H1 2019: 1.5 million).
- On the ordinary general meeting on 25 June 2020, the shareholders of exceet Group SCA resolved the payout of another special distribution of Euro 1.75 per share, in total EUR 35.1 million. Cash now at EUR 15.7 million and Net Cash¹⁾ at EUR 12.5 million after dividend payment.

(in EUR 1,000)	First Half-Year		
	2020	2019	
Net Sales	24,873	22,439	+ 10.8%
FX adjusted Growth Rate ¹⁾			+ 6.4%
EBITDA ¹⁾	4,820	3,268	+ 47.5%
<i>in % of Net Sales</i>	<i>19.4%</i>	<i>14.6%</i>	
One-off restructuring costs	0	137	
Recurring EBITDA ¹⁾	4,820	3,405	+ 41.6%
<i>in % of Net Sales</i>	<i>19.4%</i>	<i>15.2%</i>	
Net Profit for the period	3,083	(295)	n.a.
One-off restructuring costs	0	137	
Non-cash currency exchange losses, net	360	1,631	
Reclassification of foreign currency reserve	(1,305)	0	
Recurring Net Profit ¹⁾ for the period before currency exchange differences	2,138	1,473	+ 45.1%
<i>in % of Net Sales</i>	<i>8.6%</i>	<i>6.6%</i>	

1) See note 16 "Alternative Performance Measures (APM)" Pages 23 - 26

Financial Performance

Already in 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.

While exceet's Q1 2020 financial performance was characterized by strong customer demand, specifically in the Healthcare segment, the shock-like loss of visibility due to Corona – as of April 2020 – prompted customers to act increasingly cautious. Until May 2020, exceet's businesses performed satisfactorily, but from June 2020 onwards, customer reticence became clearly noticeable.

Despite the deteriorating business environment, exceet achieved sales in Q2 2020 of EUR 11.1 million, up 5.6% versus one year ago and a total of EUR 24.9 million for the first half-year 2020, up 10.8% compared to the corresponding period last year (H1 2019: EUR 22.4 million). Excluding the positive foreign exchange impact of EUR 1.0 million in the first half of this year, exceet realized organic top line growth on a like-for-like basis of 6.4%. Group EBITDA¹ reached EUR 1.7 million in Q2 2020 (+46.8% versus Q2 2019) and EUR 4.8 million for the entire reporting period (+47.5% versus H1 2019). Net profit amounted to EUR 3.1 million for the period from January to June 2020, marking a significant swing from the corresponding period in 2019 (minus EUR 0.3 million).

exceet's operations are unchanged compared to the prior year and include the Healthcare segment, consisting of the Printed Circuit Board (PCB) activities, and the Software (including IoT) segment, which focuses on industrial Internet of Things (IoT) and secure connectivity. The business sites are located in Switzerland, the United States (both Healthcare) and in Germany (Software (incl. IoT)).

Segment Reporting

Healthcare

The segment is focused on the development and production of innovative and highly miniaturized 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 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 segment realized H1 2020 net sales of EUR 20.3 million (H1 2019: EUR 17.6 million) accounting for 81.4% (H1 2019: 78.6%) of Group net sales and achieved an increase of 14.9% versus the corresponding period last year. The EBITDA¹ for the first half-year 2020 amounted to EUR 5.9 million (H1 2019: EUR 4.6 million), up 28.2% resulting in an EBITDA margin¹ of 29.2% (H1 2019: 26.2%).

After an exceptionally strong performance of the segment in Q1 2020, driven by high onetime order volumes from individual customers, pushing the EBITDA margin above 33%, the business calmed down in Q2 2020 due to the continued Corona crisis and its extensive impacts on the economy. While the segment showed a satisfying business progression until May 2020, the final month of the quarter was damped by a lack of new orders and lagging delivery schedules from customers. Technologically, the Corona adaption measures introduced at the location in Küsnacht 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 which are going to be finished in Q3 2020, puts the segment into a favorable position to benefit from an expected renewed increase in volumes.

1) See note 16 "Alternative Performance Measures (APM)" Pages 23 - 26

Software [including IoT]

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

In the reporting period between January and June, the segment contributed net sales of EUR 4.6 million (H1 2019: EUR 4.8 million) representing 18.6% (H1 2019: 21.4%) of Group net sales. The EBITDA¹⁾ for this period was almost break-even and narrowed from minus EUR 0.3 million in H1 2019 to minus EUR 0.1 million in H1 2020. Despite lower sales by 3.9% compared to last year, the segment could improve its gross profit performance. The Corona crisis turned out 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. Long-running projects did not suffer from setbacks in the difficult months behind, but could be continued as planned instead. Sales of connectivity devices suffered from reduced order intakes, particularly in May 2020 and triggered selective short-time work on an intermediate basis. However, due to recent increased new order intakes for projects with delivery times into 2021 onwards, business visibility improved and the short-time work conditions could be released in June 2020.

The strategic focus of this segment is to extend 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", a promising market solution has been developed, which provides easy implementation and comprehensive lifecycle management dedicated to guarantee the chosen security level on a long-term basis.

Group Balance Sheet Positions

As of 30 June 2020, the total assets of exceet Group amounted to EUR 58.1 million, compared to EUR 89.6 million as of 31 December 2019.

The non-current assets amounted to EUR 27.4 million (31.12.2019: EUR 25.5 million) and increased by EUR 1.9 million. The position includes tangible assets of EUR 13.9 million (31.12.2019: EUR 11.6 million), intangible assets of EUR 10.0 million (31.12.2019: EUR 10.3 million), right-of-use assets of EUR 2.2 million (31.12.2019: EUR 2.6 million) and other non-current assets related to deferred tax assets of EUR 1.3 million (31.12.2019: EUR 1.0 million). The increase in tangible assets resulted from the investments in production capabilities of the PCB activities in Küssnacht (Switzerland).

Current assets amounted to EUR 30.7 million, compared to EUR 64.1 million at year-end 2019. The decrease of the current assets of EUR 33.4 million includes the reduction of the Cash position due to the special distribution to the shareholders. Contract assets out of not yet invoiced deliveries to customers increase by EUR 1.1 million, inventory increased by EUR 0.6 million, trade and other receivables increased in total by EUR 0.5 million and prepaid expenses increased by EUR 0.2 million as well.

At the end of the reporting period, exceet Group's equity amounted, after the special distribution, to EUR 41.1 million, against EUR 73.6 million as of 31 December 2019. This represents an equity ratio¹⁾ of 70.6% (31.12.2019: 82.2%).

The non-current liabilities increased by EUR 0.4 million from EUR 7.7 million at year-end of 2019 to EUR 8.1 million at the end of June 2020. The increase included the movement of EUR 0.5 million within the retirement benefit obligations taking into account updated actuarial assumptions.

1) See note 16 "Alternative Performance Measures (APM)" Pages 23 - 26

The increase of the current liabilities by EUR 0.8 million to EUR 9.0 million as of 30 June 2020 (31.12.2019: EUR 8.2 million) included EUR 0.5 million from other current liabilities, EUR 0.2 million from the trade payables and EUR 0.1 million from accrued expenses. Furthermore EUR 0.2 million from accrued contract liabilities (long-term service agreements) increased, whereas financial leasing within short-term borrowings and income tax liabilities decreased by a total of EUR 0.2 million.

Cash Development and Net Cash

As of 30 June 2020, the cash and cash equivalents amounted to EUR 15.7 million (31.12.2019: EUR 51.5 million). After the deduction of the special distribution of EUR 35.1 million, the cash position decreased by EUR 0.7 million mainly caused by the generated cash out of operating activities of EUR 2.2 million, capital expenditures of EUR 2.9 million, repayments for financial leases of EUR 0.4 million and an effect of exchange rate valuation of nearly EUR 0.5 million.

The H1 2020 operating cash flow of EUR 2.2 million (H1 2019: EUR 2.5 million) consisted of EUR 4.6 million, net out of the operations before changes in net working capital, EUR 1.4 million increase of net working capital¹⁾, net tax payments of EUR 1.0 million and interest payments of EUR 0.1 million. The net cash position¹⁾ as of 30 June 2020 amounts to EUR 12.5 million (31.12.2019: net cash¹⁾ EUR 48.1 million).

Employees

As of 30 June 2020, the Group employed 206 full-time equivalents (30.06.2019: 210). 152 (30.06.2019: 157) were employed in Switzerland, 53 (30.06.2019: 52) in Germany and 1 (30.06.2019: 1) in the USA.

Capital Market Environment and Share Price Performance

In Europe, the roughly six weeks lasting shutdown from mid of March 2020 until the end of April 2020 had a much deeper impact on most sectors of economic activity than anticipated. Industrial production in the Eurozone, for instance, slumped by 28% year-on-year in April 2020. The strongly export-based German economy recorded exports down by -31.1% in April 2020 and -29.7% in May 2020. Switzerland, one of exceet's main markets, also suffered from generally weak exports, but to a lesser extent compared to Germany. Swiss exports declined by 25.8% in May 2020.

Such figures illustrate the restraint of administrations to announce extensive shutdowns again, despite fresh peaks of the disease in a number of world regions. The World Trade Organization (WTO) estimates world trade to decline by up to more than 30% this year. The International Monetary Fund (IMF) sees world growth slumping by -4.9% while the World Bank estimates a decline by -5.2% and the Organization for Economic Cooperation and Development (OECD), even more pessimistic, by -6% in its base case. For individual countries and regions, the forecasts differ even more pronounced, reflecting different second wave scenarios. The US gross domestic product (GDP) is expected to contract in a range of -5.9% (IMF) up to -8.5% (OECD worst case), Eurozone GDP is seen to decrease by -8.7% (European Central Bank (ECB)) up to -10.2% (IMF). Switzerland will contract by -6.2% in 2020, according to the Swiss government, based on an estimate of -5.6% for the US and an assumption of -8.9% for the Eurozone. The differing 2020 scenarios are also influencing the assumptions for next year, whether growth will be able to pick up convincingly or anemic. The World Bank sees growth picking up only by 4.2% in 2021 due to fresh difficulties in many developing countries while the IMF is more optimistic with a GDP forecast of +5.4%. Currently, certain economic figures are indicating an extraordinary strong rebound this year from the depressed levels reached a short time ago, but the consensus estimates do not assume that compensations can be obtained quickly for the negative impacts the economy had already suffered.

1) See note 16 "Alternative Performance Measures (APM)" Pages 23 - 26

The IMF estimates that fiscal aids have reached a worldwide volume of USD 8 trillion until the end of May 2020. Additionally planned measurements could possibly extend this figure up to USD 15 trillion. Meanwhile, public sector debt has reached a record high level of around USD 66 trillion worldwide. Global monetary programs provided by central banks since March 2020 are amounting to around USD 5 trillion, thus inflating central bank balance sheets significantly. Total assets of the Federal Reserve Board are now numbered at around USD 7 trillion, the ECBs amount of total assets is quantified at EUR 5.6 trillion. With inflation figures far below central bank target rates, Eurozone inflation was close to zero in May monetary policy is expected to stay as expansive as the Corona-induced recession requires. The ECBs asset purchase program of EUR 20 billion on a monthly basis was extended by EUR 120 billion until the end of the year. The pandemic emergency purchase program (PEPP) amounts to EUR 750 billion. In the US, the administration has been urging for negative interest rates as it is already the case in a number of European countries. In addition to the fiscal aids of USD 2.7 trillion already adopted, another US program amounting to USD 1 trillion for infrastructure spending is discussed.

In the first half-year 2020, global equity markets showed price movements of historic dimensions. After the fastest sell-off with losses of close to -40% within four weeks, stock markets rebounded in a V-shape and managed to recover up to 50% of the prior losses within the final 2 weeks of March 2020. With the beginning of the second quarter, catching up of prices even accelerated, especially in the technology sectors. While the majority of institutional money managers stayed at the sidelines due to widespread fears of a second Corona wave, retail investors turned out to be the drivers behind the extraordinary price momentum - despite constantly deteriorating estimates for corporate earnings. However, all major equity markets added sound double-digit percentages in the second quarter, except the Swiss SMI, which added 9.4% - after having fallen only 13.1% in the preceding quarter. Consequently, Swiss equities were among of the best performers in Europe between January 2020 and June 2020, losing -5.3%. H1 2020 returns for the DAX and the TecDAX were -7% and -2%, respectively. In the US, the Dow Jones Index lost 9.5% while the Nasdaq Composite showed a new all-time high, ending the period with a plus of 12.1%.

Trading in exceet shares on the Xetra trading platform more than tripled in Q2 2020 versus Q1 2020 from 114,129 shares to 354,433 shares. Roughly 20% of this volume was recorded on 18 and 19 May 2020. On 18 May 2020, a special distribution of Euro 1.75 per share, attributable to the shareholders of the Group, was published via ad hoc announcement. The total pay-out equals EUR 35.1 million. On the Ordinary General Meeting, on 25 June 2020, the shareholders confirmed the proposed special distribution. exceet shares ended the reporting period at a price of Euro 4.32 – minus 12.6% versus the beginning of the year with Euro 4.94. But, taking into account the pay-out of the special distribution of Euro 1.75, exceet shareholders achieved a profit of Euro 1.13, respectively 22.9% within the first half-year 2020. On 5 August 2020 the share price of exceet shares reached Euro 3.72.

Opportunities and Risk Report

The statements provided in the Annual Report 2019 on the opportunities and risks of the business model remain unchanged excepted for the following points:

Actual Situation (Corona pandemic)

The current actual Corona pandemic influences several risk categories, related to liquidity risks, sector- and market risks, and personnel risks. exceet is following the development of the situation with regular conversations between the management and the business segments and regular reporting to the Supervisory Board to identify, analyse and mitigate any emerging issues.

1) See note 16 "Alternative Performance Measures (APM)" Pages 23 - 26

Withholding tax risk Switzerland

In April 2020 the Swiss Federal Tax Administration approved the application for the notification procedure in regards to dividend distributions, which are not paid out of capital reserve of exceet Group AG. Such dividend distributions will be released from 35% withholding tax.

Significant Events and Actions

There were no events since the balance sheet date on 30 June 2020 that would require adjustment of assets or liabilities or a disclosure.

Outlook

Carrying over the positive operative momentum from the final quarter of 2019 into 2020, exceet started strongly into the year gaining significantly improved results in Q1 2020 primarily due to high demand of its Healthcare customers. As expected, the overall visibility decreased as of April 2020 due to the spreading Corona pandemic with customers shifting their orders into later timeframes in a number of cases. However, exceet managed to achieve a solid mid-single digit sales growth year-over-year in Q2 2020 thanks to a still satisfying business progression until May 2020. As of June 2020, lower customer demand in the Healthcare segment resulted in short-time work in the production and quality assurance departments. This led to a lower level of output of high-end PCBs at the location in Küssnacht. Currently, exceet expects a return to a stabilized business environment by the end of August 2020, after the summer holiday season. 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. However, current developments within this technology will show a slight delay of up to three months.

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 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. Nevertheless, the management is confident to catch-up some of the business in the fourth quarter provided that present conditions continue to improve. Based on this positive expectation, but with at the same time lower margins from hardware sales, the Software and IoT business in total is expected to deliver a slightly deteriorated margin performance.

Overall, the major single issue among economic observers is the question whether there will be a second wave of the Corona disease severely enough to trigger another round of broad shutdowns. At least short term, the high level of uncertainty most probably will linger on, making exceet's customers act extremely cautious. Therefore, the management has adjusted its expectation from a mid-single digit top line growth for the entire year to a sales progression, which will be flat versus 2019 without foreign exchange impacts. 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 pressure on gross margin and potential additional costs in relation to the new technologies in the Healthcare and Software (incl. IoT) segments.

The large cash position held in Switzerland, which had a significant impact on the net result in past quarters, will lose this impact in the future due to the pay-out of a second special distribution to exceet's shareholders.

Grevenmacher, 6 August 2020

exceet Management S.à r.l. in its capacity as General Partner
exceet Group SCA

1) See note 16 "Alternative Performance Measures (APM)" Pages 23 - 26

INTERIM FINANCIAL STATEMENTS

(CONDENSED & CONSOLIDATED)

INTERIM BALANCE SHEET (CONSOLIDATED)

(in EUR 1,000)	unaudited 30 June 2020	audited 31 December 2019
ASSETS		
Non-current assets		
Tangible assets	13,882	11,576
Right-of-use assets	2,235	2,598
Intangible assets ¹⁾	9,958	10,284
Deferred tax assets	1,306	1,042
Total non-current assets	27,381	25,500
Current assets		
Inventories	4,411	3,803
Trade receivables, net	5,602	5,223
Contract assets	2,801	1,705
Other current receivables	766	658
Prepaid expenses	1,435	1,222
Cash and cash equivalents	15,720	51,476
Total current assets	30,735	64,087
Total assets	58,116	89,587
EQUITY		
Share capital	312	312
Reserves	40,739	73,325
Equity attributable to Shareholders of the parent company	41,051	73,637
Total equity	41,051	73,637
LIABILITIES		
Non-current liabilities		
Borrowings ²⁾	3,004	3,024
Lease liabilities	898	1,027
Retirement benefit obligations	3,359	2,853
Deferred tax liabilities	492	479
Provisions	338	333
Total non-current liabilities	8,091	7,716
Current liabilities		
Trade payables	1,322	1,167
Contract liabilities	1,669	1,448
Other current liabilities	1,051	557
Accrued expenses	2,404	2,258
Current income tax liabilities	1,416	1,451
Borrowings ²⁾	182	358
Lease liabilities	360	371
Provisions	570	624
Total current liabilities	8,974	8,234
Total liabilities	17,065	15,950
Total equity and liabilities	58,116	89,587

1) Incl. Goodwill of EUR 7,502 (31.12.2019: EUR 7,412)

2) Net cash amount to EUR 12,534 (31.12.2019: Net cash EUR 48,094) based on cash and cash equivalents of EUR 15,720 (31.12.2019: EUR 51,476) less third party borrowings EUR 3,186 (31.12.2019: EUR 3,382)

INTERIM INCOME STATEMENT (CONSOLIDATED)

(in EUR 1,000)	3 months		6 months	
	unaudited 01.04. - 30.06.2020	unaudited 01.04. - 30.06.2019	unaudited 01.01. - 30.06.2020	unaudited 01.01. - 30.06.2019
Revenue from contracts with customers	11,125	10,539	24,873	22,439
Cost of sales	(8,651)	(8,389)	(18,031)	(17,042)
Gross profit	2,474	2,150	6,842	5,397
<i>Gross profit margin</i>	<i>22.2%</i>	<i>20.4%</i>	<i>27.5%</i>	<i>24.1%</i>
Distribution expenses	(765)	(801)	(1,784)	(1,650)
Administrative expenses	(900)	(988)	(1,933)	(2,038)
Other operating income	12	6	19	40
Operating result (EBIT) ¹⁾	821	367	3,144	1,749
<i>EBIT margin</i>	<i>7.4%</i>	<i>3.5%</i>	<i>12.6%</i>	<i>7.8%</i>
Financial income	1,960	2,486	1,991	3,852
Financial expenses	(354)	(3,371)	(1,354)	(5,658)
Financial result, net	1,606	(885)	637	(1,806)
Profit/(Loss) before income tax	2,427	(518)	3,781	(57)
Income tax expense	(362)	(28)	(698)	(238)
Profit/(Loss) for the period	2,065	(546)	3,083	(295)
<i>Profit/(Loss) margin</i>	<i>18.6%</i>	<i>(5.2%)</i>	<i>12.4%</i>	<i>(1.3%)</i>
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	2,065	(546)	3,083	(295)
EARNINGS PER SHARE IN EURO ON TOTAL GROUP BASIS (BASIC = DILUTIVE)				
Class A shares	0.10	(0.03)	0.15	(0.01)
Operating result (EBIT)	821	367	3,144	1,749
Depreciation and amortization	845	768	1,676	1,519
Operating result before depreciation, amortization and impairment charges (EBITDA) ²⁾	1,666	1,135	4,820	3,268
<i>EBITDA margin</i>	<i>15.0%</i>	<i>10.8%</i>	<i>19.4%</i>	<i>14.6%</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		6 months	
	unaudited 01.04. - 30.06.2020	unaudited 01.04. - 30.06.2019	unaudited 01.01. - 30.06.2020	unaudited 01.01. - 30.06.2019
Profit/(Loss) for the period	2,065	(546)	3,083	(295)
Items not to be reclassified to income statement:				
Remeasurements of defined benefit obligation	51	502	(234)	622
Deferred tax effect on remeasurements of defined benefit obligation	(6)	(65)	33	(81)
Items not to be reclassified to income statement	45	437	(201)	541
Items to be reclassified to income statement:				
Reclassification of foreign currency translation reserve ¹⁾	(1,305)	0	(1,305)	0
Currency translation differences	(589)	879	966	1,889
Items to be reclassified to income statement	(1,894)	879	(339)	1,889
Total comprehensive income for the period	216	770	2,543	2,135
Attributable to:				
Shareholders of the parent company	216	770	2,543	2,135

- 1) Due to payments of dividends from a CHF-entity (exceet Group AG) to an EUR-entity (exceet Holding S.à r.l.) in the total amount of EUR 30.8 million, a foreign exchange gain of EUR 1,305 resulting from the difference between historic and actual exchange rate - was recycled into the income statement.

INTERIM STATEMENT OF CASH FLOWS (CONSOLIDATED)

(in EUR 1,000)	unaudited 01.01. - 30.06.2020	unaudited 01.01. - 30.06.2019
Profit before income tax	3,781	(57)
Amortization on intangible assets	431	398
Depreciation on tangible assets	809	542
Depreciation on right-of-use assets	436	579
Losses on disposal of assets	(3)	1
Change of provisions	(67)	(12)
Adjustments to retirement benefit obligations/prepaid costs	214	89
Financial expenses	38	69
Other non-cash expenses	(1,006)	1,579
Operating net cash before changes in net working capital	4,633	3,188
Changes to net working capital		
- inventories	(681)	227
- receivables	(396)	(1,281)
- accrued income and contract assets	(1,276)	(549)
- liabilities	627	1,151
- accrued expenses and contract liabilities	337	624
Tax paid	(972)	(822)
Interest received	2	21
Interest paid	(52)	(80)
Cashflows from operating activities ¹⁾	2,222	2,479
Purchase of tangible assets	(2,926)	(1,936)
Sale of tangible assets	29	0
Purchase of intangible assets	(6)	(63)
Cashflows from investing activities	(2,903)	(1,999)
Special distribution	(35,129)	0
Payments of lease liabilities	(426)	(442)
Cashflows from financing activities	(35,555)	(442)
Net changes in cash and cash equivalents	(36,236)	38
Cash and cash equivalents at the beginning of the period	51,476	113,188
Net changes in cash and cash equivalents	(36,236)	38
Effect of exchange rate gains	480	190
Cash and cash equivalents at the end of the period	15,720	113,416

1) Free cash flow amounts to minus EUR 681 (H1 2019: EUR 480) based on cash flow from operations of EUR 2,222 less net capital expenditure of EUR 2,903.

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 1 JANUARY 2020	312	5,264	(4,525)	46,010	26,576	73,637
Profit for the period				3,083		3,083
Other comprehensive income:						
Remeasurements of defined benefit obligations				(234)		(234)
Deferred tax effect on remeasurements				33		33
Recycling of currency translation difference to the P&L					(1,305)	(1,305)
Currency translation differences					966	966
Total other comprehensive income for the period	0	0	0	(201)	(339)	(540)
Total comprehensive income for the period	0	0	0	2,882	(339)	2,543
Special distribution		(5,264)		(29,865)		(35,129)
Reclassification treasury shares reserve to retained earnings			4,525	(4,525)		0
Total other equity effects	0	(5,264)	4,525	(34,390)	0	(35,129)
BALANCES AT 30 JUNE 2020	312	0	0	14,502	26,237	41,051
BALANCES AT 1 JANUARY 2019	312	65,485	(4,525)	43,738	26,352	131,362
Profit for the period				(295)		(295)
Other comprehensive income:						
Remeasurements of defined benefit obligations				622		622
Deferred tax effect on remeasurements				(81)		(81)
Currency translation differences					1,889	1,889
Total other comprehensive income for the period	0	0	0	541	1,889	2,430
Total comprehensive income for the period	0	0	0	246	1,889	2,135
BALANCES AT 30 JUNE 2019	312	65,485	(4,525)	43,984	28,241	133,497

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 SCA (hereafter the “Company”) – until 20 November 2019 trading as exceet Group SE and as of then, until 23 January 2020, trading as exceet Group S.A. - is a company existing as a “Société en Commandite par Actions” under the law of Luxembourg and listed on the regulated market of the Frankfurt Stock Exchange (WKN: A0YF5P / ISIN: LU0472835155) in the Prime Standard segment. The Company’s purpose is to pursue an opportunistic investment approach without a defined investment strategy. The registered office is at 17, rue de Flaxweiler, L-6776 Grevenmacher.

On 23 January 2020 an extraordinary shareholder meeting of exceet Group S.A. approved the conversion of exceet Group S.A. into exceet Group SCA. Under the SCA as the new legal form, exceet will be managed by exceet Management S.à r.l. (hereafter the “General Partner”), a limited liability company under the law of Luxembourg (Société à responsabilité limitée (S.à r.l.)), the shares in which are held indirectly by the founders of the Active Ownership Group (AOC) Florian Schuhbauer and Klaus Röhrig (50% each).

The consolidated exceet Group SCA (“Group” or “exceet”) consists of a portfolio of technology companies, which are specialized in the development and production of complex electronics for small and mid-sized volumes and software. The Group companies provide highly sophisticated solutions and distinguish themselves through their technical skill set with strong positions in the healthcare and industrial markets. They are situated in six locations in Switzerland, Germany, Luxembourg and the USA. All companies consolidated into the Group are disclosed in note 15 “List of consolidated subsidiaries of exceet Group SCA”.

The Group is structured into two business segments: Healthcare and Software (incl. IoT).

The Healthcare segment (81% of Sales H1 2020) 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 market represents a stable growing segment within the healthcare market and offers favorable business conditions for the segment’s 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 continued optimization of the production processes and additional technology driven investments are important to maintain a market-leading position.

The Software (incl. IoT) segment (19% of Sales H1 2020) is focused on secure connectivity mainly based on IT Security and industrial internet of things (IoT) projects and solutions.

This condensed consolidated interim financial statement is unaudited, was not subject of an audit review and was approved for issue by the management of exceet Management S.à r.l. in its capacity as the General Partner of exceet Group SCA, on 6 August 2020.

2 Adoption of new and revised accounting standards

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 40 to 57 of the exceet Group consolidated financial statements 2019.

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

The amendments did not have any impact on the consolidated interim financial statements.

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 2020 and have not been applied in preparing these interim condensed consolidated financial statements.

- IFRS 16 (Amendment) "Covid-19 Related Rent Concessions" – IASB effective date: 1 June 2020 – EU endorsement outstanding
- IFRS 4 (Amendment) "Insurance contracts – deferral of IFRS 9" – IASB effective date: 1 January 2021 – EU endorsement outstanding
- IAS 1 (Amendment) "Classification of liabilities as current or non-current liabilities" – IASB effective date: 1 January 2022 – EU endorsement outstanding
- Annual improvement cycle 2018 - 2020 Including smaller amendments to IFRS 3, IAS 16, IAS 37 IASB effective date: 1 January 2022 – EU endorsement outstanding
- IFRS 17 (new) "Insurance Contracts" – IASB effective date: 1 January 2023 – 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 six months ended 30 June 2020 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 2019, 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 2019.

The following exchange rates were relevant to the interim financial report as of 30 June 2020:

	30 June 2020	Average 01.01. - 30.06.2020	31 December 2019	30 June 2019	Average 01.01. - 30.06.2019
1 CHF	0.94	0.94	0.92	0.90	0.89
1 USD	0.89	0.91	0.89	0.88	0.89

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

Consolidated statement of comprehensive income

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

Seasonality

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

4 Financial risk management and financial instruments

Financial risk factors

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

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the Group’s consolidated financial statements for 2019. There have been no changes in any risk management policies since the year-end, besides of stronger focus on potential risks related to the current Corona pandemic.

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 June 2020, 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 June 2020	audited 31 December 2019
CARRYING AMOUNT		
Bank borrowings	3,004	2,948
Finance lease liabilities	0	76
Total	3,004	3,024
FAIR VALUE		
Bank borrowings	3,039	2,993
Finance lease liabilities	0	76
Total	3,039	3,069

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 – the Management of the General Partner (exceet Management S.à r.l.). In addition, the Group has a third segment “Corporate and others” for reporting purposes, which only includes the investment companies. The Group primarily uses a measure of adjusted earnings before interest, tax, depreciation and amortization (EBITDA) to assess the performance of the segments. Furthermore, the internal reporting consists of information about the segments revenue and assets on a monthly basis. Segment assets and liabilities are measured in the same way as in the consolidated financial statements and are allocated to the relevant segment based on the underlying entities or their physical location.

The segment information for the first half-year 2020 and a reconciliation of EBIT to profit/[loss] for the period is provided as follows:

Income statement and capital expenditure by segment

01.01. - 30.06.2020 (in EUR 1,000)	Healthcare	Software (incl. IoT)	Corporate and others	Eliminations	Total Group
Revenue from sale of electronic components ¹⁾	20,207	3,264	0		23,471
Revenue from sale of services ²⁾	50	1,352	0		1,402
External revenue	20,257	4,616	0		24,873
Inter-segment revenue	0	0	0		0
Total revenue	20,257	4,616	0	0	24,873
EBITDA	5,918	(69)	(1,029)	0	4,820
<i>EBITDA Margin</i>	<i>29.2%</i>	<i>(1.5%)</i>			<i>19.4%</i>
Depreciation and amortization	(1,171)	(462)	(43)		(1,676)
EBIT	4,747	(531)	(1,072)	0	3,144
<i>EBIT Margin</i>	<i>23.4%</i>	<i>(11.5%)</i>			<i>12.6%</i>
Financial income	94	0	1,929	(34)	1,989
Financial expenses	(130)	(62)	(1,194)	34	(1,352)
Financial result, net	(36)	(62)	735	0	637
Profit/(Loss) before income tax	4,711	(593)	(337)	0	3,781
Income tax	(624)	182	(256)		(698)
Profit/(Loss) for the period	4,087	(411)	(593)	0	3,083
Capital expenditure tangible assets	2,889	12	25		2,926
Capital expenditure intangible assets	0	6	0		6
Depreciation tangible assets	(767)	(39)	(3)		(809)
Depreciation right-of-use assets	(273)	(123)	(40)		(436)
Amortization intangible assets	(131)	(300)	0		(431)

1) Revenue is recognized at a point in time

2) Revenue is recognized overtime

01.01. - 30.06.2019 (in EUR 1,000)	Healthcare	Software (incl. IoT)	Corporate and others	Eliminations	Total Group
Revenue from sale of electronic components ¹⁾	17,568	3,954	0		21,522
Revenue from sale of services ²⁾	68	849	0		917
External revenue	17,636	4,803	0		22,439
Inter-segment revenue	0	0	0		0
Total revenue	17,636	4,803	0	0	22,439
EBITDA	4,615	(270)	(1,077)	0	3,268
<i>EBITDA Margin</i>	<i>26.2%</i>	<i>(5.6%)</i>			<i>14.6%</i>
Depreciation and amortization	(1,038)	(436)	(45)		(1,519)
EBIT	3,577	(706)	(1,122)	0	1,749
<i>EBIT Margin</i>	<i>20.3%</i>	<i>(14.7%)</i>			<i>7.8%</i>
Financial income	251	0	3,635	(34)	3,852
Financial expenses	(351)	(69)	(5,272)	34	(5,658)
Financial result, net	(100)	(69)	(1,637)	0	(1,806)
Profit/(Loss) before income tax	3,477	(775)	(2,759)	0	(57)
Income tax	(478)	240	0		(238)
Profit/(Loss) for the period	2,999	(535)	(2,759)	0	(295)
Capital expenditure tangible assets	1,923	13	0		1,936
Capital expenditure intangible assets	63	0	0		63
Depreciation tangible assets	(496)	(38)	(8)		(542)
Depreciation right-of-use assets	(424)	(118)	(37)		(579)
Amortization intangible assets	(118)	(280)	0		(398)

1) Revenue is recognized at a point in time

2) Revenue is recognized overtime

Assets and liabilities by segment

(in EUR 1,000)	Healthcare	Software (incl. IoT)	Corporate and others	Total Group
BALANCES AT 30 June 2020 (UNAUDITED)				
Tangible assets	13,749	128	5	13,882
Right-of-use assets	1,331	809	95	2,235
Intangible assets	5,181	4,777	0	9,958
Other non-current assets	267	1,039	0	1,306
Non-current assets	20,528	6,753	100	27,381
Current assets	15,308	3,376	12,051	30,735
Liabilities	11,256	3,803	2,006	17,065
BALANCES AT 31 DECEMBER 2019 (AUDITED)				
Tangible assets	11,414	155	7	11,576
Right-of-use assets	1,573	891	134	2,598
Intangible assets	5,213	5,071	0	10,284
Other non-current assets	186	856	0	1,042
Non-current assets	18,386	6,973	141	25,500
Current assets	12,471	2,914	48,702	64,087
Liabilities	10,532	3,194	2,224	15,950

Disaggregation of revenue

The Group generated revenue in its two main markets Health and Industry Automation as follows:

(in EUR 1,000)	01.01. - 30.06.2020	01.01. - 30.06.2019
Health	19,104	16,256
Industry Automation	5,769	6,183
Total	24,873	22,439

6 Financial result

The financial result includes a non-cash loss of EUR 14 (H1 2019: loss of EUR 31) related to the revaluation of Euro-loans given by the Swiss holding to finance the other group companies and a loss of EUR 360 (H1 2019: loss of EUR 1,631) mainly in relation to the valuation of the Euro cash-position held by the Swiss-franc holding company.

Due to the upstream payment of share premiums between Group entities during the second quarter, the Group had to recycle currency translation differences in the amount of EUR 1,305 from equity to financial income within the profit and loss statement.

EUR 34 (H1 2019: EUR 49) of finance expense are interest costs in relation to right-of-use asset.

7 Development costs

The position “cost of sales” in the consolidated income statement includes development costs in the amount of EUR 405 (H1 2019: EUR 463; full year 2019: EUR 752). Development costs are mainly related to development projects for customers as well to products, process development and optimizations for the production.

8 Equity

With the extraordinary general meeting (EGM) of exceet Group S.A. on 23 January 2020, the Company changed the legal form to a partnership limited by shares under the laws of Luxembourg (Société en Commandite par Actions (SCA)).

In order for this change of the legal form, the EGM decided the immediate cancellation of the 450,000 treasury shares to clean up the capital structure of exceet Group S.A. With the cancellation of the treasury shares, the reserve for treasury shares of EUR 4,525 was reclassified to retained earnings as of 23 January 2020.

With the change of the legal form, the EGM approved the creation and issuance of one unlimited share to the general partner exceet Management S.à r.l. - a limited liability company under the laws of Luxembourg (Société à responsabilité limitée (S.à r.l.)), the Shares in which are held indirectly by the founders of the Active Ownership Group (AOC) Florian Schuhbauer and Klaus Röhrig (50% each) - subsequently increasing the share capital by Euro 0.02 to Euro 311,960.18 with 20,073,096 Voting Shares, represented by 20,073,695 Ordinary Shares and 1 Unlimited Share.

Development of the share capital:

	Euro
Balance at 1 January 2020	311,960.16
Issuance of Unlimited Share - EGM 23 January 2020	0.02
Balance at 30 June 2020	311,960.18
Balance at 1 January 2019	311,960.16
Balance at 31 December 2019	311,960.16

The number of shares are as follows:

	Total Shares	Unlimited Shares	Ordinary Shares
Number of shares issued as at 1 January 2020	20,523,695	0	20,523,695
Redemption of treasury shares - EGM 23 January 2020	(450,000)		(450,000)
Issuance of Unlimited Share - EGM 23 January 2020	1	1	0
Number of shares issued as at 30 June 2020	20,073,696	1	20,073,695
Number of shares issued as at 1 January 2019	20,523,695		20,523,695
Number of shares issued as at 31 December 2019	20,523,695		20,523,695

The Company's share capital amounts to Euro 311,960.18, represented by 20,073,695 Ordinary Shares and one Unlimited Share with no par value. The Ordinary Shares are listed on the Frankfurt stock exchange.

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 June 2020 is based on the profit attributable to the owners of the parent of EUR 3,083 for six months 2020 (H1 2019: loss EUR 295) and the weighted average number of Ordinary Shares outstanding of 20,073,695. 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. - 30.06.2020	unaudited 01.01. - 30.06.2019
Profit for the year (EUR 1,000) attributable to equity holders of the Company	Ordinary Shares	3,083	(295)
Weighted average number of ordinary shares outstanding	Ordinary Shares	20,073,695	20,073,695
Basic earnings per share (Euro/share)	Ordinary Shares	0.15	(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 potential option rights. As per 30 June 2020 the Group has no option rights outstanding, therefore no dilutive impact on the EPS is possible.

10 Dividends

With resolution at the ordinary general meeting (OGM) held on 25 June 2020, the shareholders approved the decision of the General Partner of the Company for a special distribution of reserves in the amount of Euro 1.75 per share or EUR 35,129 in total. The distribution was effected on 30 June 2020.

11 Borrowings

(in EUR 1,000)	unaudited 30 June 2020	audited 31 December 2019
NON-CURRENT		
Bank borrowings	3,004	2,948
Finance lease liabilities	0	76
Total non-current borrowings	3,004	3,024
CURRENT		
Finance lease liabilities	182	358
Total current borrowings	182	358
Total borrowings	3,186	3,382

12 Retirement benefit obligation

For the six months of 2020 there were minus EUR 273 impact from return on plan assets (H1 2019: EUR 2,535) and EUR 39 (H1 2019: EUR 0) arising from experience. Measurements of the defined benefit obligation arising from changes in economic assumptions (discount rates) amounted to EUR 0 (H1 2019: EUR 1,913).

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 charges for consultancy from related parties in the first six months of 2020 in the amount of EUR 141 (H1 2019: legal charges of EUR 126).

14 Events occurring after the reporting period

There were no events since the balance sheet date on 30 June 2020 that would require adjustment of assets or liabilities or a disclosure.

15 List of consolidated subsidiaries of exceet Group SCA

Company	Country	Year of acquisition ¹⁾	Segment	Activity	Share Capital	Share in the capital	Share of the votes
exceet Holding S.à r.l.	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. ²⁾	USA	2015	Healthcare	Sales	USD 10	100%	100%
exceet Secure Solutions GmbH	GER	2011	Software [incl. IoT]	Development & Sales	EUR 1,000,000	100%	100%
Lucom GmbH Elektrokomponenten und Systeme ³⁾	GER	2014	Software [incl. IoT]	Development & Services	EUR 26,000	100%	100%

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

2) GS Swiss PCB AG holds 100% of the share capital of exceet USA, Inc.

3) exceet Secure Solutions GmbH holds 100% of the share capital of Lucom GmbH Elektrokomponenten und Systeme

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

16 Alternative Performance Measures

16.1 EBITDA

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

(in EUR 1,000)	H1 2020	H1 2019	Reference
Operating result (EBIT)	3,144	1,749	Consolidated Income Statement
Depreciation on tangible assets	809	542	Note 5
Depreciation on right-of-use assets	436	579	Note 5
Amortization on intangible assets	431	398	Note 5
EBITDA	4,820	3,268	

16.2 EBITDA MARGIN

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

(in EUR 1,000)	H1 2020	H1 2019	Reference
Revenue	24,873	22,439	Consolidated Income Statement
EBITDA	4,820	3,268	Note 16.1
EBITDA Margin	19.4%	14.6%	

16.3 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)	H1 2020	H1 2019	Reference
EBITDA	4,820	3,268	Note 16.1
Non-recurring costs due to restructuring	0	137	
Recurring EBITDA	4,820	3,405	

16.4 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)	H1 2020	H1 2019	Reference
Revenue	24,873	22,439	Consolidated Income Statement
Recurring EBITDA	4,820	3,405	Note 16.3
Recurring EBITDA Margin	19.4%	15.2%	

16.5 RECURRING GROUP NET PROFIT

Recurring Group Net Profit is calculated by adding back non-recurring costs, which are not related to the recurring operation of the Group, to the net profit 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)	H1 2020	H1 2019	Reference
Net Profit for the period	3,083	(295)	Consolidated Income Statement
Non-recurring costs due to restructuring	0	137	
Currency exchange difference (non-cash)	360	1,631	Note 6
Reclassification of foreign currency reserve	(1,305)	0	Note 6
Recurring Group Net Profit	2,138	1,473	

16.6 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)	H1 2020	H1 2019	Reference
Revenue	24,873	22,439	Consolidated Income Statement
Impact of the exchange rates on revenues	995	616	
Revenue for organic growth calculation	23,878	21,823	
Prior year comparable revenue	22,439	20,995	Consolidated Income Statement
FX adjusted Growth Rate	6.4%	3.9%	

16.7 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)	2020	2019	Reference
Order Backlog as per 30 June	14,651	11,127	

16.8 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 June 2020	30 June 2019	Reference
Revenue	24,873	22,439	Consolidated Income Statement
Order backlog 30 June (prior year)	11,127	11,772	
Revenue (last 12 months)	46,091	42,980	Revenue from 01.07. until 30.06.
Order backlog prior year adjustment/FX effects	(5,049)	(1,105)	
Order backlog 30 June (reporting year)	14,651	11,127	Note 16.7
Orders received during the period	44,566	41,230	
Book-to-Bill Ratio	0.97	0.96	

16.9 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 June 2020	31 December 2019	Reference
Inventories	4,411	3,803	Consolidated Balance Sheet
Trade receivables	5,602	5,223	Consolidated Balance Sheet
Trade payables	(1,322)	(1,167)	Consolidated Balance Sheet
Operating Net Working Capital	8,691	7,859	

16.10 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 June 2020	31 December 2019	Reference
Bank borrowings (current and non-current)	3,004	2,948	Note 11
Finance lease (current and non-current)	182	434	Note 11
Total borrowings (current and non-current)	3,186	3,382	Consolidated Balance Sheet
Less: cash and cash equivalents	(15,720)	(51,476)	Consolidated Balance Sheet
Net (Cash)/Debt	(12,534)	(48,094)	

16.11 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 June 2020	31 December 2019	Reference
Total Assets	58,116	89,587	Consolidated Balance Sheet
Total Equity	41,051	73,637	Consolidated Balance Sheet
Equity Ratio	70.6%	82.2%	

16.12 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 June 2020	30 June 2019	Reference
Cash flow from operating activities	2,222	2,479	Consolidated Cash Flow
Net capital expenditures ¹⁾	(2,903)	(1,999)	Note 5
Free cash flow	(681)	480	

1) Including cash from disposal of assets EUR29 (H1 2019: EUR 0)

17 Responsibility statement

In accordance with article 4(2) of the Luxembourg law of 11 January 2008 *relative aux obligations de transparence concernant l'information sur les émetteurs dont les valeurs mobilières sont admises à la négociation sur un marché réglementé* (the "Transparency Law") the undersigned confirm that to the best of their knowledge, the condensed set of financial statements covering the six months period ended 30 June 2020, which has been prepared in accordance with the applicable set of the accounting standard IFRS as adopted by the EU, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole as required under article 4(3) of the Transparency Law.

Furthermore, the undersigned confirm that to the best of their knowledge, the interim management report covering the six months period ended 30 June 2020 includes a fair review of important events that have occurred during the first six month of the current financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the current financial year.

Grevenmacher, 6 August 2020

exceet Management S.à r.l. in its capacity as General Partner
exceet Group SCA