# FIRST QUARTER 2020 REPORT

**exceet Group SCA**
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Grand Duchy of Luxembourg

# INTERIM MANAGEMENT REPORT

- 15.5% increase of Group Net Sales to EUR 13.7 million (3M 2019: EUR 11.9 million). FX adjusted Growth Rate[1)] plus 10.8%.
- 47.9% increase of Group EBITDA[1)] to EUR 3.2 million (3M 2019: EUR 2.1 million) achieving an EBITDA Margin[1)] of 22.9% (3M 2019: 17.9%).
- Significantly increased Group Net Profit to EUR 1.0 million (3M 2019: EUR 0.3 million) achieving a Net Profit-Margin of 7.4% (3M 2019: 2.1%). Excluding non-cash currency effects, Recurring Group Net Profit[1)] at EUR 1.7 million (3M 2019: EUR 1.3 million).
- On 31 March 2020: Cash at EUR 52.6 million, Net Cash[1)] at EUR 49.3 million, Equity Ratio[1)] at 80.4%.
- At the Extraordinary General Meeting on 23 January 2020, the shareholders decided on the cancellation of 450,000 treasury shares and on the finalization of the restructuring process by changing the legal form from exceet Group S.A. into exceet Group SCA.

| | January - March | | |
|---|---|---|---|
| (in EUR 1,000) | 2020 | 2019 | |
| Net Sales | 13,748 | 11,900 | + 15.5% |
| FX Adjusted Organic Growth Rate[1)] | | | + 10.8% |
| EBITDA[1)] | 3,154 | 2,133 | + 47.9% |
| *in % of Net Sales* | *22.9%* | *17.9%* | |
| One-off restructuring costs | 0 | 84 | |
| Recurring EBITDA[1)] | 3,154 | 2,217 | + 42.3% |
| *in % of Net Sales* | *22.9%* | *18.6%* | |
| Net Profit for the period | 1,018 | 251 | + 305.6% |
| One-off restructuring costs | 0 | 84 | |
| Non-cash currency exchange losses, net | 704 | 969 | |
| Recurring Net Profit[1)] for the period before currency exchange differences | 1,722 | 1,304 | + 32.1% |
| *in % of Net Sales* | *12.5%* | *11.0%* | |

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

## Financial Performance

In the first quarter of 2020, exceet's business has been influenced by the corona pandemic, which required additional efforts in managing and adapting to the accelerating crisis. Initial effects from China, influencing the supply chain of components, became visible by February and exceet started to secure the supply of critical components by increasing inventory levels and evaluating secondary suppliers. Customer demand increased significantly during the first quarter, driven by individual customers within the Healthcare segment. By March, exceet prepared for various scenarios regarding corona and took protective measures for the safety of its employees, customers and suppliers, by suspending travel and physical face-to-face meetings, implementing protective measures within the production environment and the introduction of home office for dedicated personnel. Within a short period of time, exceet's processes could be aligned to the changed situation without negative effects on the business.

Despite these circumstances, Q1 2020 was a very successful quarter for the Group, based on strong figures for new orders received, as well as sales and earnings growth rates.

Q1 2020 sales growth can be primarily attributed to a strong demand for miniaturized PCBs within the Healthcare segment. Certain customers ordered high volumes either to increase their inventories or to temporary replace their other source suppliers due to delivery shortages. EBITDA increased by nearly 50% versus the corresponding period in the previous year, mainly caused by a strong leverage out of higher net sales combined with an under-proportional increase in operating costs.

The net profit of EUR 1.0 million (3M 2019: EUR 0.3 million) included negative net foreign currency cash and non-cash effects of EUR 0.9 million (3M 2019: EUR 0.8 million) and interest cost in the amount of EUR 0.1 million (3M 2019: EUR 0.1 million). The foreign currency effect is mainly attributable to the substantial amount of cash held in Euro in the Swiss holding company with its functional currency of Swiss francs. This non-cash effect is neutralized on the balance sheet level via the equity position.

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

## Segment Reporting

### Healthcare

The segment is focused on the development and production of innovative and 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 net sales of EUR 11.4 million (3M 2019: EUR 9.2 million) representing 82.9% (3M 2019: 77.4%) of Group net sales and achieved an increase by 23.7%. The EBITDA for the first three months amounted to EUR 3.8 million (3M 2019: EUR 2.7 million), up 38.8% and resulting in an EBITDA Margin of 33.1% (3M 2019: 29.5%).

The exceptionally strong Q1 2020 performance of the segment was driven by high volume orders from individual customers. Although Q1 2019 already displayed high sales volumes, the Q1 2020 figures exceeded the previous year performance based on these onetime demand effects.

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

In order to generate an ongoing high level of performance by providing steady growth and above-average profitability, the location in Küssnacht, Switzerland, has already been enlarged by around 20% in its size in square meters during the last months. The location continued its modernization and further optimization of the production processes and clear separation of clean-room areas. It includes the capability to produce higher volumes of flexible Ultra HDI Printed Circuit Boards, with the project being close to be finished successfully.

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

For the first three months 2020, the segment contributed net sales of EUR 2.4 million (3M 2019: EUR 2.7 million) representing 17.1% (3M 2019: 22.6%) of Group net sales. The EBITDA for this period was nearly break-even (3M 2019: minus EUR 0.1 million). But despite the decrease of sales, the segment was able to increase its gross profit and EBITDA performance due to an improved product-mix.

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 a comprehensive lifecycle management dedicated to guarantee the chosen security level on a long-term basis. Up to now the sales of "exceet connect" are below the expected levels. The current corona situation, which impedes customer contacts, is an obstacle for the roll-out of "exceet connect", as the awareness of potential partners and customers is actually strongly focused otherwise on corona topics.

## Group Balance Sheet Positions

As of 31 March 2020, the total assets of exceet Group amounted to EUR 94.5 million, compared to EUR 89.6 million as of 31 December 2019.

The non-current assets amounted to EUR 27.1 million (31.12.2019: EUR 25.5 million) and increased by EUR 1.6 million. The position includes tangible assets of EUR 13.3 million (31.12.2019: EUR 11.6 million), intangible assets of EUR 10.2 million (31.12.2019: EUR 10.3 million), right-of-use assets of EUR 2.5 million (31.12.2019: EUR 2.6 million) and other non-current assets related to deferred tax assets of EUR 1.2 million (31.12.2019: EUR 1.0 million). The increase in tangible assets resulted mainly from the investments in production capabilities of the PCB activities in Küssnacht (Switzerland).

Current assets amounted to EUR 67.4 million, compared to EUR 64.1 million at year-end 2019. The increase of the current assets of EUR 3.3 million includes mainly EUR 1.0 million from trade receivables due to the high volume of net sales in the first quarter of 2020; furthermore an increase of EUR 0.6 million in inventories, EUR 0.4 million for prepaid expenses and an increase of EUR 1.2 million in the cash positions.

At the end of the reporting period, exceet Group's equity amounted to EUR 76.0 million, against EUR 73.6 million as of 31 December 2019. This represents an equity ratio of 80.4% (31.12.2019: 82.2%).

The non-current liabilities increased by EUR 0.5 million from EUR 7.7 million at year-end of 2019 to EUR 8.2 million at the end of March. 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 2.1 million to EUR 10.3 million as of 31 March 2020 (31.12.2019: EUR 8.2 million) included EUR 1.5 million from the trade payables due to the higher level of purchasing and EUR 0.5 million from accrued expenses. Furthermore EUR 0.3 million from accrued contract liabilities (long-term service agreements), whereas financial leasing within short-term borrowings and income tax liabilities decreased by EUR 0.1 million each.

## Cash Development and Net Cash

As of 31 March 2020, the cash and cash equivalents amounted to EUR 52.6 million (31.12.2019: EUR 51.5 million). The increase of EUR 1.2 million is mainly caused by the generated cash out of operating activities of EUR 2.8 million, capital expenditures of EUR 1.8 million, repayments for financial leases of EUR 0.2 million and an effect of exchange rate valuation of EUR 0.4 million.

The 3M 2020 operating cash flow of EUR 2.8 million (3M 2019: EUR 1.2 million) consisted of EUR 3.0 million, net out of the operations before changes in net working capital, EUR 0.4 million decrease of net working capital (mainly due to increase of accrued expenses), net tax payments of EUR 0.6 million and some interest payments below EUR 0.1 million. The net cash position[1)] as of 31 March 2020 amounts to EUR 49.3 million (31.12.2019: net cash EUR 48.1 million).

## Employees

As of 31 March 2020, the Group employed 214 full-time equivalents (31.03.2019: 205). 157 (31.03.2019: 154) were employed in Switzerland, 56 (31.03.2019: 50) in Germany and 1 (31.03.2019: 1) in the USA.

## Capital Market Environment and Share Price Performance

The corona pandemic has massively affected the global economy as an exogenous shock. Apart from the impact of actual shutdowns, current analyses forecast possibly disruptive effects for both the private and the public sector, with additional crises in parts of the economy that are still unforeseeable. The IMF is currently talking about the biggest economic slump since the "Great Depression" in the early 1930s, in the light of a pronounced demand shock (due to the corona measures) and a supply shock (due to the shutdown measures) at the same time.

The IMF expects the global economy to contract by 3% in the current year, which marks a negative swing versus the institutes prior growth assumption of 3.3% three months ago. According to the actual forecast, the USA will shrink by 5.9%, Germany by 7%, and most severe, Italy by 9.1%. Mitigating effects are expected by the development in countries like China, Taiwan and South Korea, which already passed the peak of the corona pandemic. In this IMF basic scenario of stopping the pandemic in the second half of 2020, the global economy could grow again by 5.8% in the next year. If the virus cannot be stopped this year, the organization expects a contraction of 6.3% in 2020 and another 8% in 2021.

On a quarterly basis, the current shrinkage estimates for the first quarter are still in the lower single-digit range for most Western countries due to the fact, that shutdowns of these economies started step by step as of early March with a wide range of regulations until the end of March. By contrast, the full impact of the crisis is expected to be felt in Q2, with GDP forecasts slipping into the minus 10% range.

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

According to the IMF, the government programs announced worldwide for crisis management have so far reached a volume of around USD 8 trillion. The measures taken consist of direct subsidies, loans, guarantees, tax relief, but also state participations and nationalizations in ailing corporate sectors. On top of this, observers expect massive economic stimulus packages in the form of state investments at a later date.

In the USA, following two unscheduled interest rate cuts by the Federal Reserve, the target rate for Fed funds is currently 0 to 0.25%. The Federal Reserve has announced its intention to pursue a zero interest rate policy for the time being. The interest rate policy will be flanked by an unlimited Quantitative Easing program. In Europe, where interest rates have already been at zero for some time, the central bank measures are mainly aimed at securing liquidity for the economy. The European Central Bank (ECB) has approved a Quantitative Easing program of EUR 750 billion. Overall, however, the measures announced so far by the ECB are estimated to have an even higher volume of EUR 1.1 trillion for the current year.

Stock Market participants have associated the corona pandemic, which triggered dramatic equity price losses in the first quarter, with the "Black Swan" stock market phenomenon. The fastest sell-off in stock market history occurred roughly within the four weeks following February 19, 2020. Until then, the stock markets had largely ignored the Covid-19 disease in China and continued to rise from year-end levels, marking an overall positive start into the year 2020 with technology stocks again outperforming the broader indices.

The sudden corona crash then slashed almost 40% of equity prices of some of the major indices (DAX minus 38.7%, EuroStoxx 50 minus 38.2%). However, Swiss equities (SMI minus 25.8%) and the Nasdaq Composite (minus 28.7%) managed to perform better. In the last two weeks of the reporting quarter, a broad-based price recovery set in, bringing a slight outperformance of the previously most heavily fallen indices (DAX close to plus 18% and EuroStoxx 50 close to plus 17%). On a total quarterly basis, however, the DAX (minus 25%), the EuroStoxx 50 (minus 25.5%) and the Dow Jones Industrial Average (minus 23.2%) were the worst performers, while Swiss shares (SMI minus 13.1%) and technology stocks (TecDAX minus 13.8% and Nasdaq Composite minus 14.1%) ended the quarter with comparatively minor losses.

Trading in exceet shares amounted to a volume of 114,129 shares on the Xetra trading platform in the first quarter within a price range of Euro 4.98 (9 January 2020) and Euro 3.70 (16 March 2020). The progression of the share price was similar to the broad market picture in Q1. Until the beginning of the equity market crash, exceet shares managed to keep up their overall favorable level recorded at the end of the year. Afterwards the share price lost about 20% from Euro 4.72 (19 February 2020) to Euro 3.70 (16 March 2020), but regained about 12% in the succeeding recovery ending with Euro 4.16 at 31 March 2020.

Finally, on a total quarter basis the share price dropped by 16%. The slightly increased volatility of the share price was attributable to the extraordinary market environment; exceet's corporate news flow in the course of the first quarter did not have major impacts on the share price. On 23 January 2020, the shareholders decided in an extraordinary general meeting on the cancellation of 450,000 treasury shares and on the execution of the final step of the Group's reorganization process, the change of the legal form from exceet Group S.A. to exceet Group SCA under Luxembourg law.

## 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 31 March 2020 that would require adjustment of assets or liabilities or a disclosure.

## Outlook

exceet's operative business segment Healthcare has started encouraging into the new financial year. Supported by individual non-recurring effects of higher demand from certain customers, the Group managed to carry over the momentum of the final quarter of 2019 into the first three months of 2020, achieving a significant year-over-year growth rate. The order backlog[1)] amounting to EUR 13.9 million as of 31 December 2019 turned out as a positive indicator for the Group's performance in 2020, but meanwhile the visibility has decreased due to the corona pandemic which will have an overwhelming impact on growth worldwide and on almost any national economy with their entire public, private and corporate sectors. During April, after the peak in Q1, exceet recognized a shifting of scheduled orders and a reduced demand from customers.

Nevertheless, from a current point of view, exceet is still aiming for a mid-single digit top-line growth in 2020. exceet has been increasing stocks of certain base and intermediate products in Q1 to anticipate possible supply-chain disruptions. This could provide an advantage for the Group versus competing suppliers. Until now, exceet's operational sites in Germany and Switzerland have not been suffering from any shutdowns. All processes on the sites have been established to fulfil the governmental health regulations about physical distancing, disinfection, usage of home office and so on. Furthermore, exceet feels well prepared to keep up its business processes without major disturbances.

But the management is going on to act at sight and with caution. Unless the economy collapses for a longer term, the technologically demanding PCB business is well in the position to deliver growth this year due to the Group's sizable investments into the industrial fabrication of ultra-high-dense flexible boards at its Swiss location in Küssnacht. This technology enables innovative medtech product launches and could enhance exceet's future growth. The software business, currently suffering from project postponements, will also benefit from exceet's progress to establish a higher market awareness for the Group's product suite "exceet connect" as soon as customers are less focused on corona and again available for new projects.

The EBITDA Margin[1)] is historically leveraged through the Group's top line performance. The management expects the EBITDA Margin for 2020 to be in line with the prior year, depending on the recovery of the economy from the corona pandemic.

Grevenmacher, 30 April 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)

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

## INTERIM BALANCE SHEET (CONSOLIDATED)

| (in EUR 1,000) | unaudited 31 March 2020 | audited 31 December 2019 |
|---|---|---|
| **ASSETS** | | |
| Non-current assets | | |
| Tangible assets | 13,277 | 11,576 |
| Right-of-use assets | 2,460 | 2,598 |
| Intangible assets [1] | 10,206 | 10,284 |
| Deferred tax assets | 1,193 | 1,042 |
| **Total non-current assets** | 27,136 | 25,500 |
| | | |
| Current assets | | |
| Inventories | 4,403 | 3,803 |
| Trade receivables, net | 6,228 | 5,223 |
| Contract assets | 1,783 | 1,705 |
| Other current receivables | 739 | 658 |
| Prepaid expenses | 1,576 | 1,222 |
| Cash and cash equivalents | 52,649 | 51,476 |
| **Total current assets** | 67,378 | 64,087 |
| | | |
| **Total assets** | 94,514 | 89,587 |
| | | |
| **EQUITY** | | |
| Share capital | 312 | 312 |
| Reserves | 75,652 | 73,325 |
| **Equity attributable to Shareholders of the parent company** | 75,964 | 73,637 |
| **Total equity** | 75,964 | 73,637 |
| | | |
| **LIABILITIES** | | |
| Non-current liabilities | | |
| Borrowings [2] | 3,100 | 3,024 |
| Lease liabilities | 972 | 1,027 |
| Retirement benefit obligations | 3,324 | 2,853 |
| Deferred tax liabilities | 496 | 479 |
| Provisions | 339 | 333 |
| **Total non-current liabilities** | 8,231 | 7,716 |
| | | |
| Current liabilities | | |
| Trade payables | 2,644 | 1,167 |
| Contract liabilities | 1,790 | 1,448 |
| Other current liabilities | 585 | 557 |
| Accrued expenses | 2,821 | 2,258 |
| Current income tax liabilities | 1,321 | 1,451 |
| Borrowings [2] | 242 | 358 |
| Lease liabilities | 378 | 371 |
| Provisions | 538 | 624 |
| **Total current liabilities** | 10,319 | 8,234 |
| | | |
| **Total liabilities** | 18,550 | 15,950 |
| | | |
| **Total equity and liabilities** | 94,514 | 89,587 |

1) Incl. Goodwill of EUR 7,532 (31.12.2019: EUR 7,412)
2) Net cash amount to EUR 49,307 (31.12.2019: Net cash EUR 48,094) based on cash and cash equivalents of EUR 52,649 (31.12.2019: EUR 51,476) less third party borrowings EUR 3,342 (31.12.2019: EUR 3,382)

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

# INTERIM INCOME STATEMENT (CONSOLIDATED)

| (in EUR 1,000) | unaudited<br>01.01. - 31.03.2020 | unaudited<br>01.01. - 31.03.2019 |
|---|---|---|
| | | |
| Revenue from contract with customers | 13,748 | 11,900 |
| Cost of sales | (9,380) | (8,653) |
| **Gross profit** | **4,368** | **3,247** |
| *Gross profit margin* | *31.8%* | *27.3%* |
| | | |
| Distribution expenses | (1,019) | (849) |
| Administrative expenses | (1,033) | (1,050) |
| Other operating income | 7 | 34 |
| **Operating result (EBIT)** [1] | **2,323** | **1,382** |
| *EBIT margin* | *16.9%* | *11.6%* |
| | | |
| Financial income | 31 | 1,366 |
| Financial expenses | (1,000) | (2,287) |
| **Financial result, net** | **(969)** | **(921)** |
| | | |
| **Profit before income tax** | **1,354** | **461** |
| Income tax expense | (336) | (210) |
| **Profit for the period** | **1,018** | **251** |
| *Profit margin* | *7.4%* | *2.1%* |
| | | |
| PROFIT ATTRIBUTABLE TO: | | |
| Shareholders of the parent company | 1,018 | 251 |
| | | |
| | | |
| EARNINGS PER SHARE IN EURO ON TOTAL GROUP BASIS (BASIC = DILUTIVE) | | |
| Ordinary Shares | 0.05 | 0.01 |
| | | |
| | | |
| Operating result (EBIT) | 2,323 | 1,382 |
| Depreciation and amortization | 831 | 751 |
| Operating result before depreciation and amortization charges (EBITDA) [2] | 3,154 | 2,133 |
| *EBITDA margin* | *22.9%* | *17.9%* |

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)

| (in EUR 1,000) | unaudited<br>01.01. - 31.03.2020 | unaudited<br>01.01. - 31.03.2019 |
|---|---|---|
| | | |
| **Profit for the period** | 1,018 | 251 |
| | | |
| **Items not to be reclassified to income statement:** | | |
| Remeasurements of defined benefit obligation | (285) | 120 |
| Deferred tax effect on actuarial (gains)/losses | 39 | (16) |
| **Items not to be reclassified to income statement:** | (246) | 104 |
| | | |
| **Items to be reclassified to income statement:** | | |
| Currency translation differences | 1,555 | 1,010 |
| **Items to be reclassified to income statement:** | 1,555 | 1,010 |
| **Total comprehensive income for the period** | 2,327 | 1,365 |
| | | |
| Attributable to: | | |
| **Shareholders of the parent company** | 2,327 | 1,365 |

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. - 31.03.2020 | unaudited 01.01. - 31.03.2019 |
|---|---|---|
| | | |
| **Profit before income tax** | **1,354** | **461** |
| Amortization on intangible assets | 215 | 196 |
| Depreciation on tangible assets | 396 | 270 |
| Depreciation on right-of-use assets | 220 | 285 |
| Losses on disposal of assets | 3 | 0 |
| Change of provisions | (101) | (12) |
| Adjustments to retirement benefit obligations/prepaid costs | 107 | 51 |
| Financial expenses | 44 | 37 |
| Other non-cash expenses | 788 | 899 |
| **Operating net cash before changes in net working capital** | **3,026** | **2,187** |
| | | |
| Changes to net working capital | | |
| - inventories | (563) | 7 |
| - receivables | (962) | (1,768) |
| - accrued income and contract assets | (384) | (528) |
| - liabilities | 1,464 | 765 |
| - accrued expenses and contract liabilities | 860 | 936 |
| | | |
| Tax paid | (585) | (411) |
| Interest received | 1 | 8 |
| Interest paid | (51) | (36) |
| **Cashflows from operating activities [1)]** | **2,806** | **1,160** |
| | | |
| Purchase of tangible assets | (1,823) | (619) |
| Sale of tangible assets | 22 | 0 |
| Purchase of intangible assets | (6) | (22) |
| **Cashflows from investing activities** | **(1,807)** | **(641)** |
| | | |
| Payments of lease liabilities | (207) | (248) |
| **Cashflows from financing activities** | **(207)** | **(248)** |
| | | |
| **Net changes in cash and cash equivalents** | **792** | **271** |
| | | |
| **Cash and cash equivalents at the beginning of the period** | **51,476** | **113,188** |
| Net changes in cash and cash equivalents | 792 | 271 |
| Effect of exchange rate gains | 381 | 106 |
| **Cash and cash equivalents at the end of the period** | **52,649** | **113,565** |

1) Free cash flow amounts to EUR 999 (3M 2019: EUR 519) based on cash flow from operations of EUR 2,806 less net capital expenditure of EUR 1,807.

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 1 JANUARY 2020 | 312 | 5,264 | (4,525) | 46,010 | 26,576 | 73,637 |
| Profit for the period | | | | 1,018 | | 1,018 |
| **Other comprehensive income:** | | | | | | |
| Remeasurements of defined benefit obligations | | | | (285) | | (285) |
| Deferred tax effect on remeasurements | | | | 39 | | 39 |
| Currency translation differences | | | | | 1,555 | 1,555 |
| Total other comprehensive income for the period | 0 | 0 | 0 | (246) | 1,555 | 1,309 |
| Total comprehensive income for the period | 0 | 0 | 0 | 772 | 1,555 | 2,327 |
| Reclassification treasury shares reserve to retained earnings | | | 4,525 | (4,525) | | 0 |
| Total other equity effects | 0 | 0 | 4,525 | (4,525) | 0 | 0 |
| BALANCES AT 31 MARCH 2020 | 312 | 5,264 | 0 | 42,257 | 28,131 | 75,964 |
| BALANCES AT 1 JANUARY 2019 | 312 | 65,485 | (4,525) | 43,738 | 26,352 | 131,362 |
| Profit for the period | | | | 251 | | 251 |
| **Other comprehensive income:** | | | | | | |
| Remeasurements of defined benefit obligations | | | | 120 | | 120 |
| Deferred tax effect on remeasurements | | | | (16) | | (16) |
| Currency translation differences | | | | | 1,010 | 1,010 |
| Total other comprehensive income for the period | 0 | 0 | 0 | 104 | 1,010 | 1,114 |
| Total comprehensive income for the period | 0 | 0 | 0 | 355 | 1,010 | 1,365 |
| BALANCES AT 31 MARCH 2019 | 312 | 65,485 | (4,525) | 44,093 | 27,362 | 132,727 |

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 (83% of Sales 3M 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 (17% of Sales 3M 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 30 April 2020.

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

- IAS 1 / IAS 8 (Amendment) "Definition of Material" – IASB and EU effective date: 1 January 2020
- IFRS 7/ IFRS 9 / IAS39 (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 3 (Amendment) "Definition of a Business" – IASB effective date: 1 January 2020 – EU endorsement outstanding
- IFRS 17 (new) "Insurance Contracts" – 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

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 three months ended 31 March 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 31 March 2020:

| | 31 March 2020 | Average 01.01. - 31.03.2020 | 31 December 2019 | 31 March 2019 | Average 01.01. - 31.03.2019 |
|---|---|---|---|---|---|
| 1 CHF | 0.95 | 0.94 | 0.92 | 0.89 | 0.88 |
| 1 USD | 0.91 | 0.91 | 0.89 | 0.89 | 0.88 |

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 31 March 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 31 March 2020 | audited 31 December 2019 |
|---|---|---|
| CARRYING AMOUNT | | |
| Bank borrowings | 3,023 | 2,948 |
| Finance lease liabilities | 77 | 76 |
| Total | 3,100 | 3,024 |
| FAIR VALUE | | |
| Bank borrowings | 3,065 | 2,993 |
| Finance lease liabilities | 77 | 76 |
| Total | 3,142 | 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 three months ended 31 March 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. - 31.03.2020 (in EUR 1,000) | Healthcare | Software (incl. IoT) | Corporate and others | Eliminations | Total Group |
|---|---|---|---|---|---|
| Revenue from sale of electronic components | 11,369 | 1,717 | 0 | | 13,086 |
| Revenue from sale of services | 24 | 638 | 0 | | 662 |
| External revenue | 11,393 | 2,355 | 0 | | 13,748 |
| Inter-segment revenue | 0 | 0 | 0 | | 0 |
| **Total revenue** | **11,393** | **2,355** | **0** | **0** | **13,748** |
| | | | | | |
| **EBITDA** | **3,773** | **(4)** | **(615)** | **0** | **3,154** |
| *EBITDA Margin* | *33.1%* | *(0.2%)* | | | *22.9%* |
| Depreciation and amortization | (575) | (234) | (22) | | (831) |
| **EBIT** | **3,198** | **(238)** | **(637)** | **0** | **2,323** |
| *EBIT Margin* | *28.1%* | *(10.1%)* | | | *16.9%* |
| | | | | | |
| Financial income | 26 | 0 | 21 | (16) | 31 |
| Financial expenses | (79) | (31) | (906) | 16 | (1,000) |
| **Financial result, net** | **(53)** | **(31)** | **(885)** | **0** | **(969)** |
| | | | | | |
| **Profit/(Loss) before income tax** | **3,145** | **(269)** | **(1,522)** | **0** | **1,354** |
| Income tax | (418) | 82 | 0 | | (336) |
| **Profit/(Loss) for the period** | **2,727** | **(187)** | **(1,522)** | **0** | **1,018** |
| | | | | | |
| Capital expenditure tangible assets | 1,789 | 9 | 25 | | 1,823 |
| Capital expenditure intangible assets | 0 | 6 | 0 | | 6 |
| Depreciation tangible assets | (372) | (22) | (2) | | (396) |
| Depreciation right-of-use asset | (138) | (62) | (20) | | (220) |
| Amortization intangible assets | (65) | (150) | 0 | | (215) |

| 01.01. - 31.03.2019 (in EUR 1,000) | Healthcare | Software (incl. IoT) | Corporate and others | Eliminations | Total Group |
|---|---|---|---|---|---|
| Revenue from sale of electronic components | 9,177 | 2,228 | 0 | | 11,405 |
| Revenue from sale of services | 34 | 461 | 0 | | 495 |
| External revenue | 9,211 | 2,689 | 0 | | 11,900 |
| Inter-segment revenue | 0 | 0 | 0 | | 0 |
| **Total revenue** | 9,211 | 2,689 | 0 | 0 | 11,900 |
| | | | | | |
| **EBITDA** | 2,718 | (72) | (513) | 0 | 2,133 |
| *EBITDA Margin* | *29.5%* | *(2.7%)* | | | *17.9%* |
| Depreciation and amortization | (513) | (216) | (22) | | (751) |
| **EBIT** | 2,205 | (288) | (535) | 0 | 1,382 |
| *EBIT Margin* | *23.9%* | *(10.7%)* | | | *11.6%* |
| | | | | | |
| Financial income | 89 | 0 | 1,294 | (17) | 1,366 |
| Financial expenses | (108) | (35) | (2,161) | 17 | (2,287) |
| **Financial result, net** | (19) | (35) | (867) | 0 | (921) |
| | | | | | |
| **Profit/(Loss) before income tax** | 2,186 | (323) | (1,402) | 0 | 461 |
| Income tax | (310) | 100 | 0 | | (210) |
| **Profit/(Loss) for the period** | 1,876 | (223) | (1,402) | 0 | 251 |
| | | | | | |
| Capital expenditure tangible assets | 610 | 9 | 0 | | 619 |
| Capital expenditure intangible assets | 22 | 0 | 0 | | 22 |
| Depreciation tangible assets | (246) | (20) | (4) | | (270) |
| Depreciation right-of-use assets | (210) | (57) | (18) | | (285) |
| Amortization intangible assets | (57) | (139) | 0 | | (196) |

## Assets and liabilities by segment

| (in EUR 1,000) | Healthcare | Software (incl. IoT) | Corporate and others | Total Group |
|---|---|---|---|---|
| BALANCES AT 31 MARCH 2020 (UNAUDITED) | | | | |
| Tangible assets | 13'130 | 142 | 5 | 13'277 |
| Right-of-use assets | 1'474 | 870 | 116 | 2'460 |
| Intangible assets | 5'279 | 4'927 | 0 | 10'206 |
| Other non-current assets | 254 | 939 | 0 | 1'193 |
| Non-current assets | 20'137 | 6'878 | 121 | 27'136 |
| Current assets | 15'992 | 3'522 | 47'864 | 67'378 |
| Liabilities | 12'791 | 3'969 | 1'790 | 18'550 |
| | | | | |
| 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 |

### Disagreggation of revenue

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

| (in EUR 1,000) | 01.01. - 31.03.2020 | 01.01. - 31.03.2019 |
|---|---|---|
| Health | 10,772 | 8,812 |
| Industry | 2,976 | 3,088 |
| **Total** | **13,748** | **11,900** |

## 6 Financial result

The financial result includes a non-cash loss of EUR 18 (3M 2019: loss of EUR 16) related to the revaluation of Euro-loans given by the Swiss holding to finance the other group companies and a loss of EUR 704 (3M 2019: loss of EUR 969) mainly in relation to the valuation of the Euro cash-position held by the Swiss-franc holding company.

EUR 19 (3M 2019: EUR 15) 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 229 (3M 2019: EUR 212; 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 31 March 2020** | **311,960.18** |
| | |
| **Balance at 1 January 2019** | **311,960.16** |
| **Balance at 31 December 2019** | **311,960.16** |

The number of shares is 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 Unliminted Share - EGM 23 January 2020 | 1 | 1 | 0 |
| **Number of shares issued as at 31 March 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 31 March 2020 is based on the profit attributable to the owners of the parent of EUR 1,018 for three months 2020 (3M 2019: EUR 251) 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<br>01.01. - 31.03.2020 | unaudited<br>01.01. - 31.03.2019 |
|---|---|---|---|
| Profit for the year (EUR 1,000) attributable to equity holders of the Company | Class A Shares | 1,018 | 251 |
| | | | |
| Weighted average number of ordinary shares outstanding | Class A Shares | 20,073,695 | 20,073,695 |
| | | | |
| Basic earnings per share (Euro/share) | Class A Shares | 0.05 | 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 31 March 2020 the Group has no option rights outstanding, therefore no dilutive impact on the EPS is possible.

## 10 Dividends

No dividends were paid during the three months period ended 31 March 2020.

## 11 Borrowings

| (in EUR 1,000) | unaudited<br>31 March 2020 | audited<br>31 December 2019 |
|---|---|---|
| NON-CURRENT | | |
| Bank borrowings | 3,023 | 2,948 |
| Finance lease liabilities | 77 | 76 |
| Total non-current borrowings | 3,100 | 3,024 |
| | | |
| CURRENT | | |
| Finance lease liabilities | 242 | 358 |
| Total current borrowings | 242 | 358 |
| Total borrowings | 3,342 | 3,382 |

## 12 Retirement benefit obligation

For the three months of 2020 there were minus EUR 2,137 impact from return on plan assets (3M 2019: EUR 1,920) and from measurements of the defined benefit obligation arising from changes in economic assumptions (discount rates) EUR 1,807 (3M 2019: minus EUR 1,800) and EUR 45 (3M 2019: EUR 0) 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 charges for consultancy from related parties in the first three months of 2020 in the amount of EUR 95 (3M 2019: legal charges of EUR 65).

## 14 Events occurring after the reporting period

There were no events since the balance sheet date on 31 March 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. | 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 [2] | 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) 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) | 3M 2020 | 3M 2019 | Reference |
|---|---|---|---|
| Operating result (EBIT) | 2,323 | 1,382 | Consolidated Income Statement |
| Depreciation on tangible assets | 396 | 270 | Note 5 |
| Depreciation on right-of-use assets | 220 | 285 | Note 5 |
| Amortization on intangible assets | 215 | 196 | Note 5 |
| **EBITDA** | **3,154** | **2,133** | |

### 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) | 3M 2020 | 3M 2019 | Reference |
|---|---|---|---|
| Revenue | 13,748 | 11,900 | Consolidated Income Statement |
| EBITDA | 3,154 | 2,133 | Note 16.1 |
| **EBITDA Margin** | **22.9%** | **17.9%** | |

## 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) | 3M 2020 | 3M 2019 | Reference |
|---|---|---|---|
| EBITDA | 3,154 | 2,133 | Note 16.1 |
| Non-recurring costs due to restructuring | 0 | 84 | |
| **Recurring EBITDA** | **3,154** | **2,217** | |

## 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) | 3M 2020 | 3M 2019 | Reference |
|---|---|---|---|
| Revenue | 13,748 | 11,900 | Consolidated Income Statement |
| Recurring EBITDA | 3,154 | 2,217 | Note 16.3 |
| **Recurring EBITDA Margin** | **22.9%** | **18.6%** | |

## 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) | 3M 2020 | 3M 2019 | Reference |
|---|---|---|---|
| Net Profit for the period | 1,018 | 251 | Consolidated Income Statement |
| Non-recurring costs due to restructuring | 0 | 84 | |
| Currency exchange difference (non-cash) | 704 | 969 | |
| **Recurring Group Net Profit** | **1,722** | **1,304** | |

## 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) | 3M 2020 | 3M 2019 | Reference |
|---|---|---|---|
| Revenue | 13,748 | 11,900 | Consolidated Income Statement |
| Impact of the exchange rates on revenues | 557 | 292 | |
| **Revenue for organic growth calculation** | **13,191** | **11,608** | |
| Prior year comparable revenue | 11,900 | 10,153 | Consolidated Income Statement |
| **Organic growth** | **10.8%** | **14.3%** | |

## 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 31 March** | **16,765** | **10,387** | |

## 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) | 31 March 2020 | 31 March 2019 | Reference |
|---|---|---|---|
| Revenue | 13,748 | 11,900 | Consolidated Income Statement |
| | | | |
| Order backlog 31 March (prior year) | 10,387 | 11,650 | |
| Revenue (last 12 months) | 45,505 | 43,282 | Revenue from 01.04. until 31.03. |
| Order backlog prior year adjustment/FX effects | (4,385) | (1,215) | |
| Order backlog 31 March (reporting year) | 16,765 | 10,387 | Note 16.7 |
| Orders received during the period | 47,498 | 40,804 | |
| | | | |
| **Book-to-Bill Ratio** | **1.04** | **0.94** | |

## 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) | 31 March 2020 | 31 December 2019 | Reference |
|---|---|---|---|
| Inventories | 4,403 | 3,803 | Consolidated Balance Sheet |
| Trade receivables | 6,228 | 5,223 | Consolidated Balance Sheet |
| Trade payables | (2,644) | (1,167) | Consolidated Balance Sheet |
| **Operating Net Working Capital** | **7,987** | **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) | 31 March 2020 | 31 December 2019 | Reference |
|---|---|---|---|
| Bank borrowings (current and non-current) | 3,023 | 2,948 | Note 11 |
| Finance lease (current and non-current) | 319 | 434 | Note 11 |
| Total borrowings (current and non-current) | 3,342 | 3,382 | Consolidated Balance Sheet |
| Less: cash and cash equivalents | (52,649) | (51,476) | Consolidated Balance Sheet |
| **Net (Cash)/Debt** | **(49,307)** | **(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) | 31 March 2020 | 31 December 2019 | Reference |
|---|---|---|---|
| Total Assets | 94,514 | 89,587 | Consolidated Balance Sheet |
| Total Equity | 75,964 | 73,637 | Consolidated Balance Sheet |
| **Equity Ratio** | **80.4%** | **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) | 31 March 2020 | 31 March 2019 | Reference |
|---|---|---|---|
| Cash flow from operating activities | 2,806 | 1,160 | Consolidated Cash Flow |
| Net capital expenditures [1] | (1,807) | (641) | Note 5 |
| **Free cash flow** | **999** | **519** | |

1) Including cash from disposal of assets EUR 22 (3M 2019: EUR 0)