InTiCa Systems

2020

INTERIM REPORT H1

H1 2020 in figures

The Group

	Q2 2019 EUR ´000	**Q2 2020 EUR ´000**	H1 2019 EUR ´000	**H1 2020 EUR ´000**	Change vs. Q2 2019
Sales	15,984	**11,219**	29,604	**29,475**	-0.4%
Net margin (net result for the period)	1.1%	**-9.5%**	0.9%	**-2.5%**	-
EBITDA	1,764	**316**	3,276	**2,312**	-29.4%
EBIT	449	**-1,017**	740	**-461**	-
EBT	270	**-1,169**	398	**-779**	-
Net result for the period	176	**-1,069**	269	**-746**	-
Earnings per share (diluted/basic in EUR)	0.04	**-0.25**	0.06	**-0.17**	-
Total cash flow	682	**-795**	-1,050	**-2,361**	-
Net cash flow for operating activities	2,729	**345**	2,193	**323**	-85.3%
Capital expenditure	1,833	**376**	2,392	**889**	-62.8%

	Jun 30, 2019 EUR ´000	Dec 31, 2019 EUR ´000	**Jun 30, 2020 EUR ´000**	Change vs. Dec 31, 2019
Total assets	58,468	55,297	**52,354**	-5.3%
Equity	17,143	17,969	**15,669**	-12.8%
Equity ratio	29%	33%	**30%**	-
Number of employees incl. agency staff	711	601	**707**	+17.6%

The Stock

	H1 2019	2019	**H1 2020**
Closing price (in EUR)	5.45	7.60	**6.25**
Period high (in EUR)	6.30	8.50	**8.50**
Period low (in EUR)	5.20	4.84	**3.80**
Market capitalisation at end of period (in EUR million)	23.4	32.6	**26.8**
Number of shares	4,287,000	4,287,000	**4,287,000**

The stock prices are closing prices on XETRA.

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Foreword by the Board of Directors

Dear shareholders, employees and business associates,

While we were able to present very pleasing figures in our report on the first quarter despite the coronavirus pandemic, the crisis reached InTiCa in the second quarter. With plant shutdowns by automotive manufacturers and major automotive suppliers, there was a significant reduction in order call-offs, resulting in a massive drop in sales. Overall, in the period from April to June volume sales were roughly 45% below our original expectations. That was more or less in line with the worldwide slump in the automotive industry. In the first six months of the year, 7.5 million fewer vehicles were sold in the major regions – Europe, the USA and China – than in the same period of the previous year. That was a decline in volume of 28%. In April and May, when most assembly lines were at a standstill in Europe and North America, new registrations dropped by more than 60% in some cases. In Germany, the number of cars sold was at the lowest level since reunification. As a consequence of the dramatic drop in demand, the interruption of supply lines at times and weeks-long production stoppages, car production in the first half dropped to the lowest level for 45 years. About one in two employees in the sector is still on short-time working.

Those are dramatic figures. And the present economic situation is also dramatic. Although the automotive industry is particularly badly affected, similar developments have also been seen in other sectors. For instance, sales in the German electrical and electronics industry fell by around 20% in the second quarter of 2020. The ifo institute estimates that the German economy as a whole contracted by nearly 12% between April and June. That is by far the sharpest economic downturn in Germany in the post-war period and the euro zone also plunged into the deepest recession since it was established.

Given the circumstances, InTiCa's first-half figures are comparatively good: thanks to the strong first quarter, half-year sales were EUR 29.5 million, which was actually around the prior-year level (H1 2019: EUR 29.6 million). Unlike sales, the InTiCa Group's net income was considerably lower than in the previous year. EBITDA was EUR 2.3 million, a year-on-year drop of almost 30% (H1 2019: EUR 3.3 million) and all other key earnings indicators were negative.

The principal reasons for the disproportionately high drop in earnings were: firstly, exchange rate effects increased other expenses. Both the Czech koruna and the Mexican peso depreciated sharply at the beginning of the coronavirus pandemic. This resulted in clear currency translation losses at the Prachatice and Silao sites, although these have no impact on cash flow. Secondly, our fixed costs have increased in 2020 as a result of future-oriented investments and the expectation of rising sales.

In view of these future-oriented investments, especially in the e-strategy, InTiCa is looking ahead to the future with confidence despite the present difficult situation. Based on a strategic process of proactive transformation, InTiCa took steps early on to focus on cross-segment future technologies, and has now repositioned itself as a substantial solution provider and system supplier for e-solutions. We use the term e-solutions to refer to a combination of technological expertise and intelligent interaction of energy generation, energy storage, energy management and energy use. InTiCa already offers serial solutions for a broad spectrum of product areas, ranging from power electronics for the generation of electricity and EMC filters for e-storage solutions to system solutions for hybrid and electric vehicles.

Our upfront investment is now paying off because the present crisis will reinforce the macroeconomic transformation process. That is evident from the German government's economic stimulus packages. Those who are only just starting to react will find it hard. At InTiCa, we have already invested considerably in the future and we are benefiting from our good competitive position, because in economically challenging times, it is efficient and environment-friendly new technologies that are in demand. For example, the number of electric cars registered in Germany nearly doubled to 93,682 in the first six months of 2020 (+96%). According to the Federal Motor Transport Authority (KBA), new registrations of electric cars powered ahead in June, rising by 118% to 18,897 vehicles, which increased their share of the total market to 8.6%. The six-month reduction in value-added tax with effect from July 1, 2020, combined with a considerably higher bonus for the purchase of environmentally friendly cars, should give demand a further boost in the coming months.

This most recent development is also reflected in our order books. Starting from a very low level, there are signs of slight recovery. However, this should not be confused with complete normalization. The automotive sector expects to contract by 15-20 percent in 2020 as a whole. Looking forward, the market downturn could continue into 2021. Many customers are not yet able to forecast exactly which projects will continue and how markets will develop.

Overall, the situation remains very uncertain and is dominated by short-term decisions. The production stoppage ordered by the authorities at InTiCa's site in the Czech Republic due to Covid-19 infections among the workforce has made this particularly clear to us. The Board of Directors and the local management are working closely with the Czech authorities to provide the best possible protection for all InTiCa employees and their families and to minimize the impact on production and our customers. Having received the official go-ahead, production has gradually been restarted, but every week in which we cannot operate at full capacity translates into lost sales of up to EUR 1.5 million. Whether the shortfall can be recouped by the end of the year depends on the extent to which the official measures affect logistics and staff availability. It is therefore difficult to assess the impact on sales and earnings. In view of this, specific forecasting for the year as a whole is impossible. We will issue guidance as soon as this changes.

In this connection, we would like to stress that, despite the heightened uncertainty, from the present viewpoint the liquidity situation at InTiCa Systems AG is secure, even in stress scenarios. That is partly because we introduced wide-ranging measures right at the start of the pandemic. These included using short-time working and possibilities to defer tax payments, cutting back on agency staff and speeding up the decision we had already taken to scale back capital expenditure. Through our banks, we also arranged a loan of EUR 6 million from the German reconstruction and development bank (KfW). We did not have to provide any security for this. That shows the confidence in our business and gives us additional headroom. We therefore consider that we are well-positioned to emerge strengthened from the present unprecedented situation and that we will soon be back on our growth trajectory.

In these extraordinary times, we would especially like to thank the team at InTiCa Systems for their work, their commitment and, above all, their active support in handling this crisis. In addition, we would like to thank our customers and partners for their good collaboration in difficult conditions and, last but not least, you, our shareholders, for your trust in us.

Passau, August 2020

Yours,

Dr. Gregor Wasle	Günther Kneidinger
Chairman of the Board of Directors	Member of the Board of Directors

Company Boards

Left to right:
Christian Fürst,
Udo Zimmer,
Werner Paletschek,
Günther Kneidinger,
Gregor Wasle

Board of Directors

Gregor Wasle
Chairman of the Board of Directors
Engineering graduate
Strategy, investor relations, R&D, production, finance, human resources and IT

Günther Kneidinger
Member of the Board of Directors
Sales, materials management, Logistics centre and quality

Supervisory Board

Udo Zimmer
Chairman
Business administration graduate
Munich
- *Chairman of the Board of Management of REMA TIP TOP AG*

Werner Paletschek
Deputy Chairman
Business administration graduate
Fürstenzell
- *Managing director of OWP Brillen GmbH*

Christian Fürst
Member of the Supervisory Board
Business administration graduate
Thyrnau
- *Managing partner of ziel management consulting gmbh*
- *Managing partner of Fürst Reisen GmbH &Co. KG*
- *Chairman of the Supervisory Board of Electrovac AG*
- *Advisory Board of Eberspächer Gruppe GmbH & Co. KG*

The Stock

InTiCa Systems' share price performance[1)]

Following on from 2019, which was a positive year on the stock market, with the TecDAX rising to record level in December 2019, the markets initially remained stable at the start of 2020. At the close of trading on February 2020, Germany's blue-chip index, the DAX, hit an absolute all-time high of 13,789 points. However, the escalating coronavirus crisis and concern about its economic impact led to considerable turbulence on the financial markets and the world's leading indices fell. Between mid-February and mid-March, the DAX dropped by around 38%, falling from its absolute all-time high to below 8,500 points. However, this was followed by a rally, which continued until the end of the first six months. Nevertheless, on June 30, 2020, the DAX was at 12,310.93 points, which was still 7.1% lower than at the start of January. The loss on the TecDAX was slightly lower at 2.0%.

In this exceptional situation, some small and mid-caps like InTiCa Systems AG were exposed to even greater volatility. Having ended 2019 with a pleasing gain of around 22%, shares in InTiCa Systems AG started the new year at EUR 7.25. Initially, the upward trend continued. The share price rose to a year-to-date high of EUR 8.50 on 24 January 2020. Shares in InTiCa Systems AG were unable to buck the general downward trend that started at the end of February as a result of the coronavirus pandemic and fell considerably in this period. The year-to-date low was EUR 3.80 on March 16, 2020. The financial markets subsequently recovered and – supported by strong Q1 figures - shares in InTiCa Systems picked up again. Shares in InTiCa ended the first six months at EUR 6.25 on June 30, 2020. After that the share price initially traded sideways, but slipped slightly following publication of the provisional half-year figures in the wake of the Annual General Meeting. The closing price on August 7, 2020 was EUR 5.45, a drop of 24.8% since the start of the year, and InTiCa Systems' market capitalization was EUR 23.4 million.

In the first half of 2020, we provided timely information for our shareholders and the general public on current business trends, specific events and the company's overall prospects. As in the past, the press conference to mark the publication of the annual report for 2019 attracted considerable interest from analysts and investors. The presentation and speech given at the press conference can be accessed on the company's homepage at Investor Relations/Publications [available in German only]. The presentation given at this year's Annual General Meeting on July 15, 2020, which was held virtually for the first time due to the corona pandemic, is also published on the website. At the AGM, shareholders were able to inform themselves about fiscal 2019 and the corrent situation at InTiCa Systems AG.

In addition, InTiCa Systems AG once again plans to give a presentation for investors, analysts and financial journalists at this year's Munich Capital Markets Conference (MKK). MKK is the biggest capital market conference in southern Germany and will be held on December 8/9, 2020.

1) Price data based on Xetra, source: Bloomberg

Key data on the share

ISIN	DE0005874846
WKN	587484
Stock market symbol	IS7
Trading segment	Regulated Market
Transparency level	Prime Standard

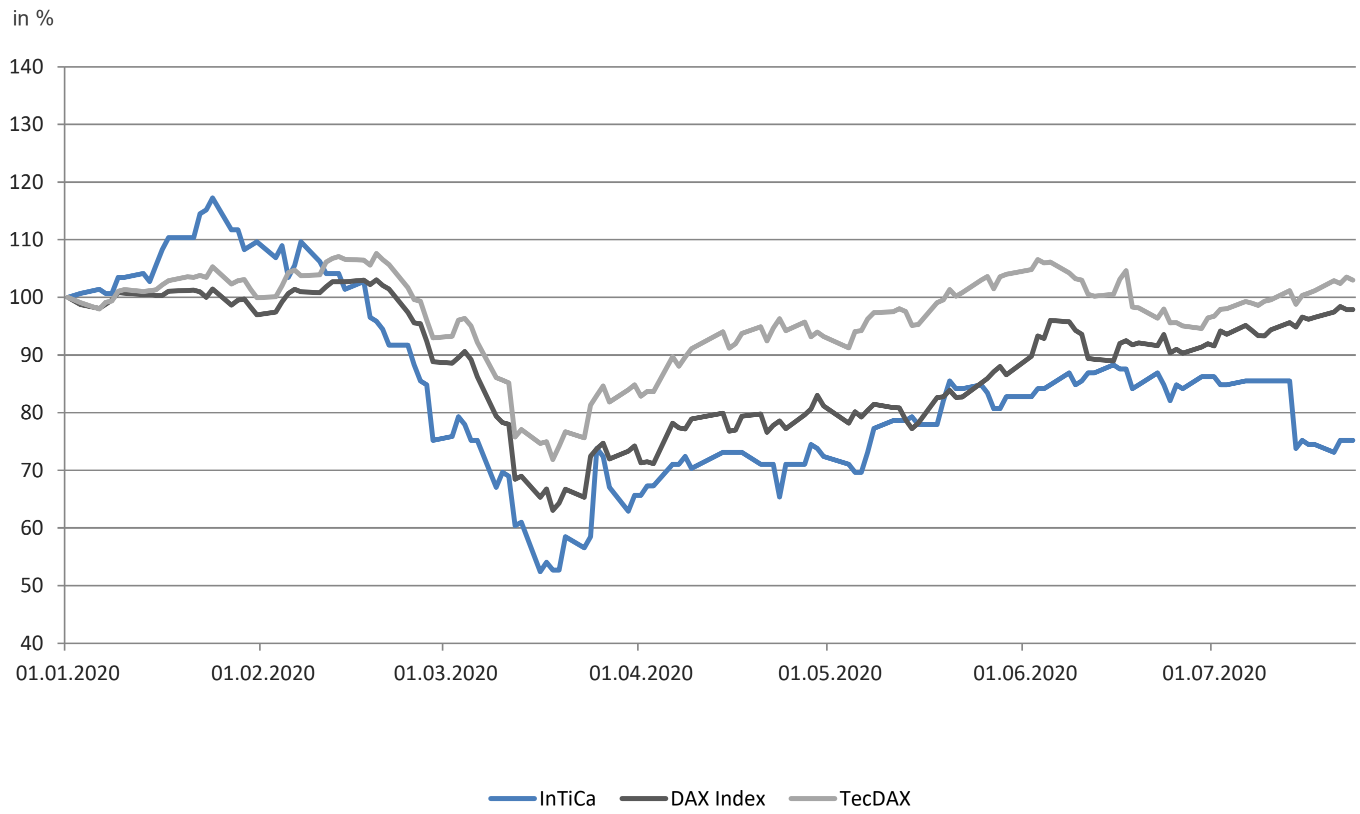
Designated Sponsor	BankM AG
Research Coverage	SMC Research
No. of shares	4,287,000
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, München, Stuttgart, Düsseldorf

Shareholder structure

Thorsten Wagner	over 25%
Dr. Dr. Axel Diekmann	over 25%
Tom Hiss	over 5%
Jürgen and Elsiabeth Donath	over 3%
InTiCa Systems AG	1.5%
Management	less than 1%

As of August 01, 2020

Share price performance



Interim Management Report of the Group

for the period from January 1 to June 30, 2020

Economic report

General economic conditions

While a moderate rise in economic growth was originally forecast both for Germany and globally in 2020, economic activity nosedived worldwide in the first six months as a result of the coronavirus pandemic. Industrial output dropped in China from January, followed by a downturn in other Asian countries from February, and in the advanced economies from March. To check the spread of the new infection and avoid over-stretching the health-care system, considerable restrictions were imposed on public life and economic activity in Germany and other countries. The restrictions on economic activity were evident, among other things, in supply bottlenecks, staff absences and even production stoppages as a result of temporary shutdowns. Moreover, these measures and more cautious spending patterns by many consumers led to a sharp drop in consumer spending.

This unprecedented downturn had a particularly adverse effect on the German economy with its global interconnections because companies are dependent both on global demand for German goods and on supplies from the rest of the world. As a result, the coronavirus pandemic and the measures to control it have plunged the German economy into by far the worst recession in its post-war history. In the first quarter of 2020, the country's gross domestic product only shrank by 2.2% thanks to a strong start to the year. However, in its summer 2020 economic forecast, the ifo institute anticipates that German GDP will contract by 11.9% in the second quarter. The ifo experts estimate that during the shutdown alone, which affected almost all sectors of the economy between mid-March and the end of April 2020, total economic output probably shrank by nearly 16%.

In the spring, the entire euro zone also went through the deepest recession in its history. Month-on-month, industrial output fell by 11.9% in March and 17.1% in April. GDP probably shrank by 12.9% in the second quarter of 2020. Based on the monthly figures already available for the second quarter, it can be assumed that there was also a historically unprecedented downturn in the global economy. China is the exception. Since the virus broke out earlier there, it is likely that total economic output picked up again in the second quarter.

Given the significant drop in the number of new infections, state measures to curb the epidemic have now been eased and even removed completely in some sectors. Many of the indices derived from the company surveys in May and June have ceased to decline, and some have actually shown strong rises, although they are not back at the pre-crisis level. That indicates that many economies may be past the worst and recovery is likely in the third quarter. In view of the present low starting point, the ifo institute is forecasting growth of 6.9% in the third quarter and 3.8% in the fourth quarter. Average economic output is set to be 6.7% lower this year than in 2019. After adjustment for the high number of working days compared with 2019, the anticipated decline is 7.1%.

Globally too, economic output and consumer and capital spending should begin to recover in the third quarter. Starting from the low level of the previous quarter, euro-zone GDP should exhibit strong growth of 8.8%. Economic momentum is likely to slow slightly in the fourth quarter, but the growth rates are still expected to remain above average Overall, the ifo institute forecasts that real GDP in the euro zone will decline by 8.4% in 2020 as a whole. Worst affected will be the major economies: France (-10.1%), Spain (-9.8%) and Italy (-8.9%). Worldwide, the ifo experts predict a somewhat lower recession of -4.8%. Global growth has therefore been revised downwards by 5.0 percentage points compared with the 2020 spring forecast. While it seems possible that China could report slight growth of 0.1%, countries like the UK (-8.5%), the USA (-5.7%) and Mexico (-7.6%) seem to be facing a serious recession.

The economic development therefore depends essentially on assumptions of how the pandemic will continue and the speed with which demand for goods and services picks up. Possible changes in consumer and company spending patterns play a role in this, as well as the development of corporate profits and private incomes. The ifo institute's forecast is based on a scenario where easing of the shutdown measures continues through the forecasting period without another widespread rise in infections. In particular, it excludes a second wave of infections, which would entail further serious macroeconomic costs.

According to the ifo institute's June survey, on average companies expect their business to normalize in eight months, in other words, in the first quarter of 2021. In this context, normalization is considered to be achieved when companies are producing the same volume of goods and services as before the coronavirus pandemic. The forecast takes into account a rise in insolvencies as a result of the crisis and thus a reduction in production potential. By contrast, according to the ifo institute, production of goods and services will only regain the pre-crisis level at the turn of 2021/2022. This forecast is based on the assumption that the economic recovery continues in 2021, combined with 6.4% GDP growth. The ifo experts forecast similar growth rates for the euro zone (+6.1%) and the global economy (+6.3%). China will probably make an above-average contribution to the global growth rate, while the estimates for the USA (+4.4%) and Mexico (+3.7%) are far more subdued.

Nevertheless, the downside risks for the global economic development still outweigh the upside potential. To avoid insolvencies and the associated long-term drop in output, most countries are introducing extensive aid packages and monetary and fiscal policy measures in an effort to cushion the expected economic impact. However, it is unclear whether such measures can prevent a wave of insolvencies and thus guarantee unchanged production structures. For companies that operate globally, a realignment of international value chains and markets would entail considerably higher costs. In addition, no tangible progress is currently being made in the negotiations with the UK on its future relationship with the European Union. Brexit without a satisfactory trade agreement could weigh on trade between the UK and the EU member states and dampen economic activity.

Market and market environment

Automotive Technology

Due to the impact of the coronavirus pandemic and the measures to contain it, there was a sharp drop in volume sales on the international car markets in the first six months of 2020. In total, 7.5 million fewer cars were sold in the large market areas – China, the USA and Europe (EU27 & EFTA & UK) – than in the prior-year period. That was a 28% drop in volumes. The European market was hardest hit. Here, 5.1 million new cars were registered in the first six months, 39% fewer than in the prior-year period. The five largest European markets all reported double-digit declines.

While the number of new vehicle registrations was down by as much as half in some countries (France -39%, Italy -46%, UK -49%, Spain -51%), the decline was lowest in Germany (-35%). Even so, 1.21 million cars sold was the lowest first-half figure for Germany since reunification. As a consequence of the dramatic drop in demand, the interruption of supply lines at times and weeks-long production stoppages, car production in the first half dropped to the lowest level for 45 years. Just under 1.5 million vehicles were produced at German sites between January and June, about 40% less than in the prior-year period. About one in two employees in the sector is currently working short-time.

In the USA, volumes in the light vehicle market (cars and light trucks) fell by almost a quarter (-23%) to 6.4 million new vehicles in the first six months of this year. There was also a massive slump in volume sales in Japan (-20%), Russia (-23%) and Brazil (-39%) in the first half of 2020. The Chinese market for new cars reported the sale of 7.7 million cars by the end of the first half of 2020. That was a reduction of 2.2 million cars (-23%) compared with the same period of 2019. By contrast, sales rose 1% to 1.7 million in June. That was the second consecutive increase.

There are signs of a slight recovery in the second half of the year. According to the ifo economic barometer for the automotive industry, there has recently been a strong rise in demand. While the index was at -80.6 points in May, it registered +52.2 points in June. That was the strongest month-on-month improvement measured since 1991. The assessment of orders on hand was also positive for the first time in 13 months. In June, this indicator rose to +15.2 points, compared with -65.7 in May. Production expectations also improved for the second time in succession, with the indicator rising to +50.0 points in June, following +23.5 points in May. More companies are planning to increase production from the current low level, partly because there seems to be a cautious upturn in foreign business. In June, the indicator showing export expectations was positive at +16.8 points for the first time in 17 months.

However, the sector is still very pessimistic about the present business situation. The ifo index rose only slightly to -81.8 points in June, up from -85.6 in May, because even a continuation of the upward trend will come nowhere near offsetting the drop in the first half of the year. The German Automotive Industry Association (VDA) anticipates that in the 2020 financial year the global car market will shrink by 17% year-on-year to 65.9 million cars. A particularly significant drop of 24% is expected in Europe. In Germany, the VDA estimates that domestic output will be 3.5 million cars (-25%), with around 2.8 million new registrations (-23%). By contrast, the downturn is expected to be lower in the USA (-18%) and China (-10%). These expectations are based on the assumption that it will be possible to curb the coronavirus pandemic in Europe and other parts of the world.

With investment of EUR 50 billion in new drives alone, plus a further EUR 25 billion for digitization up to 2024, VDA's member companies are investing substantially in the transformation. The range of electric models made in Germany will more than double from 70 at present to over 150 by the end of 2023. Moreover, the German producers greatly increased their market share of new registrations of electric cars in Germany in the first six months of this year from 48% to 66%. Seven out of ten of the best-selling electric models are already German brands.

Overall, electric car registrations in Germany almost doubled to 93,682 (+96%) in the first six months of 2020, despite the coronavirus crisis. According to the Federal Motor Transport Authority (KBA), new electric car registrations powered ahead in June, with a rise of 118% to 18,897 cars, which increased their share of the total market to 8.6%. This dynamic development was once again driven by plug-in hybrids (PHEV), which increased by 274% to a new record of 10,749 vehicles. Market-volume for fully electric vehicles (battery electric vehicles/BEV) rose 41% to 8,119 vehicles. The six-month reduction in value-added tax with effect from July 1, 2020, combined with a considerably higher bonus for the purchase of environmentally friendly cars, should give demand a further boost in the coming months.

Ultimately, the extent to which the automotive industry as a whole is affected by the coronavirus pandemic will depend on whether customers raise spending rapidly as seems to have been the case in China or whether they initially put off major purchases such as cars.

Industrial Electronics

While the first quarter was largely unaffected by the coronavirus crisis, the German electrical and electronics industry felt the full brunt of the pandemic and the related lockdown in the second quarter. The German Electrical and Electronic Manufacturers' Association (ZVEI) reports that year-on-year sector revenue in Germany fell 17.5% in April and 22.4% in May. Aggregate sector sales were EUR 70.8 billion in the first five months of 2020, a decline of 9.4% compared with the prior-year period. Domestic revenue (-9.1% at EUR 33.4 billion) and foreign revenue (-9.5% at EUR 37.4 billion) fell at the same rate. Within the foreign business, revenue in the euro zone (-12.4% at EUR 13.6 billion) fell slightly faster than revenue from other countries (-7.7% at EUR 23.8 billion).

Order intake fell even faster than sales. In the first five months of 2020 taken together, orders were 11.8% lower than in the same period of 2019. Domestic orders fell by 12.2% and foreign orders were down 11.4%. Orders from the euro zone were particularly badly affected. The decline of 16.2% year-on-year in this region was almost twice as high as the drop in demand from business partners outside the euro zone. While orders were 22.7% lower in April 2020, the drop was 27.9% in May, despite initial easing of coronavirus restrictions.

The number of new reports of short-time working has flattened out, however. While the number of employees newly registered as working short-time was 218,400 in April and 58,200 in May, it dropped to 23,600 in June. The total workforce in the sector was 879,000 at the last count. Moreover, the sentiment indicators for June provide some hope that the worst is now over. ZVEI registered signs of recovery in both planned production and the business climate. Companies in the German electrical and electronics sector recently revised their production plans upwards. In June, the net balance of companies that plan to increase or decrease output in the next three months improved from -38 to -10. General business expectations in the sector also improved further.

This was partly due to the fact that demand from China has improved markedly since April. On a cumulative basis, exports rose 4.8% to EUR 9.1 billion between January and May. By contrast, deliveries of electrical and electronics products to the USA, which is the second most important market, posted another sharp drop in May (-38%). In the first five months of 2020, exports therefore fell 10.9% year-on-year to EUR 7.1 billion. The situation is similar for German electrical and electronics exports to European countries: here a drop of 10.5% to EUR 51.0 billion was registered in the period January to May 2020.

While the US market has not yet bottomed out, a recovery is on the cards for Germany and the euro zone, according to the fourth ZVEI survey on the effects on the coronavirus on the sector in Germany. Nevertheless, it is clear that the crisis will result in a considerable drop. Nearly 90% of companies are still reporting slight impairment of operating workflows, while 5 percent report serious impairments of their workflows. Half of companies have cut production capacity, especially in Germany (around -40%) and Europe (about -35%). A fifth of employees in the sector are currently working short-time. That said, the majority of companies surveyed are not planning to reduce their headcount at present.

Three quarters of the companies surveyed by ZVEI welcome the latest economic stimulus package. When restarting the economy, it is important to ensure selective investment in emissions-reducing technologies, digital infrastructure and digital training. In addition, many companies want to rethink their supply chains. Around 30% plan to make their supply chains more regional and 20% want to place them on a broader basis. In addition, 10% of companies want to increase warehouse capacity as a result of the experience of recent months.

In view of the enormous uncertainty at present, it is not really possible to say how badly the electrical and electronics industry will be affected by the coronavirus pandemic up to the end of the year. However, the ZVEI's president, Michael Ziesemer, considers that full-year sales could drop by around 10%.

Significant events in the reporting period

There were no events of material significance for the company in the reporting period.

Earnings, asset and financial position

The first half of 2020 was overshadowed by the impact of the coronavirus pandemic. While InTiCa was initially able to continue its successful growth in the first quarter, it felt the full force of the industrial shutdown in the second quarter. Order call-offs fell substantially and at the end of the quarter sales were 45 percent below the original expectations. As a result of the very good first quarter, sales were EUR 29.5 million at the end of the first half, which was around the prior-year level (H1 2019: EUR 29.6 million).

By contrast, Group net income was far lower than in the prior-year period because fixed costs increased year-on-year as a result for future-oriented investments made in the expectation of rising sales. As a result, EBITDA was EUR 2.3 million, a drop of nearly 30% year-on-year (H1 2019: EUR 3.3 million). The EBITDA margin therefore dropped to 7.8% (H1 2019: 11.1%). The other earnings indicators were all negative. Overall, the net loss for the period was EUR 0.7 million (H1 2019: net profit of EUR 0.3 million).

The operating cash flow was EUR 0.7 million in the first six months of 2020, which was considerably lower than in the prior-year period (H1 2019: EUR 2.8 million) but nevertheless clearly positive. As a result of capital expenditures and scheduled repayment instalments, there was an overall cash outflow of EUR 2.4 million in the reporting period (H1 2019: outflow of EUR 1.1 million). The equity ratio declined to 29.9% in the reporting period (December 31, 2019: 32.5%). Despite the high degree of uncertainty, the liquidity situation is secure, even in stress scenarios. Moreover, additional headroom was secured after the reporting date: through its banks, in July 2020 InTiCa Systems AG obtained a six-year loan of EUR 6 million from the German reconstruction and development bank (KfW).

Earnings position

Group sales were around the prior-year level in the first half of 2020 at EUR 29.5 million, which was a slight drop of 0.4% (H1 2019: EUR 29.6 million). In the Automotive Technology segment, which has been particularly badly affected by the coronavirus pandemic, sales fell 1.9% compared with the first half of 2019 to EUR 21.4 million (H1 2019: EUR 21.8 million). By contrast, the Industrial Electronics segment posted a slight improvement of 3.7% year-on-year to EUR 8.1 million (H1 2019: EUR 7.8 million).

The ratio of material costs to total output was 59.5% in the reporting period, which was above the prior-year level (H1 2019: 56.5%). A rise was observed in particular in the second quarter, influenced by the coronavirus pandemic. By contrast, the personnel expense ratio (including agency staff) decreased slightly from 23.8% to 23.3%. At the same time, other expenses increased from EUR 4.1 million in the prior-year period to EUR 5.0 million. This was principally due to the sharp depreciation of the Czech koruna and Mexican peso at the start of the coronavirus pandemic, resulting in significant exchange losses, although these had no impact on the cash flow. Moreover, the expenses for agency staff, which are contained in other operating expense, increased slightly to EUR 1.6 million (H1 2019: EUR 1.4 million).

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 2.8 million (H1 2019: EUR 2.5 million), and spending on research and development was EUR 0.9 million (H1 2019: EUR 1.4 million). Development work focused principally on the e-solutions business.

EBITDA (earnings before interest, taxes, depreciation and amortization) declined by 29.4% year-on-year to EUR 2.3 million (H1 2019: EUR 3.3 million). The EBITDA margin was also lower than in the first half of 2019 at 7.8% (H1 2019: 11.1%). EBIT (earnings before interest and taxes) was negative at minus EUR 0.5 million, whereas in the first half of 2019 EBIT was positive at EUR 0.7 million. At segment level, Automotive Technology reported EBIT of minus EUR 0.4 million in the first six months of 2020 (H1 2019: EUR 0.4 million) and the Industrial Electronics segment reported EBIT of minus EUR 0.03 million (H1 2019: EUR 0.3 million).

As in the prior-year period, the financial result was minus EUR 0.3 million (H1 2019: minus EUR 0.3 million). While the Group reported tax expense of EUR 0.1 million in the first half of 2019, in the reporting period, there was tax income of EUR 0.03 million. The result was a net loss of EUR 0.7 million in the first six months of 2020 (H1 2019: profit of EUR 0.3 million). Earnings per share were minus EUR 0.17 (H1 2019: EUR 0.06).

As a result of currency translation losses of EUR 1.6 million (H1 2019: gains of EUR 0.1 million) from the translation of foreign business operations, total comprehensive income was minus EUR 2.3 million in the first six months of 2020 (H1 2019: EUR 0.4 million).

Non-current assets

Non-current assets decreased to EUR 30.3 million as of June 30, 2020 (December 31, 2019: EUR 33.7 million). Intangible assets decreased slightly from EUR 4.8 million to EUR 4.5 million and property, plant and equipment declined from EUR 27.3 million to EUR 24.2 million. Deferred taxes were unchanged from December 31, 2019 at EUR 1.6 million.

Current assets

Current assets increased slightly to EUR 22.1 million as of June 30, 2020 (December 31, 2019: EUR 21.6 million). Trade receivables rose from EUR 7.1 million to EUR 8.7 million in the reporting period and cash and cash equivalents increased from EUR 0.7 million to EUR 1.0 million. At the same time, inventories decreased from EUR 10.3 million to EUR 9.8 million and other current receivables from EUR 3.1 million to EUR 2.1 million. Other financial assets totalled EUR 0.4 million, the same as at the end of 2019 (December 31, 2019: EUR 0.4 million).

Liabilities

Current liabilities increased slightly to EUR 21.0 million in the first half of 2020 (December 31, 2019: EUR 20.4 million). This was attributable to the increase in other current provisions to EUR 2.3 million (December 31, 2019: EUR 1.7 million), financial liabilities to EUR 12.4 million (December 31, 2019: EUR 10.8 million) and other financial liabilities to EUR 1.8 million (December 31, 2019: EUR 1.4 million). Trade payables decreased, by contrast, from EUR 5.9 million to EUR 4.2 million and other current liabilities declined to EUR 0.3 million (December 31, 2019: EUR 0.5 million). As of June 30, 2020, tax liabilities were unchanged at EUR 0.1 million (December 31, 2019: EUR 0.1 million).

Non-current liabilities decreased slightly, from EUR 16.9 million to EUR 15.7 million as of June 30, 2020. Non-current liabilities to banks declined from EUR 9.8 million to EUR 9.3 million and other non-current liabilities from EUR 5.2 million to EUR 4.5 million. Deferred taxes were EUR 1.8 million, which was also slightly lower than at year-end 2019 (December 31, 2019: EUR 1.9 million).

Equity

Equity decreased to EUR 15.7 million as of June 30, 2020 (December 31, 2019: EUR 18.0 million). In particular, this was attributable to the increase of the negative currency translation reserve from minus EUR 0.7 million to minus EUR 2.3 million. The loss for the period in addition shifted the negative profit reserve from minus EUR 0.9 million to minus EUR 1.7 million. The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand and the general capital reserve of EUR 15.4 million were constant in the reporting period. Total assets decreased to EUR 52.4 million at the end of the first half of 2020 (December 31, 2019: EUR 55.3 million). The equity ratio declined from 32.5% to 29.9%.

Liquidity and cash flow statement

The net cash flow for operating activities was EUR 0.3 million in the first six months of 2020 (H1 2019: EUR 2.2 million). The year-on-year decline was mainly due to the net loss for the period, the non-cash net exchange loss and the reduction in trade payables. Excluding tax expense and interest payments, the cash flow from operating activities was EUR 0.7 million (H1 2019: EUR 2.8 million).

The net cash outflow for investing activities was EUR 0.9 million in the reporting period (H1 2019: outflow of EUR 2.4 million). Investment in intangible assets amounted to EUR 0.4 million (H1 2019: EUR 0.6 million) and investment in property, plant and equipment was EUR 0.5 million (H1 2019: EUR 1.8 million). The decline is attributable to the decision communicated in the Q1 report to roughly halve the capital expenditure of around EUR 3.5 million for property, plant and equipment originally planned for 2020 due to the special challenges resulting from the coronavirus pandemic. The planned investments mainly relate to power electronics products and product start-ups for EMC filters, including extended customer requirements, principally to build up and expand production lines for e-mobility.

The net cash outflow for financing activities was EUR 1.8 million in the first half of 2020 (H1 2019: outflow of EUR 0.9 million). The cash outflows in the reporting period included EUR 1.3 million for loan repayments (H1 2019: EUR 1.3 million) and EUR 0.4 million for lease payments (H1 2019: EUR 0.3 million). Unlike the situation in the prior-year period, there were no cash inflows from borrowing (H1 2019: EUR 0.8 million).

This resulted in a total cash outflow of EUR 2.4 million in the reporting period (H1 2019: outflow of EUR 1.1 million). Cash and cash equivalents (less overdrafts) were minus EUR 9.2 million (June 30, 2019: minus EUR 11.0 million). As of the reporting date, InTiCa Systems AG also had assured credit facilities which could be drawn at any time totalling EUR 12.0 million.

Employees

The headcount was 707 on June 30, 2020 (June 30, 2019: 711). 225 of these employees were agency staff (June 30, 2019: 236). On average, the Group had 706 employees in the reporting period (H1 2019: 697), including agency staff in both cases.

Risks and opportunities

The management report in the annual report for 2019 provides full details of risk factors that could affect the business performance of InTiCa Systems in section 4 “Risk management and risk report”, while business potential is discussed in section 5 “Opportunities and management of opportunities”. There was no material change in the risk/

opportunity profile of InTiCa Systems AG in the reporting period.

Outlook

While the first quarter was hardly affected, order call-off has declined substantially since April and orders are increasingly being postponed until the second half of the year. That is also visible in the development of orders on hand. At the end of the first quarter of 2020 orders on hand were well above the prior-year level at EUR 112.5 million (March 31, 2019: EUR 88.0 million). At the end of the first six months, the situation had reversed: total orders on hand were EUR 98 million as of June 30, 2020, a clear reduction compared with the prior-year level (June 30, 2019: EUR 119 million). The proportion of orders allocated to the Automotive Technology segment increased from just under 66% to over 80%. At the present state of the pandemic, it is not possible to estimate accurately the extent of order uptake by customers in the remainder of the year. The Board of Directors cannot rule out a further reduction in the second half of the year.

The automotive sector as a whole assumes a contraction of 15-20 percent in the present financial year, and the market downturn could continue into 2021. Many customers are not yet able to forecast exactly which projects will continue and how markets will develop. However, as production has restarted in Germany and at other major industrial locations, there are signs of a slight recovery in order call-off at InTiCa Systems.

Despite the first signs of normalization, there is still enormous uncertainty about how the market will develop. The temporary production shutdown at InTiCa's site in the Czech Republic ordered by the authorities there as a result of Covid-19 infections among the workforce has made this particularly clear. The Board of Directors anticipates a potential loss of sales of up to EUR 1.5 million for each week of the production stoppage. It may not be possible to recoup this by the end of the financial year. It is not yet possible to estimate the exact impact on earnings.

Therefore, at this time the Board of Directors is still not able to issue specific guidance for the 2020 fiscal year. At present it is not possible to give a stable and reasonably reliable forecast for the current fiscal year based on target ranges in line with past practice. However, we have to assume that sales and earnings at the end of the year will be below the 2019 level. As soon as the economic situation stabilizes and reliable planning for the 2020 fiscal year is possible, InTiCa Systems AG will publish a detailed forecast for the 2020 fiscal year.

Further information on the segments can be found in the annual report for 2019 in section 6 “Outlook”.

Consolidated interim financial statements in accordance with IFRS

The unaudited consolidated interim financial statements for InTiCa Systems AG and its subsidiaries as of June 30, 2020, have been drawn up in accordance with the International Financial Reporting Standards (IFRS), as applicable for use in the European Union, and the supplementary commercial law regulations set out in sec. 315a paragraph 1 of the German Commercial Code (HGB). No audit review has been conducted of the consolidated financial statements.

Forward-looking Statements and Predictions

This half year report contains statements and forecasts referring to the future development of InTiCa Systems AG, which are based on current assumptions and estimates by the management that are made using information currently available to them. If the underlying assumptions do not materialize, the actual figures may differ substantially from such estimates. Future performance and developments depend on a wide variety of factors which contain a number of risks on unforeseeable factors and are based on assumptions that may prove incorrect. We neither intend nor assume any obligation to update forward-looking statements on an ongoing basis as these are based exclusively on the circumstances prevailing on the date of publication.

Consolidated Interim Financial Statements

for the period from January 1 to June 30, 2020

Consolidated Balance Sheet

of InTiCa Systems AG in accordance with IFRS as of June 30, 2020

Assets	Jun 30, 2020 EUR ´000	Dec 31, 2019 EUR ´000
Non-current assets		
Intangible assets	4,536	4,782
Property, plant and equipment	24,150	27,317
Deferred taxes	1,588	1,579
Total non-current assets	**30,274**	**33,678**
Current assets		
Inventories	9,845	10,296
Trade receivables	8,741	7,124
Tax assets	35	34
Other financial assets	391	352
Other current receivables	2,114	3,077
Cash and cash equivalents	954	736
Total current assets	**22,080**	**21,619**
Total assets	**52,354**	**55,297**

Equity and liabilities

	Jun 30, 2020 EUR ´000	Dec 31, 2019 EUR ´000
Equity		
Capital stock	4,287	4,287
Treasury stock	-64	-64
General capital reserve	15,389	15,389
Profit reserve	-1,675	-929
Currency translation reserve	-2,268	-714
Total equity	**15,669**	**17,969**
Non-current liabilities		
Interest-bearing non-current liabilities	9,347	9,847
Other liabilities	4,520	5,159
Deferred taxes	1,801	1,887
Total non-current liabilities	**15,668**	**16,893**
Current liabilities		
Other current provisions	2,291	1,650
Tax payables	97	121
Interest-bearing current financial liabilities	12,429	10,819
Trade payables	4,159	5,909
Other financial liabilities	1,767	1,392
Other current liabilities	274	544
Total current liabilities	**21,017**	**20,435**
Total equity and liabilities	**52,354**	**55,297**
Equity ratio	29.9%	32.5%

Consolidated Statement of Profit and Loss and other Comprehensive Income

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to June 30, 2020

	Q2 2020 EUR ´000	Q2 2019 EUR ´000	H1 2020 EUR ´000	H1 2019 EUR ´000	Change 2020 vs. 2019
Sales	**11,219**	**15,984**	**29,475**	**29,604**	**-0.4%**
Other operating income	312	210	639	573	+11.5%
Changes in finished goods and work in process	-220	-466	-303	-1,480	-
Other own costs capitalized	118	269	365	541	-32.5%
Material expense	6,978	9,240	17,562	16,186	+8.5%
Personnel expense	2,134	2,787	5,309	5,633	-5.8%
Depreciation and amortization	1,333	1,315	2,773	2,536	+9.3%
Other expenses	2,001	2,206	4,993	4,143	+20.5%
Operating profit (EBIT)	**-1,017**	**449**	**-461**	**740**	**-**
Cost of financing	152	179	318	342	-7.0%
Other financial income	0	0	0	0	
Profit before taxes	**-1,169**	**270**	**-779**	**398**	**-**
Income taxes	-100	94	-33	129	-
Net profit for the period	**-1,069**	**176**	**-746**	**269**	**-**
Other comprehensive income					
Exchange differences from translating foreign business operations	434	112	-1,554	114	-
Other comprehensive income, after taxes	**434**	**112**	**-1,554**	**114**	**-**
Total comprehensive income for the period	**-635**	**288**	**-2,300**	**383**	**-**
Earnings per share (diluted/basic in EUR)	-0.25	0.04	-0.17	0.06	-
EBITDA	**316**	**1,764**	**2,312**	**3,276**	**-29.4%**

Consolidated Cash Flow Statement

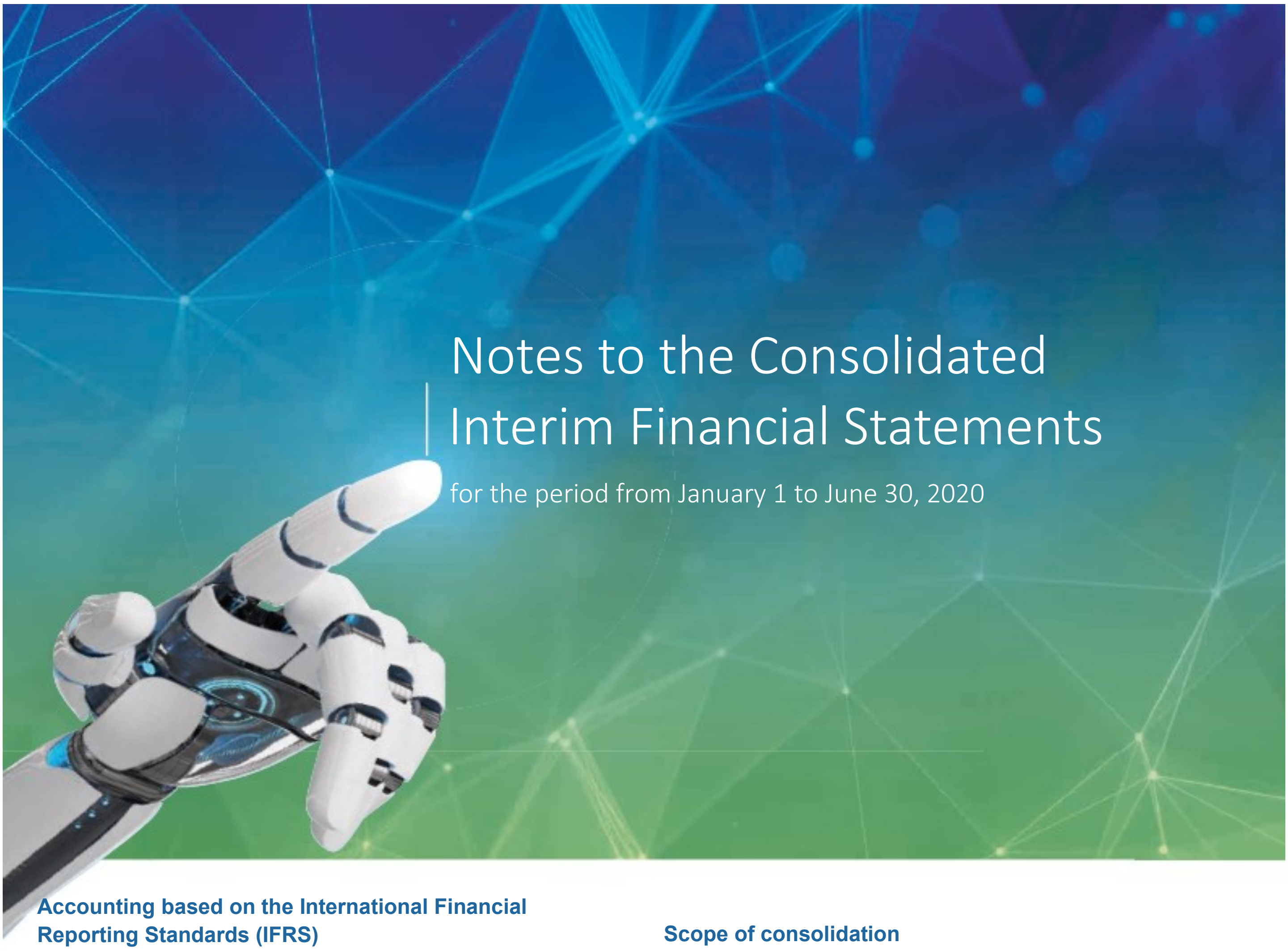
of InTiCa Systems AG in accordance with IFRS for the period from January 1 to June 30, 2020

	Jan 1 - Jun 30, 2020 EUR ´000	Jan 1 - Jun 30, 2019 EUR ´000
Cash flow from operating activities		
Net profit for the period	-746	269
Income tax expenditures / receipts	-33	129
Cash outflow for borrowing costs	318	342
Income from financial investments	0	0
Depreciation and amortization of non-current assets	2,773	2,536
Other non-cash transactions		
Net currency gains/losses	-400	262
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	451	602
Trade receivables	-1,617	-3,393
Other assets	924	-385
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	641	341
Trade payables	-1,751	2,237
Other liabilities	108	-126
Cash flow from operating activities	**668**	**2,814**
Cash outflow for income taxes	-24	-326
Cash outflow for interest payments	-321	-295
Net cash flow from operating activities	**323**	**2,193**
Cash flow from investing activities		
Cash inflow from interest payments	0	0
Cash outflow for intangible assets	-411	-572
Cash outflow for property, plant and equipment	-478	-1,820
Net cash flow from investing activities	**-889**	**-2,392**
Cash flow from financing activities		
Cash inflow from loans	0	792
Cash outflow for loan repayment installments	-1,348	-1,319
Cash outflow for liabilities under finance leases	-447	-324
Net cash flow from financing activities	**-1,795**	**-851**
Total cash flow	**-2,361**	**-1,050**
Cash and cash equivalents at start of period	-6,959	-9,933
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies	73	-43
Cash and cash equivalents at end of period	**-9,247**	**-11,026**

Consolidated Statement of Changes in Equity

of InTiCa Systems AG in accordance with IFRS
for the period from January 1 to June 30, 2020

	Capital stock EUR ´000	Treasury stock EUR ´000	Paid-in capital EUR ´000	Retained earnings EUR ´000	Currency translation reserve EUR ´000	Total equity EUR ´000
As of January 1, 2019	**4,287**	**-64**	**15,389**	**-2,058**	**-794**	**16,760**
Net result for H1 2019	0	0	0	269	0	269
Other comprehensive income, after taxes H1 2019	0	0	0	0	114	114
Total comprehensive income for H1 2019	0	0	0	269	114	383
As of June 30, 2019	**4,287**	**-64**	**15,389**	**-1,789**	**-680**	**17,143**
As of January 1, 2020	**4,287**	**-64**	**15,389**	**-929**	**-714**	**17,969**
Net result H1 2020	0	0	0	-746	0	-746
Other comprehensive income, after taxes H1 2020	0	0	0	0	-1,554	-1,554
Total comprehensive income for H1 2020	0	0	0	-746	-1,554	-2,300
As of June 30, 2020	**4,287**	**-64**	**15,389**	**-1,675**	**-2,268**	**15,669**



Notes to the Consolidated Interim Financial Statements

for the period from January 1 to June 30, 2020

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems AG as of June 30, 2020, prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", use the same accounting policies and valuation methods as the consolidated financial statements for fiscal 2019, which were drawn up in accordance with the International Financial Reporting Standards valid as of the reporting date, as applicable for use in the European Union, and the relevant interpretations.

The consolidated interim financial statements have been prepared for the six-month period ending on June 30, 2020. Comparative data refer to the consolidated financial statements as of December 31, 2019, or the consolidated interim financial statements as of June 30, 2019. The consolidated interim financial statements do not contain all information that would be required for a full set of annual financial statements. A detailed overview of the accounting and valuation principles applied can be found in the notes to the consolidated financial statements in the annual report for 2019. This is available at Investor Relations/Publications on the company's website at http://www.intica-systems.com/en.

The currency used to prepare the consolidated interim financial statements is the euro (EUR). Amounts are stated in thousands of euros (EUR '000) except where otherwise indicated.

Scope of consolidation

In addition to the parent company, InTiCa Systems AG, Passau, Germany, InTiCa Systems s.r.o., Prachatice, Czech Republic, and Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico are included in the consolidated financial statements. The Czech subsidiary is a wholly owned company, while InTiCa Systems AG holds 99% in the Mexican company and InTiCa Systems s.r.o. holds 1%. The annual financial statements and interim financial statements of the Group companies are drawn up as of the last day of the Group's fiscal year or the interim reporting period. Compared with H1 2019, there has been no change in the scope of consolidation of InTiCa Systems AG.

Currency translation

When preparing the financial statements for each individual Group company, business transactions in currencies other than the functional currency of that company (foreign currencies) are translated at the exchange rates applicable on the transaction date.

When preparing the consolidated interim financial statements, the assets and liabilities of the Group's foreign business operations are translated into euros (EUR) at the exchange rate applicable on the reporting date. Income and expenses are translated using the weighted average exchange rate for the fiscal year.

The following exchange rates were used for the consolidated financial statements:

	Closing rates		
	Jun 30, 2020	Dec 31, 2019	Jun 30, 2019
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 26.740	CZK 25.410	CZK 25.445
USA	USD 1.121	USD 1.123	USD 1.138
Mexico	MXN 25.794	MXN 21.154	MXN 21.826

	Average rates		
	Jun 30, 2020	Dec 31, 2019	Jun 30, 2019
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 26.326	CZK 25.672	CZK 25.684
USA	USD 1.102	USD 1.120	USD 1.130
Mexico	MXN 23.878	MXN 21.580	MXN 21.687

Segment information

The notes to the consolidated financial statements in the annual report for 2019 contain a detailed overview of the assets allocated to each segment. There has not been any material change in the assets allocated to the segments since December 31, 2019.

Consolidated income statement

Group sales decreased slightly to EUR 29,475 thousand in the first six months of 2020, down from EUR 29,604 thousand in H1 2019. While sales decreased slightly in the Automotive Technology segment, the Industrial Electronics segment recorded a small increase in sales. EBITDA decreased from EUR 3,276 thousand to EUR 2,312 thousand. Group net income was minus EUR 746 thousand in the reporting period, compared with EUR 269 thousand in the first half of the previous year.

Consolidated balance sheet and cash flow statement

The capital stock of InTiCa Systems AG is EUR 4,287,000 and is divided into 4,287,000 no-par bearer shares with a theoretical pro rata share of the capital stock of EUR 1.00 per share. The equity ratio of around 29.9% as of June 30, 2020 (December 31, 2019: 32.5%) shows that the company is still soundly financed.

The net cash flow for operating activities was EUR 323 thousand in the first six months of 2020 (H1 2019: EUR 2,193 thousand). The total cash outflow in the reporting period was EUR 2,361 thousand (H1 2019: outflow of EUR 1,050 thousand). Cash and cash equivalents therefore declined from minus EUR 6,959 thousand as of December 31, 2019 to minus EUR 9,247 thousand as of June 30, 2020. Equity and liabilities changed as follows in the reporting period: equity decreased to EUR 15,669 thousand (December 31, 2019: EUR 17,969 thousand) and non-current liabilities to EUR 15,668 thousand (December 31, 2019: EUR 16,893 thousand). Current liabilities increased to EUR 21,017 thousand (December 31, 2019: EUR 20.435 million). On the assets side of the balance sheet, non-current assets declined to EUR 30,274 thousand (December 31, 2019: EUR 33,678 thousand), while current assets increased to EUR 22,080 thousand (December 31, 2019: EUR 21,619 thousand).

Events after the reporting date

Loss of sales and production stoppage due to Covid-19 quarantine at the Prachatice site

On July 27, 2020, InTiCa Systems AG published an ad-hoc release informing shareholders that the responsible Czech authorities had ordered provisional quarantine and Covid-19 testing for all staff employed at InTiCa Systems' site in Prachatice, Czech Republic, due to Covid-19 infections at the facility.

A complete production stoppage at the Prachatice site is likely during the quarantine period. InTiCa Systems AG, the Board of Directors and the local management are working closely with the Czech authorities to protect the company's employees and their relatives and minimize the impact on production and customers of InTiCa Systems AG.

The Board of Directors anticipates a potential loss of sales of up to EUR 1.5 million for each week of the production stoppage. It may not be possible to recoup this by the end of the financial year. It is not yet possible to estimate the exact impact on earnings.

Routine re-election of the Supervisory Board at the Annual General Meeting

The agenda for the Annual General Meeting on July 15, 2020, which was held virtually for the first time due to the corona pandemic, included routine elections to the Supervisory Board. The shareholders accepted the proposal put forward by the management and re-elected all three members. At the constitutive meeting following the Annual General Meeting, Mr. Udo Zimmer was re-elected as Chairman of the Supervisory Board. Mr. Werner Paletschek remains Deputy Chairman.

No other material events have occurred since the reporting date on June 30, 2020.

German Corporate Governanace Code and declaration of conformance

In compliance with sec. 161 of the German Companies Act (AktG), the Board of Directors and Supervisory Board have made their current declaration of conformity with the German Corporate Governance Code and the declaration on corporate management pursuant to sec. 289a of the German Commercial Code (HGB) available permanently to shareholders on the company's website at www.intica-systems.com/en, Investor Relations/Corporate Governance.

Related party transactions

No material transactions were conducted with related parties in the reporting period.

Other information

The capital stock of InTiCa Systems AG is EUR 4,287,000 and is divided into 4,287,000 no-par bearer shares, which constitute a theoretical pro rata share of the capital stock of EUR 1.00 per share. All shares have the same voting rights and dividend claims. The only exceptions are shares held by the company (treasury shares), which do not confer any rights on the company. The rights and obligations of the shareholders are set out in detail in the German Companies Act (AktG), in particular in sec. 12, sec. 53a et seq., sec. 118 et seq. and sec. 186.

Restrictions on the voting rights of shares could result from statutory provisions (sec. 71b and sec. 136 AktG). The Board of Directors is not aware of any other restrictions on the exercise of voting rights or the transfer of shares.

Under the provisions of German securities trading legislation, every investor whose proportion of the voting rights in the company reaches, exceeds or falls below certain thresholds as a result of the purchase or sale of shares or in any other way must notify the company and the Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for such disclosures is 3%. Mr. Thorsten Wagner (Germany) and Dr. Diekmann (Germany) have direct and indirect interests in the company's capital exceeding 10% of the voting rights.

There are no shares in InTiCa Systems AG with special rights according rights of control.

InTiCa Systems AG has not issued any shares that allow direct exercise of control rights.

The appointment and dismissal of members of the Board of Directors is governed by sec. 84 and sec. 85 of the German Companies Act (AktG) and sec. 5 of the articles of incorporation. Pursuant to the statutory provisions (sec. 179 paragraph 1 AktG) any amendment to the articles of incorporation requires a resolution of the General Meeting. Resolutions of the General Meeting are adopted on the basis of a simple majority vote except for amendments for which the German Companies Act stipulates a larger majority. Under sec. 8 paragraph 4 of the company's articles of incorporation, the Supervisory Board may make amendments to the articles of incorporation, providing these are merely editorial.

In addition, under sec. 3 paragraph 3 of the articles of incorporation, the Supervisory Board may alter the articles of incorporation in the event of a capital increase out of the authorized capital 2017/I to bring them into line with the extent of the capital increase and may make any other amendments associated with this provided that these are merely editorial.

The Board of Directors is authorized to increase the capital stock with the Supervisory Board's consent, up to July 20, 2022, by a total of up to EUR 2,143,500.00 in return for cash or contributions in kind under exclusion of shareholders' subscription rights (authorized capital 2017/I). Further details are given in sec. 3 paragraph 3 of the company's articles of incorporation, which can be downloaded from the company's website at Company/Downloads [available in German only].

On the basis of the resolution of the Annual General Meeting of May 29, 2008, the company was authorized, until November 28, 2009, to repurchase up to 10% of the capital stock of 428,700 shares at the date of the resolution. This resolution was used to purchase 263,889 shares in the company. As of June 30, 2020, InTiCa Systems AG still had treasury stock amounting to 64,430 shares (December 31, 2019: 64,430).

On the basis of a resolution adopted by the Annual General Meeting on July 21, 2017, the company is authorized, up to July 20, 2022, to purchase its own shares, in one or more tranches, up to a total of 10% of the capital stock at the time of adoption of this resolution or, if the capital stock is lower when this authorization is utilized, of the capital stock at the time when it is utilized. The company has not yet used this authorization.

InTiCa Systems AG has loans amounting to EUR 2.2 million which give the lender a right of termination in the event of a change in the borrower's shareholder or ownership structure such that the shareholders or owners relinquish control over the borrower during the term of the loans or a person or group of persons acting jointly acquire more than 50% of the voting rights and/or more than 50% of the capital of the borrower, unless the prior consent of the lender is obtained.

In addition, the creditor of a EUR 2 million overdraft facility has an extraordinary right to terminate this facility. This right takes effect if one other person acquires at least 30% of the borrower's voting rights and the parties cannot reach agreement on new terms.

There are no compensation agreements with either members of the Board of Directors or employees relating to a takeover bid.

Segment report as of June 30, 2020
Segment sales and segment earnings

Segment	Automotive Technology		Industrial Electronics		Total	
In EUR ´000	**H1 2020**	H1 2019	**H1 2020**	H1 2019	**H1 2020**	H1 2019
Sales	**21,388**	21,805	**8,087**	7,799	**29,475**	29,604
EBIT	**-429**	439	**-32**	301	**-461**	740

Key financial figures	H1 2020 EUR ´000 or %	H1 2019 EUR ´000 or %	Change 2020 vs. 2019
EBITDA	**2,312**	**3,276**	-29.4%
Net margin	**-2.5%**	**0.9%**	
Pre-tax margin	**-2.6%**	**1.3%**	
Material cost ratio (in terms of total output)	**59.5%**	**56.5%**	
Personnel cost ratio	**23.3%**	**23.8%**	
EBIT margin	**-1.6%**	**2.5%**	
Gross profit margin	**40.6%**	**42.2%**	

Responsibility Statement

„We hereby declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that the interim management report for the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.“

Passau, August 12, 2020

The Board of Directors

Dr. Gregor Wasle	Günther Kneidinger
Chairman of the Board of Directors	Member of the Board of Directors

Financial Calendar 2020

August 13, 2020	Publication of Interim Financial Statements for H1 2020
November 19, 2020	Publication of Interim Financial Statements for Q3 2020
December 8/9, 2020	Presentation at the Munich Capital Market Conference 2020

Headquarter:
InTiCa Systems AG
Spitalhofstraße 94
94032 Passau
Germany

Phone +49 (0) 851 96692-0
Fax +49 (0) 851 96692-15

www.intica-systems.com
info@intica-systems.com

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