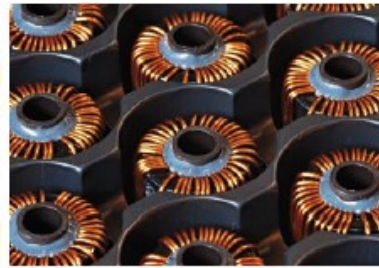
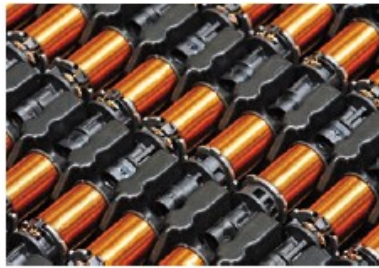


Technologies for growth markets!



# 2016

Interim Report 9M

Automotive Technology  
Industrial Electronics



**InTiCa**  
Systems

# 9M 2016 in figures

## The Group

	Q3 2015 EUR '000	Q3 2016 EUR '000	9M 2015 EUR '000	9M 2016 EUR '000	Change vs. 9M 2015
Sales	10,864	<b>10,793</b>	33,471	<b>33,727</b>	+0.8%
Net margin (net result for the period)	0.1%	<b>0.9%</b>	1.2%	<b>1.6%</b>	-
EBITDA	1,282	<b>1,318</b>	4,144	<b>4,204</b>	+1.4%
EBIT	143	<b>249</b>	808	<b>923</b>	+14.2%
EBT	26	<b>145</b>	483	<b>595</b>	+23.2%
Net result for the period	11	<b>95</b>	407	<b>539</b>	+32.4%
Earnings per share (diluted/basic in EUR)	0.00	<b>0.02</b>	0.09	<b>0.13</b>	+32.4%
Total cash flow	-2,671	<b>1,465</b>	-8,083	<b>2,148</b>	-
Net cash flow for operating activities	263	<b>1,469</b>	1,471	<b>3,776</b>	+156.7%
Capital expenditure	1,750	<b>969</b>	7,158	<b>3,171</b>	-55.7%

	Sep 30, 2015 EUR '000	Dec 31, 2015 EUR '000	Sep 30, 2016 EUR '000	Change vs. Dec 31, 2015
Total assets	39,442	40,321	<b>41,170</b>	+2.1%
Equity	16,568	16,445	<b>16,988</b>	+3.3%
Equity ratio	42%	41%	<b>41%</b>	-
Number of employees (on the reporting date)	516	525	<b>581</b>	+10.7%

## The Stock

	9M 2015	2015	9M 2016
Closing price (in EUR)	4.85	4.25	<b>4.58</b>
Period high (in EUR)	5.50	5.50	<b>5.10</b>
Period low (in EUR)	3.87	3.87	<b>4.20</b>
Market capitalisation at end of period (in EUR million)	20.79	18.22	<b>19.63</b>
Number of shares	4,287,000	4,287,000	<b>4,287,000</b>

The stock prices are closing prices on XETRA.



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# INTICA SYSTEMS

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## Foreword by the Board of Directors

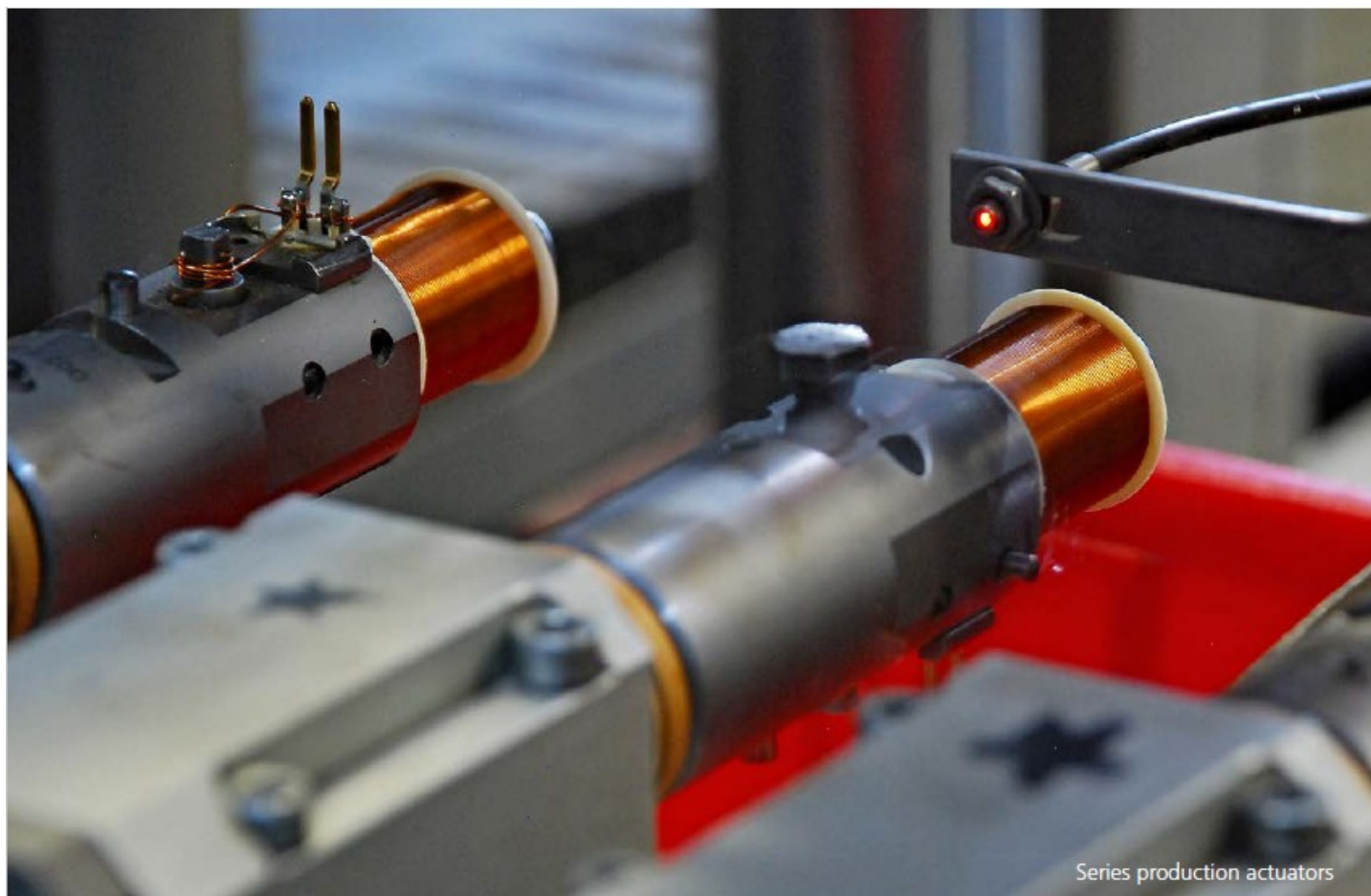
# INTICA SYSTEMS

### **Dear shareholders, employees and business associates,**

At the end of the first nine months of 2016 we are still well on track to achieve our goals for 2016, with year-end business supported by a good order situation. The EBIT margin is in the forecast range at around 2.7% and we have grown sales slightly year-on-year to EUR 33.7 million. In the Industrial Electronics segment, sales stabilized at the prior-year level of EUR 6.2 million, while in the Automotive Technology segment sales increased to EUR 27.5 million. The cash flow trend is particularly encouraging. The operating cash flow rose from EUR 1.5 million in the previous year to EUR 3.8 million and the total cash flow was EUR 2.1 million. This positive development was attributable to both optimization of the financing structure of InTiCa Systems AG as debt has been rescheduled from current to non-current bank loans, and to lower capital expenditure requirements than in the previous year.

Less visible but no less important is the success in implementing our strategic plans. We have taken important steps for the future by optimizing production workflows at the facility in the Czech Republic, opening our new technology and training centre in Passau, Germany, and setting up a new production site in Mexico.

Work on the new facility in Mexico is proceeding on schedule. Over the past months, the first production machines have been installed and started up. An initial customer audit has also been successfully completed. A complete production line should be in place by the end of the year, with validation by the customer scheduled for the first quarter of 2017. An experienced team of senior executives and production and quality control managers has been hired, so we are well-positioned for the next steps.




Despite all our success to date, we still have plenty of work ahead of us before we can successfully complete the long-term transformation process initiated in 2015. The ideas and daily commitment of our employees are the key to this success and we would like to express our thanks to them. We also thank our shareholders and business associates for their trust in us and their fruitful collaboration.

Passau, November 2016

Yours,



Dr. Gregor Wasle  
Spokesman of the  
Board of Directors



Günther Kneidinger  
Member of the  
Board of Directors

## Board of Directors



**Gregor Wasle**

Spokesman of the Board of Directors

**Engineering graduate**

*Strategy, Finance, Human Resources,  
Production, Manufacturing Technology, IT,  
Investor and Public Relations*



**Günther Kneidinger**

Member of the Board of Directors

*Sales, R&D,*

*Materials Management  
and Quality Management*

## Supervisory Board



**Udo Zimmer**

Chairman

**Business administration graduate**

Munich

- Member of the Board of Management of  
REMA TIP TOP AG
- Chairman of the Supervisory Board of  
SCHNELL Motoren AG



**Werner Paletschek**

Deputy Chairman

**Business administration graduate**

Fürstentzell

- Managing director of  
OWP Brillen GmbH



**Christian Fürst**

Member of the Supervisory Board

**Business administration graduate**

Thyrnau

- Managing partner of ziel management  
consulting gmbh
- Chairman of the Supervisory Board of  
Electrovac Hacht & Huber GmbH
- Advisory Board of Eberspächer Gruppe  
GmbH & Co. KG

Company  
Boards







## The Stock

# INTICA SYSTEMS

### InTiCa Systems' share price performance<sup>1)</sup>

Shares in InTiCa Systems started the year at EUR 4.25 and rose to EUR 5.10 — the highest level in the reporting period — in early February. The share price then dropped back briefly to EUR 4.50 but rallied to EUR 5.10 again by the end of February. In the following months, shares in InTiCa Systems traded in a range of EUR 4.50 to EUR 5.00. Shares in the company survived the capital market turbulence following the UK's decision to leave the EU without a major downturn and ended the first half of the year at EUR 4.40. They subsequently traded sideways, before dipping briefly to a low for the year of EUR 4.20 in mid-August. However, the share price rallied quickly and was back at EUR 4.80 by the beginning of September. The share ended the first nine months with another dip and was trading at EUR 4.58 on September 30, 2016. Since then it has traded in a range of EUR 4.40 to EUR 4.80. The closing price on November 15, 2016 was EUR 4.70. That was an increase of 10.6% since the start of the year, bringing InTiCa Systems' market capitalization to EUR 20.1 million.

In the first nine months of 2016 we provided timely information for our shareholders and the general public on current business trends, specific events and the company's prospects. As in the past, this year's press conference to mark the publication of the annual report for 2016 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/Capital Market Conferences". The presentation and address given at this year's Annual General Meeting in Passau on July 15, 2016 are also available on the homepage. At the meeting, shareholders were given information on fiscal 2015 and the present situation at InTiCa Systems AG.

The Board of Directors also plans to give a presentation for investors, analysts and financial journalists at this year's Munich Capital Markets Conference (MCK). MCK is the biggest capital market conference in southern Germany and will be held on December 8, 2016.

1) Price data based on Xetra, source: Bloomberg

## Key data on the share

ISIN	DE0005874846	Designated Sponsor	BankM - biw AG
WKN	587484	Research Coverage	SMC Research
Stock market symbol	IS7	No. of shares	4,287,000
Trading segment	Regulated Market	Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, München, Stuttgart, Düsseldorf
Transparency level	Prime Standard		

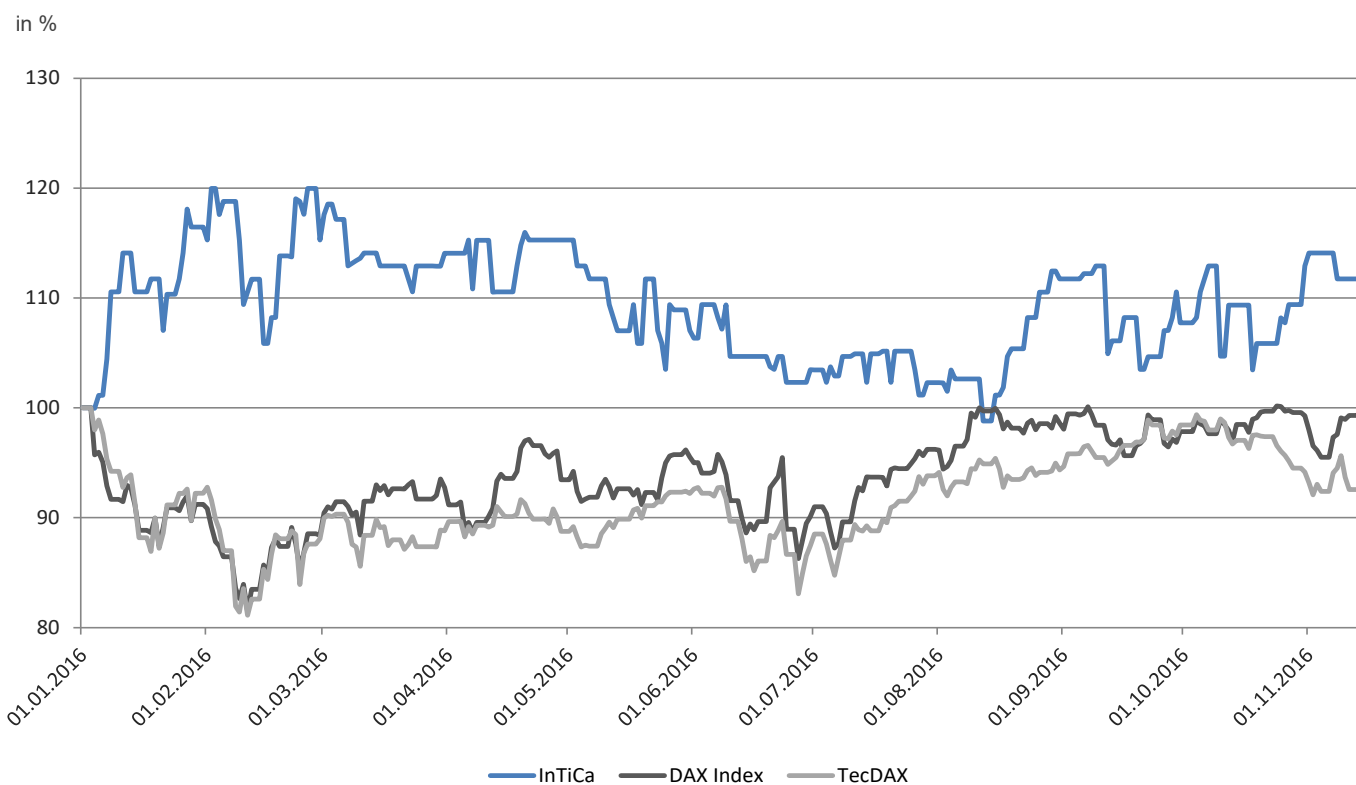
## Shareholder structure

Thorsten Wagner	over 25%
Dr. Dr. Axel Diekmann	over 25%
Tom Hiss	over 5%
Dr. Paul und Maria Grohs	over 3%
InTiCa Systems AG	1.5%
Management	less than 1%

As of November 15, 2016



## Share price performance







# Interim Management Report of the Group

for the period from January 1 to September 30, 2016

## Economic report

### General economic conditions

In their joint diagnosis in autumn 2016, the leading German economic research institutes consider that the global economy is still in a moderate upswing and forecast that GDP will grow by 1.9 percent this year. Despite the exceptionally favourable financing conditions, the experts consider that investment by the corporate sector is less of a driving force than the construction and service industries, along with rising employment in these sectors. Consumer spending is increasing strongly in the context of stable pay trends and low inflation. Moreover, state spending on consumption is rising significantly as a result of the influx of refugees.

The automotive industry continued to grow in the third quarter of 2016. However, according to the German Automotive Industry Association (VDA) there were marked differences in the development of the three largest automotive markets: while the US market only posted weak growth of 0.4%, the western European market was far more dynamic and grew by 7.1%. The Indian and Chinese markets grew even more strongly, posting rises of 8.9% and 17.7% respectively. The German car market increased by 6%. Overall, the VDA forecasts that new car sales in Germany will reach 3.3 million over the year, the highest level for seven years.

The German Electrical and Electronic Manufacturers' Association (ZVEI) reports a continuation of the positive economic trend in the electrical and electronics sector. Sector sales were EUR 115.4 billion between January and August 2016, a rise of 1.3 percent year-on-year. Domestic sales rose 2.1 percent to EUR 56.2 billion while foreign sales advanced 0.7 percent to EUR 59.2 billion. Revenue generated with customers in the euro zone rose 0.7 percent to EUR 21.7 billion. Revenue generated in other countries also rose 0.7 percent, to EUR 37.5 billion.

### 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

InTiCa Systems AG grew sales moderately year-on-year to EUR 33.7 million in the first nine months of 2016. The Automotive Technology and Industrial Electronics segments both posted slightly higher sales. Despite the expenses to drive forward internationalization and optimize production on the basis of lean principles, the EBITDA margin remained at the prior-year level of 12.5%. While the material cost ratio fell significantly, the personnel expense ratio rose as new staff were hired. In absolute terms, EBITDA was EUR 4.2 million. EBIT actually improved slightly year-on-year to EUR 0.9 million and the EBIT margin increased from 2.4% to 2.7%. Overall, net income for the period was clearly positive at EUR 0.5 million (9M 2015: EUR 0.4 million).

The operating cash flow improved considerably to EUR 3.8 million in the first nine months of 2016 (9M 2015: EUR 1.5 million). The total cash flow in the reporting period was clearly positive at EUR 2.1 million as capital expenditure was lower than in the prior-year period and the company took out a long-term loan (9M 2015: cash outflow of EUR 8.1 million). The equity ratio remained constant at 41% in the reporting period (December 31, 2015: 41%).

### Earnings position

In the first nine months of 2016 InTiCa Systems AG increased sales slightly to EUR 33.7 million, up from EUR 33.5 million in the prior-year period. Sales were EUR 27.5 million in the Automotive Technology segment (9M 2015: EUR 27.3 million) and EUR 6.2 million in the Industrial Electronics segment (9M 2015: EUR 6.2 million).

While the ratio of material costs to total output dropped significantly year-on-year to 54.4% (9M 2015: 58.0%), the personnel expense ratio increased from 19.8% to 22.7% as a result of an increase in the number of employees. Other expenses were unchanged from the prior-year period at EUR 4.3 million. The other operating expenses include expenses of EUR 0.4 million (9M 2015: EUR 0.3 million) for agency staff at the Prachatice site.

Depreciation and amortization of property, plant and equipment and intangible assets was constant at EUR 3.3 million, as in the previous year. Spending on research and development was around EUR 2.1 million, which was above the year-back level (9M 2015: EUR 1.7 million). Development work focused principally on the Automotive Technology segment.

The company lifted EBITDA slightly, by 1.4% to EUR 4.2 million in the first nine months of 2016 (9M 2015: EUR 4.1 million). The EBITDA margin therefore improved slightly from 12.4% to 12.5%. Group EBIT increased 14.2% from EUR 0.8 million to EUR 0.9 million, which equates to a year-on-year increase in the EBIT margin from 2.4% to 2.7%. At segment level, the Automotive Technology segment reported EBIT of EUR 0.95 million in the first nine months of 2016 (9M 2015: EUR 1.6 million) and EBIT in the Industrial Electronics segment was minus EUR 0.03 million (9M 2015: minus EUR 0.8 million).

The financial result was minus EUR 0.3 million, as in the prior-year period, and tax expense was EUR 56 thousand (9M 2015: EUR 76 thousand). Net income was EUR 0.5 million in the first nine months of 2016 (9M 2015: EUR 0.4 million). Earnings per share were EUR 0.13 (9M 2015: EUR 0.09).

As a result of currency translation gains of EUR 4 thousand (9M 2015: EUR 163 thousand) from the translation of foreign business operations, comprehensive income was EUR 0.54 million in the first nine months of 2016 (9M 2015: EUR 0.57 million).

### Non-current assets

Non-current assets amounted to EUR 24.7 million as of September 30, 2016 (December 31, 2015: EUR 24.9 million). Since depreciation was offset by capital expenditures in the reporting period, property, plant and equipment remained constant at EUR 19.2 million (December 31, 2015: EUR 19.2 million). By contrast, intangible assets and deferred taxes declined slightly to EUR 4.3 million and EUR 1.2 million respectively (December 31, 2015: EUR 4.4 million and EUR 1.3 million respectively).

### Current assets

Current assets increased from EUR 15.4 million on December 31, 2015 to EUR 16.5 million on September 30, 2016. In particular, trade receivables increased from EUR 6.8 million to EUR 7.9 million and cash and cash equivalents rose from EUR 0.2 million to EUR 0.5 million, while inventories declined from EUR 7.8 million to EUR 7.7 million.

### Liabilities

Current liabilities decreased to EUR 12.1 million in the first nine months of 2016 (December 31, 2015: EUR 14.5 million). This was mainly attributable to the reduction in current liabilities to banks from EUR 10.2 million to EUR 7.3 million. Trade payables increased in the reporting period, from EUR 2.6 million to EUR 2.7 million, as did other current provisions, which rose from EUR 1.2 million to EUR 1.5 million.

Non-current debt increased from EUR 9.4 million to EUR 12.1 million in the reporting period. This increase was due to the rise in non-current liabilities to banks from EUR 7.9 million to EUR 10.6 million. Deferred taxes were unchanged from December 31, 2015 at EUR 1.4 million.

### Equity

As of September 30, 2016 equity totalled EUR 17.0 million (December 31, 2015: EUR 16.4 million). The increase was due to the net profit for the period, which resulted in a decline in the negative items in the profit reserve. The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand, the general capital reserve of EUR 15.4 million and the currency translation reserve of minus EUR 1.3 million were constant in the reporting period. Total equity and liabilities

increased to EUR 41.2 million as of September 30, 2016 (December 31, 2015: EUR 40.3 million) and the equity ratio therefore improved slightly from 40.8% to 41.3%.

### Liquidity and cash flow statement

The net cash flow from operating activities improved to EUR 3.8 million in the first nine months of 2016, up from EUR 1.5 million in the prior-year period. Alongside the establishment of current provisions, the operating cash flow was positively influenced by the year-on-year reduction in inventories and a lower rise in trade receivables. Excluding interest payments, the cash flow for operating activities was EUR 4.1 million (9M 2015: EUR 1.8 million).

The net cash outflow for investing activities was EUR 3.2 million in the reporting period (9M 2015: outflow of EUR 7.2 million). Investment in intangible assets increased slightly from EUR 0.9 million to EUR 1.0 million, while capital expenditure on property, plant and equipment was considerably lower than in the prior-year period at EUR 2.2 million (9M 2015: EUR 6.3 million). In 2016, around EUR 4.5 million will be invested in further expansion of production capacity, acquiring modern production plants for the site in the Czech Republic, building a new production site in Mexico and in developing and equipping the technology and training centre.

The net cash flow from financing activities was EUR 1.5 million in the first nine months of 2016 (9M 2015: outflow of EUR 2.4 million). In the reporting period, cash outflows for the repayment of loans amounted to EUR 2.5 million (9M 2015: EUR 2.3 million), while there was a cash inflow from borrowing of EUR 4.0 million.

Overall, the total cash flow in the period was clearly positive at EUR 2.1 million in the reporting period (9M 2015: outflow of EUR 8.1 million). Cash and cash equivalents (less overdrafts) were minus EUR 5.2 million as of September 30, 2016 (September 30, 2015: minus EUR 9.4 million). As of the reporting date, InTiCa Systems AG had assured credit facilities which could be drawn at any time totalling EUR 10.1 million.

### Employees

The number of employees increased significantly year-on-year to 581 as of September 30, 2016. 34 of these employees were agency staff (September 30, 2015: headcount 516, including 34 agency staff). On average, the Group had 577 employees in the reporting period (9M 2015: 521 employees, including agency staff in both cases).

### Risks and opportunities

The management report in the annual report for 2015 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.

### Events after the end of the reporting period

No material events have occurred since the reporting date on September 30, 2016.

### Outlook

The development of sales and earnings in the first nine months of 2016 was in line with the Board of Directors' expectations.

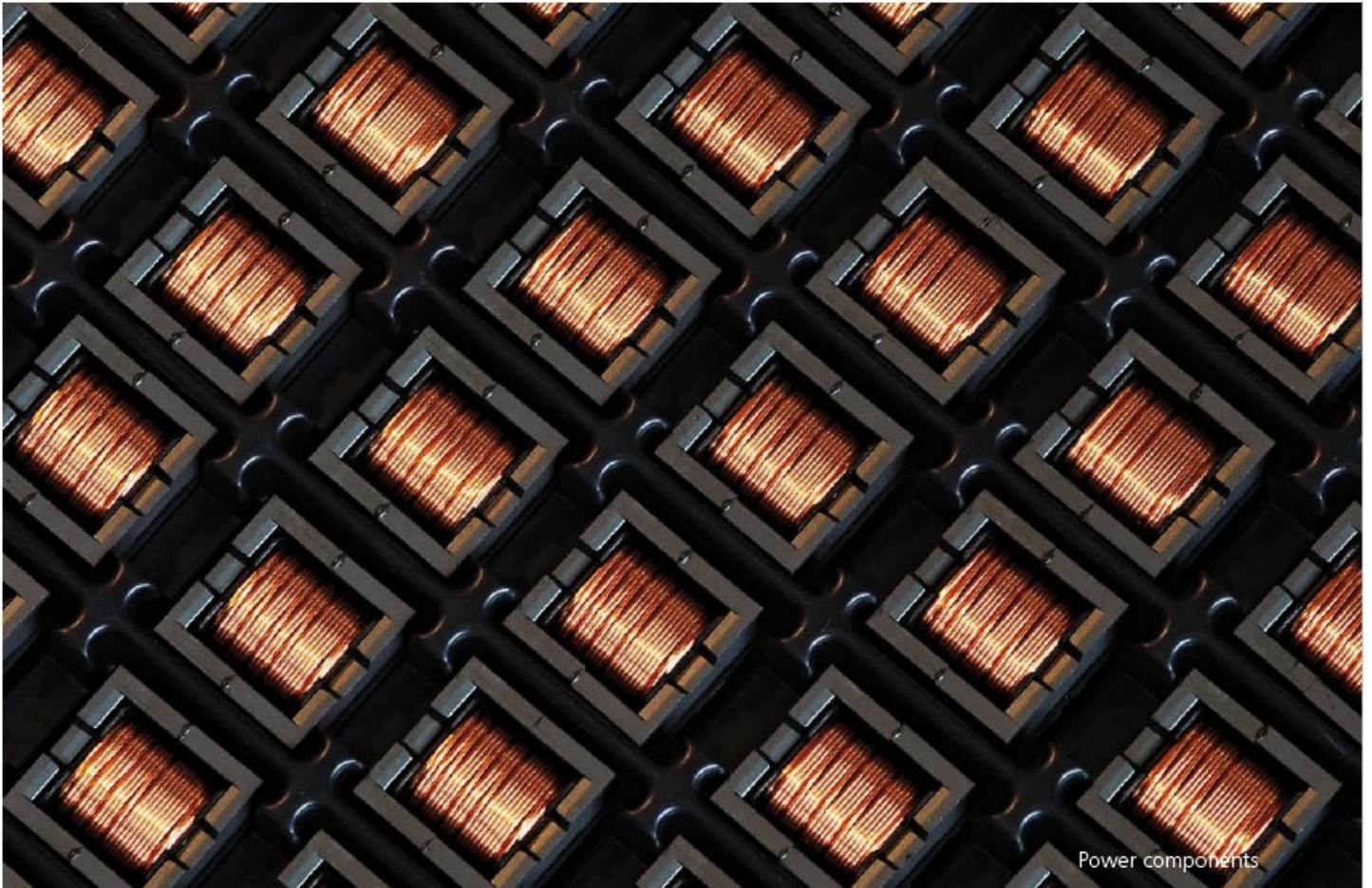
The Automotive Technology segment remains the most important business driver in 2016. Investment to raise production capacity and optimize production workflows in this segment will continue to reduce material costs and capacity bottlenecks. The Board of Directors expects sales to stabilize substantially in the Industrial Electronics segment in the second half of the year, despite the persistently challenging conditions in the sector. Overarching product innovations are to provide access to further markets. There are opportunities for this in both segments. InTiCa Systems' main competitive advantage is its ability to offer customer-specific solutions in combination with greater vertical integration and systems solution competence. In-house manufacturing is expected to be over 80% again in 2016. The Board of Directors therefore feels that in terms of products InTiCa Systems AG is well-positioned for 2016.

Orders on hand totalled around EUR 40 million on September 30, 2016, above the prior-year level of EUR 38 million. Around EUR 34 million of orders are attributable to the Automotive Technology segment (September 30, 2015: EUR 34 million).

At present, the Board of Directors still assumes that, given a stable economic environment, Group sales will rise by around 10% to nearly EUR 47 million in 2016 and the EBIT margin will improve to around 2%.

Further information on the segments can be found in the annual report for 2015 in section 6 "Outlook".





#### Consolidated interim financial statements in accordance with IFRS

The unaudited consolidated interim financial statements for InTiCa Systems AG and its subsidiary as of September 30, 2016 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 interim financial statements.

#### Forward-looking Statements and Predictions

This interim 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 and 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 September 30, 2016

# INTICA SYSTEMS

# Consolidated Balance Sheet

of InTiCa Systems AG in accordance with IFRS  
as of September 30, 2016

Assets	Sep 30, 2016 EUR '000	Dec 31, 2015 EUR '000
<b>Non-current assets</b>		
Intangible assets	4,301	4,391
Property, plant and equipment	19,183	19,198
Deferred taxes	1,225	1,315
<b>Total non-current assets</b>	<b>24,709</b>	<b>24,904</b>
<b>Current assets</b>		
Inventories	7,679	7,758
Trade receivables	7,856	6,807
Tax assets	1	1
Other financial assets	92	142
Other current receivables	306	542
Cash and cash equivalents	527	167
<b>Total current assets</b>	<b>16,461</b>	<b>15,417</b>
<b>Total assets</b>	<b>41,170</b>	<b>40,321</b>



## Equity and liabilities

	Sep 30, 2016 EUR '000	Dec 31, 2015 EUR '000
<b>Equity</b>		
Capital stock	4,287	4,287
Treasury stock	-64	-64
General capital reserve	15,389	15,389
Profit reserve	-1,279	-1,818
Currency translation reserve	-1,345	-1,349
<b>Total equity</b>	<b>16,988</b>	<b>16,445</b>
<b>Non-current liabilities</b>		
Interest-bearing non-current liabilities	10,643	7,915
Deferred taxes	1,434	1,468
<b>Total non-current liabilities</b>	<b>12,077</b>	<b>9,383</b>
<b>Current liabilities</b>		
Other current provisions	1,537	1,155
Interest-bearing current financial liabilities	7,252	10,225
Trade payables	2,675	2,620
Other financial liabilities	308	266
Other current liabilities	333	227
<b>Total current liabilities</b>	<b>12,105</b>	<b>14,493</b>
<b>Total equity and liabilities</b>	<b>41,170</b>	<b>40,321</b>
Equity ratio	41%	41%

# 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 September 30, 2016

	Q3 2016 TEUR	Q3 2015 TEUR	9M 2016 TEUR	9M 2015 TEUR	Change 2016 vs. 2015
<b>Sales</b>	<b>10,793</b>	<b>10,864</b>	<b>33,727</b>	<b>33,471</b>	<b>+0.8%</b>
Other operating income	33	111	193	425	-54.6%
Changes in finished goods and work in process	656	-102	513	628	-18.3%
Other own costs capitalized	300	270	900	810	+11.1%
Material expense	6,337	6,203	19,116	20,238	-5.5%
Personnel expense	2,659	2,260	7,667	6,638	+15.5%
Depreciation and amortization	1,069	1,139	3,281	3,336	-1.6%
Other expenses	1,468	1,398	4,346	4,314	+0.7%
<b>Operating profit (EBIT)</b>	<b>249</b>	<b>143</b>	<b>923</b>	<b>808</b>	<b>+14.2%</b>
Cost of financing	104	117	328	325	+0.9%
Other financial income	0	0	0	0	-
<b>Profit before taxes</b>	<b>145</b>	<b>26</b>	<b>595</b>	<b>483</b>	<b>+23.2%</b>
Income taxes	50	15	56	76	-26.3%
<b>Net profit for the period</b>	<b>95</b>	<b>11</b>	<b>539</b>	<b>407</b>	<b>+32.4%</b>
<b>Other comprehensive income</b>					
Exchange differences from translating foreign business operations	48	12	4	163	-97.5%
<b>Other comprehensive income, after taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>143</b>	<b>23</b>	<b>543</b>	<b>570</b>	<b>-4.7%</b>
Earnings per share (diluted/basic in EUR)	0.02	0.00	0.13	0.09	+32.4%
<b>EBITDA</b>	<b>1,318</b>	<b>1,282</b>	<b>4,204</b>	<b>4,144</b>	<b>+1.4%</b>

# Consolidated Cash Flow Statement

of InTiCa Systems AG in accordance with IFRS  
for the period from January 1 to September 30, 2016

	Jan 1 - Sep 30, 2016 EUR '000	Jan 1 - Sep 30, 2015 EUR '000
<b>Cash flow from operating activities</b>		
<i>Net profit for the period</i>	539	407
Income tax expenditures / receipts	56	76
Cash outflow for borrowing costs	328	325
Income from financial investments	0	0
Depreciation and amortization of non-current assets	3,281	3,336
<i>Other non-cash transactions</i>		
Net currency gains/losses	0	-13
<i>Increase/decrease in assets not attributable to financing or investing activities</i>		
Inventories	79	-415
Trade receivables	-1,049	-1,345
Other assets	286	18
<i>Increase/decrease in liabilities not attributable to financing or investing activities</i>		
Other current provisions	382	-139
Trade payables	55	-558
Other liabilities	157	101
<b>Cash flow from operating activities</b>	<b>4,114</b>	<b>1,793</b>
Cash outflow for income taxes	0	1
Cash outflow for interest payments	-338	-323
<b>Net cash flow from operating activities</b>		
<b>Cash flow from investing activities</b>	<b>3,776</b>	<b>1,471</b>
Cash inflow from interest payments	0	0
Cash outflow for intangible assets	-966	-875
Cash outflow for property, plant and equipment	-2,205	-6,283
<b>Net cash flow from investing activities</b>		
<b>Cash flow from financing activities</b>	<b>-3,171</b>	<b>-7,158</b>
Cash inflow from loans	4,000	0
Cash outflow for loan repayment installments	-2,457	-2,302
Cash outflow for liabilities under finance leases	0	-94
<b>Net cash flow from financing activities</b>	<b>1,543</b>	<b>-2,396</b>
<b>Total cash flow</b>	<b>2,148</b>	<b>-8,083</b>
Cash and cash equivalents at start of period	-7,388	-1,232
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies	0	-42
<b>Cash and cash equivalents at end of period</b>	<b>-5,240</b>	<b>-9,357</b>



# Consolidated Statement of Changes in Equity

of InTiCa Systems AG in accordance with IFRS  
for the period from January 1 to September 30, 2016

	Capital stock EUR '000	Treasury stock EUR '000	Paid-in capital EUR '000	Retained earnings EUR '000	Currency trans- lation reserve EUR '000	Total equity EUR '000
<b>As of January 1, 2015</b>	<b>4,287</b>	<b>-64</b>	<b>15,389</b>	<b>-1,896</b>	<b>-1,718</b>	<b>15,998</b>
Net result for 9M 2015	0	0	0	407	0	407
Other comprehensive income, after taxes 9M 2015	0	0	0	0	163	163
Total comprehensive income for 9M 2015	0	0	0	407	163	570
<b>As of September 30, 2015</b>	<b>4,287</b>	<b>-64</b>	<b>15,389</b>	<b>-1,489</b>	<b>-1,555</b>	<b>16,568</b>
<b>As of January 1, 2016</b>	<b>4,287</b>	<b>-64</b>	<b>15,389</b>	<b>-1,818</b>	<b>-1,349</b>	<b>16,445</b>
Net result 9M 2016	0	0	0	539	0	539
Other comprehensive income, after taxes 9M 2016	0	0	0	0	4	4
Total comprehensive income for 9M 2016	0	0	0	539	4	543
<b>As of September 30, 2016</b>	<b>4,287</b>	<b>-64</b>	<b>15,389</b>	<b>-1,279</b>	<b>-1,345</b>	<b>16,988</b>



# Notes to the Consolidated Interim Financial Statements

for the period from January 1 to September 30, 2016

# INTICA SYSTEMS

## Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems AG as of September 30, 2016, 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 2015, 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 nine-month period ending on September 30, 2016. Comparative data refer to the consolidated financial statements as of December 31, 2015 or the consolidated interim financial statements as of September 30, 2015. 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 2015. This is available at "Investor Relations/Publications" on the company's website at <http://www.intica-systems.com>.

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

The scope of consolidation of InTiCa Systems AG has altered compared with fiscal 2015 as a result of the establishment of the subsidiary in Mexico. Alongside the parent company in Passau, Germany, the consolidated interim financial statements include InTiCa Systems s.r.o. in Prachatice, Czech Republic, and Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V. in Silao, Mexico. The parent company has a stake of 100% in these two foreign subsidiaries. The interim financial statements of the consolidated companies are prepared as of the reporting date for the consolidated interim financial statements.

## 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 average exchange rate for the fiscal year.

## Segment report as of September 30, 2016

### Segment sales and segment earnings

Segment	Automotive Technology		Industrial Electronics		Total	
	In EUR '000	9M 2016	9M 2015	9M 2016	9M 2015	9M 2015
Sales		27,488	27,268	6,239	6,204	33,727
EBIT		953	1,576	-30	-768	923

### Key financial figures

	9M 2016 EUR '000 or %	9M 2015 EUR '000 or %	Change 2016 vs. 2015
EBITDA	4,204	4,144	+1.4%
Net margin	1.6%	1.2%	
Pre-tax margin	1.8%	1.4%	
Material cost ratio (in terms of total output)	54.4%	58.0%	
Personnel cost ratio	22.7%	19.8%	
EBIT margin	2.7%	2.4%	
Gross profit margin	44.8%	41.4%	

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

	Closing rates		
	Sep 30, 2016	Dec 31, 2015	Sep 30, 2015
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 27.020	CZK 27.025	CZK 27.180
USA	USD 1.117	USD 1.089	USD 1.122
Mexico	MXN 21.637	MXN 18.923	MXN 19.000

	Average rates		
	Sep 30, 2016	Dec 31, 2015	Sep 30, 2015
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 27.035	CZK 27.283	CZK 27.357
USA	USD 1.116	USD 1.110	USD 1.115
Mexico	MXN 20.443	MXN 17.619	MXN 17.370

### Segment information

With the agreement of the Supervisory Board, the Board of Directors resolved to combine the Industrial Electronics and Communication Technology segments at the start of 2015. This decision was based on sustained market, customer and corporate trends. It also correlates with the principles of simplifying and focusing the company. The established products of the Communication Technology segment will remain as part of the Industrial Electronics segment.

The notes to the consolidated financial statements in the annual report for 2015 contain a detailed overview of the assets allocated to each segment. Taking into account the

combination of the Industrial Electronics and Communication Technology segments explained above, there has not been any material change in the assets allocated to the segments since December 31, 2015.

### Consolidated income statement

Group sales revenues rose to EUR 33,727 thousand in the first nine months of 2016, up from EUR 33,471 thousand in the prior-year period. Both segments reported slight sales growth. EBITDA improved slightly from EUR 4,144 thousand to EUR 4,204 thousand. Comprehensive income was EUR 543 thousand in the reporting period, compared with EUR 570 thousand in the prior-year period.

### 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. InTiCa Systems' equity ratio of around 41% as of September 30, 2016 (December 31, 2015: 41%) shows that the company is still soundly financed.

The net cash flow from operating activities improved considerably to EUR 3,776 thousand in the first nine months of 2016 (9M 2015: EUR 1,471 thousand). The total cash flow in the reporting period was EUR 2,148 thousand (9M 2015: outflow of EUR 8,083 thousand). Cash and cash equivalents therefore improved from minus EUR 7,388 thousand as of December 31, 2015 to minus EUR 5,240 thousand as of

September 30, 2016. Further, current liabilities to banks decreased to EUR 7,252 thousand in the reporting period (December 31, 2015: EUR 10,225 thousand), while non-current liabilities to banks increased from EUR 7,915 thousand to EUR 10,643 thousand. At the same time, trade receivables increased from EUR 6,807 thousand to EUR 7,856 thousand, while trade payables dropped to EUR 2,675 thousand (December 31, 2015: EUR 2,620 thousand). Inventories declined from EUR 7,758 thousand to EUR 7,679 thousand.

### Events after the reporting date

Material events after the reporting date (September 30, 2016) are outlined in the section on events after the reporting period in the management report.

### German Corporate Governance 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 <http://www.intica-systems.com>, "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 Mr. Dr. Dr. Axel 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.

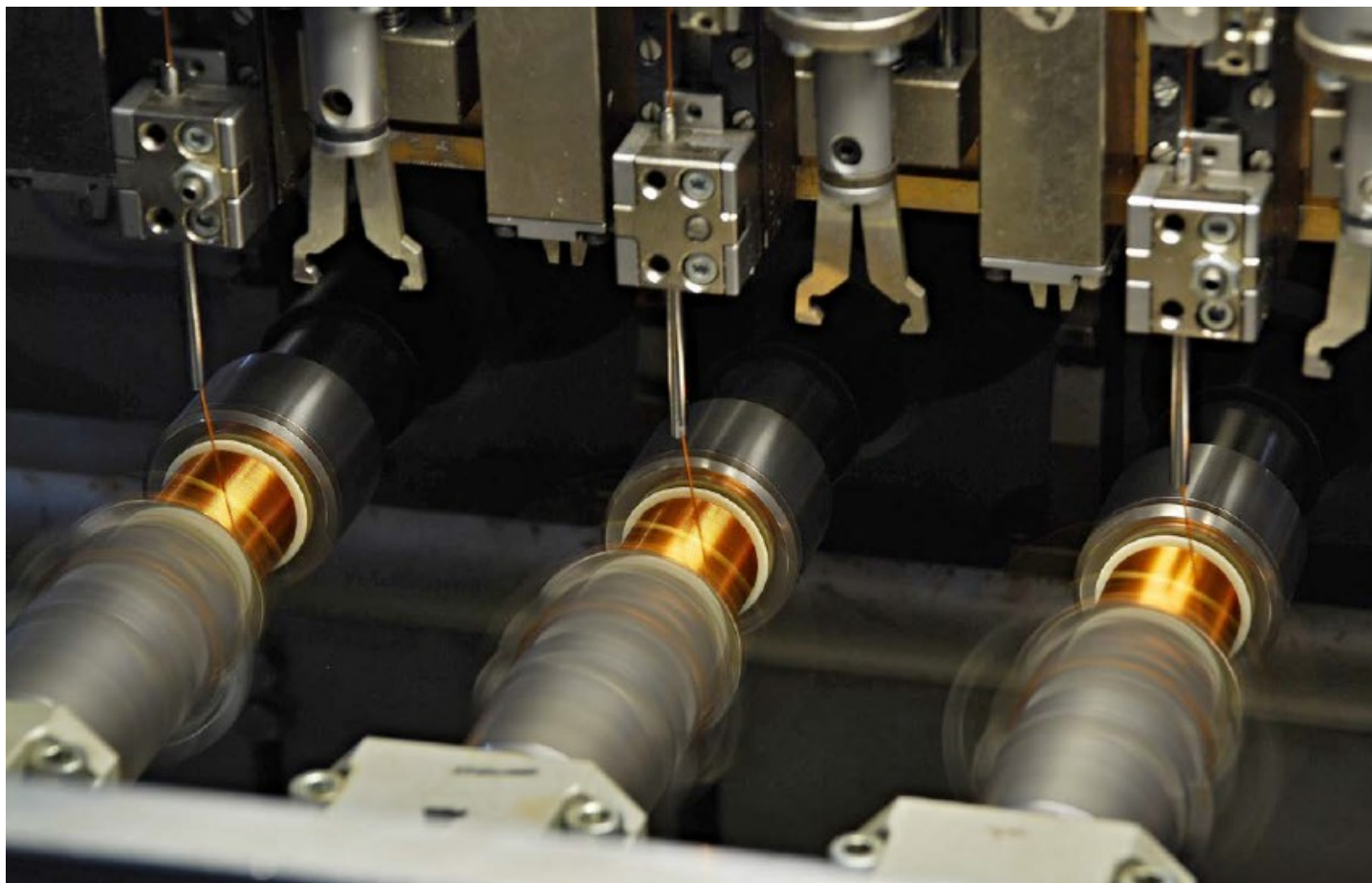
In addition, under sec. 3 paragraph 3 of the articles of incorporation, the Supervisory Board may alter the articles of incorporation in the event of a capital increase out of the authorized capital 2012/I to bring them into line with the extent of the capital increase and may make any other amendments associated with this provided that these are merely editorial.

Under sec. 3 paragraph 3 of the articles of incorporation, the Board of Directors is authorized, until July 5, 2017, to increase the company's capital stock, with the consent of the Supervisory Board, by up to EUR 2,143,500.00 by issuing new shares for cash or contributions in kind in one or more tranches (authorized capital 2012/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 September 30, 2016, InTiCa Systems AG still had treasury stock amounting to 64,430 shares (December 31, 2015: 64,430).

On the basis of a resolution adopted by the Annual General Meeting on July 6, 2012, the company is authorized, up to July 5, 2017, 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 has loans amounting to EUR 6.3 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.



# Responsibility Statement

(in accordance with sec. 37v paragraph 2 no. 3 WpHG)

“We hereby declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated interim financial statements, prepared in accordance with the principles of proper book-keeping, 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, November 22, 2016

## The Board of Directors

Dr. Gregor Wasle  
Spokesman of the  
Board of Directors

Günther Kneidinger  
Member of the  
Board of Directors



## Financial Calendar 2016

November 23, 2016

Publication of Interim Financial Statements for Q3 2016

December 8, 2016

Presentation at the Munich Capital Market Conference 2016

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Systems