Focus on E-Mobility

2019

INTERIM REPORT 9M

Technologies for growth markets!

InTiCa Systems

9M 2019 in figures

The Group

The Group	Q3 2018 EUR ´000	**Q3 2019 EUR ´000**	9M 2018 EUR ´000	**9M 2019 EUR ´000**	Change vs. 9M 2018
Sales	10,711	**21,203**	36,642	**50,807**	+38.7%
Net margin (net result for the period)	-8.2%	**3.4%**	-1.3%	**1.9%**	-
EBITDA	344	**2,525**	3,232	**5,801**	+79.5%
EBIT	-722	**1,198**	13	**1,938**	-
EBT	-838	**1,014**	-313	**1,412**	-
Net result for the period	-879	**714**	-493	**983**	-
Earnings per share (diluted/basic in EUR)	-0.21	**0.17**	-0.11	**0.23**	-
Total cash flow	-1,172	**-1,231**	-3,023	**-2,281**	-
Net cash flow for operating activities	1,411	**-78**	3,754	**2,115**	-43.7%
Capital expenditure	1,722	**661**	6,467	**3,053**	-52.8%

	Sep 30, 2018 EUR ´000	Dec 31, 2018 EUR ´000	**Sep 30, 2019 EUR ´000**	Change vs. Dec 31, 2018
Total assets	49,999	50,065	**61,211**	+22.3%
Equity	17,786	16,760	**17,905**	+6.8%
Equity ratio	36%	33%	**29%**	-
Number of employees incl. agency staff	672	644	**756**	+17.4%

The Stock

The Stock	9M 2018	2018	**9M 2019**
Closing price (in EUR)	6.90	6.20	**5.40**
Period high (in EUR)	8.45	8.45	**6.30**
Period low (in EUR)	6.28	5.70	**4.84**
Market capitalisation at end of period (in EUR million)	28.51	26.6	**23.1**
Number of shares	4,287,000	4,287,000	**4,287,000**

The stock prices are closing prices on XETRA.

Contents

Foreword by the Board of Directors

Dear shareholders, employees and business associates,

As outlined in our ad-hoc statement, despite a further deterioration in the general economic situation and the poor sentiment in the automotive industry, our performance in the first nine months of 2019 exceeded our expectations. Thanks to the very good sales from serial production and projects in the e-solutions business, in particular, Group sales increased by nearly 39% year-on-year in the first nine months of 2019 to EUR 50.8 million. Sales rose by almost 28 percent in the Automotive Technology segment and around 76 percent in the Industrial Electronics segment. Products and developments in the area of e-solutions are used in both segments, so here the boundaries between Industrial Electronics and Automotive Technology are becoming blurred. By contrast, it is clear that the higher sales are having a positive impact on our margins. For instance, the EBIT margin of 3.8% is also well above what we expected, even though the continued shortage of important raw materials and skilled staff is still having a negative effect on profitability.

Based on business performance to date and the expectations for the fourth quarter, we have therefore raised our forecast for 2019 as a whole. Instead of sales of between EUR 54 million and EUR 58 million and an EBIT margin of 1.5–2.0%, we now expect Group sales to come in at between EUR 65 million and EUR 68 million, with an EBIT margin of at least 3.0%.

Our positive performance in 2019 is attributable to our early focus on future-oriented technologies, together with the associated repositioning of the company as a substantial technology provider for e-solutions and e-mobility. There will be increasing applications for inductive components, be it in hybrid and electric vehicles, charging stations, energy storage or energy generation. And while other companies still have to define their position, we have built up the necessary know-how over the years and made future-oriented investments. In 2019, we expect that products classed as “e-solutions” will account for more than 40% of our total sales revenue.

This is where we see the greatest potential for the future. While business with conventional vehicle platforms is flat, there is a growing market for alternative drives and other key technologies such as autonomous driving, connectivity and interactivity. New developments such as charging infrastructure, stator systems for hybrid vehicles and planar transformers for battery management systems offer tremendous opportunities for InTiCa.

Although the development and positive results in the first nine months confirm the strategic alignment of the company and the focus on e-solutions, at present we do not expect growth to continue at the same pace next year. On the one hand, the current year contains an amount of one-off project

revenue and on the other, there are still cyclical risks, especially with regard to the automotive industry, which could have a negative impact on the serial business. Nevertheless, on the basis of the present market and customer information, we expect to report further solid growth in the coming year. We will publish our detailed guidance for 2020 when we publish the annual report for 2019.

We would like to thank our employees for their commitment, our customers and business partners for their collaboration and our shareholders for their trust in us.

Passau, November 2019

Yours

Dr. Gregor Wasle	Günther Kneidinger
Vorsitzender des Vorstands	Vorstand

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

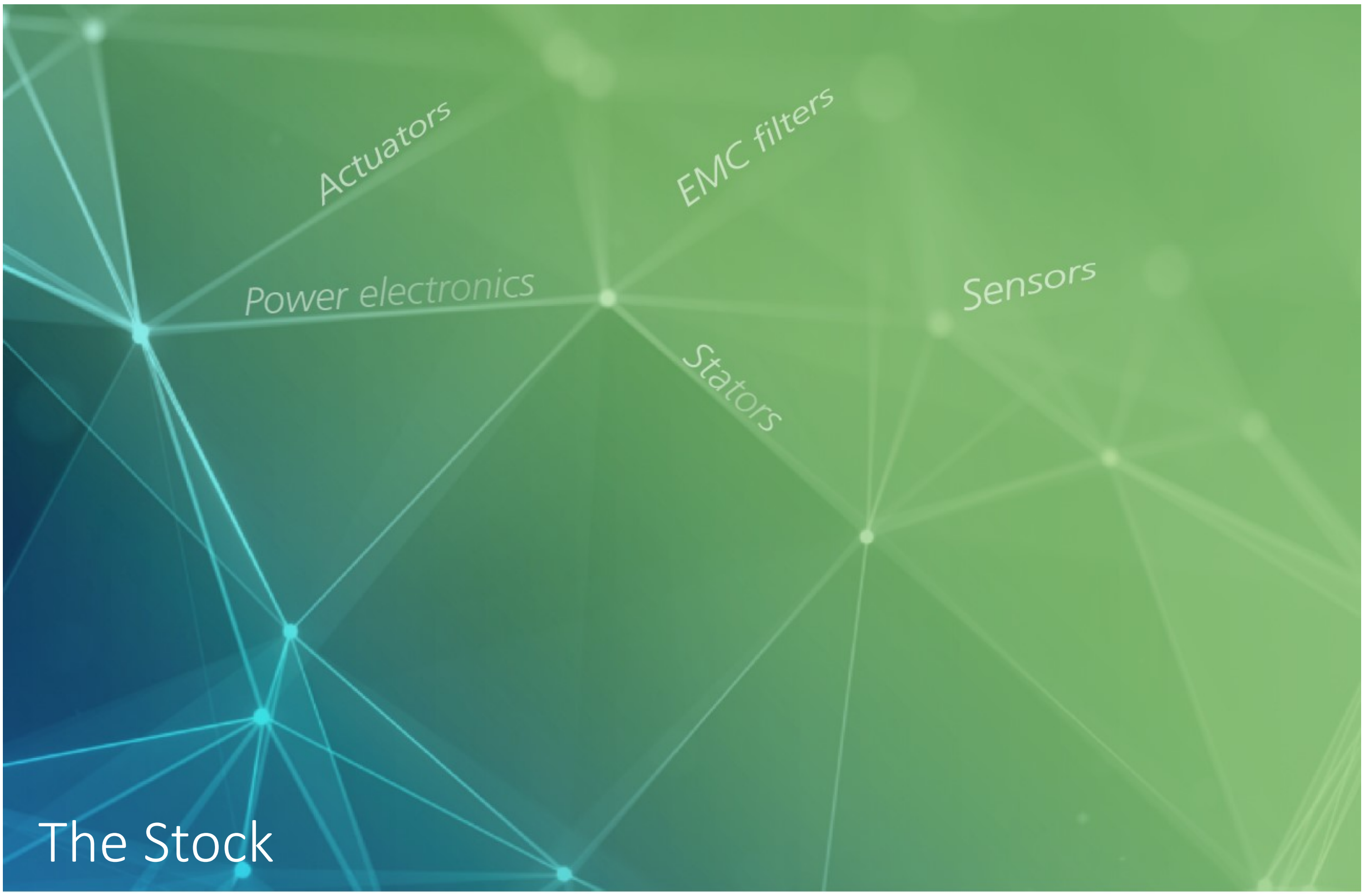
Günther Kneidinger
Member of the Board of Directors
Sales, materials management, Logistics centre and quality

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*
- *Chairman of the Supervisory Board of Electrovac AG*
- *Advisory Board of Eberspächer Gruppe GmbH & Co. KG*



InTiCa System´s share price performance[1)]

Following the difficult conditions on the stock market in 2018, shares in InTiCa Systems AG started 2019 at EUR 6.20. Until the beginning of February, they traded sideways in a range between EUR 6.00 and EUR 6.30. The share price subsequently dropped below EUR 6.00, falling to EUR 5.35 on March 12. That was followed by a slight rally. Following publication of our provisional figures for 2018, the price initially stabilized at between EUR 5.60 and EUR 6.00. However, in the following months the share price trended slightly downward. The lowest share price was EUR 4.84 on August 29, 2019. The share ended the first nine months of 2019 back at EUR 5.40. Following publication of the provisional nine-month results and revision of the forecast for the 2019 financial year, the share price rose sharply to a year-to-date high of EUR 8.50 on November 14, 2019. At the close of Xetra trading on November 17, 2019, the share price was EUR 8.10. That was an increase of 30.6% since the start of the year, bringing InTiCa Systems' market capitalization to EUR 34.7 million.

In the first nine months of 2019, 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 2018 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, which took place in Passau on July 10, 2019 is also published on the website. At the AGM, shareholders were able to inform themselves about fiscal 2018 and the current situation at InTiCa Systems AG.

In addition, InTiCa Systems AG 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 10/11, 2019.

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

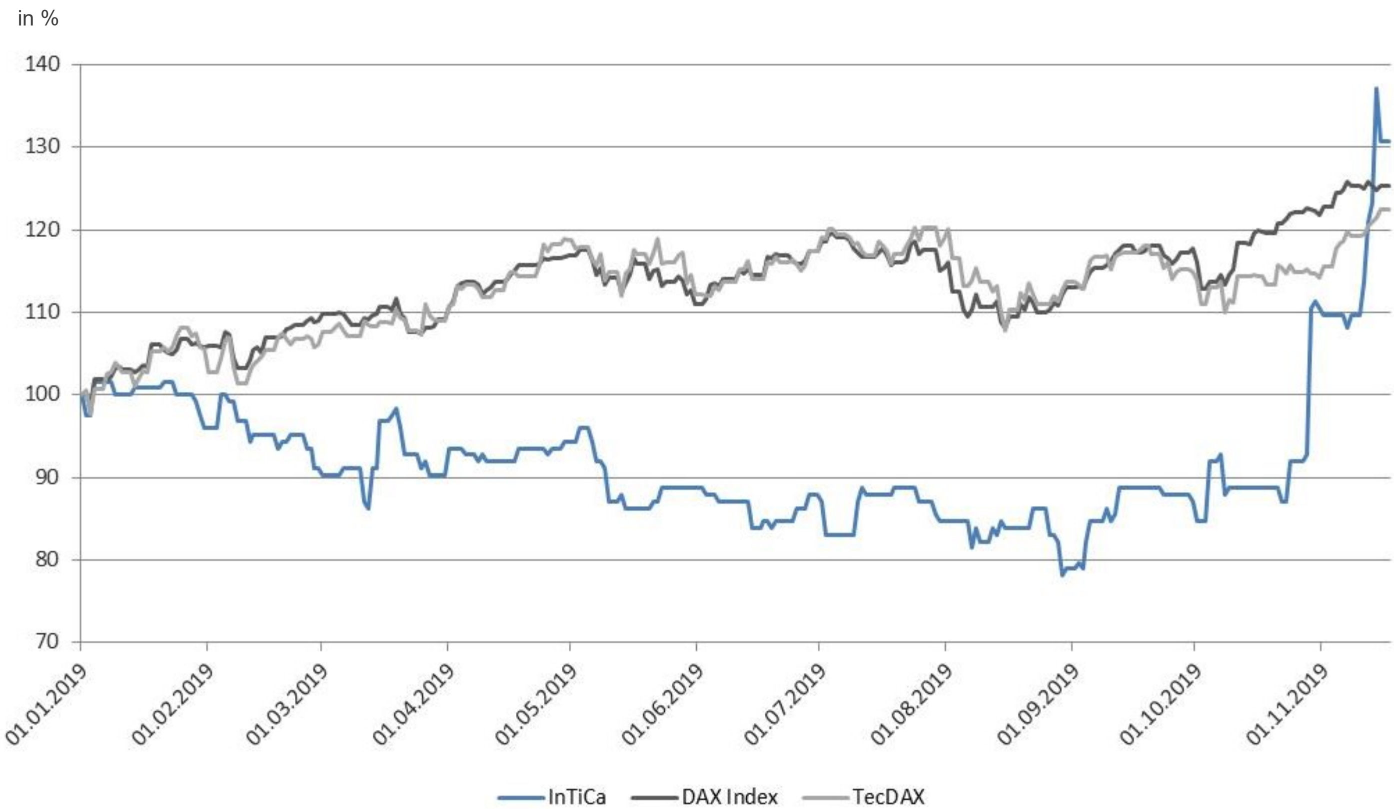
Designated Sponsor	BankM - flatex Bank AG
Research Coverage	SMC Research
No. of shares	4,287,000
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, München, Stuttgart, Düsseldorf

Shareholder structure

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

As of November 15, 2019

Share price performance



Interim Management Report of the Group

for the period from January 1 to September 30, 2019

Economic report

General economic conditions

In their Joint Economic Forecast in autumn 2019, the leading German economic research institutes cut their economic forecast for Germany significantly. In spring, they anticipated that the gross domestic product would increase by 0.8% in 2019. Now they only expect growth of 0.5%. The reasons for the weak development according to the experts are the worldwide decline in demand for capital goods, which is a focus of German exports, plus political uncertainty and structural changes in the automotive industry. By contrast, financial policy is providing clear impetus for consumer spending, supported by various fiscal policy measures such as an increase in pension benefits, higher child allowances, income tax relief and partial abolition of the solidarity surcharge. Experts also point to the heightened risks to the German and global economy since the spring. The trade dispute between the USA and China and conflicts within Asia have also led to greater uncertainty, which weighs on the the international economy. Moreover, a disorderly Brexit is likely to put pressure on the economy in Europe, especially Germany. Overall, the experts anticipate that global GDP will grow by around 2.7% in 2019.

The German Automotive Industry Association (VDA) reports that volume sales of the main international car brands declined in the first nine months of 2019. In Europe, 12.1 million vehicles were sold, a drop of 1.6% year-on-year, while unit sales fell by 1.1% to 12.7 million in the USA and by 11.6% to 15.0 million in China. However, the automotive industry's efforts to switch to electric vehicles and calls for a further reduction in carbon emissions are having a positive impact on InTiCa Systems' business. Automotive manufacturers and suppliers are investing massively in alternative drives. EUR 40 billion will be spent on related research and development projects in the next three years. The number of electric models on offer should therefore increase fivefold by 2023. This transformation is focused on electro-mobility, purely electric batteries and plug-in hybrids.

Sentiment in the electrical and electronics industry remains subdued. The German Electrical and Electronic Manufacturers' Association (ZVEI) reports that sector sales in the German electrical and electronics industry were almost at the prior-year level at EUR 142.5 billion at the end of the first nine months. Domestic and foreign sales developed similarly (-0.7% to EUR 66.9 billion and -0.3% to EUR 75.6 billion). While revenue generated with customers in the euro zone was flat between January and September (+0.1% at EUR 27.8 billion), revenue from business with countries outside the euro zone increased slightly, by 0.6% year-on-year to EUR 47.8 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

Although market conditions remain challenging, InTiCa Systems' business developed very well in the first nine months of 2019. As outlined in our ad-hoc statement, sales and earnings exceeded the Board of Directors' expectations thanks to strong serial and project sales, so the guidance for 2019 has been raised considerably.

Overall, Group sales increased to EUR 50.8 million in the first nine months of 2019 (9M 2018: EUR 36.6 million). The Automotive Technology and Industrial Electronics segments both contributed to the growth in sales and both generated positive earnings. EBITDA rose faster than sales. As a result, the EBITDA margin improved to 11.4% (9M 2018: 8.8%). While the ratio of material costs to total output increased, the personnel expense ratio was reduced. EBIT was considerably higher than in the prior-year period at EUR 1.9 million (9M 2018: EUR 13 thousand) and the EBIT margin was 3.8% (9M 2018: 0.04%). Net profit for the period was EUR 1.0 million (9M 2018: net loss of EUR 0.5 million).

The operating cash flow was EUR 2.1 million in the reporting period (9M 2018: EUR 3.8 million). As a result of further investment to extend and modernize production facilities and scheduled loan repayments, there was a total cash outflow of EUR 2.3 million in the reporting period (9M 2018: outflow of EUR 3.0 million). The equity ratio decreased to 29.3% (December 31, 2018: 33.5%).

Earnings position

Compared with the first nine months of 2018, Group sales rose 38.7% to EUR 50.8 million (9M 2018: EUR 36.6 million), with both segments contributing to this sales growth. In the Automotive Technology segment, sales grew 28.0% year-on-year to EUR 36.5 million (9M 2018: EUR 28.5 million) and in the Industrial Electronics segment sales increased by 76.2% to EUR 14.3 million (9M 2018: EUR 8.1 million). Here it should be noted that revenue from EMC filter technology, which is used in both stationary installations (Industrial Electronics) and vehicles (Automotive Technology), is currently allocated entirely to the Industrial Electronics segment.

Since inventories of finished goods and work in progress decreased far faster than in the prior-year period, the increase in total output from EUR 37.8 million to EUR 49.3 million lagged the increase in sales. The ratio of material costs to total output increased to 58.5% (9M 2018: 53.7%).

At the same time, the personnel expense ratio dropped from 24.7% to 16.8% due to a reduction in the average headcount (excluding agency staff) in the reporting period. There was a year-on-year increase in other expenses from EUR 5.7 million to EUR 7.1 million. This was because expenses for agency staff at the production sites in Prachatice and Silao rose to EUR 2.4 million (9M 2018: EUR 1.2 million).

Depreciation and amortization of property, plant and equipment and intangible assets amounted to EUR 3.9 million in the reporting period (9M 2018: EUR 3.2 million) and research and development expenses were EUR 2.0 million (9M 2018: EUR 2.2 million). Development work focused principally on the e-solutions business.

Year-on-year, EBITDA (earnings before interest, taxes, depreciation and amortization) rose faster than sales, increasing by 79.5% to EUR 5.8 million (9M 2018: EUR 3.2 million). The EBITDA margin therefore improved to 11.4% (9M 2018: 8.8%). EBIT (earnings before interest and taxes) was EUR 1.9 million (9M 2018: EUR 13 thousand) and the EBIT margin was 3.8% (9M 2018: 0.04%). In the Automotive Technology segment EBIT was EUR 0.8 million (9M 2018: minus EUR 0.3 million), and in the Industrial Electronics segment it was EUR 1.2 million (9M 2018: EUR 0.3 million).

The financial result was minus EUR 0.5 million in the first nine months of 2019 (9M 2018: minus EUR 0.3 million) and tax expense was EUR 0.4 million (9M 2018: EUR 0.2 million). Group net income was therefore EUR 1.0 million in the reporting period (9M 2018: minus EUR 0.5 million). Earnings per share were EUR 0.23 (9M 2018: minus EUR 0.11).

As a result of currency translation gains of EUR 0.2 million (9M 2018: EUR 0.2 million) from the translation of foreign business operations, comprehensive income was EUR 1.1 million in the first nine months of 2019, compared with minus EUR 0.3 million in the first nine months of 2018.

Non-current assets

Non-current assets increased to EUR 32.1 million as of September 30, 2019 (December 31, 2018: EUR 28.1 million). This was principally due to initial application of the new standard on leases (IFRS 16), which resulted in recognition right-of-use assets for leases totalling EUR 5.1 million. Consequently, property, plant and equipment increased to EUR 26.1 million (December 31, 2018: EUR 22.0 million). Intangible assets were unchanged at EUR 4.9 million (December 31, 2018: EUR 4.9 million). Deferred taxes declined slightly to EUR 1.1 million (December 31, 2018: EUR 1.2 million).

Current assets

Current assets increased to EUR 29.1 million as of September 30, 2019 (December 31, 2018: EUR 22.0 million). The increase in the reporting period was mainly attributable to a rise in trade receivables from EUR 9.2 million to EUR 18.0 million. By contrast, inventories decreased from EUR 11.0 million to EUR 8.8 million. Cash and cash equivalents totalled EUR 0.2 million on September 30, 2019 (December 31, 2018: EUR 0.1 million).

Liabilities

Current liabilities increased to EUR 25.8 million in the reporting period (December 31, 2018: EUR 20.9 million). This was mainly due to the rise in trade payables from EUR 4.9 million to EUR 8.6 million. At the same time, current liabilities to banks rose to EUR 14.6 million (December 31, 2018: EUR 13.6 million). Other current provisions increased to EUR 1.7 million in the reporting period (December 31, 2018: EUR 1.2 million).

Non-current liabilities also rose substantially in the reporting period, from EUR 12.5 million to EUR 17.5 million. This increase was principally due to the initial recognition of other non-current liabilities totalling EUR 4.6 million in accordance with IFRS 16. Non-current liabilities to banks increased slightly from EUR 10.8 million to EUR 11.3 million, and deferred taxes rose to EUR 1.7 million (December 31, 2018: EUR 1.6 million).

Equity

Equity rose to EUR 17.9 as of September 30, 2019 (December 31, 2018: EUR 16.8 million). The increase was mainly due to the positive results in the first nine months, which resulted in a reduction of the negative profit reserve. In addition, the negative currency translation reserve decreased slightly as a result of positive currency translation effects. The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand and the capital reserve of EUR 15.4 million were unchanged in the reporting period. Total assets increased to EUR 61.2 million as of September 30, 2019 (December 31, 2018: EUR 50.1 million). The equity ratio therefore declined from 33.5% to 29.3%.

Liquidity and cash flow statement

The net cash flow from operating activities was EUR 2.1 million in the first nine months of 2019 (9M 2018: EUR 3.8 million). The reduction was mainly due to a sharp increase in trade receivables on the reporting date. Excluding interest payments, the cash flow from operating activities was EUR 3.1 million (9M 2018: EUR 4.0 million).

The net cash outflow for investing activities was EUR 3.1 million in the first nine months of 2019 (9M 2018: outflow of EUR 6.5 million). While investment in intangible assets was only slightly below the prior-year level at EUR 0.8 million (9M 2018: EUR 1.0 million), investment in property, plant and equipment was considerably lower than in the prior-year period at EUR 2.2 million (9M 2018: EUR 5.5 million). In total, capital expenditures for property, plant and equipment of around EUR 5.8 million are planned for 2019. They include EUR 3.3 million for two highly automated leased production lines, which will be used to produce stator coils for hybrid vehicles. Further investments mainly relate to the installation and extension of production plants for e-mobility (EMC filters and stators) at the site in the Czech Republic.

The net cash outflow for financing activities was EUR 1.3 million in the first nine months of 2019 (9M 2018: outflow of EUR 0.3 million). In the reporting period, new loans resulted in cash inflows of EUR 1.9 million (9M 2018: EUR 1.7 million), while cash outflows for the repayment of loans amounted to EUR 2.7 million (9M 2018: EUR 2.0 million) and cash outflows for repayments of finance leases amounted to EUR 0.5 million (9M 2018: EUR 0).

That resulted in a total cash outflow of EUR 2.3 million in the reporting period (9M 2018: outflow of EUR 3.0 million). Cash and cash equivalents (less overdrafts) were minus EUR 12.2 million as of September 30, 2019 (September 30, 2018: minus EUR 8.7 million). As of the reporting date, InTiCa Systems AG had assured credit facilities which could be drawn at any time totalling EUR 12.4 million.

Employees

The headcount was 756 on September 30, 2019 (September 30, 2018: 672). 290 of these employees were agency staff (September 30, 2018: 168). The increase is due to the current labour market situation in the Czech Republic, with a labour shortage and rising wage costs, and to the start-up and expansion of the facility in Mexico, where agency staff are generally employed at first, until order call-off volume stabilizes as serial production increases. On average, the Group had 716 employees in the reporting period (9M 2018: 629 employees, including agency staff in both cases).

Risks and opportunities

The management report in the annual report for 2018 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

The escalating trade dispute between the USA and China, the enormous uncertainty caused by the threat of Brexit, and the general economic downturn caused a reduction in international output in the automotive industry and a drop in new vehicle registrations in the first nine months of 2019. Despite this difficult environment, InTiCa Systems AG posted a positive development in the reporting period and exceeded the Board of Directors’ expectations. Despite this difficult environment, InTiCa Systems AG posted a positive development in the reporting period. Looking forward, InTiCa Systems AG cannot decouple itself entirely from international market developments in the automotive industry. Therefore, future developments will show to what extent the new e-solutions product lines can counter the forecasted international downswing.

The principal reason for this is the clearly defined strategy, which initiated early action to reposition the company as a substantial technology provider for e-solutions and e-mobility. Recognizing that the boundaries between automotive technology and industrial electronics are becoming increasingly blurred (EMC filters being a case in point), InTiCa embarked on significant development work and made considerable upfront investments to build up production facilities. In 2019, products classed as “e-solutions” are expected to account for over 40% of total sales.

Overall, the Board of Directors therefore expects sales to rise in both the Automotive Technology segment and the Industrial Electronics segment. At the end of the first nine months of 2019, orders on hand amounted to EUR 118.0 million, far higher than in the prior-year period (September 30, 2018: EUR 83.0 million). 72% of orders were for the Automotive Technology segment (9M 2018: 84%).

Based on business performance to date and the expectations for the fourth quarter, the Board of Directors has raised its forecast for 2019 as a whole. Instead of sales of between EUR 54 million and EUR 58 million and an EBIT margin of 1.5–2.0%, the Board of Directors now expects Group sales to come in at between EUR 65 million and EUR 68 million, with an EBIT margin of at least 3.0%.

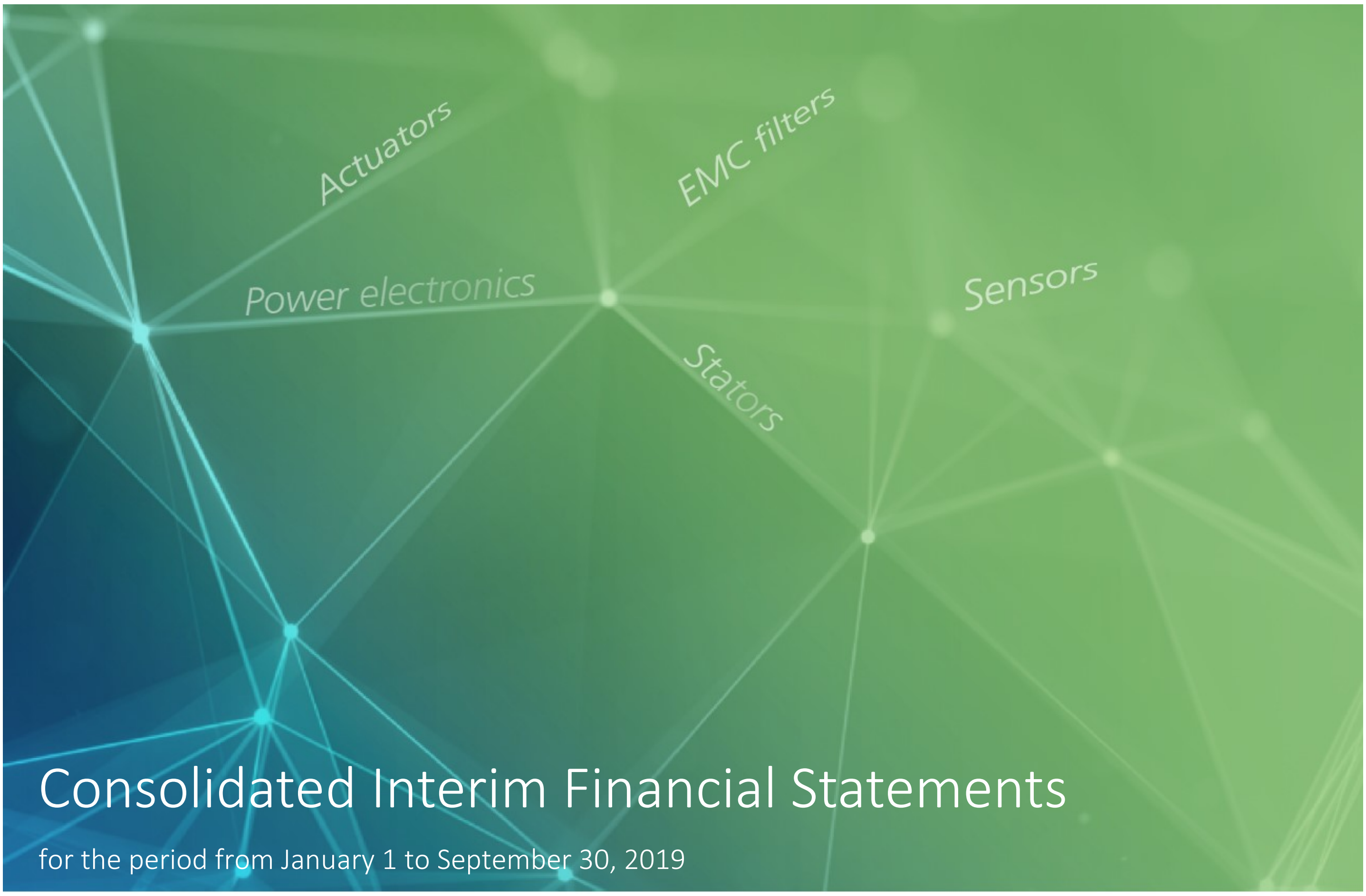
Further information on the segments can be found in the annual report for 2018 in section 6 "Outlook".

Consolidated interim financial statements in accordance with IFRS

The unaudited consolidated interim financial statements for InTiCa Systems AG and its subsidiaries as of September 30, 2019, 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, 2019

Consolidated Balance Sheet

of InTiCa Systems AG in accordance with IFRS as of September 30, 2019

Assets	Sep 30, 2019 EUR ´000	Dec 31, 2018 EUR ´000
Non-current assets		
Intangible assets	4,905	4,928
Property, plant and equipment	26,095	21,968
Deferred taxes	1,080	1,180
Total non-current assets	**32,080**	**28,076**
Current assets		
Inventories	8,781	11,029
Trade receivables	17,956	9,236
Tax assets	5	5
Other financial assets	369	75
Other current receivables	1,861	1,566
Cash and cash equivalents	159	78
Total current assets	**29,131**	**21,989**
Total assets	**61,211**	**50,065**

Equity and liabilities

	Sep 30, 2019 EUR ´000	Dec 31, 2018 EUR ´000
Equity		
Capital stock	4,287	4,287
Treasury stock	-64	-64
General capital reserve	15,389	15,389
Profit reserve	-1,075	-2,058
Currency translation reserve	-632	-794
Total equity	**17,905**	**16,760**
Non-current liabilities		
Interest-bearing non-current liabilities	11,263	10,813
Other liabilities	4.577	0
Deferred taxes	1.661	1,640
Total non-current liabilities	**17,501**	**12,453**
Current liabilities		
Other current provisions	1,732	1,211
Tax payables	0	151
Interest-bearing current financial liabilities	14,598	13,564
Trade payables	8,557	4,936
Other financial liabilities	372	488
Other current liabilities	546	502
Total current liabilities	**25,805**	**20,852**
Total equity and liabilities	**61,211**	**50,065**
Equity ratio	**29.3%**	33.5%

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 September 30, 2019

	Q3 2019 EUR ´000	Q3 2018 EUR ´000	9M 2019 EUR ´000	9M 2018 EUR ´000	Change 2019 vs. 2018
Sales	**21,203**	**10,711**	**50,807**	**36,642**	**+38.7%**
Other operating income	424	131	997	528	+88.8%
Changes in finished goods and work in process	-849	403	-2,329	242	-
Other own costs capitalized	243	299	784	902	-13.1%
Material expense	12,653	6,291	28,839	20,276	+42.2%
Personnel expense	2,911	3,005	8,544	9,065	-5.7%
Depreciation and amortization	1,327	1,066	3,863	3,219	+20.0%
Other expenses	2,932	1,904	7,075	5,741	+23.2%
Operating profit (EBIT)	**1,198**	**-722**	**1,938**	**13**	**-**
Cost of financing	184	116	526	326	+61.3%
Other financial income	0	0	0	0	-
Profit before taxes	**1,014**	**-838**	**1,412**	**-313**	**-**
Income taxes	300	41	429	180	+138.3%
Net profit for the period	**714**	**-879**	**983**	**-493**	**-**
Other comprehensive income					
Exchange differences from translating foreign business operations	48	425	162	157	+3.2%
Other comprehensive income, after taxes	**48**	**425**	**162**	**157**	**+3.2%**
Total comprehensive income for the period	**762**	**-454**	**1,145**	**-336**	**-**
Earnings per share (diluted/basic in EUR)	0.17	-0.21	0.23	-0.11	-
EBITDA	**2.525**	**344**	**5.801**	**3.232**	**+79.5%**

Consolidated Cash Flow Statement

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to September 30, 2019

	Jan 1 - Sep 30, 2019 EUR ´000	Jan 1 - Sep 30, 2018 EUR ´000
Cash flow from operating activities		
Net profit for the period	983	-493
Income tax expenditures / receipts	429	180
Cash outflow for borrowing costs	526	326
Income from financial investments	0	0
Depreciation and amortization of non-current assets	3,863	3,219
Other non-cash transactions		
Net currency gains/losses	287	119
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	2,249	-2,242
Trade receivables	-8,720	-46
Other assets	-590	-1,135
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	522	93
Trade payables	3,621	3,660
Other liabilities	-96	345
Cash flow from operating activities	**3,074**	**4,026**
Cash outflow for income taxes	-458	-4
Cash outflow for interest payments	-501	-268
Net cash flow from operating activities	**2,115**	**3,754**
Cash flow from investing activities		
Cash inflow from interest payments	0	0
Cash outflow for intangible assets	-829	-959
Cash outflow for property, plant and equipment	-2,224	-5,508
Net cash flow from investing activities	**-3,053**	**-6,467**
Cash flow from financing activities		
Cash inflow from loans	1,873	1,663
Cash outflow for loan repayment installments	-2,711	-1,973
Cash outflow for liabilities under finance leases	-505	0
Net cash flow from financing activities	**-1.343**	**-310**
Total cash flow	**-2,281**	**-3,023**
Cash and cash equivalents at start of period	-9,933	-5,721
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies	18	29
Cash and cash equivalents at end of period	**-12,196**	**-8,715**

Consolidated Statement of Changes in Equity

of InTiCa Systems AG in accordance with IFRS
for the period from January 1 to September 30, 2019

	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, 2018	**4,287**	**-64**	**15,389**	**-744**	**-746**	**18,122**
Net result for 9M 2018	0	0	0	-493	0	-493
Other comprehensive income, after taxes for 9M 2018	0	0	0	0	157	157
Total comprehensive income for 9M 2018	0	0	0	-493	157	-336
As of September 30, 2018	**4,287**	**-64**	**15,389**	**-1,237**	**-589**	**17,786**
As of January 1, 2019	**4,287**	**-64**	**15,389**	**-2,058**	**-794**	**16,760**
Net result for 9M 2019	0	0	0	983	0	983
Other comprehensive income, after taxes for 9M 2019	0	0	0	0	162	162
Total comprehensive income for 9M 2019	0	0	0	983	162	1,145
As of September 30, 2019	**4,287**	**-64**	**15,389**	**-1,075**	**-632**	**17,905**

Notes to the Consolidated Interim Financial Statements

for the period from January 1 to September 30, 2019

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems AG as of September 30, 2019, 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 2018, 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-months period ending on September 30, 2019. Comparative data refer to the consolidated financial statements as of December 31, 2018, or the consolidated interim financial statements as of September 30, 2018. 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 2018. This is available at Investor Relations/Publications on the company's website at 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.

With the exception of IFRS 16, the changes in the accounting policies and valuation methods applicable from the 2019 financial year have not had any material impact. The effects of IFRS 16 are outlined briefly below:

Impact of IFRS 16 – Leases

As a result of the change to IFRS 16 as of January 1, 2019 right-of-use assets for leases totalling EUR 3.5 million were capitalized and other non-current liabilities of the same amount were recognized on the liabilities side. The resulting increase in total assets and total equity and liabilities reduced the equity ratio. In the cash flow statement, lease and rental payments are no longer presented in the cash flow from operating activities. Instead they are split and presented separately in the line items "cash outflow for interest payments" and "repayments from the redemption of finance leases".

The modified retrospective method was applied for the switch to IFRS 16. The comparative figures for the prior-year periods have not been restated.

Scope of consolidation

In addition to the parent company, InTiCa Systems AG, Passau, Germany, the InTiCa Systems s.r.o., Prachatice, Czech Republic, and the Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico are included in the consolidated financial statements. The Czech subsidiary is a

Segment report as of September 30, 2019
Segment sales and segment earnings

Segment	Automotive Technology		Industrial Electronics		Total	
In EUR ´000	**9M 2019**	9M 2018	**9M 2019**	9M 2018	**9M 2019**	9M 2018
Sales	**36,487**	28,515	**14,320**	8,127	**50,807**	36,642
EBIT	**767**	-310	**1,171**	323	**1,938**	13

Key financial figures	9M 2019 EUR ´000 or %	9M 2018 EUR ´000 or %	Change 2019 vs. 2018
EBITDA	**5,801**	3,232	+79.5%
Net margin	**1.9%**	-1.3%	
Pre-tax margin	**2.8%**	-0.9%	
Material cost ratio (in terms of total output)	**58.5%**	53.7%	
Personnel cost ratio	**21.5%**	27.9%	
EBIT margin	**3.8%**	0.0%	
Gross profit margin	**38.7%**	45.3%	

wholly owned company, while InTiCa Systems AG holds 99% of shares 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 9M 2018, 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

	Sep 30, 2019	Dec 31, 2018	Sep 30, 2018
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 25.815	CZK 25.725	CZK 25.715
USA	USD 1.092	USD 1.145	USD 1.158
Mexico	MXN 21.408	MXN 22.505	MXN 21.846

Average rates

	Sep 30, 2019	Dec 31, 2018	Sep 30, 2018
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 25.702	CZK 25.643	CZK 25.570
USA	USD 1.124	USD 1.181	USD 1.194
Mexico	MXN 21.688	MXN 22.743	MXN 22.780

Segment information

The notes to the consolidated financial statements in the annual report for 2018 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, 2018.

Consolidated income statement

Group sales revenues rose to EUR 50,807 thousand in the first nine months of 2019, up from EUR 36,642 thousand in the prior-year period. Both segments reported sales growth. EBITDA improved to EUR 5,801 thousand (9M 2018: EUR 3,232 thousand). The net profit for the period was EUR 983 thousand, compared with a loss of EUR 493 thousand in the first nine months of 2018.

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% as of September 30, 2019 (December 31, 2018: 33%) shows that the company is still soundly financed.

The net cash flow for operating activities was EUR 2,115 thousand in the first nine months of 2019 (9M 2018: EUR 3,754 thousand). The total cash flow in the reporting period comprised an outflow of EUR 2,281 thousand (9M 2018: outflow EUR 3,023 thousand). Cash and cash equivalents therefore changed from minus EUR 9,933 thousand as of December 31, 2018 to minus EUR 12,196 thousand as of September 30, 2019. The liabilities side of the balance sheet changed as follows in the reporting period: Equity increased to EUR 17,905 thousand (December 31, 2018: EUR 16,760 thousand) and non-current liabilities increased to EUR 17,501 thousand (December 31, 2018: EUR 12,453 thousand). Current liabilities increased to EUR 25,805 thousand (December 31, 2018: EUR 20,852 thousand), mainly because of the increase in trade payables. On the assets side of the balance sheet, non-current assets rose to EUR 32,080 thousand (December 31, 2018: EUR 28,076 thousand), while current assets rose to EUR 29,131 thousand (December 31, 2018: EUR 21,989 thousand) as a result of the increase in trade receivables and other current receivables.

Events after the reporting date

On October 29, 2019, the company published the results for the third quarter of 2019 and raised its guidance for the 2019 financial year in an ad-hoc statement.

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 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.

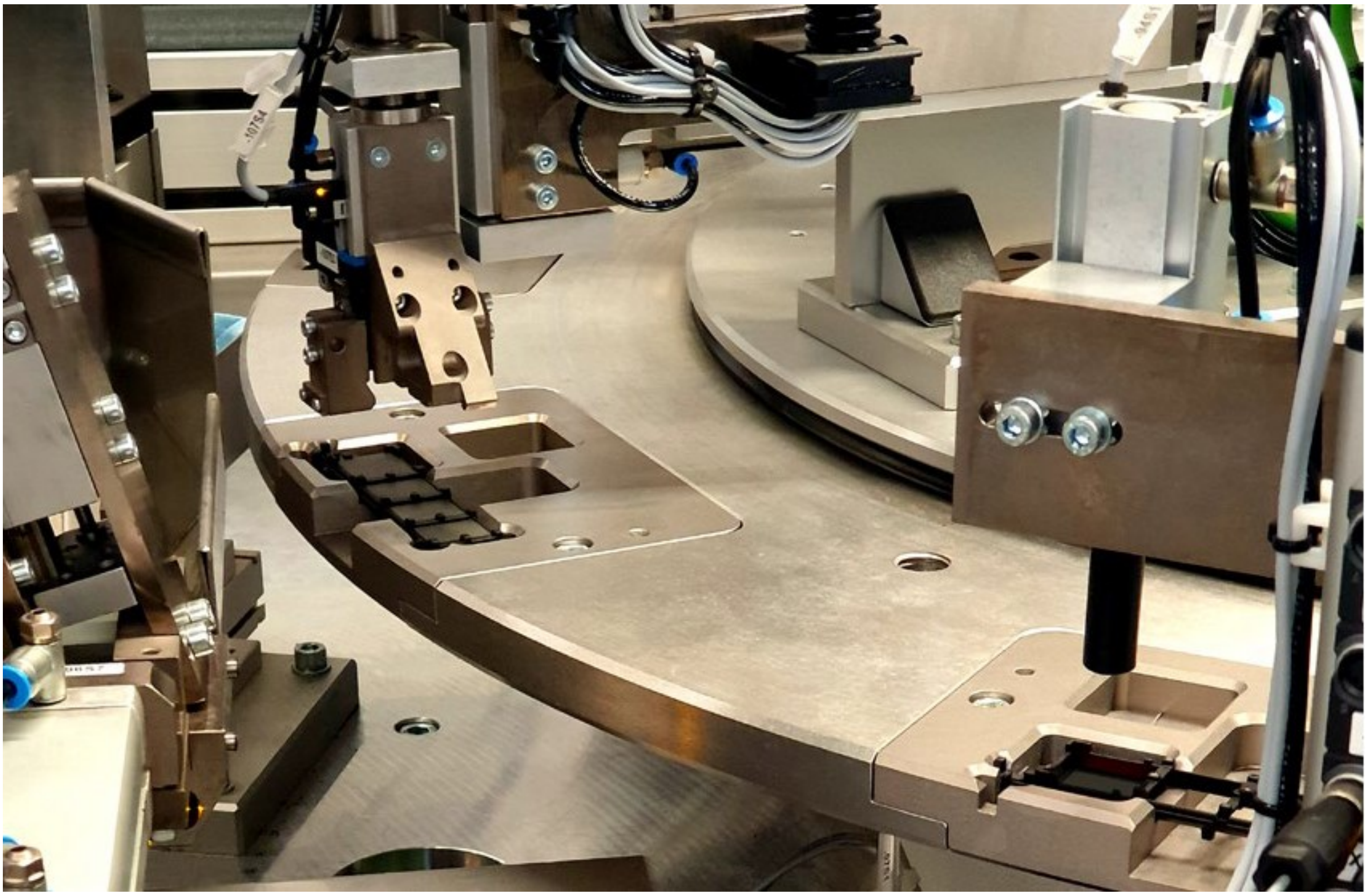
InTiCa Systems AG has not issued any shares that allow direct exercise of control rights.

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 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 September 30, 2019, InTiCa Systems AG still had treasury stock amounting to 64,430 shares (September 30, 2018: 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 3.0 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

We hereby declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated interim financial statements are 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 20, 2019

The Board of Directors

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

Financial Calendar 2019

November 21, 2019	Publication of Interim Financial Statements for Q3 2019
December 11, 2019	Presentation at the Munich Capital Market Conference 2019

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