2023

INTERIM REPORT 9M

9M 2023 in figures

The Group	Q3 2022 EUR ´000	**Q3 2023 EUR ´000**	9M 2022 EUR ´000	**9M 2023 EUR ´000**	Change vs. 9M 2022
Sales	22,460	**22,185**	71,158	**67,545**	-5.1%
Net margin (net result for the period)	1.4%	**-2.4%**	1.7%	**-1.0%**	-
EBITDA	2,133	**1,379**	6,589	**4,833**	-26.7%
EBIT	657	**-136**	2,114	**328**	-84.5%
EBT	498	**-523**	1,697	**-679**	-
Net result for the period	324	**-525**	1,185	**-673**	-156.8%
Earnings per share (diluted/basic in EUR)	0.08	**-0.12**	0.28	**-0.16**	-
Total cash flow	914	**-1,626**	-1,231	**-6,590**	-
Net cash flow for operating activities	3,573	**625**	3,820	**-227**	-
Capital expenditure	2,274	**1,211**	5,527	**5,313**	-3.9%

	Sep 30, 2022 EUR ´000	Dec 31, 2022 EUR ´000	**Sep 30, 2023 EUR ´000**	Change vs. Dec 31, 2022
Total assets	64,294	65,418	**68,869**	+5.3%
Equity	21,370	21,969	**21,567**	-1.8%
Equity ratio	33.2%	33.6%	**31.3%**	
Number of employees incl. agency staff	851	847	**834**	-1.5%

The Stock	9M 2022	2022	**9M 2023**
Closing price (in EUR)	8.15	8.00	**6.90**
Period high (in EUR)	12.70	12.70	**8.60**
Period low (in EUR)	7.95	7.50	**6.50**
Market capitalisation at end of period (in EUR million)	34.94	34.30	**29.58**
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,

The challenges have not diminished since the summer. The German economy is still in recession, the automotive market has not yet regained its pre-crisis level and the geopolitical conflicts have increased further. We are noticing all of that in our daily contact with our customers and suppliers. Considerably higher volatility of order offtake has recently become visible again in both segments. The uncertainty is bringing permanent changes, including changes at short notice.

Nevertheless, let me come straight to the second mantra of this year: in spite of all the challenges, we remain confident. Demand for some product groups such as inverters and stator coils for mild-hybrid applications is higher than had been planned and the new programmes for charging infrastructure in the Industry & Infrastructure segment promise growth and stability. Initial orders have already been shipped.

At the end of the first nine months, sales were in line with our forecast range overall despite the obstacles. Granted, they are at the lower end of the range, but if we exclude the early delisting of a high-volume stator coil for a plug-in hybrid, we are at a level that offers scope for development within the present market conditions. One important reason for that is the rising demand registered by our Industry & Infrastructure segment, which grew sales by nearly 20%, even though inverters have come slightly under pressure in the past two to three months. In general, the supply chain problems here have eased, wholesalers' warehouses are well-stocked again and market development in this sector is expected to remain positive.

In the Automotive segment, our customer structure, which carried us through the Covid crisis, is currently a slight hindrance. The weakness of European OEMs in the e-solutions sector is also affecting supply chains and thus InTiCa. We are clearly noticing the problems with demand for products such as onboard chargers. German manufacturers in particular are battling with massive competitive pressure from China. It remains to be seen whether the premium strategy of key OEMs is viable or just a situational response to delays in areas such as the digitalization of vehicles.

What is clear is that the price pressure has increased significantly. In competition with Asian producers, German manufacturers often expect suppliers such as InTiCa to revert to past price levels. Even though the costs of starting products such as plastic granulates and ferrite cores has recently declined slightly, they are a long way from past levels. We are therefore engaged in ongoing negotiations, the outcome of which is not yet certain.

Technologies for growth markets

In the short term, at any rate, the margin situation will not become any easier, especially as rising wages and interest rates are also having an impact. Moreover, as year-end approaches, there is a risk that manufacturers could cancel order call-offs or postpone them until 2024. That requires us to be highly flexible in terms of production personnel and the supply of materials. Although InTiCa has so far managed this situation very well on the operational side, an additional liquidity and cost burden is inevitable. Bearing all this in mind, we have reviewed our guidance for the full year and had to revise the range for our EBIT margin to between -1.0% and +0.5%. At the same time, we now anticipate that sales will be between EUR 85 million and EUR 90 million.

Looking a bit further ahead, we are confident that we are pursuing a viable product and technology strategy. There is a promising level of orders on hand for the first quarter of 2024. The project for a cross-platform chassis system has been extended with a considerable increase in volumes. Moreover, in the market for mild-hybrid stator coils, we have acquired substantial orders this year. These will be ramped up in the coming years. In parallel with this, we are working intensively on further projects in the areas of power electronics and EMC filter technology.

The installation and start-up of the necessary production lines is proceeding on schedule in most cases. The new fully automated stator line in the Czech Republic has come into service and, following a slight customer-induced delay, the antenna line for a product that has been patented by InTiCa will start operating in the fourth quarter. In addition, the production line for inductive chassis components in Mexico has been taken into service and there are preparations for a line for the stationary energy supply unit for a US automotive manufacturer. On a medium to long-term view, we are therefore convinced that once the very challenging transformation phase in the industry has been completed, we will enjoy sustained success.

Moving forward in this direction, we place our trust in the ideas and commitment of our employees and would like to take this opportunity to offer them our sincere thanks. We would also like to thank our customers and business associates for their good collaboration and our shareholders for the trust they place in us.

Passau, November 2023

Yours,

Dr. Gregor Wasle
Chairman of the
Board of Directors

Company Boards

Board of Directors

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

Supervisory Board

Udo Zimmer
Chairman
Business administration graduate
Rottach-Egern

- *Self-employed consultant*
- *Advisory Board of VIA optronics 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*
- *Advisory Board of Karl Bach GmbH & Co. KG*

The Stock

InTiCa Systems’ share price performance[1)]

Following a difficult year for the stock markets in 2022, which was dominated by the outbreak of war in Ukraine, the development of the markets in 2023 was generally positive at first. The DAX started the year at 14,069.26 points, which was also the lowest level in the reporting period. In mid-January the index rebounded to over 15,000 points. Even the bankruptcy of three US banks and the crisis at Credit Suisse in mid-March only resulted in a temporary setback, followed by a renewed rally to a high for the period of 16,469.75 points on July 28, 2023. From August onwards, however, the DAX fell again significantly as a result of weak economic data and a slump in industrial orders. The benchmark index closed at 15,386.58 points on September 30, up 9.4% compared with end-December 2022. The gain on the TecDAX was somewhat lower at 3.9%.

Shares in InTiCa were only able to benefit from the overall market trend at the beginning. Having started 2023 at EUR 8.10, the shares traded in a stable range of EUR 8.00 to EUR 9.00 in the first two months of the year, reaching a high of EUR 8.60. Following the publication of the quarterly report and the subdued business performance in the first quarter, the share price dropped below EUR 7.00 at the end of May. This was followed by a rapid recovery, with the share trading between EUR 7.40 and EUR 7.80 until the second half of July. Although the half-year figures were in line with expectations, shares in InTiCa subsequently fell back slightly in the period to the end of the current reporting period. The closing price in XETRA trading was EUR 6.90 on September 30, 2023. That was 14.3% lower than at the start of the year, so InTiCa Systems’ market capitalization was EUR 29.6 million at the end of the first nine months (December 31, 2022: EUR 34.3 million). The markets came under renewed pressure at the start of the fourth quarter in the wake of the terrorist attack on Israel in early October. The closing price of shares in InTiCa on November 7, 2023 was EUR 6.15.

In the reporting period, 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 2022 attracted considerable interest from analysts and investors. The presentation 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 June 19, 2023, which was held virtually again, is also available on the website. At the AGM, shareholders were able to inform themselves about fiscal 2022 and the current situation at InTiCa Systems SE.

In addition, InTiCa Systems SE once again will 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 November 15/16, 2023.

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

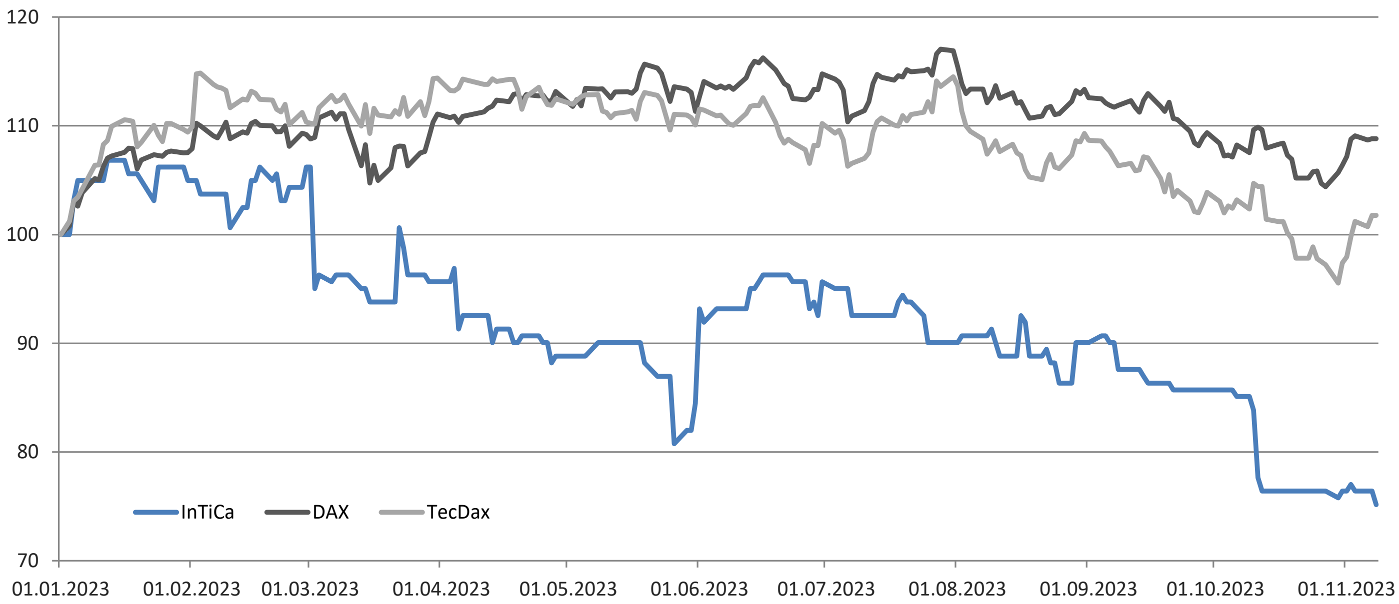
Shareholder structure

Dr. Dr. Axel Diekmann	over 30%
Thorsten Wagner	over 25%
Tom Hiss	over 5%
Treasury stock	1.5%
Management	less than 1%

As of November 1, 2023

Share price performance

in %



Interim Management Report

for the period from January 1 to September 30, 2023

Economic report

General economic conditions

According to the Joint Economic Forecast Autumn 2023 published by Germany's leading economic research institutes, the global economy lost some of its momentum in the summer following a strong start to the year. The main reasons for this were persistently low industrial output and the rise in interest rates as a result of continuing high inflation. Although the decline in energy prices dampened inflation to some extent, the core inflation rate excluding energy and unprocessed food remains high in many countries. Consequently, the institutes are no longer predicting initial interest rate cuts for this year. Therefore, global economic growth is likely to remain only moderate in the winter months.

Nevertheless, the institutes have revised their forecast for global production upward by 0.5 percentage points to 2.5% compared with the spring, principally because the US economy has proven more robust than anticipated. In the third quarter, the US economy probably posted another strong rise, with growth of 2.0% now expected for the full year. In China, the growth target of 5.0% still seems realistic despite the tangible problems on the real estate market. The picture in Latin America is very inhomogeneous. However, supported by strong growth in Brazil and Mexico, overall growth of 2.0% is predicted for 2023. The euro zone is particularly affected by weak industrial output and GDP is only expected to post slight growth of 0.5%.

Germany is still in recession with industry and consumer spending recovering more slowly than had been predicted. GDP contracted by 0.1% in the third quarter and is expected to decrease by 0.6% over the year as a whole. The downturn should decline at year-end as purchasing power recovers and industrial capacity utilization should pick up in the remainder of the year. In October, the ifo business climate index improved for the first time since April. In particular, the outlook for the coming months has brightened. The biggest risks to the recovery of the global economy are still the transmission of monetary policy shocks to the financial markets and a sustained economic slowdown in China. In addition, geopolitical tensions have increased again as a result of the renewed flare-up of the Middle East conflict.

Market and market environment

Automotive

At the end of the first nine months, sales volumes on the international automotive markets were still considerably higher than in the very weak prior-year period. The German Automotive Industry Association (VDA) reports that between January and September new car registrations totalled 17.9 million in China (+7%), 11.6 million in the USA (+14%) and 9.7 million in Europe (EU27, EFTA & UK) (+17%). Considerable market growth was also recorded in Japan, India and Brazil. Nevertheless, most international markets are still below the pre-crisis level.

That includes Germany, although the number of new registrations grew significantly (+14%) in the first nine months. Growth in new registrations of electric vehicles was 5% and thus below the overall figure. While the dynamic growth in battery-electric vehicles continued (+42%), the withdrawal of subsidies led to a considerable drop in demand for plug-in hybrids (-43%).

Following expiry of the environmental bonus for commercial vehicles on August 31, 2023, new registrations of electric vehicles in Germany were down substantially in September. As a result, the market as a whole stagnated. Production (-8%), exports (-5%) and domestic orders (-22%) all declined. Overall, there are clear signs of a downturn. Although producers and suppliers are still positive about the present situation overall, expectations are gloomy. Internationally, the cumulative growth rates look set to weaken somewhat further up to year-end. The sluggish demand is compounded by geopolitical and macroeconomic uncertainty, continued high energy and consumer prices and ongoing bottlenecks in the supply of raw materials and starting products for the automotive industry.

Industry & Infrastructure

In the summer months, the German electro and digital industry continued the dynamic growth seen in the first half of the year. According to the industry association ZVEI, in the period up to and including August aggregate sector sales were up 12.0% year-on-year, with domestic sales (+13.4%) rising faster than foreign sales (+10.9%). However, much of the growth is still attributable to price trends. The price-adjusted increase in production was 3.4% at the end of the first eight months and thus slightly below the figure for the first five months.

Moreover, the figures point to a reduction in orders on hand. Although orders picked up slightly in August, the cumulative figure at the end of the first eight months showed a slight drop in orders (-0.1%). This was driven by restraint on foreign markets (-5.7%), while domestic orders increased further (+7.0%). Despite slightly lower figures, China remains the most important market. However, it is closely followed by the USA as a result of significant export growth so far this year. The Netherlands moved into third place, overtaking France.

In all, the challenging macroeconomic situation is increasingly becoming visible at companies in the electro and digital industry. The business climate deteriorated in September for the sixth consecutive month. Only 9% of companies in the sector anticipate that business will grow in the next six months and the assessment of the situation also worsened on balance. Overall, more and more companies are cutting their production plans. At the latest count, 28% of companies in the sector intend to reduce output in the coming three months, with only 8% planning to increase production.

Significant events in the reporting period

After carefully weighing up the opportunities and risks, it was decided to gradually commence production at the site of wholly owned subsidiary InTiCa Systems TOV in Bila Tserkva, Ukraine, at the start of 2023. Production of very small quantities of the first products has started. The development of the Ukrainian subsidiary is being monitored very closely due to the ongoing war.

On March 10, 2023, InTiCa Systems SE was entered in the commercial register. The conversion of InTiCa Systems AG to InTiCa Systems SE has thus been completed and formally taken effect. The dual management structure is unaffected by the new legal form. Moreover, it does not alter the responsibilities and composition of the Board of Directors and the Supervisory Board. The new legal form will not affect shareholders, contract partners, customers, employees and the corporate governance of the company.

On September 30, 2023, Mr. Günther Kneidinger left the Board of Directors by mutual agreement. Until a decision is taken on his successor, Mr. Kneidinger’s tasks will be delegated internally or taken on by the Chairman of the Board of Directors, Dr. Gregor Wasle. The Supervisory Board thanks Mr. Kneidinger for his long and successful service and good collaboration and wishes him all the best.

There were no other events of material significance for the company or its assets, financial position or results of operations in the reporting period.

Earnings, asset and financial position

In the main, the development registered in the spring continued in the third quarter. Thanks to continued high demand in the Industry & Infrastructure segment, the drop in sales was held in check at Group level. In the Automotive segment, by contrast, the weakness of OEMs in the e-solutions area affected supply chains and thus InTiCa. Strong competition from Asia is increasing price pressure and reducing earnings potential.

Analogously to sales, all earnings indicators were lower. While the ratio of material costs to total output improved slightly year-on-year as a result of ongoing optimization measures, the personnel expense ratio (including agency staff) showed a significant rise due to wage increases. Higher interest rates and increased drawing on overdraft facilities are visible in the financial result. At the end of the first nine months, the bottom line therefore was still a loss.

As a result of the negative interim result and the increase in receivables and inventories as of the reporting date, the cash flow from operating activities was negative in the first nine months of 2023. Due to continued investment activity, this applies to an even greater extent for the overall cash flow. The equity ratio slipped slightly in the reporting period but remains at a solid level.

Orders on hand were in line with the good prior-year level, but increased volatility of order offtake can be seen in both segments. Although short-term shifts at year-end therefore cannot be ruled out, substantial new orders of mild hybrid stator coils should have a positive impact in coming years.

Earnings position

Group sales declined by 5.1% year-on-year to EUR 67.5 million in the first nine months of 2023 (9M 2022: EUR 71.2 million). In the Automotive segment, sales dropped 12.6% year-on-year to EUR 47.7 million (9M 2022: EUR 54.6 million) while sales in the Industry & Infrastructure segment increased considerably, by 19.8%, to EUR 19.8 million (9M 2022: EUR 16.6 million).

At 62.4%, the ratio of material costs to total output in the reporting period was slightly below the prior-year level (9M 2022: 63.2%). Alongside optimization of production workflows, this was mainly due to a less material-intensive product mix. By contrast, the personnel expense ratio (including agency staff) increased significantly from 22.2% to 24.6% due to wage rises. At the same time, other operating expenses decreased from EUR 9.0 million in the prior-year period to EUR 8.8 million. This was principally because expenses for agency staff, which are included in other operating expenses, dropped to EUR 2.3 million (9M 2022: EUR 2.9 million).

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 4.5 million (9M 2022: EUR 4.5 million), and spending on research and development was EUR 2.1 million (9M 2022: EUR 2.2 million). Development work focused principally on the e-solutions business.

EBITDA (earnings before interest, taxes, depreciation and amortization) decreased to EUR 4.8 million (9M 2022: EUR 6.6 million), with the EBITDA margin amounting to 7.2% (9M 2022: 9.3%). At EUR 0.3 million, EBIT (earnings before interest and taxes) remained positive (9M 2022: EUR 2.1 million), giving an EBIT margin of 0.5% (9M 2022: 3.0%). At segment level, Automotive reported EBIT of minus EUR 0.7 million in the first nine months of 2023 (9M 2022: positive EBIT of EUR 1.8 million) and the Industry & Infrastructure segment reported EBIT of EUR 1.0 million (9M 2022: EUR 0.3 million).

The financial result was minus EUR 1.0 million in the reporting period (9M 2022: minus EUR 0.4 million), with the increased use of overdraft facilities and higher interest expenses both having an impact. Tax income of EUR 6 thousand was recorded in the reporting period (9M 2022: tax expense of EUR 0.5 million). Group net income therefore amounted to minus EUR 0.7 million in the first nine months (9M 2022: positive net income of EUR 1.2 million). Earnings per share were minus EUR 0.16 (9M 2022: EUR 0.28).

As a result of currency translation gains of EUR 0.3 million (9M 2022: EUR 0.5 million) from the translation of foreign business operations, total comprehensive income was minus EUR 0.4 million in the first nine months of 2023 (9M 2022: positive comprehensive income of EUR 1.7 million).

Non-current assets

Non-current assets increased to EUR 34.8 million as of September 30, 2023 (December 31, 2022: EUR 33.0 million). Property, plant and equipment rose from EUR 26.9 million to EUR 27.8 million due to increased capital expenditures, while the SAP conversion resulted in an increase in intangible assets to EUR 5.0 million (December 31, 2022: EUR 4.4 million). Deferred taxes increased slightly to EUR 2.0 million (December 31, 2022: EUR 1.8 million).

Current assets

Current assets increased to EUR 34.1 million as of September 30, 2023 (December 31, 2022: EUR 32.4 million). This was mainly attributable to the rise in trade receivables from EUR 9.6 million to EUR 12.1 million. Tax receivables also increased from EUR 0.5 million to EUR 1.0 million, while other financial assets rose from EUR 0.6 million to EUR 0.9 million and inventories rose from EUR 17.1 million to EUR 17.9 million. Other current receivables were unchanged from December 31, 2022 at EUR 1.3 million. Cash and cash equivalents declined to EUR 1.0 million as of September 30, 2023 (December 31, 2022: EUR 3.2 million).

Liabilities

Current liabilities increased to EUR 29.7 million in the first nine months of 2023 (December 31, 2022: EUR 26.1 million). This was mainly attributable to the rise in financial liabilities from EUR 12.4 million to EUR 15.7 million due to the increased utilization of overdraft facilities. Other current provisions also increased to EUR 4.7 million (December 31, 2022: EUR 2.4 million), because in a few cases incoming invoices are still outstanding in connection with realized revenues for tools where payment has been received. At EUR 1.9 million, other current financial liabilities were also slightly above the level at year-end 2022 (December 31, 2022: EUR 1.7 million). By contrast, trade payables decreased from EUR 7.6 million to EUR 6.4 million in the reporting period, tax liabilities dropped from EUR 0.5 million to EUR 0.1 million and other current liabilities decreased from EUR 1.5 million to EUR 1.0 million.

Non-current liabilities increased from EUR 17.4 million to EUR 17.6 million as of September 30, 2023. While other non-current financial liabilities dropped from EUR 2.8 million to EUR 2.3 million in the reporting period, non-current liabilities to banks rose from EUR 12.7 million to EUR 13.5 million. Deferred taxes were unchanged from December 31, 2022 at EUR 1.8 million.

Equity

Equity decreased slightly to EUR 21.6 million as of September 30, 2023 (December 31, 2022: EUR 22.0 million). Due to the loss for the period, the profit reserve decreased from EUR 2.5 million to EUR 1.9 million, whereas the currency translation reserve improved from minus EUR 0.2 million to plus EUR 0.1 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 increased to EUR 68.9 million at the end of the first nine months of 2023 (December 31, 2022: EUR 65.4 million). The equity ratio thus declined from 33.6% to 31.3%.

Liquidity and cash flow statement

The net cash outflow for operating activities was EUR 0.2 million in the first nine months of 2023 (9M 2022: inflow of EUR 3.8 million). In addition to the net loss for the period, the year-on-year decline was mainly due to the fact that, unlike in the previous year, inventories were not reduced. Excluding tax expense and interest payments, the cash flow for operating activities was EUR 1.6 million (9M 2022: EUR 5.1 million).

The net cash outflow for investing activities was EUR 5.3 million in the reporting period (9M 2022: outflow of EUR 5.5 million). Investment in intangible assets amounted to EUR 1.4 million (9M 2022: EUR 1.1 million) and investment in property, plant and equipment was EUR 3.9 million (9M 2022: EUR 4.4 million). Based on current plans, capital expenditures for property, plant and equipment will be around EUR 6.0 million overall. These mainly comprise the installation of a further high-performance production line for stators in the Czech Republic to service a new order for hybrid systems and a new production line in Mexico for the Industry & Infrastructure segment. Within the Industry & Infrastructure segment, production facilities for products for charging infrastructure are to be optimized.

The net cash outflow for financing activities was EUR 1.1 million in the first nine months of 2023 (9M 2022: inflow of EUR 0.5 million). In the reporting period, there were cash inflows of EUR 2.9 million from two new long-term loans for new machinery in the Czech Republic (9M 2022: EUR 4.4 million) and cash outflows of EUR 2.9 million (9M 2022: EUR 3.1 million) for the repayment of loans and EUR 1.0 million (9M 2022: EUR 0.8 million) for lease payments.

This resulted in a total cash outflow of EUR 6.6 million in the reporting period (9M 2022: outflow of EUR 1.2 million). Cash and cash equivalents (less overdrafts) were minus EUR 10.3 million (September 30, 2022: minus EUR 6.2 million). As of the reporting date, InTiCa Systems SE also had assured credit facilities which could be drawn at any time totalling EUR 14.9 million. To increase the liquidity headroom, the overdraft facilities were increased by EUR 4 million in the fourth quarter.

Employees

The headcount was 834 on September 30, 2023 (September 30, 2022: 851). 83 of these employees were agency staff (September 30, 2022: 104). On average, the Group had 841 employees in the reporting period (9M 2022: 850), including agency staff in both cases.

Risks and opportunities

The management report in the annual report for 2022 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 SE in the reporting period.

Outlook

The macroeconomic environment remains challenging. Although there has been a sustained easing of supply chains and the availability of materials and material prices have stabilised at a high level, the core inflation rate is only dropping slowly, Germany is still in recession and the violent resurgence of the conflict in the Middle East has added a new global crisis.

The geopolitical uncertainty and the transformation of the industrial landscape are bringing changes that InTiCa cannot escape. As a consequence, considerably higher volatility of order offtake is again visible in both segments. Customers often make changes at very short notice, so the quality of planning by OEMs is no longer as stable as in the past. Although orders on hand remained high at EUR 106 million at the end of the quarter (September 30, 2022: EUR 107 million), despite ongoing intensive contact there is a risk of further cancellations of order offtake by manufacturers in the final quarter or postponement until 2024.

Given its customer structure, in this respect InTiCa Systems SE is highly dependent on European and especially German industry. While this enabled InTiCa to weather the Covid crisis very well, the weakness of the automotive OEMs in the e-solutions business is currently affecting supply chains and thus InTiCa. There is massive competition from China. Moreover, as from September, business clients no longer receive a subsidy for the purchase of pure battery-electric vehicles, so growth in the fleet market is likely to decline significantly in the fourth quarter.

At Industry & Infrastructure, the European market is also coming under increased pressure from global manufacturers. Moreover, the market for inverters, which is still heavily dependent on subsidized regional projects, has weakened in the past two to three months. That said, inverter products and stator coils for mild-hybrid applications are still above budget and, in conjunction with the new programs for charging infrastructure that are now being launched, they are a source of growth and stability.

In the Automotive segment, InTiCa system has acquired substantial orders for mild-hybrid stator coils this year. These will be ramped up in the coming years. In parallel with this, InTiCa is working intensively on further projects in the areas of power electronics and EMC filter technology. The installation and start-up of the necessary production lines is proceeding on schedule in most cases. The new fully automated stator line in the Czech Republic has come into service and, following a slight customer-induced delay, the antenna line for a product that has been patented by InTiCa will start operating in the fourth quarter. In addition, the production line for inductive chassis components in Mexico has been taken into service and there are preparations for a line for the stationary energy supply unit for a US automotive manufacturer.

Nevertheless, on a short-term perspective, based on the latest information the Board of Directors assumes there will be further Group-wide adjustments in Q4. However, since a realistic estimate of the level is not possible, it is necessary to maintain high flexibility in terms of production personnel and the supply of materials. Although InTiCa has so far managed this situation very well on the operational side, an additional liquidity and cost burden is inevitable. At the same time, price pressure has heightened. In competition with Asian suppliers, German manufacturers often expect suppliers such as InTiCa to revert to past price levels. Negotiations are ongoing but, irrespective of the outcome, it is clear that a significant improvement in the margin situation cannot be expected.

Taking into account the ongoing high uncertainty and knowledge of customers' current offtake situation, the Board of Directors therefore has reviewed its guidance for the full year 2023. So far, it was assumed that the Group would report sales of between EUR 85.0 million and EUR 100.0 million and an EBIT margin most likely at the lower end of the 2.5% to 3.5% range. Now the anticipated sales range is put at between EUR 85 million and EUR 90 million and the range for the expected EBIT margin has been revised to between -1.0% and +0.5%. The assumptions underlying the forecast are that the coronavirus pandemic will not rekindle this winter, global conflicts will not escalate further and the recession in Germany will not deepen. Unforeseeable negative effects could affect suppliers, have a direct impact on InTiCa Systems, or affect its customers, resulting in an inability to meet expectations.

Further information on the segments can be found in the annual report for 2022 in section 6 "Outlook".

Consolidated interim financial statements in accordance with IFRS

The unaudited consolidated interim financial statements for InTiCa Systems SE and its subsidiaries as of September 30, 2023, 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 interim report contains statements and forecasts referring to the future development of InTiCa Systems SE, 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 September 30, 2023

Consolidated Balance Sheet

of InTiCa Systems SE in accordance with IFRS as of September 30, 2023

Assets	Sep 30, 2023 EUR ´000	Dec 31, 2022 EUR ´000
Non-current assets		
Intangible assets	5,009	4,352
Property, plant and equipment	27,790	26,850
Deferred taxes	1,984	1,791
Total non-current assets	**34,783**	**32,993**
Current assets		
Inventories	17,909	17,145
Trade receivables	12,099	9,596
Tax assets	961	497
Other financial assets	851	642
Other current receivables	1,306	1,310
Cash and cash equivalents	960	3,235
Total current assets	**34,086**	**32,425**
Total assets	**68,869**	**65,418**

Equity and liabilities

	Sep 30, 2023 EUR ´000	Dec 31, 2022 EUR ´000
Equity		
Capital stock	4,287	4,287
Treasury stock	-64	-64
General capital reserve	15,389	15,389
Profit reserve	1,857	2,530
Currency translation reserve	98	-173
Total equity	**21,567**	**21,969**
Non-current liabilities		
Interest-bearing non-current liabilities	13,506	12,740
Other liabilities	2,329	2,829
Deferred taxes	1,784	1,798
Total non-current liabilities	**17,619**	**17,367**
Current liabilities		
Other current provisions	4,683	2,371
Tax payables	97	538
Interest-bearing current financial liabilities	15,716	12,366
Trade payables	6,351	7,625
Other financial liabilities	1,859	1,716
Other current liabilities	977	1,466
Total current liabilities	**29,683**	**26,082**
Total equity and liabilities	**68,869**	**65,418**
Equity ratio	31.3%	33.6%

Consolidated Statement of Profit and Loss and other Comprehensive Income

of InTiCa Systems SE in accordance with IFRS for the period from January 1 to September 30, 2023

	Q3 2023 EUR ´000	Q3 2022 EUR ´000	9M 2023 EUR ´000	9M 2022 EUR ´000	Change 2023 vs. 2022
Sales	**22,185**	**22,460**	**67,545**	**71,158**	**-5.1%**
Other operating income	678	738	2,547	2,653	-4.0%
Changes in finished goods and work in process	605	-1,366	-730	-1,440	-49.3%
Other own costs capitalized	208	211	631	632	-0.2%
Material expense	14,759	13,126	42,071	44,470	-5.4%
Personnel expense	4,602	4,314	14,292	12,915	+10.7%
Depreciation and amortization	1,515	1,476	4,505	4,475	+0.7%
Other operating expenses	2,936	2,470	8,797	9,029	-2.6%
Operating profit (EBIT)	**-136**	**657**	**328**	**2,114**	**-84.5%**
Cost of financing	387	159	1,011	417	+142.4%
Other financial income	0	0	4	0	-
Profit before taxes	**-523**	**498**	**-679**	**1,697**	**-**
Income taxes	2	174	-6	512	-
Net profit for the period	**-525**	**324**	**-673**	**1,185**	**-**
Other comprehensive income					
Exchange differences from translating foreign business operations	-426	272	271	525	-48.4%
Other comprehensive income, after taxes	**-426**	**272**	**271**	**525**	**-48.4%**
Total comprehensive income for the period	**-951**	**596**	**-402**	**1,710**	**-**
Earnings per share (diluted/basic in EUR)	-0.12	0.08	-0.16	0.28	-
EBITDA	**1,379**	**2,133**	**4,833**	**6,589**	**-26.7%**

Consolidated Cash Flow Statement

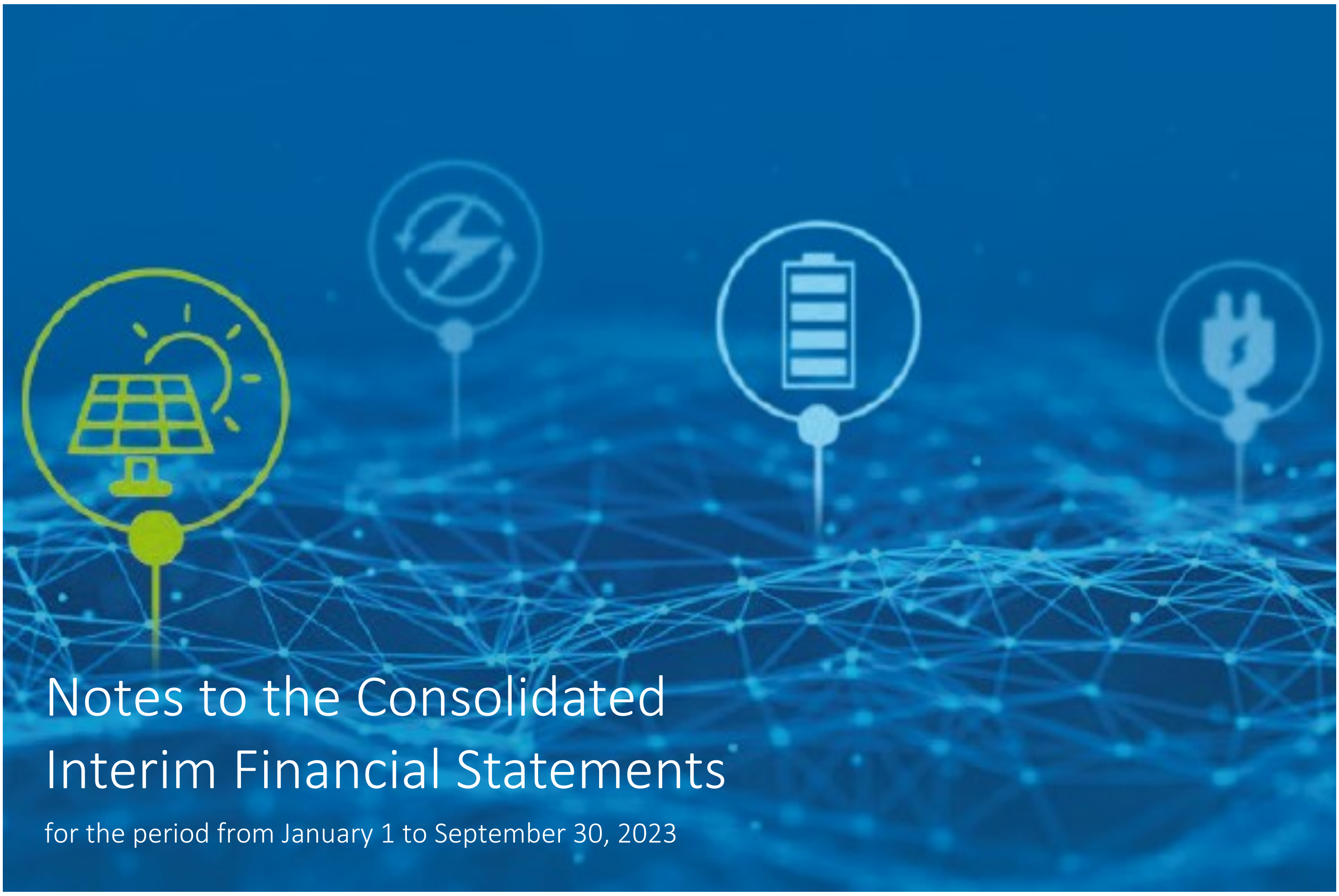
of InTiCa Systems SE in accordance with IFRS for the period from January 1 to September 30, 2023

	Jan 1 - Sep 30, 2023 EUR ´000	Jan 1 - Sep 30, 2022 EUR ´000
Cash flow from operating activities		
Net profit for the period	-673	1,185
Income tax expenditures / receipts	-6	512
Cash outflow for borrowing costs	1,011	417
Income from financial investments	-4	0
Depreciation and amortization of non-current assets	4,505	4,475
Other non-cash transactions		
Net currency gains/losses	-567	-768
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	-764	2,445
Trade receivables	-2,503	-3,942
Other assets	-205	448
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	2,312	785
Trade payables	-1,274	-194
Other liabilities	-233	-310
Cash flow from operating activities	**1,599**	**5,053**
Cash outflow for income taxes	-889	-832
Cash outflow for interest payments	-937	-401
Net cash flow from operating activities	**-227**	**3,820**
Cash flow from investing activities		
Cash inflow from interest payments	4	0
Cash outflow for intangible assets	-1,436	-1,080
Cash outflow for property, plant and equipment	-3,877	-4,447
Net cash flow from investing activities	**-5,309**	**-5,527**
Cash flow from financing activities		
Cash inflow from loans	2,861	4,400
Cash outflow for loan repayment installments	-2,938	-3,115
Cash outflow for liabilities under finance leases	-977	-809
Net cash flow from financing activities	**-1,054**	**476**
Total cash flow	**-6,590**	**-1,231**
Cash and cash equivalents at start of period	-3,800	-5,238
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies	122	305
Cash and cash equivalents at end of period	**-10,268**	**-6,164**

Consolidated Statement of Changes in Equity

of InTiCa Systems SE in accordance with IFRS for the period from January 1 to September 30, 2023

	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, 2022	**4,287**	**-64**	**15,389**	**915**	**-867**	**19,660**
Net result for 9M 2022	0	0	0	1,185	0	1,185
Other comprehensive income, after taxes 9M 2022	0	0	0	0	525	525
Total comprehensive income for 9M 2022	0	0	0	1,185	525	1,710
As of September 30, 2022	**4,287**	**-64**	**15,389**	**2,100**	**-342**	**21,370**
As of January 1, 2023	**4,287**	**-64**	**15,389**	**2,530**	**-173**	**21,969**
Net result 9M 2023	0	0	0	-673	0	-673
Other comprehensive income, after taxes 9M 2023	0	0	0	0	271	271
Total comprehensive income for 9M 2023	0	0	0	-673	271	-402
As of September 30, 2023	**4,287**	**-64**	**15,389**	**1,857**	**98**	**21,567**



Notes to the Consolidated Interim Financial Statements

for the period from January 1 to September 30, 2023

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems SE as of September 30, 2023, 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 2022, 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, 2023. Comparative data refer to the consolidated financial statements as of December 31, 2022, or the consolidated interim financial statements as of September 30, 2022. 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 2022. 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 SE, Passau, Germany, InTiCa Systems s.r.o., Prachatice, Czech Republic, Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico and InTiCa Systems TOV, Bila Tserkva, Ukraine are included in the consolidated financial statements. The Czech and Ukrainian subsidiaries are wholly owned companies, while InTiCa Systems SE 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 9M 2022, there has been no change in the scope of consolidation of InTiCa Systems SE.

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 period.

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

	Closing rates		
	Sep 30, 2023	Dec 31 2022	Sep 30, 2022
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 24.340	CZK 24.565	CZK 24.550
USA	USD 1.061	USD 1.0676	USD 0.976
Mexico	MXN 18.650	MXN 20.652	MXN 19.896
Ukraine	UAH 38.554	UAH 38.951	UAH 35.561

	Average rates		
	Sep 30, 2023	Dec 31, 2022	Sep 30, 2022
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 23.837	CZK 24.115	CZK 24.623
USA	USD 1.083	USD 1.0682	USD 1.073
Mexico	MXN 19.298	MXN 21.279	MXN 21.808
Ukraine	UAH 39.629	UAH 33.995	UAH 32.898

Segment information

The notes to the consolidated financial statements in the annual report for 2022 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, 2022.

Consolidated income statement / statement of comprehensive income

Group sales were EUR 67,545 thousand in the first nine months of 2023, down from EUR 71,158 thousand in 9M 2022. While sales in the Automotive segment dropped significantly, there was a visible increase in sales in the Industry & Infrastructure segment. EBITDA decreased from EUR 6,589 thousand to EUR 4,833 thousand. Group net income was minus EUR 673 thousand in the reporting period, compared with a plus of EUR 1,185 thousand in the first nine months of the previous year.

Consolidated balance sheet and cash flow statement

The capital stock of InTiCa Systems SE 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 31.3% as of September 30, 2023 (December 31, 2022: 33.6%) shows that the company is still soundly financed.

The net cash outflow for operating activities was EUR 227 thousand in the first nine months of 2023 (9M 2022: inflow of EUR 3,820 thousand). The total cash outflow in the reporting period was EUR 6,590 thousand (9M 2022: outflow of EUR 1,231 thousand). Cash and cash equivalents therefore declined from minus EUR 3,800 thousand as of December 31, 2022 to minus EUR 10,268 thousand as of September 30, 2023. Equity and liabilities changed as follows in the reporting period: equity decreased slightly to EUR 21,567 thousand (December 31, 2022: EUR 21,969 thousand), non-current liabilities increased slightly to EUR 17,619 thousand (December 31, 2022: EUR 17,367 thousand) and current liabilities increased to EUR 29,683 thousand (December 31, 2022: EUR 26,082 thousand). On the assets side of the balance sheet, non-current assets increased to EUR 34,783 thousand (December 31, 2022: EUR 32,993 thousand), while current assets rose to EUR 34,086 thousand (December 31, 2022: EUR 32,425 thousand).

Events after the reporting period

Since the volatility of order offtake is likely to remain very high in the fourth quarter as a result of the current geopolitical crises and the transformation of the industrial landscape, the Board of Directors has reviewed its guidance for the full year 2023. On the basis of the provisional nine-month figures, on November 8, the guidance was revised from Group sales of between EUR 85.0 million and EUR 100.0 million and an EBIT margin at the lower end of the 2.5% to 3.5% range to sales of between EUR 85 million and EUR 90 million, while the EBIT margin is expected to be between -1.0% and +0.5%.

No other material events have occurred since the reporting date on September 30, 2023.

Remuneration system of the Board of Directors and Supervisory Board

The remuneration system of the Board of Directors and the Supervisory Board is set out in detail in the Remuneration Report which can be downloaded from the company's website at www.intica-systems.com in the section Investor Relations/Corporate Governance.

German Corporate Governance Code and corporate governance statement

The corporate governance statement for InTiCa Systems SE and the InTiCa Systems Group, which is required by sec. 289f and sec. 315d of the German Commercial Code (HGB), including the corporate governance report, is available on the internet at www.intica-systems.com in the section 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 SE 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%. Dr. Axel Diekmann (Germany) and Mr. Thorsten Wagner (Germany) have direct and indirect interests in the company’s capital exceeding 10% of the voting rights.

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

InTiCa Systems SE 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 2022/1 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.

On the basis of the resolution of the Annual General Meeting of July 15, 2022, the Board of Directors is authorized to increase the capital stock with the Supervisory Board’s consent, in one or more tranches, up to July 14, 2027, 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 2022). 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, 2023, InTiCa Systems SE still had treasury stock amounting to 64,430 shares (September 30, 2022: 64,430).

On the basis of a resolution adopted by the Annual General Meeting on July 15, 2022, the company is authorized, up to July 14, 2027, 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 SE has loans amounting to EUR 0.8 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 September 30, 2023
Segment sales and segment earnings

Segment	Automotive		Industry & Infrastructure		Total	
In EUR ´000	**9M 2023**	9M 2022	**9M 2023**	9M 2022	**9M 2023**	9M 2022
Sales	**47,712**	54,600	**19,833**	16,558	**67,545**	71,158
EBIT	**-654**	1,774	**982**	340	**328**	2,114

Key financial figures	9M 2023 EUR ´000 or %	9M 2022 EUR ´000 or %	Change 2023 vs. 2022
EBITDA	**4,833**	6,589	-26.7%
Net margin	**-1.0%**	1.7%	
Pre-tax margin	**-1.0%**	2.4%	
Material cost ratio (in terms of total output)	**62.4%**	63.2%	
Personnel cost ratio	**24.6%**	22.2%	
EBIT margin	**0.5%**	3.0%	
Gross profit margin	**36.6%**	35.5%	

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 in the remainder of the financial year."

Passau, November 14, 2023

The Board of Directors

Dr. Gregor Wasle

Chairman of the
Board of Directors

Financial Calendar 2023

November 15, 2023	Publication of Interim Financial Statements for 9M 2023
November 16, 2023	Presentation at the Munich Capital Market Conference 2023
December 31, 2023	End of the financial year

Headquarter:
InTiCa Systems SE
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

Technologies for growth markets!

InTiCa Systems