Focus on E-Mobility

2019

INTERIM REPORT H1

Technologies for growth markets!

InTiCa Systems

H1 2019 in figures

The Group

The Group	Q2 2018 EUR ´000	**Q2 2019 EUR ´000**	H1 2018 EUR ´000	**H1 2019 EUR ´000**	Change vs. Q2 2018
Sales	12,735	**15,984**	25,931	**29,604**	+14.2%
Net margin (net result for the period)	1.81%	**1.10%**	1.49%	**0.91%**	-
EBITDA	1,438	**1,764**	2,888	**3,276**	+13.4%
EBIT	365	**449**	735	**740**	+0.7%
EBT	251	**270**	525	**398**	-24.2%
Net result for the period	230	**176**	386	**269**	-30.3%
Earnings per share (diluted/basic in EUR)	0.05	**0.04**	0.09	**0.06**	-30.3%
Total cash flow	-668	**682**	-1,851	**-1,050**	-
Net cash flow for operating activities	1,121	**2,729**	2,343	**2,193**	-6.4%
Capital expenditure	2,791	**1,833**	4,745	**2,392**	-49.6%

	Jun 30, 2018 EUR ´000	Dec 31, 2018 EUR ´000	**Jun 30, 2019 EUR ´000**	Change vs. Dec 31, 2018
Total assets	48,614	50,065	**58,468**	+16.8%
Equity	18,240	16,760	**17,143**	+2.3%
Equity ratio	38%	33%	**29%**	-
Number of employees incl. agency staff	625	644	**711**	+10.4%

The Stock

The Stock	H1 2018	2018	**H1 2019**
Closing price (in EUR)	7.15	6.20	**5.45**
Period high (in EUR)	8.45	8.45	**6.30**
Period low (in EUR)	6.50	5.70	**5.20**
Market capitalisation at end of period (in EUR million)	30.7	26.6	**23.4**
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 first half of 2019 was very good from the vantage point of InTiCa Systems AG. Although the development of the international markets remained challenging, we were able to raise sales significantly, contrary to the general trend in the automotive industry, and orders on hand more than doubled. Sales rose nearly 10 percent in the Automotive Technology segment and by around 30 percent in the Industrial Electronics segment. The operating cash flow also developed positively and margins are in line with expectations. The continued shortage of both important raw materials and skilled staff is currently preventing us from reporting a better performance.

The principal factor driving our performance in 2019 is 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. The automotive and industrial electronics sectors are both going through a period of major and in some cases disruptive change in which the boundaries are becoming increasingly blurred. Inductive components will play an increasingly important role in vehicles, in future charging stations, in energy storage, and in energy generation. The interaction of these aspects will drive forward the essential changes in the use of renewables and the use of energy generated using environmentally compatible technology.

While other companies are just starting to define their goals and build up knowledge and skills, InTiCa has acquired this know-how in recent years and has made the necessary investments – often on an upfront basis. In 2019, products classed as “e-solutions” will probably account for more than 40 percent of our total sales revenue.

This is also 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.

In line with our strategy, we deliver our products to Europe, the Americas and Asia from our production sites in Europe and NAFTA. Local supply enables us to offer our customers and business partners greater security and, above all, flexibility. Our facility in Mexico, in particular, plays a key role in this and supports our transformation from a European to an international developer and manufacturer. We see growing with our international customers as an opportunity, without being excessively dependent on individual customers.

Silao, Mexico

In addition to constant change and increasing internationalization, innovations are an important part of our strategy. Irrespective whether developments are initiated by our ideas or by our customers, the sustained innovation process is the source of our business success. The keys to that are our employees, who put our corporate motto “Innovating for the future” into practice day by day and realise product ideas through the way they think and act.

We would like to take this opportunity to thank them most sincerely for their creativity and hard work in the first half of 2019. We would also like to thank our shareholders and business associates for the trust they place in us.

Passau, August 2019

Yours

Dr. Gregor Wasle
Vorsitzender des Vorstands

Günther Kneidinger
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

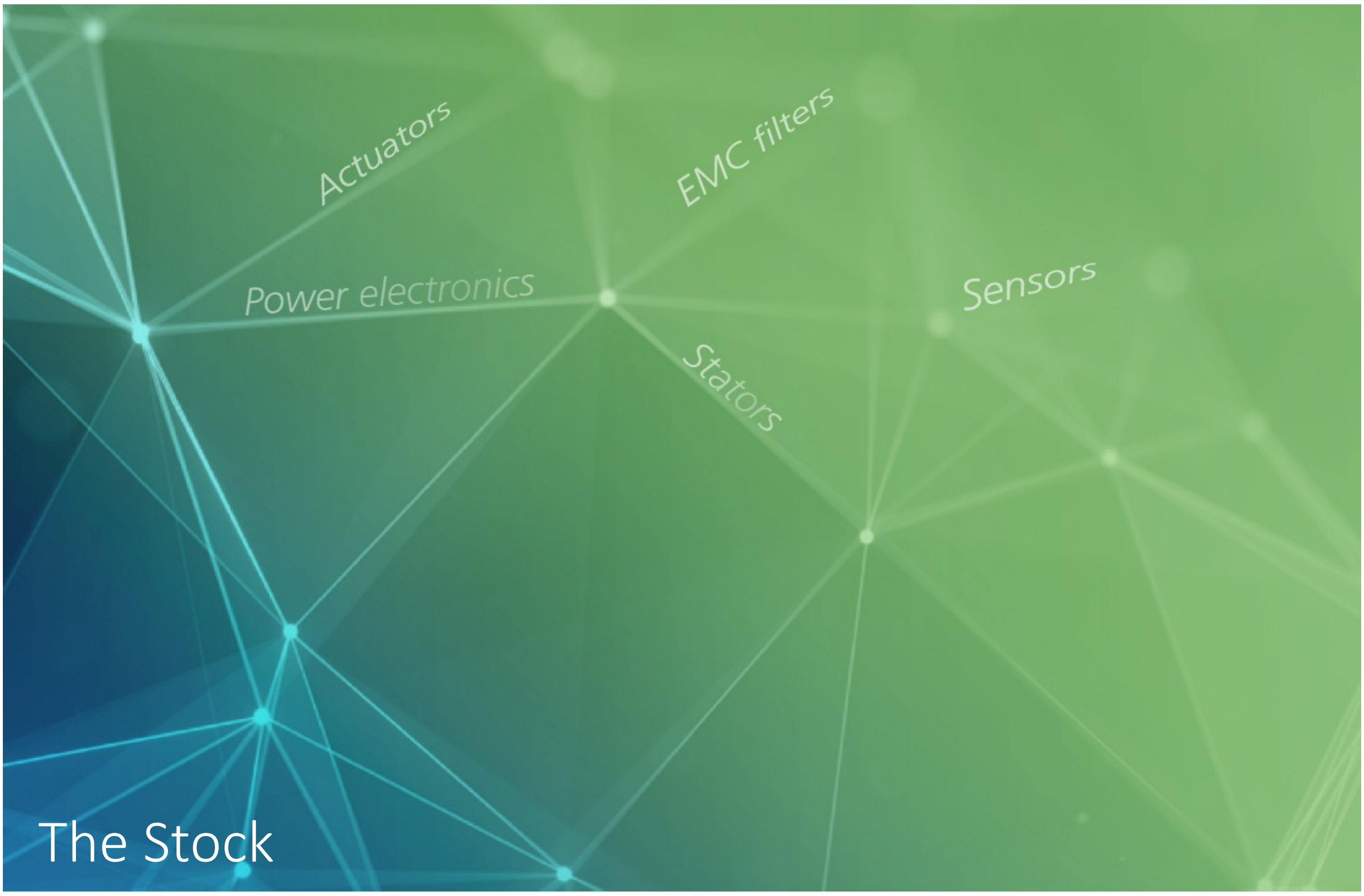
Günther Kneidinger
Member of the Board of Directors
Sales, materials management, Logistics centre and quality

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*



The Stock

Die InTiCa Systems-Aktie[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, which was the highest level in the reporting period. The share price subsequently dropped below EUR 6, 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 stabilized at between EUR 5.60 and EUR 6.00. Despite respectable quarterly figures, the share price dropped back slightly in the remainder of the reporting period, reaching a low of EUR 5.20 on June 14, 2019. The closing price at the end of the reporting period was EUR 5.45. That was a drop of 12.1% since the start of the year, bringing InTiCa Systems' market capitalization to EUR 23.4 million.

In the first six 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

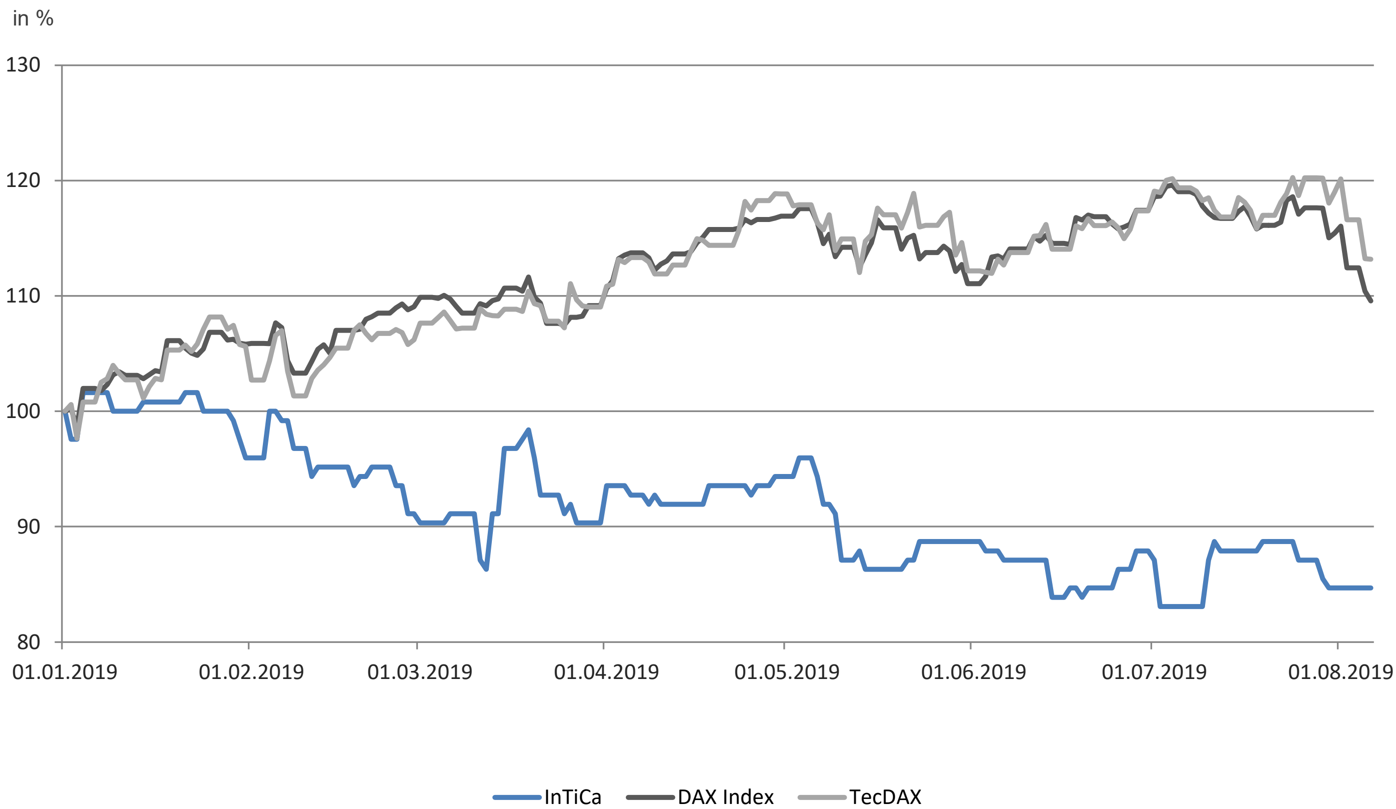
Designated Sponsor	BankM - flatex Bank AG
Research Coverage	SMC Research
No. of shares	4,287,000
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, München, Stuttgart, Düsseldorf

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 August 15, 2019

Share price performance



Interim Management Report of the Group

for the period from January 1 to June 30, 2019

Economic report

General economic conditions

Germany accounted for around two thirds of our sales in 2019, making it the most important market for InTiCa Systems AG. The company also supplies its products in Europe, the Americas and Asia. We have production facilities in Europe and NAFTA.

According to the latest economic outlook published by the Kiel Institute for the World Economy (IfW), the German economy is faltering. Although solid growth was reported at the start of the year, this was principally attributable to one-off factors. By contrast, the underlying economic trend is pointing downwards. For instance, industrial output has recently dropped considerably and it appears that capacity utilization in manufacturing industry declined further in the second quarter. Total economic output should rebound in the second half of the year, but the pace is likely to be moderate. This should be driven by consumer spending, which is expected to increase perceptibly thanks to a further strong rise in incomes, while exports should also gradually regain momentum. Overall, the IfW has reduced its growth forecast for 2019 from 1.0% in the spring to just 0.6%.

Analogously to the trend in Germany, global economic growth picked up at the start of 2019. However, uncertainty remains high around the world and the sentiment indicators are still pointing downwards, so the IfW assumes that this is a temporary effect and predicts that growth in output will slow again in the coming months. Consequently, it has reduced its forecast for global growth in 2019 by 0.1 percentage points to 3.2%.

That said, in the first six months growth in gross domestic product was surprisingly strong in the advanced economies. In the USA and Japan, in particular, growth was above expectations, although it was accompanied by a slower rise in demand from end-consumers and a sharp drop in imports. In addition, inventories rose significantly in the USA, so momentum looks set to slow in the remainder of the year.

In the early part of the year, output in the euro zone was supported by favourable weather conditions in the construction industry and a temporary boost in consumer spending in Germany. However, the continued deterioration of key sentiment indicators supports the view that the strong rise in gross domestic product in the advanced economies should not be interpreted as a sustained economic recovery.

In the emerging markets, economic growth was only modest. Although the Chinese economy has stabilized, the negative impact of escalating customs duties and weaker foreign demand are putting greater pressure on an economy that is already in the midst of a structural slowdown. In several Latin American economies, activity cooled significantly at the start of the year. Sentiment fell noticeably in Brazil, in particular, while in Mexico investment remains weak due to the rising cost of credit, and consumer demand has also slowed.

Overall, in the first few months of the year global trade did not recover from the downturn registered in autumn 2018. The uncertainty about future economic policy is expected to remain high in the forecasting period. Further escalation of the trade dispute between the United States and China and a spillover to trade relations with the European Union represent a major downside risk for the global economy. The heightened economic uncertainty is now visibly putting pressure on industry, in particular, and is holding back investment.

Market conditions

Automotive Technology is the most important segment at InTiCa Systems AG. It focuses on developing and manufacturing products for actuators, sensors, power electronics and network topologies in vehicles. Electric and hybrid vehicles are becoming increasingly important.

Overall, the situation on the international automotive market was negative in the first half of the year. According to the Germany Automotive Industry Association (VDA), fewer vehicles were sold in the three largest markets – China, the USA and Europe – than in the first six months of 2018.

The decline was particularly marked in China, where 9.9 million new vehicles were sold in the first half of 2019 (-14%). Pleasingly, unit sales of German cars outperformed the market as a whole in China. Their market share was 23.7% in the first five months, an impressive two-and-a half percentage points more than in the prior-year period (21.3%). German premium manufacturers actually increased output of cars in China by 8% in the period to April.

In the USA, volumes in the light vehicle market (cars and light trucks) have fallen 2% to 8.4 million new vehicles so far this year. While the light truck segment, which accounts for over two-thirds of the total market, grew by 1%, the car segment contracted by 9%. In Europe (EU28 & EFTA), 8.4 million new cars were registered in the first half of 2019 – 3% fewer than in the prior-year period. Unit sales declined in France (-2%), the UK (-3%), Italy (-4%) and Spain (-6%).

Looking at the five largest markets in Europe, Germany was the only one where new registrations were up (+1%). 1.8 million new car registrations is the highest market volume in the first six months of a year in the present decade. 32.9% of newly registered vehicles are diesel-powered, a slight increase compared with the prior-year period (32.1%). While orders from domestic customers were a good 4% higher than in the first half of 2018, order intake from other countries was down nearly 6% year-on-year.

Since three out of four cars produced in Germany are exported, the lower order intake from abroad affects production and exports: the number of cars produced by German manufacturers declined by 12% to 2.5 million in the period to June (-12%) and the number of cars exported fell by 15% to around 1.9 million. Since Germany is an export-driven country that is reliant on free market access, the country's automotive industry is concerned about the development of international trade policy and the continued uncertainty about Brexit. That is shown by the expectations for the full year. The VDA expects the car market to contract by 1% to 3.4 million vehicles.

The German automotive industry is determined to contribute to achieving the climate protection targets. 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. The second major innovation driver is digitization. Digitization and networking will make a key contribution to increasing safety, efficiency, sustainability and comfort.

InTiCa Systems' Industrial Electronics segment specializes in developing and manufacturing high-quality, custom-tailored inductive components, mechatronic modules and system solutions for regenerative energy sources (solar power), and automation and drive technology.

According to the German Electrical and Electronic Manufacturers' Association (ZVEI), the high uncertainty means that there is no clear indication of the direction global trade and the global economy are likely to take.

In its updated outlook, the association forecasts growth of 4% in 2019. It assumes that the Asian market (+5%) will grow faster than the US market (+3%) and the European market (+2%). Looking at individual sectors, automation should grow by 4%, at the upper end of the range, although the three sub-sectors within automation will develop differently. The association assumes that electric drive systems will post growth of 3%, while switchgear, controlgear and industrial control systems will grow by 4% and measurement technology and process automation by 5%. The global markets for power engineering and electronic components are each expected to grow by 4%.

In Germany, price-adjusted output declined by 1.1% between January and May and electrical and electronics manufacturers revised their production plans downwards again in June. The net balance of firms that intend to increase or decrease output in the next three months dropped from -1 percentage point to -5 percentage points. Between January and May 2019, aggregate sector revenue increased 1.6% year-on-year to EUR 78.6 billion. Revenue generated with domestic customers increased by 1.5% to EUR 36.9 billion and revenue from foreign customers increased by 1.9% to EUR 41.7 billion. Orders on hand declined by 2.2% year-on-year in the first five months. While there was a slight rise of 0.3% in domestic orders, orders placed by foreign customers dropped by 4.1%, with customers outside the euro-zone proving particularly cautious.

In June, business sentiment in the German electrical and electronics industry fell to its lowest level since autumn 2014. Both the assessment of the present situation and general business expectations were somewhat less favourable than in the previous month. 34% of companies in the sector regard their present economic situation as good, 54% as stable, and 12% as poor. 10% of companies in the sector assume that business will pick up in the next six months, 64% expect it to remain stable, and 26% anticipate a deterioration. However, export expectations improved in June. Here, the balance of positive and negative answers is now 5%, 4 percentage points higher than in May. Business sentiment varies between the individual sub-sectors of the electrical and electronics industry. While medical technology (+25.6), switchgear, controlgear and industrial control systems (+15.9) and information technology (+14.7) show a clearly positive balance (mean of situation and expectations), electric drive systems currently show a negative balance of -10.4.

Significant events in the reporting period

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

Earnings, asset and financial position

InTiCa Systems AG performed well in a difficult market environment in the first six months of 2019. Sales and earnings were at the upper end of the Board of Directors' expectations, orders on hand more than doubled, a fourth production line was installed in Mexico, and clear progress was made with the strategic repositioning of the company as a substantial technology provider for e-solutions and e-mobility. Around 40% of InTica Systems' total sales already comes from e-solutions, principally for hybrid technology and e-mobility.

Overall, Group sales increased to EUR 29.6 million in the first six months of 2019 (H1 2018: EUR 25.9 million). The Automotive Technology and Industrial Electronics segments both contributed to the growth in sales and both generated positive earnings. EBITDA increased in line with sales and the EBITDA margin was 11.1% as in the prior-year period. While the ratio of material costs to total output increased, the personnel expense ratio was reduced. EBIT was EUR 0.7 million, in line with the prior-year level, giving an EBIT margin of 2.5% (H1 2018: 2.8%). Net profit was EUR 269 thousand in the reporting period (H1 2018: EUR 386 thousand).

The operating cash flow was positive at EUR 2.2 million, which was around the same level as in the prior-year period (H1 2018: EUR 2.3 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 1.1 million in the reporting period (H1 2018: outflow of EUR 1.9 million). The equity ratio decreased to 29.3% (December 31, 2018: 33.5%).

Earnings position

Compared with the first six months of 2018, Group sales rose 14.2% to EUR 29.6 million (H1 2018: EUR 25.9 million), with both segments contributing to this. Sales increased 9.5% to EUR 21.8 million (H1 2018: EUR 19.9 million) in the Automotive Technology segment and 29.4% to EUR 7.8 million (H1 2018: EUR 6.0 million) in the Industrial Electronics segment. 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.

Total output increased disproportionately, from EUR 26.4 million to EUR 28.7 million, due to the considerably faster reduction of inventories of finished goods and work in progress. As a result, the ratio of material costs to total output increased to 56.5% in the reporting period (H1 2018: 53.0%). At the same time, the personnel expense ratio dropped from 23.4% to 19.0% 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 3.8 million to EUR 4.1 million. This was because expenses for agency staff at the production sites in Prachatice and Silao rose to EUR 1.4 million (H1 2018: EUR 0.7 million).

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 2.5 million (H1 2018: EUR 2.2 million), and spending on research and development was EUR 1.4 million, slightly below the prior-year figure (H1 2018: EUR 1.5 million). Development work focused principally on the e-solutions product area.

EBITDA (earnings before interest, taxes, depreciation and amortization) improved in parallel with sales to EUR 3.3 million (H1 2018: EUR 2.9 million). The EBITDA margin was therefore 11.1%, as in the first half of 2018. EBIT (earnings before interest and taxes) was stable at EUR 0.74 million in the first six months (H1 2018: EUR 0.74 million), giving an EBIT margin of 2.5% (H1 2018: 2.8%). While the Automotive Technology segment reported EBIT of EUR 0.4 million (H1 2018: EUR 0.3 million), the Industrial Electronics segment posted EBIT of EUR 0.3 million (H1 2018: EUR 0.5 million).

The financial result was minus EUR 0.3 million in the reporting period (H1 2018: minus EUR 0.2 million). Tax expense was constant at EUR 0.1 million (H1 2018: EUR 0.1 million). Group net income was therefore EUR 0.3 million in the reporting period (H1 2018: EUR 0.4 million). Earnings per share were EUR 0.06 (H1 2018: EUR 0.09).

As a result of currency translation gains of EUR 0.1 million (H1 2018: losses of minus EUR 0.3 million) from the translation of foreign business operations, comprehensive income was EUR 0.4 million in the first six months of 2019, compared with EUR 0.1 million in the first six months of 2018.

Non-current assets

Non-current assets increased to EUR 33.1 million as of June 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 26.9 million (December 31, 2018: EUR 22.0 million). Intangible assets increased slightly to EUR 5.0 million (December 31, 2018: EUR 4.9 million), and deferred taxes increased to EUR 1.3 million (December 31, 2018: EUR 1.2 million).

Current assets

As of June 30, 2019, current assets rose to EUR 25.4 million (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 12.6 million. By contrast, inventories decreased from EUR 11.0 million to EUR 10.4 million. Cash and cash equivalents totalled EUR 0.3 million on June 30, 2019 (December 31, 2018: EUR 0.1 million).

Liabilities

Current liabilities increased substantially to EUR 23.6 million in the first six months of 2019 (December 31, 2018: EUR 20.9 million). This was mainly due to the rise in trade payables from EUR 4.9 million to EUR 7.2 million. By contrast, current liabilities to banks only increased slightly to EUR 13.9 million (December 31, 2018: EUR 13.6 million). Other current provisions increased to EUR 1.6 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 17.8 million. This increase was principally due to the initial recognition of other non-current liabilities totalling EUR 4.8 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 slightly in the reporting period, to EUR 17.1 as of June 30, 2019 (December 31, 2018: EUR 16.8 million). The profit for the period resulted in a reduction in the negative profit reserve, while the negative currency translation reserve was slightly lower 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 constant in the reporting period. Total assets increased to EUR 58.5 million as of June 30, 2019 (December 31, 2018: EUR 50.1 million), so the equity ratio declined slightly from 33.5% to 29.3%.

Liquidity and cash flow statement

Unlike the first quarter, InTiCa System AG's operating cash flow was clearly positive in the second quarter of 2019. The net cash flow from operating activities was 2.2 million in the first six months of 2019, only slightly below the very good prior-year figure (H1 2018: EUR 2.3 million). Excluding interest payments, the cash flow from operating activities was EUR 2.8 million, which was above the prior-year figure (H1 2018: EUR 2.5 million).

The net cash outflow for investing activities was EUR 2.4 million in the first half of 2019 (H1 2018: outflow of EUR 4.7 million). While investment in intangible assets was virtually unchanged from the prior-year level at EUR 0.6 million (H1 2018: EUR 0.6 million), investment in property, plant and equipment decreased to EUR 1.8 million (H1 2018: EUR 4.1 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 0.9 million in the first half of 2019 (H1 2018: inflow of EUR 0.6 million). In the reporting period, cash outflows for the repayment of loans and for finance leases totalling EUR 1.6 million (H1 2018: EUR 1.1 million) were far higher than cash inflows from borrowing, which amounted to EUR 0.8 million (H1 2018: EUR 1.7 million).

Therefore, there was a total cash outflow of EUR 1.1 million in the reporting period (H1 2018: outflow of EUR -1.9 million). Cash and cash equivalents (less overdrafts) were minus EUR 11.0 million as of June 30, 2019 (June 30, 2018: minus EUR 7.5 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 increased to 711 as of June 30, 2019 (June 30, 2018: 625), including 236 agency staff (June 30, 2018: 99 agency staff). 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 697 employees in the reporting period (H1 2018: 618 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 half of 2019. Despite this difficult environment, InTiCa Systems AG posted a positive development in the reporting period and fulfilled the Board of Directors' expectations.

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 42% of total sales.

Overall, the Board of Directors therefore expects sales to rise in both the Automotive Technology segment and the Industrial Electronics segment. This is supported by the order situation: at the end of the first half of 2019, orders on hand amounted to EUR 119.0, far higher than in the prior-year period (June 30, 2018: EUR 55.2 million). 66% of orders were for the Automotive Technology segment (H1 2018: 89%). In view of this, the Board of Directors is confirming its guidance for 2019 and still expects Group sales to be between EUR 54 million and EUR 58 million, with an EBIT margin of between 1.5% and 2.0%. At present, sales are expected to be at the upper end of this range.

As a result of international shortages and longer delivery times, the supply of raw materials remains a major challenge in 2019. Other challenges are customers' order call-off patterns and the availability of skilled staff.

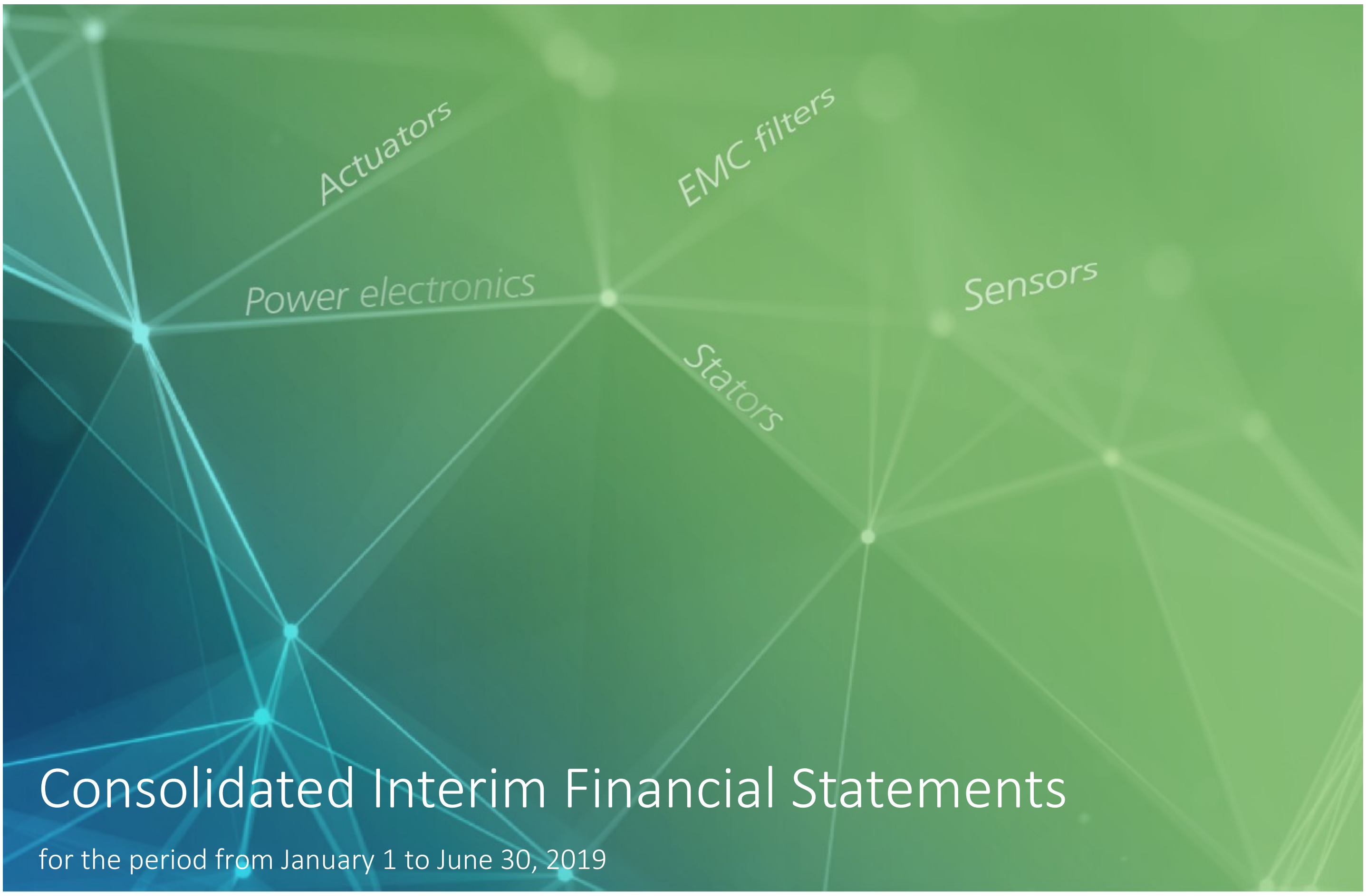
Further information on the segments can be found in the annual report for 2018 in section 6 "Outlook".

Consolidated interim financial statements in accordance with IFRS

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

Consolidated Balance Sheet

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

Assets	Jun 30, 2019 EUR ´000	Dec 31, 2018 EUR ´000
Non-current assets		
Intangible assets	4,963	4,928
Property, plant and equipment	26,863	21,968
Deferred taxes	1,250	1,180
Total non-current assets	**33,076**	**28,076**
Current assets		
Inventories	10,428	11,029
Trade receivables	12,630	9,236
Tax assets	7	5
Other financial assets	263	75
Other current receivables	1,762	1,566
Cash and cash equivalents	302	78
Total current assets	**25,392**	**21,989**
Total assets	**58,468**	**50,065**

Equity and liabilities

	Jun 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	-1,789	-2,058
Currency translation reserve	-680	-794
Total equity	**17,143**	**16,760**
Non-current liabilities		
Interest-bearing non-current liabilities	11,339	10,813
Other liabilities	4,757	0
Deferred taxes	1,665	1,640
Total non-current liabilities	**17,761**	**12,453**
Current liabilities		
Other current provisions	1,551	1,211
Tax payables	0	151
Interest-bearing current financial liabilities	13,927	13,564
Trade payables	7,174	4,936
Other financial liabilities	440	488
Other current liabilities	472	502
Total current liabilities	**23,564**	**20,852**
Total equity and liabilities	**58,468**	**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 June 30, 2019

	Q2 2019 EUR ´000	Q2 2018 EUR ´000	H1 2019 EUR ´000	H1 2018 EUR ´000	Change 2019 vs. 2018
Sales	**15,984**	**12,735**	**29,604**	**25,931**	**+14.2%**
Other operating income	210	313	573	397	+44.3%
Changes in finished goods and work in process	-466	143	-1,480	-161	
Other own costs capitalized	269	302	541	603	-10.3%
Material expense	9,240	6,845	16,186	13,985	+15.7%
Personnel expense	2,787	3,057	5,633	6,060	-7.0%
Depreciation and amortization	1,315	1,073	2,536	2,153	+17.8%
Other expenses	2,206	2,153	4,143	3,837	+8.0%
Operating profit (EBIT)	**449**	**365**	**740**	**735**	**+0.7%**
Cost of financing	179	114	342	210	+62.9%
Other financial income	0	0	0	0	-
Profit before taxes	**270**	**251**	**398**	**525**	**-24.2%**
Income taxes	94	21	129	139	-7.2%
Net profit for the period	**176**	**230**	**269**	**386**	**-30.3%**
Other comprehensive income					
Exchange differences from translating foreign business operations	112	-394	114	-268	-
Other comprehensive income, after taxes	**112**	**-394**	**114**	**-268**	**-**
Total comprehensive income for the period	**288**	**-164**	**383**	**118**	**+224.6%**
Earnings per share (diluted/basic in EUR)	0.04	0.05	0.06	0.09	-30.3%
EBITDA	**1,764**	**1,438**	**3,276**	**2,888**	**+13.4%**

Consolidated Cash Flow Statement

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

	Jan 1 - Jun 30, 2019 EUR ´000	Jan 1 - Jun 30, 2018 EUR ´000
Cash flow from operating activities		
Net profit for the period	269	386
Income tax expenditures / receipts	129	139
Cash outflow for borrowing costs	342	210
Income from financial investments	0	0
Depreciation and amortization of non-current assets	2,536	2,153
Other non-cash transactions		
Net currency gains/losses	262	-192
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	602	-395
Trade receivables	-3,393	-1,884
Other assets	-385	-686
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	341	218
Trade payables	2,237	2,122
Other liabilities	-126	434
Cash flow from operating activities	**2,814**	**2,505**
Cash outflow for income taxes	-326	-3
Cash outflow for interest payments	-295	-159
Net cash flow from operating activities	**2,193**	**2,343**
Cash flow from investing activities		
Cash inflow from interest payments	0	0
Cash outflow for intangible assets	-572	-644
Cash outflow for property, plant and equipment	-1,820	-4,101
Net cash flow from investing activities	**-2,392**	**-4,745**
Cash flow from financing activities		
Cash inflow from loans	792	1,663
Cash outflow for loan repayment installments	-1,319	-1,112
Cash outflow for liabilities under finance leases	-324	0
Net cash flow from financing activities	**-851**	**551**
Total cash flow	**-1,050**	**-1,851**
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	-43	69
Cash and cash equivalents at end of period	**-11,026**	**-7,503**

Consolidated Statement of Changes in Equity

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to June 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 H1 2018	0	0	0	386	0	386
Other comprehensive income, after taxes H1 2018	0	0	0	0	-268	-268
Total comprehensive income for H1 2018	0	0	0	386	-268	118
As of June 30, 2018	**4,287**	**-64**	**15,389**	**-358**	**-1,014**	**18,240**
As of January 1, 2019	**4,287**	**-64**	**15,389**	**-2,058**	**-794**	**16,760**
Net result H1 2019	0	0	0	269	0	269
Other comprehensive income, after taxes H1 2019	0	0	0	0	114	114
Total comprehensive income for H1 2019	0	0	0	269	114	383
As of June 30, 2019	**4,287**	**-64**	**15,389**	**-1,789**	**-680**	**17,143**

Notes to the Consolidated Interim Financial Statements

for the period from January 1 to June 30, 2019

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems AG as of June 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 three-months period ending on June 30, 2019. Comparative data refer to the consolidated financial statements as of December 31, 2018, or the consolidated interim financial statements as of June 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

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

Segment	Automotive Technology		Industrial Electronics		Total	
In EUR ´000	**H1 2019**	H1 2018	**H1 2019**	H1 2018	**H1 2019**	H1 2018
Sales	**21,805**	19,906	**7,799**	6,025	**29,604**	25,931
EBIT	**439**	280	**301**	455	**740**	735

Key financial figures	**H1 2019 EUR ´000 or %**	**H1 2018 EUR ´000 or %**	**Change 2019 vs. 2018**
EBITDA	**3,276**	2,888	+13.4%
Net margin	**0.9%**	1.5%	
Pre-tax margin	**1.3%**	2.0%	
Material cost ratio (in terms of total output)	**56.5%**	53.0%	
Personnel cost ratio	**23.8%**	26.0%	
EBIT margin	**2.5%**	2.8%	
Gross profit margin	**40.3%**	45.4%	

consolidated financial statements. The Czech subsidiary is a 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 H1 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

	Jun 30, 2019	Dec 31, 2018	Jun 30, 2018
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 25.445	CZK 25.725	CZK 26.020
USA	USD 1.138	USD 1.145	USD 1.164
Mexico	MXN 21.826	MXN 22.505	MXN 23.189

Average rates

	Jun 30, 2019	Dec 31, 2018	Jun 30, 2018
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 25.684	CZK 25.643	CZK 25.500
USA	USD 1.130	USD 1.181	USD 1.211
Mexico	MXN 21.687	MXN 22.743	MXN 23.101

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 29,604 thousand in H1 2019, up from EUR 25,931 thousand in H1 2018. Both segments reported sales growth. EBITDA increased analogously to sales to EUR 3,276 thousand (H1 2018: EUR 2,888 thousand). The net profit for the period was EUR 269 thousand, compared with EUR 386 thousand in the first half 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 29.3% as of June 30, 2019 (December 31, 2018: 33.5%) shows that the company is still soundly financed.

The net cash flow from operating activities was EUR 2,193 thousand in the first six months of 2019 (H1 2018: EUR 2,343 thousand). The total cash outflow was EUR 1,050 thousand in the reporting period as a result of ongoing investment at the sites in Mexico and the Czech Republic and repayment instalments (H1 2018: outflow of EUR 1,851 thousand). Cash and cash equivalents therefore changed from minus EUR 9,933 thousand as of December 31, 2018 to minus EUR 11,026 thousand as of June 30, 2019. Equity and liabilities changed as follows in the reporting period: equity was slightly higher at EUR 17,143 thousand (December 31, 2018: EUR 16,760 thousand), while non-current liabilities increased to EUR 17,761 thousand (December 31, 2018: EUR 12,453 thousand). Current liabilities increased to EUR 23,564 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 33,076 thousand (December 31, 2018: EUR 28,076 thousand), while current assets rose to EUR 25,392 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

No reportable events have occurred since the reporting date, June 30, 2019.

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 June 30, 2019, InTiCa Systems AG still had treasury stock amounting to 64,430 shares (June 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 3.5 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, August 21, 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

August 22, 2019	Publication of Interim Financial Statements for H1 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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