

InTiCa

Systems

MOBILITY & E-SOLUTIONS

Generation · Storage · Conversion · Usage



2023

ANNUAL REPORT

Intelligent solutions

for the
ecological

transformation

Key Figures of InTiCa Systems

The Group	31.12.2021 EUR '000	31.12.2022 EUR '000	31.12.2023 EUR '000	Change in %
Sales	95,735	90,739	86,876	-4.3%
Net margin	2.0%	1.8%	-1.3%	-
EBITDA	9,276	8,370	6,520	-22.1%
EBIT	3,396	2,345	270	-88.5%
EBT	2,835	1,724	-1,244	-172.2%
Net profit (loss)	1,962	1,615	-1,128	-169.8%
Earnings per share (diluted/basic in EUR)	0.46	0.38	-0.27	-
Cash flow total	-4,914	1,338	-8,396	-
Net cash flow from operating activities	2,875	7,420	1,553	-79.1%
Capital expenditure	3,736	9,480	6,636	-30.0%
	31.12.2021 EUR '000	31.12.2022 EUR '000	31.12.2023 EUR '000	Change in %
Total assets	58,420	65,418	67,722	3.5%
Equity	19,660	21,969	20,827	-5.2%
Equity ratio	34%	34%	31%	-
Employees incl. agency staff (number as of closing date)	744	847	761	-10.2%

The Stock	2021	2022	2023	(March 31) 2024
Closing price (in EUR)	12.20	8.00	6.40	4.18
Period high (in EUR)	22.00	12.70	8.60	6.45
Period low (in EUR)	8.50	7.50	4.95	3.94
Market capitalization at end of period (in EUR million)	52.30	34.30	27.44	17.92
Number of shares	4,287,000	4,287,000	4,287,000	4,287,000

The stock prices are closing prices on XETRA®.

Energy transition – Shaping the future

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GROUP

The InTiCa Systems' Group Foreword

Dear shareholders, employees and business associates,

The automotive industry is going through the biggest transformation in its history. That statement does not come from us; it comes from industry associations, the media and scientists. Unquestionably, there have been other periods of ground-breaking change in economic history, but what makes the present situation unusual is that the events are happening in parallel. The switch to alternative technologies, digitalization and sustainable production all have to be achieved simultaneously. Moreover, they have to be achieved in a situation where economic and geopolitical changes and uncertainties and high raw material and logistics prices are weighing on the international markets.

Therefore, it is hardly surprising that 2023 was a challenging year. Order offtake patterns were more volatile than they had been for a long time and there is an increasing divergence between the award of contracts and offtake volumes. Although we have stepped up dialogue with our customers even further, the planning stability that was customary in the past is not achievable at present. The situation actually intensified further

at the end of the year. While high demand for inverters had been a stabilizing factor until then, in the fourth quarter manufacturers in the photovoltaic industry were far more reluctant to call off volumes as a result of uncertain logistics conditions, full wholesale warehouses and increasing competitive pressure from Asia.

Dealing with this situation requires highly flexible management of production, personnel and materials. At the same time, pressure on liquidity and margins is increasing. As a result, we reviewed our planning at the start of November and revised our forecast for the full year. The key performance indicators at the end of the year were in line with this revised guidance, with consolidated sales of EUR 86.9 million and an EBIT margin of 0.3%. We therefore managed to keep the drop in sales to 4.3% and to generate a small operating profit.

Numerous measures helped us achieve these minimum targets and ensure that InTiCa Systems can look to the future with confidence despite the challenges. First and foremost, our continuous endeavours in the areas of lean management and cost management should be highlighted. Successful optimization of production processes and corporate workflows is vital to adapt to the changing market conditions and creates headroom in view of the skills shortage and rising wage costs.

It is equally important that we manage to pass on at least some of the increase in procurement prices that we saw in 2023. Despite a certain stabilization during the year, elementary precursors such as plastic granulates, coated copper wire and ferrites are still far more expensive than in the past. Moreover, in light of rising wage and logistics costs, that is unlikely to change significantly in the foreseeable future. The reduction in the material cost ratio shows that we were largely able to pass on the cost increases in the reporting period, although often with a time lag and seldom in full.

We will continue to negotiate hard in the future. Not just on procurement and selling prices, but also with regard to inventories. To manage the liquidity tied up as a result of the high volatility of order offtake, InTiCa Systems delivers smaller lots in some cases. Permanent optimization of inventories, savings in procurement and at production sites and reducing investment to what is necessary for customer projects are other measures to improve liquidity. As planned we increased our overdraft facilities by EUR 4 million in the fourth quarter, providing a further buffer.

To reduce dependence on individual products and areas of industry, in 2023 we also worked intensively to extend our existing competencies to further market segments. Based on our specific know-how in the field of inductivity, at our Technology Centre in Passau, we started to establish a speciality product area for special vehicles, industrial plant and medical technology. The first, small orders have been acquired since the beginning of 2024 and we see potential for mid-sized serial production in the future. Compared with large-scale serial business, the speciality products area commands above-average margins.

The development of our site in Ukraine in the past year was pleasing. Progress was made in providing production staff with the necessary skills, with training taking place both at the site and in the Czech Republic. The general workflows are established, so production, productivity and quality are now at a very good level. At present, the availability of specialist workers is still limited and there are very long waiting times at the borders. However, given the situation in the country, that is hardly surprising. To extend our customer base and realize sales growth, internationalization remains a key element in our corporate strategy.

Overall, as an innovative provider of e-solutions, on a medium to long-term view, InTiCa Systems is still well positioned to benefit from the transformation of industry outlined at the start. In the short term, however, the business environment remains challenging. That is also reflected in our guidance for 2024, which forecasts Group sales of between EUR 80.0 million and EUR 95.0 million and an EBIT margin of between 0% and 2.5%.

The pressure on margins in the Automotive segment remains high and there is a temporary dip in demand for electric vehicles. However, sales figures for hybrids and vehicles with combustion engines recently picked up. As a result, the offtake situation improved slightly at the beginning of the year. At present, we assume that the automotive market will recover in 2024 and we will achieve our planned figures. There is currently particularly strong demand for stator coils for hybrid vehicles and coils for vibration damping systems. EMC filter technology has also consolidated and new orders have been acquired for chassis systems, including demand for additional quantities.

In the Industry & Infrastructure segment, the market has weakened significantly since the second half of 2023 and this trend gathered pace at the beginning of this year. Almost all customers adjusted their order offtake figures downwards in the first quarter. Customers anticipate an improvement in the second half of 2024 and the underlying growth drivers remain intact. To strengthen its own market position, InTiCa Systems is focusing on building up a speciality products business and on innovative in-house developments. For example, our technicians have developed an innovative separator transformer with a significantly better performance profile. Smaller dimensions and reduced material requirements are accompanied by high efficiency and improved heat management.

We would like to take this opportunity to thank our employees at all sites most sincerely for their innovative capability and daily commitment. We would also like to thank our business partners for their good collaboration and our shareholders for the trust they place in us.

InTiCa Systems SE
Passau, June 2024

Yours



Dr. Gregor Wasle
Chairman of the Board of Directors



Bernhard Griesbeck
Member of the Board of Directors



GROUP

Report of the Supervisory Board on fiscal 2023

Dear shareholders,

In fiscal 2023, the Supervisory Board performed the tasks imposed on it by law, the articles of incorporation and the rules of procedure, regularly advised the Board of Directors on the management of the company and monitored and supervised its management activities. The yardsticks for oversight were the lawfulness, correctness, cost-effectiveness and expediency of the management of the company and the Group.

Cooperation with the Board of Directors

The Board of Directors gave the Supervisory Board detailed information and reasons for all business transactions and other matters requiring the approval of the Supervisory Board in compliance with the law, articles of incorporation or rules of procedure, and obtained the necessary consent. The Board of Directors provided continuous, comprehensive and timely information to the Supervisory Board either verbally or in writing.

The Board of Directors' reports to the Supervisory Board centred principally on planning, business development and the business situation of InTiCa Systems SE and its subsidiaries, including the risk situation, control and risk management, compliance and transactions of especial importance for the company. The Board of Directors outlined the discrepancy between the business

planning and actual performance, together with explanations, and informed the Supervisory Board of the planned corrective action. The content and scope of the reporting by the Board of Directors met the demands made by the Supervisory Board. Alongside these reports, the Supervisory Board requested supplementary information from the Board of Directors. The Board of Directors was available at meetings of the Supervisory Board to provide explanations and answer questions asked by the Supervisory Board. The Board of Directors and Supervisory Board used the meetings to agree on the strategic focus of the company and review the implementation of the strategy at regular intervals.

The Chairman of the Supervisory Board also received extensive information between meetings. Thus, the strategy, current business situation and business trends as well as control and risk management at InTiCa Systems SE were discussed regularly by the Chairman of the Board of Directors and the Chairman of the Supervisory Board.

The Board of Directors notified the Chairman of the Supervisory Board without delay of important events that were of material significance for an assessment of the company's situation and development.

In particular, the Board of Directors and Supervisory Board have continued to maintain very close and constant contact about the strategic development of the business, the implications for the company of changing global market trends and major troublespots such as the Middle East and the war in Ukraine, measures to protect employees, customers and suppliers, and the scope to prevent and mitigate the consequences of critical influencing factors. In addition, the influence on the company's overall strategy and any necessary adjustments are constantly discussed.

Advisory and supervisory activities

As part of its supervisory activities, the Supervisory Board satisfied itself that the Board of Directors conducted the management of the company in a correct and lawful manner. In 2023, the Supervisory Board examined, in particular, the company's strategic alignment, business potential and business development. This included intensive discussion of key markets, product groups and future-oriented technologies. Particular attention was paid to e-solutions and e-mobility.

In the light of the aforementioned prevailing challenges in 2023, the Board of Directors and Supervisory Board looked very intensively at these issues, appropriate action, and the risks to be considered, along with risk mitigation. That included continuously adjusting the financing strategy. To this end, the Supervisory Board received timely and extensive information on the current situation of the Group and its companies, and all business operations of material importance for the Group's profitability and liquidity. Production and sales planning and the strategic development of the Group were also discussed regularly with the Board of Directors.

Corporate governance

In the reporting period, the Supervisory Board also examined the implementation of the German Corporate Governance Code at InTiCa Systems. The present declaration of conformity pursuant to sec. 161 German Companies Act (AktG) was adopted by the Board of Directors and the Supervisory Board on January 30, 2023 and is permanently available on the company's website. There were no conflicts of interest on the Supervisory Board in the reporting period.

The members of the Supervisory Board independently undertake the training required to perform their duties, for example, with respect to changes in the legal framework and new, future-oriented technologies, with appropriate support from the company.

Further information on corporate governance can be found in the corporate governance statement pursuant to sec. 289f and sec. 315d German Commercial Code (HGB), including the corporate governance report.

Composition of the Supervisory Board

In the reporting period the Supervisory Board members were Mr. Udo Zimmer (Chairman), Mr. Werner Paletschek (Deputy Chairman) and Mr. Christian Fürst. In the wake of the conversion of the legal form of InTiCa Systems AG to InTiCa Systems SE, the members of the Supervisory Board of InTiCa Systems AG remained in office and became members of the Supervisory Board of InTiCa Systems SE.

Since the Supervisory Board has only three members, all relevant matters are always discussed by the full Supervisory Board. The Supervisory Board has established an Audit Committee in compliance with the statutory requirements. The members are the three members of the Supervisory Board. The Supervisory Board and Audit Committee also held regular meetings without the Board of Directors.

Meetings of the Supervisory Board and the Audit Committee

In addition to the Supervisory Board meeting on the financial statements on April 27, 2023, the Supervisory Board held six meetings – including those held in its function as the Audit Committee. In all, five meetings were held with physical attendance and one was held as video conference. All members of the Supervisory Board took part in all meetings of the Supervisory Board and the Audit Committee.

The dates of the meetings and main issues addressed are outlined below:

February 13, 2023: Meeting of the Supervisory Board without the presence of the Board of Directors; discussion of the management model at the first and second management levels and the potential need for improvement.

February 23, 2023: Supervisory Board meeting at the site of Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico. The principal topics discussed were the assessment of current business development at the beginning of 2023; the provisional status of the performance in the 2022 financial year on a site basis; the status of financing and liquidity; discussion of various strategy issues, especially with regard to sales and the development of the Mexico site.

April 14, 2023: Discussion of the status of the annual financial statements for 2022 and the auditor's report; presentation of the current business situation in 2023; report on current sales projects and a detailed look at customers; update on the sales strategy in Mexico; examination of the development of financing and liquidity; status update on the ramp-up of the site in Ukraine.

June 19, 2023: Update on the present business performance with a focus on the sales and procurement situation; presentation of the current status of the sales strategy; financing and liquidity; status report on InTiCa Systems' risk management system; discussion of the status of the introduction of SAP and status update on InTiCa Systems TOV.

September 22, 2023: Strategy meeting of the Supervisory Board and Board of Directors; update on the business performance of all sites and the forecast for 2023; status update on budget planning for 2024; financing and liquidity; status update on InTiCa Systems TOV; progress report on the introduction of SAP.

December 18, 2023: Status update on business development at year end; resolutions approving the budget for 2024 and the appointment of Mr. Bernhard Griesbeck as a member of the Board of Directors with effect from January 15, 2024; status report on development of the strategy; status report on InTiCa Systems TOV; progress of the project to introduce SAP.

Annual financial statements of the company and the Group

The auditors Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, Germany, were selected by the General Meeting to audit the annual financial statements and consolidated financial statements for the fiscal year from January 1, 2023 to December 31, 2023. The Supervisory Board granted the audit contract in accordance with this.

The annual financial statements and management report of InTiCa Systems SE for the fiscal year from January 1 to December 31, 2023, prepared in accordance with the provisions of the German Commercial Code (HGB), were audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, which has awarded an unqualified opinion. An unqualified opinion has also been awarded to the consolidated annual financial statements and management report for the Group as of December 31, 2023, which were drawn up on the basis of the International Financial Reporting Standards (IFRS), as applicable for use in the EU, and supplemented by further explanations.

At its meeting on May 28, 2024, the Supervisory Board – simultaneously exercising its function as the Audit Committee with identical members – discussed the provisional figures for the annual financial statements of the company and the Group for 2023 in the presence of the auditor. At a further meeting on June 06, 2024, the Supervisory Board discussed the annual financial statements for the company, the consolidated annual financial statements and the management reports for InTiCa Systems SE and the Group, all of which have received unqualified audit opinions, the Board of Directors' proposal for the appropriation of the profit, this report of the Supervisory Board

and the corporate governance statement pursuant to sec. 289f and sec. 315d of the German Commercial Code (HGB), including the corporate governance report. To prepare for this, the members of the Supervisory Board received extensive documentation, in some cases as draft versions, including the annual report with the consolidated financial statements prepared in accordance with the IFRS, the annual financial statements of InTiCa Systems SE, the management reports for InTiCa Systems SE and the Group, the corporate governance statement, the remuneration report, and the audit reports prepared by the auditor on the financial statements for the company and the Group and the management reports.

The Supervisory Board examined these documents in detail and discussed them intensively in the presence of the auditor, who reported on the key findings of the audit and was available for further questions and information. Following the conclusion of its own examination, the Supervisory Board agreed with the audit findings on the annual financial statements and the consolidated annual financial statements, established that it had no objections to raise, and approved the financial statements and management reports prepared by the Board of Directors; the Supervisory Board acknowledged with approval the proposal of the Board of Directors for the appropriation of the profit. The annual financial statements of InTiCa Systems SE for 2023 are thus adopted. The Supervisory Board also adopted the present report of the Supervisory Board, the remuneration report and the corporate governance statement pursuant to sec. 289f and sec. 315d of the German Commercial Code (HGB), including the corporate governance report, in the present version.

The Supervisory Board would like to thank the Board of Directors and the employees of the InTiCa Systems Group for their performance and high level of commitment in 2023. It would also like to express its special thanks to the customers and business partners of InTiCa Systems SE for their trust and good collaboration. The Supervisory Board wishes the company all the best for its future development.

InTiCa Systems SE
Passau, June 6, 2024

The Supervisory Board

Udo Zimmer
Chairman

Taking responsibility

Corporate Officers



Christian Fürst

Member of the Supervisory Board
Business administration graduate
Passau

- 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 Bachl GmbH & Co. KG

Werner Paletschek

Deputy Chairman of the Supervisory Board
Business administration graduate
Fürstenzell

- Managing Director of OWP Brillen GmbH



Dr. Gregor Wasle

Chairman of the Board of Directors
Engineering graduate

Bernhard Griesbeck

Member of the Board of Directors
Business administration graduate

Udo Zimmer

Chairman of the Supervisory Board
Business administration graduate
Rottach-Egern

- Managing Director of GUBOR Schokoladen GmbH, Hans Riegelein GmbH & Co. KG and Rübezahl Schokoladen GmbH & Co. KG
- Member of the Supervisory Board of VIA Optronics AG

Production facility Mexico

Company Profile



Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V.: Innovating at the Heart of Guanajuato

The Mexican production facility of the InTiCa Systems Group, Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., founded in 2016, drives innovative customer projects at the heart of Guanajuato. As a 99% subsidiary of InTiCa Systems SE, this dynamic plant sets benchmarks in the Automotive and Industry and Infrastructure sectors.

Milestones and Achievements

USD 10 Million Invoiced in a year: In 2020, the plant achieved a significant milestone by hitting the coveted goal of invoicing USD 10 million in a year.

A Growing Workforce: Over the last 8 years, the dedicated team at InTiCa Silao has steadily expanded. With approximately 200 employees, they form the backbone of the company's success.

NAFTA Region Focus: The team's potential extends beyond production. Their expertise in sales and marketing positions them well for further development in the NAFTA region.



Location and Infrastructure

Guanajuato Industrial Park Puerto Interior: Nestled in the picturesque landscape of Silao de la Victoria, Guanajuato, the manufacturing site enjoys a strategic location. With all major customers within a 350 km radius, it's perfectly positioned for efficient operations.

5000 sqm Production Area: The sprawling production facility houses cutting-edge machinery, including 11 injection molding machines and 3 winding machines.

Proximity to Guanajuato International Airport: Just 8 km away, the site ensures swift logistics and connectivity.

Strategic Access: Guadalajara, San Luis Potosí, Toluca, and Mexico City are easily accessible, making it a hub for trade and industry.

The Vibrant State of Guanajuato

Economic Dynamism: Guanajuato is a powerhouse of economic growth, consistently outperforming national averages. Its industrial cities – León, Acámbaro, Irapuato, and Celaya – buzz with activity.

Population and Geography: With 6,166,934 inhabitants spread across 30,608 km², Guanajuato thrives on diversity and resilience.

Capital City: Guanajuato, the state's capital, exudes history, culture, and entrepreneurial spirit. In summary, Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V. embodies innovation, teamwork, and strategic vision. Against the backdrop of Guanajuato's dynamic landscape, it continues to shape the future of technology in Mexico.



Historic City, Guanajuato



Teatro Juárez, Guanajuato Centre



Automotive & E-Mobility

Customer-specific solutions



Keyless entry /
keyless go LF antennas

Stator coils for
plug-in hybrid

InTiCa Systems' core business is focused on the Automotive segment, where the company specializes in the development and production of actuators, sensors, power electronics and drive technology in motor vehicles. Customer orders in this business segment show a clear trend towards electric and hybrid mobility.



The range of products offered in the Automotive sector is characterized by a wide variety of different components, of which onboard chargers, stator coils, EMC filters, inverters and components for battery management are particularly relevant for the growing field of e-mobility.

InTiCa Systems develops highly specific solutions for its customers in the Automotive sector within all five of its product groups. It so happens that InTiCa Systems products and technologies are installed in all relevant vehicle classes worldwide, from small cars to premium vehicles, by well-known European and American manufacturers.

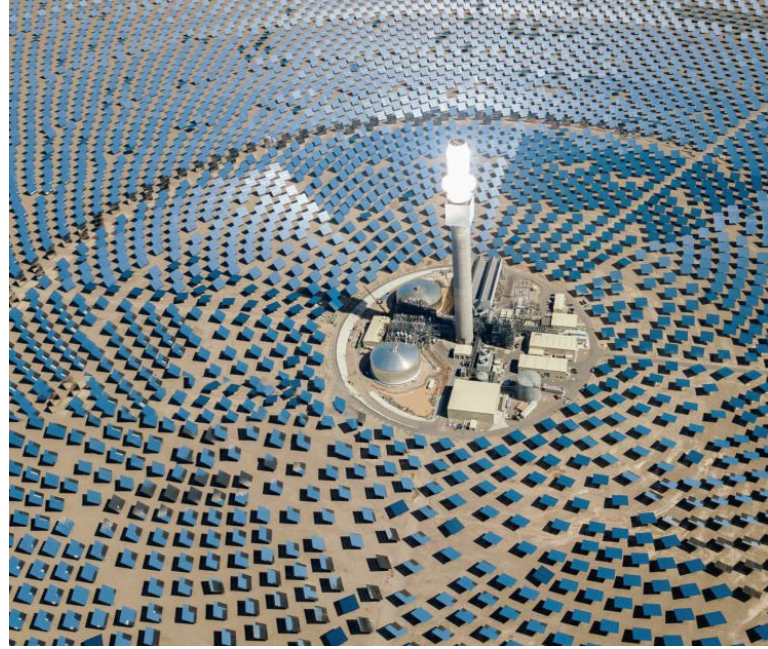
InTiCa Systems already owes well over 50% of its turnover to the field of hybrid and electric mobility. This sector, which is forecast to continue growing strongly, is considered one of the three key technologies in the automotive industry of the future, besides partially and fully autonomous driving and digital connectivity.

Industry & Infrastructure

Efficient use of energy



In its second business segment, Industry & Infrastructure, the product landscape is characterized by high-quality, customer-specific inductive components, mechatronic modules and system solutions for renewable energy sources (solar), as well as automation and drive technology. In these areas, too, InTiCa Systems' commitment to development results in competent solutions tailored to specific requirements.



The converter and inverter technology is based on the ability of inductive components to convert solar energy into grid-connected electricity and has always been the heart of the Industry & Infrastructure segment. InTiCa Systems uses this technology, which benefits many of its future-oriented products, to increase its global market presence in power transfer, noise suppression and coils and filters. The portfolio is complemented by the expertise of InTiCa Systems' team in the fields of power electronics and automation and drive technology.

In the Industry & Infrastructure segment, the field of e-solutions is particularly important for product applications for inverters, smart metering, energy storage systems and electric charging systems. The use of synergies between the Industry & Infrastructure and Automotive segments thereby offers the potential to align the topics of e-solutions and e-mobility, for example by combining e-vehicles with a modern e-charging infrastructure.

At home throughout the world

Where InTiCa Systems and its customers are located

Passau, GERMANY

Head office & Technology Center

- » Sales and production development & samples and pre-serial production
- » Employees: 89*

Prachatice, CZECH REPUBLIC

Production facility

- » Modern production facility with high degree of vertical integration, secure processes and technologies
- » Employees: 404 (including 25 temporary workers)*

Silao, MEXICO

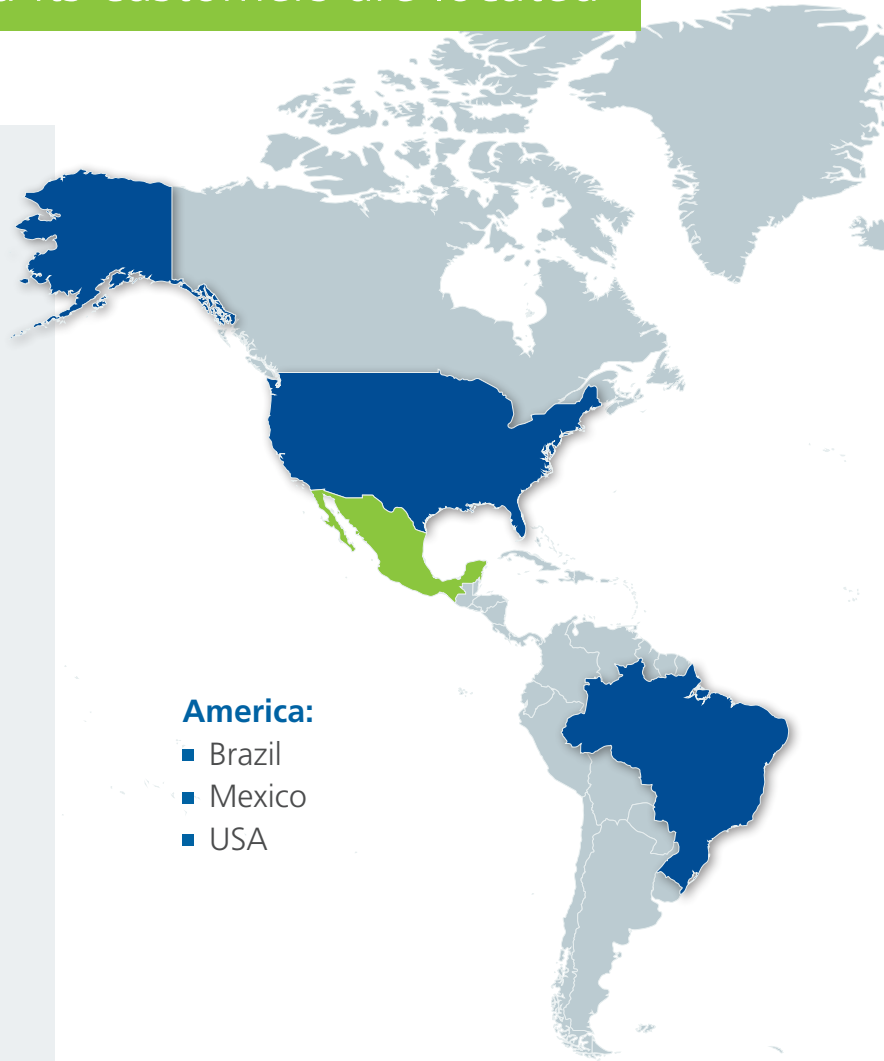
Production facility

- » Production of a first small-scale series in Q4/2016
- » Employees: 154*

Bila Tserkva, UKRAINE

Production facility

- » Ongoing test phase and ramp-up production for selected products since Q1 2023
- » Employees: 61*



* Number of Employees: March 31, 2024



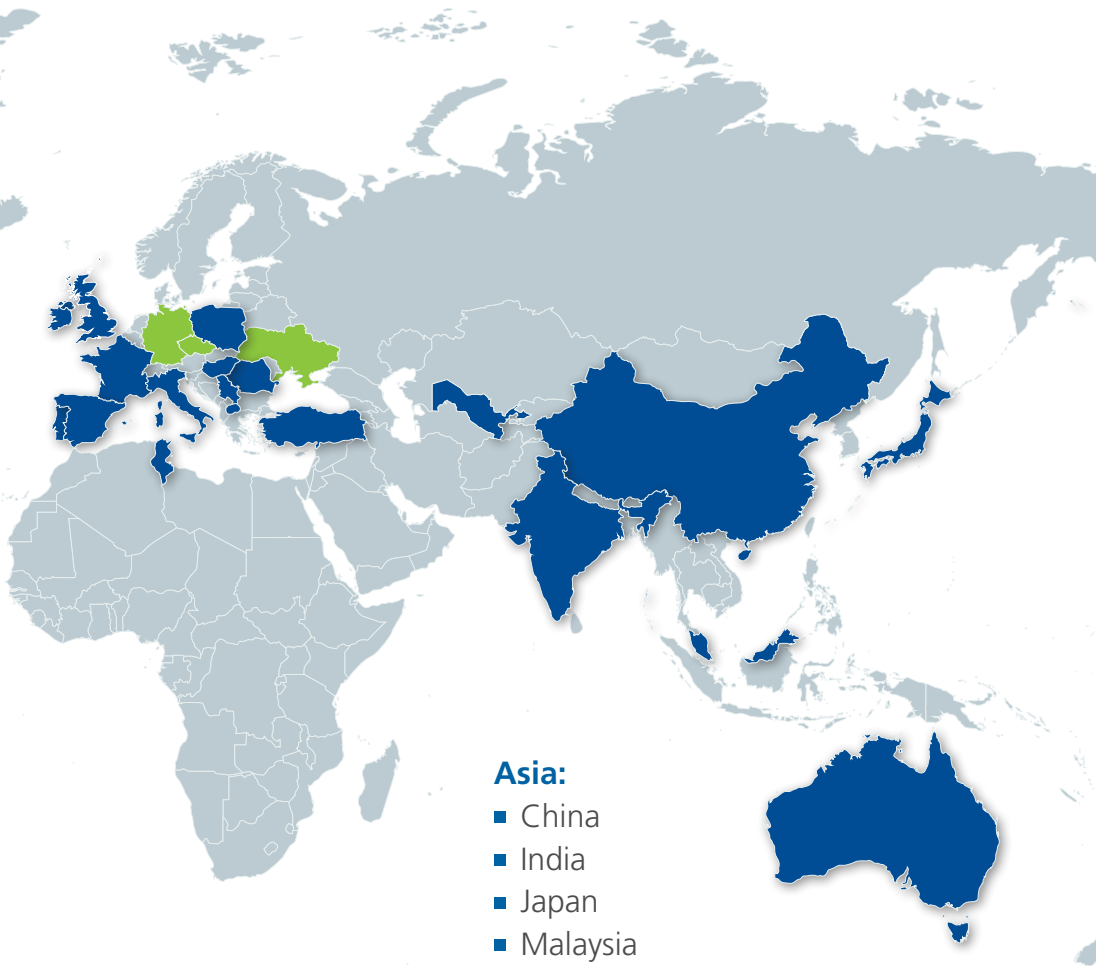
Europe:

- Czech Republic
- France

- Germany
- Hungary
- Ireland
- Italy

- North Macedonia
- Poland
- Portugal
- Romania

- Serbia
- Spain
- United Kingdom



Asia:

- China
- India
- Japan
- Malaysia
- Turkey
- Uzbekistan

Africa:

- Tunisia

Australia

Our strategy and targets

- The customer is at the heart of our endeavours.
- We are world class in the development and production of inductive components and mechatronic systems.
- Our actions focus on the quality and profitability of our products and services.
- We strive for healthy and measured product diversification and internationalization.
- We offer our customers high-quality and technically advanced products.
- We are committed to a continuous process of innovation and renewal.
- With our skilled and competent employees, we shape perspectives and secure the future.
- Environmental protection and environmental management are key corporate and management tasks.



E-Solutions

Key technologies for the future

By addressing global megatrends, InTiCa Systems SE has identified essential key technologies and declared them to be strategic priorities. These key technologies of the future such as electromobility, energy storage, energy management systems and safety technology are, quite literally, the key to success for InTiCa Systems and are therefore being worked on intensively.

For InTiCa Systems, the term “e-solutions” encompasses the technological expertise and the intelligent interaction between the generation, storage, control and use of energy, providing the big picture for the company’s strategic roadmap. Today, InTiCa Systems already covers an increasingly broad portfolio of product fields, from power electronics for e-generation, through EMC filters for e-storage solutions, to system solutions for hybrid and electromobility for energy use, which is to be expanded in the future.



ENERGY GENERATION

Useful energy can be obtained from various energy sources, such as PV systems or wind power plants, which are also referred to as energy carriers.

However, the raw form of the extracted electrical energy is not yet suitable for feeding into the power grid. Therefore, devices are required that perform this conversion as efficiently as possible.

ENERGY STORAGE

The increasing use of renewable energies driven by environmental and climate protection considerations is leading to a growing global market for energy storage applications.

New integrated devices for energy storage, energy conversion and intelligent energy management form the heart of an independent, decentralized energy supply. As with inverters, components from InTiCa Systems are also used in this field of application.



ENERGY CONVERSION

In order to make the energy generated by PV systems or other carriers usable for everyday life, so-called inverters are needed. These are electrical devices that convert DC voltage into AC voltage.

In the field of energy conversion, InTiCa Systems develops and supplies components not only for inverters, but also for chargers in electric cars (so-called onboard chargers), charging columns, charging boosters (to charge an 800V e-car at a 400V charging column) and other voltage converters.

ENERGY USAGE

InTiCa Systems' complex solutions for energy usage can be found in (plug-in) hybrid as well as in e-machines, e.g. in the form of stator windings of various designs.

Another key product group for everyday energy use are EMC filters, which ensure that interference does not occur when different electronic components are operated in parallel.

InTiCa Systems can cover the entire product cycle, from electrical dimensioning and design to series delivery.

Power electronics

Increasing efficiency

Power electronics is an area of electronic technology that focuses on the use of electronic switching elements to convert electric power. The main products are inverters, charging systems and network switches.

These products can convert voltage levels, power and frequency. Normally, power electronics components comprise an electrical control unit, an inverter and a DC converter.

Power electronics has become more important as a result of progress in microelectronics and the associated improvement in control and regulation technology. For example, power electronics are found in the power drivetrain in all hybrid and electric vehicles.

Application examples

Automotive

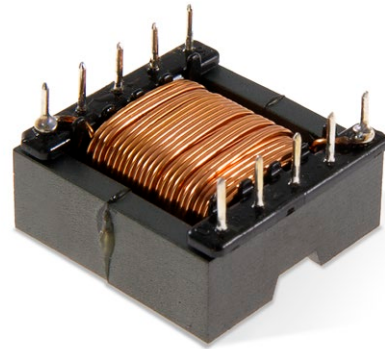
- Transformers for onboard charging systems
- Chokes for onboard charging systems
- Power transformers for DC-DC converters
- Planar transformers for hybrid applications

Industry & Infrastructure

- AC filter chokes, boost converters and booster chokes
- High-frequency transformers
- Inductive modules for solar converters



Common-Mode-Choke



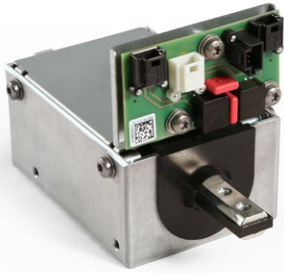
Transformer



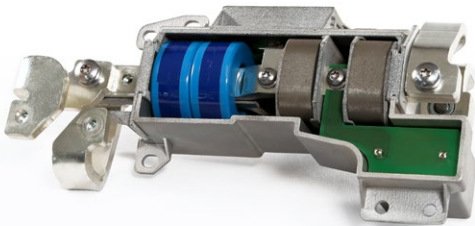
Choke module for inverters



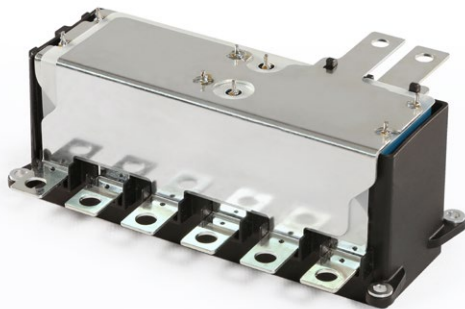
Choke module



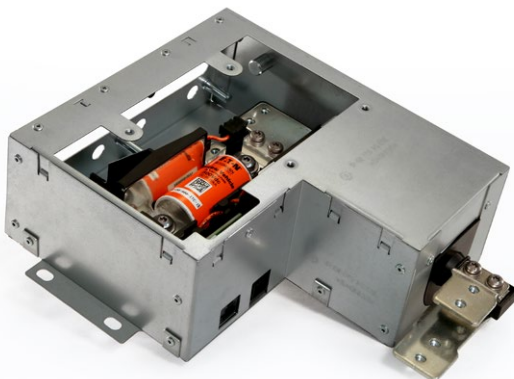
Filter module e-axis



Filter module e-axis



Filter module for DC-DC converters



Filter module e-axis

EMC filters

Electromagnetic compatibility

The rising number of appliances that produce and use energy is increasing demand for EMC filters for electromagnetic suppression. Unwanted interference between appliances can degrade performance of the power supply and onboard systems. Therefore, it has to be suppressed to prevent unwanted disruption.

Inductive properties combined with capacitors are the most common type of EMC filter. InTiCa Systems is already seen as a development partner, producer and system supplier of EMC filters. Demand for energy sources and electrical and electronic devices will continue to increase in the future, creating rising demand for EMC filters.

Application examples

Automotive

- Complex components and systems to meet specific challenges of electromagnetic interference
- Electric vehicles (EV), hybrid drives (PHEV, MHEV), hydrogen drives
- Battery systems, e-axes and transmissions

Industry & Infrastructure

- Filter modules and filter assemblies for stationary energy storage systems and various industrial applications
- Filter assemblies for charging systems
- Common mode chokes in all common designs

Actuators

Controlling motion

The term actuator normally refers to the use of electrical energy to generate a movement or deflection. Actuators are used in many technical applications, for example in drive technology, valve technology and locking systems. InTiCa Systems specializes in the production of various types of actuator coils, which can be used in a wide range of applications in measurement control and regulation technology.

They are used in almost all sectors of industry because their applications are virtually unlimited. As in all other product areas, the product solutions supplied by InTiCa Systems are tailored specifically to customers' requirements.

Application examples

Automotive

- Valve systems for adaptive chassis control, transmission control systems
- Electro-hydraulic steering systems
- Electromagnetic steering wheel locks
- Control systems for oil circuit regulation, injections systems for diesel and gasoline, valves for fuel shut-off

Industry & Infrastructure

- Switching components to interrupt power supply
- Switching parts and valves for heating systems
- General valve controls



Power supply isolation for valve applications



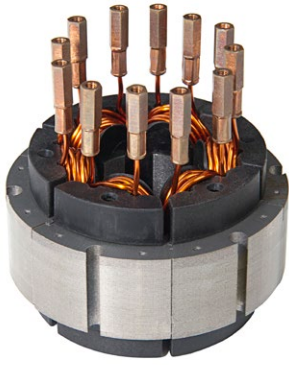
Solenoid for gear selector switch



Actuator coils for adaptive chassis control



Actuator coil for fuel cell valve



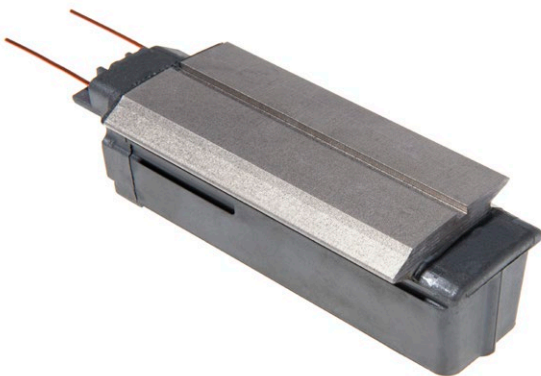
Stator for turbocharger motor



Stator for electric motor



Stator slip-on coil for hybrid application with coil



Overmolded stator coil for hybrid application

Stators

Electromagnetic transformation

Stator coils are used in electric drives that convert electrical energy into mechanical power. A wide variety of different designs and electrical solutions are available. The aim is to steadily reduce the dimensions and weight of coils and to increase their electrical efficiency.

Development and production at InTiCa Systems meet the highest quality and functional requirements to ensure that products can withstand the most extreme environmental conditions. The right mix of materials and processes is vital to maximize the efficiency and stability of the products.

Application examples

Automotive

- Stator modules for hybrid and electric vehicles
- Stator modules for turbocharger systems and various actuators
- Overmoulded busbars for connections

Industry & Infrastructure

- Stator coils for industrial applications such as pump motors
- Stator modules for machine drives and construction machine drives
- Injection-moulded coils for single-tooth stators and plug-in coils

Sensors

Transmitting signals

In this area InTiCa Systems mainly focuses on low frequency (LF) antennas and immobilizers.

LF antennas are a key component in keyless entry/go systems, which allow drivers to open the car door and start the engine without having to press a button on the radio frequency key. Antennas integrated into the door handles and the interior of the vehicle act as sensors. Bidirectional communication takes place between the vehicle and the key. If a key is recognized at a certain distance from the vehicle or if the vehicle is touched at certain places (e.g. the door handle), the vehicle can be opened or closed without using the key.

Immobilizers are another group of sensor products. Together with a transponder and the associated control unit, the immobilizer prevents the engine being started without authorization.

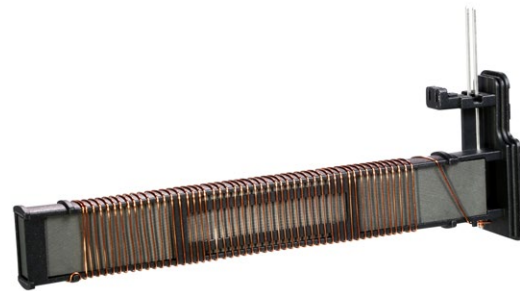
Application examples

Automotive

- LF antenna and transponder technology
- Immobilizers for start/stop systems
- Long-range solutions
- NFC antennas with charging and data transfer functions
- Tyre pressure monitoring



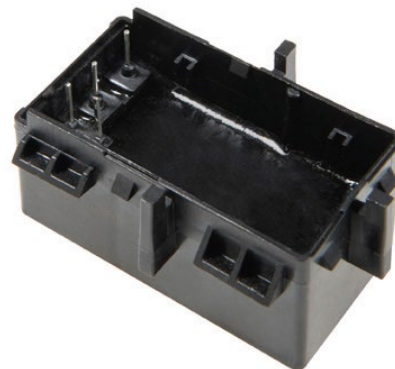
Immobilizer for electronic ignition switch



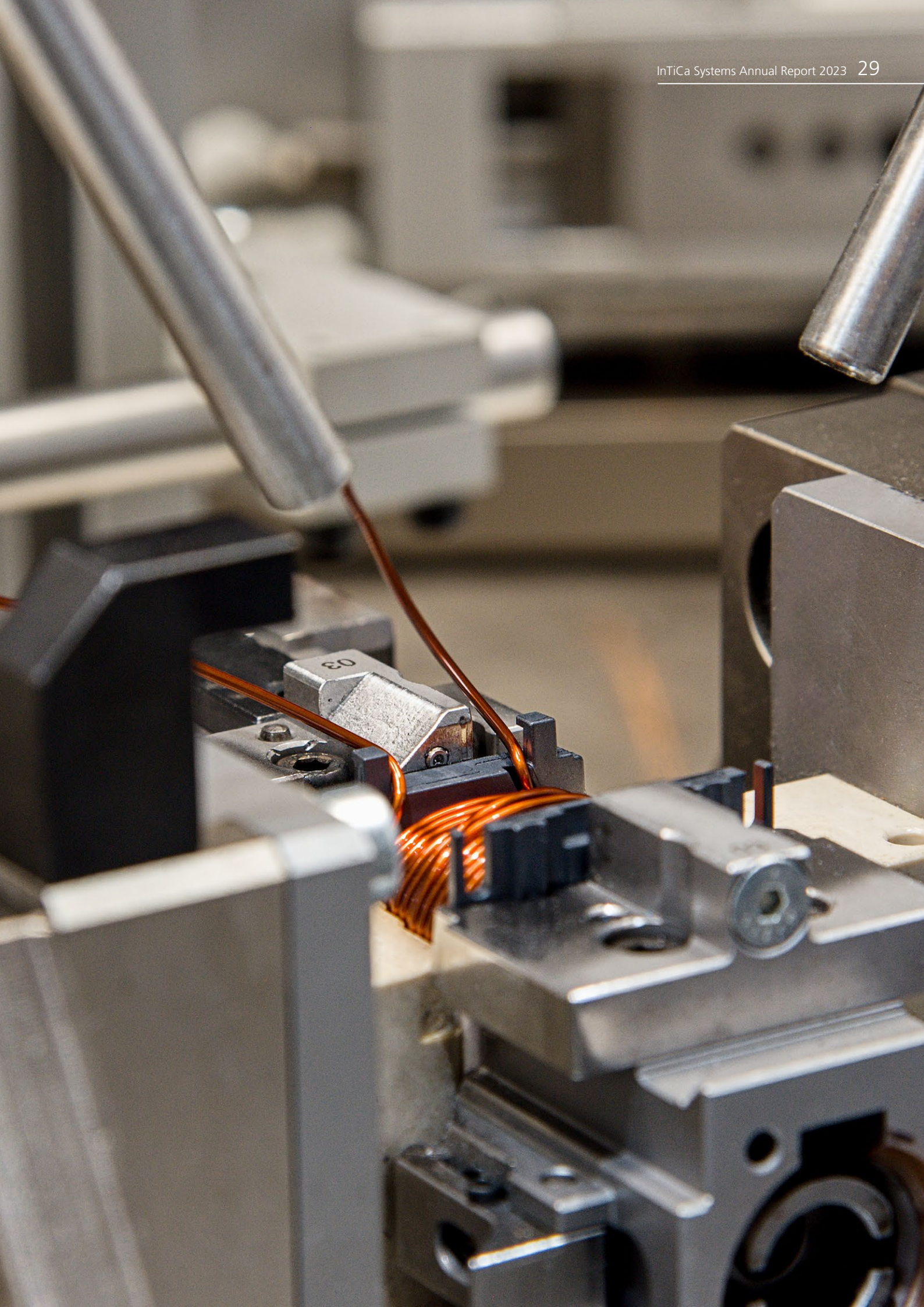
LF antenna for keyless go application



Antenna for near field communication



Emergency start transponder coil





STOCK

InTiCa Systems' Stock in 2023

Performance of shares in InTiCa Systems¹

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 clearly 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. By the end of May, the index had rebounded to over 16,000 points and then traded in a stable range of between 15,500 and 16,500 until mid-September. At the start of the autumn, the DAX initially dropped significantly due to weaker economic data and a slump in order intake in industry, but subsequently rallied from the end of October until year-end. On December 29, 2023 the index stood at 16,751.64 points. That was 20.3% above the closing price at end-December 2022. The rise on the TecDAX was somewhat lower at 14.3%.

Shares in InTiCa Systems 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. That was followed by a rapid uptick, but although demand improved in the second quarter, the share price fell from EUR 7.60 to EUR 6.70 between early June and early October. The general market weakness and the downward revision of the guidance on November 8 led to a further setback to a low for the year of EUR 4.96 in mid-November. The share price picked up slightly in the remainder of the year and closed at EUR 6.40 in XETRA trading on December 29, 2023.

¹ Price data based on XETRA®, source: Bloomberg

InTiCa Systems' market capitalization therefore decreased to around EUR 27.4 million as of year-end 2023 (December 31, 2022: EUR 34.3 million). As in the previous year, the most important trading exchange for shares in InTiCa Systems was the XETRA electronic trading platform, which accounted around 59% of trading in the share, followed by the Berlin Tradegate Exchange, which accounted for roughly 34% and Börse Stuttgart, which accounted for slightly more than 5%. The average trading volume was 21,993 shares per month (2022: 20,289 shares per month). As in the past, market-making to support the liquidity and tradability of shares in InTiCa Systems in the fully electronic XETRA trading system operated by Deutsche Börse AG was provided by BankM.

Shares in InTiCa Systems	2023	2022
Year high (XETRA® closing price)	8.60	12.70
Year low (XETRA® closing price)	4.95	7.50
Market capitalization at year end in EUR million	27.4	34.3

Closing prices	2023	2022	Change
Shares in InTiCa Systems (XETRA®)	6.40	8.00	-20.0%
DAX	16,751.64	13,923.59	+20.3%
TecDAX	3,337.41	2,921.12	+14.3%
DAXsector Technology	2,120.38	1,602.32	+32.3%

Investor Relations

InTiCa Systems' Investor Relations department is the company's interface to the capital market. It is responsible for ensuring open communication with shareholders, potential investors and all other interested members of the financial community. The focus is on providing full and transparent information for the community to further strengthen confidence in the company and its shares and contribute to realistic expectations. The Board of Directors therefore personally seeks direct contact with relevant members of the financial community.

The Board of Directors of InTiCa Systems SE provides shareholders and members of the public with timely information on the company's business development through regular reporting.

In compliance with the statutory requirements for companies listed in the Prime Standard, InTiCa Systems SE provides extensive quarterly reports, which are published in English as well as German. In line with the ad-hoc disclosure regulations, the markets are notified of the main corporate events in ad-hoc or corporate news releases.

In addition, experienced capital market analysts comment on our business performance and the most important announcements, and issue estimates on the future development of InTiCa Systems SE. The research reports they publish are available on the Investor Relations section of InTiCa Systems' website (www.intica-systems.com). In addition to these reports, the Investor Relations section contains all relevant information on the stock, a financial calendar detailing all key dates, an archive of obligatory disclosures and news releases, information on corporate governance and all information on past and upcoming General Meetings of InTiCa Systems SE.

In the 2023 financial year, 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 the virtual Annual General Meeting on June 19, 2023 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, the Board of Directors regularly presents the company at relevant capital market conferences. On November 15/16, 2023, InTiCa Systems SE was therefore once again represented at the „MKK Munich Capital Market Conference“. The MKK is the largest capital market conference in southern Germany.

The homepage contains contact details and a contact form for those wishing to establish direct contact with the Investor Relations department. The Investor Relations department and Board of Directors of InTiCa Systems SE are available for any questions from private and institutional investors, analysts and financial journalists.

Key data on the share

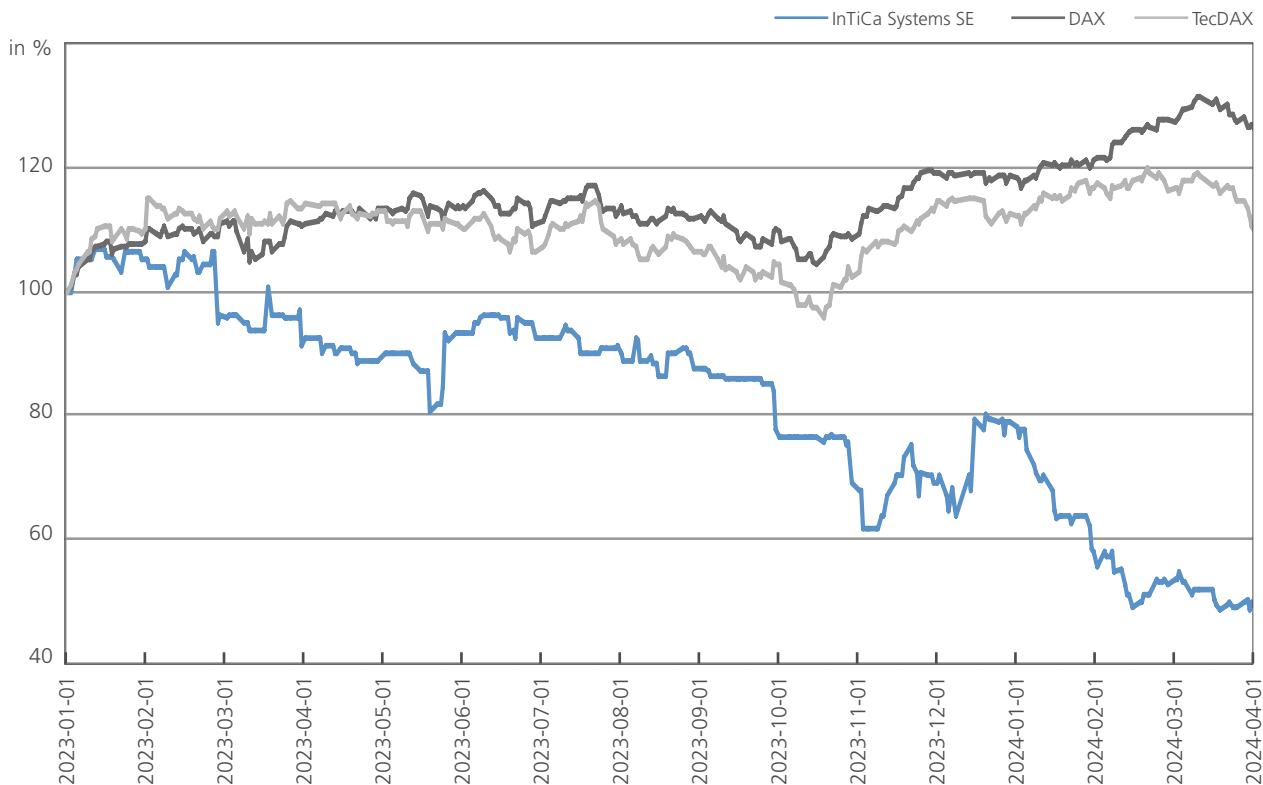
ISIN	DE0005874846
WKN	587 484
Stock market symbol	IS7
Bloomberg ticker symbol	IS7:GR
Reuters ticker symbol	IS7G.DE
No. of shares	4,287,000
Trading segment	Regulated market, Prime Standard
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, Munich, Stuttgart, Düsseldorf
Designated sponsor	BankM AG
Research coverage	SMC-Research

Shareholder structure

The principal shareholders as of March 31, 2024:	
Dr. Dr. Axel Diekmann	Shareholding: over 30%
Thorsten Wagner	over 25%
Tom Hiss	over 5%
Treasury stock	1.5%
Management	less than 1%



Performance of shares in InTiCa Systems





Investor Relations

Spot on the investor



CORPORATE GOVERNANCE STATEMENT

including the Corporate Governance Report

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.

Corporate governance statement pursuant to sec. 289f of the German Commercial Code and consolidated corporate governance statement pursuant to sec 315d of the German Commercial Code for the 2023 financial year

In the corporate governance statement pursuant to sec. 289f of the German Commercial Code (HGB) and the consolidated corporate governance statement pursuant to sec 315d of the German Commercial Code, the Board of Directors and Supervisory Board provide information on the principal elements of corporate governance for InTiCa Systems SE and the Group. In addition to the annual declaration of conformity in conformance with sec. 161 of the German Companies Act (AktG), the statements include relevant information on corporate management practices and further aspects of corporate governance, especially a description of how the Board of Directors and Supervisory Board work.

Declaration of Conformity

On January 30, 2024, the Board of Directors and Supervisory Board of InTiCa Systems SE issued the following declaration of conformity pursuant to sec.161 of the German Companies Act (AktG):

1. Since it issued its last declaration of conformity on January 31, 2023, the company has complied with the recommendations of the German Corporate Governance Code in the version of April 28, 2022 ("GCGC 2022"), with effect from June 27, 2022, when it was published in the German Federal Gazette (Bundesanzeiger), apart from the following exceptions:

» Recommendation A.4 GCGC 2022 (whistleblower system)

In the past, the company did not offer employees and third parties the opportunity to report suspected breaches of the law within the company in a special, protected manner because such suspicions can be reported to the Board of Directors or Supervisory Board at any time and will be treated with the necessary confidentiality. Furthermore, the company complies with the legal provisions now in force.

» *Recommendations B.5 and C.2 GCGC 2022 (appointments to the Board of Directors and Supervisory Board)*

Decisions on suitable candidates for appointment as members of the Supervisory Board or Board of Directors are taken on a purely objective basis in accordance with German legislation on diversity. No age limits are set for the members of the Board of Directors (Recommendation B.5 GCGC 2022) and the Supervisory Board (Recommendation C.2 GCGC 2022), so no age limits are disclosed in the corporate governance statement. In compliance with the law and articles of incorporation, members of the Board of Directors and Supervisory Board may be appointed for a maximum term of office of five years. The Board of Directors and Supervisory Board believe it makes sense for the bodies responsible for appointments to examine each candidate's age at the time of initial appointment or renewed appointment and that they should be free to appoint older candidates with relevant professional or other experience without being tied to rigid age limits. However, the Supervisory Board will only nominate candidates for election by the General Meeting who have not reached the age of 70 at the start of their term of office.

» *Recommendations D.1, D.2, D.3 sentence 5 and D.4 GCGC 2022 (rules of procedure and committees of the Supervisory Board)*

The Supervisory Board has not adopted rules of procedure and published these on its website (Recommendation D.1 GCGC 2022) because the provisions of the law and the articles of incorporation have proven sufficient. Apart from the mandatory Audit Committee, the Supervisory Board has not established any committees (Recommendations D.2 and D.4 GCGC 2022). The company's Supervisory Board has three members. Since it is a legal requirement that any committee that takes decisions must also have at least three members, the establishment of committees that are not mandatory by law is neither necessary nor expedient. However, in conformance with sec. 107 paragraph 4 sentence 1 of the German Companies Act (AktG), the Supervisory Board has established the mandatory Audit Committee pursuant to sec. 107 paragraph 3 sentence 2 AktG. In accordance with sec. 107 paragraph 4 sentence 2 AktG, the Audit Committee comprises all members of the Supervisory Board because the company's Supervisory Board comprises three members. Contrary to Recommendation D.3 sentence 5 GCGC 2022, which states that the Chair of the Supervisory Board shall not chair the Audit Committee, the Chairman of the company's Supervisory Board also chairs the Audit Committee. In the Supervisory Board's view, in a Supervisory Board composed of three members, all of whom are identical with the

members of the Audit Committee, it is not expedient to separate the chairmanship of the Supervisory Board and the Audit Committee; rather if the same person chairs the Supervisory Board and the Audit Committee, this ensures fast, appropriate and efficient performance of their duties.

» *Recommendation F.2 GCGC 2022 (publication of interim financial reports and consolidated financial statements)*

The consolidated financial statements and the Group Management Report are not expected to be published within 90 days following the end of the financial year, and the mandatory interim financial information is not expected to be publicly accessible with 45 days after the end of the reporting period. The company cannot guarantee that it can meet the deadlines recommended by the Corporate Governance Code in view of the need to include its foreign subsidiaries in the consolidated financial statements and the mandatory interim financial information. The consolidated financial statements will, however, be available at the latest four months after the end of the financial year, while the mandatory interim financial information will be published within two months from the end of the reporting period and thus within the statutory deadlines. The Board of Directors and Supervisory Board consider this to be adequate.

» *Recommendations G.7 sentence 1 and G.9 GCGC 2022 (performance criteria and target achievement for long-term variable remuneration)*

According to the remuneration system for the members of the Board of Directors adopted by the Supervisory Board, the long-term variable remuneration is calculated on the basis of the EBIT margin of the InTiCa Systems Group by applying a specific bonus factor to their annual base salary. Accordingly, for the long-term variable remuneration, the Supervisory Board does not set specific performance criteria for the upcoming financial year which are then used to calculate the variable remuneration components after the end of the financial year depending on achievement of the target. Rather, the level of the long-term variable remuneration is determined using a purely mathematical formula and, unlike the short-term variable remuneration, is not contingent upon the achievement of certain pre-defined performance criteria. To this extent, the Supervisory Board does not define specific performance criteria for all variable compensation components that are then used to determine the amount to be paid. The Supervisory Board considers the purely mathematical calculation of the long-term variable remuneration to be a suitable method because it ensures that the long-term remuneration of all members of the Board of Directors is incentivized in the same way.

» *Recommendation G.10 sentence 1 GCGC 2022
(granting of long-term variable remuneration)*

The long-term variable remuneration is paid out to the members of the Board of Directors in cash and not predominantly invested in company shares or granted as share-based remuneration. In the opinion of the Supervisory Board, structuring long-term variable remuneration as a share-based model is not currently expedient. In view of the very low trading volume of shares in InTiCa Systems, the correspondingly low liquidity of the share price and - given the company's present shareholder structure - the relatively small „genuine“ free float, the share price is not a suitable performance criterion for measuring long-term remuneration. In particular, the stock market price of shares in InTiCa Systems does not permit meaningful comparison with listed peer group companies. Specifically, the Supervisory Board considers that stock market pricing reflecting the positive or negative development of the company is not available to determine the long-term variable remuneration component. Accordingly, the Supervisory Board considers that granting long-term variable remuneration in the form of shares or corresponding share-based payment is not currently expedient.

» *Recommendation G.10 sentence 2 GCGC 2022
(accessibility of long-term variable remuneration)*

The long-term variable remuneration is paid out in three different tranches of 50%, 30% and 20%, with payment of each tranche being made shortly after approval by the Supervisory Board of the annual financial statements for the company and the consolidated annual financial statements for the relevant financial year (reference year) and the following and subsequent financial year, insofar as the EBIT margin of the InTiCa Systems Group has not deteriorated by more than 25% compared with the reference year. The long-term variable remuneration granted to members of the Board of Directors is therefore not accessible to them only after a period of four years. Rather, payment of the amounts stated normally takes place over a period of about two years. The Supervisory Board considers the phased multi-year payment as appropriate for performance-oriented, sustainable management of the company and the goal of creating value, especially for the company's employees and shareholders. This applies in particular given the circumstance that disbursement of half of the long-term variable remuneration is contingent on the circumstance that there is not a significant deterioration in the Group's earnings position in the defined period.

» *Recommendation G.12 GCGC 2022 (disbursement of remaining variable remuneration components following termination of a contract)*

If a member of the Board of Directors leaves the board during a year, any outstanding long-term variable remuneration components will be paid shortly after approval by the Supervisory Board of the annual financial statements of the company and the consolidated financial statements for the year in which the member leaves the Board of Directors, provided that the EBIT margin of the InTiCa Systems Group in the year in which the member leaves the Board of Directors has not deteriorated by more than 25% compared with the reference year. The Supervisory Board considers this to be expedient because the incentivisation effect of the long-term variable remuneration lapses when the member leaves, because from this date the member no longer has any influence on the earnings situation of the InTiCa Systems Group, which would otherwise form the basis for the payment of any remaining amounts.

2. The company will continue to comply with the recommendations of the GCGC 2022 with the exception of the deviations outlined above. With respect to the legal provisions that now apply to the establishment of whistleblower systems, the deviation from Recommendation A.4 GCGC 2022 no longer applies.

Relevant disclosures on corporate management practices

Compliance with the corporate governance guidelines, especially the recommendations of the German Corporate Governance Code, is a key basis for responsible, value-driven management of InTiCa Systems SE and the InTiCa Systems Group, and forms the basis for efficient collaboration between the Board of Directors and Supervisory Board, and for ensuring transparent reporting and implementing a functioning risk management system.

Through direct contact with customers, InTiCa Systems always keeps an eye on new markets and changing requirements. By linking its core competencies across all business segments, the company is able to constantly develop new products for a wide variety of business areas and market requirements. Satisfied customers, long-term business relationships and market-driven future-oriented products are the company's priorities. Quality is implemented by all employees through the way in which they think and act in their day-to-day work.

Ensuring a sustained rise in the value of the company is the guiding principle for the members of the Board of Directors and Supervisory Board of InTiCa Systems SE. Securing the confidence of investors and other stakeholders in effective and transparent

management is a matter of prime significance. The aim of InTiCa Systems' investor relations activities is to achieve the level of transparency expected by the capital markets and give shareholders a true and fair view of the company. In keeping with the principle of fair disclosure, all shareholders and major target groups are treated equally in terms of the provision of information. The underlying rule is providing the company's owners with timely and reliable information on major events at their company. This is ensured, in particular, through the company's website and the publication media prescribed by law. Transparency also constitutes an opportunity to gain new investors from Germany and other countries. The Board of Directors and Supervisory Board therefore constantly strive to optimize communication to ensure a sustained and appropriate valuation of the company's stock.

Description of how the Board of Directors and Supervisory Board work

InTiCa Systems SE has a dual management and supervisory system. This comprises a Board of Directors as the executive body and a Supervisory Board as the oversight body. The Supervisory Board and Board of Directors work together closely and trustfully for the benefit of the company.

The Board of Directors is responsible for the company's strategic focus, general management of the company, budget planning, and defining and overseeing the operating segments. It ensures that there is an appropriate and effective internal control system and risk management system (compliance management system) reflecting the scope of the company's business activities and its risk situation. Systematic control and risk management as part of value-driven corporate management ensures timely identification, analysis and evaluation of risks and optimization of risk positions.

The Board of Directors and Supervisory Board maintain regular contact. The Board of Directors provides the Supervisory Board with full and timely information on the development of the company, its current position, current risks and how they progress. It discusses and agrees the strategy with the Board of Directors. Progress in implementing strategic planning and possible deviations from the plans are reported to the Supervisory Board. Major decisions require the approval of the Supervisory Board. The Board of Directors also informs the Supervisory Board of the management of risks and opportunities in the Group.

The Supervisory Board oversees the work of the Board of Directors and is directly integrated into decisions of fundamental importance for the company. The Supervisory Board receives written monthly reports on the company's financial position, assets and results of operations. It also receives a detailed explanation of any discrepancy between the planned and actual business development. Further, the Chairman of the Supervisory Board is informed directly and regularly of the current situation, important business events and significant upcoming decisions.

The Supervisory Board has established an Audit Committee, comprising all of the Supervisory Board members, because the company's Supervisory Board is composed of three people. Therefore, the members of the Audit Committee are Mr. Udo Zimmer, Mr. Werner Paletschek and Mr. Christian Fürst. The Chairman of the Supervisory Board, Mr. Udo Zimmer, also chairs the Audit Committee to ensure rapid, expedient and efficient performance of its duties. The Audit Committee addresses in particular the review of the accounting, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements and compliance. All members of the Supervisory Board and the Audit Committee are familiar with the sector in which the company operates. The German Companies Act specifies that at least one member of the Supervisory Board and the Audit Committee must have expertise in the field of accounting and at least one further member of the Supervisory Board and the Audit Committee must have expertise in the field of auditing. According to the German Corporate Governance Code, the expertise in the field of accounting should consist of special knowledge and experience in the application of accounting principles and internal control and risk management systems, and the expertise in the field of auditing should consist of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and its audit and assurance. The Supervisory Board and the Audit Committee include at least one member with expertise in the field of auditing – the Chairman of the Supervisory Board and the Audit Committee, Mr. Udo Zimmer – and at least one further member with expertise in the field of accounting – Mr. Werner Paletschek. As a business administration graduate with many years' professional experience in the management of listed and private-sector companies, including holding positions as Chief Financial Officer and membership of supervisory boards, Mr. Zimmer has special knowledge and experience of auditing. As a business administration graduate with many years' professional experience, gained as a member of the company's Supervisory Board and as a managing director, Mr. Paletschek contributes special knowledge and experience in the application of accounting principles and internal

control and risk management systems to the company. In their respective fields, both Mr. Zimmer and Mr. Paletschek have special knowledge and experience of sustainability reporting and its auditing and assurance thanks to their long-standing membership of the company's Supervisory Board. The German Corporate Governance Code recommends that the Chairman of the Audit Committee should have appropriate experience in at least one to the two areas and be independent. The Chairman of the Audit Committee, Mr. Udo Zimmer, fulfills these requirements. As outlined above, Mr. Zimmer's knowledge of auditing is derived in particular from his training and many years of professional experience in this field.

The company's Supervisory Board has not established any other committees apart from the Audit Committee. The Board of Directors regularly attends meetings of the Supervisory Board and, where applicable, the Audit Committee, provides written and oral reports on individual items on the agenda and preparatory papers, and answers the questions of the Supervisory Board or Audit Committee members.

In conformance with the German Companies Act (AktG) and Council Regulation (EC) No. 2157/2001 of October 8, 2001 on a Statute for a European Company (SE) ("SE Regulation"), the Supervisory Board appoints the members of the Board of Directors. In accordance with sec. 6 of InTiCa System SE's articles of incorporation, the Supervisory Board determines the number of members of the Board of Directors; according to the articles of incorporation, the Board of Directors comprises one or more persons. The Supervisory Board can appoint one member of the Board of Directors as Chairman of the Board of Directors. The Supervisory Board drafts rules of procedure and a business allocation plan for the Board of Directors. In addition to the types of business set out in sec. 7 paragraph 2 of the articles of incorporation of InTiCa Systems SE, the rules of procedure contain a list of further business activities for which approval has to be obtained. The Supervisory Board decides whether the members of the Board of Directors should attend meetings of the Supervisory Board. The Chairman of the Supervisory Board outlines the work of the Supervisory Board in its annual report to the shareholders and at the Annual General Meeting.

A D&O insurance policy with a deductible has been taken out for the Board of Directors and Supervisory Board.

Targets for the proportion of women on the Board of Directors and Supervisory Board and the management levels below the Board of Directors

Sec. 76 paragraph 4 and sec. 111 paragraph 5 of the German Companies Act (AktG) specify that targets must be set for the proportion of women on the Supervisory Board and Board of Directors and at the two management levels below the Board of Directors.¹

Target for the proportion of women on the Supervisory Board

The Supervisory Board of InTiCa Systems SE comprises three male members. The Supervisory Board has set the target for female members of the Supervisory Board at 0%. This target applies until May 29, 2025. The present composition of the Supervisory Board meets this target. The target takes into consideration the present composition of the Supervisory Board and the current term of office of its members; no change is planned during the present term of office. Notwithstanding this, the Supervisory Board constantly strives for appropriate involvement of women, assuming equal qualifications, professional suitability, skills and expertise.

Target for the proportion of women on the Board of Directors

The Board of Directors of InTiCa Systems SE currently comprises two male members. At times during the 2023 financial year, the Board of Directors was composed solely of one male member (further details can be found in the section below on the composition of the Board of Directors and its members in 2023). The Supervisory Board has set the target for female members of the Board of Directors at 0%. This target applies until May 29, 2025. The present composition of the Board of Directors and its composition in 2023 meets/met this target. This target takes into consideration the present composition of the Board of Directors; no change is planned during the present term of office. Notwithstanding this, the Supervisory Board constantly strives for appropriate involvement of women on the Board of Directors, assuming equal qualifications, professional suitability, skills and expertise.

¹ Since the targets were set before August 12, 2021, under sec. 261 paragraph 3 of the Introductory Act to the German Companies Act (EGAktG), sec. 76 paragraph 4 and sec. 111 paragraph 5 of the German Companies Act apply in the version valid prior to August 12, 2021.

Target for the proportion of women at the management levels below the Board of Directors

InTiCa Systems SE has only one management level below the Board of Directors. The Board of Directors has set the target for women at this management level at 8.3%. This target applies until May 29, 2025. The present proportion of women at the management level below the Board of Directors meets this target. Notwithstanding this, the Supervisory Board constantly strives for appropriate involvement of women when filling vacancies, assuming equal qualifications, professional suitability, skills and expertise.

Diversity concept

The Supervisory Board and the Board of Directors as a whole must have all the skills and expertise required for the proper performance of their obligations in the interests of the company, in compliance with the law and the articles of incorporation.

The selection of candidates for the Board of Directors and Supervisory Board therefore depends on their qualifications, professional suitability and skills. Diversity and, above all, attributes such as age, gender, educational or professional background, nationality and religion are therefore secondary from the viewpoint of the company and only relevant if there are several candidates with absolutely comparable qualifications, professional suitability and skills, taking into account all bans on discrimination; therefore the company is in conformance with the relevant recommendations of the German Corporate Governance Code. The purpose of this concept and of the composition of the Board of Directors and Supervisory Board is to ensure that the personal aptitude, qualifications, professional suitability and skills of the members of the Board of Directors and Supervisory Board permit optimum performance of their duties.

As in the past, if and when proposals have to be made on the composition of the Supervisory Board and new appointments to the Board of Directors, careful attention will be paid to the candidates that best meet these criteria. The company complied with this concept in 2023.

Within this framework, the Supervisory Board ensures long-term succession planning in consultation with the Board of Directors. In addition to the statutory requirements and the recommendations of the German Corporate Governance Code, in the search for candidates for the Board of Directors the specific selection criteria are the personal aptitude of the candidate and their qualifications, professional suitability and skills. Where necessary, the Supervisory Board may draw on the support of external consultants.

Corporate Governance Report

Objectives for the composition of the Supervisory Board

On March 23, 2018, the Supervisory Board amended its resolution on the specific objectives for its composition as follows:

Profile of skills and expertise for the collective Supervisory Board

The Supervisory Board as a whole must have all skills and expertise required for the proper performance of its obligations under the law and the articles of incorporation. To ensure this, as a rule there must be at least one member of the Supervisory Board with a sound knowledge and experience of overseeing publicly listed companies with international operations, industrial business, the development of corporate strategies, the field of research and development, production, marketing, sales and digitalization, the company's main markets, accounting and auditing, and the area of corporate governance and compliance.

Selection of candidates for the Supervisory Board

The principal objective when selecting members of the Supervisory Board is to ensure the Supervisory Board is best able to perform its supervisory and advisory tasks in the interests of the company. The key factors determining the selection of members of the Supervisory Board are therefore their qualifications, professional suitability and competence. Each member of the Supervisory Board should have the knowledge required to foster this objective and thus serve the company, for example, through specific knowledge and experience of the sectors and areas of technology in which the company operates and of corporate management, strategy, sales, law, finance and taxation. Further, the knowledge and abilities of the members of the Supervisory Board should be complementary to ensure optimal performance of its duties and ensure that broadest possible specialist knowledge.

Taking into account the following criteria set out in the Corporate Governance Code, it is necessary to weigh up the various interests carefully in each case to decide which requirements and qualities are most suitable for the performance of these tasks from the company's viewpoint and should thus be given priority.

» *International activities*

The company is based in Germany and has subsidiaries in the Czech Republic and Mexico.² Further, the goal is to make the company more international in the future, both in terms of sales volumes and on the procurement and production side. To enable the members of the Supervisory Board to perform their duties, especially the supervision and evaluation of decisions and processes, an in-depth knowledge of the German legal and economic framework is required, together with a basic knowledge of international legal and economic conditions.

» *Conflicts of interest*

The Supervisory Board shall ensure, especially when nominating candidates for election to the Supervisory Board, that conflicts of interest are ruled out. Further, the company complies with the recommendation in sec. 5.5 of the Corporate Governance Code.

» *Number of independent Supervisory Board members*

The Supervisory Board considers it appropriate if it has at least one independent member within the meaning of sec. 5.4.2 of the Corporate Governance Code.

» *Age limit*

The Supervisory Board will only nominate candidates for election by the General Meeting who have not reached the age of 70 at the start of their term of office.

» *Regular length of membership*

Re-election of Supervisory Board members is permitted, but members should not normally be elected more than three times.

» *Diversity*

Alongside qualifications and professional suitability, which form the key criteria, in the Supervisory Board's view other attributes such as gender, nationality, religion, etc., should take second place. The key factors for appointments to the Supervisory Board are ensuring that the personal qualities, qualifications, professional suitability and competence of the Supervisory Board members benefit the company and allow optimal performance of the supervisory and advisory functions of the Supervisory Board.

If and insofar as the Supervisory Board is required to make proposals to the General Meeting on the composition of the Supervisory Board, it will carefully examine whether there are suitable female candidates. In selecting candidates, the Supervisory Board will give precedence to qualifications and suitability.

The present composition of the Supervisory Board meets the objectives of the resolution of March 23, 2018 set out above. The Supervisory Board, which is comprised exclusively of shareholder representatives, considers it appropriate if at least one shareholder representative is an independent member within the meaning of the German Corporate Governance Code. All three members of the Supervisory Board, Mr. Zimmer, Mr. Paletschek and Mr. Fürst, are shareholder representatives and are independent members within the meaning of this provision. This applies to Mr. Paletschek and Mr. Fürst, both of whom have now been members of the Supervisory Board for more than twelve years, since, in the opinion of the Supervisory Board, no conclusions can be drawn about the independence of individual members simply from their period of service on the Supervisory Board. Moreover, being a member of the Supervisory Board for many years does not result in the loss of independence of the Supervisory Board member. On the contrary the company can and should benefit to the full from the experience and expertise of long-standing Supervisory Board members. This also applies accordingly for the Chairman of the Supervisory Board, Mr. Zimmer, who will have been a member of the Supervisory Board for more than twelve years in the 2024 financial year. Furthermore, to date there have not been any indications of a lack of independence by Mr. Paletschek, Mr. Fürst or Mr. Zimmer especially as Mr. Paletschek, Mr. Fürst and Mr. Zimmer do not have any personal or business relationship with InTiCa Systems SE or the Board of Directors which could give rise to a material and not merely temporary conflict of interests.

² In addition, the company now has a subsidiary in Ukraine.

The status of implementation of the specific targets set by the Supervisory Board for its composition and the profile of skills and expertise for the entire Supervisory Board, which takes the diversity concept into account, are disclosed here in the form of a qualification matrix in conformance with Recommendation C.1 of the German Corporate Governance Code:

		Udo Zimmer	Werner Paletschek	Christian Fürst
Period of service	Member since:	July 2012	August 2010	August 2010
Personal suitability	Independence:	✓	✓	✓
Diversity	Year of birth:	1962	1968	1964
	Gender:	male	male	male
	Nationality:	German	German	German
International activities	German legal/business environment (in-depth knowledge):	✓	✓	✓
	International legal/economic environment (basic knowledge):	✓	✓	✓
Professional suitability	Oversight of listed/international companies:	✓	✓	✓
	Sectors/areas of technology:	✓	✓	✓
	Corporate management:	✓	✓	✓
	Strategy:	✓	✓	✓
	Research/development:	✓	✓	✓
	Production:	✓	✓	✓
	Marketing:	✓	✓	✓
	Sales:	✓	✓	✓
	Digitalization:	✓	✓	✓
	Accounting:	✓	✓	✓
	Auditing:	✓	✓	✓
	Corporate governance/compliance:	✓	✓	✓
	Law:	✓	✓	✓
	Financing:	✓	✓	✓
	Taxes:	✓	✓	✓

In conformance with Recommendation C.1 sentence 2 GCGC, in future, the profile of skills and expertise for the Supervisory Board as a whole will include expertise in the sustainability issues relevant to InTiCa Systems.

Members of the Board of Directors of InTiCa Systems SE

During the 2023 financial year and the period up to the present report, there were the following changes to the members of the Board of Directors.

Mr. Günther Kneidinger, formerly a member of the Board of Directors, left the board by mutual agreement on September 30, 2023. The employment contract with Mr. Kneidinger was terminated by mutual consent as of January 31, 2024. Until the appointment of a successor, responsibility for Mr. Kneidinger's tasks was assumed by the Chairman of the Board of Directors, Dr. Gregor Wasle. With effect from January 15, 2024, Mr. Bernhard Griesbeck was appointed as a new member of the Board of Directors. Since then, the Board of Directors has once again comprised two members: Mr. Griesbeck and the Chairman of the Board of Directors, Dr. Wasle.

Mr. Griesbeck has been appointed for the period to the end of January 14, 2027; his employment contract ends on this date. The Chairman of the Board of Directors, Dr. Wasle, had previously been appointed as a member and Chairman of the company's Board of Directors until the end of December 31, 2024; his employment contract runs until the same date.

Members of the Board of Directors in 2023	Appointed from / to	Responsibilities	Further offices
Dr. Gregor Wasle, date of birth August 14, 1971	January 1, 2015 to December 31, 2024	Chairman of the Board of Directors	None
Günther Kneidinger, date of birth November 18, 1968	January 1, 2009 to September 30, 2023	Member of the Board of Directors	None
Bernhard Griesbeck, date of birth September 16, 1978	January 15, 2024 to January 14, 2027	Member of the Board of Directors	None

Age limit for members of the Board of Directors

For the reasons set out in the declaration of conformity, no age limit is set for the members of the Board of Directors.

Members of the Supervisory Board of InTiCa Systems SE

There were no changes to the composition of the Supervisory Board in the 2023 financial year:

Members of the Supervisory Board in 2023	Appointed from / to	Function on Supervisory Board	Seats on other Supervisory Boards and comparable supervisory bodies
Udo Zimmer, business administration graduate, Managing Director of GUBOR Schokoladen GmbH, Dettingen unter Teck; der Hans Riegelein GmbH & Co. KG, Cadolzburg and Rübezahl Schokoladen GmbH & Co. KG, Dettingen unter Teck	Appointed on July 15, 2020 for the period until the end of the General Meeting that resolves on ratification of the actions for the 2024 financial year (probably the Annual General Meeting 2025) (member of the Supervisory Board since July 2012)	Chairman of the Supervisory Board, Chairman of the Supervisory Board's Audit Committee	None
Werner Paletschek, business administration graduate, Managing Director of OWP Brillen GmbH, Passau	Appointed on July 15, 2020 for the period until the end of the General Meeting that resolves on ratification of the actions for the 2024 financial year (probably the Annual General Meeting 2025) (member of the Supervisory Board since August 2010)	Deputy Chairman of the Supervisory Board, Deputy Chairman of the Supervisory Board's Audit Committee	None
Christian Fürst, business administration graduate, Managing Partner of ziel management consulting gmbh, Passau Managing Partner of Fürst Reisen GmbH & Co. KG, Hutthurm	Appointed on July 15, 2020 for the period until the end of the General Meeting that resolves on ratification of the actions for the 2024 financial year (probably the Annual General Meeting 2025) (member of the Supervisory Board since August 2010)	Member of the Supervisory Board	Chairman of the Supervisory Board of Electrovac AG Advisory Board of Eberspächer Gruppe GmbH & Co. KG Advisory Board of Karl Bachl GmbH & Co. KG

Age limit for members of the Supervisory Board

For the reasons set out in the declaration of conformity, no age limit is set for the members of the Supervisory Board. However, the Supervisory Board will only nominate candidates for election by the General Meeting who have not reached the age of 70 at the start of their term of office.

Self-assessment by the Supervisory Board

The Supervisory Board regularly reviews how effectively it performs its duties. The most recent review was undertaken by the Supervisory Board in April 2024. The review was based on various individual questions, especially questions on the procedures within the Supervisory Board and the information flows between the members of the Supervisory Board and between the Supervisory Board and the Board of Directors particularly with regard to the special challenges resulting from the changing market situation and major troublespots such as the Middle East and the war in Ukraine. The results of the self-assessment were discussed in detail at a meeting of the Supervisory Board.

Remuneration

In 2021, the Supervisory Board adopted a resolution, for the first time, on the remuneration system for the members of the Board of Directors of InTiCa Systems AG (the "**Board of Directors' remuneration system 2021**") as required by sec. 871 paragraph 1 sentence 1 of the German Companies Act (AktG) and presented this to the company's Annual General Meeting on July 16, 2021 for approval. The Annual General Meeting approved the Board of Directors' remuneration system 2021 with the necessary majority. For more detailed information on the Board of Directors' remuneration system 2021, please refer, in particular, to the invitation to the company's Annual General Meeting of July 16, 2021, item 6 and section II of the invitation. The invitation to the company's Annual General meeting on July 16, 2021 is available on the company's website at <https://www.intica-systems.com/pr/hauptversammlung.html> [available in German only]. The Board of Directors' remuneration system 2021 remains in effect unchanged for the members of the Board of Directors following the change of the company's legal status to a European Company (Societas Europaea /SE).

The employment contracts of the members of the Board of Directors, including Mr. Kneidinger, who has now left the Board of Directors, comply/complied with the Board of Directors' remuneration system 2021. Accordingly, the members of the Board of Directors who held office in the 2023 financial year – the Chairman of the Board of Directors, Dr. Wasle, and Mr. Kneidinger – received the contractually agreed fixed base salary and fringe benefits as set out in their employment contracts. In addition, the contracts provide/provided for short-term and long-term variable remuneration components linked to certain

financial and non-financial performance criteria. However, in the severance agreement with the former member of the Board of Directors, Mr. Kneidinger, who left the board as of the end of September 30, 2023, it was agreed that Mr. Kneidinger would have no claim to payment of short-term or long-term variable remuneration for the 2023 financial year (or subsequent years).

The Annual General Meeting of the company on July 16, 2021 also passed a resolution on a remuneration system for the members of the Supervisory Board of InTiCa Systems AG (the "**Supervisory Board remuneration system 2021**") and a corresponding new version of sec. 11 of the articles of incorporation of InTiCa Systems AG. For more detailed information on the Supervisory Board remuneration system 2021, please refer, in particular, to the invitation to the company's Annual General Meeting of July 16, 2021, item 7 and section III of the invitation. The invitation to the company's Annual General meeting on July 16, 2021 is available on the company's website at <https://www.intica-systems.com/pr/hauptversammlung.html> [available in German only].

In accordance with article 11 of the articles of incorporation of InTiCa Systems AG, which was still partially in force in the 2023 financial year and article 12 of the articles of incorporation of the present InTiCa Systems SE, which is essentially identical, the members of the Supervisory Board received remuneration for their work in the form of fixed remuneration and attendance fees.

The change in the company's legal form to InTiCa Systems SE did not result in any change in the remuneration system 2021 for the Board of Directors or the remuneration system 2021 for the Supervisory Board.

Further details of the individual remuneration granted and due to the present and former members of the company's Board of Directors and Supervisory Board in the 2023 financial year are presented and explained clearly and understandably in the Remuneration Report 2023 of InTiCa Systems SE. The Remuneration Report 2023 can be downloaded from the company's website at www.intica-systems.com in the section Investor Relations/Corporate Governance. The remuneration systems for the Board of Directors and Supervisory Board are reviewed regularly.

Passau, June 6, 2024

Supervisory Board

Udo Zimmer
Werner Paletschek
Christian Fürst

Board of Directors

Dr. Gregor Wasle
Bernhard Griesbeck



GROUP MANAGEMENT REPORT

for the period from January 1
to December 31, 2023

The Group management report should be read in conjunction with the audited financial data for the Group and the Consolidated Notes to the consolidated financial statements. The following comments are based on a range of information, which is set out in detail in the Notes. In addition, the management report contains forward-looking statements, i.e. statements based on specific assumptions and the current plans, estimates and forecasts derived from those assumptions. Forward-looking statements are only valid at the time at which they are made. The Board of Directors of InTiCa Systems SE has no obligation to revise and/or publish a revision of the forward-looking statements underlying this document in the event of new information. Forward-looking statements are always exposed to risks and uncertainties. The Board of Directors of InTiCa Systems SE hereby points out that a large number of factors could lead to substantial differences in attainment of these objectives. The principal factors are outlined in detail in section 4 "Risk management and risk report".

Group management report for the period from January 1 to December 31, 2023

1. Basic information on the Group

1.1 Business activities

As a leading European supplier, InTiCa Systems specializes in the development, production and marketing of inductive components, passive analogue switches and mechatronic assemblies. Its products and solutions are based on high-tech inductivity. The Group is divided into the Automotive and Industry & Infrastructure segments. In the assessment of the Board of Directors, both rank among the market and technology leaders.

InTiCa Systems makes clever use of the electromagnetic properties of coils. They produce voltage through a magnetic field in their windings or, conversely, generate a magnetic field if voltage is applied. These versatile properties are used in a variety of applications, for example power generation using the effect of a magnetic field in electric motors, shielding and suppression of electromagnetic interference in EMC filters, modification of currents in voltage conversion, modulation and filtering, non-contact data transmission in products such as antennas, transponders and RFID, and the generation of energy or electric power by movement in a magnetic field.

A significant advantage of these passive inductive components is that they do not require any additional energy source such as mains current or a battery. Moreover, they are extremely reliable and have little exposure to wear and tear. Thank to its specialization, InTiCa Systems can offer its customers precise and unique solutions for their individual applications. InTiCa Systems develops custom-tailored products and components from the initial vision to industrial implementation.

The technological expertise and smart interaction of generating, storing, managing and using electrical energy play a central role in the Group's strategic roadmap. InTiCa Systems already serves an increasingly broad spectrum of product areas for hybrid and electric mobility and energy use – from power electronics for e-generation, through EMC filters for e-storage solutions to system solutions. These products are referred to collectively as e-solutions and cover aspects of both of the segments outlined below.

1.1.1 Automotive

The Automotive segment remains an important element for the corporate development of InTiCa Systems. However, the Board of Directors anticipates that this segment will grow less dynamic in the short and medium term than the second segment, Industry & Infrastructure. In the Automotive segment, the focus is on developing and manufacturing components in the areas of power electronics, stators, EMC filters, actuators and sensors. These key technologies are used in all common vehicle classes, so well-known European, American and Asian automotive producers and their system suppliers around the world value InTiCa Systems' extensive expertise and use its products.

InTiCa Systems recognizes the wide-ranging opportunities offered by e-mobility and hybrid technologies and actively utilizes this potential. New developments such as EMC filter systems for electric vehicles, charging infrastructure, stator systems for mild hybrids and plug-in hybrids and planar transformers for battery management systems are opening up a promising future-oriented area of business for the company and growing potential to generate revenue with automotive producers and suppliers. It is important to offer customers intelligent solutions that can optimize the energy efficiency of their products, and that is precisely what InTiCa Systems does with its custom-tailored solutions.

1.1.2 Industry & Infrastructure

Alongside its Automotive segment, InTiCa Systems operates in the Industry & Infrastructure segment where it focuses on technology for frequency inverters, converters and EMC filters. Inductive components and systems are used to convert solar energy into power that can be fed into the grid and for electric noise suppression. InTiCa Systems' combination of specialist knowledge and extensive experience of power electronics and noise suppression technology as well as of coils and filters offers customers significant benefits. Examples are the optimized balance between size and efficiency.

Ongoing research geared to new development approaches in the Industry & Infrastructure segment is a tried-and-tested strategy to expand the product range and address a wide range of sectors and applications. By expanding its activities into the infrastructure sector, InTiCa Systems aims to participate in key market developments in charging and storage infrastructure and energy generation. Synergies between the Industry & Infrastructure and Automotive segments are used to significantly increase the product and customer base.

1.2 Corporate structure

In addition to the parent company, InTiCa Systems SE, Passau, Germany, the following companies are included in the consolidated financial statements:

- InTiCa Systems s.r.o., Prachatice, Czech Republic
- Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico
- InTiCa Systems TOV, Bila Tserkva, Ukraine

The subsidiaries in the Czech Republic and Ukraine are wholly owned companies, while InTiCa Systems SE 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. There was no change in the scope of consolidation of InTiCa Systems SE compared with 2022.

1.3 Management system

To defend its technological leadership and improve its market position, InTiCa Systems uses a constantly adjusted strategy process. Multi-year masterplans have been drawn up for the Automotive segment and the Industry & Infrastructure segment. Each masterplan is continuously developed and aligned to new conditions and is consistently put into practice. A critical review of the strategy is undertaken every year in order to keep pace with the dynamic changes in the market and customer requirements. In addition to focusing on key economic targets, priority is given to carefully designed opportunity and risk management.

Special attention is paid to geopolitical changes, rising market expectations, the need for innovation and technological progress and the performance parameters in international competition. Stringent cost management and continuously optimizing the value chain by constantly increasing productivity are also important. These ongoing endeavours in all areas of business form the basis for the company's special culture.

The key financial indicators used to manage InTiCa Systems and the two segments are segment sales, EBIT, the Group EBIT margin and orders on hand.

The material cost ratio, the equity ratio and the non-financial indicators noted in section 3.5.2 are also considered to be performance indicators, but are not used for the primary management of the company.

1.4 Research and development

In line with the strategic direction of the Board of Directors, InTiCa Systems is synonymous with innovation and precision. Its experienced team of developers and manufacturing technologists translates product visions into innovative, marketable solutions, focusing at all times on the most efficient solutions for the specific application. This extensive, long-standing expertise is the basis for developing new products and gaining access to new application opportunities. The management of the Group values the company's innovative capability is the key to its success.

An ongoing improvement process optimizes the competitiveness of products and production processes. From the perspective of the Board of Directors, Customers' positive response and appreciation of InTiCa Systems' product range, competitiveness and ability to implement individual solutions are reflected in the level of customer satisfaction.

2. Non-financial statement

This section contains the non-financial statement of InTiCa Systems SE pursuant to sec. 315b paragraphs 1 and 3 of the German Commercial Code (HGB). A framework based on sec. 289d of the German Commercial Code was not used. An extensive description of InTiCa Systems' business model and products can be found in section 1 of the consolidated management report

under "Basic information on the Group". In accordance with the statutory requirements, InTiCa Systems SE reports on those aspects that are necessary for an understanding of its business performance, results of operations and corporate situation and the impact of its business activities on society and the environment. The non-financial performance indicators that are not addressed in the non-financial statement and non-financial risk factors are outlined in the management report in sections 3.5.2 "Non-financial performance indicators" and 4.3 "Risk management relating to the accounting process".

2.1 Responsible corporate management and compliance, including anti-corruption and anti-bribery measures

In the course of its international business operations, InTiCa Systems is exposed to a wide range of legal requirements. Compliance with these legal requirements is the basis for responsible, sustainable and successful corporate management. All staff are aware that unlawful behaviour can cause lasting damage to the company's reputation and market position as well as serious economic damage. For this reason, the actions of the Board of Directors and Supervisory Board of InTiCa Systems SE are rooted in the principles of transparent, responsible and value-based corporate management. In addition, alongside laws and other regulations such as the German Corporate Governance Code, the regulatory framework in which the company operates includes the internal control and risk management system, internal compliance management (including the compliance directive), the internal Code of Conduct and the related company policies on specific issues. The corporate governance statement and the corporate governance report by the Board of Directors and Supervisory Board of InTiCa Systems SE and the report on the EU Taxonomy are available for download from the company's homepage. The Code of Conduct and the compliance directive provide guidance for the company and its employees on correct conduct with regard to legal and ethical challenges in their daily work. Furthermore, they are designed to help avoid corrupt conduct. The Code of Conduct and the compliance directive contain binding rules on various topics such as anti-corruption, fair competition and social aspects such as tolerance and respect. The Code of Conduct and the compliance directive have been approved by the Board of Directors and all managing directors and distributed to employees.

To ensure compliance with the applicable laws, InTiCa Systems has established Group-wide compliance management covering anti-corruption, avoiding conflicts of interest, preventing money laundering, working with customers and suppliers, dealing with gifts and invitations, occupational safety, environmental protection and data privacy. A key element in compliance management is the Compliance Officer, who sees his role as being an independent and objective advisor. His task is to protect the company from financial and reputational damage, and to protect the management and all employees from personal liability issues. He responds to internal and external allegations, clarifies the position, taking into account the principle of proportionality, issues recommendations on optimizing in-house workflows and regularly shares information with other areas, especially risk management. Compliance management is reviewed regularly as a basis for continuous optimization.

In addition, InTiCa Systems SE has an internal control and risk management system to ensure that risks are handled responsibly. This allows timely identification of Group-wide risks and market trends, enabling the Board of Directors to respond promptly to relevant changes in the risk profile. All departments are included in the risk management system, allowing full risk monitoring of all areas of the company, including monitoring potential risks relating to non-financial issues.

The basis for the internal control and risk management system was developed with the support of external specialists and the system and its effectiveness are monitored continuously using an internal management review process, which takes account of the different management levels. An internal risk analysis, which covers all of the company's material business processes, is performed once every calendar year. The most recent risk management version is submitted to the Supervisory Board once a year for its assessment and opinion. As at the reporting date, no findings had been identified that restrict the appropriateness or effectiveness of the internal control and risk management system.

2.2 InTiCa Systems and the environment

InTiCa Systems is actively committed to environmental protection. The principle is that both InTiCa Systems' products and environmentally friendly manufacturing within the company should make a fundamental contribution to environmental compatibility and sustainability. The environmental policy enshrines the Board of Directors' commitment to ensuring compliance with all relevant legislation, avoiding environmental impact, and continually improving InTiCa Systems' environmental profile. It thus forms the framework for establishing and evaluating environmental targets. The environmental policy is applicable Group-wide.

Environmental protection at InTiCa Systems covers energy, gas, water and waste and is based on the legal requirements, which are met in full. InTiCa Systems' explicit intention is to avoid environmental impacts wherever possible and to minimize them if they are unavoidable. Therefore, the environmental management is specifically included in its integrated management system. The environmental management system is monitored regularly in accordance with the requirements of DIN ISO 14001 and validated by an external certification body. The Prachattice production site has met these requirements in full since 2010 and validation was obtained for InTiCa Systems' headquarters in Passau, including the new technology centre, at the beginning of 2017. The site in Mexico has had equivalent validation since 2016. At the beginning of 2024, preparations started to have the Ukraine site certified as conforming with ISO 9001 in the course of this year.

» *Environmental management process*

In accordance with DIN ISO 14001, the environmental management process at InTiCa Systems is based on the PDCA (Plan-Do-Check-Act) cycle. In line with this, selected workflows are subject to continuous planning, management, monitoring and improvement.

Constant repetition of the following steps is designed to bring about a continuous improvement:

- **Plan:** As an example, consumption data for energy, water, oil and gas are compiled annually to identify potential for improvement. The first priority is to set a target for those areas where sensible improvements can be achieved at reasonable cost.
- **Do:** Site-specific measures are implemented to achieve the targets efficiently.
- **Check:** Target attainment and planned targets are checked by comparing the target and actual situation.
- **Act:** Interim checks are carried out during the measurement period to assess attainment of the target. If the target is unlikely to be met, a check is performed on whether the basic conditions and framework need to be altered. In this way, adjustments can be made during the entire period in order to meet the target.

InTiCa Systems also expects its suppliers to meet its high in-house standards of environmental protection. Under the company's general procurement terms, all contractual partners are required to observe the applicable environmental laws and standards in the provision of their goods and services. Further, environmentally conscious provision of goods and services is important to InTiCa Systems. Specifically, this comprises selecting environment-friendly, recyclable materials, low-emission and low-pollutant delivery, products that can easily be dismantled, and energy and resource-saving products and processes. In addition, all contractual partners are required to give an undertaking that they will observe the bans or ceilings as well as the following regulations:

- REACH Regulation (EC) No. 1907/2006, as adopted in Germany through the prohibited chemicals ordinance (Chemikalien-Verbotsverordnung)
- RoHS Directive 2011/65/EU
- Responsible Minerals Initiative (CMRT and EMRT)
- Global Automotive Declarable Substance List (GADSL)

as amended from time to time and the applicable regulations on the use of safety data sheets in accordance with EU Directive 91-155/EEC.

» Resource efficiency

InTiCa Systems continuously strives to optimize the environmental profile of its sites. When purchasing new and replacement equipment for its sites, it therefore gives priority to high technological standards and resource-efficient machinery. The budget for this is managed centrally by headquarters. To identify and realize scope to raise efficiency, since 2015 InTiCa Systems has continuously restructured and optimized its workflows in line with the principles of lean management.

The principles of lean management are applied when designing production processes and take account of material and energy efficiency.

Retrospective analysis and evaluation of existing production plants is performed as appropriate. On this basis, the production machinery at all sites is gradually being replaced by new, state-of-the-art solutions with a lower environmental impact.

InTiCa Systems is validated under IATF 16949, among other standards. The role of this management system is to achieve an effective improvement in systems and process quality, identify errors and risks in the production process and supply chain, eliminate their causes and check the efficacy of the corrective

and preventive measures introduced in order to cut manufacturing costs and raise customer satisfaction. The focus is on minimizing risks and avoiding errors.

2.3 Working at InTiCa Systems

» Skilled staff

Qualified, high-performing and loyal staff are the basis for the success of the InTiCa Systems Group and actively shape its corporate policy. Therefore ensuring appropriate deployment of staff is one of the principal tasks of the Board of Directors. Established rules for vocational and ongoing training ensure that employees are highly trained so that they can meet the demands made on them both now and in the future. High-quality products and developments and competent advice for customers are key elements in the Group's success so it is particularly important to ensure that it has sufficient qualified staff for the future. Therefore, InTiCa Systems trains apprentices and generally hires them when they have completed their training.

InTiCa Systems values the diversity of personal attributes, talents and performance within its workforce. The company's future viability depends to a large extent on how this diversity, which can be a source of valuable synergies, is fostered and used. As a company that operates internationally, cultural diversity is a defining element of InTiCa Systems' corporate culture. With a view to equal opportunities for men and women, when filling vacancies attention is paid to a balanced representation of both genders wherever possible. However, priority is always given to the personal and professional qualifications of the candidates rather than their gender.

The system also includes specific motivation and improvement programmes and opportunities to play an active part in shaping the company.

» Employee rights and occupational safety

InTiCa Systems observes local laws and pays attention to the rights of its employees throughout the Group. It safeguards their safety by complying with the customary standards. The company accepts the principle of equal treatment and takes action in accordance with employment law to deal with breaches of the German General Equality Act (AGG). With regard to the safety of employees, high priority is given to avoiding accidents and emergency situations and to making contingency plans.

If there is nevertheless an accident, the causes are investigated at the production site by local production managers and subsequently discussed with the production team to raise the awareness and define appropriate preventive measures. The best possible protection is achieved by trustful collaboration with employees, as their knowledge and experience are the basis for a continuous improvement in occupational safety. The occupational safety committee holds meetings with all delegates at the company's headquarters four times a year and monitors all necessary action.

2.4 Respect for human rights

Protecting human rights is important to InTiCa Systems. As a matter of principle, the company does not tolerate child, youth or forced labour, either at its own sites or in business relationships with third parties.

In line with the principles of good corporate governance, achieving economic targets is not the sole factor of importance; attention is also paid to how they are achieved. The commitment to balancing economic performance and ethical responsibility is reflected in company policy and in the Code of Conduct, which is designed to give employees, in particular, guidance on correct conduct with regard to legal and ethical challenges. Therefore, it includes rules for the treatment of each other and third parties and sets out requirements for tolerance, respect and non-discrimination.

2.5 InTiCa Systems' social commitment

Social commitment has always had a firm place in InTiCa Systems' corporate culture and values. Therefore, the company supports education and science, social welfare, the arts and sport through donations and sponsorship.

Following its practice in the past years, in 2023 InTiCa Systems SE once again refrained from presenting Christmas gifts to its customers and donated the resulting savings to the Lukas-Kern children's home. The Lukas-Kern home is an institution in Passau that takes in children and young people whose families are in difficulties. InTiCa Systems sees an enormous need to provide continued regional support.

3. Economic report

3.1 General economic conditions¹

According to the Kiel Institute for the World Economy (IfW Kiel), there was a further slight drop in global economic growth in 2023. While the global economy initially posted significant growth in the first quarter of the year, in the summer half-year

the pace of expansion was only moderate and momentum declined further towards the end of the year. Although conditions improved following the end of China's restrictive zero-Covid policy and lower inflation during the year, industrial output, in particular, only increased slightly and global trade even edged downward. In all, global output grew by 3.0% in 2023 (2022: +3.3%).

Momentum varied considerably between regions. In the advanced economies (+1.6%), the US economy remained strong throughout the year (+2.5%), whereas the euro-zone economy increasingly trod water (+0.5%) and the growth rate in the UK (+0.1%) dropped significantly in the second half of the year. Growth in the emerging markets (+4.8%) remained relatively sluggish despite a clear improvement compared with the previous year. In particular, the Chinese economy (+5.2%) failed to meet expectations. In Latin America (+2.0%), where the two largest economies, Brazil and Mexico, posted strong growth in the first half of the year, momentum has recently cooled noticeably. The growth driver in the emerging markets in 2023 was India (+7.7%), supported by dynamic investment and a significant rise in output in the manufacturing sector.

The German economy (-0.3%) slowed considerably relative to other major European countries in 2023. Companies were held back by poor sentiment, high uncertainty and unfavourable financing conditions. Another downside factor was the continued high sickness rate. There was a reduction in value added, especially in industry and the construction sector. Foreign trade was also well below expectations. The only support for the economy came from consumption. Public spending rose strongly in the second half of the year and consumer spending benefited from the gradual reduction in inflation and a rise in wages.

There are increasing signs that the German economy is suffering above all from structural problems, which are restricting the scope for expansion. Even globally, there is no sign of a strong upswing. Although the downturn in global trade seems to have bottomed out, despite the negative effects of the Middle East crisis, China, in particular, is facing problems and the supportive effect of financial policy worldwide is coming to an end. At the same time, the reduction in inflation has slowed. Unlike gas prices, the price of oil is still high. Recently, there was only a slight decline in prices of non-energy raw materials. Unlike the situation in the emerging markets, interest rate cuts are therefore unlikely before mid-year at the earliest. Risks for the global economy are mainly geopolitical, while the presidential election in the USA is a further risk factor.

¹ Kieler Konjunkturberichte - Weltwirtschaft im Frühjahr 2024 (06.03.2024)
https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/6aa6a98f-44b7-4fb4-8e1f-de5a57d2ca3e-KKB_111_2024-Q1_Welt.pdf
 Kieler Konjunkturberichte - Deutsche Wirtschaft im Frühjahr 2024 (06.03.2024)
https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/fis-import/854f12d1-6d4b-4257-a39a-30120582e9ee-KKB_112_2024-Q1_Deutschland_DEV3.pdf

3.2 Market and market environment

3.2.1 Automotive²

Business conditions in the automotive sector remained challenging in the reporting period. In Germany, above all, the business climate posted a lasting drop into negative territory following the first quarter of 2023. The geopolitical and economic uncertainties and the continued high energy and consumer prices dampened macroeconomic demand, capacity utilization and order intake declined, and there is still³ a shortage of skilled workers. On average, order coverage is now only 5.6 months. That is two months less than in 2022 and a clear sign that the order backlogs caused by the supply chain problems in 2021 have almost completely been eliminated. Nevertheless, the weak international figures for the previous year provided a base effect. Moreover, the improved availability of vehicles had a positive effect on volume sales. Overall, according to the figures published by the German Automotive Industry Association (VDA), there was therefore a significant increase in new registrations on the international automotive markets.

Regionally, the picture was far more homogeneous than in the previous year. All major markets reported double-digit growth. China increased its position as the most important global market with sales of 25.8 million new cars (+11.0%). Following a new monthly record in December, the Chinese passenger car market thus bucked the downward macroeconomic trend in China. There was also a considerable increase in sales of light vehicles (passenger cars and light trucks) to 15.5 million units (+12.4%) in the USA. Unlike China, though, the US market is still well below the pre-crisis level of 2019. That is also true of South America, despite high growth rates in 2023 in Brazil (+11.2%) and Mexico (+25.4%). The European car market is also still well below the pre-crisis level. Nevertheless, 2023 was a step in the right direction with 12.8 million new vehicle registrations (+13.7%).

Despite strong export figures (+17%), the German car market did not quite keep pace with the general sector trend in the reporting period. 2.8 million new vehicles equate to year-on-year growth of 7%. The shortfall compared with the pre-crisis level is particularly marked at -21%. As a result of the change in subsidization of electric cars, combined with a one-off effect from the previous year, a clear drop was registered in December. The reduction in the environmental bonus for battery electric vehicles (BEV) and the complete withdrawal of subsidies for plug-in hybrids (PHEV) in December also had a clear impact on the full-year figures. In 2023, 700,200 new electric cars were registered, 16% fewer than in the previous year. While the PHEV market slumped (-51%), BEV posted an increase (+11%), even though subsidies were reduced.

3.2.2 Industry & Infrastructure⁴

In 2023, the electrical/electronics and digital industry did not quite match the previous year's high growth rates – sales increased by 12.0% in 2022 – but the sector remained robust in difficult conditions. According to the German sector association ZVEI, aggregate sector revenue increased by 6.6% to a new record of EUR 239.4 billion. The strongest growth in production was in batteries (+7%), followed by electronic components (+6%) and energy technology (+4%). By contrast, there was a substantial decline in consumer goods (-13%).

Both business with domestic partners (+7.3% to EUR 115.1 billion) and revenue generated with foreign customers (+6.1% to EUR 124.3 billion) contributed to the growth of the sector. Exports also continued to develop positively. Aggregate sector exports increased to EUR 253.8 billion, a rise of 2.7% compared with the previous year. The biggest export markets in 2023 according to ZVEI were once again China (-3.5% at EUR 25.6 billion), followed by the USA (+5.4% to EUR 24.9 billion), the Netherlands (+13.3% to EUR 16.3 billion) and France (+2.6% to EUR 15.9 billion). The strongest rise in the Top 20 markets was in Mexico (+22.0% to EUR 3.5 billion), because it can be used as base to serve the US market as wage costs are lower. Imports of electrical and electronic goods increased to EUR 268.7 billion in 2023 (+2.1%) and once again exceeded exports by the sector.

However, the big picture shows a good first half followed by a significant downturn. Exports by the sector declined in every month in the second half of 2023. While companies were initially able to work through their historically high order backlogs, there was a fall in new orders from the second quarter at the latest. Looking at the year as a whole, orders fell by 1.9%. Moreover, as in the previous year, a significant proportion of sector growth was price-driven. On a price-adjusted basis, following a weak year-end spurt, production of electrical and electronic goods rose by just 1.4% in 2023, which was far less than in the previous year (+3.4%) and in line with ZVEI's forecast of consolidation at a high level.

²VDA - PM vom 18.01.2024 – https://www.vda.de/de/presse/Pressemeldungen/2024/240118_PM_Internationale-Pkw-M-rkte-im-Jahr-2023-mit-kr-ftigem-Wachstum

VDA - PM vom 04.01.2024 – https://www.vda.de/de/presse/Pressemeldungen/2024/240104_PM_Pkw_Produktionszahlen_Dezember_2023

Ifo Institut - PM vom 01.03.2024 – <https://www.ifo.de/fakten/2024-03-01/geschaeftsklima-der-automobilindustrie-mit-kleiner-delle>

³<https://www.vde.com/de/presse/pressemittelungen/vde-mobility-studie-elektromobilitaet-e-autos-fachkraeftemangel>

⁴ZVEI Konjunkturbarometer März 2024 – https://www.zvei.org/fileadmin/user_upload/Presse_und_Medien/Publikationen/2024/Maerz/ZVEI-Konjunkturbarometer_Maerz_2024/ZVEI-Konjunkturbarometer-Maerz-2024.pdf
ZVEI Außenhandelsreport Februar 2024 – https://www.zvei.org/fileadmin/user_upload/Presse_und_Medien/Publikationen/2024/Februar/ZVEI-Aussenhandelsreport_Februar_2024/ZVEI-Aussenhandelsreport-Februar-2024.pdf
ZVEI Jahresauftaktpressekonzferenz 2024 – https://www.zvei.org/fileadmin/user_upload/https://www.zvei.org/presse-medien/pressebereich/elektro-und-digitalindustrie-vor-leichter-wachstumsdelle

3.3 Significant events in the reporting period

After carefully weighing up the opportunities and risks, it was decided to gradually commence production at the site operated by the 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 the decision on his successor, Mr. Kneidinger's tasks were delegated internally or taken on by the Chairman of the Board of Directors, Dr. Gregor Wasle. The Supervisory Board of InTiCa Systems SE has appointed Mr. Bernhard Griesbeck to the company's Board of Directors with effect from January 15, 2024.

On November 8, 2023, InTiCa Systems SE revised its forecast for the 2023 financial year. It previously assumed that the Group would report 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. The revised sales range was put at between EUR 85 million and EUR 90 million and the range for the EBIT margin was revised to between -1.0% and +0.5%. The Board of Directors was prompted to revise the planning for the 2023 financial year on the basis of the provisional nine-month figures due to the continued high volatility of order offtake, especially at the site in Mexico, as a result of the geopolitical crises and the transformation of the industrial landscape. While the reduction in the Group's sales was checked by continued high demand in the Industry & Infrastructure segment, lower sales, a further increase in price pressure and higher wage costs in the Automotive segment had a negative impact on margins.

No other events of special significance occurred after the reporting report that are expected to have a material effect on the Group's assets, financial position and results of operations.

3.4 Earnings, asset and financial position

3.4.1 Overall position

2023 was dominated by continued uncertainty as a consequence of the weak economic development, increasing geopolitical crises and the necessary transformation of the industrial landscape. Order offtake therefore remained highly volatile. In the automotive sector, in particular, it was no longer possible to achieve the stability of planning that had been customary in the past. At the Mexico site, a substantial order from a US manufacturer of electric vehicles was deferred to 2024 and subsequent years. As a consequence, a high degree of flexibility is necessary in the management of personnel and materials, which increases pressure on liquidity. In view of this situation, in November 2023 the Board of Directors had to review the planning for the financial year and revise its guidance.

At year-end, Group sales were EUR 86.9 million (2022: EUR 90.7 million) and thus at the lower end of the original forecast and in the middle of the revised range. Specific mention should be made of the positive development of the Industry & Infrastructure segment, which posted strong growth. Although a deterioration in sentiment and rising competitive pressure from Asia became evident in this segment as well in the second half of the year, the effect of the efforts to diversify the product portfolio and leverage synergies can be seen clearly.

While the reduction in Group sales was checked by continued high demand in the Industry & Infrastructure segment, lower sales, the renewed rise in pressure on sales prices and higher wage costs in the Automotive segment had a negative impact on margins. EBIT (earnings before interest and taxes) was EUR 0.3 million in 2023 (2022: EUR 2.3 million). The EBIT margin was 0.3% (2022: 2.6%), which was at the upper end of the revised guidance but significantly below the original expectations.

The altered earnings situation and the difficulty of planning inventories given the volatility of offtake by customers also affected liquidity requirements. The operating cash flow was nevertheless still clearly positive at EUR 1.6 million in 2023 (2022: EUR 7.4 million). Cash and cash equivalents were EUR 0.9 million as of December 31, 2023 (December 31, 2022: EUR 3.2 million). The situation is continuously being optimized and an additional liquidity cushion has been achieved by increasing overdraft facilities by EUR 4.0 million. The equity ratio of 30.8% as of the reporting date shows that the company is still soundly financed.

Overall, InTiCa Systems' situation in the reporting period was clouded by the challenges of the present business environment. Nevertheless, the Board of Directors considers that the company is still well positioned.

3.4.2 Earnings position

» Sales

Group sales declined slightly year-on-year, slipping 4.3% to EUR 86.9 million in 2023 (2022: EUR 90.7 million). This was mainly due to the phasing out of the previous year's best-selling product. In all, sales were within the most recently forecast range of between EUR 85 million and EUR 90 million. While sales in the Automotive segment declined significantly to EUR 61.4 million (2022: EUR 68.7 million), the Industry & Infrastructure segment posted sustained high demand for e-solutions. In this segment, sales were EUR 25.5 million and therefore clearly exceeded the good prior-year level (2022: EUR 22.0 million).

» Expenses

Expenses for raw materials and supplies amounted to EUR 55.0 million in the reporting period (2022: EUR 57.9 million). The material cost ratio (based on total output) decreased from 62.5% to 61.3% due to changes in the product mix. At the same time, the personnel expense ratio based on Group sales (including agency staff) increased to 25.4% (2022: 23.4%) due to wage rises. At EUR 12.3 million, other expenses remained at its prior-year level with the expenses for agency staff dropping to EUR 2.8 million (2022: EUR 3.8 million). Depreciation and amortization of property, plant and equipment and intangible assets amounted to EUR 6.3 million in the reporting period (2022: EUR 6.0 million).

» Research and development

In the reporting period, spending on research and development amounted to EUR 2.9 million, which was 3.4% of sales (2022: EUR 2.7 million / 2.9% of sales). Development work focused principally on the product areas grouped in the e-solutions business. EUR 2.0 million was expensed directly for development work (2022: EUR 1.7 million) and the remaining EUR 0.9 million (2022: EUR 1.0 million) was capitalized. The capitalization rate was 30.9% (2022: 35.0%). Amortization of self-created intangible assets was EUR 1.1 million in the reporting period (2022: EUR 1.2 million).

» Earnings

As in the previous year, the gross profit was EUR 33.8 million in the reporting period (2022: EUR 33.8 million) with the gross profit increasing from 37.3% to 38.9%. EBITDA (earnings before interest, taxes, depreciation and amortization) was down 22.1% year-on-year at EUR 6.5 million (2022: EUR 8.4 million). As a result, the EBITDA margin decreased to 7.5% (2022: 9.2%).

EBIT (earnings before interest and taxes) amounted to EUR 0.3 million in the reporting period (2022: EUR 2.3 million). At 0.3% (2022: 2.6%), the EBIT margin was within the revised forecast range of -1.0% to +0.5%. The lower profitability was principally due to significant rises in costs caused by rising wages and logistics expenses and persistently high material prices. Although it was possible to pass some of the price rises on to customers, in most cases there were time lags and it was not possible to recoup all of the increase. EBIT was minus EUR 1.3 million (2022: EUR 1.6 million) in the Automotive segment and EUR 1.6 million (2022: EUR 0.7 million) in the Industry & Infrastructure segment. The Automotive segment therefore generated an EBIT margin of -2.1% (2022: 2.3%). The EBIT margin in the Industry & Infrastructure segment was 6.2% (2022: 3.4%).

The financial result was minus EUR 1.5 million in the reporting period (2022: minus EUR 0.6 million), reflecting the increased use of overdraft facilities (as at December 31, 2023, EUR 13.0 million of the EUR 19.9 million overdraft facilities available had been drawn) and the increase in interest expense. While financial expense amounted to EUR 1.5 million (2022: EUR 0.6 million), financial income was negligible in both 2023 and 2022.

The pre-tax loss was EUR 1.2 million in the reporting period (2022: pre-tax profit of EUR 1.7 million). Taking into account tax revenue of EUR 0.1 million (2022: tax expense of EUR 0.9 million), the Group posted a net loss of EUR 1.1 million (2022: net profit of EUR 1.6 million). Earnings per share were therefore minus EUR 0.27 (2022: EUR 0.38).

3.4.3 Asset position

» *Capital structure*

Total assets increased from EUR 65.4 million in 2022 to EUR 67.7 million as of December 31, 2023. Non-current assets increased as a result of capital expenditures. By contrast, current assets decreased, mainly due to the decline in trade receivables and cash and cash equivalents. On the liabilities side, equity decreased due to the loss for the period. Non-current liabilities also decreased slightly, while current liabilities rose significantly due to the increase in overdraft facilities. The equity ratio dropped to 30.8% as of December 31, 2023 (December 31, 2022: 33.6%).

The principles of financial management are outlined in section 3.4.5 "Financial management".

» *Non-current assets*

As a result of capital expenditures on property, plant and equipment and intangible assets, non-current assets rose to EUR 37.0 million as of December 31, 2023 (December 31, 2022: EUR 33.0 million). Property, plant and equipment increased from EUR 26.9 million in 2022 to EUR 29.5 million in 2023 and intangible assets increased from EUR 4.4 million to EUR 5.1 million. Deferred tax assets amounted to EUR 2.4 million on the reporting date (December 31, 2022: EUR 1.8 million). The increase was mainly due to deferred taxes on loss carryforwards at the parent company.

» *Current assets*

Current assets decreased to EUR 30.6 million as of December 31, 2023 (December 31, 2022: EUR 32.4 million). While inventories rose from EUR 17.1 million to EUR 18.7 million, trade receivables dropped from EUR 9.6 million to EUR 7.7 million as of the reporting date. The reduction was attributable to the increase in factoring of receivables and higher inventories as a result of the volatility of order offtake by customers. Furthermore, tax receivables were EUR 1.2 million (December 31, 2022: EUR 0.5 million); the increase was due to the net loss reported by the parent company. Other financial assets were EUR 0.6 million (December 31, 2022: EUR 0.6 million) and other current receivables rose slightly to EUR 1.5 million (December 31, 2022: EUR 1.3 million) due to higher claims for value-added tax refunds. Cash and cash equivalents decreased from EUR 3.2 million to EUR 0.9 million.

» *Non-current liabilities*

Since repayments of loans exceeded new borrowing, non-current liabilities decreased to EUR 17.1 million as of December 31, 2023 (December 31, 2022: EUR 17.4 million). The liabilities to banks comprised fixed-interest loans with remaining terms of up to seven years and four floating-rate loans with a remaining term of up to five years. Interest rates on non-current financial

liabilities are between 0.95% and 5.53%. As a consequence of the remeasurement of two rental contracts at InTiCa Systems SE, the other non-current financial liabilities rose to EUR 4.3 million as of December 31, 2023 (December 31, 2022: EUR 2.8 million) and deferred tax liabilities were EUR 1.8 million (December 31, 2022: EUR 1.8 million).

» *Current liabilities*

Current liabilities increased significantly in the reporting period and amounted to EUR 29.8 million as of December 31, 2023 (December 31, 2022: EUR 26.1 million). This was mainly attributable to the rise in current financial liabilities from EUR 12.4 million to EUR 18.1 million as a result of the EUR 4 million increase in overdraft facilities in the fourth quarter. Since the capital expenditures and loan repayments could not be financed out of the operating cash flow, greater use was made of the overdraft facilities. In all, InTiCa Systems has overdraft facilities totalling EUR 19.9 million. As at the reporting date, it had drawn EUR 13.0 million of this amount (December 31, 2022: EUR 7.0 million). Trade payables, by contrast, decreased from EUR 7.6 million to EUR 5.1 million. At EUR 1.3 million, other current provisions were below the prior-year level (December 31, 2022: EUR 2.4 million) and other current financial liabilities increased from EUR 1.2 million (restated prior-year figure, see Note 26) to EUR 3.0 million. At EUR 2.0 million, other current liabilities were on the prior-year level (December 31, 2022: EUR 2.0 million, restated prior-year figure) and tax liabilities amounted to EUR 0.4 million (December 31, 2022: EUR 0.5 million).

» *Equity*

Equity was EUR 20.8 million as of December 31, 2023 (December 31, 2022: EUR 22.0 million). The consolidated net loss decreased the profit reserve from EUR 2.5 million to EUR 1.4 million. At minus EUR 0.2 million, the negative currency translation reserve was at its prior-year level (December 31, 2022: minus EUR 0.2 million). The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand and general capital reserve of EUR 15.4 million were unchanged from the previous year.

3.4.4 Financial position

» *Liquidity and cash flow statement*

Despite the net loss, the net cash inflow from operating activities remained positive at EUR 1.6 million (2022: EUR 7.4 million). Alongside the significant difference in earnings, the reduction compared to the previous year was mainly caused by lower trade payables on the reporting date.

The net cash outflow for investing activities was EUR 6.6 million in the reporting period (2022: EUR 9.5 million). This comprised EUR 4.7 million (2022: EUR 7.7 million) for property, plant and equipment and EUR 1.9 million (2022: EUR 1.8 million) for intangible assets.

The net cash outflow for financing activities was EUR 3.3 million in 2023 (2022: net inflow of EUR 3.4 million). In the reporting period, there were cash inflows of EUR 3.2 million from two new long-term loans for new machinery in the Czech Republic (2022: EUR 8.6 million). On the other side, cash outflows comprised EUR 5.2 million (2022: EUR 4.1 million) for scheduled loan repayment instalments and EUR 1.3 (2022: EUR 1.1 million) for instalments on finance leases.

Overall, there was a negative cash flow of minus EUR 8.4 million in 2023 (2022: positive cash flow of EUR 1.3 million). Cash and cash equivalents totalled EUR 0.9 million on December 31, 2023 (December 31, 2022: EUR 3.2 million). Cash and cash equivalents less utilized overdraft facilities amounted to minus EUR 12.1 million as of December 31, 2023 (December 31, 2022: minus EUR 3.8 million).

» Capital expenditures

Capital expenditures totalled EUR 6.6 million in the reporting period (2022: EUR 9.5 million). EUR 4.7 million (2022: EUR 7.7 million) of this was invested in property, plant and equipment, and EUR 1.9 million (2022: EUR 1.8 million) in intangible assets. The capital expenditures focused principally on e-solutions. A further high-performance production line for stators to service a new order for hybrid systems was installed in the Czech Republic and in Mexico a new production line for the Industry & Infrastructure segment came into service. In addition, within the Industry & Infrastructure segment, production facilities for products for charging infrastructure were optimized.

Gaining and expanding a leading market position in a future-oriented industry like e-solutions requires constant investment. However, given the measures taken in recent years and the continued uncertainty with regard to volumes in the present market conditions, lower capital expenditures of up to EUR 4.0 million have been budgeted for 2024. In 2024, investments will focus primarily on an order received for higher quantities of an actuator coil for chassis systems in the Czech Republic and expanding production capacity for functional plastics components in Mexico. In addition, plants are required for the speciality products business.

» Employees

The headcount amounted to 761 as of December 31, 2023 (December 31, 2022: 847). This figure includes 50 agency staff (December 31, 2022: 107). Expenses of EUR 2.8 million (2022: EUR 3.8 million) for agency staff are included in other operating expenses. The personnel expense ratio, including expenses for agency staff, was 25.4% (2022: 23.4%). On average, the Group had 741 employees and 90 agency staff in the reporting period (2022: 731 and 121). There were various reasons for the significant reduction in headcount as of the reporting date: First, the reduction in order offtake at year end played a part. However, the lower headcount was mainly attributable to the enormous effort made in recent years to adapt to changing market conditions and the skills shortage. Successful lean management, optimized processes and products with a high degree of automation permit a leaner overhead structure in the future.

3.4.5 Financial management

The central objective of financial management at InTiCa Systems is to ensure sufficient liquidity reserves at all times, minimize financial risk and secure financial flexibility.

The segments' operating business and the resulting cash inflows are the Group's main source of liquidity. Operational planning is based on a long-term liquidity forecast. The short and medium-term forecasts are updated periodically.

InTiCa Systems includes all consolidated subsidiaries in this planning process. Surplus funding within the Group is distributed to those areas that require it by the Finance department at the parent company in order to reduce external funding requirements and optimize net interest expense. To secure its liquidity position, InTiCa Systems also uses various internal and external financing instruments such as credit agreements and factoring, which form the basis for short and medium-term financing, and leasing. As a result of the company's capital base and the constant revision and adaptation of financing arrangements, the Board of Directors is of the opinion that the main preconditions for financing have been met.

3.5 Financial and non-financial performance indicators

The Board of Directors mainly uses the following primary financial and non-financial indicators to manage the Group and its development (see section 1.3 "Management system"). In this context, great value is placed on sustainable development of the Group. The exact presentation of the Group's earnings, net assets and financial position can be found in section 3.4 "Earnings, asset and financial position".

3.5.1 Financial performance indicators

» Sales

Group sales decreased 4.3% year-on-year to EUR 86.9 million (2022: EUR 90.7 million). This was mainly due to the phasing out of the previous year's best-selling product. Sales revenues are reported net of products returned by customers, discounts and similar deductions.

Sales were therefore within the revised forecast range of EUR 85 million to EUR 90 million. In the Automotive segment, sales were below expectations at EUR 61.4 million, while the Industry & Infrastructure segment exceeded expectations, reporting sales of EUR 25.5 million.

» EBIT and EBIT margin

The EBIT margin comprises earnings before interest and taxes divided by sales. EBIT amounted to EUR 0.3 million in 2023 (2022: EUR 2.3 million), giving an EBIT margin of 0.3% (2022: 2.6%). The revised forecast level for the EBIT margin of -1.0% to +0.5% was achieved. The EBIT margin originally forecasted was not achieved mainly due to the drop in sales in the Automotive segment and the overall rise in personnel expenditure.

» Orders on hand

Orders on hand reflect customers' requirements for a period of 18 months. As of December 31, 2023, orders on hand amounted to EUR 99.3 million and were thus above the previous year's level (December 31, 2022: EUR 94.7 million). 82% of orders were for the Automotive segment (2022: 80%). In principle, the Board of Directors sees orders on hand as an indicator of future business development.

The material cost ratio, and the equity ratio and the subsequent non-financial indicators are also considered to be performance indicators, but are not used for the primary management of the company.

» Material cost ratio

The material cost ratio is derived from the cost of materials divided by total output. The material cost ratio decreased slightly from 62.5% in the previous year to 61.3%. This was principally attributable to a less material-intensive product mix and continuous optimization. However, the prices of starting products remained high due to continuing high inflation and rising logistics costs. Alongside continuous improvements in production workflows and production quality, intensive efforts were made to pass the increased price of raw materials directly on to customers.

» Equity ratio

The equity ratio comprises the ratio of equity capital to total capital (= total assets). Due to the net loss for the period, the equity ratio decreased from 33.6% to 30.8%. Overall, the Board of Directors still considers the equity ratio to be solid.

3.5.2 Non-financial performance indicators

» Customer and product portfolio and vertical integration

A diversified customer and product portfolio is very important for the company. Where possible, the Board of Directors manages business to avoid risks such as high dependence on individual products or customers, and excessive diversification involving disproportionate additional costs.

Vertical integration is kept at a high level (around 90%) through the company's own production facilities in Prachatice (Czech Republic), Silao (Mexico) and Bila Tserkva (Ukraine). The company strives to obtain higher margins by correspondingly broad value added, profound process expertise and the resulting improvement in benefits for customers.

In keeping with this goal, in 2023 the company started to build up a speciality product business in the Industry & Infrastructure segment. Based on InTiCa Systems specific expertise in the field of inductivity, the intention is to address additional market segments such as special vehicles, industrial plant and medical technology in the future. Compared with large-scale serial business, the speciality products business commands above-average margins.

The Group's strategic focus is designed to safeguard know-how, reduce production costs, increase flexibility and decrease dependence on individual customers and products.

» Research and development

Addressing key technologies of the future such as e-mobility, energy storage, energy management systems and safety technology helps InTiCa Systems extend its product portfolio to meet future requirements so that it can convince customers in the long term of its expertise as a solution provider. The development of innovative new products is essential, in particular, as a basis for healthy business development.

InTiCa Systems regards itself providing an all-round innovation and product development process. From product design through the application-oriented selection of materials and modern simulation technologies to advanced testing and validation methods, the InTiCa Systems team is involved from the initial idea to commercialization, including support throughout the entire life cycle. Where expedient, safeguarding innovations by securing protected rights plays a vital role in this.

With its competent in-house team of 23 developers and 7 production technologists, InTiCa Systems helps customers find the most efficient solutions for their individual needs and transform ideas into innovative and marketable products. Teamwork between sales and engineering is an important basis for acquiring new contracts and enables InTiCa Systems to gain relevant development orders. The principal performance indicators for research and development are the time required in the tender process for the preliminary technical design, feasibility studies and initial production concepts.

3.6 Segment report

On the product side, the Group is divided into a number of product and volume sales areas (primary segment).

Segment	Automotive		Industry & Infrastructure		Total	
	2023	2022	2023	2022	2023	2022
in EUR '000						
Sales	61,423	68,705	25,453	22,034	86,876	90,739
EBIT	-1,308	1,599	1,578	746	270	2,345
EBIT margin	-2.1%	2.3%	6.2%	3.4%	0.3%	2.6%
Orders on hand	81,368	75,996	17,930	18,664	99,298	94,659

The Group draws a geographical distinction between Germany and other countries (secondary segment).

in EUR '000	Germany		Other countries		Total	
	2023	2022	2023	2022	2023	2022
Sales	43,320	54,821	43,556	35,918	86,876	90,739
Allocated segment assets	20,710	24,904	40,307	33,039	61,017	57,943
Average no. of employees	86	83	745	769	831	852
of which agency staff	0	0	90	121	90	121

A full description of the segments and details of segment performance can be found in sections 1.1 "Business activities" and 3.2 "Market and market environment" of this management report.

3.7 Remuneration system of the Board of Directors and Supervisory Board

For a more detailed description of the remuneration system for the Board of Directors and Supervisory Board, see the Remuneration Report, which can be downloaded from the company's website at www.intica-systems.com in the section Investor Relations/Corporate Governance.

3.8 Corporate governance statement pursuant to sec. 289f and sec. 315d HGB

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, was issued by the Board of Directors on June 06, 2024. It is printed on page 34 et seq. of the Annual Report and is also available on the internet at www.intica-systems.com in the section Investor Relations/Corporate Governance.

3.9 Other information

» Composition of the capital stock

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 voting rights and the transfer of shares

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.

» *Shareholdings exceeding 10% of the voting rights*

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.

» *Shares with special rights according rights of control*

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

» *Methods of controlling voting rights where employees hold shares in the company and do not directly exercise their right of control*

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

» *Statutory provisions and regulations in the articles of incorporation on the appointment and dismissal of members of the Board of Directors and changes to the articles of incorporation*

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.

» *Authorization of the Board of Directors to issue or buy back shares*

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 December 31, 2023, InTiCa Systems SE still had treasury stock amounting to 64,430 shares (December 31, 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.

» *Principal agreements entered into by the company that are governed by provisions on a change of control resulting from a takeover bid*

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 3 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.

» *Compensation agreements entered into by the company with members of the Board of Directors or employees in the event of a takeover bid*

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

4. Risk management and risk report

4.1 Risk management

InTiCa Systems' business is exposed to a large number of risks that are inseparably linked to entrepreneurial activity. According to the internal definition, risks constitute the possibility of the occurrence of events that could adversely affect the economic situation of InTiCa Systems SE. Such risks are countered by adequate opportunities. InTiCa Systems SE uses effective management systems to ensure timely identification, evaluation and management of risks. The company's risk management is not based on a generally accepted basic concept.

The monitoring, analysis and evaluation of risks are essential elements in the management and oversight regulations set out in sec. 91 paragraph 2 of the German Companies Act (AktG). Further, the German Commercial Code (HGB) requires a report on the company's future development and the related risks and opportunities.

Potential risks are entered in a risk management system installed at the company, analysed and classified on the basis of their probability of occurrence and potential damage. Neither categoric exclusion nor fundamental avoidance of specific risks is planned. Business activities are examined for opportunities and risks at planning meetings and, on the basis of the findings, targets are derived. The attainment of these targets is monitored by a controlling system and a reporting system. These systems provide a variety of indicators on, for example, the following key aspects: sales and earnings trends, orders on hand and inventories, gross profit, consumption of materials and production defects, personnel, liquidity and investments. The Board of Directors can access each report via the IT system and initiate appropriate counteraction.

Risk potential is updated regularly by senior managers. A monthly overview of risk potential is derived from the wide range of individual data entered. The risks are derived from the present business activities of the segments and sub-segments and corporate targets. The Board of Directors discusses the facts presented immediately or at its next meeting.

The efficiency of the risk management system as a whole is regularly monitored and assessed. If potential for improvement is identified, the Board of Directors is notified and modifications are implemented without delay. The systematization and monitoring of risks in this way includes regular documentation of the entire risk management and early warning system and checking that it is effective and fit for purpose.

4.2 Risk management relating to the accounting process

The accounting process is controlled by the parent company through the Group-wide Finance and Accounting, Controlling and Investor Relations departments. Functions and responsibilities in these areas are clearly separated / assigned and there are mutual control processes to ensure a continuous exchange of information. The internal control system for financial accounting is based on defined preventive and supervisory control mechanisms such as systematic and manual checking, and on predefined approval procedures, especially by appointing functions and compliance with guidelines. Appropriate IT precautions are in place to protect the financial systems used from unauthorized access. Financial accounting systems only use standard software. Uniform accounting is ensured by using qualified and experienced staff or external specialists, combined with internal policies and the application of standardized reporting formats. The guidelines and reporting formats are determined by the Board of Directors of the parent company and compliance is monitored continuously by employees in the Finance department. Alongside technical checks by the system, manual and analytical checks are performed. External experts such as auditors and lawyers are consulted on changes and complex accounting issues.

The internal control and risk management system relating to the accounting process is fully integrated into the Group's quality assurance process.

4.3 Risks

The global geopolitical tension intensified further in 2023. The most visible conflicts were the ongoing war in Ukraine and the unpredictable conflict in the Middle East. The related impacts entail considerable risks for the global economy and the development of InTiCa Systems' business in 2024. Alongside the negative effects on sales markets, the procurement markets, in particular, are adversely affected by the disruption to supply chains, sanctions and restrictions on freight traffic. Moreover, there is a risk of a renewed rise in energy prices and inflation. Consequently, the potential negative effects on the company's assets, financial position and results of operations still have to be monitored closely in 2024, so that timely counteraction can be taken. Risks for InTiCa Systems SE relate to volume trends, disruption of production, the availability of personnel, procurement markets for raw materials and semi-finished products and, in particular, supply chains. It is not possible to predict to what extent the Group will be affected by these factors. Accordingly, InTiCa Systems is constantly required to apply appropriate measures and countermeasures.

The principal risks to InTiCa Systems' business – in addition to the exceptional circumstances already outlined – are described below.

» *Market risks*

InTiCa Systems' two segments are exposed to different market requirements and thus to different market risks. The Automotive segment is currently dominated principally by the transformation to e-mobility, connectivity and autonomous driving. Together with the prevailing geopolitical tensions, including the Ukraine crisis, and the volatile economic developments in core markets, this transformation process is causing instability in supply chains and uncertain planning, which could significantly dampen or affect the necessary growth. Uncertainty could result in delays in market and product launches, which could affect InTiCa Systems' components. In addition, the Automotive segment is exposed to ongoing sector-related economic risks. It is not clear whether the global downturn in conventional vehicle technologies will be positively offset by new product areas such as the increased introduction of electric and hybrid vehicles. This situation is being monitored closely.

The Industry & Infrastructure segment is also affected principally by the geopolitical situation and the weak economic development and thus policy and/or strategic decisions by some major customers. Since the customer base in this segment is considerably smaller, individual market fluctuations cannot be countered so effectively. Moreover, competition is continuing to increase, especially as a result of Asian companies entering the market. To alleviate the high volatility of order offtake in both segments, InTiCa Systems strives for close consultation with customers.

» *Customer dependence*

The sales split between the segments is as follows: Automotive 70.7%, Industry & Infrastructure 29.3%. Within each segment, the proportion of sales generated with the largest customers is as follows: Automotive 16%, Industry & Infrastructure 26%. If one or both of the segments were to lose major customers and be unable to replace them with equivalent new customers, this could adversely affect InTiCa Systems' business. InTiCa Systems works continuously to diversify its customer structure and extend its established expertise to further market segments. For example, commercial and rail vehicles and further energy supply activities could become more significant in the future. In 2023, InTiCa Systems started to build up a speciality products business within the Industry & Infrastructure segment for markets such as medical technology, industrial plant and speciality vehicles. This strategy has been corroborated by a rising number of enquiries and success in securing initial orders.

» *Dependence on suppliers*

InTiCa Systems requires a variety of raw materials and supplies for its production activities, e.g. plastics granulates, copper and other metals for electroplating. There is a risk that production workflows could be affected if suppliers fail to meet their delivery obligations or do not meet them on time, or if InTiCa Systems is unable to procure the raw materials it needs on the market in the necessary quantities or at the required time. The disruption to production workflows could mean that InTiCa Systems is unable to meet its own delivery obligations in full or on time. That could jeopardize customer relationships and result in claims for compensation, which could in turn adversely affect the assets, liabilities, financial position and profit or loss of the Group.

Defined inventory reserves are therefore essential to safeguard the reliability of supply. In particular, there are very few suppliers of high-quality plastics granulates and precursors for electroplating. The very high overall demand for these materials has already resulted in far longer delivery times and price increases. Moreover, logistics costs have increased because container ships have to alter their routes to avoid the Red Sea because of the Houthi attacks. The Board of Directors of InTiCa Systems SE endeavours to minimize the risk of dependence on suppliers through long-term production planning and by using the widest possible number of suppliers. Alternative sourcing of raw materials and semi-finished products is examined very carefully. New suppliers, especially of cores and copper wire, increase competition, which is beneficial for InTiCa Systems. In addition, InTiCa Systems endeavours to raise selling prices to offset the rise in the price of materials. Understandably, however, this is only successful in some cases and generally involves a time lag.

» *Technological risks*

With the introduction and extension of power electronics, EMC filter technology and coils for stator systems for the automotive industry, the company considers that it is well-positioned, especially with regard to electromobility and hybrid technology. The company has invested considerably in the development of business in e-mobility, taking into account certain risks, in order to enter this market at an early stage and build a market position with the relevant technology. Power electronics, sensors and actuators are also used in industrial electronics applications and remain important technologies. They are continuously being developed and new findings are being integrated to improve them. Overall, as of now the Board of Directors does not see any significant technological risk for the Automotive segment or the Industry & Infrastructure segment.

» *IT risks*

Stable and functioning IT systems are the basis for InTiCa Systems' business processes. The annual risk analysis includes an evaluation of the IT systems. The focus is on servers, including backup systems, access rights, external access, mobile device management, the use of software, identification of malware, firewall systems, cyberattacks and, finally, contingency plans. With a view to a possible cyberattack, the systems are being upgraded with an external service provider and steps are being taken to ensure adequate insurance. In particular, the cybersecurity threat is considered to be a growing risk. Periodic training and awareness-raising is provided for employees as necessary and data protection instruction is carried out annually with an external consultant. In collaboration with the data protection officers, the Group pays attention to compliance with all laws and regulations.

» *Personnel risks*

At the Group's headquarters in Passau, Germany, there is a risk that it will not be possible to find highly qualified staff to fill vacancies and that key employees, especially sales and research and development personnel, could leave the company as a result of the good labour market situation. InTiCa Systems counters this risk through a varied and interesting working environment, an attractive remuneration system, social benefits and a wide range of vocational and further training offers. It makes an effort to position itself as an attractive, future-oriented employer with opportunities for advancement and job security.

A particular risk is still seen with regard to the Prachatice site in the Czech Republic in the short to mid term. The very low unemployment rate in the Czech Republic, the increasing flexibility and mobility of employees in terms of where they live and work and, in particular, competition on the labour market from companies close to the border in Germany are already a real challenge. At present, there is no sign that the situation will

improve in the foreseeable future. In addition, wages are rising significantly, especially at InTiCa Systems' international locations, as a result of the very good capacity utilization. Efforts are being made to counter this development by offering attractive remuneration models, benefits and training. Using agency staff is vital; and their proportion of the total workforce now corresponds to the order situation. In some cases, it is possible to transfer employees from staffing agencies to permanent contracts with the company. Finally, the labour market is constantly and closely monitored to ensure timely decisions and a timely response. In addition, InTiCa Systems has made a substantial effort in the area of lean production and will continue to drive forward process optimization. The shift in the product portfolio to products with a higher degree of automation also reduces personnel risks.

» *Liquidity risk*

By nature, InTiCa Systems' business involves high liquidity requirements. Higher interest rates and the increase in tied capital resulting from increasing inventory levels to safeguard the reliability of supply are putting further pressure on liquidity. Moreover, customers are increasingly seeking consignment warehousing agreements with InTiCa Systems. To keep the risk to InTiCa System to a manageable level, smaller lots are delivered in some cases. Savings in procurement and at production sites, scaling back investments to focus on necessary customer projects and permanently optimizing inventories are further measures to protect liquidity.

As of December 31, 2023, InTiCa Systems had nine fixed-interest loans totalling EUR 13.1 million with residual terms of between 2 and 7 years. In addition, in the past years four floating-rate loans have been concluded in the Czech Republic. These had a carrying amount of EUR 2.9 million as of December 31, 2023 and residual terms of between 1 and 5 years. These loans are used to secure liquidity. As an additional liquidity cushion, the overdraft facilities were increased by EUR 4 million as planned in the fourth quarter of 2023. In December 2023, a euro loan of EUR 1 million was repatriated to the overdraft facilities. InTiCa Systems thus has assured credit lines of EUR 19.9 million. EUR 13.0 million of this amount was drawn as of the reporting date. Further, the company has cash and cash equivalents of EUR 0.9 million. Liquidity is constantly adapted and optimized in line with market trends and the development of order offtake.

» *Currency risk*

The main currency risk for InTiCa Systems comprises the operating costs of its production facilities in the Czech Republic, Mexico and Ukraine, plus some customer contracts in US dollars. Following previous practice no euro/US dollar currency hedging was undertaken as the difference between procurement and sales in US dollars was not material. The future risk of appreciation of the Mexican peso mainly relates to higher wage costs.

InTiCa Systems' production facility in the Czech Republic sources goods from the euro zone. All deliveries are made on a euro basis, either to InTiCa Systems SE or to external manufacturers who undertake further processing steps. The primary currency risk with regard to the Czech koruna therefore relates to local wages and overheads and the liabilities of the Czech subsidiary to InTiCa Systems SE. The risk comprises appreciation of the Czech koruna and the related increase in wage costs for production personnel. In 2023, several currency forwards (financial derivatives) were concluded to hedge the Group against exchange rate fluctuations.

In addition, there are currency risks relating to translation of foreign subsidiaries' (euro) liabilities to and (euro) receivables from the parent company. However, these do not affect the Group's cash flows. Depending on the development of the exchange rates of the Czech koruna, the Mexican peso and the Ukrainian hryvnia versus the euro, this could result in - possibly considerable - book losses or book gains in the financial statements of the subsidiaries.

» *Interest rate risk*

Although the high inflation rate declined considerably in 2023, it remains stubbornly above the central banks' targets. Consequently, the anticipated rate cuts have not yet materialized and the Federal Reserve in the USA recently dampened prospects of a rapid interest rate turnaround. The company's exposure to the risk of short-term changes in interest rates on its large loans is limited as the remaining term of the loans is between 2 and 7 years. Apart from four loans with variable interest rates and residual terms of between 1 and 5 years, all debt is based on fixed, customary market interest rates. However, interest income is dependent on short-term money market trends and there is thus a risk that only low interest income will be earned if rates fall. A capital investment guideline has therefore been issued to document this conservative investment strategy. No interest income was generated in the reporting period.

» *Credit risk (default risk)*

A credit risk arises if a customer does not meet its contractual commitments. To counter this risk the company undertakes extensive reviews of its customers' credit standing and engages in intensive receivables management, which is steadily being improved. Nevertheless, it cannot be ruled out that customers of InTiCa Systems could unexpectedly become insolvent. In view of the increasingly diversified customer base, the risk associated with individual customers is becoming less significant.

Moreover, it should be noted that an economic downturn and a possible decline in volume sales entail a significant sector risk, especially in the cyclical automotive sector, which is a central market for InTiCa Systems.

Looking at the markets covered by the Industry & Infrastructure segment, the European solar industry is still exposed to significant competitive pressure from Asia. It cannot be ruled out that strategic customers of InTiCa Systems could get into financial difficulties in the future. The management specifically monitors this sector and especially the main customers.

To reduce the credit risk, InTiCa Systems uses factoring for four customers. As of December 31, 2023, receivables of EUR 4.9 million had been sold through factoring (2022: EUR 3.0 million). In addition, InTiCa Systems has had credit insurance for goods since 2015 to protect it against material defaults on trade receivables.

» *Risks relating to non-financial aspects*

At present, there are no material risks that have or could have serious negative effects on the aspects outlined in section 2.

4.4 Overall statement on the risk situation

Apart from the present geopolitical situation, which is difficult to forecast (e.g. the war in Ukraine, Middle East conflict), the Board of Directors considers that the overall risks are limited and calculable. Based on the information currently available, the Board of Directors' assessment is that there are no major individual risks, either at present or in the foreseeable future, that could be classified as a threat to the company's existence.

Risks are assessed on the basis of probability of occurrence and the potential impact before consideration of countermeasures on the Group's assets, financial position and results of operations (in EUR thousand), using the following criteria:

Probability of occurrence	
Unlikely	Probability of occurrence: 0% to 25%
Possible	Probability of occurrence: 26% to 75%
Probable	Probability of occurrence: 76% to 100%

Impact	
Low	EUR 0 to EUR 500 thousand
Medium	EUR 500 thousand to EUR 1,000 thousand
High	>EUR 1,000 thousand

The risks outlined above can be classified on this basis:

Risks	Probability of occurrence	Impact
Market risks	Possible	High
Customer dependence	Possible	High
Dependence on suppliers	Possible	High
Technological risks	Unlikely	Medium
Personnel risks	Possible	Medium
Liquidity risk	Possible	High
Currency risk	Possible	Medium
Interest rate risk	Possible	Low
Credit risk (default risk)	Possible	Medium

Since the cash flow from operating activities was positive and the company has a good equity base, the Board of Directors rates the aggregate position as regards individual risks to the development of the Group as positive.

Extending the product portfolio and introducing new e-solutions products, the capacity increases required for this, and the continuous expansion of our production site in Mexico and the USMCA market are regarded as key factors for positive sales and earnings trends in the future. The increasing diversification and internationalization of markets play a central role in this.

5. Opportunities and management of opportunities

5.1 Management of opportunities

There are extensive new opportunities for InTiCa Systems, especially as a result of the global transformation of the automotive industry and new technologies and areas of application in markets of relevance for the Industry & Infrastructure segment. This potential needs to be identified, evaluated and utilized for the company. InTiCa Systems does not have a dedicated system to manage opportunities.

Moreover, opportunities are not quantified. Analysing opportunities falls within the remit of the Board of Directors. The strategic focus of the Group and the operating measures taken are based on its analysis of opportunities. Besides, opportunities always involve risks. The role of risk management is to evaluate such risks and minimize them insofar as possible. InTiCa Systems strives to achieve a balance between opportunities and risks.

The next section outlines the most significant opportunities for InTiCa Systems. However, these are only an excerpt from the opportunities that arise. Further, the assessment of opportunities is subject to continuous change as the relevant markets and technological conditions are constantly changing. This can also generate new opportunities.

5.2 Opportunities

» *Continued repositioning as a systems supplier*

As it repositions itself as a solution provider, InTiCa Systems is continuing to focus on achieving an equilibrium between product diversification and internationalization and recognizes the extensive opportunities arising from the process of innovation and renewal throughout the company. Precisely this openness to change is proving a trump card in collaboration with customers. Thanks to its enormous flexibility as a component and systems supplier, the company is increasingly taking on more responsible tasks such as the development of entire systems. These solutions form the essential added value for customers, and ultimately for OEMs (original equipment manufacturers) and end-consumers. Trust, reliability and a responsible approach to customers and employees characterize InTiCa Systems' long-term customer relationships and form the basis for the future development of the company's business base. By continuously extending vertical integration and building up development and manufacturing expertise, InTiCa Systems is able to generate higher margins and secure long-term business.

» *Key technologies for e-mobility*

Hybridization and electrification, autonomous driving and the networking and digitalization of vehicles are seen as key technologies for the automotive industry, both now and in the future. InTiCa Systems' product groups already give it a foothold in all three areas, with products such as stator coils for hybrid drives, EMC filters for electric vehicles, stationary battery storage solutions and actuators for a wide range of applications. The diverse key components produced by InTiCa Systems for well-known systems suppliers and OEMs are used in an increasingly wide range of vehicle brands. This is made possible by InTiCa Systems' close collaboration with OEMs and their suppliers.

The progressive market penetration of keyless entry/go systems, power electronics components and further mechatronic and inductive assemblies offer opportunities for sales growth at InTiCa Systems, which is positioned as a specialist in these product and technology segments. Its products are used by the leading international automobile producers in both premium and volume models.

» *Energy management for industrial electronics*

Developments in the automotive industry act as a stimulus for the Industry & Infrastructure segment and vice versa. In this respect, InTiCa Systems considers that it is driven more by product expertise than by the respective segment. Concrete synergies do not simply result from the successful transfer of know-how from filter technology for the automotive industry to industrial applications; there are also synergies relating to future stationary battery and charging points, which will benefit the development of sales in the Industry & Infrastructure segment. Even though the European photovoltaic industry came under pressure from changes to subsidy programmes and increasing competition from Asia in the reporting period, the industry is a key element for sustainable energy generation throughout the world in the future. In the medium to long-term this is driving forward the business with components and modules for inverters and converters to transform solar power into electricity for the grid. Essentially, the rollout of charging infrastructure in Europe is also making progress. InTiCa Systems has a product for DC charging systems in the 50 kW range. The customer has started to commercialize this system and it now has to become established on the market. Building on its specific expertise in inductivity, InTiCa Systems has been building up a speciality product range for various markets in its Industry & Infrastructure segment since 2023. The products are currently being developed and built for the first customers at the Technology Centre in Passau. Medium-sized serial production at the production locations is also conceivable in the future.

» *High customer retention in the automotive industry*

InTiCa Systems focuses on being a world-class player in the global competition to develop and manufacture inductive components and mechatronic systems. The Group, which sees itself as a specialist for its customers in these areas, is driving its corporate development forward in a sustainable manner in accordance with this high standard. To acquire well-known national and international systems suppliers (and OEMs) in the automotive industry as customers, InTiCa Systems uses a proactive approach and collaborative cooperation. Longer-term orders and strong value retention are evidence of the high degree of customer satisfaction with InTiCa Systems' product quality, technological expertise and flexibility. That provides the necessary basis for uncomplicated and rapid placement of new developments on the market and increases global competitiveness.

» *Development and manufacturing expertise*

From our point of view, InTiCa Systems' team of experts has specialist know-how in development and manufacturing, combined with many years of experience. In our opinion, as well as paving the way for InTiCa Systems' success, this allows the company to respond quickly and specifically to customers' requirements and to rapidly come up with optimum, individual solutions to new problems. Continuous internal transfer of knowledge and experience, especially in the area of technology, leverages cross-segment and cross-departmental synergies. These are used in the development of future-oriented products and solutions such as components for electric and hybrid vehicles, a future-oriented business area which will be an increasing focus of InTiCa Systems' activities in the next few years. From the perspective of the Board of Directors, the development unit's focus on key future technologies underpins InTiCa Systems' strong position in inductive components, passive analogue switches and mechatronic modules.

» *Expansion of international business*

To achieve its twin targets of growing sales and expanding its customer base, InTiCa Systems also strives to expand its international presence. Building and extending new and existing distribution and production alliances are geared to establishing InTiCa Systems internationally in the long term. The internationalization process started in 2014, with a focus on the North American region. In 2015, a new production site was established in Mexico. Production of the first small-scale series for automotive customers came on stream there at the end of 2016. Production started on a complete serial line in 2017 and was continuously ramped up between 2018 and 2023. Local orders from the USMCA region are increasingly being secured. Further production sites are under consideration for the medium term. The search for a site in eastern Europe led the company to Ukraine due to its well-qualified workers, the available infrastructure and the wage level. In view of the difficult situation caused by the Russian invasion, no significant business activities had started at the site in Bila Tserkva by the end of 2022. After carefully weighing up the opportunities and risks, it was decided to gradually commence production at the site in Ukraine at the start of 2023, especially of products for the photovoltaics industry. This location has developed very positively in terms of staff training, production, productivity, quality and general workflows. Problematic aspects are logistics, due to very long waiting times at the borders, and the low availability of skilled workers. The development of the Ukrainian subsidiary is being monitored very closely due to the ongoing war. In parallel with this, the search for an alternative location in eastern Europe is continuing.

5.3 Management assessment of the overall risk and opportunity situation

From the perspective of the Board of Directors, the Automotive and Industry & Infrastructure segments, coupled with InTiCa Systems specific core competencies, currently offer the Group sufficient potential to generate sustainable growth in the future. InTiCa Systems needs to actively embrace the process of transformation, especially in respect of the essential issues relating to e-solutions.

Taking an aggregate view of the opportunities and risks, without the current geopolitical situation, which is difficult to forecast, (e.g. the war in Ukraine, Middle East conflict), the Board of Directors would still come to a positive assessment. Taking the above factors into consideration, however, the 2024 financial year involves further exceptional risks. At the date of preparation of the annual report, it was therefore not possible to conclusively estimate the medium to long-term impact on the development of the Group. The Group's operating management is taking a risk-aware approach, and has taken extensive measures to mitigate the potential risks.

Based on the present order situation, there is no material uncertainty about the ability of the Group to continue to operate as a going concern. Consequently, from the present viewpoint there is no threat to its continued existence. That said, the medium to long-term effects of the various geopolitical crises and the specific global economic developments on business development still cannot be estimated in full. InTiCa Systems therefore has to assume that the situation could have an unforeseeable impact on its future performance. It is not possible to rule out a shift in the placement of orders or deferral of projects for which contracts have already been awarded, logistics bottlenecks or, for example, supply chain problems. If the negative effects on procurement and volume sales continue for a prolonged period and the procurement and volume situation does not normalize, the above risk assessment would have to be re-evaluated.

With the exception of the factors referred to repeatedly above, the risks arising from geopolitical developments, market, customer and product developments and production relationships, which could have a negative impact on InTiCa Systems' business, have been taken into account in this report and are considered to be containable and controllable. In line with this assessment, no other risks have currently been identified that could jeopardize the future existence of the Group.

6. Outlook

Growth opportunities for InTiCa Systems comprise developing, manufacturing and marketing innovative products that offer customers clear additional benefits that set them apart from competing products. A strong customer focus combined with the ability to drive forward product developments fast and effectively through new manufacturing technologies is the key prerequisite for using the growth prospects offered by the market. In e-solutions, in particular, the Board of Directors sees further substantial growth potential for InTiCa Systems. The forecasts for 2024 are outlined below.

6.1 Segment trends

» Automotive⁵

The automotive industry is going through the biggest transformation in its history. The switch from combustion engines to alternative technologies, digitalization and sustainable production all have to be achieved simultaneously. Moreover, they have to be achieved in a situation where economic and geopolitical changes and uncertainties and high raw material and logistics prices are weighing on the international automotive markets. In view of the massive challenges, sector growth is only likely to be moderate in 2024. The German Automotive Industry Association (VDA) forecasts that the global car market will increase by 2% to 77.4 million vehicles. That would be almost back at the 2019 level (78.8 million vehicles). The most important markets are basically moving in tandem: The Chinese market should grow by 1% to 21.8 million cars, the US market by 2% to 15.7 million light vehicles and the European market (EU 27, EFTA & UK) by 4% to 13.3 million new registrations.

By contrast, the VDA predicts that the German market will contract by 1% to around 2.8 million vehicles. This is principally due to the electric car market, which is still suffering from the reduction in subsidies, with 9% fewer new registrations predicted for 2024. While sales of plug-in hybrids (PHEV) could increase by 5% to 185,000 vehicles, sales of battery electric vehicles (BEV) are expected to drop by 14% to 451,000 vehicles. In terms of vehicle production, however, the picture is completely different. Here, the VDA anticipates strong growth of 19% in electric cars produced. By contrast, the total number of cars produced in Germany is expected to be unchanged, while foreign production of German brands could rise by 4%.

⁵VDA PM vom 04.04.2024 https://www.vda.de/de/presse/Pressemeldungen/2024/240404_PM_Nationale_PM_Pkw-Produktion_in_Deutschland_im_Maerz_2024
 VDA PM vom 11.03.2024 – https://www.vda.de/de/presse/Pressemeldungen/2024/240311_PM_Studie_Finanzierung_Zulieferer_Oliver_Wyman_2024
 VDA PM vom 21.02.2024 – https://www.vda.de/de/presse/Pressemeldungen/2024/240221_Kommentierung_Jahreswirtschaftsbericht
 VDA PM vom 30.01.2024 – https://www.vda.de/de/presse/Pressemeldungen/2024/240130_PM_VDA-Präsidentin-Hildegard-M-ller-fordert-Paradigmenwechsel
 Ifo PM vom 03.04.2024 – <https://www.ifo.de/fakten/2024-04-03/geschaeftsklima-der-automobilindustrie-im-aufwind>

By the end of the first quarter, the German car market had slightly exceeded expectations for the period. New registrations were up 4% year-on-year in the period January to March. However, that was still 185,000 vehicles fewer (-21%) than in the first three months of the last year before the Covid pandemic. As expected, volume sales of electric cars declined. Overall, 126,300 new electric cars were registered in the first quarter (-5%). The increase in PHEV (+20%) could not offset the downturn in BEV (-14%). The business climate recently improved slightly. The outlook for the next six months was no longer quite as pessimistic, with export prospects providing hope. Nevertheless, the negative estimates still predominate. While only a few companies are still reporting supply chain problems, many suppliers are complaining of greater difficulty accessing credit, higher financing costs and declining profitability.

Despite the current dip in the European market for electric vehicles resulting from uncertainty about subsidies and problems with resale values, InTiCa Systems anticipates that the development of the sector will adjust to this in the medium term. At any rate, German automotive producers and suppliers are redoubling their efforts and intend to invest more than EUR 280 billion in R&D worldwide between 2024 and 2028. The focus is on the transformation, especially e-mobility - including battery technology, autonomous driving and digitalization. The aim is for there to be 15 million fully electric vehicles on the road in Germany by 2030. The German manufacturers aim for a significant rise in the number of vehicles produced by then. Which markets they serve and where the vehicles are produced will depend on the overall framework.

Focusing on the e-mobility market therefore remains an important element in InTiCa Systems' strategy. It has invested consistently and purposefully in product and process development, installed complex production technology and successfully started industrial-scale production of several serial products. Most recently, a production line for a stationary energy supply unit for a US automotive producer was successfully installed and accepted in Mexico. Order offtake is currently lower than originally indicated, but in general InTiCa Systems sees high potential for this product. So far, demand for stator coils for hybrids has been slightly above expectations. Another high-performance line came into service on schedule in 2023 and production of a new mid-hybrid stator coil for a well-known customer was positively validated at the start of 2024 and serial ramp-up is about to start, with prospects of higher volumes.

At present, the Board of Directors assumes that overall, the automotive market will recover in 2024, not least because the OEMs' business models require a certain volume. In the first quarter, the development of the Automotive segment was stable and over the year and currently the budget is expected to be met. At present, there is particularly high demand for stator coils and coils for damping systems. EMC filter technology has also consolidated and new orders have been acquired for chassis systems, including enquiries about additional volumes. In the Czech Republic, the new antenna line has now been taken into service. While order offtake was lower than planned in the first quarter, orders on hand are now at the planned level. In Mexico, production has started for additional long-term USMCA orders acquired by a local team since the end of 2023 as a result of outsourcing activities by major customers. In all, these are for 8-10 products, with cumulative annual order volume of between EUR 3 million and EUR 4 million.

However, constant fluctuations and postponement of order offtake are having an impact on costs, so pressure on margins is still high. InTiCa Systems endeavours to pass cost rises on to customers. That has been successful to some extent, but it is not generally possible to recoup the full cost rise. In light of this, the most pressing task for the established Automotive business is to increase productivity further through ongoing lean projects and to consolidate the indirect personnel requirements in production. Another focus is on examining alternative sourcing options for raw materials and semi-finished products. In the area of cores and copper wire, in particular, new suppliers are increasing competition, which is advantageous for InTiCa Systems.

Taking into account the particular challenges, the Board of Directors expects segment sales of around EUR 62 million to EUR 73 million in 2024.

» Industry & Infrastructure⁶

Driven by the electrification and digitalization growth trends, the electrical/electronics and digital industry has recently posted above-average growth. It is the only major sector of manufacturing industry where real output is now higher than before the pandemic. However, given the present difficult economic situation with inflation, comparatively high interest rates and high energy prices, growth is expected to dip in 2024. The sector association ZVEI assumes that real output will contract by 2% during this year. The trend at the beginning of the year provides further grounds for caution. In the first two months, aggregate sector sales were down 5.1% year-on-year, with domestic sales (-6.8%) dropping faster than foreign sales (-3.6%). One positive factor is that the business climate in the German electro and digital industry improved for the fourth consecutive month in March 2024. While the situation is still regarded as negative, for the first time for a year, most business expectations were positive. German electrical and electronic companies therefore revised their production plans slightly upward in March 2024. However, the net balance of firms that intend to increase or decrease output in the next three months remains negative.

Irrespective of the short-term trend, the fundamental growth drivers remain intact. The defined climate targets can only be achieved with the aid of decentralized energy generation with storage, local distribution using digital network connections, sector coupling with photovoltaics, heat pumps, e-mobility and, last but not least, a massive increase in efficiency in the direct use of electricity. Russia's war in Ukraine has highlighted the security-policy dimension of the energy system and the need for restructuring and electrification based on renewable resources. That entails a need for high investment in infrastructure and smart technologies. Although all participants rate the present geopolitical and political situation as uncertain, according to a recent ZVEI survey, 60% of firms intend to increase their global investment spending and utilize the opportunities arising from this phase of industrial transformation.

Demand for InTiCa Systems' products for the photovoltaics industry, for example inductive components and mechatronic assemblies, is therefore set to remain significant in 2024. However, the European internal market has weakened considerably since the second half of 2023. This was due to the uncertainty about subsidies, full wholesale warehouses and increasing competition from global producers who are aggressively entering the market. This trend continued at the start of 2024 and InTiCa Systems SE estimates that it could even intensify. Almost all customers revised their offtake figures downward in the first quarter. In some cases, this included considerable postponements and even cancellations. According to information from customers, offtake patterns are only likely to pick up in the second half of 2024. The situation is similar in the market for charging

infrastructure, which is being held back by the sluggish development of electric vehicles. InTiCa Systems has a product for DC charging systems in the 50 kW range.

To strengthen its market position, InTiCa Systems focuses on proprietary developments. For example, it has developed an innovative separator transformer with a significantly better performance profile. Higher efficiency and improved heat management are paired with lower space and material requirements. To reduce dependence on individual products and areas of industry, InTiCa Systems has also set the goal of extending its established expertise to further market segments such as special vehicles, industrial plant and medical technology. For this purpose, it started to set up a speciality product business in 2023. The basis is InTiCa Systems' specific expertise in inductive elements. Initial small orders were acquired at the beginning of 2024 and InTiCa Systems sees potential for mid-sized series in the future. Compared with large-scale serial business, the speciality products business commands above-average margins.

Taking into account the particular challenges and the withdrawal of a product by a major customer, the Board of Directors expects this segment to report sales of between EUR 18 million and EUR 22 million in 2024.

6.2 Order situation

At the end of the first quarter of 2024 orders on hand were below the prior-year level at EUR 86.1 million (March 31, 2023: EUR 96.2 million). 89% of orders were for the Automotive segment (Q1 2023: 78%). From the fourth quarter of 2023, increasing restraint was evident, especially in the Industry & Infrastructure segment in respect of e-charging infrastructure and products for the photovoltaics industry from the fourth quarter. By contrast, the offtake situation in the Automotive segment is currently somewhat better than in 2023. Here, higher unit sales of vehicles with combustion engines and hybrids play a key role. Since the future geopolitical and economic developments are difficult to estimate, uncertainty remains high overall. Therefore, at present it is not possible to effectively estimate the extent of order offtake by customers in the remainder of the year and discussions with OEMs about shortfalls in order volumes are difficult. At the end of the 2024 financial year, the Group anticipates orders on hand to exceed EUR 85.0 million.

6.3 Earnings, asset and financial position

The macroeconomic environment is still dominated by numerous risk factors. At present there is no sign of an end to the war in Ukraine or the conflict in the Middle East and the US elections are also contributing to the uncertainty. That is reflected in an increase in tied capital as a result of inventories to safeguard the reliability of supply. Together with higher interest rates, that results in persistently high liquidity requirements. The core inflation rate is still high. Although global price levels for raw materials and semi-finished products have stabilized, they are still well above historical levels. Cross-site wage rises are increasing the pressure on margins.

In view of this, 2024 got off to a difficult start for InTiCa Systems. In the Industry & Infrastructure, in particular, there were significant postponements or even cancellation of orders by some customers. Negotiations on possible compensation are currently under way. The situation is only expected to improve in the second half of 2024. Despite continued order volatility and deferrals in the Automotive segment as well, so far the development in this segment has been within the budgeted level. According to the preliminary figures, Group sales totalled EUR 20.1 million in the first three months of 2024 (Q1 2023: EUR 23.7 million). On the earnings side, EBIT is expected to come in at around EUR 0.4 million in the first quarter of 2024 (Q1 2023: EUR 0.6 million).

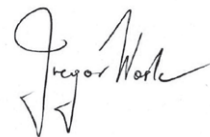
The Automotive segment will remain the most important element in InTiCa Systems' business activities in the current year. By contrast, there is likely to be a temporary slight drop in the share of the Industry & Infrastructure segment due to the situation in the photovoltaics market. Nevertheless, the Board of Directors still sees substantial potential in access to new areas of industry and the establishment of the speciality products business. In all, InTiCa Systems is driven more by product expertise than by individual segments. For example, the new products of a major US producer of e-charging systems are derived from both segments.

Product innovations should also help drive internationalization and gain access to additional markets in the future. Demand for InTiCa Systems' development expertise remains high and, in both segments, a significant proportion of new orders are for new e-solutions products. Irrespective of the challenges within the current environment, the electrification of key areas of the economy is still a key growth driver and we still see InTiCa Systems SE well positioned to participate in the high demand for innovative e-solutions.

At present, the Board of Directors assumes for 2024 that, taking into account the ongoing high uncertainty, Group sales will be between EUR 80.0 million and EUR 95.0 million, while EBIT will be between EUR 0.0 million and EUR 2.4 million corresponding to an EBIT margin between 0,0% and 2.5%. Where possible, the material cost ratio should be optimized further in both segments and the equity ratio should remain stable. The assumptions underlying the forecast for 2024 are that the cyclical trend will not deteriorate further and geopolitical conflicts will not escalate. Unforeseeable negative effects could affect suppliers, have a direct impact on InTiCa Systems, or affect its customers, resulting in an inability to meet expectations.

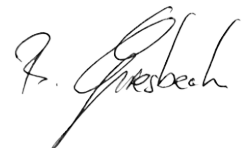
Passau, June 6, 2024

The Board of Directors



Dr. Gregor Wasle

Chairman of the Board of Directors



Bernhard Griesbeck

Member of the Board of Directors



GROUP

Consolidated Financial Statements

Consolidated Balance Sheet

of InTiCa Systems in accordance with IFRS

as at December 31, 2023

Assets	Note	Dec. 31, 2023 EUR '000	Dec. 31, 2022 EUR '000
Non-current assets			
Intangible assets	14	5,142	4,352
Property, plant and equipment	13.1	29,525	26,850
Deferred taxes	10.3	2,371	1,791
Total non-current assets		37,038	32,993
Current Assets			
Inventories	17	18,693	17,145
Trade receivables	18	7,728	9,596
Tax assets	10.2	1,182	497
Other financial assets	16.1	625	642
Other current receivables	16.2	1,510	1,310
Cash and cash equivalents	31	946	3,235
Total current assets		30,684	32,425
Total assets		67,722	65,418

Equity and liabilities	Note	Dec. 31, 2023 EUR '000	Dec. 31, 2022 EUR '000
Equity			
Capital Stock	19	4,287	4,287
Treasury Stock	19	-64	-64
General capital reserve	20	15,389	15,389
Profit reserve	21	1,402	2,530
Currency translation reserve	22	-187	-173
Total equity		20,827	21,969
Non-current liabilities			
Financial liabilities	23	10,958	12,740
Other financial liabilities	29.2; 33	4,346	2,829
Deferred taxes	10.3	1,770	1,798
Total non-current liabilities		17,074	17,367
Current liabilities			
Other current liabilities	24	1,272	2,371
Tax liabilities		375	538
Financial liabilities	23	18,081	12,366
Trade payables	25; 29.2	5,127	7,625
Other financial liabilities	26; 29.2	2,983	1,211
Other current liabilities	27	1,983	1,971
Total current liabilities		29,821	26,082
Total equity and liabilities		67,722	65,418
<i>Equity ratio</i>		30.8%	33.6%

Consolidated statement of comprehensive income

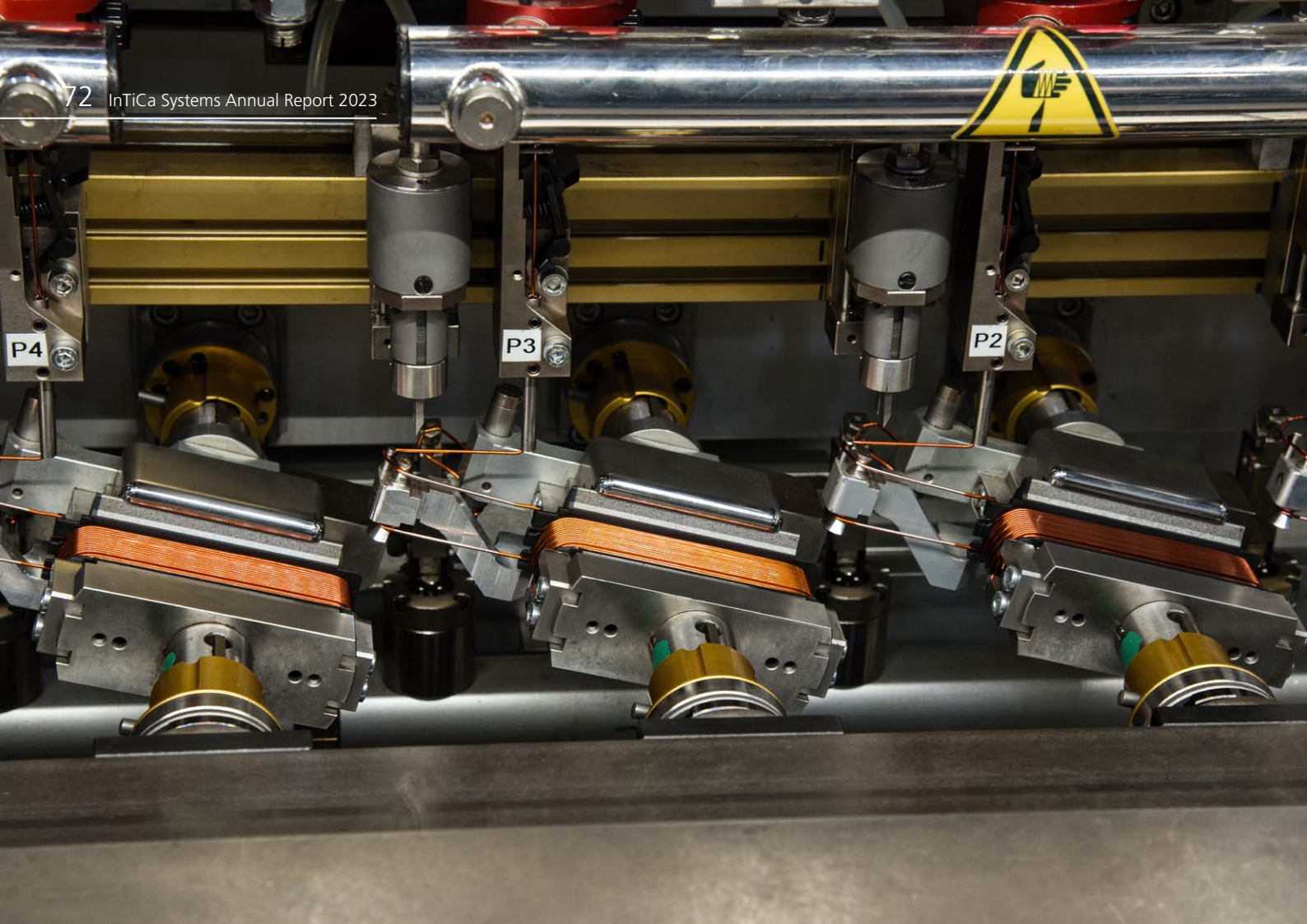
of InTiCa Systems in accordance with IFRS
for the period from January 1 to December 31, 2023

	Note	Fiscal year EUR '000	Previous year EUR '000
Sales	5; 6.2	86,876	90,739
Other operating income	7	3,317	3,299
Change in finished goods and work in process	17	1,917	1,009
Other own work capitalized		958	979
Raw materials and supplies		55,018	57,905
Personnel expense	11.3	19,269	17,442
Depreciation and amortization	11.1; 13.1; 14	6,250	6,025
Other expenses	7	12,261	12,309
Operating profit (EBIT)		270	2,345
Cost of financing	9	1,520	621
Other financial income	8	6	0
Pre-tax profit/loss		-1,244	1,724
Income taxes	10.1	-116	109
Consolidated net profit/loss		-1,128	1,615
Other comprehensive income, after taxes			
Items that will subsequently be reclassified to profit or loss if specific conditions are met:			
Exchange differences from the translation of foreign operations	22	-14	694
Other comprehensive income, after taxes		-14	694
Total comprehensive income		-1,142	2,309
Earnings per share (diluted/basic in EUR)	12	-0.27	0.38

Consolidated Cash Flow Statement

of InTiCa Systems in accordance with IFRS/IAS
for the period from January 1 to December 31, 2023

	Note	Fiscal year EUR '000	Previous year EUR '000
Cash flow from operating activities			
Consolidated net income/loss for the period		-1,128	1,615
Income tax expense recognised in income	10.1	-116	109
Cash outflow for borrowing costs	9	1,520	621
Income from financial investments recognised in income	8	-6	0
Depreciation and amortization of non-current assets	11.1	6,250	6,025
Non-cash transactions		-656	-217
<i>Increase/decrease in assets not attributable to financing or investing activities</i>			
Inventories	17	-1,548	974
Trade receivables	18	1,868	-1,657
Other assets		-184	352
<i>Increase/decrease in liabilities not attributable to financing or investing activities</i>			
Other current Provisions	24	-1,099	163
Trade payables	25; 29.2	-2,498	1,318
Other liabilities		1,745	-272
Cash and cash equivalents from operating activities		4,148	9,031
Income tax receipts/payments		-1,107	-992
Cash outflow for interest payments		-1,488	-619
Net cash flow from operating activities		1,553	7,420
Cash flow from investing activities			
Interest income		6	0
Cash inflow from the disposal of property, plant and equipment		27	16
Cash outflow for intangible assets	14	-1,925	-1,814
Cash outflow for property, plant and equipment	13.1; 33	-4,711	-7,666
Cash outflow for a long-term receivable	16.1	0	0
Net cash flow from investing activities		-6,603	-9,464
Cash flow from financing activities			
Cash inflow from loans		3,169	8,630
Cash outflow for loan repayment installments		-5,228	-4,134
Repayments from the redemption of finance leases	33; 34	-1,287	-1,114
Net cash flow from financing activities		-3,346	3,382
Total cash flow		-8,396	1,338
Cash and cash equivalents at start of period	31	-3,800	-5,238
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies		115	100
Cash and cash equivalents at end of period	31	-12,081	-3,800



Stator coils

for hybrid technology

Consolidated Statement of Changes in Equity

for InTiCa Systems according with IFRS
for the period from January 1, 2022 to December 31, 2023

	Capital stock EUR '000	Treasury stock EUR '000	Capital reserve EUR '000	Profit reserve EUR '000	Currency trans- lation reserve EUR '000	Total equity EUR '000
Note	19	19	20	21	22	29.1
As at January 1, 2022	4,287	-64	15,389	915	-867	19,660
Consolidated net income 2022	0	0	0	1,615	0	1,615
Other comprehensive income, after taxes	0	0	0	0	694	694
Total comprehensive income 2022	0	0	0	1,615	694	2,309
As at December 31, 2022	4,287	-64	15,389	2,530	-173	21,969
As at January 1, 2023	4,287	-64	15,389	2,530	-173	21,969
Consolidated net income 2023	0	0	0	-1,128	0	-1,128
Other comprehensive income, after taxes	0	0	0	0	-14	-14
Total comprehensive income 2023	0	0	0	-1,128	-14	-1,142
As at December 31, 2023	4,287	-64	15,389	1,402	-187	20,827



NOTES

Notes to the Consolidated Financial Statements of InTiCa Systems SE for fiscal 2023

1. General information

InTiCa Systems AG was established on August 16, 2000. The change of legal form to InTiCa Systems SE was completed on March 10, 2023 and thus became formally effective. The company is registered in the Commercial Register at the District Court of Passau (HRB 12097). The company has been listed in the Prime Standard on the Frankfurt stock exchange since November 8, 2004 (ISIN DE0005874846, ticker symbol IS7).

The company's registered office is in Passau, Germany. Its address is InTiCa Systems SE, Spitalhofstrasse 94, 94032 Passau, Germany. The company has stakes in a company in the Czech Republic, a company in Mexico and a company in Ukraine. The principal activities of the company and its subsidiaries are described in Note 6 "Segment information" and Note 15 "Subsidiaries".

2. Application of new and amended standards

2.1 Standards, interpretations and amendments to standards and interpretations that were applied for the first time in the reporting period

The following standards, amendments to standards and interpretations were applied for the first time in the reporting period:

Initial application in the reporting period

Standard	Title
IFRS 17 including amendments to IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The amendment to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction) concerns the recognition of deferred taxes related to transactions where initial recognition gives rise to equal taxable and deductible temporary differences. This applies in particular to the recognition of leases by the lessee, where this results in additional deferred tax assets and liabilities. Since IAS 12 did not previously contain any

explicit rules on recognizing the tax effects of leases by lessees, in practice, different accounting methods were considered permissible. The method applied by InTiCa Systems in the past corresponds to the amendments to IAS 12, so the only changes relate exclusively to the disclosures in the notes.

The amendments to the other standards did not have a material effect on the present consolidated financial statements.

2.2 New and revised standards and interpretations published but not yet applied

» *New and amended standards and interpretations that have been endorsed by the EU*

The following new and amended standards and interpretations have been endorsed by the EU and are applicable for financial years beginning on or after January 1, 2024:

New and amended standards and interpretations endorsed by the EU for financial years beginning on or after January 1, 2024

Standard	Title	Mandatory application for financial years beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current and Non-Current (including deferral of the effective date) and Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024

InTiCa Systems SE will only apply the above standards from the mandatory date for initial application. Based on the analyses performed to date, they will not have a material impact on accounting and valuation in future financial years.

» *New and amended standards and interpretations that have not yet been endorsed by the EU*

The following changes that become effective in the coming years have not yet been endorsed by the EU:

New and amended standards and interpretations that have not yet been endorsed by the EU

Standard	Title	Mandatory application for financial years beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

InTiCa Systems SE will only apply the above standards from the mandatory date for initial application. The impact of the new and amended standards that have not yet been endorsed by the EU is constantly evaluated. From the above standards, IFRS 18 will probably result in changes to the presentation and disclosures in the notes in the consolidated financial statements.

3. Principal accounting policies and valuation methods

3.1 Declaration of conformance

The consolidated financial statements have been prepared in conformance with the International Financial Reporting Standards, as applicable for use in the European Union, and the supplementary commercial law provisions in accordance with sec. 315e paragraph 1 of the German Commercial Code (HGB).

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements have been drawn up on the basis of historical acquisition or production costs, with the exception of derivative financial instruments, which are measured at fair value. Historical acquisition or production costs are generally based on the fair value of the consideration paid for the asset. The fair value is the price that could be achieved in an orderly transaction between market participants on the reporting date for the sale of an asset or that would have to be paid for the transfer of a liability. This applies irrespective whether the price is directly observable or is estimated using a valuation method. However, it does not apply for valuation methods that are similar to but do not correspond to the fair value, for example, net realizable value as per IAS 2 "Inventories" or value in use as per IAS 36 "Impairment of Assets". The

principal accounting policies and valuation methods are outlined below. Where amounts are stated in thousands of euros (EUR '000) individual items or transactions may be subject to rounding differences of +/-1. The accounting policies are the same as those applied in previous years.

The company's financial year is the calendar year.

3.3 Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent company and any business entities under its control. Control exists when the parent company can exercise power over its subsidiaries, obtains variable returns from its shareholding and can influence such returns through its power over the entity. The financial statements of all consolidated companies are prepared as of the closing date for the consolidated financial statements.

Where necessary, the annual financial statements of subsidiaries are adapted to the accounting policies and valuation methods used at Group level.

All intragroup business transactions, balances, profits and losses are fully eliminated in the consolidation process.

In addition to the parent company in Passau, Germany, InTiCa Systems SE, the following companies are included in the consolidated financial statements: InTiCa Systems s.r.o., Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V. and InTiCa Systems TOV in Bila Tserkva, Ukraine, see Note 15.

3.4 Business combinations

So far, InTiCa Systems has not undertaken any business combinations. All of the parent company's present business operations were acquired by establishing new entities through cash-based capital contributions.

3.5 Revenue recognition

The Group generates revenue in the following areas (see also 6.5):

- The sale of small-signal electronics
- The sale of power electronics
- The sale of mechatronic components and systems
- Other (especially the sale of tools and materials)

Sales are measured at the amount of the consideration that the Group expects to receive from a contract with a customer. The Group recognizes revenue when control of the product or service is transferred to the customer. Revenue from the sale of goods therefore has to be recognized when the goods are delivered to the customer. Delivery has taken place when the goods have been shipped to the customer, the risks of obsolescence and loss have been transferred to the customer, and the customer has either accepted the goods in accordance with the contract of sale, the acceptance date has lapsed, or the Group has objective evidence that all acceptance criteria have been fulfilled. The criteria for recognizing revenue from the sale of goods over a period of time are not met because, prior to delivery, there is no enforceable right to payment for the work performed and/or there may be an alternative use. Moreover, the production process for the individual goods covers a short period of time and delivery of the goods produced takes place shortly after receipt of the customer order.

When a contractual party has satisfied the contractual performance obligations, the company must recognize contract asset or a contract liability, depending on whether the company has satisfied its performance obligation or the customer has paid the consideration. No contract assets were recognized in the reporting period or the previous year. The contract liabilities relate entirely to advance payments received.

The structure of the terms of payment comprises (pro rata) advance payments as well as the customary payment terms of up to a maximum of 120 day.

Warranty obligations do not go beyond the legal obligations.

3.6 Leases

A lease is a contract that conveys the right to use an asset (right-of-use asset) for a period of time in exchange for consideration. Until December 31, 2018, an agreement was classified as a lease if the lessor transferred the right to use an asset to the lessee for a specific period of time in return for contractually agreed payments. Under IAS 17, the economic ownership of the leased asset was only attributed to the lessee if all material risks and rewards incidental to ownership of the leased asset were borne by the lessee.

InTiCa Systems has applied IFRS 16 since January 1, 2029. InTiCa Systems therefore accounts for leases where it is the lessee by recognizing the right-of-use assets and liabilities for the associated payment obligations (lease liabilities). The right-of-use asset is measured at the present value of the future lease payments and subsequently depreciated over the useful life of the underlying asset or the lease term. The lease liability is measured at the

present value of the lease payments to be made over the term of the lease. For subsequent recognition, the carrying amount is increased by the applicable borrowing rate and reduced by lease payments made. The lease payments of the InTiCa Group are discounted using the lessee's incremental borrowing rate.

When determining the lease term, the management takes into account all facts and circumstances that offer an economic incentive to exercise extension options or not to exercise termination options. The periods relating to extension or termination options are only included in the lease term if it is reasonably certain that the extension option will be exercised or the termination option will not be exercised.

The Group makes use of the following practical expedients when applying IFRS 16 to leases that are classified as operating leases under IAS 17:

- for leases where the lease term ends within 12 months of the date of initial application, the Group has not recognized either right-of-use assets or lease liabilities;
- for leases where the underlying asset is of low value (< EUR 5 thousand), the Group has not recognized either right-of-use assets or lease liabilities;
- in the measurement of the right-of-use asset at the date of initial application, the Group did not take account of the initial direct costs; and
- the Group determined the lease term retrospectively.

The right-of-use assets are measured at cost of acquisition, which is comprised of the following items (as applicable):

- the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs
- dismantling obligations

The right-of-use assets are subsequently measured net of depreciation, which is calculated using the straight-line basis. The depreciation period in the Group is 3-12 years.

The lease liabilities comprise the following lease payments (as applicable):

- fixed payments less any lease incentives receivable
- variable lease payments that depend on an index or interest rate
- amounts expected to be payable under residual value guarantees
- extension or termination options
- the exercise price of a purchase option if exercise is considered reasonably certain
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

For further information on the effects on the Group, please see Note 33.

3.7 Foreign currencies

The consolidated financial statements are drawn up using the functional currency principle. The functional currency of the parent company is the euro (EUR). This is also the currency used to present the consolidated financial statements.

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. On each reporting date, monetary items in foreign currencies are translated at the applicable exchange rate on the reporting date. Non-monetary foreign currency items that are recognized at fair value are translated at the exchange rates that were valid on the date on which the fair value was calculated. Non-monetary items that are recognized at the cost of acquisition or production are translated at the exchange rate on the date on which they are first included in the financial statements.

Translation differences arising from monetary items are recognized in profit or loss in the period in which they occur. This does not apply to translation differences relating to receivables or payables from/to a foreign business operation where fulfillment is neither planned nor probable (and that are consequently part of a net investment in the foreign business operation). These are initially recognized in other comprehensive income and reclassified from equity to profit or loss in the event of divestment.

When preparing the consolidated financial statements, the assets and liabilities of the Group's foreign business operations are translated into euros (EUR) at the exchange rate applicable on the reporting date. Income and expenses are translated using the average exchange rate for the fiscal year. If a foreign business operation is divested, all accumulated translation differences from this business operation that are attributable to the Group are reclassified to profit or loss.

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

Country	Closing rates		Average rates	
	2023	2022	2023	2022
Czech Republic	EUR 1/ CZK 24.725	EUR 1/ CZK 24.565	EUR 1/ CZK 24.007	EUR 1/ CZK 24.115
USA	US \$ 1.108	US \$ 1.0676	US \$ 1.081	US \$ 1.0682
Mexico	MXN 18.665	MXN 20.652	MXN 19.177	MXN 21.279
Ukraine	UAH 42.208	UAH 38.951	UAH 39.562	UAH 33.995

3.8 Taxation

Income tax expense represents the sum of current tax expense and deferred taxes.

» Current taxes

Current taxes are determined on the basis of taxable income for the year. Taxable income differs from the net profit shown in the consolidated statement of profit and loss due to income and expenses that will be taxable or tax-deductible in future periods or will never be taxable or tax-deductible. The Group's current tax liability is calculated on the basis of tax rates applicable on the reporting date or which will become applicable shortly after the reporting date.

» Deferred taxes

Deferred taxes are recognized for the differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding valuation used to calculate taxable income for the fiscal authorities. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized if it is probable that sufficient taxable profit will be available to utilize the tax-deductible temporary differences. Such deferred tax assets and liabilities are not recognized if the temporary differences relating to the initial recognition of assets or liabilities result from events that do not affect taxable income or the net profit. Deferred tax assets are only offset against deferred tax liabilities if the tax creditors are identical.

The carrying amount of deferred taxes is tested annually as of the reporting date and an impairment write-down is recognized if it is no longer probable that sufficient taxable income will be available to realize the asset either in full or partially. Deferred tax assets and liabilities are calculated on the basis of the anticipated tax rates (and tax legislation) that are expected to be applicable at the date of performance of the liability or realization of the asset. The valuation of deferred tax assets and liabilities reflects the tax implications that would arise if the liability were to be settled or the asset realized in the manner expected by the Group as of the reporting date.

» Current and deferred taxes for the reporting period

Current and deferred taxes are recognized in profit or loss unless they relate to items recognized either in other comprehensive income or directly in equity. In such cases, the current and deferred taxes are also recognized in other comprehensive income or in equity.

3.9 Earnings per share

Basic earnings per share are calculated by dividing the proportion of the earnings attributable to shareholders by the average number of shares outstanding in the financial year, excluding treasury stock held by the company itself. At present, the company does not have any equity instruments with dilutive potential.

3.10 Property, plant and equipment

Property, plant and equipment are recognized at acquisition or production cost – excluding ongoing maintenance expenses – less accumulated depreciation and accumulated impairment write-downs. These costs include the costs of replacing parts of such assets at the time when such costs are incurred, providing that the recognition criteria are met.

The procurement process for machinery and tools normally takes a maximum of 6 months so this does not give rise to any qualifying assets that would require capitalization of borrowing costs.

The carrying amounts of the property, plant and equipment are tested for impairment as soon as there are indications that they may exceed the recoverable amount.

Property, plant and equipment are derecognized at the date of disposal or written down to the lower recoverable amount if no further economic benefit is expected from the continued use or sale of the asset. Gains or losses resulting from derecognition of the asset are calculated from the difference between the net proceeds from the sale of the asset and its carrying amount and recognized in the statement of profit or loss for the period in which the asset is derecognized.

The residual values of assets, their useful lives and the depreciation method are reviewed at the end of each fiscal year and adjusted where necessary.

Assets are depreciated over the following useful lives using the straight-line method:

▪ Equipment, plant and office buildings	10 - 30 years
▪ Technical facilities and machines	5 - 8 years
▪ Vehicles, other facilities, furniture and office equipment	3 - 14 years

Land is not depreciated. The costs of major overhauls are included in the carrying amount of the asset providing that the recognition criteria are met.

3.11 Intangible assets

» *Intangible assets acquired separately*

Intangible assets acquired separately are recognized at acquisition cost less accumulated amortization and impairment write-downs. The acquisition cost is the acquisition price less rebates and discounts and less any directly attributable cost of preparing the asset for its intended use. Intangible assets are amortized over their expected useful life using the straight-line method and amortization is charged to income. The expected useful life of intangible assets and the amortization method are reviewed at the end of each fiscal year and any revised estimates are recognized prospectively. The useful lives of intangible assets vary between 3 and 5 years.

» *Self-created intangible assets – research and development expenses*

Research costs are expensed in the period in which they are incurred.

Self-created intangible assets resulting from development work are expensed if, and only if, it can be demonstrated that all the following criteria are met:

- completion of the intangible asset so that it will be available for use is technically feasible
- the company intends to complete and use the intangible asset
- the company has the ability to use the asset
- the way in which the intangible asset can be used to generate probable future economic benefits can be demonstrated
- adequate technical, financial and other resources are available to complete the development work and use the intangible asset
- the expenditure attributable to the intangible asset during its development can be measured reliably.

The amount initially capitalized for a self-created intangible asset is the expense incurred from the date on which the intangible asset fulfils these conditions. If a self-created intangible asset cannot be capitalized, the development costs are expensed in the period in which they are incurred.

Normally, the production process takes place in such a limited period that there is no justification for capitalizing borrowing costs since the uninterrupted development period is less than 12 months.

In our opinion, there are no qualifying intangible assets as defined in IAS 23.7.

In subsequent periods, self-created intangible assets are carried at cost less accumulated amortization and impairment write-downs in the same way as intangible assets acquired separately. The useful life varies between 3 and 6 years and amortization is recognized using the straight-line method.

Intangible assets are derecognized at the date of disposal or written down to the lower recoverable amount if no further economic benefit is expected from their continued use. The profit or loss resulting from the derecognition of an intangible asset, valued as the difference between the net proceeds and the carrying amount of the asset, is recognized as of the date of derecognition of the asset.

3.12 Impairment of property, plant and equipment and intangible assets

The Group tests the carrying amounts of property, plant and equipment and intangible assets for indications of impairment as of every reporting date. If such indications are identified, the recoverable amount of the asset is estimated to establish the scope of the potential impairment write-down. If it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is estimated for the cash generating unit to which the asset belongs. If an appropriate and stable basis can be determined for allocation, shared assets are allocated among the cash generating units. If this is not possible, they are allocated to the smallest group of cash generating units for which an appropriate and stable allocation basis can be determined.

Self-created intangible assets, including those that are not yet available for use, are tested for impairment at least once a year or if there are indications of possible impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine the value in use, the estimated future cash inflows are discounted using the pre-tax discount rate. The pre-tax discount rate takes account of the present market assessment of the time value of money and the risks inherent in the asset, insofar as this is not already taken into account in the estimates of future cash flows.

If the estimated recoverable amount of an asset is below its carrying amount, the carrying amount is written down to the recoverable amount. The impairment write-down is immediately recognized in income. If an impairment write-down is subsequently reversed, the carrying amount of the asset is increased to the new estimate of its recoverable amount. However, the carrying amount may not exceed the carrying amount of the assets if they had not been impaired in previous years. The reversal is recognized directly in income.

3.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until completion of substantially all activities necessary to prepare it for use or sale. Qualifying assets are assets that necessarily take a substantial period of time to prepare for their intended use or sale.

The Group regards a period of more than 12 months as a substantial period of time.

Income earned from the interim investment of funds borrowed until they are spent on the qualifying asset is deducted from the capitalized borrowing costs.

At present, there are no cases where this is applicable. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.14 Inventories

Inventories are carried at the lower of cost of acquisition or production cost and net realizable value. The cost of acquisition or production of inventories is measured using the FIFO (first-in first-out) method. As well as specific costs, production costs contain an appropriate share of production overheads. If necessary, a write-down would be made for a reduction in the net realizable value.

The net realizable value is the estimated price that can be obtained in normal business conditions less the estimated production and selling expenses.

Write-downs are made for obsolete and slow-moving inventories. If the reasons for the write-downs are no longer applicable, a corresponding write-up is recognized.

3.15 Provisions

Provisions are established for all legal and substantive liabilities to third parties as of the balance sheet date, where these relate to past events that will probably lead to an outflow of resources in the future and a reliable estimate can be made of the level of such outflows. They represent uncertain liabilities that are determined on the basis of the best estimate. Provisions with a term of more than one year are discounted using market interest rates that reflect the risk and period until performance.

3.16 Financial assets

Financial assets are recognized when a company in the Group becomes a counterparty to the financial instrument.

Trade receivables are initially recognized at the transaction price and subsequently measured at amortized cost after deduction of impairment losses.

As specified in IFRS 15 "Revenue from Contracts with Customers", the transaction price is the amount of consideration to which the entity expects to be entitled in exchange for delivery of the goods or provision of the services to the customer, excluding amounts collected on behalf of third parties.

To determine the impairment write-downs for trade receivables, the Group uniformly applies the simplified approach of determining the lifetime expected credit losses on the receivables in accordance with IFRS 9 "Financial Instruments". For this purpose, trade receivables are aggregated in suitable groups with common credit risk attributes. The expected credit losses are calculated with the aid of a matrix, which shows the age structure of the receivables and reflects the probability of default of individual maturity bands for receivables on the basis of past credit losses and future-oriented factors. The probability of default expressed as a percentage is reviewed regularly to check that it is still applicable. Insofar as there are objective indications of a reduction in creditworthiness in respect of trade receivables relating to a specific customer, a more detailed analysis of the customer's specific credit risk is performed and an individual impairment write-down is recognized for the trade receivables from this specific customer. If there is credit insurance, this is taken into account in the amount of the impairment write-down.

With the exception of the financial derivatives specified below, other assets are initially measured at fair value taking into account transaction costs and subsequently measured at amortized cost, after deduction of impairment losses.

Financial derivatives that are not designated as part of a hedging relationship are initially recognized at fair value through profit or loss (FVTPL). Financial assets in this category are also measured at fair value at the end of every reporting period and any gains and/or losses resulting from changes in the fair value are recognized in profit or loss, except if they are part of a designated hedging relationship. The profit and/or loss on the financial asset is recognized in the statement of comprehensive income in "other operating income" or "other operating expenses". The procedures used to determine fair value are outlined in Note 29.2.

The classification of other financial assets is based on the business model used to manage the financial assets and the cash flows from the financial assets. In the Group, financial assets are held exclusively within a business model whose objective is to hold them until maturity in order to collect the contractual cash flows. Consequently, other financial assets, apart from the financial derivatives outlined above, are normally measured at amortized cost. The "trading" business model and the category "at fair value through other comprehensive income" (FVTOCI) are not used.

Financial assets are recognized and derecognized on the trade date if they are financial instruments that are delivered within the standard period for the relevant market.

A financial asset has to be derecognized when:

- (a) the contractual rights to the cash flows from the financial asset expire, or
- (b) the contractual asset is transferred and the entity does not retain the risks and rewards of ownership of the financial asset.

All recognized financial assets are subsequently measured in their entirety either at amortized cost or at fair value, depending on the classification of the financial assets set out above.

3.17 Financial liabilities

Financial liabilities are measured at cost of acquisition, taking transaction costs into account, and subsequently measured at amortized cost, with the exception of derivative financial instruments, which are measured at fair value. Non-interest-bearing and low-interest liabilities with terms of at least one year are measured at present value on the basis of a market-oriented discount rate and interest is recognized until the repayment amount is due. For information on the recognition of financial liabilities from leases, see Note 3.6.

The Group does not use the categories “at fair value through profit or loss” (FVTPL) or “at fair value through other comprehensive income” (FVTOCI) for financial liabilities.

Current financial liabilities also contain the portion of non-current loans and lease liabilities that is due within at most one year.

3.18 Security provided

The Group has provided security for liabilities to banks through blanket assignments (see Note 18) and machinery in Prachatice (see Note 13). In the light of the present economic trend, utilization of this security is not deemed to be probable.

3.19 Cash and balances on bank accounts

These are measured at amortized cost. They comprise cash, bank balances that can be withdrawn at any time, and other highly liquid current financial assets with a maturity of maximum three months as of the date of acquisition.

Cash and balances on bank accounts are subject to the impairment rules of IFRS 9 “Financial Instruments”. The Board of Directors monitors the credit risk of these financial instruments in the light of the economic situation and the external credit risk of other financial institutions. The credit risk is classified as immaterial due to their short maturities and credit rating.

3.20 Financial derivatives

» *Derivatives concluded*

The Group uses derivative financial instruments to manage its exchange rate risk (currency forwards). Derivatives are initially measured at fair value at the date of conclusion of the contract. Subsequently, they are measured at fair value as of every reporting date. The gain or loss resulting from measurement is recognized immediately in profit or loss, unless the derivative is designated as a hedging instrument in a hedging relationship and is effective.

A derivative with a positive fair value is recognized as a financial asset, while a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated balance sheet, unless the Group has both a legally enforceable right and the intention to offset them. The impact on the assets, financial position and results of operations is outlined in Notes 7 and 29.2. A derivative is presented as a non-current asset or a non-current liability if the remaining term of the financial instrument is more than 12 months and it is not expected to be realized or closed out in this period. The remaining derivatives are recognized as current assets or current liabilities.

» *Accounting for hedging relationships*

The Group can designate certain derivatives as hedging instruments in cash flow hedges. Hedging of the currency risks of firm commitments are accounted for as cash flow hedges.

In these cases, the hedging relationship between the hedged item and the hedging instrument, including the risk management objectives and the underlying hedging strategy, are documented at the start of the hedging relationship. Further, the effectiveness of the designated hedging instrument in offsetting changes in the cash flows from the hedged item, based on the hedged risk, is documented both at the start of the hedging relationship and during the hedging relationship. The hedging relationship is effective if it meets all of the following effectiveness criteria:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The effective portion of the changes in the fair value of derivatives and other qualifying hedging instruments that are suitable for hedging cash flows and are designated as cash flow hedges is recognized in other comprehensive income. Amounts that were previously recognized in other comprehensive income and accumulated in equity are reclassified to the statement of profit and loss in the periods in which the hedged item affects the statement of profit and loss; they are reclassified to the same profit and loss items as the hedged item.

As in the previous year, as of the reporting date, December 31, 2023, there were no derivatives designated as hedging instruments.

3.21 Government grants

Government grants are not recognized until it is sufficiently certain that the Group will meet the related conditions and the grants will actually be made.

Government grants are recognized in the consolidated statement of profit and loss in the periods in which the Group recognizes the expenses that the grants are designed to offset. Government grants that compensate for expenses or losses already incurred or that constitute immediate financial support without any related expense in the future are recognized in the statement of profit and loss in the period in which the related claim arises.

4. Principal sources of estimation uncertainty

In the application of the accounting policies outlined in Note 3, the Board of Directors is required to assess facts, draw up estimates and make assumptions relating to the carrying amount of assets and liabilities where these cannot be obtained from other sources. Such estimates and the underlying assumptions are based on past experience and other factors deemed to be of relevance. The actual values may differ from the estimates.

The assumptions underlying such estimates are reviewed regularly. Where changes to such estimates only affect one period, they are recognized for this period only. If the change relates to the present and subsequent reporting periods, they are reflected in the present and following periods.

» *Principal sources of estimation uncertainty*

This section outlines the main future-oriented assumptions and other major sources of estimation uncertainty as of the balance sheet date, insofar as they involve a material risk that a substantial adjustment might have to be made to the valuation of assets and liabilities within the following fiscal year.

» *Self-created intangible assets*

The Board of Directors decides on the basis of the progress of the project whether the criteria for recognition set out in IAS 38 are fulfilled. The cost of production is determined on the basis of the wage costs of the employees involved, separate lists of materials and general overhead allocations. Borrowing costs are not included because customer requirements mean that the production process normally takes less than 12 months.

During the fiscal year, the Board of Directors once again tested intangible assets produced by the Group's development department for impairment. The self-created intangible assets were carried in the consolidated balance sheet at EUR 3.0 million as of December 31, 2023 (2022: EUR 3.2 million).

Overall, projects proceeded satisfactorily and customer resonance has also confirmed previous estimates made by the management of the expected future revenues. On the basis of an impairment test, the Board of Directors has come to the conclusion that the carrying amounts of assets will be realized in full, despite the possibility of lower revenues. Adjustments will be made in subsequent fiscal years if the future market situation/demand from customers suggests that such adjustments are necessary. For information on impairment write-downs on intangible assets recognized in individual cases in the fiscal year, see Note 14.

» *Leases – Estimating the lessee’s incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in lease. It therefore measures lease liabilities using the incremental borrowing rate. This is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the incremental borrowing rate using observable inputs, where such inputs are available, and also has to make certain company-specific estimates.

» *Leases – Estimating the lease term*

Some leases, especially for real estate, contain extension and termination options. When determining the lease term, the Board of Directors considers all relevant facts and circumstances that create an economic incentive to exercise or not to exercise the options to extend or terminate the lease. Any changes in the lease term are only taken into account if it is reasonably certain that the extension or termination options will be exercised or will not be exercised. This results in remeasurement of the lease liability and a corresponding adjustment of the right-of-use asset outside of profit or loss.

» *Taxes*

Taxes are determined on the basis of the applicable local tax laws and the associated administrative practices. In view of their complexity, there is a possibility of different interpretations by the taxpayer and the fiscal authorities. Different interpretations of tax laws can result in retrospective tax payments for past years. These are included in the assessment on the basis of estimates by the Board of Directors.

Recognition of deferred taxes, especially for tax loss carryforwards, requires estimates and assumptions about future tax planning strategies, and the timing and level of future taxable income. For this purpose, taxable income is estimated from the relevant planning data. This takes into account past earnings and expected future business trends. When companies make a loss, deferred tax assets can only be recognized for loss carryforwards if it can be assumed that there is a high probability that future positive earnings will be generated in the future to allow utilization of the tax loss carryforwards.

5. Sales

The table shows the Group’s sales split:

	2023 in EUR '000		2022 in EUR '000	
	Automotive	Industry & Infrastructure	Automotive	Industry & Infrastructure
Revenues from trading	4,611	800	1,891	707
Revenues from production	56,812	24,653	66,814	21,327
Total revenues from the sale of goods	61,423	25,453	68,705	22,034

Revenues from trading relate to goods where little or no processing was undertaken. In contrast, revenues from production comprise the sale of goods that have undergone a material production process. All revenues recognized result from contracts with customers. The performance obligations cover all products in the Group’s product spectrum. InTiCa Systems recognizes sales at a point in time. As evidence of the satisfaction of performance obligations, InTiCa Systems uses the customary international trade terms (“Incoterms”). All groups of Incoterms are used and product-specific allocation is not possible. Alongside the customary payment terms of up to a maximum of 120 days from satisfaction of the performance obligation, (pro rata) advance payments are used to structure payment terms. Advance payments relate exclusively to the supply of tools.

For the disclosures pursuant to IFRS 15.120, the practical expedient in IFRS 15.121 is applied.

6. Segment information

6.1 Products that generate revenues for the reportable segments

Under IFRS 8, business segments are defined on the basis of internal reporting to the company’s chief operating decision maker in order to allocate resources between the segments and assess their profitability. The information reported to the Board of Directors as the responsible management body for the purpose of allocating resources among the company’s business segments and assessing their profitability normally relates to the type of goods produced. The production sites are in Prachatice (Czech Republic), Silao (Mexico) and Bila Tserkva (Ukraine).

» Automotive

The Automotive segment develops, designs and produces systems and solutions for sensor technology, electronic controls and network topologies. Most products are manufactured entirely by the Group, with production operations spanning plastics processing, coils, soldering, welding, testing, casting and assembly. This segment's customers are suppliers to all well-known automotive brands.

» Industry & Infrastructure

InTiCa Systems' Industry & Infrastructure segment specializes in both 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. In addition, this segment includes products for transmission technology and high-frequency engineering and cable applications.

6.2 Segment sales and segment result

The accounting and valuation methods used by the reportable segments are identical to those used by the Group as outlined in Note 3. The segment result shows each segment's EBIT. EBIT is reported to the company's chief operating decision maker as a basis for decisions on the allocation of resources to each segment and for assessing its profitability.

	Segment sales		Segment result	
	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Automotive	61,423	68,705	-1,308	1,599
Industry & Infrastructure	25,453	22,034	1,578	746
Total	86,876	90,739	270	2,345
Income and expenses relating to assets not allocated to any segment			0	0
Financial result			-1,514	-621
Income before taxes			-1,244	1,724

The sales revenues presented above comprise revenues from transactions with external customers. There were no intersegment transactions in either the reporting period or the previous year.

6.3 Segment assets and liabilities

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Automotive	48,555	47,193
Industry & Infrastructure	12,533	10,750
Total	61,088	57,943
Assets not allocated to any segment	6,634	7,475
Total consolidated assets	67,722	65,418

For the purpose of monitoring profitability and allocating resources between the segments, the company's chief operating decision maker monitors the tangible, intangible and financial assets allocated to each segment. Assets are allocated to the segments, with the exception of the following items:

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Cash and cash equivalents	946	3,235
Other current receivables	1,510	1,310
Other financial assets	625	642
Tax receivables	1,182	497
Deferred taxes	2,371	1,791
Total	6,634	7,475

Liabilities are not allocated among the segments.

The figure for inventories contains total impairment write-downs of EUR 355 thousand (2022: EUR 61 thousand); for further details see Note 17.

6.4 Other segment information

	Depreciation, amortization and impairment write-downs		of which impairment write-downs	Additions to non-current assets	
	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000	Dec. 31, 2023 in EUR '000	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Automotive	4,944	4,626	33	7,391	8,728
Industry & Infrastructure	1,306	1,399	73	1,924	1,090
Total	6,250	6,025	106	9,315	9,818

The total depreciation, amortization and impairment write-downs include impairment charges of EUR 106 thousand (2022: EUR 36 thousand) on intangible assets. For information on impairment write-downs on self-created intangible assets see Note 14.

6.5 Sales generated by the principal products

The sales split between the Group's principal products is as follows:

	2023 in EUR '000	2022 in EUR '000
Small signal electronics	0	98
Power electronics	47,507	53,415
Mechatronic components and systems	30,016	30,804
Other	9,353	6,422
Total	86,876	90,739

For information on the timing of revenue recognition, please see Note 3.5.

6.6 Geographical information

The Group's principal geographical segmentation comprises Germany and other countries.

	Sales revenues from transactions with external customers		Non-current assets	
	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Germany	43,320	54,821	9,431	8,742
Other countries thereof Serbia	43,556 9,560	35,918 6,029	25,236	22,460
Total	86,876	90,739	34,667	31,202
Assets not allocated to any segment			2,371	1,791
Non-current assets, total			37,038	32,993

The data on sales are based on the location of the customer. Serbia is the country where the highest foreign sales revenues are generated. The data on non-current segment assets outside Germany relate to the company's production facilities in the Czech Republic, Mexico and Ukraine. EUR 17,350 thousand of this amount comprises assets at the site in the Czech Republic (2022: EUR 15,898 thousand).

6.7 Information on major customers

The Group's two (2022: two) largest customers accounted for around EUR 9,560 thousand (2022: EUR 14,717 thousand) and EUR 8,807 thousand (2022: EUR 9,851 thousand) of direct sales of products respectively. That was 11.0% and 10.1% of total sales (2022: 16.2% and 10.9%). These are customers of the Automotive segment (2022: Automotive and Industry & Infrastructure segments). In both 2023 and 2022, the other customers were broadly diversified and each accounted for an average of less than 10% of sales.

7. Other operating income and expenses

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Other operating income		
Gains from foreign currency translation (i)	3,032	2,993
Other	285	306
Total	3,317	3,299

The other operating income contains government grants of EUR 112 thousand in Mexico.

These relate entirely to a grant to cover expenses and were recognized in full in profit or loss in the reporting period.

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Other expenses		
Exchange losses	2,765	2,073
Cost of premises	895	806
Insurance premiums, contributions, levies	458	458
Vehicle expenses	212	185
Advertising costs, travel expenses	763	601
Delivery costs	907	1,023
Maintenance and repairs	922	1,030
Agency staff	2,796	3,794
Legal and consultancy expenses	395	572
Other operating expenses	2,148	1,767
Total	12,261	12,309

(i) This amount contains a net gain of EUR 44 thousand (2022: EUR 185 thousand) from the fair value measurement of several currency forwards, which were not designated as a hedge accounting relationship.

All other income and expenses from financial instruments relate to financial assets and liabilities measured at amortized cost, see Note 29.2.

8. Other financial income

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Interest income from balances on bank accounts	6	0
Total	6	0

9. Financial expenses

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Interest on overdrafts and bank loans	1,349	498
Interest on obligations relating to finance leases	171	123
Total	1,520	621

Breakdown of expenses for financial liabilities by valuation class:

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Financial liabilities measured at amortized cost	1,349	498

10. Income taxes

10.1 Income taxes recognized in the statement of profit or loss

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Current tax expense	285	386
Deferred taxes	-401	-277
Total	-116	109

The following reconciliation shows a breakdown of tax expense among income items in the fiscal year:

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Income before taxes	-1,244	1,724
Expected tax income (2022: tax expense)	-371	514
Effects of non-tax-deductible operating expenses	179	49
Impact of tax loss carryforwards and different tax rates applied to subsidiaries in different tax jurisdictions (including deferred taxes)	33	-280
Other	43	-174
Recognized tax income (2022: tax expense)	-116	109

The tax rate used for the above reconciliation for 2023 and 2022 is the tax rate of 29.83% (2022: 29.83%) payable by companies in Germany on taxable income in accordance with the applicable tax legislation. The corporation tax rate in the Czech Republic was changed from 19% to 21% as of January 1, 2024. This was taken into account in the measurement of deferred taxes in 2023.

10.2 Current claims for tax refunds

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Current claims for tax refunds	1,182	497

The current claims for tax refunds comprise claims on tax authorities for income taxes where advance payments were too high.

10.3 Deferred taxes

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Deferred tax assets	2,371	1,791
Deferred tax liabilities	1,770	1,798
Total	601	-7

	Initial balance in EUR '000	Recognized in profit or loss in EUR '000	Recognized in other compre- hensive income in EUR '000	Recognized directly in equity in EUR '000	End balance in EUR '000
2023					
Deferred tax assets					
Property, plant and equipment	9	0	0	0	9
Inventories	0	0	0	0	0
Trade receivables	23	-5	0	0	18
Provisions	22	-13	0	0	9
Other financial liabilities	1,591	-258	0	0	1,333
Tax losses	1,683	408	0	0	2,091
Currency translation differences relating to foreign subsidiaries	54	0	0	190	244
Deferred tax assets before netting	3,382	132	0	190	3,704
Netting	-1,591	258	0	0	-1,333
Deferred tax assets after netting	1,791	390	0	190	2,371
Deferred tax liabilities					
Intangible assets	962	-25	0	0	937
Property, plant and equipment	2,286	-245	0	0	2,041
Inventories	8	0			8
Currency translation differences relating to foreign subsidiaries	133	0	0	-16	117
Deferred tax liabilities before netting	3,389	-270	0	-16	3,103
Netting	-1,591	258	0	0	-1,333
Deferred tax liabilities after netting	1,798	-12	0	-16	1,770
Total	-7	402	0	206	601
2022					
Deferred tax assets					
Property, plant and equipment	47	-38	0	0	9
Inventories	4	-4	0	0	0
Trade receivables	12	11	0	0	23
Provisions	18	4	0	0	22
Other financial liabilities	1,103	-254	0	0	849
Tax losses	1,520	163	0	0	1,683
Currency translation differences relating to foreign subsidiaries	0	0	0	54	54
Deferred tax assets before netting	2,704	-118	0	54	2,640
Netting	-1,103	254	0	0	-849
Deferred tax assets after netting	1,601	136	0	54	1,791
Deferred tax liabilities					
Intangible assets	1,028	-66	0	0	962
Property, plant and equipment	1,881	-337	0	0	1,544
Inventories	0	8			8
Currency translation differences relating to foreign subsidiaries	111	0	0	22	133
Deferred tax liabilities before netting	3,020	-395	0	22	2,647
Netting	-1,103	254	0	0	-849
Deferred tax liabilities after netting	1,917	-141	0	22	1,798
Total	-316	277	0	32	-7

The tax loss carryforwards to which deferred tax assets refer relate to start-up losses at the Mexican subsidiary and loss carryforwards at the parent company in Germany. Based on the economic situation and the positive planning data for both companies, the deferred tax assets recognized for loss carryforwards are expected to be used within 5 years and before the loss carryforwards expire.

10.4 Unrecognized deferred tax assets

No deferred taxes were recognized for „outside basis differences“ of about EUR 0.2 million, because the company is not planning to divest its shares in associated companies and these transactions would in any case be allocated to the tax-exempt operations.

11. Net income from continuing operations

11.1 Depreciation, amortization and impairment write-downs

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Impairment write-downs on property, plant and equipment	0	0
Depreciation of property, plant and equipment	5,114	4,814
Impairment write-downs on intangible assets	106	36
Amortization of intangible assets	1,029	1,175
Total	6,250	6,025

For information on impairment write-downs on intangible assets in the fiscal year, see Note 14.

11.2 Research and development costs expensed immediately

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Research and development costs expensed in the fiscal year	2,024	1,738

11.3 Personnel-related expenses

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Wages and salaries	14,806	13,012
Social security expenses	3,598	3,397
Pension expenses	17	15
Other	848	1,018
Total	19,269	17,442

12. Earnings per share

Earnings and the weighted average number of ordinary shares used to calculate basic and diluted earnings per share are shown below:

	Dec. 31, 2023	Dec. 31, 2022
Consolidated net profit	-1,128	1,615
Weighted average ordinary shares (in thousand units)	4,223	4,223
Earnings per share (in EUR)	-0.27	0.38

The weighted average number of ordinary shares takes account of the purchase/sale of treasury stock (Note 19).

No treasury shares were purchased or sold in the reporting period or the previous year, so there were no dilutive effects.

13. Non-current assets

13.1 Property, plant and equipment

Change in non-current assets in the period January 1, 2022 to December 31, 2023

InTiCa Systems Group

In EUR '000	Land and buildings	Technical equipment and machinery	Other facilities, furniture and office equipment	Advance payments and construction in process	Total
Cost of acquisition or production					
As at January 1, 2022	13,123	47,274	3,410	1,207	65,014
Additions	254	3,061	330	4,360	8,005
Transfers	-111	604	28	-521	0
Disposals	0	-1,341	-155	0	-1,496
Translation differences	489	1,613	104	0	2,206
As at December 31, 2022 / January 1, 2023	13,755	51,211	3,717	5,046	73,729
Additions	2,569	1,152	625	3,045	7,391
Transfers	0	5,848	373	-6,221	0
Disposals	-1,596	-1,672	-300	0	-3,568
Translation differences	-24	-28	90	-60	-22
As at December 31, 2023	14,704	56,511	4,505	1,810	77,530
Depreciation					
As at January 1, 2022	5,647	34,269	2,332	0	42,248
Depreciation	925	3,424	465	0	4,814
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	0	-1,339	-155	0	-1,494
Translation differences	205	1,041	65	0	1,311
As at December 31, 2022 / January 1, 2023	6,777	37,395	2,707	0	46,879
Depreciation	1,070	3,485	559	0	5,114
Impairment write-downs	0	0	0	0	0
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	-1,596	-1,653	-300	0	-3,549
Translation differences	-2	-489	52	0	-439
As at December 31, 2023	6,249	38,738	3,018	0	48,005
Balance sheet value as at December 31, 2023	8,455	17,773	1,487	1,810	29,525
Balance sheet value as at December 31, 2022	6,978	13,816	1,010	5,046	26,850

Most additions of property, plant and equipment comprised capital expenditures for expansion. EUR 1,714 thousand (2022: EUR 1,990 thousand) comprised additions of construction in process.

Assets pledged as security

Machinery at the Prachatice site with a carrying amount of EUR 6,525 thousand (2022: EUR 4,105 thousand) has been pledged as security for liabilities to banks.

13.2 Right-of-use assets

Development of right-of-use assets from January 1, 2022 to December 31, 2023

In EUR '000	Land and buildings	Technical equipment and machinery	Other facilities, furniture and office equipment	Total
Cost of acquisition or production				
As at January 1, 2022	3,529	3,263	347	7,139
Additions	244	0	94	338
Transfers	0	0	0	0
Disposals	0	0	-34	-34
Translation differences	211	0	0	211
As at December 31, 2022 / January 1, 2023	3,984	3,263	407	7,654
Additions	2,526	0	154	2,680
Transfers	0	0	0	0
Disposals	-1,589	0	-91	-1,680
Translation differences	202	0	7	209
As at December 31, 2023	5,123	3,263	477	8,863
Depreciation				
As at January 1, 2022	1,580	799	112	2,491
Depreciation	579	326	127	1,032
Write-ups	0	0	0	0
Transfers	0	0	0	0
Disposals	0	0	-34	-34
Translation differences	91	0	0	91
As at December 31, 2022 / January 1, 2023	2,250	1,125	205	3,580
Depreciation	713	327	128	1,168
Impairment write-downs	0	0	0	0
Write-ups	0	0	0	0
Transfers	0	0	0	0
Disposals	-1,589	0	-91	-1,680
Translation differences	105	0	2	107
As at December 31, 2023	1,479	1,452	244	3,175
Balance sheet value as at December 31, 2023	3,644	1,811	233	5,688
Balance sheet value as at December 31, 2022	1,735	2,138	202	4,074

For further information on leases, see Note 33.

14. Intangible assets

Change in non-current assets in the period January 1, 2022 to December 31, 2023

InTiCa Systems Group

In EUR '000	Self-created intangible assets	Other intangible assets	Total
Cost of acquisition or production			
As at January 1, 2022	10,232	961	11,193
Additions	935	879	1,814
Transfers	0	0	0
Disposals	-151	0	-151
Translation differences	0	13	13
As at December 31, 2022 / January 1, 2023	11,016	1,853	12,869
Additions	907	1,018	1,925
Transfers	0	0	0
Disposals	-476	-8	-484
Translation differences	0	2	2
As at December 31, 2023	11,447	2,865	14,312
Amortization			
As at January 1, 2022	6,790	657	7,447
Amortization	1,119	56	1,175
Impairment write-downs	36	0	36
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-151	0	-151
Translation differences	0	10	10
As at December 31, 2022 / January 1, 2023	7,794	723	8,517
Amortization	981	49	1,030
Impairment write-downs	106	0	106
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-476	-8	-484
Translation differences	0	1	1
As at December 31, 2023	8,405	765	9,170
Balance sheet value as at December 31, 2023	3,042	2,100	5,142
Balance sheet value as at December 31, 2022	3,222	1,130	4,352

Where the underlying projects have not been completed or no sales have been generated, self-created intangible assets (carrying amount EUR 701 thousand in 2023; 2022: EUR 1,328 thousand) are not yet subject to amortization.

Impairment write-downs in 2023

For development projects, the amortization recognized in the statement of profit and loss includes impairment write-downs of EUR 106 thousand (2022: EUR 36 thousand). The carrying amounts of the development projects were written down entirely because a positive net realizable value was not expected, even in the event of sale of the projects.

15. Subsidiaries

Details of subsidiaries as of December 31, 2023 are presented below:

Name of subsidiary	Head office	Stake in %	Voting rights in %	Main business activity
InTiCa Systems s.r.o.	Prachatice, Czech Republic	100	100	Production
(2022:		100	100)
Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V.	Silao, Mexico	100	100	Production
(2022:		100	100)
InTiCa Systems LTD	Bila Tserkva, Ukraine	100	100	Production
(2022:		0	0)

99% of the Mexican subsidiary is held directly and 1% is held indirectly.

16. Other financial assets and other receivables

16.1 Other financial assets

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Financial assets measured at fair value through profit or loss	49	259
Other financial assets recognized at amortized cost	576	383
Total	625	642
Non-current	0	0
Current	625	642
Total	625	642

16.2 Other current receivables

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Deferred charges	202	198
Advance payments made	209	217
Current tax receivables	1,099	895
Total	1,510	1,310

Unlike the line item "tax assets" in the balance sheet, the current tax receivables are claims to value-added tax refunds.

17. Inventories

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Raw materials and supplies	11,263	11,633
Work in process	968	1,086
Finished goods	6,462	4,426
Total	18,693	17,145

Total impairment write-downs on inventories recognized in profit and loss amounted to EUR 355 thousand (2022: EUR 61 thousand). They comprised EUR 140 thousand (2022: EUR 32 thousand) in the Automotive segment, and EUR 215 thousand (2022: EUR 29 thousand) in the Industry & Infrastructure segment. As of the reporting date the carrying amount of these inventories was EUR 335 thousand (2022: EUR 465 thousand). The write-downs in the financial year are contained in other comprehensive income and comprise EUR 76 thousand (2022: EUR 14 thousand) in "Change in inventories of finished goods and work in process" and EUR 279 thousand (2022: EUR 47 thousand) in "Raw materials and supplies".

18. Trade receivables

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Trade receivables	7,871	9,674
Impairment write-downs	-143	-78
Total	7,728	9,596

InTiCa Systems uses the simplified approach permitted by IFRS 9 to measure expected credit losses. On this basis, the lifetime expected credit losses are calculated for all trade receivables. To measure the expected credit losses, receivables from customers are aggregated on the basis of common credit risk attributes and days past due. Payment profiles are generated for sales in the past 36 months. These also include defaults in these past periods. The historic loss ratios derived in this way are then adjusted using present and future-oriented data. Macroeconomic factors and customers' individual creditworthiness criteria are also taken into account. If there is credit insurance, this is taken into account in the amount of the impairment write-down.

Trade receivables where the principal opportunities and risks were transferred to a forfaiter under a master forfaiting agreement were fully derecognized. Temporary security for the amount of the receivables and past-due payment is retained by the forfaiter when the receivables are sold and refunded on receipt of payment from the customer. The purchase price discount on the receivables derecognized as of December 31 (2023: EUR 5,759 thousand; 2022: EUR 3,833 thousand) was EUR 576 thousand as of December 31, 2023 (2022: EUR 383 thousand) and is recognized in other financial assets. The maximum expected credit loss corresponds to the carrying amount.

In this way, the following impairment write-downs were determined:

Dec. 31, 2023	Expected loss ratio	Gross carrying amount of receivables in EUR '000	Impairment write-down in EUR '000
Not due	0.10%	5,793	6
1-30 days past due	1.00%	813	8
31-60 days past due	1.50%	245	3
61-90 days past due	3.50%	220	8
More than 90 days past due	5.50%	651	36
Total		7,722	61

Dec. 31, 2022	Expected loss ratio	Gross carrying amount of receivables in EUR '000	Impairment write-down in EUR '000
Not due	0.10%	6,573	7
1-30 days past due	1.00%	751	7
31-60 days past due	1.50%	1,556	23
61-90 days past due	3.50%	144	5
More than 90 days past due	5.50%	650	36
Total		9,674	78

In addition, (individual) impairment write-downs of EUR 82 thousand were recognized for the Mexico site in 2023.

Trade receivables are derecognized when it is estimated with reasonable assurance that they can no longer be collected. Indicators of reasonable assurance that receivables cannot be collected include, for claims that are more than 150 days past due, either that no agreement has been made with the debtor on a repayment plan, or that payments under a repayment plan are no longer being made.

Impairment write-downs on trade receivables are presented as other operating expense (net) in the operating result. In subsequent periods, any payments received for amounts that were previously written down are recognized in other operating income.

in EUR million	Trade receivables		
	Credit-impaired	Not credit-impaired	Total
Total impairment losses as of January 1, 2022	0	40	40
Additions	0	38	38
Utilization and foreign currency effects	0	0	0
Reversals	0	0	0
Impairment write-downs as of Dec. 31, 2022/Jan.1, 2023	0	78	78
Additions	82	0	82
Utilization and foreign currency effects	0	0	0
Reversals	0	-17	-17
Impairment write-downs as of Dec. 31, 2023	82	61	143

To secure credit lines totalling EUR 12.0 million (2022: EUR 8.0 million), a blanket assignment has been made. This comprises the parent company's trade receivables. As of the reporting date, the carrying amount of the receivables was EUR 4.4 million (2022: EUR 5.9 million).

19. Capital stock

	Capital stock and ordinary shares	
	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
4,287,000 fully paid-up ordinary shares	4,287	4,287
64,430 treasury shares (treasury stock)	-64	-64
Total	4,223	4,223

	Treasury stock			
	Dec. 31, 2023 in EUR '000	% of capital stock	Dec. 31, 2022 in EUR '000	% of capital stock
Status at start of year	64	1.493	64	1.493
Shares sold (nominal capital)	0	0	0	0
Shares repurchased	0	0	0	0
Total	64	1.493	64	1.493

The fully paid-up ordinary shares have a theoretical nominal value of EUR 1. Each share confers one voting right and all shares are eligible for dividend payments.

The Board of Directors is authorized by a resolution of the Annual General Meeting of July 15, 2022 to increase the capital stock with the Supervisory Board's consent, up to July 14, 2027, through one or more issues, 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).

20. General capital reserve

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Status at start of year	15,389	15,389
Sale of treasury stock	0	0
Pro rata net profit	0	0
Total	15,389	15,389

The general capital reserve includes premiums from the issue of shares.

21. Profit reserve

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Status at start of year	2,530	915
Consolidated net profit	-1,128	1,615
Total	1,402	2,530

The profit reserve contains statutory profit reserves of EUR 51 thousand (2022: EUR 51 thousand) and other profit reserves (including the loss carryforward) of EUR 1,351 thousand (2022: EUR 2,479 thousand).

22. Currency translation reserve

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Status at start of year	-173	-867
Translation of foreign business operations	-14	694
Total	-187	-173

Translation differences arising from translation from the functional currency of foreign business operations to the Group's reporting currency (EUR) are recognized directly in the currency translation reserve.

23. Financial liabilities

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Unsecured – recognized at amortized cost		
Overdrafts	8	9
Loans	5,399	7,330
Secured – recognized at amortized cost		
Overdrafts	13,019	7,026
Loans	10,613	10,741
Total	29,039	25,106
Current		
	18,081	12,366
Non-current		
	10,958	12,740
Total	29,039	25,106

EUR 4,673 thousand (2022: EUR 3,985 thousand) of the secured overdrafts relate to the Czech subsidiary and are secured by a guarantee from InTiCa Systems SE. EUR 2,578 thousand (2022: EUR 2,950 thousand) of the non-current loans are secured by a guarantee from InTiCa Systems s.r.o. for the German parent company.

Summary of financing agreements: Overdrafts are subject to variable interest during the year. Interest on loans is 4.45% - 7.30% p.a. (2022: 2.44% - 5.25% p.a.).

Non-current loans incur interest at a fixed rate averaging 2.73% p.a. (2022: 2.26% p.a.). Variable interest was agreed for four non-current loans totalling EUR 2,911 thousand (2022: EUR 4,186 thousand). As of December 31, 2022, interest on loans was 4.86% - 5.53% p.a. (2022: 2.88% - 3.72% p.a.).

24. Provisions

	Jan. 1, 2023 in EUR '000	Utilized in EUR '000	Reversed in EUR '000	Additions in EUR '000	Dec. 31, 2023 in EUR '000
Trade-related commitments (i)	342	338	0	94	98
Personnel expense (ii)	1,007	1,007	0	483	483
Other (iii)	1,022	1,022	0	691	691
Total	2,371	2,367	0	1,268	1,272

(i) In both 2022 and 2023, provisions for trade-related commitments comprised amongst others provisions for expected invoices.

(ii) The provisions for personnel expense include, among other things, provisions for anniversaries and other personnel-related costs. The year-on-year decline results, for example, from the utilization of provisions for other personnel-related costs outside of Germany.

(iii) In 2022 and 2023, the other provisions comprised costs for retention obligations and provisions for warranties.

EUR 1,272 thousand (2022: EUR 2,371 thousand) of the provisions presented above are current provisions; cash outflows within the next 12 months are considered probable.

25. Trade payables

Average payment terms of 14-60 days are granted for the purchase of certain goods. No interest is charged for this. The Group has financial risk management arrangements in place to ensure that all payables are settled within the term granted. In addition, wherever possible the payment terms for raw material suppliers have been adjusted to match customers' payment terms.

26. Other financial liabilities

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
At amortized cost		
Other financial liabilities	1,790	25
Lease liabilities	1,193	1,186
Total	2,983	1,211

The other financial liabilities are mainly liabilities for outstanding invoices, which were considerably higher than in the previous year on the reporting date.

For further details of lease liabilities, see Note 33.

27. Other current liabilities

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Accrued expenses	0	0
Advance payments received	515	994
Other liabilities	456	472
Personnel-related liabilities	1,012	505
Total	1,983	1,971

In the reporting period, personnel-related liabilities totalling EUR 1,012 thousand were recognized in other current liabilities.

A corresponding adjustment of EUR 505 thousand was also made for the prior-year period.

The advance payments received relate to entirely to advance payments on contracts with customers as defined in IFRS 15.

These changed as follows in the reporting period and the previous year:

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
As of January 1	994	394
Derecognition due to revenue recognition	-994	-256
New advance payments received	515	856
Changes in exchange rates	0	0
As of December 31	515	994

28. Liabilities relating to finance leases

Please refer to the comments in Note 3.6.

29. Financial instruments

29.1 Capital risk management

The Group manages its equity and debt with the clear aim of optimizing the income, costs and assets of the individual companies in the Group to ensure sustained profitability and sound balance sheet structures. Financial leveraging capacity, sufficient liquidity at all times, and a clear focus on cash-related ratios and management indicators play an important role in ensuring this, in keeping with the Group's strategic focus and long-term objectives.

This ensures that all Group companies are able to operate on the going concern principle. In addition, authorized capital ensures that the Group has the flexibility to raise further equity capital in order to utilize future market opportunities.

The Group's capital structure comprises interest-bearing financial liabilities, cash and cash equivalents and equity. The equity comprises paid-in shares, the general capital reserve, the profit reserve and the currency translation reserve.

The Group's risk management regularly reviews the development of the capital structure. In this context, increasing attention is paid to net financial debt as well as to the equity ratio. The ratio of net financial debt to EBITDA is calculated. Thus, further optimal development requires very strong financing capacity (EBITDA) as a basis for the ability to raise debt.

The reduced guidance for the EBIT margin of between -1.0% and +0.5% announced on November 8, 2023 was achieved as the EBIT margin was 0.3%. For 2024, EBIT of between EUR 0.0 and EUR 2.4 million is anticipated, with a solid equity ratio.

The equity ratio, net debt ratio and EBITDA are shown in the table:

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Equity	20,827	21,969
Total assets	67,722	65,418
Equity ratio	30.8 %	33.6 %
Interest-bearing financial liabilities	29,039	25,106
Cash and cash equivalents	946	3,235
Net financial debt	28,093	21,871
EBIT	270	2,345
Depreciation, amortization and impairment write-downs	6,250	6,025
EBITDA	6,520	8,370
Net financial debt/EBITDA	4.31	2.61

29.2 Supplementary disclosures on financial instruments

	IFRS 9 valuation categories	Carrying amount	Carrying amount
		Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Financial assets			
Cash on hand and bank balances	AC ¹⁾	946	3,235
Trade receivables	AC ¹⁾	7,728	9,596
Other financial assets (derivatives)	FVTPL ²⁾	49	259
Other financial assets	AC ¹⁾	576	383
Total		9,299	13,473
Financial liabilities			
Financial liabilities	AC ¹⁾	29,039	25,106
Trade payables	AC ¹⁾	5,127	7,625
Other financial liabilities	AC ¹⁾	7,329	4,545
Total		41,495	37,276

¹⁾ AC = at amortized cost

²⁾ FVTPL = at fair value through profit and loss

The above table shows the classes of financial instruments (based on their type and attributes), the carrying amounts of the financial instruments and the fair values of the financial instruments (except for financial instruments whose carrying amount corresponds to their fair value). The financial assets and financial liabilities measured at amortized cost are all allocated to level 2 in the fair value hierarchy (see below).

Cash and cash equivalents, trade receivables and other financial assets (AC) have short maturities. Therefore, the carrying amount on the reporting date is an approximation of their fair value. In the case of receivables, the nominal value is used, after applying deductions for default risks.

Current liabilities to banks can be called at any time. Therefore, the carrying amount on the reporting date is an approximation of their fair value. The non-current liabilities to banks are mainly fixed-interest loans. An essential part of non-current liabilities to banks were agreed on the basis of the prevailing conditions in the reporting period. They are carried at the repayment amount, which is an approximation of their fair value.

Trade payables and other current financial liabilities have short remaining terms; the amount recognized is therefore an approximation of the fair value. The carrying amounts of the other non-current financial liabilities also correspond in most cases to their fair values.

The financial assets measured at fair value through profit or loss are derivatives (currency forwards) that have not been designated as hedging instruments. The financial assets measured at amortized cost comprise all miscellaneous financial assets.

The Group has concluded netting arrangements with a bank in connection with several currency forwards. These were as follows as at the reporting date:

- Derivative assets: EUR 949 thousand (2022: EUR 3,855 thousand)
- Derivative liabilities: EUR 900 thousand (2022: EUR 3,600 thousand)
- Net amount: EUR 49 thousand (2022: EUR 255 thousand)

The derivatives concluded by the Group (currency forwards) are normally measured at fair value and are all allocated to hierarchy level 2. The fair value measurement of these derivatives is derived by applying a valuation method using inputs that are observable in the market. The fair value is determined using the quoted forward rates as of the reporting date and net present value calculations based on yield curves with high creditworthiness in the corresponding currencies.

The derivative assets and liabilities fulfil the criteria for netting set out in IAS 32. Accordingly, the gross amount of the derivative liability is set off against the gross amount of the derivative asset, so that a net derivative asset of EUR 49 thousand (2022: EUR 255 thousand) is presented on the consolidated balance sheet. For further information on financial derivatives, see Notes 3.20 and 7.

Fair value measurement is divided into the following levels (fair value hierarchy). Allocation is dependent on the availability of observable inputs and the significance of these parameters for the determination of fair value:

- Level 1 measurement is based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 measurement is based on inputs other than quoted prices included in level 1 that are directly observable for the asset or liability or can be derived indirectly from other prices.
- Level 3 measurements are derived from valuation models using inputs that are unobservable on the market.

29.3 Financial risk management

Financial risk management comprises monitoring and managing the financial risks associated with the Group's operating units through internal risk reporting, which analyses the level and extent of risk factors. Risk factors comprise market risk (including the risk of changes in exchange rates, prices and interest rates), default risk and liquidity risk.

The Group endeavours to minimize the impact of these risks through its risk management system. A detailed description of the risk management system can be found in the Management Report.

» Exchange-rate risks

Certain business transactions undertaken by the Group are denominated in foreign currencies, namely in USD, CZK, MXN and UAH. Risks relating to the CZK arise during the year in connection with the settlement of receivables and liabilities relating to transactions cross-charged between InTiCa Systems SE and its Czech subsidiary and the netting of receivables and liabilities in the consolidation of liabilities. Converting liabilities first into a non-current loan (treated as a net investment) and subsequently into equity (capital reserve) has reduced the risks and the volatility of the Group's net profit by reducing the balance of open items as it ensures more timely settlement of liabilities.

In the reporting period, the Group concluded currency forwards to hedge the exchange rate from EUR to CZK. The aim of these transactions is to hedge fluctuations in exchange rates. The Group exchanges EUR for CZK at a fixed exchange rate on the trade date. The transactions were not designated as hedging instruments and are therefore recognized at fair value through profit or loss. See also the comments in Notes 3.16, 3.20, 7 and 29.2.

The following table shows the sensitivity of open items in USD to a rise or fall in the euro on the relevant reporting date and the sensitivity of the CZK, the MXN and the UAH based on the net amount calculated as of the relevant reporting date as a result of debt consolidation.

	Nominal amount as of		Nominal amount as of	
	Dec. 31, 2023 in EUR '000	2023 in EUR '000	Dec. 31, 2022 in EUR '000	2022 in EUR '000
Change in USD (+/-10%)	2,222	201	2,269	213
Change in CZK (+/-3.5%)	7,432	260	9,649	338
Change in MXN (+/-3.5%)	11,040	386	10,272	360
Change in UAH (+/-3.5%)	966	34	50	2

» Risk of changes in interest rate

Fixed interest rates have been agreed for the vast majority of the Group's interestbearing receivables and liabilities. Changes in market interest rates would only have an impact if the financial instruments were recognized at fair value. Since this is not the case, the financial instruments bearing fixed interest rates do not entail a risk of changes in interest rates within the meaning of IFRS 7.

Sensitivity analyses were performed for liabilities with variable interest rates. The results were as follows: if the market interest rate had been 100 basis points higher (lower) as of December 31, 2023, the result would have been EUR 159 thousand lower (higher).

» Price risks

The Group did not have any equity interests or securities classified as held for trading on the reporting date. Consequently, it was not exposed to any share price risk as of this date.

» Risk of default

Default risk is the risk that the Group will incur a loss if a contractual party fails to perform its contractual obligation. This results in a risk of full or partial default on contractually agreed payments. The main credit default risks relate to trade receivables. To minimize the risk of loss resulting from non-performance of obligations, the management stipulates that business relationships may only be entered into with creditworthy contractual parties. Regular customer reviews are conducted to ensure this. Current transactions are monitored continuously and the aggregate exposure arising from such transactions is managed by setting limits for each contractual party. In addition, continuous credit analyses are carried out on the financial status of receivables.

The Group is not exposed to any material default risks from a single contractual party or a group of contractual parties with similar characteristics. The maximum default risk is the carrying amount of trade receivables after recognition of impairment write-downs, see Note 18.

For all other assets subject to the impairment model set out in IFRS 9.5.5, there are no material expected credit losses and the maximum default risks corresponds to their carrying amounts.

» Liquidity risk

The Group manages its liquidity risk through appropriate reserves, credit lines with banks and other credit facilities and continuous monitoring of forecast and actual cash flows. This is complemented by matching the maturity profile of financial assets and liabilities. The following list shows additional and drawn credit lines available to the Group to reduce future liquidity risk.

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Credit lines		
Amounts drawn	13,019	7,026
Undrawn amounts	6,881	7,874
Total	19,900	14,900

The following overview shows the term to maturity of the Group's non-derivative financial liabilities. The table is based on undiscounted cash flows relating to financial liabilities, based on the earliest date on which the Group is required to make payments. The table shows both interest and repayments of principal.

	up to 1 year in EUR '000	1–5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000
2023				
Variable-interest financial liabilities	15,202	1,763	0	16,965
Fixed-interest financial liabilities	4,112	9,204	497	13,813
Lease liabilities	1,193	3,349	997	5,539
Other financial liabilities	1,790	0	0	1,790
Total	22,297	14,316	1,494	38,107
2022				
Variable-interest financial liabilities	8,718	2,917	58	11,693
Fixed-interest financial liabilities	4,331	10,420	0	14,751
Lease liabilities	1,186	2,829	0	4,015
Other financial liabilities	25	0	0	25
Total	14,260	16,166	58	29,298

For information on lease liabilities, see Note 33.

30. Related party transactions

Balances and business transactions between the company and its subsidiaries, which constitute related parties, were eliminated in the course of consolidation and are not discussed in this note. Details of business transactions between the Group and other related parties are outlined below.

30.1 The Board of Directors

- Dr. Gregor Wasle (Chairman)

Strategy, investor relations, R&D, production, finance, human resources and IT

- Günther Kneidinger (member of the Board of Directors until September 30, 2023)

Sales, materials management, logistics centre and quality

- Bernhard Griesbeck (member of the Board of Directors since January 1, 2024)

Sales and logistics centre

30.2 Supervisory Board

- Udo Zimmer

Chairman of the Supervisory Board, Rottach-Egern
Managing Director of GUBOR Schokoladen GmbH,
Hans Riegelein GmbH & Co. KG, and
Rübezahl Schokoladen GmbH & Co. KG
Member of the Supervisory Board of VIA Optronics AG

- Werner Paletschek

Deputy Chairman of the Supervisory Board, Fürstzell
Managing Director of OWP Brillen GmbH

- Christian Fürst

Member of the Supervisory Board, Passau
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 Bachl GmbH & Co. KG

30.3 Remuneration of the Board of Directors and the Supervisory Board

» Remuneration of the Board of Directors

The total remuneration of the Board of Directors in the 2023 fiscal year was EUR 504 thousand (2022: EUR 463 thousand). In addition, the Chairman of the Board of Directors (Dr. Wasle) was awarded short-term variable remuneration in the form of a bonus payment of EUR 30 thousand for the 2023 financial year. This is recognized in other current liabilities.

In connection with the termination of his period of office on the Board of Directors and his employment contract, Mr. Kneidinger received a severance payment of EUR 204 thousand, which was due as of the termination date. This is recognized in other current liabilities and was disbursed in 2024.

» Remuneration of the Supervisory Board

The total remuneration of the Supervisory Board in the 2023 financial year was EUR 66 thousand (2022: EUR 68 thousand). EUR 58 thousand of this amount was paid out in 2024. The remainder is recognized in trade payables.

For a more detailed description of the remuneration system for the Board of Directors and Supervisory Board, see the Remuneration Report, which is available on the company's website at www.intica-systems.com in the section Investor Relations/Corporate Governance.

30.4 Share ownership

» Shareholdings by members of the Board of Directors and Supervisory Board (including related parties)

No member of the Board of Directors or the Supervisory Board holds shares in InTiCa Systems SE representing 1% or more of the capital stock. Moreover, the total shares in InTiCa Systems SE held by all members of the Board of Directors and Supervisory Board amount to less than 1% of the issued shares.

» Major shareholders

	Shareholding in %	
	Dec. 31, 2023	Dec. 31, 2022
Dr. Axel Diekmann (indirectly through PRINTad Verlags-GmbH as direct shareholder)	more than 30	more than 30
Thorsten Wagner (indirectly through Global Derivative Trading GmbH as direct shareholder)	more than 25	more than 25
Tom Hiss (indirectly through Ludic GmbH as direct shareholder)	more than 5	more than 5
InTiCa Systems SE	1.5	1.5

31. Cash and cash equivalents

The cash and cash equivalents shown in the cash flow statement comprise cash on hand, balances on bank accounts and investments in money market instruments, less outstanding overdrafts. The reconciliation of cash and cash equivalents shown in the cash flow statement as of year-end to the corresponding balance sheet items is as follows:

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Cash and balances on bank accounts	946	3,235
Overdrafts	-13,027	-7,035
Total	-12,081	-3,800

In the reporting period, there were no significant cash and cash equivalents that the company could not dispose of. The fair value of cash and cash equivalents corresponds to the carrying amount.

32. Payment obligations

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Commitments to acquire property, plant and equipment	880	2,293

33. Leases

Due to application of IFRS 16 since January 1, 2019, right-of-use assets and corresponding lease liabilities were recognized for buildings, production facilities, furniture and other operating equipment leased in the reporting period. See also the information on the accounting and valuation methods (Note 3.6). The lease terms are between 3 and 12 years. The Group was not party to any leases as lessor. Information on leases where the Group is the lessee is presented below.

Property, plant and equipment contain right-of-use assets for the following leased assets:

Right-of-use assets (carrying amount)	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Land, land rights and buildings, including buildings on leased land	3,644	1,735
Technical facilities and machines	1,811	2,137
Other facilities, furniture and office equipment	233	202
Total	5,688	4,074

In 2023, additions of right-of-use assets totalling EUR 2,680 thousand (2022: 338 thousand) were recognized. EUR 2,526 thousand of this amount resulted from the remeasurement / modification of two rent contracts in Passau. The rent contracts in Passau were extended until 2030 and 2035 respectively. The leases for both buildings contain extension options, which the parent company can exercise up to 12 months before the end of the lease term.

The outstanding (undiscounted) lease payments are due as follows:

Due date of lease payments in EUR '000	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
2023				
Lease payments	1,470	3,599	1,613	6,682
2022				
Lease payments	1,291	2,956	0	4,247

The total cash outflows for leases in 2023 (including interest) were EUR 1,489 thousand (2022: EUR 1,286 thousand).

As of December 31, 2023, lease liabilities with a term of less than one year totalling EUR 1,193 thousand (2022: EUR 1,186 thousand) were recognized in other current financial liabilities. Lease liabilities totalling EUR 4,346 thousand (2022: EUR 2,829 thousand) (term >1 year) were recognized in other non-current financial liabilities.

Depreciation of right-of-use assets related to the following groups of assets:

Depreciation of right-of-use assets	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Land, land rights and buildings, including buildings on leased land	713	579
Technical facilities and machines	327	326
Other facilities, furniture and office equipment	128	126
Total	1,168	1,031

Interest expense for leases recognized in accordance with IFRS 16 amounted to EUR 170 thousand in 2023 (2022: EUR 123 thousand).

In connection with leases where the Group is lessee the following amounts were also recognized in the statement of profit or loss:

Income effect from leases	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Expenses for short-term leases with a term of more than one and maximum 12 months	20	5
Expenses for leases with underlying assets of low value (excluding short-term leases)	0	0
Total	20	5

34. Change in financial liabilities

Cash and non-cash changes in financial liabilities:

in EUR '000	Liabilities to banks	Lease liabilities	Financing liabilities
2023			
January 1	25,106	4,016	29,122
Changes affecting cash flows	3,933	-1,287	2,646
<i>thereof cash inflow from borrowing</i>	3,169	0	0
<i>thereof cash inflow from loan repayments</i>	-5,228	0	0
<i>thereof change in the utilization of overdraft facilities</i>	5,992	0	0
Non-cash changes	0	2,679	2,679
Changes due to exchange rates	0	131	131
Changes in the scope of consolidation	0	0	0
December 31	29,039	5,539	34,578
2022			
January 1	20,752	4,647	25,399
Changes affecting cash flows	4,354	-1,114	3,240
<i>thereof cash inflow from borrowing</i>	8,630	0	0
<i>thereof cash inflow from loan repayments</i>	-4,134	0	0
<i>thereof change in the utilization of overdraft facilities</i>	-142	0	0
Non-cash changes	0	338	338
Changes due to exchange rates	0	145	145
Changes in the scope of consolidation	0	0	0
December 31	25,106	4,016	29,122

35. Defined-contribution pension plans

The Group's employees belong to a state pension plan which is managed by the state authorities ("statutory pension insurance"). The parent company and subsidiaries are required to pay a certain percentage of personnel expense into the pension plan to fund benefits. The only obligation relating to this pension plan is the payment of these defined contributions. In addition, voluntary premiums are paid to insurance companies for some employees and the Board of Directors. The expenses of EUR 2,289 thousand (2022: EUR 2,152 thousand) recognized in the consolidated statement of profit or loss comprise the Group's contributions to these pension plans on the basis of the agreed contributions.

36. Events after the reporting date

The Supervisory Board of InTiCa Systems SE appointed Mr. Bernhard Griesbeck to the company's Board of Directors with effect from January 15, 2024. Mr. Griesbeck, who holds a degree in business administration, bears joint responsibility with Dr. Gregor Wasle, Chairman of the Board of Directors, for the company's business performance and growth strategy, which he will drive forward with a special focus on the sales function. Following the appointment of Mr. Griesbeck, the Board of Directors again has two members.

No other events of special significance occurred after the reporting date that are expected to have a material effect on the Group's assets, financial position and results of operations.

37. Disclosures

The consolidated financial statements were approved for publication by the Board of Directors on June 7, 2024.

In 2023, InTiCa Systems SE did not receive notifications in accordance with sec. 20 paragraph 1 or paragraph 4 of the German Companies Act (AktG) or sec. 33 paragraph 1 or paragraph 2 of the German Securities Trading Act (WpHG).

38. Staff

The average number of employees in 2023 was 740 (2022: 731).

	Dec. 31, 2023	Dec. 31, 2022
Salaried employees	141	135
Industrial employees	591	588
Trainees	5	3
Low-wage part-time staff	4	5
Total	741	731

39. Auditor's fees

The following fees for services rendered by the auditor were charged to expenses in the fiscal year:

	Dec. 31, 2023 in EUR '000	Dec. 31, 2022 in EUR '000
Audit services for the fiscal year	85	77
Other services for the fiscal year	0	0
Total	85	77

The audit fees principally comprise fees for the audit of the consolidated financial statements and the financial statements of the parent company.

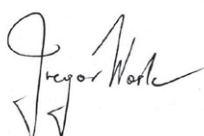
40. German Corporate Governance Code

The Board of Directors and Supervisory Board of InTiCa Systems SE issue a declaration of the extent to which they comply with and have complied with the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the electronic Federal Gazette.

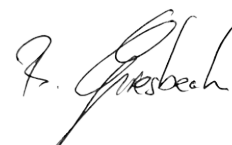
The declaration of conformity is part of the corporate governance statement and is permanently available to investors in the Investor Relations/Corporate Governance section of the company's website: www.intica-systems.com.

Passau, June 6, 2024

The Board of Directors



Dr. Gregor Wasle
Chairman of the Board of Directors



Bernhard Griesbeck
Member of the Board of Directors



RESPONSIBILITY

Responsibility Statement

We hereby declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that the 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, June 6, 2024

The Board of Directors

Dr. Gregor Wasle
Chairman of the Board of Directors

Bernhard Griesbeck
Member of the Board of Directors



AUDITOR'S REPORT

Independent auditor's report

To InTiCa Systems SE, Passau

Report on the audit of the consolidated financial statements and the Group management report

Audit opinions

We have audited the consolidated financial statements of InTiCa Systems SE, Passau and its subsidiaries (the Group), comprising the consolidated balance sheet as of December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from January 1, 2023 to December 31, 2023, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of InTiCa Systems SE, Passau for the financial year from January 1, 2023 to December 31, 2023. In accordance with German legislation, we have not audited the content of the section of the Group management report headed "Other Information".

In our opinion, based the knowledge obtained in the audit

- the attached consolidated financial statements comply in all material respects with the IFRS as adopted by the EU, and the additional requirements of German law to be applied in accordance with Section 315e Paragraph 1 of the German Commercial Code (HGB), and give a true and fair view of the Group's assets and financial position as of December 31, 2023 and the results of operations for the financial year from January 1, 2023 to December 31, 2023 in accordance with these requirements, and
- the attached Group management report as a whole gives an appropriate view of the Group's position. In all material respects, the Group management report is consistent with the consolidated financial statements, complies with the German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not include the content of the non-audited components of the Group management report in the section headed "Other Information".

In accordance with Section 322 Paragraph 3 Sentence 1 of the German Commercial Code (HGB), we declare that our audit did not lead to any reservations regarding the propriety of the consolidated financial statements and the Group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 of the German Commercial Code and the EU Audit Regulation (no. 537/2014; subsequently referred to as the "EU Audit Regulation") and in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these requirements and principles are set out in the section "Auditor's responsibility for the audit of the consolidated financial statements and the Group management report" in our auditor's report. We are independent of the Group companies in accordance with European law and German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 Paragraph 2 (f) of the EU Audit Regulation, we declare that we have not provided any prohibited non-audit services pursuant to Article 5 Paragraph 1 of the EU Audit Regulation. In our opinion, the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the Group management report.

Key audit matters in the audit the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were most significant in our audit of the consolidated financial statements for the financial year from January 1, 2023 to December 31, 2023. These were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

1. Recognition and accrual of revenue from the sale of internally manufactured and developed components

» Reasons for designation as a key audit matter

The consolidated financial statements of InTiCa Systems SE report total sales revenues of EUR 86.9 million from various goods and services in the 2023 financial year. These mainly include revenues from the sale of internally manufactured components, which are based on in-house developments by InTiCa Systems SE. To a smaller extent, revenues from the sale of tools required for production, development work and sample components are also recognized. In accordance with IFRS 15 "Revenue from contracts with customers", the Group recognizes revenues at a point in time, when the performance obligation is satisfied. In view of the different contractual agreements and the material judgements that have to be made in respect of the recognition

of revenue at a point in time or over time, there is a risk of incorrect accrual of sales revenues as of the reporting date. Furthermore, since sales are a significant parameter from the perspective of the users of financial statements, special importance was attached to revenue recognition in the context of our audit.

» Our audit procedure

As part of our audit, we obtained an overview of the main types of contract and the individual performance obligations contained therein by examining key customer contracts. In this context, we assessed the assumptions made by the legal representatives with respect to the method of revenue recognition (over time versus at a point in time) and compared them with the criteria set out in IFRS 15. Our audit activities with regard to the identification and assessment of risks comprised, in particular, gaining an understanding of the company's sales process and judging the appropriate structuring and implementation of the internal controls in this area. Based on this, we tested the effectiveness of selected controls implemented by the company on the basis of samples.

» Reference to related disclosures

The company's disclosures on revenue recognition are contained in the notes to the consolidated financial statements, notes 3.5 Revenue recognition and 5. Sales.

2. Recognition and impairment of self-created intangible assets

» Reasons for designation as a key audit matter

The self-created intangible assets reported in the consolidated financial statements of InTiCa Systems SE as of December 31, 2023 amount to EUR 3.0 million. The company's development projects result from so-called basic development services prior to customer contracts. Directly attributable expenses incurred for the individual assets such as materials and, in particular, developer hours are therefore capitalized. Following completion of individual basic developments, they are amortized uniformly within each segment (Automotive or Industry) over a useful life of five or three years. Furthermore, an annual impairment test is performed on both projects still in process and basic developments that have not been fully amortized. This involves comparing the future earnings contributions of the individual assets with their current carrying amount. Where there are signs of lasting impairment, an impairment write-down is recognized. In view of the high significance of capitalized development costs for the business model and balance sheet, and the assumptions that have to be made by the company's legal representatives for the purpose of recognition and measurement, there is a risk of overvaluation. Consequently, special attention was paid to capitalized development costs in the context of our audit.

» *Our audit procedure*

As part of our audit, we reviewed the methodology used by InTiCa Systems SE for the measurement and presentation of self-created intangible assets. In this context, the assessment of the company's legal representatives relating to the start of the development period of individual assets was examined. The capitalized expenses and the underlying assumptions for individual projects were examined on the basis of samples. In this connection, the forecasts for the expected future cash flows from development projects were plausibilized and compared with the approved plans and agreements with customers through evidence-based checks. Furthermore, the reliability of forecasting by InTiCa Systems SE was examined on the basis of a comparison of the planning for previous financial years with the actual sales revenues recognized. The analysis of the planning parameters described above was also undertaken with respect to the impairment tests on the capitalized self-created intangible assets.

» *Reference to related disclosures*

The company's disclosures on the accounting policies and valuation methods applied are included in the notes to the consolidated financial statements, notes 3.11 Intangible assets and 3.12 Impairment of property, plant and equipment and intangible assets.

Note 4 Principal sources of estimation uncertainty in the notes to the consolidated financial statements contains information on estimation uncertainties. For information on the development of self-created intangible assets, see Note 14 to the consolidated financial statements.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises:

- the report of the Supervisory Board,
- the Remuneration Report pursuant to Section 162 of the German Companies Act (AktG), which is referred to in section 3.7 of the Group management report
- the Responsibility Statement on the consolidated financial statements, pursuant to Section 297 Paragraph 2 Sentence 4 of the German Commercial Code (HGB), and the Responsibility Statement on the Group management report, pursuant to Section 315 Paragraph 1 Sentence 5 HGB
- the separate non-financial statement for the Group in section 2 of the Group management report

- the corporate governance statement pursuant to Section 289f of the German Commercial Code (HGB), referred to in section 3.8 of the Group management report
- all other parts of the Annual Report, with the exception of the audited consolidated financial statements and the audited content of the disclosures in the Group management report and our audit report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The company's legal representatives and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the German Companies Act (AktG), which is part of the corporate governance statement referred to section 3.8 of the Group management report. Furthermore, the company's legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and Group management report do not cover the other information; accordingly, we do not express an audit opinion or any other form of audit conclusion thereon.

In connection with our audit, our responsibility is to read the above-mentioned other information and evaluate whether the other information

- is materially inconsistent with the consolidated financial statements, the disclosures in the audited content of the Group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibility of the legal representatives and Supervisory Board for the consolidated financial statements and the Group management report

The legal representatives are responsible for preparing consolidated financial statements that comply in all material respects with the IFRS as adopted by the EU and the additional requirements of German law to be applied in accordance with Section 315e Paragraph 1 of the German Commercial Code (HGB) and for ensuring that the consolidated financial statements give a true and fair view of the assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls they have defined as necessary to allow preparation of consolidated financial statements that are free from material misstatements due to fraud (i.e. manipulation of financial accounting or misappropriation of assets) or error.



In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue to operate as a going concern. Furthermore, they are responsible for disclosing any pertinent issues relating to the going concern assumption. In addition, they are responsible for using the going concern principle of accounting unless the intention is to liquidate the company or to cease to operate or there is no realistic alternative but to do so.

The legal representatives are also responsible for preparing the Group management report, which as a whole gives an appropriate view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for implementing the safeguards and measures (systems) they consider to be necessary to allow the preparation of a Group management report in compliance with the applicable German legal requirements and for ensuring they are able to provide sufficient appropriate evidence for the statements made in the Group management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibility for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements due to fraud or error, and whether the Group management report as a whole gives an appropriate view of the Group's position and is consistent in all material respects with knowledge obtained in our audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high level assurance, but not a guarantee, that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW), will always detect any material misstatement. Misstatements may result from fraud or error and are regarded as material if, either individually or in aggregate, they could reasonably be expected to influence economic decisions by users taken on the basis of these consolidated financial statements or this Group management report.

During the audit, we exercise the necessary professional judgment and maintain a critical attitude.

- we identify and assess the risks of material misstatements in the consolidated financial statements and Group management report due to fraud or error, plan and perform the audit as a response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements resulting from fraud will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, because fraud may involve collusion, forgery, intentional omissions, misrepresentations or overriding internal controls.
- we gain an understanding of the internal controls of relevance for the audit of the consolidated financial statements and the safeguards and measures of relevance to the audit of the Group management report, in order to plan audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an audit opinion on the efficacy of these systems.
- we assess the appropriateness of the accounting policies applied by the legal representatives, the reasonableness of the estimates made by the legal representatives and the associated disclosures.
- we draw conclusions about the appropriateness of the going concern principle of accounting used by the legal representatives and, on the basis of the audit evidence, about whether there is any material uncertainty regarding the events or circumstances that could give rise to significant doubt about the ability of the Group to continue as a going concern. If we come to the conclusion that there is a material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the Group management report or, if these disclosures are inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. Future events or circumstances may, however, prevent the Group continuing to do business.
- we assess the presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying business transactions and events in a manner such that consolidated financial statements give a true and fair view of the assets, financial position and results of operations of the Group in accordance with the IFRSs adopted by the EU and the additional requirements of German law in accordance with Section 315e Paragraph 1 of the German Commercial Code (HGB).
- we obtain sufficient appropriate audit evidence regarding the accounting information on the companies or business operations within the Group to give audit opinions on the consolidated financial statements and Group management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the consistency of the Group management report with the consolidated financial statements, its compliance with the law and the view it presents of the Group's position.
- we perform our audit procedures on the forward-looking statements made by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence, we examine, in particular, the significant assumptions underlying the forward-looking statements by the legal representatives and assess whether the forward-looking statements have been derived correctly from these assumptions. We do not express a separate audit opinion on the forward-looking statements or the underlying assumptions. There is a significant and unavoidable risk that future events could deviate materially from the forward-looking statements.

We communicate the planned scope and timing of the audit and significant audit findings, including any significant shortcomings in the internal control system identified during the audit, with those charged with governance.

We provide those charged with governance with a declaration that we have observed the relevant requirements on independence and discuss with them all relationships and other matters that may reasonably be assumed to affect our independence and, where relevant, the action taken or safeguards applied to eliminate matters that may affect our independence.

Based on the matters discussed with those charged with governance, we determine the matters that were of most significance for the audit of the consolidated financial statements for the present reporting period and that are therefore the key audit matters. We describe these issues in our auditor's report, unless law or regulation precludes public disclosure of the matter.

Other legal and regulatory requirements

Assurance report in accordance with Section 317 Paragraph 3a of the German Commercial Code (HGB) on the electronic reproduction of the consolidated financial statements and Group management report to be prepared for publication purposes

Statement on the non-issuance of an assurance opinion

We were mandated to perform an assurance engagement in accordance with Section 317 Paragraph 3a of the German Commercial Code (HGB) to obtain reasonable assurance about whether reproduction of the consolidated financial statements and the Group management report (subsequently referred to as the ESEF documents) to be prepared for publication purposes complies in all material respects with the requirements of Section 328 Paragraph 1 of the German Commercial Code (HGB) for the electronic reporting format ("ESEF format").

We are not issuing an assurance opinion on the ESEF documents. In view of the significance of the circumstances outlined in the section "Reasons for not issuing an assurance opinion", we were not in a position to obtain sufficient appropriate evidence as a basis for an assurance opinion on the ESEF documents.

Reasons for not issuing an assurance opinion

We are not issuing an assurance opinion on the ESEF documents because the legal representatives had not submitted complete ESEF documents to us for examination by the date on which an assurance opinion was to be issued.

Responsibility of the legal representatives and Supervisory Board for the ESEF documents

The company's legal representatives are responsible for the preparation of the ESEF documents, including the electronic reproduction of the consolidated financial statements and the Group management report in accordance with Section 328 Paragraph 1 Sentence 4 No. 1 of the German Commercial Code (HGB) and for the tagging of the consolidated financial statements in accordance with Section 328 Paragraph 1 Sentence 4 No. 2 HGB.

In addition, the company's legal representatives are responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 Paragraph 1 HGB for the electronic reporting format – whether intentional or unintentional.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Responsibility of the corporate auditor for the assurance engagement on the ESEF documents

Our responsibility is to examine whether the ESEF documents comply with Section 317 Paragraph 3a of the German Commercial Code (HGB), taking into account the IDW Assurance Standard: Assurance in accordance with Section 317 Paragraph 3a HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW PS 410 (06.2022)). Due to the circumstances outlined in the section "Reasons for not issuing an assurance opinion", we were not able to obtain sufficient appropriate evidence as a basis for issuing an assurance opinion on the ESEF documents.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditor for the consolidated financial statements at the Annual General Meeting on June 19, 2023. We were engaged by the Chairman of the Supervisory Board on October 10, 2023. We have been engaged as the auditor for InTiCa Systems SE, Passau, continuously since 2022.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation.

Responsible auditor

The auditor responsible for the audit is Christian Leupold.

Regensburg, June 6, 2024

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft

Christian Landgraf
Wirtschaftsprüfer
(German public auditor)

Christian Leupold
Wirtschaftsprüfer
(German public auditor)



GLOSSARY

Technical Glossary

Antennas

Antennas in the sense of RFID technology are sender as well as receiver antennas on the basis of winding technology (inductive components or coils).

Automation technology

Automation technology aims at making a machine or plant work completely autonomous and independent of human input. The closer you get at reaching this goal, the higher is the degree of automation. Often human staff is needed for supervision, supplies, conveyance of finished goods, maintenance, and similar jobs. Automation technology addresses the most diverse issues of building and plant automation, e.g. measuring, controlling, monitoring, defect analysis, and the optimization of process sequences.

Coil

See under "inductive components" or "inductors".

Filter

See under "inductive components"; electronic component for the separation of different signal sources.

Hybrid vehicles

Hybrid vehicles are cars containing at least two transducers and two installed energy storage systems for the purpose of powering the vehicle. Transducers are for instance electric motors and Otto and Diesel engines, energy storage systems are for instance batteries and gas tanks.

Inductors, Coil

Inductors are inductive components in the realm of electrical engineering and electronics. The terms inductor and solenoid or coil are not clearly defined and used synonymously.

Inductive components

Inductive components usually consist of a ferrite core, a plastic coil body and copper wire for the transmission, filtering, and sending or receiving of electric signals. They are functional independent of external energy input.

Inductivity, High-tech inductivity

Inductivity is an electric property of an energized electric conductor due to the envioning magnetic field created by the current flow. It describes the ratio between the magnetic flux linked with the conductor and the current flowing through the conductor.

Internet

The term was initially derived from "interconnecting network", i. e. a network that connects separate networks with each other. Today the internet consists of an immense number of regional and local networks all over the world, together creating the "networks' network". The internet applies a uniform addressing scheme as well as TCP/IP-protocols for the transfer of data. Initially this global digital network used to primarily interconnect computers in research centers.

Inverter

An inverter is an electronic device converting direct voltage into alternating voltage or direct current into alternating current. Depending on the circuit, inverters can come equipped for the generation of single-phase alternating current or threephase alternating current (rotary current).

Keyless Entry, Keyless Go

New technology for locking and unlocking vehicles; instead of a key there is only a chip card that exchanges signals with the vehicle. As soon as the card holder approaches the car or touches the door handles, the door will open. The motor is started by touching a pushbutton or starter button.

RFID

Radio Frequency Identification; wireless transmission system for the detection of objects.

Sensor

A sensor is a technological component that is able to detect certain physical or chemical properties (e.g. thermal radiation, temperature, humidity, pressure, sound, brightness, or acceleration) and/or the material condition or texture of its environment with respect to quality or quantity, as a measurand. These factors are detected by the use of physical or chemical effects and transformed into other processible quantities (mostly electric signals).

Financial Calendar 2024

May 31, 2024	Publication of the interim financial statements for Q1 2024
June 07, 2024	Publication of the annual report for 2023
June 11, 2024	Press conference / conference call
July 24, 2024	Annual General Meeting in Passau
August 8, 2024	Publication of the interim financial statements for H1 2024
November 19, 2024	Publication of the interim financial statements for Q3 2024
December 31, 2024	End of the 2024 financial year



Thank you for your confidence
in our company

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Systems

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