Focus on Internationalization

2017

INTERIM REPORT 9M

9M 2017 in figures

The Group

The Group	Q3 2016 EUR ´000	**Q3 2017 EUR ´000**	9M 2016 EUR ´000	**9M 2017 EUR ´000**	Change vs. 9M 2016
Sales	10,793	**12,746**	33,727	**37,301**	+10.6%
Net margin (net result for the period)	0.9%	**1.2%**	1.6%	**1.3%**	-
EBITDA	1,318	**1,470**	4.204	**4,339**	+3.2%
EBIT	249	**347**	923	**1,060**	+14.8%
EBT	145	**245**	595	**730**	+22.7%
Net result for the period	95	**154**	539	**498**	-7.6%
Earnings per share (diluted/basic in EUR)	0.02	**0.04**	0.13	**0.12**	-7.6%
Total cash flow	1,465	**978**	2,148	**1,223**	-43.1%
Net cash flow for operating activities	1,469	**49**	3,776	**1,273**	-66.3%
Capital expenditure	969	**1,554**	3,171	**3,241**	+2.2%

	Sep 30, 2016 EUR ´000	Dec 31, 2016 EUR ´000	**Sep 30, 2017 EUR ´000**	Change vs. Dec 31, 2016
Total assets	41,170	41,477	**44,678**	+7.7%
Equity	16,988	16,727	**17,580**	+5.1%
Equity ratio	41%	40%	**39%**	-
Number of employees (on the reporting date)	581	586	**597**	+1.9%

The Stock

The Stock	9M 2016	2016	**9M 2017**
Closing price (in EUR)	4.58	4.75	**8.85**
Period high (in EUR)	5.10	5.10	**10.46**
Period low (in EUR)	4.20	4.20	**4.31**
Market capitalisation at end of period (in EUR million)	19.63	20.36	**37.94**
Number of shares	4,287,000	4,287,000	**4,287,000**

The stock prices are closing prices on XETRA.

Contents

Foreword by the Board of Directors

Dear shareholders, employees and business associates,

Our performance in the first nine months of 2017 shows that we are well on the way to achieving our targets for the full year. We are pleased to report a 10% increase in sales year-on-year to EUR 37.3 million and an EBIT margin of 2.8%. The operating cash flow was EUR 1.3 million and capital spending on property, plant and equipment and intangible assets was EUR 3.2 million. In addition, borrowing at low interest rates has enabled us to further optimize our financing structure and we have been able to use the low-interest phase to refinancing our long-term investment in further growth. We therefore achieved a positive overall cash flow of EUR 1.2 million.

Looking at our segments, the very good development of Industrial Electronics should be highlighted. This was due to strong demand for inverters in the third quarter. The high sales also enabled this segment to report clearly positive EBIT again. The coming quarters will show whether this was a one-off effect. In any case, we are working to continue the positive trend. The Automotive Technology segment also contributed to sales as planned in the reporting period. However, start-up of the second serial production line in Mexico was postponed due to customer-induced delays in production approval. Moreover, we had to take on further agency staff at our production facility in the Czech Republic as a result of high capacity utilization. Both effects impacted the profitability of this segment. We assume that the customer will take steps to resolve the issues in Mexico in the fourth quarter and that we will also be able to take effective action to resolve the situation.

The continued high level of orders on hand is very pleasing. At EUR 57 million, orders are well above the prior-year level. Around EUR 48 million of this amount is attributable to the Automotive Technology segment. In view of our performance to date, we are therefore confirming our guidance for the 2017 financial year: we expect sales to be at the upper end of the range of EUR 47 million to EUR 50 million, while the EBIT margin should be around 3%.

New production site in Mexico

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

Passau November, 2017

Yours,

Dr. Gregor Wasle
Spokesman of the
Board of Directors

Günther Kneidinger
Member of the
Board of Directors

Board of Directors

Gregor Wasle
Spokesman of the Board of Directors
Engineering graduate
Strategy, Finance, Human Resources, Production, Manufacturing Technology, IT, Investor and Public Relations

Günther Kneidinger
Member of the Board of Directors
Sales, R&D, Materials Management and Quality Management

Supervisory Board

Udo Zimmer
Chairman
Business administration graduate
Munich
- *Member of the Board of Management of REMA TIP TOP AG*

Werner Paletschek
Deputy Chairman
Business administration graduate
Fürstenzell
- *Managing director of OWP Brillen GmbH, Passau*

Christian Fürst
Member of the Supervisory Board
Business administration graduate
Thyrnau
- *Managing partner of ziel management consulting gmbh*
- *Chairman of the Supervisory Board of Electrovac Hacht & Huber GmbH*
- *Advisory Board of Eberspächer Gruppe GmbH & Co. KG*

The Stock

InTiCa Systems' share price performance[1)]

Having made a respectable gain of 11.7% in 2016, shares in InTiCa Systems AG started 2017 at EUR 4.75 and then traded in a range between EUR 4.50 and EUR 4.75. In early March, they briefly dropped below EUR 4.50 and on March 13, 2017 the share price recorded a year-to-date low of EUR 4.31. However, the price recovered quickly from this setback and rose above EUR 4.50 following publication of the provisional results for 2016. The shares subsequently continued to move sideways, trading in a range of between EUR 4.50 and EUR 4.75. From the end of May, this was followed by a strong rise to over EUR 7.00. The shares then held this level until early September, when there was a renewed sharp hike. The share price ended the first nine months of 2017 at EUR 8.85 in Xetra trading. The upward trend continued and the share reached a year-to-date high of EUR 10.60 on October 13, 2017. The closing price on November 15, 2017 was EUR 7.38. That was an increase of 55.4% since the start of the year, bringing InTiCa Systems' market capitalization to EUR 31.6 million.

In the first nine months of 2017, we provided timely information for our shareholders and the general public on current business trends, specific events and the company's prospects. As in the past, this year's press conference to mark the publication of the annual report for 2016 attracted considerable interest from analysts and investors. The presentation and speech given at the press conference can be accessed on the company's homepage at Investor Relations/Publications [available in German only]. The presentation given at this year's Annual General Meeting in Passau on July 21, 2017 is also available on the homepage [in German only]. At the meeting, shareholders were given information on fiscal 2016 and the present situation at InTiCa Systems AG.

In addition, InTiCa Systems AG plans to give a presentation for investors, analysts and financial journalists at this year's Munich Capital Markets Conference (MKK). MKK is the biggest capital market conference in southern Germany and will be held on December 13, 2017.

1) Price data based on Xetra, source: Bloomberg

Key data on the share

ISIN	DE0005874846
WKN	587484
Stock market symbol	IS7
Trading segment	Regulated Market
Transparency level	Prime Standard

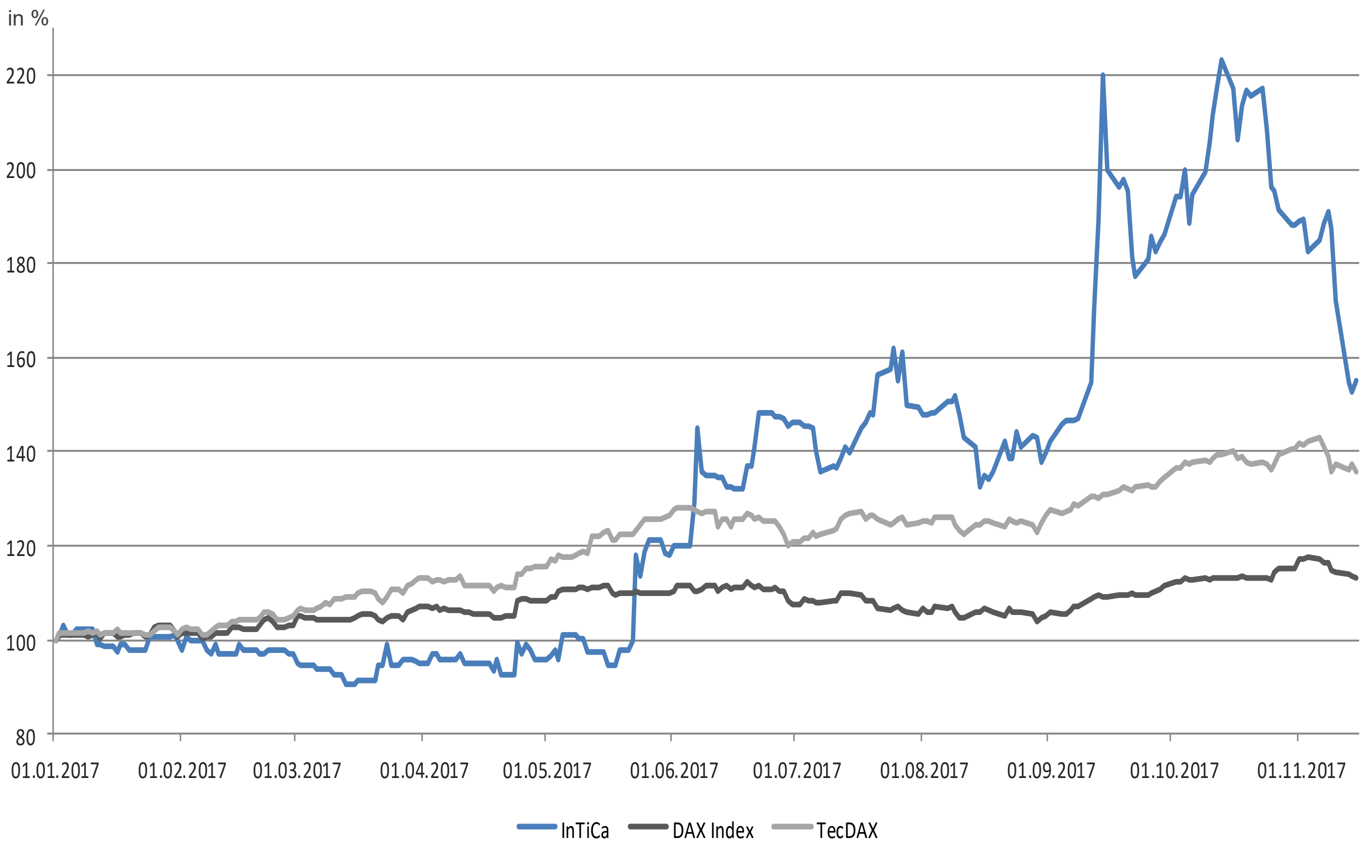
Designated Sponsor	BankM - FinTech Group Bank
Research Coverage	SMC Research
No. of shares	4,287,000
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, München, Stuttgart, Düsseldorf

Shareholder structure

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

As of November 15, 2017

Share price performance



Interim Management Report of the Group

for the period from January 1 to September 30, 2017

Economic report

General economic conditions

In their joint diagnosis in autumn 2017, Germany's leading economic institutes come to the conclusion that the upswing in the German economy has gained strength and breadth because it is now increasingly being driven by foreign trade and investment in expansion as well as consumer spending. Although the high economic momentum seen in the first six months of this year has weakened slightly, the experts expect gross domestic product to grow by 1.9% in 2017. At the same time, unemployment is expected to fall to 5.7% and inflation to rise to 1.7%. The experts now see an upswing in the global economy. In the USA, Japan and the euro zone, output is rising far faster than the trend. Thanks to economic policy stimulus, the Chinese economy is back in a strong expansionary phase. Along with the rise in commodity prices, the upswing in these major economies has stimulated the economy in the emerging economies as a whole.

According to the German Automotive Industry Association (VDA), the German car market grew 2% to over 2.6 million vehicles in the first nine months of 2017 and is therefore proving more dynamic than had been expected. Since general economic situation, employment and consumer sentiment are good, the VDA has raised its forecast for 2017 and now anticipates a 4% increase in new cars to around 3.5 million. About 12.0 million new cars were registered in Europe in the first nine months of this year, a rise of around 4%. In the USA, sales of cars declined 11 percent to 4.7 million vehicles. By contrast, the Chinese market posted further growth: since the start of this year about 16.7 million cars have been sold in this market (+3%). Japan, Russia, Brazil and India also reported strong growth in the market for cars.

Alongside digitization, German car-makers are investing substantially in driving forward electromobility. The VDA is predicting investment of around EUR 40 billion up to 2020. It also anticipates rising demand for electric cars in Germany, not least because of the financial incentive offered by the “environment bonus”. This year, new registrations of electric cars have more than doubled to 36,923 (+116%).

The German Electrical and Electronic Manufacturers’ Association (ZVEI) also reports that the economic situation is very pleasing. On a cumulative basis, aggregated sector sales were EUR 123.6 billion between January and August 2017, a year-on-year rise of 7.5%. Domestic sales increased by 4.9% to EUR 58.8 billion, while foreign sales rose 9.8% to EUR 64.8 billion. Business with the euro zone grew by 8.6% to EUR 23.4 billion and business with other countries was up 10.4% at EUR 41.4 billion.

Significant events in the reporting period

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

Earnings, asset and financial position

Thanks to a good third quarter, sales growth in the first nine months of 2017 was 10.6%. That was in line with the Board of Directors' expectations. While growth in the Automotive Technology segment continued at a single-digit rate, the Industrial Electronics segment increased sales by more than 30% as demand for inverters was particularly high compared with the previous year. However, profitability was held back by customer-induced delays in production start-up in Mexico and the need to employ more agency staff in the Czech Republic to bridge production bottlenecks. As a consequence, EBITDA was only slightly higher than in the previous year at EUR 4.3 million. The EBITDA margin therefore declined slightly to 11.6% (9M 2016: 12.5 %). EBIT was EUR 1.1 million in the first nine months of 2017 (9M 2016: EUR 0.9 million) and the EBIT margin was 2.8% (9M 2016: 2.7%). Net profit for the period was EUR 0.5 million (9M 2016: EUR 0.5 million).

The operating cash flow was EUR 1.3 million in the reporting period (9M 2016: EUR 3.8 million). Due to new long-term bank loans, the company recorded a positive overall cash flow of EUR 1.2 million in the reporting period (9M 2016: EUR 2.1 million) despite further investment and scheduled repayment instalments. The equity ratio remains solid at 39% (December 31, 2016: 40%).

Earnings position

Compared with the first nine months of 2016, Group sales rose 10.6% to EUR 37.3 million (9M 2016: EUR 33.7 million). The Automotive Technology segment grew sales 5.9% to EUR 29.1 million (9M 2016: EUR 27.5 million) and the Industrial Electronics segment increased sales by 31.4% to EUR 8.2 million (9M 2016: EUR 6.2 million).

The ratio of material costs to total output was 54.9% in the reporting period, which was slightly above the prior-year level (9M 2016: 54.4%). At the same time, the personnel expense ratio increased from 22.7% to 23.0% due to the increase in headcount. Other expenses increased year-on-year from EUR 4.3 million to EUR 4.9 million. The other operating expenses include expenses of EUR 0.5 million (9M 2016: EUR 0.4 million) for agency staff at the production sites in Prachatice and Silao.

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 3.3 million, as in the previous year. Spending on research and development was up slightly year-on-year in the reporting period at EUR 2.2 million (9M 2016: EUR 2.1 million). Development work focused principally on the Automotive Technology segment.

There was only a slight rise in EBITDA (earnings before interest, taxes, depreciation and amortization) to EUR 4.3 million (9M 2016: EUR 4.2 million). As a result, the EBITDA margin dropped from 12.5% to 11.6%. EBIT (earnings before interest and taxes) increased considerably year-on-year to EUR 1.1 million (9M 2016: EUR 0.9 million). The EBIT margin was slightly higher than in the prior-year period at 2.8% (9M 2016: 2.7%). At segment level, Automotive Technology reported EBIT of EUR 0.75 million in the first nine months of 2017 (9M 2016: EUR 0.95 million). Customer-induced delays increased start-up expenses at the facility in Mexico, which held back this segment's earnings. The Industrial Electronics segment lifted EBIT to EUR 0.3 million (9M 2016: minus EUR 0.03 million).

The financial result was minus EUR 0.3 million in the first nine months of 2017 (9M 2016: minus EUR 0.3 million). As a result, the pre-tax profit was EUR 0.7 million (9M 2016: EUR 0.6 million). Taking into account higher tax expense of EUR 232 thousand (9M 2016: EUR 56 thousand), the net profit for the first nine months of 2017 was EUR 0.5 million (9M 2016: EUR 0.5 million). Earnings per share were EUR 0.12 (9M 2016: EUR 0.13).

As a result of currency translation gains of EUR 0.4 million (9M 2016: EUR 4 thousand) from the translation of foreign business operations, comprehensive income was EUR 0.9 million in the first nine months of 2017 (9M 2016: EUR 0.5 million).

Non-current assets

Since capital expenditures exceeded depreciation in the first nine months of 2017, property, plant and equipment increased to EUR 20.0 million as of September 30, 2017 (December 31, 2016: EUR 19.3 million). At the same time, intangible assets slipped to EUR 4.4 million (December 31, 2016: EUR 4.5 million) and deferred taxes declined to EUR 0.9 million (December 31, 2016: EUR 1.2 million). Overall, non-current assets rose to EUR 25.3 million as of September 30, 2017 (December 31, 2016: EUR 25.0 million).

Current assets

Current assets increased to EUR 19.4 million as of September 30, 2017 (December 31, 2016: EUR 16.5 million). The increase in the reporting period was mainly due to the rise in inventories from EUR 7.0 million to EUR 8.7 million and in trade receivables from EUR 8.5 million to EUR 9.8 million. Cash and cash equivalents totalled EUR 0.2 million on September 30, 2017 (December 31, 2016: EUR 0.4 million).

Liabilities

Current liabilities decreased to EUR 12.0 million in the first nine months of 2017 (December 31, 2016: EUR 13.3 million). Current liabilities to banks declined from EUR 8.9 million to EUR 7.3 million in the reporting period. At the same time, trade payables increased slightly to EUR 2.8 million (December 31, 2016: EUR 2.7 million). There was also a rise in other current provisions to EUR 1.2 million (December 31, 2016: EUR 1.1 million) and in other financial liabilities to EUR 0.4 million (December 31, 2016: EUR 0.3 million).

Non-current liabilities increased from EUR 11.4 million to EUR 15.1 million in the reporting period. Due to partial rescheduling of liabilities to banks from current to non-current, non-current liabilities to banks increased from EUR 9.8 million to EUR 13.5 million despite scheduled repayments. Deferred taxes were unchanged from December 31, 2016 at EUR 1.6 million.

Equity

Equity rose to EUR 17.6 million as of September 30, 2017 (December 31, 2016: EUR 16.7 million). The increase was due to the net profit for the period, which resulted in a decline in the negative profit reserve, and to the positive currency translation effects, which led to a corresponding reduction in the negative currency translation reserve. The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand and the capital reserve of EUR 15.4 million were constant in the reporting period. Total assets increased to EUR 44.7 million as of September 30, 2017 (December 31, 2016: EUR 41.5 million), while the equity ratio declined slightly from 40.3% to 39.3%.

Liquidity and cash flow statement

The net cash inflow for operating activities was EUR 1.3 million in the first nine months of 2017 (9M 2016: EUR 3.8 million). The year-on-year reduction was mainly due to an increase in inventories as a result of orders on hand. Excluding interest payments, the cash flow from operating activities was EUR 1.6 million (9M 2016: EUR 4.1 million).

The net cash outflow for investing activities was EUR 3.2 million in the reporting period (9M 2016: outflow of EUR 3.2 million). Investment in intangible assets amounted to EUR 1.0 million (9M 2016: EUR 1.0 million) and investment in property, plant and equipment was EUR 2.2 million (9M 2016: EUR 2.2 million). The biggest items relate to expansion of the site in Mexico, including installing a further production line, and an increase in production capacity at the facilities in the Czech Republic, which have to be expanded as a consequence of new customer orders. In addition, InTiCa is investing specifically in further modernization of existing production facilities to raise efficiency as part of the consistent implementation of the lean philosophy.

The net cash flow from financing activities was EUR 3.2 million in the first nine months of 2017 (9M 2016: EUR 1.5 million). In the reporting period, new loans resulted in cash inflows of EUR 4.3 million (9M 2016: EUR 4.0 million), while cash outflows for the repayment of loans amounted to EUR 1.1 million (9M 2016: EUR 2.5 million).

That resulted in a total cash flow of EUR 1.2 million in the reporting period (9M 2016: EUR 2.1 million). Cash and cash equivalents (less overdrafts) were minus EUR 5.6 million as of September 30, 2017 (September 30, 2016: minus EUR 5.2 million). As of the reporting date InTiCa Systems AG had assured credit facilities which could be drawn at any time totalling EUR 10.35 million.

Employees

The headcount was 597 on September 30, 2017 (September 30, 2016: 581). 48 of these employees were agency staff (September 30, 2016: 34). On average, the Group had 599 employees in the reporting period (9M 2016: 557 employees, including agency staff in both cases).

Risks and opportunities

The management report in the annual report for 2016 provides full details of risk factors that could affect the business performance of InTiCa Systems in section 3 “Risk management and risk report”, while business potential is discussed in section 4 “Opportunities and management of opportunities”. There was no material change in the risk/opportunity profile of InTiCa Systems AG in the reporting period.

Outlook

Business performance in the first nine months of 2017 was in line with the Board of Directors’ expectations so it is retaining its outlook for fiscal 2017.

At the end of the first nine months of 2017, orders on hand were well above the prior-year level at EUR 57 million (September 30, 2016: EUR 40.0 million). EUR 48 million of this amount was attributable to the Automotive Technology segment (September 30, 2016: EUR 34 million). Overall, the Board of Directors expects orders on hand to rise in both the Automotive Technology segment and the Industrial Electronics segment.

In view of the performance to date, the Board of Directors is therefore confirming its guidance for 2017: it expects sales to be at the upper end of the range of EUR 47 million to EUR 50 million, while the EBIT margin should be around 3%.

The material cost ratio should drop further and the equity ratio should be held stable.

Further information on the segments can be found in the annual report for 2016 in section 5 "Outlook".

Consolidated interim financial statements in accordance with IFRS

The unaudited consolidated interim financial statements for InTiCa Systems AG and its subsidiaries as of September 30, 2017, have been drawn up in accordance with the International Financial Reporting Standards (IFRS), as applicable for use in the European Union, and the supplementary commercial law regulations set out in sec. 315a paragraph 1 of the German Commercial Code (HGB). No audit review has been conducted of the consolidated interim financial statements.

Forward-looking Statements and Predictions

This interim report contains statements and forecasts referring to the future development of InTiCa Systems AG, which are based on current assumptions and estimates by the management that are made using information currently available to them. If the underlying assumptions do not materialize, the actual figures may differ substantially from such estimates. Future performance and developments depend on a wide variety of factors which contain a number of risks and unforeseeable factors and are based on assumptions that may prove incorrect. We neither intend nor assume any obligation to update forward-looking statements on an ongoing basis as these are based exclusively on the circumstances prevailing on the date of publication.

Consolidated Interim Financial Statements

for the period from January 1 to September 30, 2017

Consolidated Balance Sheet

of InTiCa Systems AG in accordance with IFRS as of September 30, 2017

Assets	Sep 30, 2017 EUR ´000	Dec 31, 2016 EUR ´000
Non-current assets		
Intangible assets	4,440	4,454
Property, plant and equipment	19,957	19,346
Deferred taxes	915	1,165
Total non-current assets	**25,312**	**24,965**
Current assets		
Inventories	8,732	6,974
Trade receivables	9,770	8,514
Tax assets	2	2
Other financial assets	82	128
Other current receivables	605	539
Cash and cash equivalents	175	355
Total current assets	**19,366**	**16,512**
Total assets	**44,678**	**41,477**

Equity and liabilities

	Sep 30, 2017 EUR ´000	Dec 31, 2016 EUR ´000
Equity		
Capital stock	4,287	4,287
Treasury stock	-64	-64
General capital reserve	15,389	15,389
Profit reserve	-973	-1,471
Currency translation reserve	-1,059	-1,414
Total equity	**17,580**	**16,727**
Non-current liabilities		
Interest-bearing non-current liabilities	13,507	9,835
Deferred taxes	1,568	1,582
Total non-current liabilities	**15,075**	**11,417**
Current liabilities		
Other current provisions	1,225	1,084
Tax payables	3	3
Interest-bearing current financial liabilities	7,263	8,900
Trade payables	2,759	2,727
Other financial liabilities	417	274
Other current liabilities	356	345
Total current liabilities	**12,023**	**13,333**
Total equity and liabilities	**44,678**	**41,477**
Equity ratio	**39%**	40%

Consolidated Statement of Profit and Loss and other Comprehensive Income

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to September 30, 2017

	Q3 2017 TEUR	Q3 2016 TEUR	9M 2017 TEUR	9M 2016 TEUR	Change 2017 vs. 2016
Sales	**12,746**	**10,793**	**37,301**	**33,727**	**+10.6%**
Other operating income	205	33	380	193	+96.9%
Changes in finished goods and work in process	251	656	412	513	-19.7%
Other own costs capitalized	318	300	913	900	+1.4%
Material expense	7,300	6,337	21,187	19,116	+10.8%
Personnel expense	2,983	2,659	8,568	7,667	+11.8%
Depreciation and amortization	1,123	1,069	3,279	3,281	-0.1%
Other expenses	1,767	1,468	4,912	4,346	+13.0%
Operating profit (EBIT)	**347**	**249**	**1,060**	**923**	**+14.8%**
Cost of financing	102	104	330	328	+0.6%
Other financial income	0	0	0	0	-
Profit before taxes	**245**	**145**	**730**	**595**	**+22.7%**
Income taxes	91	50	232	56	+314.3%
Net profit for the period	**154**	**95**	**498**	**539**	**-7.6%**
Other comprehensive income					
Exchange differences from translating foreign business operations	-39	48	355	4	-
Other comprehensive income, after taxes	**-39**	**48**	**355**	**4**	**-**
Total comprehensive income for the period	**115**	**143**	**853**	**543**	**+57.1%**
Earnings per share (diluted/basic in EUR)	0.04	0.02	0.12	0.13	-7.6%
EBITDA	**1,470**	**1,318**	**4,339**	**4,204**	**+3.2%**

Consolidated Cash Flow Statement

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to September 30, 2017

	Jan 1 - Sep 30, 2017 EUR ´000	Jan 1 - Sep 30, 2016 EUR ´000
Cash flow from operating activities		
Net profit for the period	498	539
Income tax expenditures / receipts	232	56
Cash outflow for borrowing costs	331	328
Income from financial investments	0	0
Depreciation and amortization of non-current assets	3,279	3,281
Other non-cash transactions		
Net currency gains/losses	-28	0
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	-1,758	79
Trade receivables	-1,257	-1,049
Other assets	-20	286
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	141	382
Trade payables	32	55
Other liabilities	105	157
Cash flow from operating activities	**1,555**	**4,114**
Cash outflow for income taxes	0	0
Cash outflow for interest payments	-282	-338
Net cash flow from operating activities		
Cash flow from investing activities	**1,273**	**3,776**
Cash inflow from interest payments	0	0
Cash outflow for intangible assets	-998	-966
Cash outflow for property, plant and equipment	-2,243	-2,205
Net cash flow from investing activities		
Cash flow from financing activities	**-3,241**	**-3,171**
Cash inflow from loans	4,337	4,000
Cash outflow for loan repayment installments	-1,146	-2,457
Cash outflow for liabilities under finance leases	0	0
Net cash flow from financing activities	**3,191**	**1,543**
Total cash flow	**1,223**	**2,148**
Cash and cash equivalents at start of period	-6,674	-7,388
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies	-149	0
Cash and cash equivalents at end of period	**-5,600**	**-5,240**

Consolidated Statement of Changes in Equity

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to September 30, 2017

	Capital stock EUR ´000	Treasury stock EUR ´000	Paid-in capital EUR ´000	Retained earnings EUR ´000	Currency translation reserve EUR ´000	Total equity EUR ´000
As of January 1, 2016	**4,287**	**-64**	**15,389**	**-1,818**	**-1,349**	**16,445**
Net result for 9M 2016	0	0	0	539	0	539
Other comprehensive income, after taxes for 9M 2016	0	0	0	0	4	4
Total comprehensive income for 9M 2016	0	0	0	539	4	543
As of September 30, 2016	**4,287**	**-64**	**15,389**	**-1,279**	**-1,345**	**16,988**
As of January 1, 2017	**4,287**	**-64**	**15,389**	**-1,471**	**-1,414**	**16,727**
Net result for 9M 2017	0	0	0	498	0	498
Other comprehensive income, after taxes for 9M 2017	0	0	0	0	355	355
Total comprehensive income for 9M 2017	0	0	0	498	355	853
As of September 30, 2017	**4,287**	**-64**	**15,389**	**-973**	**-1,059**	**17,580**

Notes to the Consolidated Interim Financial Statements

for the period from January 1 to September 30, 2017

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems AG as of September 30, 2017, prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”, use the same accounting policies and valuation methods as the consolidated financial statements for fiscal 2016, which were drawn up in accordance with the International Financial Reporting Standards valid as of the reporting date, as applicable for use in the European Union, and the relevant Interpretations. The consolidated interim financial statements have been prepared for the nine-months period ending on September 30, 2017. Comparative data refer to the consolidated financial statements as of December 31, 2016, or the consolidated interim financial statements as of September 30, 2016. The consolidated interim financial statements do not contain all information that would be required for a full set of annual financial statements. A detailed overview of the accounting and valuation principles applied can be found in the notes to the consolidated financial statements in the annual report for 2016. This is available at Investor Relations/Publications on the company’s website at www.intica-systems.com/en.

The currency used to prepare the consolidated interim financial statements is the euro (EUR). Amounts are stated in thousands of euros (EUR ’000), except where otherwise indicated.

Scope of consolidation

In addition to the parent company, InTiCa Systems AG, Passau, Germany, the InTiCa Systems s.r.o., Prachatice, Czech Republic, and the Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico are included in the consolidated financial statements. The Czech subsidiary is a wholly owned company, while InTiCa Systems AG holds 99% of shares in the Mexican company and InTiCa Systems s.r.o. holds 1%. The annual financial statements and interim financial statements of the Group companies are drawn up as of the last day of the Group’s fiscal year or the interim reporting period. Compared with 9M 2016, the scope of consolidation of InTiCa Systems AG has not been changed.

Currency translation

When preparing the financial statements for each individual Group company, business transactions in currencies other than the functional currency of that company (foreign currencies) are translated at the exchange rates applicable on the transaction date.

When preparing the consolidated interim financial statements, the assets and liabilities of the Group's foreign business operations are translated into euros (EUR) at the exchange rate applicable on the reporting date. Income and expenses are translated using the weighted average exchange rate for the fiscal year.

Segment report as of September 30, 2017
Segment sales and segment earnings

Segment	Automotive Technology		Industrial Electronics		Total	
in EUR ´000	**9M 2017**	9M 2016	**9M 2017**	9M 2016	**9M 2017**	9M 2016
Sales	**29,101**	27,488	**8,200**	6,239	**37,301**	33,727
EBIT	**750**	953	**310**	-30	**1,060**	923

Key financial figures	9M 2017 EUR ´000 or %	9M 2016 EUR ´000 or %	Change 2017 vs. 2016
EBITDA	**4,339**	4,204	+3.2%
Net margin	**1.3%**	1.6%	
Pre-tax margin	**2.0%**	1.8%	
Material cost ratio (in terms of total output)	**54.9%**	54.4%	
Personnel cost ratio	**23.0%**	22.7%	
EBIT margin	**2.8%**	2.7%	
Gross profit margin	**44.3%**	44.8%	

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

	Closing rates		
	Sep 30, 2017	Dec 31, 2016	Sep 30, 2016
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 25.975	CZK 27.020	CZK 27.020
USA	USD 1.181	USD 1.056	USD 1.117
Mexico	MXN 21.513	MXN 21.774	MXN 21.637

	Average rates		
	Sep 30, 2017	Dec 31, 2016	Sep 30, 2016
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 26.553	CZK 27.033	CZK 27.035
USA	USD 1.114	USD 1.107	USD 1.116
Mexico	MXN 20.971	MXN 20.677	MXN 20.443

Segment information

The notes to the consolidated financial statements in the annual report for 2016 contain a detailed overview of the assets allocated to each segment. There has not been any material change in the assets allocated to the segments since December 31, 2016.

Consolidated income statement

Group sales revenues rose to EUR 37,301 thousand in the first nine months of 2017, up from EUR 33,727 thousand in the prior-year period. Both segments reported sales growth. EBITDA was EUR 4,339 thousand, thus slightly above the previous year's level (9M 2016: EUR 4,204 thousand). The net profit for the period was EUR 498 thousand, compared with EUR 539 thousand in the first nine months of 2016.

Consolidated balance sheet and cash flow statement

The capital stock of InTiCa Systems AG is EUR 4,287,000 and is divided into 4,287,000 no-par bearer shares with a theoretical pro rata share of the capital stock of EUR 1.00 per share. The equity ratio of around 39% as of September 30, 2017 (December 31, 2016: 40%) shows that the company is still soundly financed.

The net cash flow for operating activities was EUR 1,273 thousand in the first nine months of 2017 (9M 2016: EUR 3,776 thousand). The total cash flow in the reporting period was EUR 1,223 thousand (9M 2016: EUR 2,148 thousand). Cash and cash equivalents therefore changed from minus EUR 6,674 thousand as of December 31, 2016 to minus EUR 5,600 thousand as of September 30, 2017. Equity and liabilities changed as follows in the reporting period: equity increased to EUR 17,580 thousand (December 31, 2016: EUR 16,727 thousand), non-current liabilities rose to EUR 15,075 thousand (December 31, 2016: EUR 11,417 thousand), and current liabilities decreased to EUR 12,023 thousand (December 31, 2016: EUR 13,333 thousand), mainly due to the reduction in current liabilities to banks. On the asset side of the balance sheet, non-current assets increased to EUR 25,312 thousand (December 31, 2016: EUR 24,965 thousand), while current assets increased to

EUR 19,366 thousand (December 31, 2016: EUR 16,512 thousand) as a result of the increase in inventories and trade receivables.

Events after the reporting date

No reportable events have occurred since the reporting date, September 30, 2017.

German Corporate Governanace Code and declaration of conformance

In compliance with sec. 161 of the German Companies Act (AktG), the Board of Directors and Supervisory Board have made their current declaration of conformity with the German Corporate Governance Code and the declaration on corporate management pursuant to sec. 289a of the German Commercial Code (HGB) available permanently to shareholders on the company's website at www.intica-systems.com/en, Investor Relations/Corporate Governance.

Related party transactions

No material transactions were conducted with related parties in the reporting period.

Other information

The capital stock of InTiCa Systems AG is EUR 4,287,000 and is divided into 4,287,000 no-par bearer shares, which constitute a theoretical pro rata share of the capital stock of EUR 1.00 per share. All shares have the same voting rights and dividend claims. The only exceptions are shares held by the company (treasury shares), which do not confer any rights on the company. The rights and obligations of the shareholders are set out in detail in the German Companies Act (AktG), in particular in sec. 12, sec. 53a et seq., sec. 118 et seq. and sec. 186.

Restrictions on the voting rights of shares could result from statutory provisions (sec. 71b and sec. 136 AktG). The Board of Directors is not aware of any other restrictions on the exercise of voting rights or the transfer of shares.

Under the provisions of German securities trading legislation, every investor whose proportion of the voting rights in the company reaches, exceeds or falls below certain thresholds as a result of the purchase or sale of shares or in any other way must notify the company and the Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for such disclosures is 3%. Mr. Thorsten Wagner (Germany) and Mr. Dr. Dr. Axel Diekmann (Germany) have direct and indirect interests in the company's capital exceeding 10% of the voting rights.

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

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

The appointment and dismissal of members of the Board of Directors is governed by sec. 84 and sec. 85 of the German Companies Act (AktG) and sec. 5 of the articles of incorporation. Pursuant to the statutory provisions (sec. 179 paragraph 1 AktG) any amendment to the articles of incorporation requires a resolution of the General Meeting. Resolutions of the General Meeting are adopted on the basis of a simple majority vote except for amendments for which the German Companies Act stipulates a larger majority. Under sec. 8 paragraph 4 of the company's articles of incorporation, the Supervisory Board may make amendments to the articles of incorporation, providing these are merely editorial.

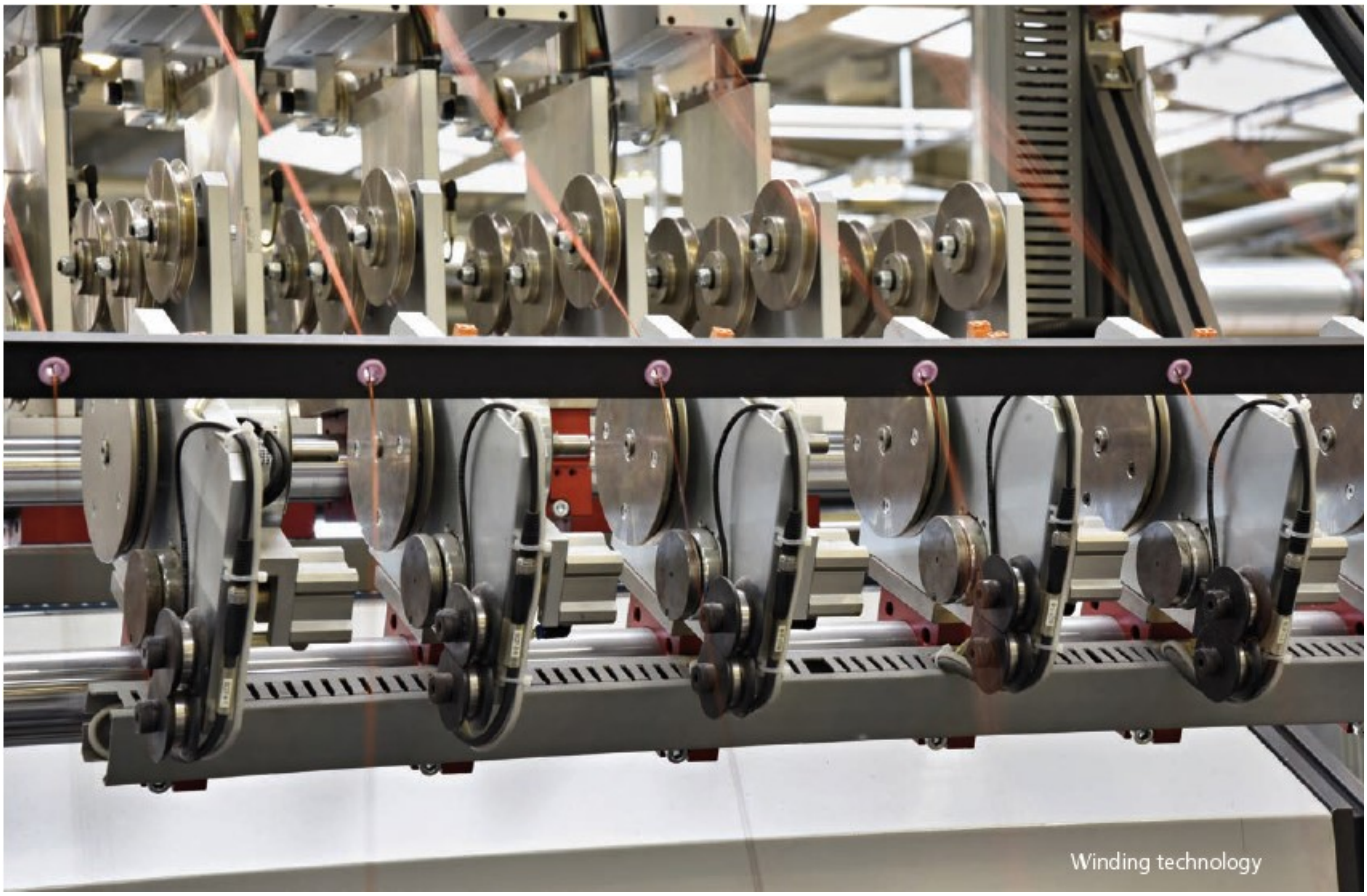
In addition, under sec. 3 paragraph 3 of the articles of incorporation, the Supervisory Board may alter the articles of incorporation in the event of a capital increase out of the authorized capital 2017/I to bring them into line with the extent of the capital increase and may make any other amendments associated with this provided that these are merely editorial.

The Board of Directors is authorized to increase the capital stock with the Supervisory Board's consent, up to July 20, 2022, by a total of up to EUR 2,143,500.00 in return for cash or contributions in kind under exclusion of shareholders' subscription rights (authorized capital 2017/I). Further details are given in sec. 3 paragraph 3 of the company's articles of incorporation, which can be downloaded from the company's website at Company/Downloads [available in German only].

On the basis of the resolution of the Annual General Meeting of May 29, 2008, the company was authorized, until November 28, 2009, to repurchase up to 10% of the capital stock of 428,700 shares at the date of the resolution. This resolution was used to purchase 263,889 shares in the company. As of September 30, 2016, InTiCa Systems AG still had treasury stock amounting to 64,430 shares (December 31, 2016: 64,430).

The Annual General Meeting on July 21, 2017 authorized the company to purchase its own shares, in one or more tranches up to July 20, 2022, up to a total of 10% of the capital stock. The company has not yet used this authorization.

InTiCa Systems has loans amounting to EUR 5.6 million which give the lender a right of termination in the event of a change in the borrower's shareholder or ownership structure


Winding technology

such that the shareholders or owners relinquish control over the borrower during the term of the loans or a person or group of persons acting jointly acquire more than 50% of the voting rights and/or more than 50% of the capital of the borrower, unless the prior consent of the lender is obtained.

In addition, the creditor of a EUR 2 million overdraft facility has an extraordinary right to terminate this facility. This right takes effect if one other person acquires at least 30% of the borrower's voting rights and the parties cannot reach agreement on new terms.

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

Responsibility Statement

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

We hereby declare that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated interim financial statements are prepared in accordance with the principles of proper book-keeping, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that the interim management report for the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Passau, November 22, 2017

The Board of Directors

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

Financial Calendar 2017

November 23, 2017	Publication of Interim Financial Statements for Q3 2017
December 13, 2017	Presentation at the Munich Capital Market Conference 2017

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