Focus on Internationalization

2017

INTERIM REPORT H1

Technologies for
growth markets!

H1 2017 in figures

The Group

The Group	Q2 2016 EUR ´000	**Q2 2017 EUR ´000**	H1 2016 EUR ´000	**H1 2017 EUR ´000**	Change vs. H1 2016
Sales	11,624	**12,280**	22,934	**24,555**	+7.1%
Net margin (net result for the period)	3.19%	**1.51%**	1.94%	**1.40%**	-
EBITDA	1,597	**1,458**	2,886	**2,869**	-0.6%
EBIT	497	**355**	674	**713**	+5.8%
EBT	389	**237**	450	**485**	+7.8%
Net result for the period	371	**186**	444	**344**	-22.5%
Earnings per share (diluted/basic in EUR)	0.09	**0.04**	0.10	**0.08**	-22.5%
Total cash flow	300	**2,842**	683	**245**	-64.1%
Net cash flow for operating activities	1,944	**2,350**	2.307	**1,224**	-46.9%
Capital expenditure	1,221	**636**	2.202	**1,687**	-23.4%

	Jun 30, 2016 EUR ´000	Dec 31, 2016 EUR ´000	**Jun 30, 2017 EUR ´000**	Change vs. Dec 31, 2016
Total assets	41,216	41,477	**42,927**	+3.5%
Equity	16,845	16,727	**17,465**	+4.4%
Equity ratio	41%	40%	**41%**	-
Number of employees (on the reporting date)	588	586	**589**	+0.5%

The Stock

The Stock	H1 2016	2016	**H1 2017**
Closing price (in EUR)	4.40	4.75	**6.94**
Period high (in EUR)	5.10	5.10	**7.05**
Period low (in EUR)	4.25	4.20	**4.31**
Market capitalisation at end of period (in EUR million)	18.86	20.36	**29.75**
Number of shares	4,287,000	4,287,000	**4,287,000**

The stock prices are closing prices on XETRA.

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Foreword by the Board of Directors

Dear shareholders, employees and business associates,

Our business performance in the first half of 2017 makes us optimistic about the further development of InTiCa Systems AG. With sales growth of around 7% to EUR 24.6 million and an EBIT margin of 2.9%, we are making good progress towards our goals for 2017 as a whole. As expected, there was a further clear improvement in the operating cash flow in the second quarter. Overall, we achieved a positive operating cash flow of EUR 1.2 million in the first half of the year. Orders on hand should be highlighted: they are at a record level of EUR 47.8 million (as of June 30, 2016 orders on hand totalled EUR 37 million), another sign of the good overall trend and the rising demand for solutions from InTiCa Systems AG.

We also made further progress in realizing our strategic goals in the first six months of 2017. As internationalization proceeds, our aim is to increasingly position InTiCa Systems as a global supplier. Internationalization brings new opportunities and is the basis of our growth strategy. In line with the “follow the customer” principle, on the basis of our current customer portfolio, we assume that we can open new sites and extend our customer base worldwide at calculable risk. Our new site in Mexico targets NAFTA and we are planning to build up a presence in Asia in the future.

The successful start of business at our new site in Mexico confirms our strategy. Production started in the third quarter of 2016, just six months after the decision in favour of this location. This site now provides serial production for one customer and has more than 20 employees. Serial production for a second customer is scheduled to start in the third quarter of 2017 and production for a further new customer will be added in 2018. The site has now been validated by four customers and we have obtained all relevant quality and environmental certificates. Given the positive demand, we are confident that the new site will be making a positive earnings contribution by 2018/19.

Investment in the new technology and training centre is another step in the right direction. As well as developing new production technology and supporting customers in the development of specific new solutions, we use this centre to continuously improve the start-up of new products and prepare the start up of new machinery as part of our internationalization. Last but not least, the centre is used for vocational and further training of our employees.

New production site in Mexico

Within our overall strategy, the transformation to a modern lean company is a key element in our success. By optimizing value flows in production and logistics we are increasing the efficiency and profitability of all corporate processes. At the same time, we are creating a global standard for all present and future production sites. With a view to customer satisfaction, we are permanently optimizing the reliability of delivery and product quality.

The key technologies that will drive the future development of the automotive sector are solutions for electric mobility, safety technology, connectivity, autonomous driving, energy storage technology and energy management. At present, our products directly serve three of these key technologies. A variety of models manufactured by different car producers use electric mobility, energy storage and safety technology from InTiCa Systems. Our solutions for the future-oriented e-mobility and e-solutions markets already account for around 15% of total sales revenue. That proportion will increase further in the future.

Overall, we see a positive international business trend for our company. In particular, there are opportunities in the area of electromobility. In the economy as a whole, capacity utilization is high in our area of business, so there are risks relating to the reliable supply of automation technology for key production plants and the supply of materials for our products. We are paying especial attention to these factors.

InTiCa Systems is therefore very well positioned with regard to technological progress and change. 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 August, 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*
- *Chairman of the Supervisory Board of SCHNELL Motoren 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. Supported by the good operational development and mid-term growth prospects in the field of electromobility, the share price rose strongly on moderate turnover at the end of May, recording the high of the first six months of 2017 at EUR 7.05 on June 23, 2017. On June 30, 2017, the InTiCa share closed the Xetra trading at a price of EUR 6.94. Following this, the share price rose again, so that the share reached the year-to-date high at EUR 7.70 on July 25, 2017. The closing price on August 15, 2017 was EUR 6.30. That was a gain of 32.6% since the start of the year, bringing InTiCa Systems' market capitalization to EUR 27.0 million.

In the first half 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

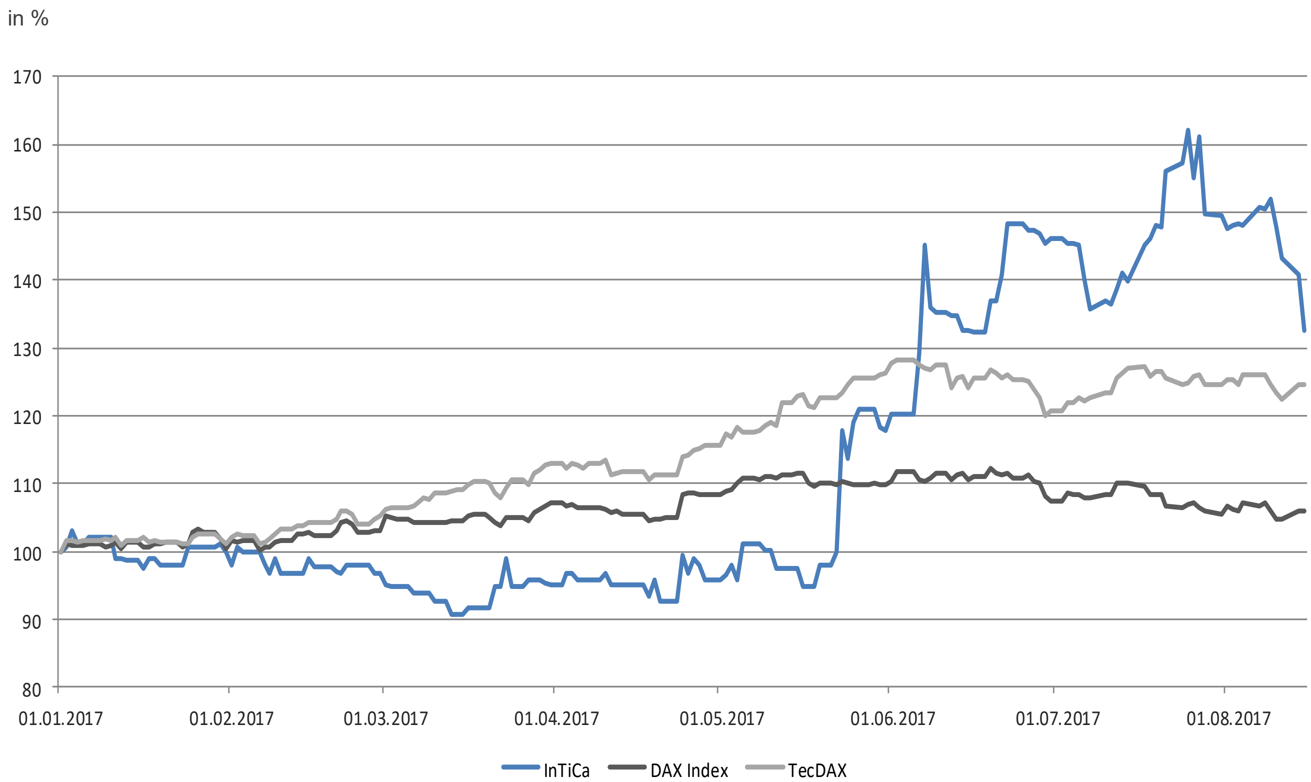
Designated Sponsor	BankM - FinTech Group Bank
Research Coverage	SMC Research
No. of shares	4,287,000
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, München, Stuttgart, Düsseldorf

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 August 15, 2017

Share price performance



Interim Management Report of the Group

for the period from January 1 to June 30, 2017

Economic report

General economic conditions

The German Institute for Economic Research (DIW Berlin) estimates that the German economy continued its robust upward trend in the first half of 2017 and forecasts growth of 1.5% for 2017 as a whole. The number of people in employment is at a historic high and is still rising, as is the income of private households. In addition, the public coffers are well filled and inflation is only increasing slowly. Nevertheless, the DIW Berlin still sees considerable uncertainty, for example as a result of the Brexit decision and the outcome of the Brexit negotiations, and the protectionist thrust of US foreign trade policy. The institute estimates that global growth is still intact and its experts forecast that global economic output will rise by 3.7% this year. Despite higher inflation rates, it sees consumer spending as the main driver in the developed economies as there are more and more people are in employment. Moreover, willingness to invest is rising in the corporate sector in the USA and Europe. The institute also anticipates steady, but not strong, growth momentum in the emerging markets.

The German Automotive Industry Association (VDA) has drawn a basically positive conclusion about the first six months of 2017. According to the association, the domestic car market increased 3% to around 1.8 million vehicles, and employment in the sector rose to 812,000 – the highest level for 26 years. However, output and exports were down slightly year-on-year and in the major markets – the USA, China and Europe – growth momentum was slower than in in recent years. Overall, the association predicts that the global car market will grow by 2% to 84.5 million vehicles this year, with the three largest markets, the USA, China and Europe, accounting for around 70%. It expects the US market for light vehicles to remain around the previous year’s level in 2017 (17.5 million vehicles), while the Chinese and European markets will both post 2% growth to 24.1 million and 15.4 million vehicles respectively.

Alongside digitization, German car-makers are investing substantially in driving forward electromobility. The VDA is forecasting investment of up to EUR 40 billion in the period to 2020. This development is gradually becoming visible in growth rates and sales figures. According to the association, there has been clear growth in electric cars so far this year: in the period to May, 17,763 electric cars were sold, more than double the number sold in the same period of last year (+102%). Consequently, electric cars as a percentage of new registrations doubled (1.2%). Growth was divided equally between plug-in hybrids and entirely battery-driven electric cars.

The German Electrical and Electronic Manufacturers' Association (ZVEI) also predicts further growth in the economic situation in its sector. According to the association, cumulative order intake between January and May 2017 was up 9.1% year-on-year and sector sales totalled EUR 75.7 billion in the first five months of the year. That was a rise of 7.1% year-on-year so the sector is optimistic about the second half of the year .

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

The positive trend in the first quarter of 2017 continued in the second quarter, so sales grew 7.1% in the first six months of 2017. That was in line with the Board of Directors' expectations. Growth continued in the Automotive Technology segment and the Industrial Electronics segment also posted a clear year-on-year increase in sales. EBITDA was EUR 2.9 million, around the prior-year level, and the EBITDA margin was 11.7% (H1 2016: 12.6%). While the ratio of material costs to total output was around the prior-year level, the personnel expense ratio increased as a result of the rise in headcount. EBIT increased slightly to EUR 0.71 million in the first six months of 2017 (H1 2016: EUR 0.67 million). The EBITDA margin was 2.9% (H1 2016: 2.9%). Net income was EUR 344 thousand at the end of H1 2017 (H1 2016: EUR 444 thousand).

Thanks to a clear improvement in the second quarter of 2017, the operating cash flow was EUR 1.2 million in the first six months of 2017 (H1 2016: EUR 2.3 million). Despite further investment, due to a new long-term bank loan and scheduled repayment instalments, the company recorded a positive overall cash flow of EUR 0.2 million in the reporting period (H1 2016: EUR 0.7 million). The equity ratio is a solid 41% (December 31, 2016: 40%).

Earnings position

Compared with the first six months of 2016, Group sales rose 7.1% to EUR 24.6 million (H1 2016: EUR 22.9 million), with both segments contributing to this. Sales increased 5.9% to EUR 19.8 million (H1 2016: EUR 18.7 million) in the Automotive Technology segment and 12.2% to EUR 4.8 million (H1 2016: EUR 4.2 million) in the Industrial Electronics segment.

The ratio of material costs to total output was 54.9% in the reporting period, which was around the prior-year level (H1 2016: 54.6%). At the same time, the personnel expense ratio increased from 21.8% to 22.7% due to the increase in the average headcount in the reporting period. Other expenses increased year-on-year from EUR 2.9 million to EUR 3.1 million. The other operating expenses include expenses of EUR 0.2 million (H1 2016: EUR 0.3 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 2.2 million, as in the previous year. Spending on research and development was up slightly year-on-year in the reporting period at EUR 1.4 million (H1 2016: EUR 1.3 million). Development work focused principally on the Automotive Technology segment.

EBITDA (earnings before interest, taxes, depreciation and amortization) remained virtually unchanged at EUR 2.9 million (H1 2016: EUR 2.9 million). The EBITDA margin therefore declined from 12.6% to 11.7%. EBIT (earnings before interest and taxes) increased year-on-year to EUR 0.71 million (H1 2016: EUR 0.67 million). The EBIT margin remained at the prior-year level of 2.9%. At segment level, the Automotive Technology segment reported EBIT of EUR 0.7 million in the first six months of 2017 (H1 2016: EUR 0.7 million) and the Industrial Electronics segment reported positive EBIT of EUR 48 thousand (H1 2016: minus EUR 42 thousand).

As in the prior-year period, the financial result was minus EUR 0.2 million in the first half of 2017 (H1 2016: minus EUR 0.2 million). Tax expense was EUR 0.1 million (H1 2016: EUR 6 thousand). Group net income was therefore EUR 0.3 million in the reporting period (H1 2016: EUR 0.4 million). Earnings per share were EUR 0.08 (H1 2016: EUR 0.10).

As a result of currency translation gains of EUR 0.4 million (H1 2016: losses of EUR 44 thousand) from the translation of foreign business operations, comprehensive income was EUR 0.7 million in the first six months of 2017, compared with EUR 0.4 million in the first six months of 2016.

Non-current assets

Since capital expenditures for property, plant and equipment were slightly higher than depreciation in the first six months of 2017, property, plant and equipment increased to EUR 19.4 million as of June 30, 2017 (December 31, 2016: EUR 19.3 million). Intangible assets were constant at EUR 4.5 million, while deferred taxes decreased to EUR 1.0 million (December 31, 2016: EUR 1.2 million). Overall, there was therefore a slight reduction in non-current assets to EUR 24.9 million as of June 30, 2017 (December 31, 2016: EUR 25.0 million).

Current assets

Current assets increased to EUR 18.0 million as of June 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 7.9 million and in trade receivables from EUR 8.5 million to EUR 9.0 million. Cash and cash equivalents totalled EUR 0.6 million on June 30, 2017 (December 31, 2016: EUR 0.4 million).

Liabilities

Current liabilities fell to EUR 13.0 million in the first half of 2017 (December 31, 2016: EUR 13.3 million). The decline was mainly due to a reduction in current liabilities to banks from EUR 8.9 million to EUR 8.7 million and in trade payables from EUR 2.7 million to EUR 2.4 million. Other current provisions increased to EUR 1.3 million as of June 30, 2017 (December 31, 2016: EUR 1.1 million).

Non-current liabilities increased from EUR 11.4 million to EUR 12.5 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 10.9 million despite scheduled repayments. Deferred taxes were unchanged from December 31, 2016 at EUR 1.6 million.

Equity

Equity increased to EUR 17.5 million in the first half of 2017 (December 31, 2015: 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 equity and liabilities increased to EUR 42.9 million as of June 30, 2017 (December 31, 2016: EUR 41.5 million) and the equity ratio therefore improved slightly from 40.3% to 40.7%.

Liquidity and cash flow statement

While there was still a cash outflow for operating activities in the first quarter of 2017, there was a clear cash inflow in the second quarter of 2017, so the net cash inflow from operating activities was EUR 1.2 million in the first six months of 2017 (H1 2016: EUR 2.3 million). The year-on-year decline was principally caused by an increase in inventories as a result of customer orders on hand and to the reduction in trade payables in the reporting period. Excluding interest payments, the cash flow for operating activities was EUR 1.4 million (H1 2016: EUR 2.5 million).

The net cash outflow for investing activities was EUR 1.7 million in the first half of 2017 (H1 2016: outflow of EUR 2.2 million). Investment in intangible assets amounted to EUR 0.7 million (H1 2016: EUR 0.6 million) while capital expenditure on property, plant and equipment was EUR 1.0 million (H1 2016: EUR 1.6 million). Further capital expenditures for property, plant and equipment of around EUR 4.5 million are planned for 2017. 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 0.7 million in the first half of 2017 (H1 2016: EUR 0.6 million). In the reporting period, new loans resulted in cash inflows of EUR 1.5 million (H1 2016: EUR 2.0 million), while cash outflows for the repayment of loans amounted to EUR 0.8 million (H1 2016: EUR 1.4 million).

That resulted in a total cash flow of EUR 0.2 million in the reporting period (H1 2016: EUR 0.7 million). Cash and cash equivalents (less overdrafts) were minus EUR 6.5 million as of June 30, 2017 (June 30, 2016: minus EUR 6.7 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 589 on June 30, 2017 (June 30, 2016: 588). 42 of these employees were agency staff (June 30, 2016: 39). On average, the Group had 592 employees in the reporting period (H1 2016: 574 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 six months was in line with the Board of Directors' expectations so it is retaining its outlook for fiscal 2017.

The Automotive Technology segment will remain the most important element in InTiCa Systems' business activities in 2017, as in previous years. The investment in expanding production capacity and optimizing production workflows has reduced material costs and overcome capacity bottlenecks but the Board of Directors sees further scope for optimization. The Industrial Electronics segment should stabilize further, even though business conditions remain challenging. Product innovations and further internationalization should open the door to new markets. InTiCa Systems' ability to offer customer-specific solutions, combined with greater vertical integration and systems solution competence, are its main competitive advantage in addressing the opportunities that arise. In-house manufacturing is expected to be over 80% again in 2017.

At the end of the first six months of 2017 orders on hand were well above the prior-year level at EUR 47.8 million (June 30, 2016: EUR 37.0 million). 80% of orders were for the Automotive Technology segment (June 30, 2016: 85%). Overall, the Board of Directors expects orders on hand to rise in the Automotive Technology segment and the Industrial Electronics segment.

At present, the Board of Directors still assumes that, given a stable economic environment, Group sales will rise to around EUR 47 million to EUR 50 million in 2017 and the EBIT margin will improve to 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 June 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 June 30, 2017

Consolidated Balance Sheet

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

Assets	Jun 30, 2017 EUR ´000	Dec 31, 2016 EUR ´000
Non-current assets		
Intangible assets	4,464	4,454
Property, plant and equipment	19,399	19,346
Deferred taxes	1,015	1,165
Total non-current assets	**24,878**	**24,965**
Current assets		
Inventories	7,909	6,974
Trade receivables	9,039	8,514
Tax assets	1	2
Other financial assets	75	128
Other current receivables	450	539
Cash and cash equivalents	575	355
Total current assets	**18,049**	**16,512**
Total assets	**42,927**	**41,477**

Equity and liabilities

	Jun 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	-1,127	-1,471
Currency translation reserve	-1,020	-1,414
Total equity	**17,465**	**16,727**
Non-current liabilities		
Interest-bearing non-current liabilities	10,919	9,835
Deferred taxes	1,576	1,582
Total non-current liabilities	**12,495**	**11,417**
Current liabilities		
Other current provisions	1,287	1.084
Tax payables	3	3
Interest-bearing current financial liabilities	8,652	8,900
Trade payables	2,374	2,727
Other financial liabilities	349	274
Other current liabilities	302	345
Total current liabilities	**12,967**	**13,333**
Total equity and liabilities	**42,927**	**41,477**
Equity ratio	**41%**	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 June 30, 2017

	Q2 2017 TEUR	Q2 2016 TEUR	H1 2017 TEUR	H1 2016 TEUR	Change 2017 vs. 2016
Sales	**12,280**	**11,624**	**24,555**	**22,934**	**+7.1%**
Other operating income	91	122	175	160	+9.4%
Changes in finished goods and work in process	281	297	161	-143	-
Other own costs capitalized	295	300	595	600	-0.8%
Material expense	7,015	6,575	13,887	12,779	+8.7%
Personnel expense	2,834	2,601	5,585	5,008	+11.5%
Depreciation and amortization	1,103	1,100	2,156	2,212	-2.5%
Other expenses	1,640	1,570	3,145	2,878	+9.3%
Operating profit (EBIT)	**355**	**497**	**713**	**674**	**+5.8%**
Cost of financing	118	108	228	224	+1.8%
Other financial income	0	0	0	0	-
Profit before taxes	**237**	**389**	**485**	**450**	**+7.8%**
Income taxes	51	18	141	6	-
Net profit for the period	**186**	**371**	**344**	**444**	**-22.5%**
Other comprehensive income					
Exchange differences from translating foreign business operations	275	-30	394	-44	-
Other comprehensive income, after taxes	**275**	**-30**	**394**	**-44**	**-**
Total comprehensive income for the period	**461**	**341**	**738**	**400**	**+84.5%**
Earnings per share (diluted/basic in EUR)	0.04	0.09	0.08	0.10	-22.5%
EBITDA	**1,458**	**1,597**	**2,869**	**2,886**	**-0.6%**

Consolidated Cash Flow Statement

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

	Jan 1 - Jun 30, 2017 EUR ´000	Jan 1 - Jun 30, 2016 EUR ´000
Cash flow from operating activities		
Net profit for the period	344	444
Income tax expenditures / receipts	141	6
Cash outflow for borrowing costs	228	225
Income from financial investments	0	0
Depreciation and amortization of non-current assets	2,156	2,212
Other non-cash transactions		
Net currency gains/losses	17	3
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	-935	523
Trade receivables	-525	-1,747
Other assets	143	360
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	203	294
Trade payables	-353	-74
Other liabilities	3	282
Cash flow from operating activities	**1,422**	**2,528**
Cash outflow for income taxes	1	1
Cash outflow for interest payments	-199	-222
Net cash flow from operating activities		
Cash flow from investing activities	**1,224**	**2,307**
Cash inflow from interest payments	0	0
Cash outflow for intangible assets	-680	-639
Cash outflow for property, plant and equipment	-1,007	-1,563
Net cash flow from investing activities		
Cash flow from financing activities	**-1,687**	**-2,202**
Cash inflow from loans	1,548	2,000
Cash outflow for loan repayment installments	-840	-1,422
Cash outflow for liabilities under finance leases	0	0
Net cash flow from financing activities	**708**	**578**
Total cash flow	**245**	**683**
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	-98	14
Cash and cash equivalents at end of period	**-6,527**	**-6,691**

Consolidated Statement of Changes in Equity

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to June 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 H1 2016	0	0	0	444	0	444
Other comprehensive income, after taxes for H1 2016	0	0	0	0	-44	-44
Total comprehensive income for H1 2016	0	0	0	444	-44	400
As of June 30, 2016	**4,287**	**-64**	**15,389**	**-1,374**	**-1,393**	**16,845**
As of January 1, 2017	**4,287**	**-64**	**15,389**	**-1,471**	**-1,414**	**16,727**
Net result for H1 2017	0	0	0	344	0	344
Other comprehensive income, after taxes for H1 2017	0	0	0	0	394	394
Total comprehensive income for H1 2017	0	0	0	344	394	738
As of June 30, 2017	**4,287**	**-64**	**15,389**	**-1,127**	**-1,020**	**17,465**

Notes to the Consolidated Interim Financial Statements

for the period from January 1 to June 30, 2017

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems AG as of June 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 six-months period ending on June 30, 2017. Comparative data refer to the consolidated financial statements as of December 31, 2016, or the consolidated interim financial statements as of June 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 H1 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 June 30, 2017
Segment sales and segment earnings

Segment	Automotive Technology		Industrial Electronics		Total	
in EUR ´000	**H1 2017**	H1 2016	**H1 2017**	H1 2016	**H1 2017**	H1 2016
Sales	**19,803**	18,696	**4,753**	4,238	**24,556**	22,934
EBIT	**665**	716	**48**	-42	**713**	674

Key financial figures	H1 2017 EUR ´000 or %	H1 2016 EUR ´000 or %	Change 2017 vs. 2016
EBITDA	**2,869**	2,886	-0.6%
Net margin	**1.4%**	1.9%	
Pre-tax margin	**2.0%**	2.0%	
Material cost ratio (in terms of total output)	**54.9%**	54.6%	
Personnel cost ratio	**22.7%**	21.8%	
EBIT margin	**2.9%**	2.9%	
Gross profit margin	**44.1%**	43.7%	

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

Closing rates

	Jun 30, 2017	Dec 31, 2016	Jun 30, 2016
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 26.195	CZK 27.020	CZK 27.130
USA	USD 1.140	USD 1.056	USD 1.114
Mexico	MXN 20.600	MXN 21.774	MXN 20.671

Average rates

	Jun 30, 2017	Dec 31, 2016	Jun 30, 2016
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 26.784	CZK 27.033	CZK 27.039
USA	USD 1.083	USD 1.107	USD 1.116
Mexico	MXN 21.042	MXN 20.677	MXN 20.177

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 24,555 thousand in H1 2017, up from EUR 22,934 thousand in H1 2015. Both segments reported sales growth. EBITDA was EUR 2,869 thousand, roughly the same as in the prior-year period (H1 2016: EUR 2,886 thousand). The net profit for the period was EUR 344 thousand, compared with EUR 444 thousand in the first half 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 ratio of around 41% as of June 30, 2017 (December 31, 2016: 40%) shows that the company is still soundly financed.

The net cash inflow from operating activities was EUR 1,224 thousand in the first six months of 2017 (H1 2016: EUR 2,307 thousand). The total cash flow in the reporting period was EUR 245 thousand (H1 2016: EUR 683 thousand). Cash and cash equivalents therefore changed from minus EUR 6,674 thousand as of December 31, 2016 to minus EUR 6,527 thousand as of June 30, 2017. Equity and liabilities changed as follows in the reporting period: equity increased to EUR 17,465 thousand (December 31, 2016: EUR 16,727 thousand), non-current liabilities increased to EUR 12,495 thousand due to debt rescheduling (December 31, 2016: EUR 11,417 thousand), and current liabilities declined to EUR 12,967 thousand (December 31, 2016: EUR 13,333 thousand), mainly due to a reduction in current liabilities to banks and a drop in trade payables. On the asset side of the balance sheet, non-current assets dropped to

EUR 24,878 thousand (December 31, 2016: EUR 24,965 thousand), while current assets increased to EUR 18,049 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, June 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 2012/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.

As of June 30, 2017, the Board of Directors was authorized to increase the company's capital stock, up to July 5, 2017, with the consent of the Supervisory Board, by up to EUR 2,143,500.00 by issuing new shares for cash or contributions in kind in one or more tranches (authorized capital 2012/I). Since the authorized capital 2012/1 had expired, on July 21, 2017 the Annual General Meeting adopted a resolution creating new authorized capital. The Board of Directors is now authorized to increase the capital stock with the Supervisory Board's consent, up to July 20, 2022, by a total of up to EUR 2,143,500.00 in return for cash or contributions in kind under exclusion of shareholders' subscription rights (authorized capital 2017/I). Further details are given in sec. 3 paragraph 3 of the company's articles of incorporation, which can be downloaded from the company's website at Company/Downloads [available in German only].

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

As of June 30, 2017, the company was authorized by a resolution adopted by Annual General Meeting on July 6, 2012, to purchase its own shares, in one or more tranches up to July 5, 2017, up to a total of 10% of the capital stock. Since this authorization had expired, 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 5.7 million which give the lender a right of termination in the event of a change in the borrower's shareholder or ownership structure such that the shareholders or owners relinquish control over the borrower during the term of the loans or a person or group of persons acting jointly acquire more than 50% of the voting rights and/or more than 50% of the capital of the borrower, unless the prior consent of the lender is obtained.

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

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

Responsibility Statement

(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, August 23, 2017

The Board of Directors

Dr. Gregor Wasle
Spokesman of the
Board of Directors

Günther Kneidinger
Member of the
Board of Directors

Financial Calendar 2017

August 24, 2017	Publication of Interim Financial Statements for H1 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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