InTiCa Systems

2020
ANNUAL REPORT

Technologies for growth markets

Transformation

Strategy

Key Figures of InTiCa Systems

The Group

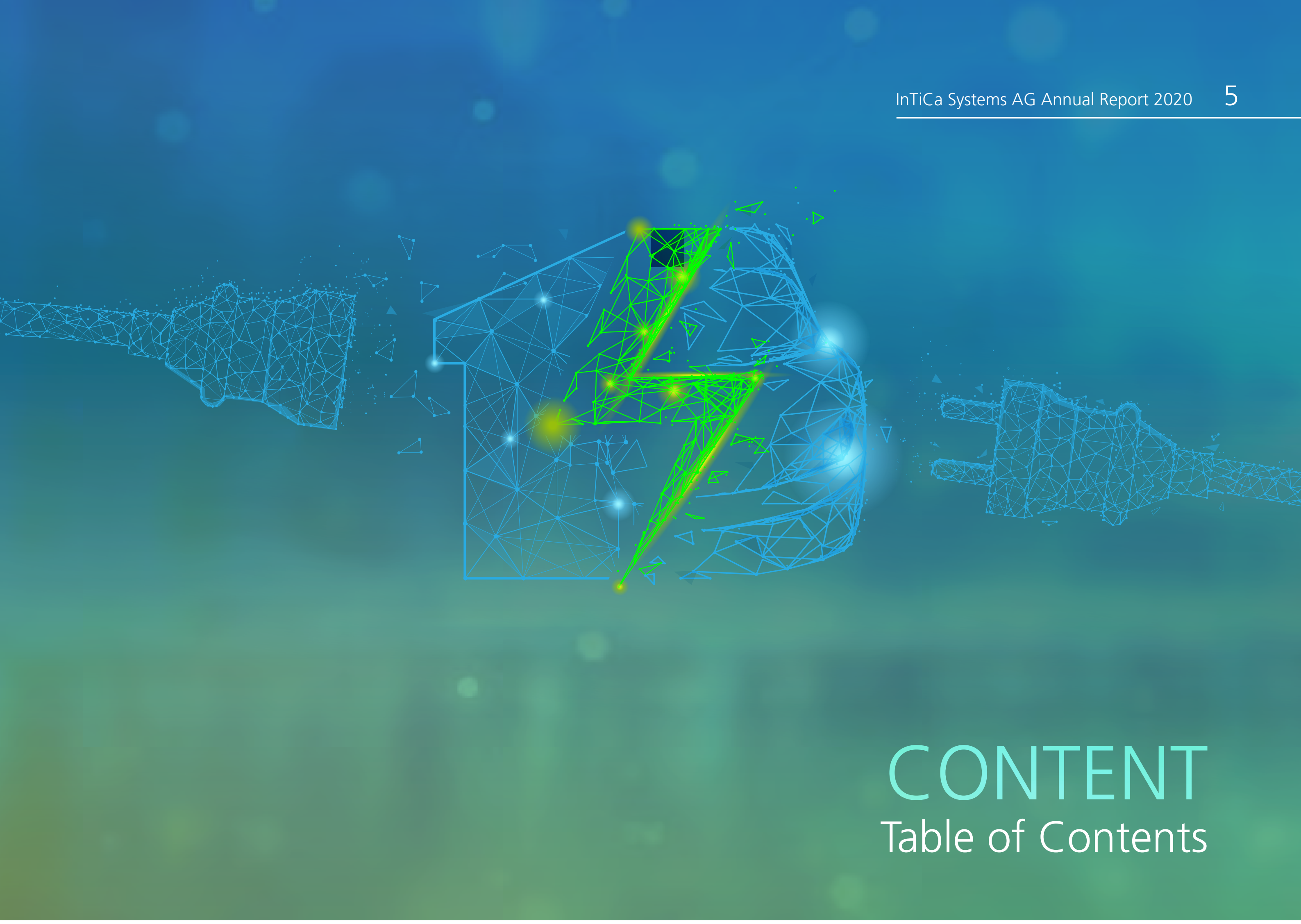
	2018 EUR ´000	2019 EUR ´000	2020 EUR ´000	Change in %
Sales	47,923	65,733	71,072	8.1%
Net margin	-2.7%	1.7%	-0.2%	-
EBITDA	3,364	7,356	6,668	-9.4%
EBIT	-945	2,108	736	-65.1%
EBT	-1,394	1,373	169	-87.7%
Net profit (loss)	-1,314	1,129	-118	-
Earnings per share (diluted/basic in EUR)	-0.31	0.27	-0.03	-
Cash flow total	-4,243	3,008	6,610	119.7%
Net cash flow from operating activities	2,120	8,607	6,005	-30.2%
Capital expenditure	6,563	3,503	2,123	-39.4%

	31.12.2018 EUR ´000	31.12.2019 EUR ´000	31.12.2020 EUR ´000	Change in %
Total assets	50,065	55,297	53,315	-3.6%
Equity	16,760	17,969	16,888	-6.0%
Equity ratio	33%	32%	32%	-
Employees incl. agency staff (number)	644	601	894	48.8%

The Stock

	2018	2019	2020	(Mar. 31, 2021) 2021
Closing price (in EUR)	6.20	7.60	8.60	11.70
Period high (in EUR)	8.45	8.50	8.65	12.70
Period low (in EUR)	5.70	4.84	3.80	8.50
Market capitalization at end of period (EUR million)	26.60	32.58	36.87	50.16
Number of shares	4,287,000	4,287,000	4,287,000	4,287,000

The stock prices are closing prices on XETRA®.



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GROUP

The InTiCa Systems' Group Foreword

Dear shareholders, employees and business associates,

When we reported to you a year ago, we were in the midst of the first wave of the Covid-19 pandemic. Production lines were halted, entire factories closed, and supply chains interrupted. Production and markets plummeted and one in two employees in the automotive sector was placed on short-time working. Between April and June, the German economy experienced by far the sharpest downturn in the post-war period and the euro zone also plunged into the deepest recession since it was established.

A year later, we are in the midst of the third wave of infections and an end to the pandemic is still not in sight. Nevertheless, there has been a decisive change: during the crisis InTiCa Systems has proven its stability and future viability. Although our production lines were also unable to operate at times and our target industries suffered a massive slump in their markets, our consolidated sales increased by a good 8% compared with the year before the crisis. The InTiCa Systems team managed to generate a respectable operating profit despite various negative factors such as higher material prices due to supply chain problems and the depreciation of the Czech koruna and the Mexican peso at our sites in Prachatice and Silao. That resulted in high currency losses, but did not have any impact on cash flows. A year ago we were concerned that if the pandemic continued for a prolonged period sales and earnings could slump. However, that did not happen.

The main reason for this was a strong spurt at the end of the year. Following a very good first quarter, order call-off dropped considerably from April 2020 and orders were increasingly postponed. Business only gradually started to regain momentum in September and the high level of orders on hand fuelled hopes for the fourth quarter. Many customers did call off high unit volumes in the remaining months of the year. Manufacturing all the products that had been ordered in such as short time was a real challenge, especially in a pandemic as protecting health has top priority and travel restrictions make personnel management and logistics more difficult.

As you can see from our figures, we largely accomplished this feat. We were able to keep production running at all sites and fulfill the majority of orders. There is a reason why we were able to master this challenge successfully: proactive transformation. That brings us to the underlying reason for the company's robust development in this pandemic-ridden year. From telecommunications technology through automotive technology to a substantial systems supplier for e-solutions – InTiCa Systems AG has undergone an enormous transformation in recent years. That involved extensive upfront investment.

InTiCa Systems' strategy has paid off at various levels. On the process side, lean management helped maintain our ability to deliver despite the pandemic-induced volatility. The pressure on our production sites was enormous – especially with regard to the availability of personnel and materials. In addition, at our site in Mexico we successfully stabilized processes and increased productivity. We want to continue to drive forward our lean approach in the future. This year, the focus is on further automation of processes.

The transformation is most visible on the product side. In 2020, more than half of sales came from e-solutions. We have suitable solutions for our customers: the Automotive Technology segment offers components for onboard chargers, stator coils, EMC filters, transformers and throttles for inverters and components for battery management, while the Industrial Electronics segment has products for inverters, smart metering, energy storage systems and electric charging systems. There are many synergies between the segments, which we are systematically leveraging.

In the reporting period, we once again introduced both technological enhancements and completely new product series, for example, for EMC filters for fully electric vehicles. To continuously optimize filter and stator systems, our technology centre develops complex coiling processes, overmoulding technology and specific bonding technologies such as laser welding. The overriding aim is to develop complete assemblies. The new records set for registration of electric vehicles each month are evidence of the associated demand. Full electrification, digitization and automation of the energy sector, industry, buildings and mobility is vital in order to meet climate targets. That can only be achieved with innovative solutions from companies like InTiCa Systems AG.

From a liquidity viewpoint, our proactive approach also proved beneficial in 2020. Since we took steps to invest in the future at an early stage, we were able to meet customer order call-offs on time despite the crisis-related uncertainties. Moreover, we were able to defer some planned capital expenditures in response to the unclear situation without jeopardizing our competitiveness. As long as planning remains unreliable, we will continue our circumspect approach to investment. However, it is clear that as well as investing to replace equipment and purchase new plant because of technological development, we need to increase production capacity. To meet the rising demand, we are currently industrializing a further production line for hybrid stator coils. Further project-dependent additions are conceivable. At our site in Mexico, in particular, there is still sufficient space for new production capacity. This site is now well-accepted by customers and is therefore being positioned intensively for new projects. Several tender processes for large projects at the Mexico site are currently under way. Even at the current level of capacity utilization, the site has recently become profitable. The ground has been prepared for the planned steps thanks to our operational success and the loan obtained from the German reconstruction and development bank (KfW) last July.

Orders on hand of over EUR 120 million at the start of 2021 provide additional tailwind. Alongside some call-off orders from last year that had not been fulfilled, this figure mainly comprised an increase in the number of orders for series production and samples. The momentum remains high, especially for e-solutions. While the number of new vehicles registered in January and February dropped by 19% year-on-year, there was another increase of 136% in new registrations of electric vehicles, despite closed dealerships and continued bottlenecks in the supply of semiconductors. That is reflected in our figures. Based on preliminary calculations, we expect consolidated sales to exceed EUR 28 million in the first quarter. Our guidance is correspondingly confident: assuming that international trade in goods remains largely unaffected by the third wave of the pandemic, at the present time we expect full-year sales to be between EUR 85 million and EUR 100 million and the EBIT margin to come in at between 3.5% and 4.5%.

In addition to the ongoing general uncertainty, supply chains are the main source of concern because in the past twelve months they have become less stable in terms of both on-time delivery and price continuity. In the medium term, the knock-on effects of the present global economic trend are likely to be favourable for InTiCa Systems. The crisis is speeding up the transformation process and future-oriented technologies are benefiting from economic stimulus programmes. There is also an impact on mobility patterns. According to an international study by the management consultancy EY, cars are enjoying a renaissance with young people. Nearly a third of those who do not own their own car intend to buy one within the next six months and eight out of ten of the participants worldwide intend to use their car more for travel in the post-Covid era.

Our aim is to provide products that meet the aspirations and requirements of the modern world. We will be continuing to work intensively on that in the months ahead. We would like to thank our staff most sincerely for their daily commitment to this process. InTiCa Systems would not be so successful without their ideas and their hard work. That was particularly true in the exceptional circumstances and challenges we faced last year. We would also like to thank our customers and partners for their good collaboration and our shareholders for the trust they place in us.

Passau, April 2021

Yours

Dr. Gregor Wasle
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

GROUP

Report of the Supervisory Board on fiscal 2020

Dear shareholders,

In fiscal 2020, 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 AG and its subsidiaries, including the risk situation, 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 and risk management at InTiCa Systems AG were discussed regularly by the Spokesman for 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, since the outbreak of the "coronavirus crisis", the Board of Directors and Supervisory Board have maintained very close and constant contact on the impact of the crisis on the company, measures to protect employees, customers and suppliers, and the scope to avoid and mitigate the consequences of the crisis, including the effect on the company's strategy.

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 2020, the Supervisory Board examined, in particular, the company's strategic alignment, the business potential and business development of key markets, product groups and technologies. Particular attention was paid to e-solutions and e-mobility.

In response to specific events, the Supervisory Board also held intensive discussions on issues relating to dealing with the coronavirus crisis, including adjusting the financing strategy, and on questions and issues relating to the takeover bid by PRINTad Verlags - GmbH. 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 of the German Companies Act (AktG) was adopted by the Board of Directors and the Supervisory Board on January 29, 2021 and is permanently available on the company's website. There were no conflicts of interest on the Supervisory Board in the reporting period.

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.

Since the Supervisory Board only has three members, it has not established any committees. The full Supervisory Board discussed all relevant issues.

Meetings of the Supervisory Board

The Supervisory Board held six regular meetings and two extraordinary meetings in 2020. All members of the Supervisory Board were present at all meetings, apart from the meeting on February 13, 2020. Mr. Udo Zimmer was excused from the meeting on February 13, 2020.

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

<u>February 13, 2020:</u> The main items on the agenda were the status of the financial statements for 2019; an evaluation of the current business situation; the order situation at the production sites; the status of corporate strategy and a review of the financing strategy; and an overview of the status of the project to update the ERP system.

<u>March 25, 2020:</u> Extraordinary meeting due to the Covid-19 situation: definition of operational measures in the light of the pandemic; examination of the necessary personnel and liquidity measures; strategy of keeping production running as best possible; discussion of the impact of the situation on supply chains and order call-off by customers; development of various scenarios for the Covid-19 situation.

<u>April 17, 2020:</u> Discussion of the annual financial statements for 2019 and the auditor's report; Board of Directors' assessment of the current business performance and order development in 2020; status report on Covid-19, especially on order call-offs, supply chains, availability of personnel and specific personnel-related measures; status of the review of the financing strategy; update on the strategy process; presentation of the situation at the production sites in Mexico and the Czech Republic.

<u>May 29, 2020:</u> Business performance in 2020 and status report on Covid-19; risk analyses on the potential impact of Covid-19, including evaluating liquidity; resolution on adjustment of the financing strategy; report on sales and development projects, especially in the areas of e-solutions and e-mobility; resolution on holding the Annual General Meeting remotely.

<u>July 14, 2020:</u> Present business performance at all sites in the light of the Covid-19 crisis; presentation of a detailed status report on Covid-19, including implementation of the main measures; evaluation of the liquidity and financing situation; discussion of current sales projects; update on the ERP project.

September 16, 2020: Extraordinary meeting of the Supervisory Board and Board of Directors to discuss the takeover bid by PRINTad Verlags - GmbH.

September 25, 2020: Discussion of the status of the takeover bid by PRINTad Verlags - GmbH; summary of business performance in 2020 with an analysis of the production situation at the sites in the Czech Republic and Mexico; status report on Covid-19, including the measures taken; development of the demand situation in respect of sales of new products and development products; report on the company's liquidity situation.

November 27, 2020: Analysis of the business performance in 2020 in the light of the Covid-19 situation; resolution on appointment of new managing director for the production site in Mexico; presentation of sales and development projects focusing on electromobility; status at the production sites; establishment and approval of the budget and investment plan for 2021; determination of the next steps in the project to introduce a new ERP system; strategic development of the organization and rollout of a leadership model.

Annual financial statements of the company and the Group

The auditors, consaris AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Germany, were selected by the General Meeting to audit the annual financial statements and consolidated financial statements for the fiscal year from January 1, 2020 to December 31, 2020. The Supervisory Board granted the audit contract in accordance with this.

The annual financial statements and management report of InTiCa Systems AG for the fiscal year from January 1 to December 31, 2020, prepared in accordance with the provisions of the German Commercial Code (HGB), were audited by consaris AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Germany, 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, 2020, 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 a meeting on April 16, 2021, the Supervisory Board discussed the provisional figures for the annual financial statements of the company and the Group for 2020 in the presence of the auditor. At a further meeting on April 21, 2021, the Supervisory Board discussed the annual financial statements for the company, the consolidated annual financial statements and the management reports for InTiCa Systems AG and the Group, all of which have received unqualified audit opinions, together with 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 AG, the management reports for InTiCa Systems AG and the Group, the corporate governance statement, 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 annual financial statements of InTiCa Systems AG for 2020 are thus adopted. The Supervisory Board also adopted the present report of the Supervisory Board and the corporate governance statement pursuant to sec. 289f and sec. 315d of the German Commercial Code (HGB) 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 2020. It would also like to express its special thanks to the customers and business partners of InTiCa Systems AG for their trust and good collaboration. The Supervisory Board wishes the company all the best for its future development.

InTiCa Systems AG
Passau, April 21, 2021

The Supervisory Board

Udo Zimmer
Chairman

FOCUSING ON THE FUTURE

Company Boards

*From left to right:
Christian Fürst, Udo Zimmer, Werner Paletschek,
Günther Kneidinger, Gregor Wasle*

BOARD OF DIRECTORS

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

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

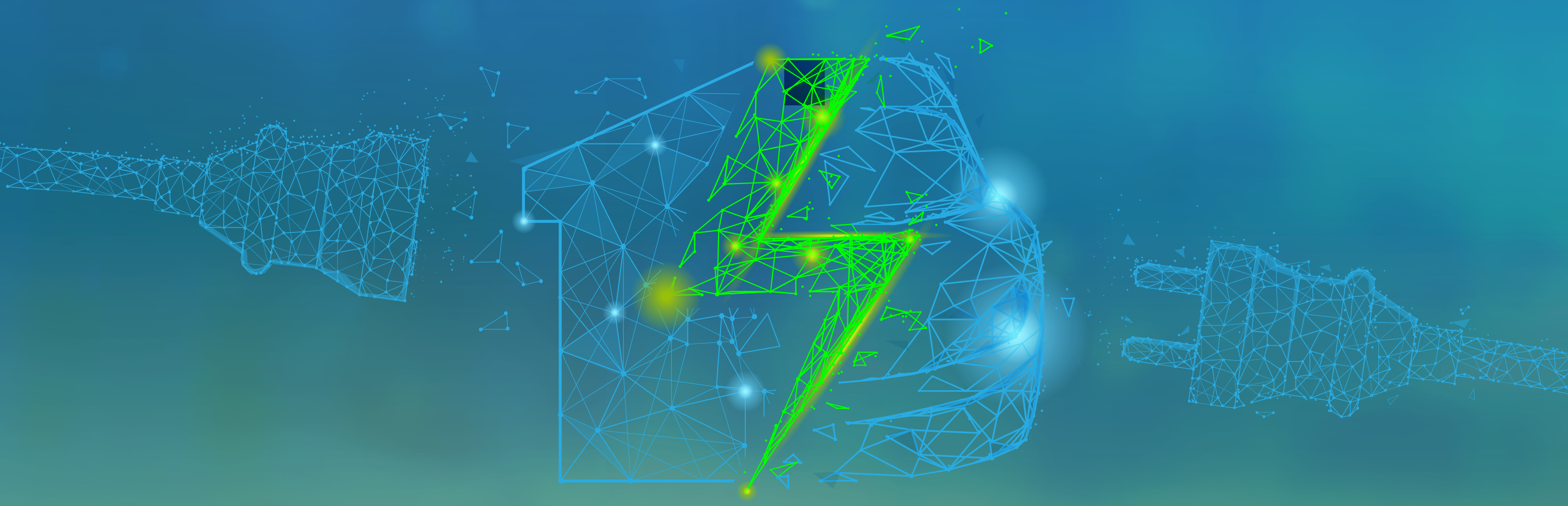
SUPERVISORY BOARD

Udo Zimmer
Chairman
Business administration graduate
Munich
- *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*

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

MAXIMUM PRECISION for E-Solutions



INTICA SYSTEMS
Company Profile

InTiCa Systems is a technology leader in the development, production and marketing of inductive components, passive analogue switches and mechatronic assemblies.

The company operates through its Automotive Technology and Industrial Electronics segments. As of December 31, 2020, it had 894 employees (including agency staff) at its sites in Passau (Germany), Prachatice (Czech Republic) and Silao (Mexico).

Satisfied customers, long-term business relationships and market-driven future-oriented products are the company's priorities. Those goals are supported by the highest quality requirements and a sustainable environmental management system. Quality is implemented by all employees through the way in which they think and act in their day-to-day work.

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.

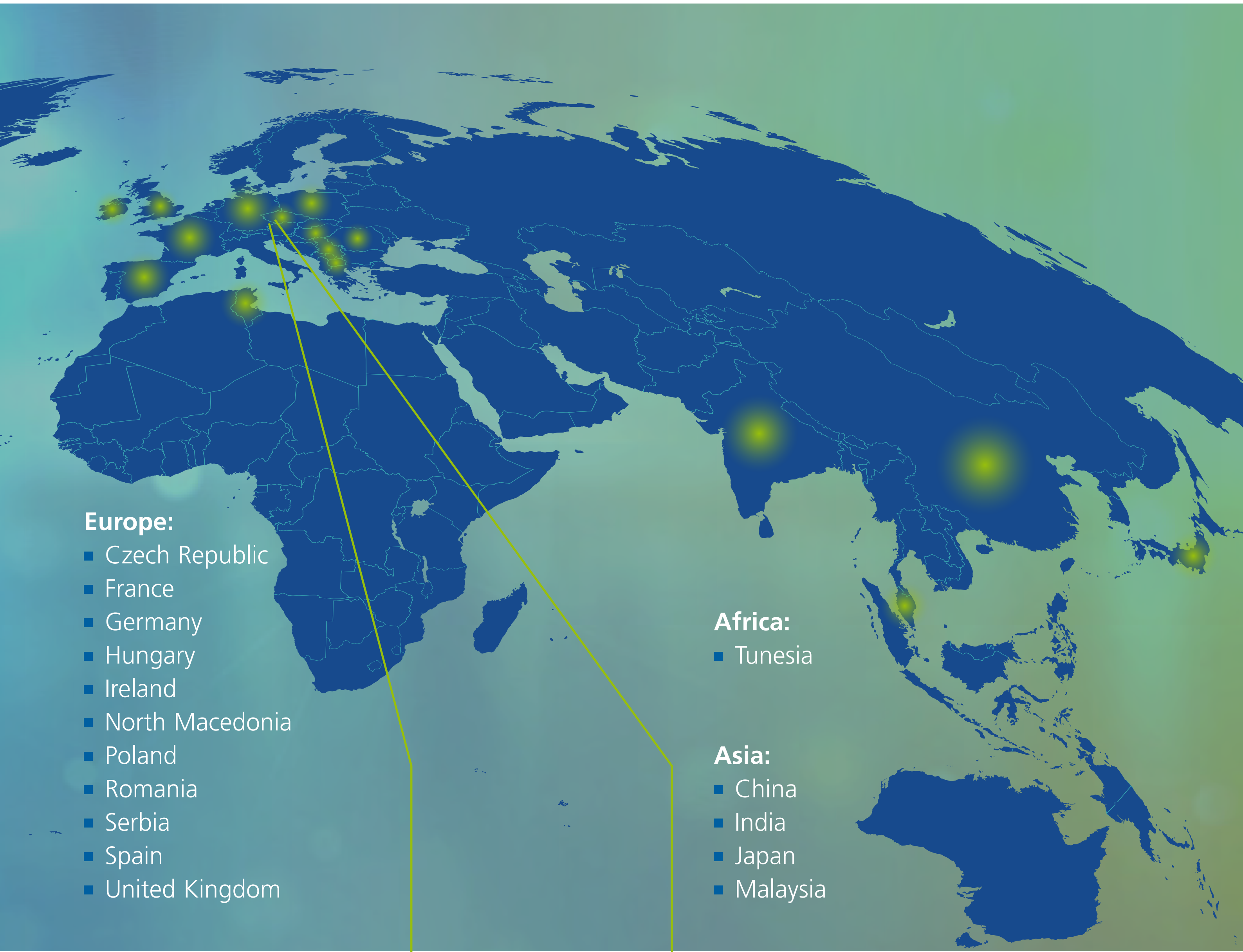
INTERNATIONAL

Worldwide customers & international locations

Silao, MEXICO

Production facility

- Production of small series in the fourth quarter of 2016
- Employees: 241 (including 105 agency staff)*



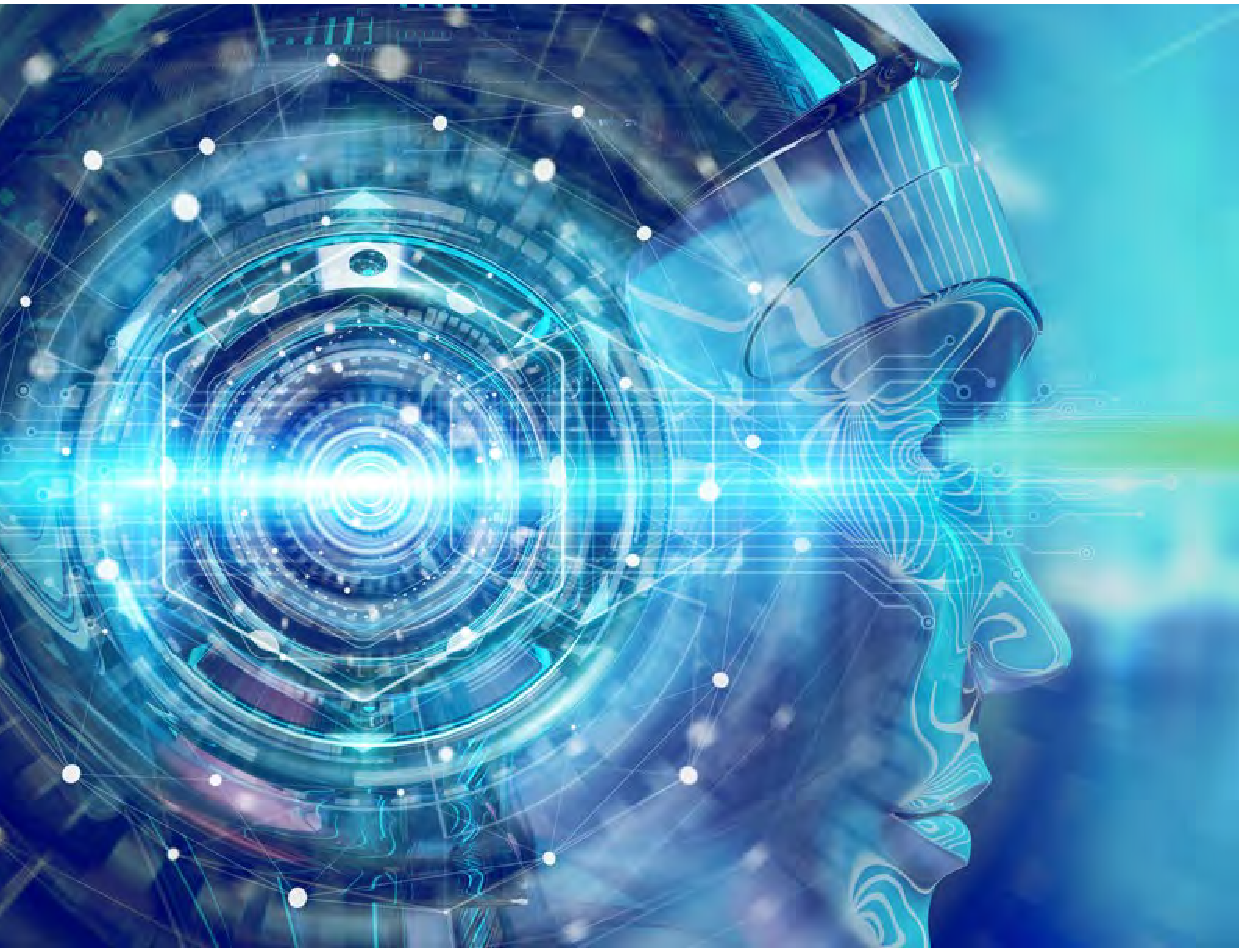
* Number of Employees: March 31, 2021

Passau, GERMANY
Head office & Technology Center

- Sales and production development & samples and pre-serial production
- Employees: 109 (including 32 agency staff)*

Prachatice, CZECH REPUBLIC
Production facility

- Modern production facility with high degree of vertical integration, secure processes and technologies
- Employees: 597 (including 203 agency staff)*



OUR DEFINITION OF E-SOLUTIONS

At InTiCa Systems, e-solutions stands for a combination of technological expertise and the intelligent interaction of

- energy generation
- energy storage
- energy management
- energy use

The interaction of these aspects is driving forward the essential changes in the field of renewables and the use of energy generated using environmentally compatible technology.

InTiCa Systems already offers serial solutions that highlight our mission to provide technology for e-solutions. We offer a broad spectrum of products, ranging from power electronics for the generation of electricity and EMC filters for e-storage solutions to system solutions for energy use, for example in hybrid and electric vehicles.

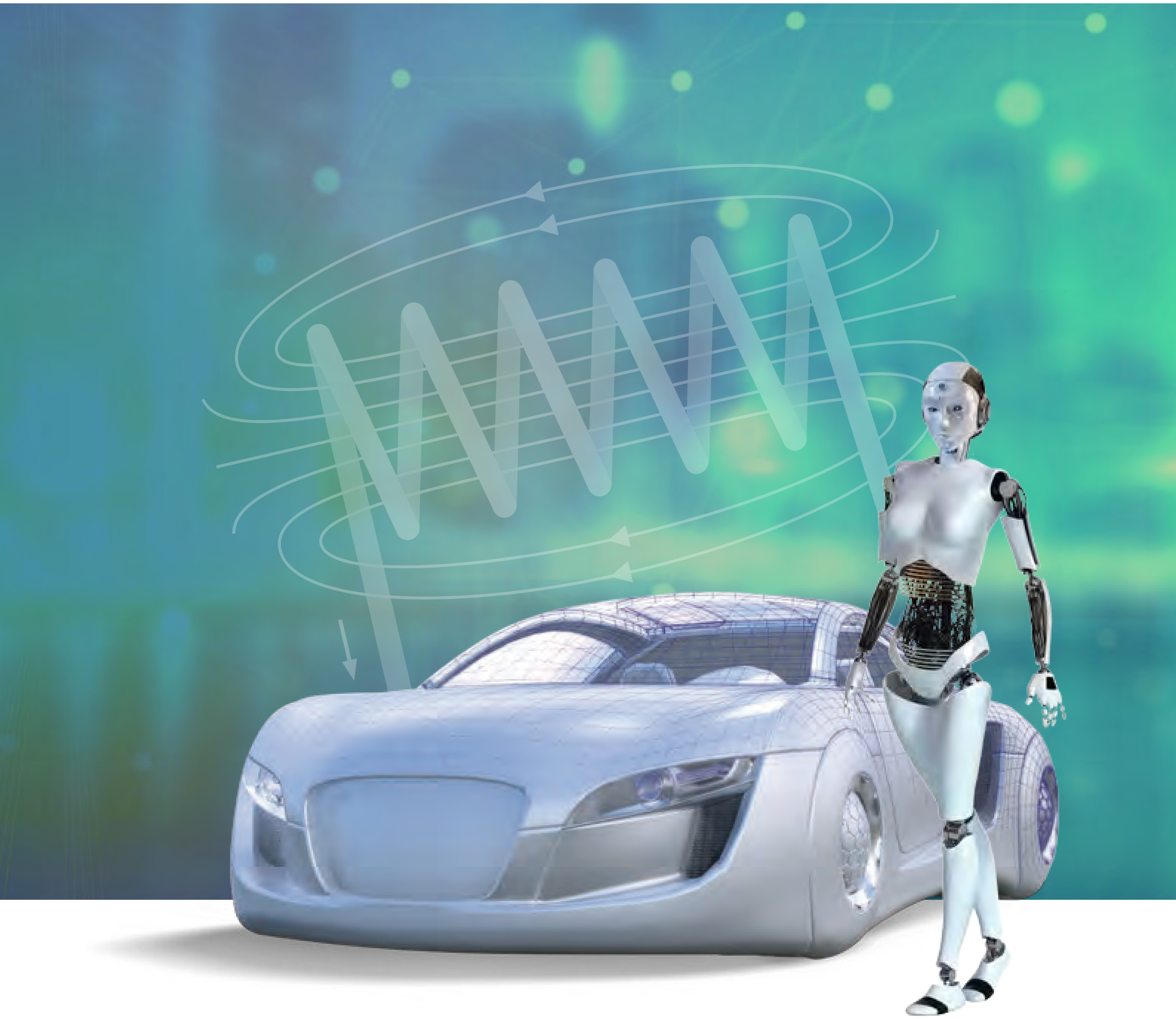
Intelligent solutions
for the digital transformation

E-Solutions

PRODUCT GROUPS

Our corporate strategy is focused on aligning our product groups to innovative key technologies and leveraging the principal synergies between the segments.

Power electronics · EMC filters
Actuators · Stators
Sensors



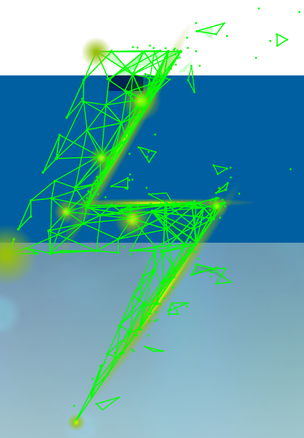
CORE COMPETENCIES

InTiCa Systems defines itself as an innovative provider of solutions and services for its customers and partners. That is supported by our outstanding flexibility and by constantly extending our core competencies:

- Product design & simulation
- Plastics technology
- Winding technology
- Joining technology
- Casting technology
- Testing technology
- Automation

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.

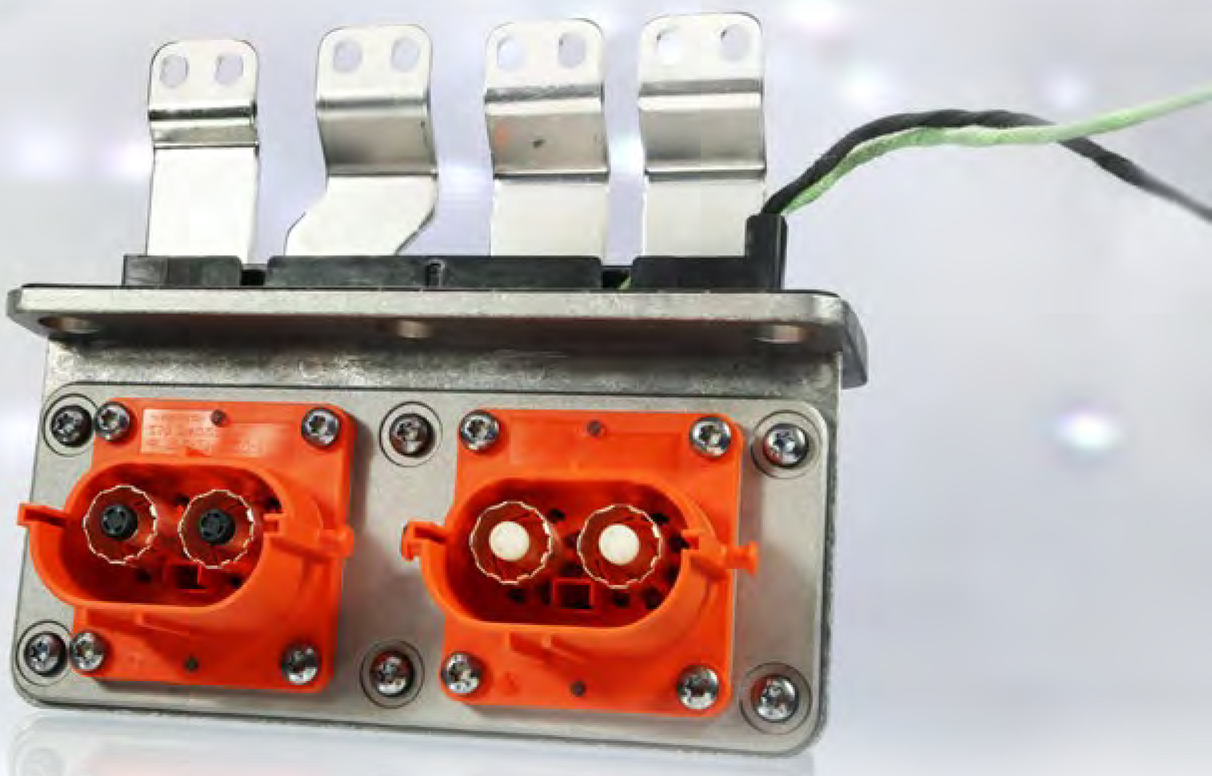
Application examples

Automotive Technology

InTiCa Systems supplies customer-specific solutions in the form of high-voltage transformers and chokes. Applications include on-board chargers and stationary charging points. To meet technical specifications, the company uses special manufacturing processes (for example, special winding technology) and materials (for example, special magnetic materials).

Industrial Electronics

InTiCa Systems develops and manufactures AC filter chokes, boost converters and booster chokes, high-frequency transformers, and inductive modules for solar converters. The company specializes in the 0-300 kW power range with a switching frequency of 16-50 Hz. It uses its own measuring platform to optimize the loss profile of coils at an early stage of development.



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 Technology

InTiCa Systems supplies complex components and systems to meet specific challenges of electromagnetic interference resulting from the increasing "electrification" of hybrid and electric vehicles.

Industrial Electronics

EMC filters are indispensable components in many electronics applications in industry. InTiCa Systems supplies EMC filters that ensure interference-free use of industrial products. Its portfolio includes common mode chokes in all common designs, filter modules and filter assemblies for stationary energy storage systems.

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 Technology

Actuator coils (magnetic hub coils) are frequently used for electronic handling. InTiCa Systems offers custom-tailored assemblies. Applications include electromagnetic steering wheel locks, gearshift interlocks, electro-hydraulic steering systems and self-levelling systems.

Industrial Electronics

InTiCa Systems develops and manufactures magnetic coils for incinerators and for switching components to interrupt power supply.

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 Technology
For its customers InTiCa Systems develops and produces stators for hybrid and electric vehicles and turbocharger systems. Product designs include a wide variety of technologies (for example, overmoulding) and materials (for example, insulating materials, laminated structures).

Industrial Electronics
InTiCa Systems supplies stator coils for industrial applications such as pump motors. The company can provide both 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 Technology

InTiCa Systems supplies antenna and transponder technology for keyless entry/go systems. The company uses its specialist knowledge of electromagnetic fields for technical development. Antennas and transponders can be supplied as cast, injection moulded and open versions.

STOCK
InTiCa Systems' Stock in 2020

Performance of shares in InTiCa Systems[1]

Following on from 2019, which was a positive year on the stock market, with the TecDAX rising to a record level in December 2019, the markets initially remained stable at the start of 2020. At the close of trading on February 19, 2020, Germany's blue-chip index, the DAX, hit a new all-time high of 13,789 points. However, the escalating coronavirus pandemic and concern about its economic impact led to considerable turbulence on the financial markets and the world's leading indices fell. By mid-March the DAX had fallen by around 38 percent to below 8,500 points. This was followed by a continuous recovery and the DAX topped 13,000 points again on July 20, 2020. The market then remained highly volatile and the index traded in a range between 12,500 to 13,250 points until mid-October. A sharp rise in infection figures and speculation about a second lockdown subsequently brought another setback. The DAX dropped to 11,556.48 at the end of October. However, the index quickly rallied as it became clearer which measures would be taken, along with indications that the macro-economic impact would not be as significant as had been feared. Following the US presidential election on November 3, signs that Donald Trump had lost led to a sense of relief and fuelled a further rise in share prices. On November 9, the DAX therefore topped 13,000 points again. It maintained its position for the next five weeks, until a year-end rally set in, driven by approval of the first vaccines against Covid-19 and conclusion of the trade agreement between the EU and the UK. On December 28, the DAX index, which contains the 30 largest German listed companies, rose above 13,800 for the first time. A day later it recorded a new all-time high of 13,093.11 points. At the close of trading on December 30, 2020, the DAX stood at 13,718.78 points, 3.5% above the previous year's close (December 30, 2019: 13,249.01 points). The TecDax closed the year at 3,212.77 points, which was 6.6% higher than at the end of the previous year (December 30, 2019: 3,014.94 points). In view of the special situation and the fact that 2019 was a strong year on the stock market, this was certainly unexpected and shows that there is still a high level of liquidity in the market.

[1] Price data based on XETRA®, source: Bloomberg

Thanks to the extensive support measures by central banks and governments, share prices ended the year up despite the coronavirus pandemic and the global recession. However, there has seldom been a year when the stock markets experienced such massive swings as in 2020. In this exceptional situation, some small- and mid-caps like InTiCa Systems were exposed to even greater volatility. Having ended 2019 with a pleasing gain of around 22%, shares in InTiCa Systems AG initially continued their upward trend, starting the year at EUR 7.35 and rising to a provisional high for the year of EUR 8.50 on January 24, 2020. Shares in the company were, however, unable to buck the general downward trend that started at the end of February as a result of the coronavirus pandemic. The shares fell considerably in this period, dropping to a low for the year of EUR 3.80 on March 16, 2020. The financial markets subsequently recovered and – supported by strong Q1 figures – shares in InTiCa Systems picked up again, rising above the EUR 6.00 mark on July 13, 2020. The share price then suffered a setback to EUR 5.00. Following the takeover offer by PRINTad Verlags - GmbH, the price jumped back above EUR 6.00 and subsequently continued to develop positively in a range of EUR 6.00 to EUR 7.00, contrary to the general market trend. An increase in sales and order intake and a positive outlook for the fourth quarter published in the report on the first nine months triggered a further hike in the share price in mid-November. Shares in InTiCa Systems rose to a high for the reporting period of EUR 8.65 on December 9, 2020 and ended the year at EUR 8.60 in Xetra trading on December 30, 2020. That was a gain of 13.2% compared with the closing price on December 30, 2019.

InTiCa Systems' market capitalization therefore improved to around EUR 36.9 million as of year-end 2020 (December 31, 2019: EUR 32.6 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 27%, Boerse Stuttgart, with above 7% and the Frankfurt Stock Exchange, which accounted for around 4%. The average trading volume was considerably higher than in the previous year at 52,419 million shares per month (2019: 28,427 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	2020	2019
Year high (XETRA® closing price)	8.65	8.50
Year low (XETRA® closing price)	3.80	4.84
Market capitalization at year end in EUR million	36.9	32.6

Closing prices	2020	2019	Change
Shares in InTiCa Systems (XETRA®)	8.60	7.60	13.2%
DAX	13,718.78	13,249.01	3.5%
TecDAX	3,212.77	3,014.94	6.6%
DAXsector Technology	1,688.74	1,161.99	45.3%

Takeover offer by PRINTad Verlags - GmbH

On August 17, 2020, PRINTad Verlags - GmbH decided to make a voluntary takeover offer to the shareholders of InTiCa Systems AG, offering to purchase all shares in the company for a cash payment of EUR 6.00 per InTiCa Systems share. The bidder is a wholly owned subsidiary of Optima Vermögensverwaltung GmbH & Co. KG, which has its registered office in Passau, Germany. Its sole personally liable partner is Optima Beteiligungs GmbH, which has its registered office in Passau, Germany, and is wholly owned by Dr. Dr. Axel Diekmann. The offer document was published on September 11, 2020. The company's opinion on the takeover offer is available on the website at Investor Relations/Takeover Offer [in German only]. The deadline for acceptance of the offer was October 28, 2020. The offer was accepted for a total of 12,598 shares in InTiCa Systems. That corresponds to around 0.294% of the capital stock and of the total voting rights of InTiCa Systems. Following conclusion of the takeover offer, a total of 1,298,269 shares in InTiCa Systems are attributable to Dr. Dr. Axel Diekmann. That is 30.284% of the capital stock.

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 the relevant members of the financial community.

The Board of Directors of InTiCa Systems AG provided shareholders and members of the public with timely information on the business development of the company through regular reporting. In compliance with the statutory requirements for companies listed in the Prime Standard, InTiCa Systems AG provided extensive quarterly reports, which were published in English as well as German. In line with the ad-hoc disclosure regulations the markets were notified of the main corporate events in ad-hoc or corporate news releases.

In addition, experienced capital market analysts comment on our business results and the most important announcements, and issue estimates on the future development of InTiCa Systems AG. The research reports they publish are available on the Investor Relations pages on 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 AG.

In the 2020 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 2019 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 the Annual General Meeting on July 15, 2020, which was held virtually for the first time due to the coronavirus pandemic, is also available on the website. At the AGM, shareholders were able to inform themselves about fiscal 2019 and the current situation at InTiCa Systems AG.

In addition, the Board of Directors regularly presents the company at relevant capital market conferences. InTiCa Systems AG was therefore once again represented at the "MKK Munich Capital Market Conference" in December 2020 which was held online. The MKK is the largest capital market conference in southern Germany. In 2020, it is scheduled to take place on December 7/8 as a hybrid event, with InTiCa Systems AG's renewed participation firmly planned.

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 AG are available for any questions from private and institutional investors, analysts and financial journalists.

Key data on the share

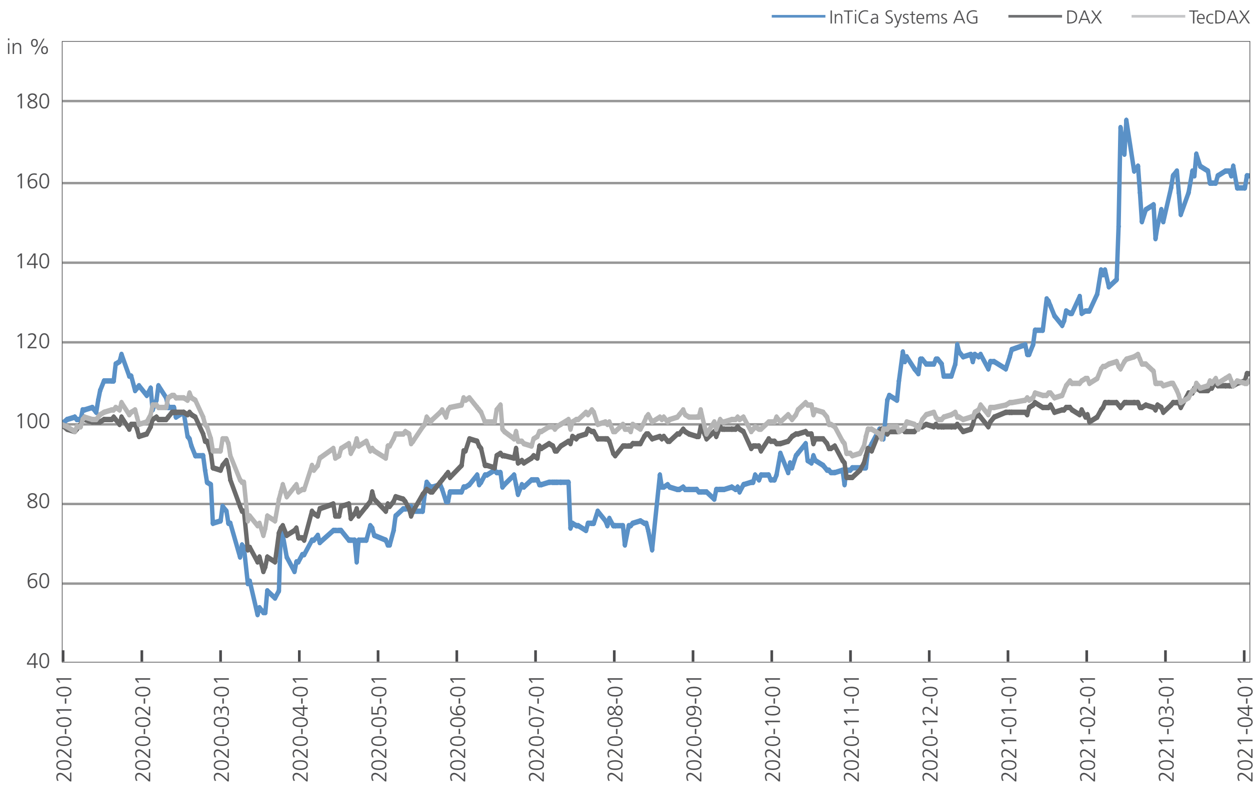
ISIN	DE0005874846
WKN	587 484
Stock market symbol	IS7
Bloomberg ticker symbol	IS7:GR
Reuters ticker symbol	IS7G.DE
No. of shares	4,287,000

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 on March 31, 2021:	Shareholding:
Dr. Dr. Axel Diekmann	over 30%
Thorsten Wagner	over 25%
Tom Hiss	over 5%
Treasury stock	1.5%
Management	less than 1%

Performance of shares in InTiCa Systems



CORPORATE GOVERNANCE STATEMENT

including the Corporate Governance Report

The corporate governance statement for InTiCa Systems AG and the InTiCa Systems Group, which are 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 2020 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 AG 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 29, 2021, the Board of Directors and Supervisory Board of InTiCa Systems AG issued the following declaration of conformity pursuant to sec.161 of the German Companies Act (AktG):

1. Statement on the recommendations of the German Corporate Governance Code in the version dated February 7, 2017, as published in the Federal Gazette (Bundesanzeiger) on April 24, 2017 and the amended version published in the Federal Gazette on May 19, 2017 ("GCGC 2017")

Since issuing its last declaration of conformity on January 7, 2020, InTiCa Systems has complied with the recommendations of the GCGC 2017, with the following exceptions:

» Section 4.1.3. GCGC 2017 (compliance management system)

The Board of Directors ensures that the company and its subsidiaries comply with all legal provisions and with the company's internal policies. For this purpose it has implemented an appropriate compliance management system aligned to the company's risk situation. The principles of this system are disclosed in the non-financial statement in the Management Report. The company does 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.

» Sections 5.1.2 and 5.4.1 GCGC 2017 (appointment of 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 specified for members of the Board of Directors (section 5.1.2 GCGC 2017) and Supervisory Board (section 5.4.1 GCGC 2017). 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.

» Sections 5.1.3, 5.3.1, 5.3.2 and 5.3.3 GCGC 2017 (rules of procedure and committees of the Supervisory Board)

The Supervisory Board has not adopted rules of procedure (section 5.1.3 GCGC 2017), nor set up any committees (sections 5.3.1, 5.3.2 and 5.3.3 GCGC 2017). 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 is neither necessary nor expedient. The Supervisory Board has so far refrained from adopting rules of procedure since the rulings contained in legal statutes and the articles of incorporation have proven sufficient.

» Section 7.1.2 GCGC 2017 (publication of interim reports and consolidated financial statements)

The consolidated financial statements and Group management report will probably not be made available publicly within 90 days from the end of the financial year and the mandatory interim financial information will probably not be available within 45 days from 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.

2. Statement on the recommendations of the German Corporate Governance Code in the version dated December 16, 2019, as published in the Federal Gazette (Bundesanzeiger) on March 20, 2020 ("GCGC 2020")

Since the GCGC 2020 came into effect upon publication in the Federal Gazette of March 20, 2020, InTiCa Systems AG has complied with the recommendations of the GCGC 2020 with the following exceptions:

» Recommendation A.2 GCGC 2020 (compliance management system)

The Board of Directors ensures that all statutory provisions and internal guidelines are complied with and endeavours to ensure that they are complied with throughout the company. For this purpose it has implemented an appropriate compliance management system aligned to the company's risk situation. The principles of this system are disclosed in the non-financial statement in the Management Report. The company does 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.

» Recommendations B.5 and C.2 GCGC 2020 (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 2020) and the Supervisory Board (recommendation C.2 GCGC 2020), 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, D.4 and D.5 GCGC 2020 (rules of procedure and committees of the Supervisory Board)

The Supervisory Board has not adopted its own rules of procedure and published these on the website (recommendation D.1 GCGC 2020), nor has it formed any committees (recommendations D.2, D.3, D.4 and D.5 GCGC 2020). 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 is neither necessary nor expedient. The Supervisory Board has so far refrained from adopting rules of procedure reference since the rulings contained in legal statutes and the articles of incorporation have proven sufficient.

» Recommendation D.11 (quality of the audit)

The Supervisory Board has not established an Audit Committee (see above). Therefore, the Supervisory Board itself conducts an evaluation of the quality of the audit on a regular basis.

» Recommendation F.2 GCGC 2020 (publication of interim financial reports and consolidated financial statements)

The consolidated financial statements and Group management report will probably not be made available publicly within 90 days from the end of the financial year and the mandatory interim financial information will probably not be available within 45 days from 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.1 to G.16 GCGC 2020 (remuneration of the Board of Directors)

Section G.1 of the GCGC 2020 contains new recommendations (G.1 to G.16) on the remuneration of members of the Board of Directors. In compliance with the Rationale GCGC 2020 and the transitional provisions of the German Companies Act (AktG) relating to amendments in the Act Implementing the Second Shareholder Rights Directive (ARUG II), which the new recommendations set out in the GCGC 2020 relate to, the new recommendations of the GCGC 2020 have not yet been taken into account in the present contracts with the Board of Directors. The Board of Directors and Supervisory Board of InTiCa Systems AG will be proposing a remuneration system for the members of the Board of Directors of InTiCa Systems AG to the Annual General Meeting in 2021. This will take into consideration the new recommendations of the GCGC 2020 and may possibly deviate from some of these recommendations.

» Recommendation G.18 GCGC 2020 (remuneration of the members of the Supervisory Board)

The performance-related remuneration granted to the members of the Supervisory Board is not geared to the long-term development of the company through a multi-year reference base. In accordance with sec. 11 para. 1 sentence 2 of the articles of incorporation, the members of the Supervisory Board receive variable remuneration which is calculated on the EBIT margin in the financial year as reported in the consolidated financial statements. Therefore, the performance-related remuneration is geared to a one-year reference period and not to the long-term development of the company. However, this method of measuring the remuneration of the Supervisory Board has proven effective in the past and does not impede performance of the duties of the Supervisory Board. It has not yet been decided whether the remuneration of the Supervisory Board will be switched to fixed remuneration; this is under discussion.

InTiCa Systems AG will continue to comply with the recommendations of the GCGC 2020 with the exception of the deviations outlined above.

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 AG 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 AG. Securing the confidence of investors and other stake-holders 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

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. The Board of Directors also ensures that there is an appropriate risk management and control system. Systematic 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 company's three-member Supervisory Board has not established any committees as this is not deemed necessary or practical; all relevant issues are handled by the full Supervisory Board. This applies in particular to examination of the quarterly and annual financial statements and topics directly relating to the members of the Board of Directors. The Board of Directors regularly attends meetings of the Supervisory Board, provides written and oral reports on individual items on the agenda and preparatory papers, and answers the Supervisory Board's questions.

In conformance with the German Companies Act (AktG), the Supervisory Board appoints the members of the Board of Directors. In accordance with sec. 5 of the company'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. The rules of procedure comprise a list of business activities requiring approval. 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 sentence 1 and sec. 111 paragraph 5 sentence 1 of the German Companies Act (AktG) specifies 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.

Target for the proportion of women on the Supervisory Board

The Supervisory Board of InTiCa Systems AG 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. 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 AG comprises two male members. 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 meets this target. 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.

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

InTiCa Systems AG 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. 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 2020.

Within this framework, the Supervisory Board ensures long-term succession planning in consultation with the Board of Management. 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 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. 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 it has at least one shareholder representative is an independent member within the meaning of the German Corporate Governance Code. Mr. Zimmer, Mr. Paletschek and Mr. Fürst are independent members within the meaning of this provision.

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 published in the corporate governance statement.

Members of the Board of Directors of InTiCa Systems AG in 2020	Appointed from / to	Responsibilities	Further offices
Dr. Gregor Wasle, date of birth August 14, 1971	January 1, 2015 to December 31, 2022	Chairman of the Board of Directors – responsible for: strategy, investor relations R&D production finance, human resources, IT	None
Günther Kneidinger, date of birth November 18, 1968	January 1, 2009 to December 31, 2022	Member of the Board of Directors – responsible for: sales materials management order processing centre quality	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 AG in 2020	Appointed from / to	Function on Supervisory Board	Seats on other Supervisory Boards and comparable supervisory bodies
Udo Zimmer, business administration graduate, Member of the Board of Management of REMA TIP TOP AG, Munich	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	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	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 last review was undertaken by the Supervisory Board at the end of February 2021. 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 of the Covid-19 pandemic. The results of the self-assessment were discussed in detail at a meeting of the Supervisory Board.

Remuneration

The contracts with the members of the Board of Directors contain variable components that are linked to the company's performance (EBIT adjusted for one-off factors). In accordance with the company's articles of incorporation, the Supervisory Board of InTiCa Systems receives fixed remuneration and a variable payment that is dependent on the company's performance (ratio of Group EBIT to sales).

Further details can be found in section "Remuneration system of the Board of Directors and Supervisory Board" of the management report. The notes to the consolidated financial statements also contain detailed information on the remuneration of the Board of Directors and Supervisory Board on an individual basis, broken down into fixed and variable components. The structure of the remuneration systems is regularly reviewed. For the first time, the remuneration system for the members of the Board of Directors and the Supervisory Board will be put to the Annual General Meeting of InTiCa Systems AG in 2021, in accordance with the provisions of the German Companies Act (AktG) and the amendments resulting from the Act Implementing the Second Shareholder Rights Directive (ARUG II).

Passau, April 21, 2021

Supervisory Board
Udo Zimmer
Werner Paletschek
Christian Fürst

Board of Directors
Dr. Gregor Wasle
Günther Kneidinger

GROUP MANAGEMENT REPORT

for the period from January 1 to December 31, 2020

The Group management report should be read in conjunction with the audited financial data for the Group and the 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 AG 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 AG 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 the section headed "Risk report".

1. Basic information on the Group

1.1 Business activities

InTiCa Systems AG is a leading supplier of inductive components, passive analogue switches and mechatronic assemblies. The Group comprises two segments, Automotive Technology and Industrial Electronics. In the assessment of the Board of Directors, both rank among the market and technology leaders as suppliers of high-tech inductive products and solutions. InTiCa Systems utilizes the ability of a coil to produce voltage in its own windings by means of a magnetic field or, conversely, to generate a magnetic field in a coil if voltage is applied. These electromagnetic properties are used in:

- power generation by producing a magnetic field (e.g. electric motors),
- shielding and interference suppression (e.g. EMC filters),
- modification of currents (e.g. voltage conversion, modulation, filtering),
- non-contact data transmission (e.g. antennas, transponders, RFiD) and
- generation of energy or electric power by movement in a magnetic field.

A major 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. In our view, InTiCa Systems is able to visualize specific solutions for its customers' individual applications precisely and uniquely thanks to its specialization, years of experience and detailed knowledge. Based on its vision, InTiCa Systems develops custom-tailored products, up to an including industrialized components and systems.

1.1.1 Automotive Technology

The Automotive Technology segment is the core of the operating business and future development of InTiCa Systems AG. Consequently, it is its most important segment. It focuses on developing and manufacturing components for power electronics, stators, EMC filters, actuators and sensors. Many of these key technologies are used in all common vehicle classes. 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 is aware of the wide-ranging opportunities offered by e-mobility and hybrid technologies and utilizes this potential. Its product portfolio includes the promising potential of new developments such as EMC filter systems for electric vehicles and charging infrastructure, stator systems for mild hybrids and plug-in hybrids and planar transformers for battery management systems. These are opening up promising future-oriented areas of business for the company with the potential to generate additional revenue with automotive producers and suppliers. The aim is to find intelligent ways to enable customers to optimize the energy-efficiency of their products. InTiCa Systems offers them the right solutions.

1.1.2 Industrial Electronics

Alongside automotive technology, InTiCa Systems serves a second significant sector. The Industrial Electronics segment focuses on inverters, converters and EMC filter technology. Inductive components and systems are used to convert solar energy into power for transmission via the grid and for electric noise suppression. The effective use of know-how and years of experience in power transfer and noise suppression components, coils and filters translate into significant benefits for customers. Examples are the optimized balance between efficiency and dimensions.

InTiCa Systems' established strategy entails constantly seeking scope for new developments in the area of industrial electronics in order to broaden its product portfolio and serve a wide variety of industrial sectors. InTiCa Systems benefits from synergies between the Industrial Electronics and Automotive Technology segments and their specific customer requirements as these can play a part in significantly increasing the product and customer base.

1.2 Corporate structure

In addition to the parent company, InTiCa Systems AG, 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

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. There was no change in the scope of consolidation of InTiCa Systems AG compared with 2019.

1.3 Management system

To defend its technological leadership and improve its market position, InTiCa Systems uses a constantly adjusted strategy process. It has drawn up a multi-year masterplan for both the Automotive Technology segment and the Industrial Electronics segment and this is consistently followed. 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.

InTiCa Systems' key performance indicators are the development of sales and earnings by segment, EBIT, orders on hand and the material cost ratio. These are used for internal management of the Group and are reported to the Board of Directors in a monthly report.

1.4 Research and development

With its competent in-house team of developers and production technologists, InTiCa Systems helps customers find the most efficient solutions for their applications, taking individual requirements into account, and helps transform their ideas into innovative and marketable products. Here, InTiCa Systems can build on its profound and long-standing expertise. Its innovative capability offers the best basis for developing new products and driving forward potential applications. A continuous improvement process is used for ongoing optimization of the competitiveness of existing products. Customers value the company's offering and the ability to realize individual solutions that meet their specific needs.

2. Non-financial statement

This section contains the non-financial statement of InTiCa Systems AG pursuant to sec. 315b paragraphs 1 and 3 of the German Commercial Code (HGB). Since the company refrained from voluntary sustainability reporting in the past, 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 AG 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 and 4.3.

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 AG 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, 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 AG are available for download from the company's homepage. The Code of Conduct and company policies 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 contains binding rules on various topics such as anti-corruption, fair competition and social aspects such as tolerance and respect. It has 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 AG 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 internal control and risk management system is included in the annual audit at regular intervals. The aim is to optimize business processes and avoid unnecessary costs by improving internal controls.

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, environmental and energy management are specifically included in its integrated management system. The environmental management system and the energy management system are monitored regularly in accordance with the requirements of DIN ISO 14001:2015 and validated by an external certification body. The Prachatice production site has met these requirements in full since 2007 and validation was obtained for the head quarters in Passau, including the new technology centre, at the beginning of 2016. The site in Mexico has had equivalent validation since 2017.

» Environmental and energy management process

In accordance with DIN ISO 14001:2015 and DIN ISO 50001:2011, the environmental management and energy management process at InTiCa Systems AG 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 AG 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 AG. 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 set out in the German chemicals ordinance and the ordinance prohibiting the use of CFCs and halons, the requirements of VDA List 232-101, 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 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 ensures 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 an 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 AG 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 seven years, in 2020 InTiCa Systems AG once again refrained from presenting Christmas gifts to its customers and donated the resulting savings to Malteser Hilfsdienst e. V. This charitable organization has set up a project that provides very individual support to fulfill the wishes of people of all ages with terminal illnesses. InTiCa Systems AG sees an enormous need to provide continued regional support.

3. Economic report

3.1 General economic conditions[1]

While a moderate rise in economic growth was originally forecast both for Germany and globally in 2020, economy activity nosedived worldwide in the first six months as a result of the coronavirus pandemic. Industrial output dropped in China from January, followed by a downturn in other Asian countries from February, and in the advanced economies from March, partly due to measures introduced to check the spread of the infection. Following stepwise relaxation of many of the restrictions, a large proportion of economic activity around the world resumed in the summer and some of the economic downturn was offset. However, the measures were tightened considerably again in the autumn due to the spread of the virus, leading in some cases to a renewed drop in economic output. The decline was, however, very unequally distributed between regions and sectors.

While economic activity slumped in hospitality and other service sectors, the recovery continued in the manufacturing sector. Unlike the situation in the spring, there was no seriously negative impact on international trade and commodity prices. Regionally, the shortfall relative to the pre-crisis level was particularly significant in the advanced European economies. In the euro zone, gross domestic product (GDP) was 5% lower in the fourth quarter than a year earlier, and in the UK the drop was 7.8%. By contrast, the year-on-year production shortfall was far lower in the USA and Japan, which reported declines of 2.4% and 1.3% respectively. In the emerging markets, China and Turkey posted particularly strong year-on-year growth. In Mexico, by contrast, the shortfall versus the pre-crisis level was particularly high at 4.1%. That affects the full-year view. While economic output in China rose by 2.1% in 2020 despite the pandemic, GDP contracted in other countries and regions, albeit by differing amounts: USA (-3.5%), Japan (-4.9%), Mexico (-8.5%), UK (-9.9%) and the euro zone (-6.8%). In its most recent report (spring 2021), the IfW Kiel Institute for the World Economy reports that the global economy shrank by 3.3%. That is the sharpest downturn in the global economy since the second world war, but far less than had been expected in mid-year or even in the autumn.

This unprecedented downturn had a particularly adverse effect on the German economy with its global interconnections because companies are dependent both on global demand for German goods and on supplies from the rest of the world. Unlike previous crises, consumer spending was not a stabilizing factor. In fact, the drop was above-average, making it a decisive factor in the macroeconomic weakness. As a result, the coronavirus pandemic and the measures to suppress it plunged the German economy into the worst recession in post-war history. While GDP only fell by 2.2% in the first quarter of 2020 thanks to a strong start to the year, it dropped by 11.5% in the second quarter as a result of the lockdown in April. However, a strong rebound was registered in May and continued until the end of September in almost all sectors. The pronounced recovery led to growth of 8.5% in the third quarter. However, the infection rate gained momentum again in the autumn, leading to a further shutdown in November, which halted the economic recovery. Since the global industrial economy remained largely intact, as shown by the continued rise in order intake, the setback in the recovery was in no way comparable to the economic effect of the first shutdown in spring 2020. There was actually slight growth of 0.3% in the fourth quarter. Overall, the recovery had the upper hand in the second half of the year. The drop in GDP projected by the IfW experts for 2020 as a whole is 4.9% and thus slightly less than had been predicted in the autumn/winter.

Even without the threat of a downturn on the scale seen last spring, the brakes will initially continue to be applied to the recovery in Germany and Europe in 2021. The ongoing uncertainty about the virus situation is holding back consumer spending. Consequently, a clear downward trend in economic output is projected for the first quarter. The IfW in Kiel anticipates a 2.7% drop in GDP. A return to recovery across all sectors is expected in the course of the year as the vaccination programme makes progress. In all, the experts at IfW project that GDP will grow by 3.7% year on year. The forecast for economic growth is therefore well below the growth rate of 4.8% forecast last autumn and thus a sign of the high level of uncertainty. Nevertheless, there has recently been a slight improvement in sentiment at German companies. The ifo business climate index rose to 92.4 points in February, compared with 90.3 points in January. Pessimism about both the present business situation and the outlook for the coming months has decreased, but is still clearly negative overall.

In particular, the recovery of Germany's industrial economy is supported by the progressive improvement in the global economy. Global trade has already recovered almost completely and seems to be virtually unaffected by the present wave of the pandemic. Global economic activity therefore probably continued its upward trend in the first quarter of 2021 despite the second wave of the pandemic. That applies, in particular, for China and the whole of Asia. In the USA too, GDP probably improved significantly in the first three months of the new year.

[1] Kieler Konjunkturberichte – Deutsche Wirtschaft im Frühjahr 2021 – https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2021/KKB_77_2021-Q1_Deutschland_DE.pdf
Kieler Konjunkturberichte – Weltwirtschaft im Frühjahr 2021 – https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2021/KKB_75_2021-Q1_Welt_DE.pdf
ifo Geschäftsklimaindex Februar 2021 – https://www.ifo.de/node/61819

For the euro zone and the UK, by contrast, a further temporary contraction is expected. Nevertheless, the decline is unlikely to be dramatic and could be followed by a strong recovery in the summer months, provided that progress in the vaccination programme allows the expected widespread easing of restrictions. Although the IfW indicator of global economic activity, which is based on indicators of sentiment in 42 countries, dropped slightly in the first quarter, its level still points to a clear rise in global output. The IfW forecasts that global GDP will grow by 6.7% in 2021. China is projected to growth by 9.7%, the highest growth rate of the major economies, followed by the USA with growth of 6.6% and the UK, with a growth rate of 5.6%. For the EU and Japan, growth rates of just over or just under 4% are anticipated. The emerging market economies are also expected to recover quickly. For Mexico, the IfW forecasts a growth rate of 5.7%.

However, there is still enormous uncertainty about further waves of infection, new variants of the virus and the extent of the economic policy response and changes in consumer and corporate spending patterns. The economic development therefore depends essentially on assumptions of how the pandemic will continue and the speed with which demand for goods and services picks up. The pace of the economic recovery is expected to vary enormously between countries, depending on structural criteria, progress with vaccinations and the effectiveness of political support. If the reduction in infections required for normalization takes longer than expected, the associated strong rise in macroeconomic activity would be delayed. There are also risks relating to the financial implications of the pandemic. The crisis has had a massive downside impact on parts of the economy. So far, most companies have been kept afloat by state subsidies and credit programmes. The number of insolvencies actually dropped in many countries last year. At the same time, the capital base of many companies has probably come under severe pressure. By contrast, the trade risks have decreased following the change of government in the USA and the conclusion of major international trade agreements. Nevertheless, there are still tensions, so the macroeconomic risk situation remains high despite hopes that the pandemic can be suppressed.

3.2 Market and market environment

3.2.1 Automotive Technology

The coronavirus crisis had a massive impact on the international automotive markets in 2020. According to the German Automotive Industry Association (VDA), sales slumped in virtually all countries worldwide, with dramatic drops in some cases. Globally the biggest decline was in Europe (EU27 & EFTA & UK). Just under 12.0 million new passenger cars were registered in this region, 3.8 million fewer than in 2019 (-24%). Far fewer cars than in 2019 were registered in France (-25%), Italy (-28%), the UK (-29%) and Spain (-32%). In all other countries in Europe, the number of cars sold in 2020 was down. Russia also reported a drop in car sales (-9%). The market downturn in Brazil (-27%) was on a similar level to Europe. That put an abrupt end to a three-year recovery period. In the USA, just under 14.5 million light vehicles (passenger cars and light trucks) were sold, a decline of 15%. For the first time since 2012, the US market therefore remained below the 15.0 million mark. Sales of passenger cars dropped by 28%, while sales of light trucks, which now account for 76% of the total US market, fell by 10%. One ray of light came from China, which rapidly moved on from the coronavirus pandemic and its impact on car sales, reporting continuous growth from May 2020. Nevertheless, the 19.8 million vehicles sold over the year represented a drop of 6%. The other major Asia markets – Japan (-11%) and India (-18%) – posted far sharper drops compared with the previous year[2].

In Germany as well, new car registrations dropped by nearly a fifth (-19%) in 2020. Over the year, 2.9 million new cars were registered. Order intake on the domestic market declined by 17% and export orders were 11% lower. 3.5 million passenger cars were produced in Germany in 2020, the lowest level for 45 years and well below the prior-year figure (-25%). Moreover, German car exports showed a clear decline to 2.6 million vehicles (-24%). Year-end 2020 provides some hope: in December production increased month-on-month for the second time in succession. 311,400 new cars were registered in December. That was the highest volume of registrations ever recorded for December. However, the market trend was greatly influenced by two additional working days and the reduction in the VAT rate until the end of 2020[3].

[2] https://www.vda.de/de/presse/Pressemeldungen/210119-Europ-ischer-Pkw-Markt-bricht-2020-um-ein-Viertel-ein.html
[3] https://www.vda.de/de/presse/Pressemeldungen/210108-Corona-Effekt--Austausch--lterer-Autos-stockt.html

Despite the coronavirus pandemic, the successful development of e-mobility continued in Germany in 2020. 394,943 electric cars (in the remainder of this section, this term refers to both fully electric models and hybrid vehicles) were registered in 2020 (+263%). That increased their market share (annual average) to 13.5%. 82,802 new electric cars were registered in December 2020, bringing their market share to a new high of 26.6%, which was above the market share of diesel cars (including mild hybrids) for the first time. Private owners accounted for the highest proportion of new registrations of electric cars (41%), ahead of company cars (31%) and other groups such as car hire firms, car sharing and car dealers (28%). Electric vehicles are therefore now mainstream. Alongside new registrations, output of electric cars developed positively. Between January and November 2020, German producers more than doubled global output to 775,623 electric cars (+113%). In this period, output of electric cars in Germany increased to 372,648 vehicles (+111%). German car-makers were therefore able to increase their strong position on the domestic market for electric cars. In 2020 as a whole, German brands had a market share of 67%. The bonus for the purchase of environmentally friendly cars is an important instrument in the success of e-mobility. Overall, 419,987 applications have been submitted since the introduction of the bonus. The Federal Office for Economic Affairs and Export Control received 58,365 applications in December 2020, a new record for the sixth consecutive month. Both fully electric cars and plug-in hybrids are responsible for the high proportion of electric vehicles in the new-car market[4].

The transformation of the sector looks set to continue in 2021. New registrations of electric vehicles rose by a further 136% in the first two months of 2021, despite the closure of car dealers and ongoing bottlenecks in the supply of semiconductors. In the same period, the total number of new car registrations in Germany dropped by 19%. The German automotive industry will be investing a total of EUR 150 billion in future technologies, especially e-mobility and digitization, in the period to 2025. Charging infrastructure remains the weak link in the expansion of e-mobility as it is not keeping pace with the rising number of electric cars. There were around 580,000 electric cars on the road at the start of this year but only one publicly accessible charging station per 17 cars[5]. The VDA also sees risks in the reform of German patent law. ICT (information and communication technology companies) could use legal loopholes in patent infringement disputes to demand massive licence fees for the use of subsidiary elements in components and threaten to completely halt production. That applies, above all, to technologies for networking vehicles and for autonomous driving. The reform of patent law currently under discussion therefore needs to introduce an effective proportionality test to ensure that automotive companies have access to the technologies required for networked vehicles on fair terms[6].

Nevertheless, the automotive sector is confident about the future. The VDA assumes that the market situation will gradually improve from mid-year, although the declines in 2020 will not be fully offset. Moreover, the expected increase in growth rates in the coming months should be treated with caution given the extremely low sales figures during the lockdown in spring 2020. Above all, it is likely to be a "technical upswing". Except in China, the volume of cars sold in the various markets will only gradually approach the pre-crisis level. For example, the VDA anticipates around 3.15 million new car registrations in Germany in 2021. That is an increase of 8% compared with 2020, but well below the 3.5 million new registrations in the period 2017 to 2019. The forecasts for the global automotive markets are similar. The projections for 2021 are 13.4 million new vehicles in Europe (+12%) and 15.8 million in the USA (+9%). Only the Chinese car market is likely to exceed the pre-Covid level with 221.4 million vehicles (+8%). Having contracted by 15% in 2020, the global car market should increase by 9% to 73.8 million vehicles in 2021[7]. In line with this, the business climate in the German automotive supplier sector increased for the eighth consecutive month in February[8].

The present assessment by the Supplier Industry Working Group (ArGeZ) shows that the balance of positive and negative assessments has improved by 5.0 percentage points to a new seasonally adjusted level of 12.8. One in three suppliers now considers the situation to be "good". Expectations are also brightening and rose by 4.7 points. The seasonally adjusted expectation level of 14.1 points is therefore at the highest level for exactly three years.

In the medium term, the effects of the Covid-19 pandemic could prove positive for growth in the automotive sector. Based on a survey of more than 3,300 consumers in nine countries (China, Germany, India, Italy, Singapore, South Korea, Sweden, the UK and the USA), the 2020 EY Mobility Consumer Index comes to the conclusion that nearly one third of those who do not have a car of their own intend to buy one in the next six months. Almost 30% of them would choose an electric car. One particularly interesting finding of the EY report is that millenials (24-39 year-olds) should create high demand for cars worldwide in the next six months. According to the survey, 45% of first-time car buyers will belong to the younger generation. Overall,

[4] https://www.vda.de/de/presse/Pressemeldungen/210112-Jeder-vierte-Neuwagen-elektrisch-.html
[5] https://www.vda.de/de/presse/Pressemeldungen/210303-Keine-Erholung-auf-dem-deutschen-Pkw-Markt.html
[6] https://www.vda.de/de/presse/Pressemeldungen/210202-VDA-warnt-vor-Milliarden-Kosten-und-Produktionsstopps-wegen-unzureichender-Patentrechtsreform.html
[7] https://www.vda.de/de/presse/Pressemeldungen/210126-2021-entscheidet--ber-die-Zukunft-der-Industrie-in-Deutschland-und-Europa.html
[8] https://argez.de/geschaeftsklima/

the survey sees a clear trend to cars. More than three-quarters (78%) of participants said that they would make greater use of cars for travel in the post-Covid period. According to EY, this increase in demand is being driven principally by China and India. 90% of survey participants in China and 85% in India intend to make greater use of their cars. The figure for Germany is 81%. These findings are corroborated by an international study by the management consultancy McKinsey. This indicates that globally 80% of those surveyed rely on cars and just 8% rely on public transport. The coronavirus pandemic and its consequences are changing people's attitudes to mobility and strengthening interest in car ownership[9].

3.2.2 Industrial Electronics

The Industrial Electronics segment at InTiCa Systems develops and produces power components, EMC filters for renewable energy and energy storage systems, and actuator coils for industrial applications.

The German electrical and electronics industry is closely integrated into global value chains and was therefore affected by the coronavirus pandemic on both the supply and the demand side. In this sector, exports to China alone account for about one tenth of total exports. Moreover, China is by far the largest foreign supplier to the German electrical and electronics market. More than a quarter of all electrical and electronics products imported into Germany come from China. A significant proportion – a good EUR 10 billion – are production inputs, making them highly relevant for supply and production chains.

Consequently, both exports and imports declined in 2020. The German Electrical and Electronic Manufacturers' Association (ZVEI) reports that aggregate sector exports fell by 5.7% to EUR 202.7 billion in 2020. The decline in imports was slightly lower, with a reduction of 2.1% to EUR 189.0 billion. Over the year as a whole, the declines were lower than had been feared in the first half of 2020 thanks to the positive development at the end of the year. Nevertheless, the final figure of almost EUR 13 billion was the lowest export surplus since 2003. China extended its lead among the top ten export destinations for the German electrical and electronics industry. Exports to China increased by 6.5% to EUR 23.3 billion, so momentum was actually higher than before the coronavirus pandemic. The only other top 10 export markets that registered growth in deliveries from the electrical and electronics sector were Poland (+5.4% to EUR 11.1 billion) and Switzerland (+0.2% to EUR 7.0 billion). By contrast, the sector registered double-digit declines in exports to the UK (-12.1% to EUR 8.6 billion) and France (-11.1% to EUR 12.1 billion). Similar declines were registered in exports to the sector's second most important trading partner, the USA (-9.8% to EUR 17.3 billion), and to the Czech Republic (-9.5% to EUR 9.1 billion) and the Netherlands (-9.4% to EUR 9.9 billion). A somewhat more moderate drop was registered in exports to Italy (-7.3% to EUR 9.4 billion) and Austria (-3.8% to EUR 9.1 billion)[10].

Overall, figures from the ZVEI indicate that aggregate sector sales fell to EUR 181.7 billion in 2020, a drop of 4.4% compared with 2019. Domestic sales declined by 4.2% to EUR 85.9 billion and foreign sales fell by 4.6% to EUR 95.7 billion. The decline in business with customers in the euro zone (-3.1% to EUR 35.4 billion) was slightly lower than the drop in business with partners in third countries (-4.8% to EUR 60.3 billion). On a price-adjusted basis, production in the German electrical and electronics industry declined by 6.0%. The order situation is slightly better: the reduction in order intake was comparatively low at 3.3%. This was mainly due to domestic orders, which actually increased by 1.9%. By contrast, foreign orders were down 7.3% year on year. The development of orders from the euro zone and third countries was fairly similar: orders from the euro zone were 6.7% lower than in 2019, while orders from third countries decreased by 7.6%. Following the sharp drop, capacity utilization in this sector picked up in the second and third quarters and was back at around 80% of regular capacity utilization at the end of December 2020. The electrical and electronics industry had 871,000 employees at the end of 2020, 13,600 fewer than at the start of the year. Nearly one in ten was still on short-time working, which was around 100,000 below the level in May 2020[11].

One reason for the comparatively rapid recovery in this sector, according to Dr. Gunther Kegel, President of the ZVEI, is the increase in electrification and digitization. The trend to an all-electric society is dominated by smart coupling of all climate-relevant sectors. Full electrification, digitization and automation of the energy sector, industry, buildings and mobility is vital in

[9] https://www.vda.de/de/presse/Pressemeldungen/201203-Interesse-am-Auto-w-chst-weiter.html
[10] https://www.zvei.org/presse-medien/pressebereich/deutsche-elektroexporte-konnten-sich-zuletzt-erholen
[11] https://www.zvei.org/presse-medien/pressebereich/deutsche-elektroindustrie-auftragseingaenge-legen-leicht-zu
https://www.zvei.org/presse-medien/pressebereich/deutsche-elektroindustrie-erholt-sich-weiter

order to meet climate targets. That is only possible with innovations from the electrical and electronics industry. Consequently, ZVEI expects the industry to return to growth in 2021. Specifically, it forecasts that production will increase by 5%. That would make up about two-thirds of last year's losses. The association projects that the industry will be back at the pre-crisis level in 2022[12].

Nevertheless, the subdued start to 2021 shows that the recovery cannot be taken for granted. Following three consecutive months of rising revenues, nominal sales by German electrical and electronics companies were EUR 14.3 billion in January 2021, which was 2.8% below the prior-year figure. Domestic sales declined by 3.9% to EUR 6.7 billion, while foreign sales were 1.8% lower at EUR 7.6 billion. The drop in business with euro-zone customers (-1.7%) and third countries (-2.0%) was roughly equal. After adjustment for price effects, in January 2021 output in the German electrical and electronics sector was down 4.0% year on year. This was probably due to shortfalls in the procurement of starting products. Exports amounted to EUR 16.6 billion at the start of 2021, down 5.0% compared with the prior-year figure. Since imports increased slightly, by 0.9% to EUR 16.8 billion, there was an import surplus in one month for the first time in 18 years. The 2.3% rise in order intake is a sign of hope. Nevertheless, the trend was noticeably weaker than in November and December, when double-digit growth rates were reported. This was mainly due to domestic orders, which stagnated in January (+0.1% year-on-year). By contrast, foreign orders increased by 4.1%. While orders from customers in the euro zone were up 1.8%, orders from business partners in third countries increased by 5.3%[13].

Despite the sluggish start to the year, in February 2021 the business climate in the German electrical and electronics industry improved for the tenth time in succession, and is now at the highest level for nearly two-and-a-half years. Both the assessment of the present situation and general business expectations improved considerably in February. Most recently, 39% of companies in the sector rated their present economic situation as good, 49% as stable, and 12% as poor. At the same time, 46% of companies said they expected business to pick up in the next six months. A further 46% assumed that business would remain stable and 8% expected it to decline. The balance of positive and negative assessments for exports in the next three months increased from +17 in the previous month to +25. Electrical and electronics companies significantly increased production plans in February. The net balance of companies that plan to increase or decrease output in the next three months improved from +29 in January to +39. However, setbacks cannot be precluded as economic uncertainty remains high[14].

3.3 Significant events in the reporting period

On July 27, 2020, InTiCa Systems AG issued an ad-hoc statement that the relevant Czech authorities had ordered temporary quarantine and Covid-19 testing for all staff employed at the Prachatice site due to Covid-19 infections at the facility. The authorities did not close the Prachatice site so it was still possible to deliver finished products and warehouse stock. However, there were production stoppages at the site during the quarantine period. Due to intensive cooperation with the authorities, the quarantine at the site was only for a short period and a successive restart of production was soon possible. The production stoppages continued to have an impact into 2021 as a result of delayed deliveries to customers.

There were no other significant events affecting the company in the reporting period.

3.4 Earnings, asset and financial position

3.4.1 Overall position

Business performance in the reporting period was dominated by the Covid-19 pandemic. While InTiCa Systems was able to continue its successful growth in the first quarter of 2020, the social and economic restrictions had a significant negative impact in the second and third quarters. At the end of the first nine months, Group sales were around 8% lower than in the prior-year period. Following a strong year-end spurt, InTiCa Systems was unable to offset the downturn in business in the second and third quarters and Group sales increased by 8.1% year-on-year to EUR 71.1 million (2019: EUR 65.7 million) and report positive EBIT (earnings before interest and taxes) of EUR 0.7 million (2019: EUR 2.1 million). Both figures are in line with the quantified guidance (sales > EUR 70 million; EBIT between EUR 0.5 million and EUR 1.0 million), which was only issued in January 2021 due to the enormous uncertainty. This performance was attributable to the high demand for e-solutions. The Automotive Technology segment benefited especially from this.

[12] https://www.zvei.org/presse-medien/pressebereich/elektroindustrie-erwartet-fuer-2021-wachstum-von-fuenf-prozent
[13] https://www.zvei.org/presse-medien/pressebereich/deutsche-elektroindustrie-auftragseingaenge-legen-leicht-zu
https://www.zvei.org/presse-medien/pressebereich/deutsche-elektroexporte-schwaecher-ins-jahr-gestartet
[14] https://www.zvei.org/fileadmin/user_upload/Presse_und_Medien/Publikationen/2021/Maerz/ZVEI-Konjunkturbarometer_Maerz_2021/ZVEI-Konjunkturbarometer-Maerz-2021.pdf

The earnings side was hit far harder by the pandemic, with higher production costs and additional expenses putting pressure on the margin. In addition, the depreciation of the Czech and Mexican currencies brought high currency losses, although these had no impact on cash flow. As a result, the EBIT margin was 1.0%, which was well below the prior-year level (2019: 3.2%).

At EUR 6.0 million, the operating cash flow was clearly positive in the 2020 financial year (2019: EUR 8.6 million). Due to new long-term loans and lower capital expenditures, the company recorded a positive overall cash flow of EUR 6.6 million in the reporting period (2019: EUR 3.0 million). The equity ratio declined to 31.7% in the reporting period (December 31, 2019: 32.5%). Despite the high degree of uncertainty, the liquidity situation is secure, even in stress scenarios, especially as InTiCa Systems AG obtained a six-year loan of EUR 6 million from the German reconstruction and development bank (KfW) through its banks in July 2020.

3.4.2 Earnings position

» Sales

Group sales increased 8.1% year-on-year to EUR 71.1 million in 2020 (2019: EUR 65.7 million). Sales were therefore in line with expectations as announced in January 2021. In the Automotive Technology segment, sales rose 12.4% to EUR 53.3 million (2019: EUR 47.4 million). This segment accounted for 75.0% of total sales (2019: 72.1%). The Industrial Electronics segment was also very stable. Here, sales amounted to EUR 17.8 million, only slightly below the very good prior-year level (2019: EUR 18.3 million).

» Expenses

Expenses for raw materials and supplies amounted to EUR 44.1 million in the reporting period (2019: EUR 38.0 million). The material cost ratio (based on total output) rose from 58.7% to 61.4%. By contrast, the personnel expense ratio (including agency staff) declined to 20.9% in the reporting period (2019: 22.9%) due to the product portfolio, project sales and the increase in the number of employees at the production site in Mexico. In the second and third quarter of 2020, the Group received subsidies of EUR 0.4 million for employees on short-time work. Other expenses increased year-on-year from EUR 9.4 million to EUR 12.0 million. The expenses for agency staff were EUR 3.7 million (2019: EUR 3.4 million). This was principally due to the sharp depreciation of the Czech koruna and Mexican peso at the start of the coronavirus pandemic, resulting in significant exchange losses, although these had no impact on the cash flow. Depreciation and amortization of property, plant and equipment and intangible assets amounted to EUR 5.9 million in the reporting period (2019: EUR 5.2 million).

» Research and development

In the reporting period, spending on research and development amounted to EUR 2.3 million, which was 3.2% of sales (2019: EUR 2.6 million / 4.0% of sales). Development work focused principally on the e-solutions business. EUR 1.6 million was expensed directly for development work (2019: EUR 1.6 million) and the remaining EUR 0.7 million (2019: EUR 1.0 million) was capitalized. The capitalization rate was 31.6% (2019: 39.0%). Depreciation and amortization of own work capitalized was EUR 1.6 million in the reporting period (2019: EUR 1.2 million).

» Earnings

The gross profit was EUR 27.1 million in the reporting period (2019: EUR 25.8 million) and the gross profit margin fell from 39.3% to 38.1%. EBITDA (earnings before interest, taxes, depreciation and amortization) decreased year-on-year to EUR 6.7 million (2019: EUR 7.4 million). As a result, the EBITDA margin fell to 9.4% (2019: 11.2%).

Despite the difficult conditions, EBIT (earnings before interest and taxes) was positive at EUR 0.7 million in 2020 (2019: EUR 2.1 million). That was in line with the Board of Directors' expectations. The EBIT margin was 1.0% (2019: 3.2%). EBIT was EUR 0.6 million (2019: EUR 0.3 million) in the Automotive Technology segment and EUR 0.2 million (2019: EUR 1.8 million) in the Industrial Electronics segment. The Automotive Technology segment therefore generated an EBIT margin of 1.1% (2019: 0.6%). The EBIT margin in the Industrial Electronics segment was 0.9% (2019: 9.9%).

The financial result was minus EUR 0.6 million in the reporting period (2019: minus EUR 0.7 million). While financial expense decreased slightly year-on-year from EUR 0.7 million to EUR 0.6 million, there was no financial income in either 2020 or 2019.

The pre-tax profit was EUR 0.2 million in the reporting period (2019: EUR 1.4 million). After tax expense of EUR 0.3 million (2019: EUR 0.2 million), there was a net loss of EUR 0.1 million (2019: net profit of EUR 1.1 million). Earnings per share were therefore minus EUR 0.03 (2019: EUR 0.27).

3.4.3 Asset position

» Capital structure

Total assets decreased from EUR 55.3 million in 2019 to EUR 53.3 million as of December 31, 2020. Non-current assets declined as a result of depreciation and amortization, while current assets increased year-on-year, mainly because of inventories, trade receivables and cash and cash equivalents. On the liabilities side, equity declined due to the slight loss for the period and the increase in the negative currency translation reserve. At the same time, non-current liabilities increased due to a rise in non-current financial liabilities. By contrast, current liabilities declined significantly, mainly due to a reduction in current financial liabilities. The equity ratio dropped slightly from 32.5% as of December 31, 2019 to 31.7% as of December 31, 2020.

» Non-current assets

Non-current assets dropped to EUR 29.1 million as of December 31, 2020 (December 31, 2019: EUR 33.7 million). The decline was attributable to depreciation and amortization. Property, plant and equipment declined from EUR 27.3 million in 2019 to EUR 23.5 million in 2020 and intangible assets decreased from EUR 4.8 million to EUR 3.9 million. Deferred tax liabilities amounted to EUR 1.6 million on the reporting date (December 31, 2019: EUR 1.6 million).

» Current assets

Current assets increased to EUR 24.2 million as of December 31, 2020 (December 31, 2019: EUR 21.6 million). This was mainly attributable to the rise in inventories from EUR 10.3 million to EUR 11.7 million, an increase in trade receivables from EUR 7.1 million to EUR 8.3 million and a rise in cash and cash equivalents from EUR 0.7 million to EUR 1.5 million. The other current receivables decreased from EUR 3.1 million to EUR 2.2 million on the reporting date. Tax receivables amounted to EUR 0.04 million (December 31, 2019: EUR 0.03 million) and other financial assets totalled EUR 0.6 million (December 31, 2019: EUR 0.4 million).

» Non-current liabilities

Non-current liabilities increased to EUR 19.6 million as of December 31, 2020 (December 31, 2019: EUR 16.9 million). This was mainly attributable to the increase in non-current financial liabilities to EUR 13.6 million (December 31, 2019: EUR 9.8 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 eight years. Interest rates on non-current financial liabilities are between 0.50% and 2.75%. The other non-current financial liabilities were EUR 4.3 million on December 31, 2020 (December 31, 2019: EUR 5.2 million) and deferred tax liabilities were EUR 1.7 million (December 31, 2019: EUR 1.9 million).

» Current liabilities

Current liabilities decreased in the reporting period and amounted to EUR 16.8 million as of December 31, 2020 (December 31, 2019: EUR 20.4 million). This was mainly attributable to the significant reduction in current financial liabilities from EUR 10.8 million to EUR 4.9 million. By contrast, trade payables increased from EUR 5.9 million to EUR 6.6 million and other current provisions rose from EUR 1.7 million to EUR 2.0 million. Other current financial liabilities dropped slightly from EUR 1.4 million to EUR 1.3 million. Other current liabilities increased to EUR 1.5 million in the reporting period (December 31, 2019: EUR 0.5 million).

» Equity

Equity was EUR 16.9 million as of December 31, 2020 (December 31, 2019: EUR 18.0 million). The consolidated net loss increased the negative profit reserve from minus EUR 0.9 million to minus EUR 1.0 million. The negative currency translation reserve rose to minus EUR 1.7 million (December 31, 2019: minus EUR 0.7 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

The net cash flow from operating activities was EUR 6.0 million in 2020 (2019: EUR 8.6 million). The decline compared with the previous year is mainly due to the loss for the period, and the increase in inventories and trade receivables.

The net cash outflow for investing activities was EUR 2.1 million in the reporting period (2019: EUR 3.5 million). This comprised EUR 1.4 million (2019: EUR 2.5 million) for property, plant and equipment and EUR 0.8 million (2019: EUR 1.1 million) for intangible assets.

The net cash flow for financing activities was EUR 2.7 million in 2020 (2019: net outflow of EUR 2.1 million). Cash outflows comprised EUR 2.3 million for scheduled loan repayment instalments and EUR 1.0 million for instalments on finance leases, while inflows from borrowing amounted to EUR 6.0 million.

Overall, there was a positive cash flow of EUR 6.6 million in 2020 (2019: EUR 3.0 million). Cash and cash equivalents totalled EUR 1.5 million on December 31, 2020 (December 31, 2019: EUR 0.7 million). Cash and cash equivalents less utilized overdraft facilities amounted to minus EUR 0.3 million as of December 31, 2020 (December 31, 2019: minus EUR 7.0 million).

» Capital expenditures

Capital expenditures totalled EUR 2.1 million in the reporting period (2019: EUR 3.5 million). EUR 1.4 million (2019: EUR 2.5 million) of this was invested in property, plant and equipment, and EUR 0.8 million (2019: EUR 1.1 million) in intangible assets. The year-on-year decline is due to the fact that the planned investment of around EUR 3.5 million in property, plant and equipment was roughly halved in response to the special challenges of the coronavirus pandemic. The investments made mainly related to power electronics products and product start-ups for new EMC filters, including extended customer requirements, principally to build up and expand production lines for e-mobility.

In view of the ongoing coronavirus pandemic, capital expenditures remain cautious. Total capital expenditures for property, plant and equipment of around EUR 4.0 million are planned for 2021. The principal items include expansion of production capacity in the Czech Republic and Mexico, investment in the replacement of equipment for established production lines and the purchase of new equipment as a result of technological progress. In addition, InTiCa Systems is investing on a project-specific basis this year. That applies to investment in both the development of new products and the establishment of the corresponding production capacities. The capital expenditures mainly relate to e-solutions.

» Employees

The headcount increased to 894 as of December 31, 2020 (December 31, 2019: 601). This figure includes 388 agency staff (December 31, 2019: 135). The above-average increase is a reporting-date phenomenon due to the high capacity required at year-end. Expenses of EUR 3.7 million (2019: EUR 3.4 million) for agency staff are included in other operating expenses. The personnel expense ratio, including expenses for agency staff, was 20.9% (2019: 22.9%). On average, the Group had 488 employees and 276 agency staff in the reporting period (2019: 478 and 234).

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 monthly.

InTiCa Systems includes all consolidated subsidiaries in this planning process. Surplus funding within the Group is distributed to those areas that require it via cash pooling 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 financial and non-financial indicators to manage the Group and its development. 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.

3.5.1 Financial performance indicators

» Sales

Group sales grew 8.1% year-on-year to EUR 71.1 million (2019: EUR 65.7 million). Sales revenues are reported net of products returned by customers, discounts and similar deductions.

Sales were in line with the guidance, which was only published in January 2021 due to the high level of uncertainty. In the Automotive Technology segment, sales were EUR 53.3 million, while the Industrial Electronics segment reported sales of EUR 17.8 million. More detailed plans at segment level were not published for 2020.

» Material cost ratio

The material cost ratio is derived from the cost of materials divided by total output.

The material cost ratio increased from 58.7% in the previous year to 61.4%. This was mainly due to a shift in the product mix towards more material-intensive products. In future, the material cost ratio of each segment is to be optimized or offset by improvements in production workflows and the corresponding success in procurement.

» EBIT margin

The EBIT margin comprises earnings before interest and taxes divided by sales. Despite the additional costs resulting from the coronavirus pandemic, EBIT was positive at EUR 0.7 million in 2020 (2019: EUR 2.1 million), giving an EBIT margin of 1.0% (2019: 3.2%). The forecast sales level of EUR 0.5 million to EUR 1.0 million was achieved.

» Equity ratio

The equity ratio comprises the ratio of equity capital to total capital (= total assets). The equity ratio declined from 32.5% in the previous year to 31.7%. Overall, the equity ratio remains solid.

3.5.2 Non-financial performance indicators

» Orders on hand

Orders on hand amounted to EUR 120.8 million as of December 31, 2020, which was considerably higher than in the previous year (December 31, 2019: EUR 108.3 million). 73% of orders were for the Automotive Technology segment (2019: 78%). The order situation was very positive in spite of the crisis caused by the coronavirus pandemic. At present it is not possible to estimate to what extent customers will take up the full order volume this year. In principle, the Board of Directors sees orders on hand as an indicator of future business development.

» 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) and Silao (Mexico). The company strives to obtain higher margins by correspondingly broad value added, profound process expertise and the resulting improvement in benefits for customers.

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

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 Technology		Industrial Electronics		Total	
in EUR '000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Sales	53,274	47,415	17,798	18,318	71,072	65,733
Pre-tax earnings (EBIT)	568	294	168	1,814	736	2,108

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

	Germany		Other countries		Total	
in EUR '000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Sales	46,102	43,130	24,970	22,603	71,072	65,733
Segment assets	18,377	18,108	29,040	31,412	47,417	49,520
Average no. of employees	78	78	686	634	764	712
of which agency staff	4	0	272	234	276	234

A full description of the segments and details of segment performance can be found in sections 1.1 and 3.2 of this management report.

3.7 Remuneration system of the Board of Directors and Supervisory Board

3.7.1 Remuneration of the Board of Directors

The members of the Board of Directors receive a fixed monthly salary and a variable component based on the company's performance, which is payable after the end of the fiscal year. The variable component is based on the EBIT margin achieved by the Group as a whole. From an EBIT margin of 4% (threshold), the members of the Board of Directors receive variable compensation of 20% of their annual base salary. The increase in the variable compensation is graduated. The maximum is 100% of their annual base salary for an EBIT margin of 14%. Payment is spread over three years. The second and final instalments are only paid if the EBIT margin has not deteriorated by more than 25% compared with the year in which the bonus was granted. If a member steps down from the Board of Directors, the period for payment of the bonuses for the previous years is reduced. The bonus for the year in which the member leaves the Board of Directors is paid if the EBIT margin has not deteriorated by more than 25% year-on-year. A company car is made available to each member of the Board of Directors. The contracts with the members of the Board of Directors do not include any specific commitments in the event of termination of the contract, nor do they contain any change of control clause. There are no commitments for future pension or annuity payments to members of the Board of Directors. A breakdown of the individual remuneration of members of the Board of Directors can be found in Note 30.3 to the financial statements.

3.7.2 Remuneration of the Supervisory Board

Sec. 11 of the articles of incorporation of InTiCa Systems AG sets out the remuneration of the Supervisory Board. Alongside reimbursement of expenses and their individual value-added tax liability, each member of the Supervisory Board receives remuneration, payable after the end of the fiscal year, comprising a fixed payment of EUR 10,000.00 per fiscal year and an attendance fee of EUR 750.00 for each meeting of the Supervisory Board attended; the annual fixed payment is EUR 15,000.00 for the Chairman of the Supervisory Board and EUR 12,500.00 for the Deputy Chairman. Alongside the above amounts, the members of the Supervisory Board receive the following graduated payments for financial years in which the company reports a consolidated EBIT margin (ratio of EBIT to sales) of over 3%, 20% of their fixed compensation if the EBIT margin is over 3%, 50% of their fixed compensation if the EBIT margin is over 5% and 100% of their fixed compensation if the EBIT margin is over 10%.

The company includes the members of the Board of Directors and Supervisory Board in a Directors' and Officers' (D&O) insurance policy with an insured sum of up to EUR 4 million and pays the associated insurance premiums. A breakdown of the individual remuneration of members of the Supervisory Board in the reporting period can be found in Note 30.3 to the financial statements.

Total expenses for both governance bodies amounted to EUR 500 thousand in 2020 (2019: EUR 481 thousand).

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

The corporate governance statement for InTiCa Systems AG 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 April 21, 2021. It is printed on page 30 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 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 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. Dr. Axel Diekmann (Germany) and 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 AG 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 AG 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 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.

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

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 December 31, 2020, InTiCa Systems AG still had treasury stock amounting to 64,430 shares (December 31, 2019: 64,430).

On the basis of a resolution adopted by the Annual General Meeting on July 21, 2017, the company is authorized, up to July 20, 2022, to purchase its own shares, in one or more tranches, up to a total of 10% of the capital stock at the time of adoption of this resolution or, if the capital stock is lower when this authorization is utilized, of the capital stock at the time when it is utilized. The company has not yet used this authorization.

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

InTiCa Systems AG has loans amounting to EUR 1.9 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.

» 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 AG. Such risks are countered by adequate opportunities. InTiCa Systems AG 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 applying corporate accounting guidelines and 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 coronavirus pandemic, which started in 2020, is still having a major impact on public life and global economic activity. InTiCa Systems has also been significantly impacted by its effects. While material risks were largely offset by proactive crisis management in 2020, close monitoring of the potentially negative effects on the Group's assets, financial position and results of operations and timely counteraction remain important in 2021. Risks for InTiCa Systems 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 the extent to which the InTiCa Systems Group might be affected by constantly changing political regulations and the impairment of the global economy and global growth as a result of the development of the pandemic. The most recent information suggests that the pandemic will continue to have a major global influence at least until 2022, although the exact timing and economic dimension are still unclear. Accordingly, InTiCa Systems is constantly required to apply appropriate measures and countermeasures.

The principal risks to InTiCa Systems' business – apart from the exceptional situation due to the coronavirus pandemic – are outlined below:

» Market risks

InTiCa Systems' two segments are exposed to different market requirements and thus to different market risks. The Automotive Technology segment is currently dominated principally by the transformation to e-mobility, connectivity and autonomous driving. Together with the coronavirus situation, 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. The market assessment deteriorated considerably in the reporting period and the recovery in 2021 is expected to be sluggish (see "Economic report"). In addition, the Automotive Technology 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 Industrial Electronics segment is currently dependent principally on the geopolitical situation, the pandemic and thus on policy and/or strategic decisions by some major customers. Since the customer base in InTiCa Systems' Industrial Electronics 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.

» Customer dependence

The sales split between the segments is as follows: Automotive Technology 75.0%, Industrial Electronics 25.0%. Within each segment, the proportion of sales generated with the largest customers is as follows: Automotive Technology 21%, Industrial Electronics 57%. 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.

» Dependence on suppliers

InTiCa Systems AG 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 AG 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 AG 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 InTiCa Systems AG. 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. The Board of Directors of InTiCa Systems AG endeavours to minimize the risk of dependence on suppliers through long-term production planning and by using the widest possible number of suppliers.

» Technological risks

With the introduction and extension of EMC filter technology and coils for stator systems for the automotive industry, the Group considers that it is well-positioned, especially with regard to electromobility and hybrid technology. The Group 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 Technology segment and the Industrial Electronics segment.

» Personnel risks

At the Group's headquarters in Passau, Germany, there is a risk 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 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 in the Czech Republic 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 from other European countries is already vital and they account for a high proportion of the total workforce. A broad agency base has now been built up and enabled us to cover personnel needs adequately even in the pandemic. Finally, the labour market is constantly and closely monitored to ensure timely decisions and a timely response.

» Liquidity risk

As of December 31, 2020, InTiCa Systems had four fixed-interest loans totalling EUR 10.0 million with residual terms of between 3 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 6.7 million as of December 31, 2020 and a residual term of between 4 and 8 years. These loans are used to secure liquidity. In addition, InTiCa Systems has assured credit lines of EUR 12.0 million. EUR 1.8 million of this amount was drawn as of the reporting date. Further, the company has cash and cash equivalents of EUR 1.5 million. Through its banks, InTiCa Systems AG obtained a six-year loan of EUR 6 million from the German reconstruction and development bank (KfW) in July 2020, mainly to fund its growing e-mobility business.

» Currency risk

The main currency risk for InTiCa Systems comprises the operating costs of its production facilities in the Czech Republic and Mexico, plus some customer contracts in US dollars. Since the difference between procurement and sales in US dollars and business volume at the manufacturing site in Mexico was still not material in 2020, following previous practice no euro/US dollar currency hedging was undertaken. The future risk of appreciation of the Mexican peso mainly relates to higher wage costs. All other significant cost items such as material costs are calculated in US dollars or euros.

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 AG or to external manufacturers who undertake further processing steps. The currency risk with regard to the Czech koruna therefore relates to local wages and overheads and the liabilities of the Czech subsidiary to the Group. The risk comprises appreciation of the Czech koruna and the related increase in wage costs for production personnel.

In addition, there are currency risks relating to translation of the (euro) liabilities and (euro) assets of foreign subsidiaries to 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 and Mexican peso versus the euro, this could result in – possibly considerable – book losses or book gains in the financial statements of the subsidiaries.

» Interest rate risk

The company's exposure to the risk of short-term changes in interest rates on its loans is limited as the remaining term of the loans is between 3 and 7 years. Apart from four loans with variable interest rates and residual terms of between 4 and 8 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.

The German solar sector is suffering from increasing competitive pressure from Asia and structural problems following a change in the legislative framework. These trends are having a direct impact on the Industrial Electronics segment. It cannot be ruled out that strategic customers of InTiCa Systems could get into financial difficulties in the future too. The management specifically monitors this sector and especially the main customers.

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 effects of the coronavirus crisis, which are still difficult to estimate, 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 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	Unlikely	High
Customer dependence	Possible	High
Dependence on suppliers	Possible	Medium
Technological risks	Unlikely	Medium
Personnel risks	Possible	Medium
Liquidity risk	Unlikely	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 NAFTA market are regarded as key factors for further positive sales and earnings trends. The increasing diversification and internationalization of markets is playing a central role in this.

5. Opportunities and management of opportunities

5.1 Management of opportunities

There are extensive new opportunities for InTiCa Systems in markets of relevance to the Industrial Electronics segment, especially as a result of the global transformation of the automotive industry and new technologies and areas of application. 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 AG. 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 supplier, InTiCa Systems AG is continuing to focus on prudent and healthy product diversification and internationalization. It welcomes the ongoing process of innovation and renewal in all areas of the company. In collaboration with customers, as a supplier of components and systems, InTiCa Systems is increasingly taking on tasks involving greater responsibility, for example, the development of complete systems. These solutions provide 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 pave the way for long-term customer relationships and the ongoing development of the company's business base. Selective extension of vertical integration and a continuous increase in development and manufacturing expertise are the prerequisites for all these endeavours. That generates higher margins and secures long-term business.

» Key technologies for e-mobility

It is already clear that the three key technologies for the automotive industry, both now and in the future, are hybridization and electrification, autonomous driving, and networking and digitization of vehicles. InTiCa Systems' product groups already cover all three. Outstanding examples of products for these technologies are stator coils for hybrid drives, EMC filters for electric vehicles and stationary battery storage solutions, and actuators for a wide range of applications. Various key components that InTiCa Systems is already producing for well-known system suppliers and OEMs are increasingly being transferred to additional brands. Here, InTiCa Systems is working closely on a broad basis with producers and suppliers.

InTiCa Systems also expects steady sales growth to come from market penetration of keyless entry/go systems, power electronics components and further mechatronic and inductive assemblies. These products are used in both the premium and volume models of leading international automobile companies. InTiCa Systems operates as a specialist in these product and technology segments.

» Energy management for industrial electronics

The Industrial Electronics segment will benefit from developments in the automotive industry, and vice versa. Expertise in filter technology has been used successfully for the automotive industry. The company believes that it can also leverage synergies for future stationary batteries and charging points, which would benefit the Industrial Electronics segment and its sales. Irrespective of this, inductive components and modules for inverters and converters to transform solar power into electricity for the grid will remain an important business basis. While the photovoltaic industry was stagnating a few years ago, it has now stabilized again and recently showed slight growth, especially as solar power is becoming established worldwide as a key element in sustainable power generation.

» High customer retention in the automotive industry

InTiCa Systems had set itself the goal of being a world-class player in the global competition to develop and manufacture inductive components and mechatronic systems. It sees itself as a specialist for its customers in this area and is driving forward its corporate development in line with this high aspiration. Cooperation based on partnership, coupled with a proactive approach, has proven an effective strategy for gaining well-known national and international system suppliers to the automotive industry (and OEMs) as customers. The high level of customer satisfaction with the quality of InTiCa Systems' products, technical expertise and exceptional flexibility is shown by long-term orders and value retention. That makes it easier and faster to place new developments on the market and increase its global competitiveness.

» Development and manufacturing expertise

The technical expertise and excellent training of InTiCa Systems' employees is the basis for its success. Specialist development and manufacturing know-how, combined with years of experience in InTiCa Systems' team of experts, enables the company to respond quickly and specifically to customers' requirements. It can therefore rapidly provide optimum, customized solutions to new problems. Continuous sharing of knowledge and experience between different organizational units, especially the technology unit, leverages synergies that can be used in the development of future-oriented products and solutions. This already takes place, for example, in the development of 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. The development unit's strong focus on key future technologies underpins the company's strong position in inductive components, passive analogue switches and mechatronic modules.

» Expansion of international business

International expansion of the company's presence is vital to ensure that InTiCa Systems can achieve its core corporate goals of growing sales and extending its customer base. InTiCa Systems will be able to establish itself internationally in the long term by building and strengthening new and established distribution and production alliances. In 2014, it therefore decided to establish a location in NAFTA. 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 ramped up in 2018, 2019 and 2020. Further production sites are under consideration for the medium term, e.g. in Asia.

5.3 Management assessment of the overall risk and opportunity situation

The Automotive Technology and Industrial Electronics 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.

Leaving aside the aspects specifically related to the coronavirus pandemic, taking an aggregate view of the opportunities and risks, the Board of Directors would come to an unrestrictedly positive assessment. The present and identified risks would be classified as manageable. However, taking the coronavirus pandemic and the associated special situation into consideration, the 2021 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, particularly in light of the development of coronavirus, 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 aftermath of the pandemic 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 volume effects resulting from the recurrent waves of coronavirus infections and the measures imposed to suppress them continue for a prolonged period and volume sales in all markets therefore do not normalize, the above risk assessment would have to be re-evaluated.

Apart from the coronavirus pandemic, 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.

6.1 Segment trends

» Automotive Technology

Despite the continued high uncertainty caused by the coronavirus crisis, the Board of Directors expects the global automobile market to stabilize in 2021. Irrespective of the pandemic, positive impetus will come from further transformation of the automotive industry, driven by the key technologies for electromobility, autonomous driving and connectivity. InTiCa Systems addressed the necessary tasks and challenges at an early stage and has driven forward the internal transformation process with determination. The systematic rollout of alternative hybrid and electric drives and the investment of billions by automotive manufacturers raise hopes of a positive development in this field. These market developments are being reinforced by the growing political pressure on car producers, on the one hand, and by programmes to raise demand for electric vehicles, on the other.

One important element in InTiCa Systems' strategy is its focus on the electromobility market. 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. InTiCa Systems has a reputation on the international market as a developer and solution provider. Customers value the company's profound specialist expertise and its flexibility and dynamism in development and industrial scale-up. It expects to see a significant increase in demand for alternative drives. This is evidenced by substantial orders, for example for stators and filters for hybrid vehicles. In the past financial year, products for e-mobility and hybrid technology already accounted for 50% of sales in the Automotive Technology segment. That proportion will increase in the future. InTiCa Systems is ready to take on this challenge and to invest in such developments in the future in line with the opportunities that arise.

The Board of Directors expects segment sales to rise to around EUR 62 million to EUR 73 million in 2021.

» Industrial Electronics

Building on the positive global trend for energy generation from alternative sources, products for the photovoltaic industry such as inductive components and mechatronic assemblies will remain important for InTiCa Systems in 2021. The effective use of product and process expertise is driving the company forward on the global market.

In addition, end-to-end electrification, digitization and automation are becoming more important for industry and infrastructure. The trend to an all-electric society is dominated by smart coupling of all climate-relevant sectors. In the area of e-solutions for industrial electronics, InTiCa Systems is concentrating particularly on applications for inverters, smart metering, energy storage systems and electric charging systems.

In this field, the boundaries between Industrial Electronics and Automotive Technology are becoming increasingly blurred. For example, EMC technology for charging infrastructure and vehicles is becoming more important. The focus on identifying synergies between the segments is one of the Group's strategic objectives. InTiCa Systems can rely on sound expertise to enable it to develop solutions that can be transferred to specific customer requirements. The Group plans to continue its success in development and serial orders in 2021.

The Board of Directors expects this segment to report sales of between EUR 23 million and EUR 27 million in 2021.

6.2 Order situation

At the end of the first quarter of 2021 orders on hand were slightly above the prior-year level at EUR 113.3 million (March 31, 2020: EUR 112.5 million). 80% of orders were for the Automotive Technology segment (Q1 2020: 76%). In the fourth quarter of 2020 and the first quarter of 2021, the volume of order call-offs was very high due to pent-up demand. Given the heightened uncertainty about the development of the coronavirus pandemic, it is not possible to make a definitive assessment as to whether orders will be called off customers on this scale in the remainder of the year.

6.3 Earnings, asset and financial position

In view of the ongoing coronavirus pandemic in the difficulty in predicting its future course, there are considerable risks for business performance in 2021. The forecast for 2021 is based on the assumption that the pandemic will take a moderate course and that infections will decline in the second half of the year. Unforeseeable negative effects of the pandemic could affect suppliers, have a direct impact on InTiCa Systems, or affect its customers, resulting in an inability to meet expectations.

Irrespective of this, 2021 started very well for InTiCa Systems. Orders on hand and customer call-offs remained at a very high level. Partly because a certain amount of pent-up demand probably contributed to the positive performance in the first quarter, the InTiCa Systems Group was able to increase sales by 57% year-on-year to EUR 28.8 million in the first three months of 2021 (Q1 2020: EUR 18.3 million). EBITDA is expected to come in at around EUR 2.8 million in the first quarter of 2021, while EBIT should be around EUR 1.3 million.

The Automotive Technology segment will remain the most important element in InTiCa Systems' business activities in 2021, as in previous years. Product innovations in the field of e-solutions and further internationalization should open the door to new markets in both segments.

Solenoid

Taking into account the particular challenges of 2021 and assuming that the economic environment is stable and the development of the pandemic is moderate, at the present time the Board of Directors expects Group sales rise to between EUR 85.0 million to EUR 100.0 million in 2021, while the EBIT margin should be between 3.5% and 4.5%. The material cost ratio should be optimized further in both segments and the equity ratio should remain stable.

Passau, April 21, 2021

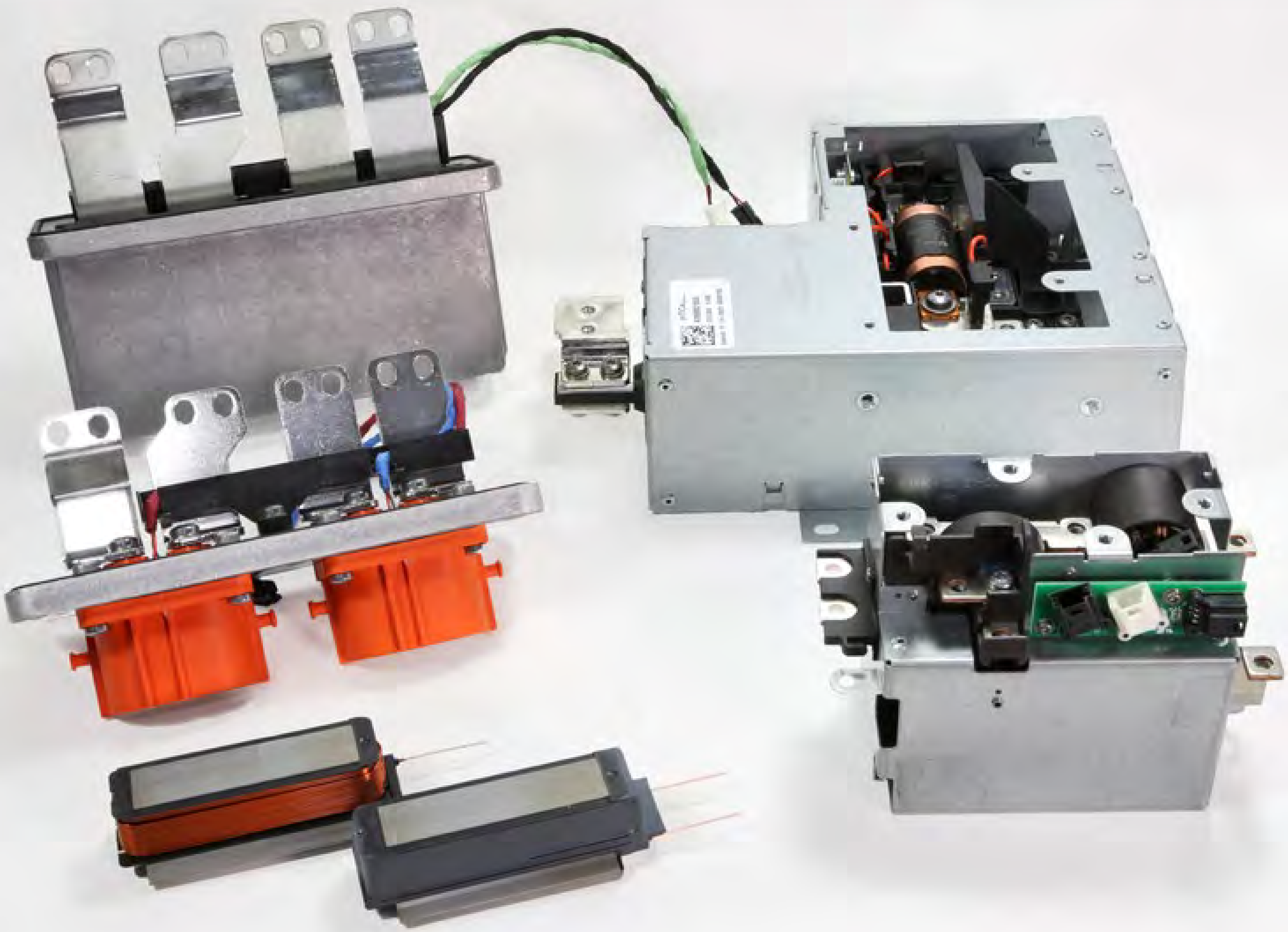
The Board of Directors

Dr. Gregor Wasle
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

POWER FOR MOTION

E-Mobility



GROUP

Consolidated Financial Statements

Sensors

Safety technology for Automotive

Consolidated Balance Sheet

of InTiCa Systems in accordance with IFRS

as at December 31, 2020

Assets

Assets	Note	Dec. 31, 2020 EUR ´000	Dec. 31, 2019 EUR ´000
Non-current assets			
Intangible assets	14	3,932	4,782
Property, plant and equipment	13	23,549	27,317
Deferred taxes	10.3	1,606	1,579
Total non-current assets		29,087	33,678
Current Assets			
Inventories	17	11,687	10,296
Trade receivables	18	8,250	7,124
Tax assets	10.2	36	34
Other financial assets	16.1	582	352
Other current receivables	16.2	2,200	3,077
Cash and cash equivalents	31	1,473	736
Total current assets		24,228	21,619
Total assets		53,315	55,297

Equity and liabilities

Equity and liabilities	Note	Dec. 31, 2020 EUR ´000	Dec. 31, 2019 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	-1,047	-929
Currency translation reserve	22	-1,677	-714
Total equity		16,888	17,969
Non-current liabilities			
Financial liabilities	23	13,572	9,847
Other financial liabilities	29.2; 33	4,324	5,159
Deferred taxes	10.3	1,682	1,887
Total non-current liabilities		19,578	16,893
Current liabilities			
Other current liabilities	24	2,033	1,650
Tax liabilities		562	121
Financial liabilities	23	4,858	10,819
Trade payables	25; 29.2	6,565	5,909
Other financial liabilities	26; 29.2	1,290	1,392
Other current liabilities	27	1,541	544
Total current liabilities		16,849	20,435
Total equity and liabilities		53,315	55,297
Equity ratio		31.7%	32.5%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

of InTiCa Systems in accordance with IFRS for the period from January 1 to December 31, 2020

	Note	Fiscal year EUR ´000	Previous year EUR ´000
Sales	5; 6.2	**71,072**	**65,733**
Other operating income	7	2,183	1,656
Change in finished goods and work in process	17	110	-1,908
Other own work capitalized		671	947
Raw materials and supplies		44,130	38,000
Personnel expense	11.3	11,222	11,668
Depreciation and amortization	11.1; 13; 14	5,932	5,248
Other expenses	7	12,016	9,404
Operating profit (EBIT)		**736**	**2,108**
Cost of financing	9	567	735
Other financial income	8	0	0
Pre-tax profit/loss		**169**	**1,373**
Income taxes	10.1	287	244
Consolidated net profit/loss		**-118**	**1,129**
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	-963	80
Other comprehensive income, after taxes		**-963**	**80**
Total comprehensive income		**-1,081**	**1,209**
Earnings per share (diluted/basic in EUR)	12	-0.03	0.27

Consolidated Cash Flow Statement

of InTiCa Systems in accordance with IFRS/IAS
for the period from January 1 to December 31, 2020

	Note	Fiscal year EUR ´000	Previous Year EUR ´000
Cash flow from operating activities			
Consolidated net income/loss for the period		-118	1,129
Income tax expense recognised in income	10.1	287	244
Cash outflow for borrowing costs	9	567	735
Income from financial investments	8	0	0
Depreciation and amortization of non-current assets	11.1	5,932	5,248
Non-cash transactions		-114	-48
Increase/decrease in assets not attributable to financing or investing activities			
Inventories	17	-1,391	734
Trade receivables	18	-1,126	2,112
Other assets		646	-1,789
Increase/decrease in liabilities not attributable to financing or investing activities			
Other current provisions	24	383	439
Trade payables	25; 29.2	656	973
Other liabilities		928	24
Cash and cash equivalents from operating activities		**6,650**	**9,801**
Income tax receipts/payments		-68	-458
Cash outflow for interest payments		-577	-736
Net cash flow from operating activities		**6,005**	**8,607**
Cash flow from investing activities			
Cash inflow from interest payments		0	0
Cash inflow from the disposal of property, plant and equipment		0	3
Cash outflow for intangible assets	14	-758	-1,052
Cash outflow for property, plant and equipment	13; 33	-1,365	-2,451
Net cash flow from investing activities		**-2,123**	**-3,500**
Cash flow from financing activities			
Cash inflow from loans		6,000	2,223
Cash outflow for loan repayment installments		-2,300	-3,617
Repayments from the redemption of finance leases	33	-972	-705
Net cash flow from financing activities		**2,728**	**-2,099**
Total cash flow		**6,610**	**3,008**
Cash and cash equivalents at start of period	31	-6,959	-9,933
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies		64	-34
Cash and cash equivalents at end of period	31	**-285**	**-6,959**

Sensors

Transporting signals

Consolidated Statement of Changes in Equity

for InTiCa Systems according with IFRS
for the period from January 1, 2019 to December 31, 2020

	Capital stock EUR ´000	Treasury stock EUR ´000	Capital reserve EUR ´000	Profit reserve EUR ´000	Currency translation reserve EUR ´000	Total equity EUR ´000
Note	19	19	20	21	22	29.1
As at January 1, 2019	**4,287**	**-64**	**15,389**	**-2,058**	**-794**	**16,760**
Consolidated net income 2019	0	0	0	1,129	0	1,129
Other comprehensive income, after taxes	0	0	0	0	80	80
Total comprehensive income 2019	**0**	**0**	**0**	**1,129**	**80**	**1,209**
As at December 31, 2019	**4,287**	**-64**	**15,389**	**-929**	**-714**	**17,969**
As at January 1, 2020	**4,287**	**-64**	**15,389**	**-929**	**-714**	**17,969**
Consolidated net income 2020	0	0	0	-118	0	-118
Other comprehensive income, after taxes	0	0	0	0	-963	-963
Total comprehensive income 2020	**0**	**0**	**0**	**-118**	**-963**	**-1,081**
As at December 31, 2020	**4,287**	**-64**	**15,389**	**-1,047**	**-1,677**	**16,888**

NOTES

Notes to the Consolidated Financial Statements of InTiCa Systems AG for fiscal 2020

1. General information

InTiCa Systems AG was established on August 16, 2000 and is registered in the Commercial Register at the District Court of Passau (HRB 3759). 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 AG, Spitalhofstrasse 94, 94032 Passau, Germany. The company has stakes in a company in the Czech Republic and a company in Mexico. 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 had to be applied / were applied for the first time in the fiscal year

The company applied the following new or amended standards and interpretations issued by the IASB for the first time in 2020:

Conceptual framework	Amendments to references in to the conceptual framework in IFRS standards – In conjunction with the revised conceptual framework, the IASB has issued amendments to the references to the conceptual framework in some IFRS standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. However, not all amendments update the references and citations from the framework in these standards to refer to the revised framework. Some standards were only amended to specify which version of the framework they refer to or to state that the definitions in the standard have not been updated to reflect the amended definitions in the revised conceptual framework.

IFRS 3	Amendment to IFRS 3: Business Combinations: Definition of a Business – The amendments to IFRS 3 Business Combinations clarify the definition of a business. The amendments specify the three elements of a business (input, processes, output). The presence of a business is the precondition for recognition of a business combination. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Thus, the presence of processes constitutes the difference between a business combination and the acquisition of a group of assets.
IFRS 9, IAS 39, IFRS 7	Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (Phase 1) – To consider the potential impact of the reform of benchmark interest rates (IBOR reform) on financial reporting, the IASB included the IBOR project in its standard-setting programme in December 2018. This was divided into two phases: • Phase 1: Issues relating to financial reporting in the period prior to replacement of an existing interest rate benchmark by an alternative interest rate. • Phase 2: Issues relating to financial reporting in the period following replacement of an existing interest rate benchmark by an alternative interest rate. The planned withdrawal of IBOR as a benchmark rate gives rise to a range of financial reporting issues. These include, in particular, hedge accounting, which requires forward-looking assessments. With the aid of these amendments, the aim is to permit continuation of the present hedge accounting insofar as possible. To this end, practical expedients are permitted with regard to various hedge accounting provisions.
IFRS 16	Amendment to IFRS 16: Covid-19-Related Rent Concessions – As a result of the coronavirus pandemic, many lessees were granted rent concessions, e.g. deferral of rent payments. Rent concessions can have different effects on the financial statements, depending, in particular, on whether they meet the definition of a lease modification. The amendment proposed by the IASB on May 28, 2020 results in a practical expedient in that it enables the lessee to elect not to assess whether a rent concession is a lease modification. This exemption applies for all payments that would have be due before June 30, 2021. The expedient only applies to recognition by the lessee.
IAS 1, IAS 8	Amendments to IAS 1 and IAS 8: Definition of Material – The International Accounting Standards Board (IASB) issued "Definition of Material (amendments to IAS 1 and IAS 8)" to sharpen the definition of "material" and to harmonize the different definitions in the conceptual framework and the actual standards. The revised version focuses on the materiality of information. This specifies that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of IFRS financial statements make on the basis of those financial statements. Deletion of the definition in IAS 8 and reference to the definition in IAS 1 ensures that the definition is uniform.

Application of the standards referred to above did not have any material impact on the consolidated financial statements.

2.2 Standards, interpretations and amendments to published standards where application was not mandatory in 2020 and which were not applied early by the Group

The following new or amended standards and interpretations have already been adopted by the IASB but are not yet mandatory or have not yet been transposed into European law. This overview only contains the standards that are relevant for the InTiCa Systems Group or that the present status suggests could be relevant in the future. The company has not opted for early application of these standards. There are no plans for early application of the published standards, interpretations and amendments to published standards in the consolidated financial statements.

» Interest Rate Benchmark Reform (Phase 2): Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Effective date: January 1, 2021; EU endorsement: January 13, 2021)

The amendments relate to the upcoming IBOR reform. This completes phase 2 of the IASB project "IBOR Reform and its Effects on Financial Reporting". The amendments address issues relating to accounting after the reform of the interest rate benchmarks and their replacement by alternative interest rate benchmarks. The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 are designed to mitigate the financial reporting effects of the replacement of an existing interest rate benchmark by an alternative interest rate benchmark. In particular, the amendments provide a practical expedient for the modifications that are necessary as a result of the IBOR reform. In addition, the continuation of hedged accounting should be possible with amended documentation despite replacement of the benchmark rate.

» Amendment to IFRS 3 Business Combinations
(Effective date: January 1, 2022; not yet endorsed by the EU)
The amendments update IFRS 3 so that the standard now refers to the 2018 conceptual framework and no longer to the 1989 framework. Further, two additions have been included. When identifying liabilities assumed in a business combination, an acquirer shall apply the provisions of IAS 37 or IFRIC 21 to the recognition of transactions and similar events that would fall within the scope of either IAS 37 or IFRIC 21. In addition, the amendments explicitly state that a contingent asset acquired in a business combination may not be recognized by the acquirer.

» Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
(Effective date: January 1, 2022; not yet endorsed by the EU)
The amendments to IAS 37 define the scope of the cost of fulfilling of a contract in the event of onerous contracts. The cost of fulfilling a contract comprises the costs that relate directly to the contract, i.e. the incremental costs of fulfilling that contract (for example, direct labour and material costs) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling several contracts). The amendments are to be applied to all contracts where the entity has not yet fulfilled all its obligations at the date of initial application.

» Amendments to IAS 16 Property, Plant and Equipment – Proceeds Before Intended Use
(Effective date: January 1, 2022; not yet endorsed by the EU)
As a result of the amendments, it is not permitted to deduct from the cost of acquisition or production the net proceeds from selling any items produced while bringing the asset to that location and condition necessary for it to be capable of operating in the manner intended by the management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss in accordance with applicable standards. Directly attributable costs include the costs of testing whether the asset is functioning properly. Furthermore, additional disclosures are required on the amounts of proceeds and cost included in profit or loss that relate to items produced in test runs that are not an output of the entity's ordinary activities.

» Annual Improvements to IFRSs (2018-2020 cycle)
(Effective date: January 1, 2022; not yet endorsed by the EU)
Improvements and amendments to IFRS 1 (First-time Adoption of IFRS), IFRS 9 (Financial Instruments), IFRS 16 (Leases) and IAS 41 (Agriculture):

- IFRS 1: As first-time adopters, subsidiaries may measure cumulative translation differences at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs.

- IFRS 9: Clarification of which fees are included in the 10 percent present value test for the derecognition of financial liabilities.

- IFRS 16: The presentation of the reimbursement of the lessee's leasehold improvements has been deleted from illustrative example 13 because it is not explicitly clear from the example that this does not meet the definition of lease incentives.

- IAS 41: The amendment makes it clear that tax effects have to be taken into account in the fair value measurement of a biological asset.

» Amendments to IAS 1 Classification of Liabilities as Current or Non-Current
(Effective date: January 1, 2023; not yet endorsed by the EU)
The amendments to IAS 1 only relate to the presentation of liabilities as current or non-current on the balance sheet, not to the amount of timing of recognition of assets, liabilities, income or expenses or the disclosures required on these items. The amendments clarify that the distinction between current and non-current must be based on the rights as at the end of the reporting period, not the expectations as to whether a company will utilize its rights. The amendments also relate to the insertion of an explanation of the term settlement. Settlement comprises the transfer of cash, equity instruments or other assets or services to the counterparty. To assess whether settlement of the liability can be deferred for at least 12 months, the key criterion is whether possible conditions (e.g. covenants) for this are met at the reporting date.

» IAS 1 Disclosure of Accounting Policies
(Effective date: January 1, 2023; not yet endorsed by the EU)
The amendments to IAS 1 and IFRS Practice Statement 2 are intended to help prepares of financial statements decide which accounting policies have to be disclosed in the notes. A company is now required to disclose material accounting policy information instead of significant accounting policy information.

» IAS 8 Definition of Accounting Estimates
(Effective date: January 1, 2023; not yet endorsed by the EU)
The amendments to IAS 8 are intended to help distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced by a definition of accounting estimates. This definition states that accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Companies make accounting estimates when accounting policies require that items in the financial statements are measured in a way that involves measurement uncertainty. The change in an accounting estimate resulting from new information or new developments is not the correction of an error.

The above standards and interpretations are not expected to have a material impact on 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. 315a 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. 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.

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.

3.4 Business combinations

Businesses acquired are accounted for using the purchase method. Acquisition costs comprise the sum of the fair values of the assets to be transferred as of the date of exchange, liabilities entered into and assumed, and equity instruments issued by the Group in exchange for control of the business entity acquired. Costs relating to the business combination are also treated as acquisition costs if they are directly attributable to the acquisition. In the future acquisition of businesses, transaction costs incurred will be expensed. The identifiable assets, liabilities and contingent liabilities are recognized at fair value as of the date of acquisition, providing that the corresponding recognition criteria are met. 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.

Interest income is recognized when it is probable that the economic benefit will flow to the Group and the level of the revenue can be determined reliably. Interest income should be accrued over time on the basis of the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the interest rate used to discount the expected future inflows over the term of the financial assets to exactly the net carrying amounts of the assets as of the date of initial recognition.

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 to 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.

Since January 1, 2019, InTiCa Systems has accounted 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.

The Group made use of the following practical expedients when applying IFRS 16 to leases that were 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 3-10 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

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, including those relating to independent foreign subsidiaries, 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	
	2020	2019	2020	2019
Czech Republic	EUR 1/ CZK 26.245	EUR 1/ CZK 25.410	EUR 1/ CZK 26.444	EUR 1/ CZK 25.672
USA	USD 1.228	USD 1.123	USD 1.142	USD 1.120
Mexico	MXN 24.405	MXN 21.154	MXN 24.482	MXN 21.580

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.

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.

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. They 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 fulfills 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 been 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.

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-method (first-in first-out).

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

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 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.

Other assets are initially measured at fair value taking into account transaction costs and subsequently measured at amortized cost, after deduction of impairment losses.

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 are normally measured at amortized cost. The "trading" business model and the categories "at fair value through profit or loss" (FVTPL) and "at fair value through other comprehensive income" (FVTOCI) are not used.

3.17 Financial liabilities

Financial liabilities are measured at cost of acquisition, taking transaction costs into account, and subsequently measured at amortized cost. 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 Accounting for hedging relationships

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

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 hedge item.

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 3.8 million as of December 31, 2020 (2019: EUR 4.7 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 a sensitivity analysis, 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 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.

» 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:

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Revenues from trading	3,188	4,259
Revenues from production	67,884	61,474
Total revenues from the sale of goods	**71,072**	**65,733**

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.

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) and Silao (Mexico).

» Automotive Technology

The Automotive Technology 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.

» Industrial Electronics

InTiCa Systems' Industrial Electronics segment specializes in developing and manufacturing high-quality, custom-tailored inductive components, mechatronic modules and system solutions for regenerative energy sources (solar power), and automation and drive technology. 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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Automotive Technology	53,274	47,415	568	294
Industrial Electronics	17,798	18,318	168	1,814
Total	**71,072**	**65,733**	**736**	**2,108**
Income and expenses relating to assets not allocated to any segment			0	0
Financial result			**-567**	**-735**
Income before taxes			169	1,373

The sales revenues presented above comprise revenues from transactions with external customers. There were no intersegment transactions (2019: none).

6.3 Segment assets and liabilities

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Automotive Technology	37,750	39,353
Industrial Electronics	9,668	10,167
Total	**47,418**	**49,520**
Assets not allocated to any segment	5,897	5,778
Total consolidated assets	**53,315**	**55,298**

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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Cash and cash equivalents	1,473	736
Other current receivables	2,200	3,077
Other financial assets	582	352
Tax receivables	36	34
Deferred taxes	1,606	1,579
Total	**5,897**	**5,778**

Liabilities are not allocated among the segments.

6.4 Other segment information

	Depreciation, amortization and impairment write-downs		of which impairment write-downs	Additions to non-current assets	
	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000	Dec. 31, 2020 in EUR '000	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Automotive Technology	4,951	4,437	335	1,503	5,167
Industrial Electronics	981	811	0	717	1,628
Total	**5,932**	**5,248**	**335**	**2,220**	**6,795**

The total depreciation, amortization and impairment write-downs include impairment charges of EUR 335 thousand (2019: EUR 0 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:

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Small signal electronics	119	3,976
Power electronics	40,604	35,673
Mechatronic components and systems	24,967	20,841
Other	5,382	5,243
Total	**71,072**	**65,733**

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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Germany	46,102	43,130	6,824	8,839
Other countries	24,970	22,603	20,657	23,260
thereof China	5,723	4,755		
Total	**71,072**	**65,733**	**27,481**	**32,099**
Assets not allocated to any segment			1,606	1,579
Non-current assets, total			29,087	33,678

The data on sales in China are based on the location of the customer. The data on non-current segment assets outside Germany relate to the company's production facilities in the Czech Republic and Mexico. EUR 16,652 thousand of this amount comprises assets at the site in the Czech Republic (2019: EUR 18,650 thousand).

6.7 Information on major customers

The Group's two (2019: three) largest customers accounted for around EUR 11,069 thousand and EUR 10,010 thousand of direct sales of products (2019: EUR 9,775 thousand, EUR 7,411 thousand and EUR 7,080 thousand) respectively. That was 15.6% and 14.1% of total sales (2019: 14.9%, 11.3% and 10.8%). These are customers of the Automotive Technology and Industrial Electronics segments. In both 2020 and 2019, the other customers were broadly diversified and each accounted for an average of less than 10% of sales.

7. Other income and expenses

Other income	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Gains from foreign currency translation	1,989	1,413
Insurance refund	0	22
Other	194	221
Total	2,183	1,656

Other expenses	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Exchange losses	2,943	848
Cost of premises	594	503
Insurance premiums, contributions, levies	453	407
Vehicle expenses	160	180
Advertising costs, travel expenses	474	708
Delivery costs	717	837
Maintenance and repairs	1,050	939
Agency staff	3,665	3,372
Legal and consultancy expenses	452	316
Other operating expenses	1,508	1,294
Total	12,016	9,404

8. Other financial income

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Interest income from balances on bank accounts	0	0
Other financial assets	0	0
Total	0	0

Breakdown of investment income from financial assets by valuation class:

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Cash on hand and bank balances (LaR)	0	0
Financial assets recognized at amortized cost (LaR)	0	0
Total	0	0

9. Financial expenses

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Interest on overdrafts and bank loans	405	508
Interest on obligations relating to finance leases	162	227
Total	567	735

Breakdown of expenses for financial liabilities by valuation class:

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Financial liabilities measured at amortized cost (OL)	567	735

10. Income taxes

10.1 Income taxes recognized in the statement of profit or loss

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Current tax expense	508	396
Deferred taxes	-221	-152
Total	287	244

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

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Income before taxes	169	1,373
Theoretical tax expense	50	410
Impact of adjustments to tax amounts at the parent company (including deferred taxes)	18	-15
Impact of tax loss carryforwards or different tax rates at subsidiaries in other legal jurisdictions (including deferred taxes)	219	-151
Total	287	244

The tax rate used for the above reconciliation for 2020 and 2019 is the tax rate of 29.83% (2019: 29.83%) payable by companies in Germany on taxable income in accordance with the applicable tax legislation.

10.2 Current claims for tax refunds

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Current claims for tax refunds	36	34

10.3 Deferred taxes

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Deferred tax assets	1,606	1,579
Deferred tax liabilities	1,682	1,887
Total	-76	-308

2020	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
Deferred tax assets					
Property, plant and equipment	24	1	0	0	25
Inventories	0	23	0	0	23
Trade receivables	18	-5	0	0	13
Provisions	13	-1	0	0	12
Tax losses	1,524	9	0	0	1,533
Total	1,579	27	0	0	1,606
Deferred tax liabilities					
Intangible assets	1,396	-253	0	0	1,143
Property, plant and equipment	400	59	0	0	459
Currency translation differences relating to foreign subsidiaries	91	0	0	-11	80
Total	1,887	-194	0	-11	1,682
Total	-308	221	0	11	-76
2019					
Deferred tax assets					
Property, plant and equipment	0	24	0	0	24
Trade receivables	0	18	0	0	18
Provisions	5	8	0	0	13
Tax losses	1,175	349	0	0	1,524
Total	1,180	399	0	0	1,579
Deferred tax liabilities					
Intangible assets	1,435	-39	0	0	1,396
Property, plant and equipment	114	286	0	0	400
Currency translation differences relating to foreign subsidiaries	91	0	0	0	91
Total	1,640	247	0	0	1,887
Total	-460	152	0	0	-308

The tax loss carryforwards to which deferred tax assets refer relate to start-up losses at the Mexican subsidiary. On the basis of current plans, the deferred tax assets recognized for loss carryforwards are expected to be used within the next five fiscal years.

10.4 Unrecognized deferred tax assets

No deferred taxes were recognized for "outside basis differences" 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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Impairment write-downs on property, plant and equipment	0	0
Depreciation of property, plant and equipment	4,320	4,047
Impairment write-downs on intangible assets	335	0
Amortization of intangible assets	1,277	1,201
Total	**5,932**	**5,248**

For information on impairment write-downs on intangible assets in the fiscal year, see Note 14. Information on impairment write-downs on property, plant and equipment can be found in Note 13.

11.2 Research and development costs expensed immediately

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Research and development costs expensed in the fiscal year	1,576	1,592

11.3 Personnel-related expenses

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Wages and salaries	9,054	9,091
Social security expenses	2,278	2,251
Pension expenses	12	12
Subsidies from the Federal Employment Office (for short-time working)	-404	0
Other	282	314
Total	**11,222**	**11,668**

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, 2020	Dec. 31, 2019
Consolidated net loss (2019: Consolidated net profit)	-118	1,129
Weighted average ordinary shares (in thousand units)	4,223	4,223
Earnings per share (in EUR)	**-0.03**	**0.27**

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

13. Property, plant and equipment
Change in non-current assets in the period January 1, 2019 to December 31, 2020
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, 2019	12,396	38,928	3,175	1,123	55,622
Additions	16	4,698	150	879	5,743
Transfers	0	510	5	-515	0
Disposals	-18	-460	-475	0	-953
Translation differences	106	564	44	6	720
As at December 31, 2019 / January 1, 2020	**12,500**	**44,240**	**2,899**	**1,493**	**61,132**
Additions	33	852	465	113	1,463
Additions (historical cost of acquisition or production)	296	0	0	0	296
Transfers	0	804	-14	-799	-9
Disposals	-50	-31	-322	0	-403
Translation differences	-447	-1,490	-103	0	-2,040
As at December 31, 2020	**12,332**	**44,375**	**2,925**	**807**	**60,439**
Depreciation					
As at January 1, 2019	3,000	25,397	1,764	0	30,161
Depreciation	818	2,760	469	0	4,047
Impairment write-downs	0	0	0	0	0
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	-18	-460	-195	0	-673
Translation differences	37	222	21	0	280
As at December 31, 2019 / January 1, 2020	**3,837**	**27,919**	**2,059**	**0**	**33,815**
Depreciation	828	3,031	460	0	4,319
Impairment write-downs (Cumulative depreciation, previous years)	39	0	0	0	39
Write-ups	0	0	0	0	0
Transfers	0	0	0	0	0
Disposals	-23	-31	-322	0	-376
Translation differences	-108	-714	-85	0	-907
As at December 31, 2020	**4,573**	**30,205**	**2,112**	**0**	**36,890**
Balance sheet value as at December 31, 2020	**7,759**	**14,170**	**813**	**807**	**23,549**
Balance sheet value as at December 31, 2019	8,663	16,321	840	1,493	27,317

Most additions of property, plant and equipment comprise capital expenditures for expansion.

Assets and mortgages pledged as security
Machinery at the Prachatice site with a carrying amount of EUR 5,034 thousand (2019: EUR 5,648 thousand) has been pledged as security for liabilities to banks.

14. Intangible assets
Change in non-current assets in the period January 1, 2019 to December 31, 2020
InTiCa Systems Group

In EUR '000	Self-created intangible assets	Other intangible assets	Total
Cost of acquisition or production			
As at January 1, 2019	10,608	655	11,263
Additions	1,018	34	1,052
Transfers	0	0	0
Disposals	-1,002	-15	-1,017
Translation differences	0	5	5
As at December 31, 2019 / January 1, 2020	**10,624**	**679**	**11,303**
Additions	728	29	757
Transfers	0	9	9
Disposals	-1,330	0	-1,330
Translation differences	0	-11	-11
As at December 31, 2020	**10,022**	**706**	**10,728**
Amortization			
As at January 1, 2019	5,796	539	6,335
Amortization	1,152	49	1,201
Impairment write-downs	0	0	0
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-1,002	-15	-1,017
Translation differences	0	2	2
As at December 31, 2019 / January 1, 2020	**5,946**	**575**	**6,521**
Amortization	1,578	34	1,612
Impairment write-downs	0	0	0
Write-ups	0	0	0
Transfers	0	0	0
Disposals	-1,330	0	-1,330
Translation differences	0	-7	-7
As at December 31, 2020	**6,194**	**602**	**6,796**
Balance sheet value as at December 31, 2020	**3,828**	**104**	**3,932**
Balance sheet value as at December 31, 2019	4,678	104	4,782

Where the underlying projects have not been completed or no sales have been generated, self-created intangible assets (carrying amount EUR 550 thousand in 2020; 2019: EUR 1,096 thousand) are not yet subject to amortization.

Impairment write-downs in 2020

For development projects, the amortization recognized in the statement of profit and loss includes impairment write-downs of EUR 335 thousand (2019: EUR 0 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, 2020 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
(2019:		100	100	)
Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V.	Silao, Mexico	100	100	Production
(2019:		100	100	)

16. Other financial assets and other receivables

16.1 Other financial assets

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Receivables recognized at amortized cost		
Other financial assets	582	352
Total	**582**	**352**
Non-current	0	0
Current	582	352
Total	**582**	**352**

16.2 Other current receivables

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Deferred charges	144	138
Advance payments made	327	874
Current tax receivables	1,729	2,065
Total	**2,200**	**3,077**

17. Inventories

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Raw materials and supplies	8,435	7,154
Work in process	864	969
Unfinished tools with customer involvement	2,388	2,173
Total	**11,687**	**10,296**

Total impairment write-downs on inventories recognized in profit and loss amounted to EUR 220 thousand (2019: EUR 191 thousand). They comprised EUR 189 thousand (2019: EUR 165 thousand) in the Automotive Technology segment, and EUR 31 thousand (2019: EUR 26 thousand) in the Industrial Electronics segment. As of the reporting date the carrying amount of these inventories was EUR 682 thousand (2019: EUR 690 thousand).

The write-downs in the financial year are contained in other comprehensive income and comprise EUR 181 thousand (2019: EUR 157 thousand) in "Change in inventories of finished goods and work in process" and EUR 39 thousand (2019: EUR 34 thousand) in "Raw materials and supplies".

18. Trade receivables

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Trade receivables	8,319	7,185
Impairment write-downs	-69	-61
Total	**8,250**	**7,124**

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. A purchase price discount (10%) 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 (2020: EUR 5,090 thousand; 2019: EUR 3,244) was EUR 509 thousand as of December 31, 2020 (2019: EUR 324 thousand) and is recognized in other financial assets.

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

Dec. 31, 2020	Expected loss ratio	Gross carrying amount of receivables in EUR '000	Impairment write-down in EUR '000
Not due	0.10%	6,962	7
1-30 days past due	1.00%	715	7
31-60 days past due	1.50%	89	1
61-90 days past due	3.50%	120	4
More than 90 days past due	5.50%	433	24
Total		**8,319**	**43**

In addition, (individual) impairment write-downs of EUR 26 thousand (2019: EUR 0 thousand) were recognized at the site in Mexico.

Dec. 31, 2019	Expected loss ratio	Gross carrying amount of receivables in EUR '000	Impairment write-down in EUR '000
Not due	0.10%	5,364	5
1-30 days past due	1.00%	261	3
31-60 days past due	1.50%	654	10
61-90 days past due	3.50%	324	11
More than 90 days past due	5.50%	582	32
Total		**7,185**	**61**

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.

To secure credit lines totalling EUR 8.0 million (2019: EUR 7.5 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 5.5 million (2019: EUR 5.3 million).

19. Capital stock

Capital stock and ordinary shares

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 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, 2020 in EUR '000	% of capital stock	Dec. 31, 2019 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 21, 2017 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 2017/1).

20. General capital reserve

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 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 capital reserve includes premiums from the issue of shares.

21. Profit reserve

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Status at start of year	-929	-2,058
Consolidated net loss (2019: consolidated net profit)	-118	1,129
Total	-1,047	-929

The profit reserve contains statutory profit reserves of EUR 51 thousand (2019: EUR 51 thousand) and other profit reserves (including the loss carryforward) of minus EUR 1,098 thousand (2019: minus EUR 980 thousand).

22. Currency translation reserve

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Status at start of year	-714	-794
Translation of foreign business operations	-963	80
Total	-1,677	-714

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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Unsecured – recognized at amortized cost		
Overdrafts	2	7
Loans	6,337	387
Secured – recognized at amortized cost		
Overdrafts	1,756	7,687
Loans	10,335	12,585
Total	18,430	20,666
Current	4,858	10,819
Non-current	13,572	9,847
Total	18,430	20,666

EUR 1,756 thousand (2019: EUR 3,996 thousand) of the secured overdrafts relate to the Czech subsidiary and are secured by a guarantee from InTiCa Systems AG. EUR 1,800 thousand (2019: EUR 2,600 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 1.30%-5.50% p.a. (2019: 1.30%-5.50% p.a.).

Non-current loans incur interest at a fixed rate averaging 2.09% p.a. (2019: 2.27% p.a.). Variable interest was agreed for three non-current loans totalling EUR 6,660 thousand (2019: EUR 7,297 thousand). As of December 31, 2020, interest on loans was 0.50%-1.60% p.a. (2019: 0.50%-1.60% p.a.).

24. Provisions

	Jan. 1, 2020 in EUR '000	Utilized in EUR '000	Reversed in EUR '000	Additions in EUR '000	Dec. 31, 2020 in EUR '000
Trade-related commitments (i)	934	934	0	1,256	1,256
Personnel expense (ii)	515	515	0	532	532
Other (iii)	201	201	0	245	245
Total	**1,650**	**1,650**	**0**	**2,033**	**2,033**

(i) In both 2019 and 2020, provisions for trade-related commitments comprised provisions for expected credit notes and outstanding invoices.

(ii) In both 2019 and 2020, the provisions for personnel expense were mainly to cover employees' annual vacation entitlements, bonuses, an anniversary provision, and expected contributions to the employers' liability insurance association.

(iii) In 2019 and 2020, the other provisions comprised costs for retention obligations and provisions for warranties.

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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
At amortized cost		
Other financial liabilities	356	470
Lease liabilities	934	922
Total	**1,290**	**1,392**

27. Other current liabilities

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Accrued expenses	0	0
Advance payments received	749	226
Other liabilities	792	318
Total	**1,541**	**544**

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

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Equity	16,888	17,969
Total assets	53,315	55,297
Equity ratio	31.7%	32.5%
Interest-bearing financial liabilities	18,430	20,666
Cash and cash equivalents	1,473	736
Net financial debt	**16,957**	**19,930**
EBIT	736	2,108
Depreciation, amortization and impairment write-downs	5,932	5,248
EBITDA	6,668	7,356
Net financial debt/EBITDA	2.54	2.71

29.2 Supplementary disclosures on financial instruments

	IFRS 9 valuation categories	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Financial assets			
Cash on hand and bank balances	AC [1]	1,473	736
Trade receivables	AC [1]	8,250	7,124
Other financial assets	AC [1]	582	352
Total		**10,305**	**8,212**
Financial liabilities			
Financial liabilities	AC [1]	18,430	20,666
Trade payables	AC [1]	6,565	5,909
Other financial liabilities	AC [1]	5,614	6,551
Total		**30,609**	**33,126**

[1] AC = at amortized cost

Cash and cash equivalents, trade receivables and other financial assets 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 fixed-interest loans. They are carried at the repayment amount.

Trade payables have short remaining terms; the amount recognized is therefore an approximation of the fair value.

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 and MXN. 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 AG 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.

The Group has concluded currency hedging agreements in Czech koruna for forecast expenditures. The purpose was to minimize the volume of foreign exchange transactions with ongoing volatility as a result of fluctuations in exchange rates. The risks arise from the volatility of the CZK/EUR exchange rate.

The Group has hedged this via an unconditional forward transaction (currency forward; hedging relationship) to secure a fixed exchange rate for cash outflows in CZK (hedged item). The hedged item is fully hedged by the hedging transaction. For further information on hedge accounting, please see Note 3.20. The expiration date of the hedge is March 10, 2020 and a notional amount of EUR 400,000 is exchanged monthly at a fixed rate of CZK 26.04/EUR 1. As of December 31, 2020, the fair value of the hedge was EUR 0 thousand (December 31, 2019: EUR 27 thousand) because the hedging transaction ended on March 10, 2020.

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 and the MXN based on the net amount calculated as the relevant reporting date as a result of debt consolidation.

The parameters used for the sensitivity analysis (USD: +/-10%; CZK +/-3.5%; MXN: +/-3.5%) represent the Board of Directors' assessment of a reasonable potential change in the exchange rate. If the euro had appreciated (depreciated) by these percentages against each of these currencies as of December 31, 2020, the impact of the change in the USD exchange rate on the consolidated net profit would have been a decline (increase) of around EUR 255 thousand (2019: EUR 119 thousand), while a change in the CZK exchange rate of this magnitude would have increased (decreased) the consolidated net profit by around EUR 53 thousand (2019: EUR 97 thousand). For the MXN, the impact on the consolidated net profit would have been a decline (increase) of EUR 236 thousand (2019: EUR 359 thousand).

	Nominal amount as of		Nominal amount as of	
	Dec. 31, 2020 in EUR '000	**2020 in EUR '000**	**Dec. 31, 2019 in EUR '000**	**2019 in EUR '000**
Change in USD (+/-10%)	3,130	255	1,333	119
Change in CZK (+/-3.5%)	1,513	53	2,760	97
Change in MXN (+/-3.5%)	6,743	236	10,250	359

» Risk of changes in interest rates

Fixed interest rates have been agreed for the vast majority of the Group's interest-bearing 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, 2020, the result would have been EUR 84 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.

» 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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Credit lines		
Amounts drawn	1,756	7,695
Undrawn amounts	10,244	4,205
Total	**12,000**	**11,900**

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 repayment instalments.

	up to 1 year in EUR '000	1–5 years in EUR '000	over 5 years in EUR '000	Total in EUR '000
2020				
Variable-interest financial liabilities	3,118	4,607	919	8,644
Fixed-interest financial liabilities	2,023	7,855	694	10,572
Total	**5,141**	**12,462**	**1,613**	**19,216**
2019				
Variable-interest financial liabilities	9,215	5,035	1,152	15,402
Fixed-interest financial liabilities	1,958	3,650	332	5,940
Total	**11,173**	**8,685**	**1,484**	**21,342**

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 Board of Directors

- **Dr. Gregor Wasle (Chairman)**
  Strategy, investor relations, R&D, production, finance, human resources and IT
- **Günther Kneidinger**
  Sales, materials management, logistics centre and quality

30.2 Supervisory Board

- **Udo Zimmer**
  Chairman of the Supervisory Board, Munich
  Member of the Board of Management of REMA TIP TOP AG
- **Werner Paletschek**
  Deputy Chairman of the Supervisory Board, Fürstenzell
  Managing Director of OWP Brillen GmbH
- **Christian Fürst**
  Member of the Supervisory Board, Thyrnau
  Managing partner of ziel management consulting gmbh
  Managing partner of Fürst Reisen GmbH & Co. KG
  Chairman of the Supervisory Board of Electrovac AG
  Advisory Board of Eberspächer Gruppe GmbH & Co. KG
  Advisory Board of Karl 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 2020 fiscal year was EUR 445 thousand (2019: EUR 423 thousand). The fixed compensation comprises a base salary and variable annual compensation. The fringe benefits comprise supplementary payments for social security contributions and payments in kind comprising the use of company cars. The variable annual compensation comprises bonuses paid upon attainment of personal targets agreed with the members of the Board of Directors.

From an EBIT margin of 4%, the members of the Board of Directors receive variable compensation of 20% their annual base salary. The increase in the variable compensation is graduated. The maximum is 100% of their annual base salary for an EBIT margin of 14%. Payment is spread over three years. The second and final instalments are only paid if the EBIT margin has not deteriorated by more than 25% compared with the year in which the bonus was granted.

The following tables show the remuneration of the members of the Board of Directors of InTiCa Systems AG for 2020 and the previous year. It should be noted that in some cases the compensation granted has not yet resulted in any payments. The amounts received by members of the Board of Directors are therefore shown separately.

Amount granted in EUR '000	Dr. Gregor Wasle Board of Directors Since January 1, 2015				Günther Kneidinger Board of Directors Since January 1, 2009			
	2019	2020	2020 (min)	2020 (max)	2019	2020	2020 (min)	2020 (max)
Fixed compensation	190	200	200	200	180	191	191	191
Fringe benefits	23	24	24	24	30	30	30	30
Total	**213**	**224**	**224**	**224**	**210**	**221**	**221**	**221**
One-year variable compensation	0	0	0	190	0	0	0	180
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Plan description (plan term)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	**0**	**0**	**0**	**190**	**0**	**0**	**0**	**180**
Pension expense	0	0	0	0	0	0	0	0
Total compensation	**213**	**224**	**224**	**414**	**210**	**221**	**221**	**401**

Amount received in EUR '000	Dr. Gregor Wasle Board of Directors Since January 1, 2015		Günther Kneidinger Board of Directors Since January 1, 2009	
	2019	2020	2019	2020
Fixed compensation	190	200	180	191
Fringe benefits	23	24	30	30
Termination benefit	0	0	0	0
Total	**213**	**224**	**210**	**221**
One-year variable compensation	0	0	0	0
Multi-year variable compensation	n.a	n.a	n.a	n.a
Plan description (plan term)	n.a	n.a	n.a	n.a
Other	0	0	0	0
Total	**0**	**0**	**0**	**0**
Pension expense	0	0	0	0
Total compensation	**213**	**224**	**210**	**221**

The compensation does not contain any long-term incentives. There are no loans to members or former members of the Board of Directors.

» Remuneration of the Supervisory Board

Sec. 11 of the articles of incorporation of InTiCa Systems AG sets out the remuneration of the Supervisory Board. This comprises a fixed payment and an allowance for attending meetings of the Supervisory Board (attendance fee).

Alongside the above amounts, the members of the Supervisory Board receive the following graduated payments for financial years in which the company reports a consolidated EBIT margin (ratio of EBIT to sales) of over 3%: 20% of their fixed compensation if the EBIT margin is over 3%, 50% of their fixed compensation if the EBIT margin is over 5% and 100% of their fixed compensation if the EBIT margin is over 10%.

On this basis, the members of the Supervisory Board received the following remuneration:

	Performance-unrelated remuneration in EUR '000	Performance-related remuneration in EUR '000	Attendance fee in EUR '000	Total in EUR '000
2020				
Udo Zimmer	15.00	0.00	5.25	20.25
Werner Paletschek	12.50	0.00	6.00	18.50
Christian Fürst	10.00	0.00	6.00	16.00
Total	**37.50**	**0.00**	**17.25**	**54.75**
2019				
Udo Zimmer	15.00	3.00	4.50	22.50
Werner Paletschek	12.50	2.50	4.50	19.50
Christian Fürst	10.00	2.00	4.50	16.50
Total	**37.50**	**7.50**	**13.50**	**58.50**

The above amounts are net amounts excluding statutory value-added tax. There are no loans to members or former members of the Supervisory Board.

30.4 Share ownership

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

	Shareholding (units)	
	Dec. 31, 2020	Dec. 31, 2019
Günther Kneidinger	4,000	4,000
Werner Paletschek	5,000	5,000
Christian Fürst	4,800	4,800

Major shareholders:

	Shareholding in %	
	Dec. 31, 2020	Dec. 31, 2019
Dr. Dr. Axel Diekmann (indirectly through PRINTad Verlags - GmbH as direct shareholder)	more than 30	more than 25
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 AG	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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Cash and balances on bank accounts	1,473	736
Overdrafts	-1,758	-7,695
Total	**-285**	**-6,959**

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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Commitments to acquire property, plant and equipment	400	404

33. Leases

Due to application of IFRS 16 as of 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 10 years. In the reporting period, 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, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Land, land rights and buildings, including buildings on leased land	2,356	2,791
Technical facilities and machines	2,790	3,117
Other facilities, furniture and office equipment	122	131
Total	5,268	6,039

In 2020, additions of right-of-use assets totalling EUR 98 thousand (2019: 3,292 thousand) were recognized.

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
2020				
Lease payments	1,117	3,820	823	5,760
2019				
Lease payments	1,247	4,480	1,571	7,298

The total cash outflows for leases in 2020 (including interest) were EUR 1,247 thousand.

As of December 31, 2020, lease liabilities with a term of less than one year totalling EUR 934 thousand (2019: EUR 922 thousand) were recognized in other current financial liabilities. Lease liabilities totalling EUR 4,324 thousand (2019: EUR 5,159 thousand) (term > 1 year) were recognized in other non-current financial liabilities.

Depreciation of right-of-use assets in 2020 related to the following groups of assets:

Depreciation of right-of-use assets	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Land, land rights and buildings, including buildings on leased land	516	497
Technical facilities and machines	326	146
Other facilities, furniture and office equipment	107	100
Total	949	743

Interest expense for leases recognized in accordance with IFRS 16 amounted to EUR 162 thousand in 2020.

In connection with leases where the Group is lessee the following amounts were also recognized in the statement of profit or loss in 2020:

Income effect from leases	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Expenses for short-term leases with a term of more than one and maximum 12 months	49	84
Expenses for leases with underlying assets of low value (excluding short-term leases)	3	1
Total	52	85

34. 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 1,466 thousand (2019: EUR 1,420 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.

35. Events after the reporting date

The coronavirus pandemic, which started at the beginning of 2020, is continuing to have a considerable impact on public life and the global economy in 2021. In view of the rate at which it is spreading, the difficulty of protecting people from transmission of the virus and its dangerous nature, governments and national authorities are still imposing measures that greatly restrict public life and are having a massive impact on the economy as a whole. It is not currently possible to make a full assessment of the future impact on the sectors and markets served by InTiCa Systems, even though the development so far in 2021 has been positive.

This also applies to the financial impact on the group. We cannot quantify this at present, but we estimate a clearly negative impact on our assets, financial position and results of operations. See also the comments in sections 5.3 and 6.3 of the Group management report.

36. Disclosures

The consolidated financial statements were approved for publication by the Board of Directors on April 21, 2021. In 2020, InTiCa Systems AG received the following 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):

On November 5, 2020, Dr. Dr. Axel Diekmann, Germany, notified us pursuant to sec. 33 paragraph 1 WpHG that his share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 exceeded the 30% threshold on November 5, 2020 and that as of this date he holds 30.28% of the total voting rights (corresponding to 1,298,269 out of the total of 4,287,000 voting rights). 30.28% of these voting rights (corresponding to 1,298,269 voting rights) are attributable to Dr. Dr. Axel Diekmann pursuant to sec. 34 paragraph 1 sentence 1, no. 1 WpHG. The voting rights attributable to Dr. Dr. Axel Diekmann are held through the following subsidiaries of Dr. Dr. Axel Diekmann (complete chain of subsidiaries starting with the highest controlling person or highest controlling company):

- Dr. Dr. Axel Diekmann
- Optima Beteiligungs GmbH
- Optima Vermögensverwaltung GmbH & Co. KG
- PRINTad Verlags - GmbH

On December 29, 2020, Ms. Elisabeth Donath and Mr. Jürgen Donath, Germany, notified us pursuant to sec. 33 paragraph 1 WpHG that their share of the voting rights in InTiCa Systems Aktiengesellschaft, Passau, Germany, ISIN: DE0005874846, WKN: 587484 dropped below the 3% threshold on December 16, 2020 and their direct share of the total voting rights (4,287,000 voting rights) is now 0.00% (corresponding to 0 voting rights).

37. Staff

The average number of employees in 2020 was 488 (2019: 478).

	Dec. 31, 2020	Dec. 31, 2019
Salaried employees	110	107
Industrial employees	372	361
Trainees	3	4
Low-wage part-time staff	3	6
Total	**488**	**478**

38. Auditor's fees

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

	Dec. 31, 2020 in EUR '000	Dec. 31, 2019 in EUR '000
Audit services for the fiscal year	68	68
Other services for the fiscal year	0	1
Total	**68**	**69**

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

39. German Corporate Governance Code

The Board of Directors and Supervisory Board of InTiCa Systems AG 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 declaration on 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, April 21, 2021

The Board of Directors

Dr. Gregor Wasle
Chairman of the Board of Directors

Günther Kneidinger
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, April 21, 2021

The Board of Directors

Dr. Gregor Wasle
Chairman of the Board of Directors

Günther Kneidinger
Member of the Board of Directors

AUDITOR'S REPORT

Independent auditor's report

To InTiCa Systems AG, 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 AG and its subsidiaries (the Group), comprising the consolidated balance sheet as of December 31, 2020, 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, 2020 to December 31, 2020, 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 AG for the financial year from January 1, 2020 to December 31, 2020. In accordance with German legislation, we did not audit the content of the corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB), which is referred to in the section "Corporate governance statement" in the Group Management Report.

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, 2020 and the results of operations for the financial year from January 1, 2020 to December 31, 2020 in accordance with these requirements, and

- the attached Group management report as a whole gives an appropriate view of the company'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 aforementioned corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB).

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 of 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, 2020 to December 31, 2020. 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.

Below, we outline the impairment test on own work capitalized, which was in our view a key audit matter. Our presentation of the key audit matters is structured as follows:

a) Description of the key audit matter (including reference to the relevant disclosures in the consolidated financial statements)
b) Audit approach and findings

Impairment test on capitalized development costs

a) Description of the key audit matter

Capitalized development costs amounted to EUR 3,828 thousand as of December 31, 2020. They account for 7.2% of total assets. For information on the accounting policies and valuation methods applied, see Notes 3.11 and 3.12 to the consolidated financial statements. For information on estimation uncertainty, see Note 4 to the consolidated financial statements. For information on the development of capitalized development costs, see Note 14 to the consolidated financial statements.

Capitalized development costs are tested annually for impairment at the level of the cash generating units or the self-created intangible assets. In the course of the impairment test, the carrying amount of the self-created intangible assets is compared with the recoverable amount. 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.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. 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 test on own work capitalized is complex and is based on a series of discretionary assumptions. These include, in particular, expected future cash flows.

As a result of the impairment test, the Group recognized impairment write-downs of EUR 335 thousand in the reporting period. 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.

In principle, impairment of capitalized development costs does not represent a risk for the consolidated financial statements.

b) Audit approach and findings

In our audit, we initially examined the methodology used by InTiCa Systems AG to perform impairment tests. Among other things, we assessed the appropriateness of the company's material assumptions and the calculation method. On the basis of explanations by staff responsible for planning, we evaluated the planning process and the significant assumptions on the development of sales and earnings. We compared the expected future cash flows with the approved planning and existing customer agreements.

Further, we ascertained the reliability of the forecasts made by the company in the past by comparing sales and EBIT plans for past financial years with the actual results and analysing the deviations. To ensure the theoretical correctness of the valuation model used, we checked the company's calculations.

The calculation method underlying the impairment test on capitalized development costs is correct and conforms to the valuation principles applied. The assumptions and parameters on which the valuation is based are appropriate.

Other information

The company's legal representatives are responsible for the other information. The other information comprises:

- the corporate governance statement pursuant to Sections 289f and 315d of the German Commercial Code (HGB), which is referred to in the section "Corporate governance statement" in 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.

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 other information and evaluate whether the other information

- is materially inconsistent with the consolidated financial statements, 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 – whether intentional or unintentional.

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 misstatements, whether 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 judgement and maintain a critical attitude. In addition,

- we identify and assess the risks of material misstatements in the consolidated financial statements and Group management report, whether 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 might not be detected is higher in the event of fraud than in the event of error 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 overall 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 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 the related safeguards.

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 3b of the German Commercial Code (HGB) on the electronic reproduction of the consolidated financial statements and Group management report prepared for publication purposes

Reasonable assurance opinion

We have performed an assurance engagement in accordance with Section 317 Paragraph 3b 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) contained in the attached file, InTiCa_AG_KA+KLB_ESEF-2020-12-31.zip [SHA256-Hashwert:B098F6493D80ED5AC0058B2B25E4B7B71092DC312C6D9B7E792886E5CFF351D4] and 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"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the Group management report contained in the above-mentioned electronic file and 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. We do not express any opinion on the information contained in the reproduction, nor on any other information contained in the above-mentioned electronic file, beyond this reasonable assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying Group management report for the financial year from January 1, 2020, to December 31, 2020 contained in the "Report on the audit of the consolidated financial statements and the Group management report" above.

Basis for the reasonable assurance opinion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the Group management report contained in the above-mentioned electronic file in accordance with Section 317 Paragraph 3b of the German Commercial Code (HGB) and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 Paragraph 3b HGB on the Electronic Reproduction of

Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are described below in the section "Responsibility of the corporate auditor for the assurance engagement on the ESEF documents". Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

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 3 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 company's legal representatives are also responsible for submitting the ESEF documents, together with the auditor's report and the attached audited consolidated financial statements and Group management report and further documents to be published, to the operator of the Federal Gazette (Bundesanzeiger).

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 objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 Paragraph 1 of the German Commercial Code (HGB) – whether intentional or unintentional. During the audit, we exercise the necessary professional judgement and maintain a critical attitude. In addition,

- we identify and assess the risks of material non-compliance with the requirements of Section 328 Paragraph 1 HGB, whether intentional or unintentional, plan and perform the assurance procedures as a response to these risks and obtain evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- we gain an understanding of the internal controls of relevance for the assurance engagement on the ESEF documents in order to plan assurance procedures that are appropriate in the given circumstances, but not for the purpose of expressing an assurance opinion on the efficacy of these controls.

- we evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815 on the technical specification for this file, in the version valid on the reporting date.

- we evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited Group management report.

- we evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditor for the consolidated financial statement at the Annual General Meeting on July 15, 2020. We were engaged by the Supervisory Board on July 22, 2020. We have been engaged continuously as the auditor for InTiCa Systems AG since 2012.

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 Collin Späth.

Eggenfelden, April 21, 2021

consaris AG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Diplom-Kaufmann Anton Stockinger Wirtschaftsprüfer (Auditor)	Diplom-Volkswirt Collin Späth Wirtschaftsprüfer (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, Solenoid, 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 environing 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, Remote Keyless Entry

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 2021

April 22, 2021	Publication of the annual report for 2020
April 22, 2021	Press conference / conference call
May 20, 2021	Publication of interim financial statements for Q1 2021
July 16, 2021	Annual General Meeting in Passau
August 12, 2021	Publication of interim financial statements for H1 2021
November 18, 2021	Publication of interim financial statements for Q3 2021
December 08, 2021	Munich Capital Market Conference 2021
December 31, 2021	End of the financial year

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Thank you for your confidence
in our company

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