InTiCa Systems

2023

INTERIM REPORT H1

H1 2023 in figures

The Group	Q2 2022 EUR ´000	**Q2 2023 EUR ´000**	H1 2022 EUR ´000	**H1 2023 EUR ´000**	Change vs. H1 2022
Sales	21,774	**21,624**	48,698	**45,360**	-6.9%
Net margin (net result for the period)	1.0%	**-1.7%**	1.8%	**-0.3%**	-
EBITDA	1,959	**1,353**	4,456	**3,454**	-22.5%
EBIT	438	**-151**	1,457	**464**	-68.2%
EBT	300	**-481**	1,199	**-156**	-
Net result for the period	212	**-369**	861	**-148**	-
Earnings per share (diluted/basic in EUR)	0.05	**-0.09**	0.20	**-0.03**	-
Total cash flow	999	**-297**	-2,145	**-4,964**	-
Net cash flow for operating activities	516	**2,112**	247	**-852**	-
Capital expenditure	1,552	**2,401**	3,253	**4,102**	+26.1%

	Jun 30, 2022 EUR ´000	Dec 31, 2022 EUR ´000	**Jun 30, 2023 EUR ´000**	Change vs. Dec 31, 2022
Total assets	64,133	65,418	**69,243**	+5.8%
Equity	20,774	21,969	**22,518**	+2.5%
Equity ratio	32.4%	33.6%	**32.5%**	-
Number of employees incl. agency staff	807	847	**846**	-0.1%

The Stock	H1 2022	2022	**H1 2023**
Closing price (in EUR)	9.80	8.00	**7.70**
Period high (in EUR)	12.70	12.70	**8.60**
Period low (in EUR)	9.70	7.50	**6.65**
Market capitalisation at end of period (in EUR million)	42.0	34.3	**33.0**
Number of shares	4,287,000	4,287,000	**4,287,000**

The stock prices are closing prices on XETRA.

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Foreword by the Board of Directors

Dear shareholders, employees and business associates,

Many challenges and a dash of confidence: that was our key message in the spring following the subdued start to the year. In the short term, the confidence was mainly due to the renewed upturn in demand from customers. At the end of the first six months, this observation has been substantiated. The decline in sales slowed in the second quarter and – contrary to the sector trend – order intake was considerably higher than in the first three months. At the end of the first six months, it was even slightly above the good prior-year figure.

However, the other side of the coin is that the challenges have not diminished. That is confirmed by regularly following the economic news. Core inflation is proving stubborn, the business climate has clouded more or less across the board, and the International Monetary Fund recently confirmed its expectations of a recession in Germany, with a further slight reduction in its GDP forecast for 2023.

The challenges are particularly high in the automotive industry. The market for hybrid cars has collapsed as subsidies have been capped and competition from China is increasing. German manufacturers are cutting back order offtake and the VW Group has just reduced its volume forecast for this year. Since the German (premium) producers are among our major customers, that also affects InTiCa. Even after the present decline, sales in our Automotive segment are still nearly 45% above the pre-crisis level of 2019, whereas the overall market is still well below the pre-crisis level.

This shows the positive impact of our investment spending, which we continued in the first half of 2023. The industrial scale-up for the third high-performance line for hybrid systems in the Czech Republic has been completed successfully. Customer acceptance is scheduled for the near future and production is expected to start in the third quarter. A further production line for stator coils for hybrid systems is being erected and a production line for inductive chassis components is planned. In Mexico, production started on schedule on the new line for automotive actuators for chassis and the first products have already been delivered.

Nevertheless, volatility will remain high in the second half of the year. Volume trends are still below the planned level in some cases. That highlights the importance of our strategy of leveraging synergies and strengthening the Industry & Infrastructure segment. The strong growth in this segment in the first quarter continued in the second quarter. In particular, there is increased demand for power electronics products for charging infrastructure and solar power. The increase in segment sales is principally due to synergies rather than to one-off sales. Our Mexico site, for instance, is increasingly proving successful in acquiring orders for

Technologies for growth markets

electric charging systems, energy management and energy conversion.

That is important because it is clear that a certain level is necessary to achieve our profitability targets, especially in view of the recent price trend. Although prices of raw materials and starting products have declined from their record highs, they are stabilizing at a high level. We also want to ensure that we can pay our employees appropriately and retain skilled staff. In times of general inflation and a pronounced shortage of skilled labour, in some cases there is no alternative to substantial pay rises.

Even though net income was negative at the end of the first six months, there are various factors in addition to the increased order intake that make us optimistic that we can check the fixed cost ratio and achieve an EBIT margin at the lower end of our forecast range. The reduction in raw material prices is only now starting to have a real impact. Moreover, the planned increase in inventories of finished goods by year-end should eliminate the impact on the margin of the negative change in inventories as of the reporting date. In addition, we are working continuously to optimize our fixed cost ratio and production workflows. Following the successful optimization at power electronics, we are now expecting positive effects from the anticipated progress in the field of charging infrastructure.

In addition, the site in Ukraine should help reduce costs in the future. The supply chain and logistics trials were successful and production of the first products has started. Production is still minimal but the plan is to transfer further production steps in the course of the gradual ramp-up. Irrespective of the challenges in the present environment, we are therefore well-positioned to participate in the demand for innovative e-solutions driven by the electrification of major areas of the economy.

Key elements of our corporate strategy are bearing fruit and there is still strong demand for InTiCa's development expertise. That is due first and foremost to the ideas and daily commitment of our employees. We would like to thank them most sincerely for that. We would also like to thank our customers and business associates for their good collaboration and our shareholders for the trust they place in us.

Passau, August 2023

Yours,

Dr. Gregor Wasle
Chairman of the
Board of Directors

Günther Kneidinger
Member of the
Board of Directors

Company Boards

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
Rottach-Egern

- *Self-employed consultant*
- *Advisory Board of VIA optronics 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 Bach GmbH & Co. KG*

The Stock

InTiCa Systems' share price performance[1)]

Following a difficult year for the stock markets in 2022, which was dominated by the outbreak of war in Ukraine, the development of the markets in the first half of 2023 was generally positive. The DAX started the year at 14,069.26 points, which was also the the lowest level in the reporting period. In mid-January the index rebounded to over 15,000 points. Even the bankruptcy of three US banks and the crisis at Credit Suisse in mid-March only resulted in a temporary setback, followed by a renewed rally to a high for the period of 16,357.63 points on June 16, 2023. The DAX closed at 16,147.90 points on June 30, up 16.0% compared with end-December 2022. The gain on the TecDAX was slightly lower at 9.7%.

Shares in InTiCa were only able to benefit from the overall market trend at the beginning. Having started 2023 at EUR 8.10, the shares traded in a stable range of EUR 8.00 to EUR 9.00 in the first two months of the year, reaching a high of EUR 8.60. At the start of March, the share price dropped below EUR 8.00. Shares in InTiCa hit a low for the period of EUR 6.65 on May 25, 2023 following publication of the quarterly report and the subdued business performance in the first quarter. Following a rapid recovery, the closing price in XETRA trading was EUR 7.70 on June 30, 2023. That was 4.9% lower than at the start of the year, so InTiCa Systems' market capitalization was EUR 33.0 million at the end of the first six months (December 31, 2022: EUR 34.3 million). The markets traded sideways at the start of the second half. The closing price of shares in InTiCa on August 1, 2023 was EUR 7.25.

In the first half of 2023, we provided timely information for our shareholders and the general public on current business trends, specific events and the company's overall prospects. As in the past, the press conference to mark the publication of the annual report for 2022 attracted considerable interest from analysts and investors. The presentation given at the press conference can be accessed on the company's home-page at Investor Relations/Publications [available in German only]. The presentation given at this year's Annual General Meeting on June 19, 2023, which was held virtually again, is also available on the website. At the AGM, shareholders were able to inform themselves about fiscal 2022 and the current situation at InTiCa Systems SE.

In addition, InTiCa Systems SE once again plans to give a presentation for investors, analysts and financial journalists at this year's Munich Capital Markets Conference (MKK). MKK is the biggest capital market conference in southern Germany and will be held on November 15/16, 2023.

1) Price data based on Xetra, source: Bloomberg

Key data on the share

ISIN	DE0005874846
WKN	587484
Stock market symbol	IS7
Trading segment	Regulated Market
Transparency level	Prime Standard
Designated Sponsor	BankM AG
Research Coverage	SMC Research
No. of shares	4,287,000
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, München, Stuttgart, Düsseldorf

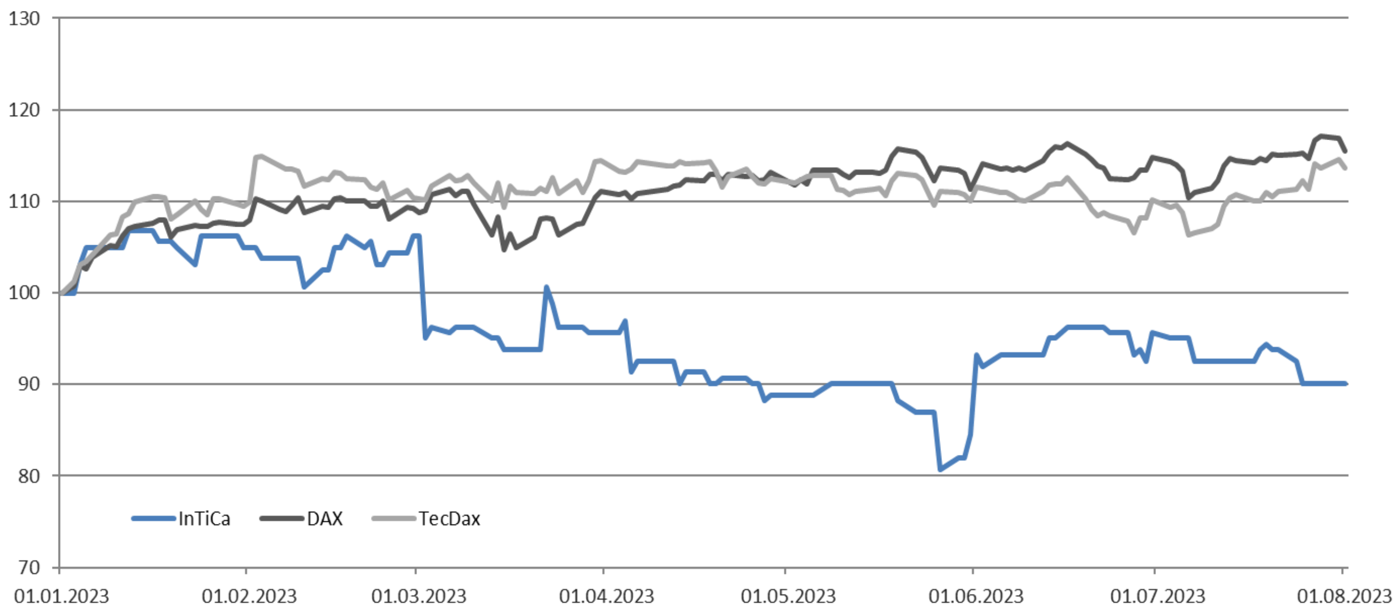
Shareholder structure

Dr. Dr. Axel Diekmann	over 30%
Thorsten Wagner	over 25%
Tom Hiss	over 5%
Treasury stock	1.5%
Management	less than 1%

As of August 1, 2023

Share price performance

in %



Interim Management Report

for the period from January 1 to June 30, 2023

Economic report

General economic conditions

At first sight, the global economy seems to be gradually recovering from the shock of the pandemic and Russia's invasion of Ukraine. The supply chain disruption is easing and the distortion of the energy and food markets is also declining. In particular, many emerging markets and developing countries are back on a growth track, but the upswing in the advanced economies is proceeding considerably more slowly. Overall, the economic development remains fragile. The core inflation rate excluding volatile energy and food prices is proving stubborn and the instability of the banking sector at times highlights the dangers of the stricter monetary policy for the financial sector and the continued widespread uncertainty.

Nevertheless, the latest economic forecast published by the International Monetary Fund (IMF) projects that global economic growth in 2023 will be higher than had been predicted in April. In July, the IMF revised its global economic forecast upwards from 2.8% to 3.0%. It is now forecasting growth of 1.8% for the USA, 0.9% for the European Union, 5.2% for China and 1.9% for Latin America. By contrast, the IMF still anticipates a recession in Germany and has revised its forecast downward again. It now expects the German economy to contract by 0.3%, compared with its previous assumption of 0.1%. In addition to the economic downturn in the first quarter, this is mainly due to weak industrial output.

The balance of risks remains tilted downward. Inflation could remain high or even rise if there are further shocks. The turbulence in the financial sector could increase if the markets anticipate further monetary policy tightening by central banks. China's recovery could be slowed by unresolved real estate problems. The state debt crisis could spread to a wider group of economies. Cutting inflation while guaranteeing the stability of the financial markets therefore remains the overriding global priority.

Market and market environment

Automotive

The picture on the international automotive markets is also divided: on the one hand, the improved supply situation in the first half of this year led to considerable growth in volume sales on the core global markets. The German Automotive Industry Association (VDA) reports that between January and June new car registrations totalled 11.1 million in China (+9%), 7.7 million in the USA (+13%) and 6.6 million in Europe (EU27, EFTA & UK) (+18%). Considerable market growth was also recorded in Japan, India and Brazil.

At the same time, the VDA warns that the figures should not be misinterpreted. As a result of the turbulence in the first half of the previous year, with extensive lockdowns in China and Russia's invasion of Ukraine, growth rates are overstated in some cases. The markets are still well below the pre-crisis level. That also applies to Germany, even though there was a significant increase in volumes here, too, in the first six months (+13%). Production even grew by 31%.

By contrast, there was a sharp drop in plug-in hybrids (-43%), reflecting the withdrawal of subsidies. The drastic drop in this market segment was not quite offset by the dynamic growth in pure battery-electric vehicles (+32%). In Germany, at total of 299,500 new cars with electric drives were registered between January and June (-2%).

In light of the declining macroeconomic demand in many regions as a result of high inflation and the loss of purchasing power, the VDA expects the situation to weaken in the second half of the year. The high level of orders on hand is gradually being reduced. In Germany, orders dropped by 9% in the first half of the year. The subdued outlook is shown by the fact that the forecast for the global market was only increased from 4% to 6% despite double-digit growth rates in the first six months. There is still enormous uncertainty at German companies in this sector and business expectations dropped in five successive months to minus 56.9 points at the last count, back to the low level at the start of the war in Ukraine. According to a recent VDA survey 69% of companies have made energy savings and 52% have adapted production processes in order to increase their resilience.

Industry & Infrastructure

In the first half of 2023, the German electro and digital industry continued the dynamic growth seen in the previous year. According to the industry association ZVEI, in the period up to and including May aggregate sector sales were up 13.5% year-on-year, with domestic sales (+16.4%) rising faster than foreign sales (+11.2%). Output increased by 4.7%, which was slightly below the rise in the first two months. However, much of the growth is attributable to price trends. ZVEI still expects growth in real output in FY 2023 to be in the range of 1% to 2%.

That said, the challenging macroeconomic situation is increasingly making itself felt at companies in the electro and digital industry. For example, orders recently dropped in three consecutive months and the latest data (May) showed a year-on-year decline in order intake of 6.5%. Overall, order intake in the first five months was 1.9% lower than in the same period of 2022. This was due to a drop in export orders (-6.0%); by contrast, domestic orders increased slightly (+3.4%).

Recently, the business climate has also deteriorated slightly. In particular, general business expectations remain clearly negative and the assessment of the present situation has also deteriorated. Export expectations were also down in June. Overall, more and more companies are cutting their production plans.

Significant events in the reporting period

After carefully weighing up the opportunities and risks, it was decided to gradually commence production at the site of wholly owned subsidiary InTiCa Systems TOV in Bila Tserkva, Ukraine, at the start of 2023. Production of very small quantities of the first products has started. The development of the Ukrainian subsidiary is being monitored very closely due to the ongoing war.

On March 10, 2023, InTiCa Systems SE was entered in the commercial register. The conversion of InTiCa Systems AG to InTiCa Systems SE has thus been completed and formally taken effect. The dual management structure is unaffected by the new legal form. Moreover, it does not alter the responsibilities and composition of the Board of Directors and the Supervisory Board. The new legal form will not affect shareholders, contract partners, customers, employees and the corporate governance of the company.

There were no other events of material significance for the company or its assets, financial position or results of operations in the reporting period.

Earnings, asset and financial position

Following the very subdued first quarter, business has recently stabilized to some extent. It was possible to slow the downturn in sales and order intake picked up considerably in the second quarter. Nevertheless, order offtake remained volatile and the macroeconomic framework was challenging. However, the underlying growth drivers, namely electrification and digitalization, remain intact and synergies between the segments are increasingly becoming visible.

At segment level, this is reflected in particular in higher demand in the Industry & Infrastructure segment. The need for infrastructure such as charging technology and solar power boosted volumes of inverters and other power electronics products. Consequently, it was possible to offset at least part of the drop in sales in the Automotive segment. As outlined in the previous quarterly report, the Automotive segment has been adversely affected by the early phase-out of a high-volume product, a general reduction in call-offs by German producers and, above all, the weakness of the market for hybrid vehicles.

Analogously to sales, all earnings indicators were lower. This effect was heightened by the negative change in inventories as of the reporting date, but inventories of finished goods should increase again by year-end. The ratio of material costs to total output declined further year-on-year. Here, ongoing optimization measures and the easing of the supply chains are having an impact. Conversely, the personnel expense ratio (including agency staff) showed a significant rise from a low level due to wage increases. At the end of the first six months, the bottom line was a slight loss.

Due to the negative interim result and the considerable rise in interest and income tax expense compared with the prior-year period, the cash flow from operating activities was negative in the first six months of 2023. Due to continued investment activity, this applies to an even greater extent for the overall cash flow. The equity ratio slipped slightly in the reporting period but remains at a solid level.

Earnings position

Group sales declined by 6.9% year-on-year to EUR 45.4 million in the first six months of 2023 (H1 2022: EUR 48.7 million). In the Automotive segment, sales dropped 15.6% year-on-year to EUR 31.5 million (H1 2022: EUR 37.3 million) while sales in the Industry & Infrastructure segment increased considerably, by 21.7%, to EUR 13.9 million (H1 2022: EUR 11.4 million).

At 61.4%, the ratio of material costs to total output in the reporting period was clearly below the prior-year level (H1 2022: 63.9%). Alongside optimization of production workflows, this was mainly due to a less material-intensive product mix. By contrast, the personnel expense ratio (including agency staff) increased significantly from 22.1% to 25.0% due to wage rises. At the same time, other operating expenses decreased from EUR 6.6 million in the prior-year period to EUR 5.9 million. This was principally because expenses for agency staff, which are included in other operating expenses, dropped to EUR 1.7 million (H1 2022: EUR 2.2 million).

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 3.0 million (H1 2022: EUR 3.0 million), and spending on research and development was EUR 1.4 million (H1 2022: EUR 1.5 million). Development work focused principally on the e-solutions business.

EBITDA (earnings before interest, taxes, depreciation and amortization) decreased to EUR 3.5 million (H1 2022: EUR 4.5 million), with the EBITDA margin amounting to 7.6% (H1 2022: 9.2%). At EUR 0.5 million, EBIT (earnings before interest and taxes) remained positive (H1 2022: EUR 1.5 million), giving an EBIT margin of 1.0% (H1 2022: 3.0%). At segment level, Automotive reported EBIT of minus EUR 0.1 million in the first six months of 2023 (H1 2022: positive EBIT of EUR 1.2 million) and the Industry & Infrastructure segment reported EBIT of EUR 0.5 million (H1 2022: EUR 0.3 million).

The financial result was minus EUR 0.6 million in the reporting period (H1 2022: minus EUR 0.3 million), with the increase in interest expense making itself visible. Tax income of EUR 8 thousand was recorded in the reporting period (H1 2022: tax expense of EUR 0.3 million). Group net income therefore amounted to minus EUR 0.1 million in the first six months (H1 2022: positive net income of EUR 0.9 million). Earnings per share were minus EUR 0.03 (H1 2022: EUR 0.20).

As a result of currency translation gains of EUR 0.7 million (H1 2022: EUR 0.3 million) from the translation of foreign business operations, total comprehensive income was EUR 0.5 million in the first six months of 2023 (H1 2022: EUR 1.1 million).

Non-current assets

Non-current assets increased to EUR 35.4 million as of June 30, 2023 (December 31, 2022: EUR 33.0 million). Property, plant and equipment rose from EUR 26.9 million to EUR 28.7 million due to increased capital expenditures, while intangible assets increased to EUR 4.7 million (December 31, 2022: EUR 4.4 million) and deferred taxes rose to EUR 2.0 million (December 31, 2022: EUR 1.8 million).

Current assets

Current assets increased to EUR 33.9 million as of June 30, 2023 (December 31, 2022: EUR 32.4 million). This was mainly attributable to the rise in trade receivables from EUR 9.6 million to EUR 11.3 million. Tax receivables also increased from EUR 0.5 million to EUR 0.7 million, while other financial assets rose from EUR 0.6 million to EUR 0.8 million and other current receivables rose from EUR 1.3 million to EUR 2.2 million. By contrast, inventories decreased slightly from EUR 17.1 million to EUR 16.6 million. Cash and cash equivalents totalled EUR 2.2 million on June 30, 2023 (December 31, 2022: EUR 3.2 million).

Liabilities

Current liabilities increased to EUR 28.4 million in the first six months of 2023 (December 31, 2022: EUR 26.1 million). This was mainly attributable to the rise in financial liabilities from EUR 12.4 million to EUR 15.6 million. Other current provisions also increased to EUR 2.6 million (December 31, 2022: EUR 2.4 million) and other current financial liabilities amounted to EUR 1.7 million, unchanged from year-end 2022 (December 31, 2022: EUR 1.7 million). By contrast, trade payables decreased from EUR 7.6 million to EUR 7.4 million in the reporting period, tax liabilities dropped from EUR 0.5 million to EUR 0.1 million and other current liabilities decreased from EUR 1.5 million to EUR 0.9 million.

Non-current liabilities increased from EUR 17.4 million to EUR 18.4 million as of June 30, 2023. While other non-current financial liabilities dropped from EUR 2.8 million to EUR 2.6 million in the reporting period, non-current liabilities to banks rose from EUR 12.7 million to EUR 13.9 million. Deferred taxes were unchanged from December 31, 2022 at EUR 1.8 million.

Equity

Equity increased to EUR 22.5 million as of June 30, 2023 (December 31, 2022: EUR 22.0 million). This was attributable to the currency translation reserve which improved from minus EUR 0.2 million to plus EUR 0.5 million. Due to the loss for the period, the profit reserve decreased slightly from EUR 2.5 million to EUR 2.4 million. The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand and the general capital reserve of EUR 15.4 million were constant in the reporting period. Total assets increased to EUR 69.2 million at the end of the first six months of 2023 (December 31, 2022: EUR 65.4 million). The equity ratio thus declined slightly from 33.6% to 32.5%.

Liquidity and cash flow statement

The net cash outflow for operating activities was EUR 0.9 million in the first six months of 2023 (H1 2022: inflow of EUR 0.2 million). The year-on-year decline was mainly due to the net loss for the period. Excluding tax expense and interest payments, the cash flow for operating activities was EUR 0.4 million (H1 2022: EUR 0.7 million).

The net cash outflow for investing activities was EUR 4.1 million in the reporting period (H1 2022: outflow of EUR 3.3 million). Investment in intangible assets amounted to EUR 0.9 million (H1 2022: EUR 0.5 million) and investment in property, plant and equipment was EUR 3.2 million (H1 2022: EUR 2.7 million). Based on current plans, capital expenditures for property, plant and equipment will be around EUR 6.0 million overall. These mainly comprise the installation of a further high-performance production line for stators in the Czech Republic to service a new order for hybrid systems and a new production line in Mexico for the Industry & Infrastructure segment. Within the Industry & Infrastructure segment, production facilities for products for charging infrastructure are to be optimized.

The net cash outflow for financing activities was EUR 14 thousand in the first half of 2023 (H1 2022: inflow of EUR 0.9 million). In the reporting period, there were cash inflows of EUR 2.9 million from two new long-term loans for new machinery in the Czech Republic (H1 2022: EUR 3.4 million) and cash outflows of EUR 2.2 million (H1 2022: EUR 2.0 million) for the repayment of loans and EUR 0.7 million (H1 2022: EUR 0.5 million) for lease payments.

This resulted in a total cash outflow of EUR 5.0 million in the reporting period (H1 2022: outflow of EUR 2.1 million). Cash and cash equivalents (less overdrafts) were minus EUR 8.6 million (June 30, 2022: minus EUR 7.2 million). As of the reporting date, InTiCa Systems SE also had assured credit facilities which could be drawn at any time totalling EUR 14.9 million.

Employees

The headcount was 846 on June 30, 2023 (June 30, 2021: 807). 79 of these employees were agency staff (June 30, 2022: 101). On average, the Group had 840 employees in the reporting period (H1 2022: 862), including agency staff in both cases.

Risks and opportunities

The management report in the annual report for 2022 provides full details of risk factors that could affect the business performance of InTiCa Systems in section 4 “Risk management and risk report”, while business potential is discussed in section 5 “Opportunities and management of opportunities”. There was no material change in the risk/opportunity profile of InTiCa Systems SE in the reporting period.

Outlook

The macroeconomic environment remains challenging. Although there has been a sustained easing of supply chains and the availability of materials, and materials prices have stabilized, core inflation remains high and there is still no sign of an end to the war in Ukraine. The German economy is in recession, industrial production is weakening and orders are declining across the board. German automotive producers, in particular, are struggling with problems, especially on the important Chinese market. At the same time, the German market for electric cars remains under pressure as a result of high electricity prices and the capping of state subsidies. From September, business clients will no longer receive a subsidy for the purchase of pure battery-electric vehicles, so growth in the fleet market is likely to decline significantly in the second half of the year.

InTiCa Systems SE cannot completely escape these market conditions. Nevertheless, the sales trend stabilized in the second quarter, following a sluggish start to the year. Above all, demand in the Industry & Infrastructure segment remains high, with a rise in the need for power electronics products, especially for charging infrastructure and solar power. The rise in segment sales is mainly due to sustained synergies rather than one-off sales. For example, the site in Mexico is having increasing success in acquiring local orders for electric charging systems, energy management and energy conversion.

Overall, there has recently been a significant upturn in orders. While orders on hand were still well below the high prior-year level of EUR 96.2 million at the end of the first quarter, they had improved significantly to EUR 111.9 million by the end of the second quarter (June 30, 2022: EUR 110.7 million). The increased significance of the Industry & Infrastructure segment is shown by the fact that only 74% of orders were attributable to the Automotive segment (H1 2022: 80%). Nevertheless, order offtake remains highly volatile. Moreover, in some cases project lead times are higher than had been planned because some customers are revising designs internally. That could delay planned sales revenues from orders for assemblies for charging systems.

Irrespective of the challenges in the present environment, electrification of key areas of the economy remains an important growth driver and InTiCa is well-positioned to participate in the high demand for innovative e-solutions. The industrial scale-up for the third high-performance line for hybrid systems in the Czech Republic has been completed successfully. Customer acceptance is scheduled for the near future and production is expected to start in the third quarter. A further production line for stator coils for hybrid systems is being erected and a production line for inductive chassis components is planned. In Mexico, production started on schedule on the new line for actuators for chassis and the first products have already been delivered. Customers who previously only enquired about products for Europe are increasingly interested in components for the American market and InTiCa is constantly delivering samples for the development process.

The key elements of the corporate strategy therefore remain intact and there is still strong demand for InTiCa's development expertise. To reduce fixed costs despite continued pay rises, internal projects are being implemented on an ongoing basis. Following successful optimization of power electronics, optimization of production workflows for charging infrastructure is now proceeding on schedule and is expected to have a positive effect on profitability. Also, the planned increase in inventories of finished goods by year-end should eliminate the impact on the margin of the negative change in inventories as of the reporting date. Moreover, lower raw material costs are now starting to become visible. In addition, the site in Ukraine should help reduce costs in the future. The supply chain and logistics trials were successful and production of the first products has started. Production is still minimal but the plan is to transfer further production steps in the course of the gradual ramp-up.

Taking into account the ongoing high uncertainty and knowledge of customers' current offtake situation, at present the Board of Directors still assumes that the targets for 2023 will be achieved. The forecast assumes that Group sales will be relatively stable at EUR 85.0 million to EUR 100.0 million, with an EBIT margin of between 2.5% and 3.5%. The EBIT margin is expected to be at the lower end of the forecast range. Where possible, the material cost ratio should be optimized further in both segments and the equity ratio should remain stable. The assumptions underlying the forecast for 2023 are that the coronavirus pandemic will not rekindle, the war in Ukraine will not escalate further and there will not be a sustained recession. Unforeseeable negative effects could affect suppliers, have a direct impact on InTiCa Systems, or affect its customers, resulting in an inability to meet expectations.

Further information on the segments can be found in the annual report for 2022 in section 6 "Outlook".

Consolidated interim financial statements in accordance with IFRS

The unaudited consolidated interim financial statements for InTiCa Systems SE and its subsidiaries as of June 30, 2023 have been drawn up in accordance with the International Financial Reporting Standards (IFRS), as applicable for use in the European Union, and the supplementary commercial law regulations set out in sec. 315a paragraph 1 of the German Commercial Code (HGB). No audit review has been conducted of the consolidated financial statements.

Forward-looking statements and predictions

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

Consolidated Interim Financial Statements

for the period from January 1 to June 30, 2023

Consolidated Balance Sheet

of InTiCa Systems SE in accordance with IFRS as of June 30, 2023

Assets	Jun 30, 2023 EUR ´000	Dec 31, 2022 EUR ´000
Non-current assets		
Intangible assets	4,703	4,352
Property, plant and equipment	28,693	26,850
Deferred taxes	1,987	1,791
Total non-current assets	**35,383**	**32,993**
Current assets		
Inventories	16,642	17,145
Trade receivables	11,325	9,596
Tax assets	735	497
Other financial assets	767	642
Other current receivables	2,158	1,310
Cash and cash equivalents	2,233	3,235
Total current assets	**33,860**	**32,425**
Total assets	**69,243**	**65,418**

Equity and liabilities

	Jun 30, 2023 EUR ´000	Dec 31, 2022 EUR ´000
Equity		
Capital stock	4,287	4,287
Treasury stock	-64	-64
General capital reserve	15,389	15,389
Profit reserve	2,382	2,530
Currency translation reserve	524	-173
Total equity	**22,518**	**21,969**
Non-current liabilities		
Interest-bearing non-current liabilities	13,933	12,740
Other liabilities	2,626	2,829
Deferred taxes	1,799	1,798
Total non-current liabilities	**18,358**	**17,367**
Current liabilities		
Other current provisions	2,594	2,371
Tax payables	97	538
Interest-bearing current financial liabilities	15,637	12,366
Trade payables	7,416	7,625
Other financial liabilities	1,734	1,716
Other current liabilities	889	1,466
Total current liabilities	**28,367**	**26,082**
Total equity and liabilities	**69,243**	**65,418**
Equity ratio	**32.5%**	33.6%

Consolidated Statement of Profit and Loss and other Comprehensive Income

of InTiCa Systems SE in accordance with IFRS for the period from January 1 to June 30, 2023

	Q2 2023 EUR ´000	Q2 2022 EUR ´000	H1 2023 EUR ´000	H1 2022 EUR ´000	Change 2023 vs. 2022
Sales	**21,624**	**21,774**	**45,360**	**48,698**	**-6.9%**
Other operating income	795	987	1,869	1,915	-2.4%
Changes in finished goods and work in process	-668	1,601	-1,335	-74	-
Other own costs capitalized	211	211	423	421	+0.5%
Material expense	12,869	15,029	27,312	31,344	-12.9%
Personnel expense	4,937	4,376	9,690	8,601	+12.7%
Depreciation and amortization	1,504	1,521	2,990	2,999	-0.3%
Other expenses	2,803	3,209	5,861	6,559	-10.6%
Operating profit (EBIT)	**-151**	**438**	**464**	**1,457**	**-68.2%**
Cost of financing	333	138	624	258	+141.9%
Other financial income	3	0	4	0	-
Profit before taxes	**-481**	**300**	**-156**	**1,199**	**-**
Income taxes	-112	88	-8	338	-
Net profit / (loss) for the period	**-369**	**212**	**-148**	**861**	**-**
Other comprehensive income					
Exchange differences from translating foreign business operations	71	-124	697	253	+175.5%
Other comprehensive income, after taxes	**71**	**-124**	**697**	**253**	**+175.5%**
Total comprehensive income for the period	**-298**	**88**	**549**	**1,114**	**-50.7%**
Earnings per share (diluted/basic in EUR)	-0.09	0.05	-0.03	0.20	-
EBITDA	**1,353**	**1,959**	**3,454**	**4,456**	**-22.5%**

Consolidated Cash Flow Statement

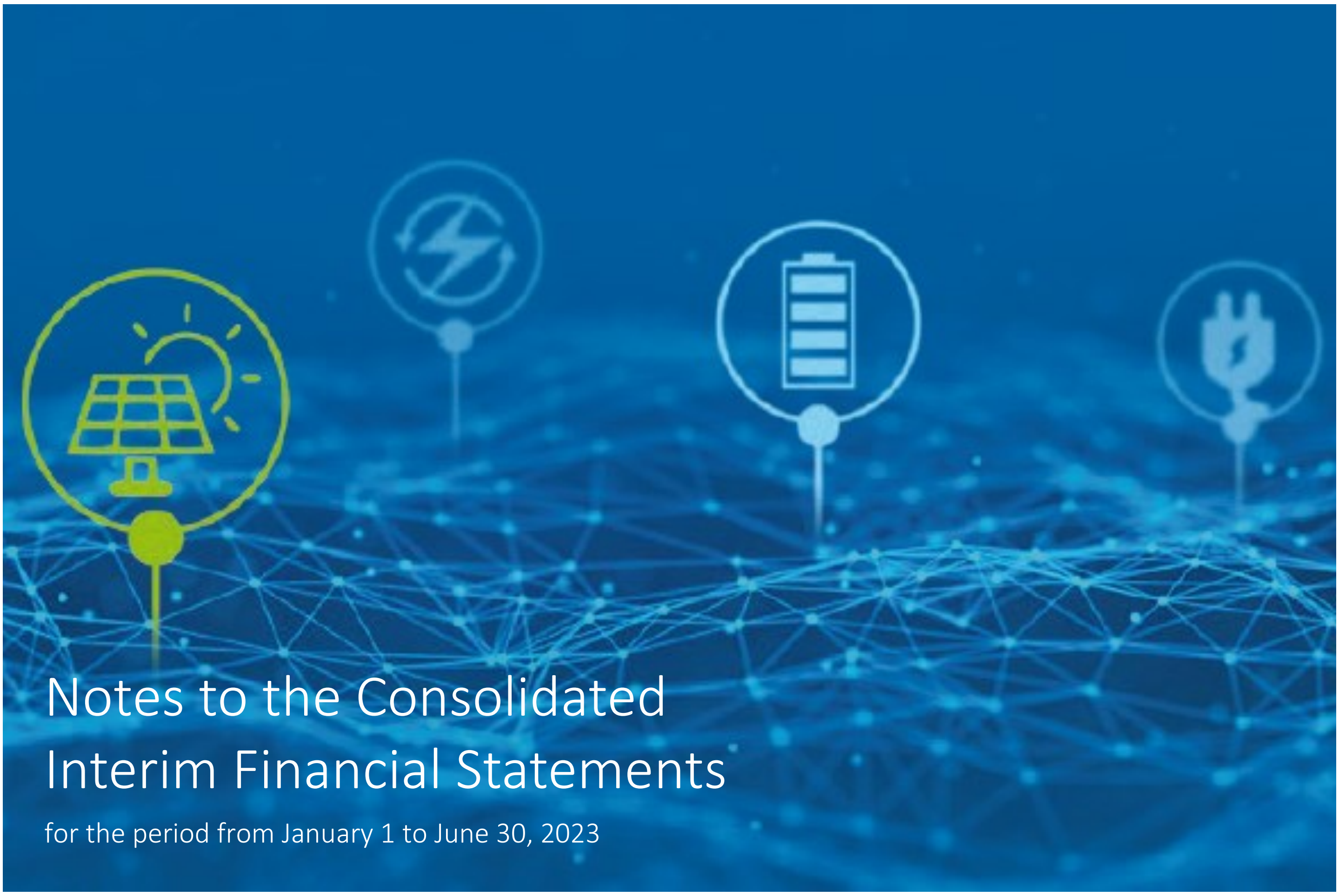
of InTiCa Systems SE in accordance with IFRS for the period from January 1 to June 30, 2023

	Jan 1 - Jun 30, 2023 EUR ´000	Jan 1 - Jun 30, 2022 EUR ´000
Cash flow from operating activities		
Net profit for the period	-148	861
Income tax expenditures / receipts	-8	338
Cash outflow for borrowing costs	624	258
Income from financial investments	-4	0
Depreciation and amortization of non-current assets	2,990	2,999
Other non-cash transactions		
Net currency gains/losses	-460	-331
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	503	-836
Trade receivables	-1,729	-2,579
Other assets	-974	-61
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	223	510
Trade payables	-209	-495
Other liabilities	-412	55
Cash flow from operating activities	**396**	**719**
Cash outflow for income taxes	-663	-224
Cash outflow for interest payments	-585	-248
Net cash flow from operating activities	**-852**	**247**
Cash flow from investing activities		
Cash inflow from interest payments	4	0
Cash outflow for intangible assets	-882	-509
Cash outflow for property, plant and equipment	-3,220	-2,744
Net cash flow from investing activities	**-4,098**	**-3,253**
Cash flow from financing activities		
Cash inflow from loans	2,861	3,400
Cash outflow for loan repayment installments	-2,218	-2,007
Cash outflow for liabilities under finance leases	-657	-532
Net cash flow from financing activities	**-14**	**861**
Total cash flow	**-4,964**	**-2,145**
Cash and cash equivalents at start of period	-3,800	-5,238
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies	140	138
Cash and cash equivalents at end of period	**-8,624**	**-7,245**

Consolidated Statement of Changes in Equity

of InTiCa Systems SE in accordance with IFRS for the period from January 1 to June 30, 2023

	Capital stock EUR ´000	Treasury stock EUR ´000	Paid-in capital EUR ´000	Retained earnings EUR ´000	Currency translation reserve EUR ´000	Total equity EUR ´000
As of January 1, 2022	**4,287**	**-64**	**15,389**	**915**	**-867**	**19,660**
Net result for Q1 2022	0	0	0	861	0	861
Other comprehensive income, after taxes Q1 2022	0	0	0	0	253	253
Total comprehensive income for H1 2022	0	0	0	861	253	1,114
As of June 30, 2022	**4,287**	**-64**	**15,389**	**1,776**	**-614**	**20,774**
As of January 1, 2023	**4,287**	**-64**	**15,389**	**2,530**	**-173**	**21,969**
Net result H1 2023	0	0	0	-148	0	-148
Other comprehensive income, after taxes H1 2023	0	0	0	0	697	697
Total comprehensive income for H1 2023	0	0	0	-148	697	549
As of June 30, 2023	**4,287**	**-64**	**15,389**	**2,382**	**524**	**22,518**



Notes to the Consolidated Interim Financial Statements

for the period from January 1 to June 30, 2023

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems SE as of June 30, 2023, prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", use the same accounting policies and valuation methods as the consolidated financial statements for fiscal 2022, which were drawn up in accordance with the International Financial Reporting Standards valid as of the reporting date, as applicable for use in the European Union, and the relevant interpretations.

The consolidated interim financial statements have been prepared for the half-year period ending on June 30, 2023. Comparative data refer to the consolidated financial statements as of December 31, 2022, or the consolidated interim financial statements as of June 30, 2022. The consolidated interim financial statements do not contain all information that would be required for a full set of annual financial statements. A detailed overview of the accounting and valuation principles applied can be found in the notes to the consolidated financial statements in the annual report for 2022. This is available at Investor Relations/Publications on the company’s website at http://www.intica-systems.com/en.

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

Scope of consolidation

In addition to the parent company, InTiCa Systems SE, Passau, Germany, InTiCa Systems s.r.o., Prachatice, Czech Republic, Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico and InTiCa Systems TOV, Bila Tserkva, Ukraine are included in the consolidated financial statements. The Czech and Ukrainian subsidiaries are wholly owned companies, while InTiCa Systems SE holds 99% in the Mexican company and InTiCa Systems s.r.o. holds 1%. The annual financial statements and interim financial statements of the Group companies are drawn up as of the last day of the Group’s fiscal year or the interim reporting period.

Compared with H1 2022, there has been no change in the scope of consolidation of InTiCa Systems SE.

Currency translation

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

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

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

	Closing rates		
	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 23.730	CZK 24.565	CZK 24.740
USA	USD 1.085	USD 1.0676	USD 1.040
Mexico	MXN 18.628	MXN 20.652	MXN 20.892
Ukraine	UAH 40.000	UAH 38.951	UAH 30.778

	Average rates		
	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 23.690	CZK 24.115	CZK 24.649
USA	USD 1.081	USD 1.0682	USD 1.094
Mexico	MXN 19.634	MXN 21.279	MXN 22.367
Ukraine	UAH 39.524	UAH 33.995	UAH 31.736

Segment information

The notes to the consolidated financial statements in the annual report for 2022 contain a detailed overview of the assets allocated to each segment. There has not been any material change in the assets allocated to the segments since December 31, 2022.

Consolidated income statement / statement of comprehensive income

Group sales were EUR 45,360 thousand in the first six months of 2023, down from EUR 48,698 thousand in H1 2022. While sales in the Automotive segment dropped significantly, there was a visible increase in sales in the Industry & Infrastructure segment. EBITDA decreased from EUR 4,456 thousand to EUR 3,454 thousand. Group net income was minus EUR 148 thousand in the reporting period, compared with a plus of EUR 861 thousand in the first half of the previous year.

Consolidated balance sheet and cash flow statement

The capital stock of InTiCa Systems SE is EUR 4,287,000 and is divided into 4,287,000 no-par bearer shares with a theoretical pro rata share of the capital stock of EUR 1.00 per share. The equity ratio of around 32.5% as of June 30, 2023 (December 31, 2022: 33.6%) shows that the company is still soundly financed.

The net cash outflow for operating activities was EUR 852 thousand in the first six months of 2023 (H1 2022: inflow of EUR 247 thousand). The total cash outflow in the reporting period was EUR 4,964 thousand (H1 2022: outflow of EUR 2,145 thousand). Cash and cash equivalents therefore declined from minus EUR 3,800 thousand as of December 31, 2022 to minus EUR 8,624 thousand as of June 30, 2023. Equity and liabilities changed as follows in the reporting period: equity increased to EUR 22,518 thousand (December 31, 2022: EUR 21,969 thousand), non-current liabilities increased to EUR 18,358 thousand (December 31, 2022: EUR 17,367 thousand) and current liabilities increased to EUR 28,367 thousand (December 31, 2022: EUR 26,028 thousand). On the assets side of the balance sheet, non-current assets increased to EUR 35,383 thousand (December 31, 2022: EUR 32,993 thousand), while current assets rose to EUR 33,860 thousand (December 31, 2022: EUR 32,425 thousand).

Events after the reporting period

No reportable events have occurred since the reporting date on June 30, 2023.

Remuneration system of the Board of Directors and Supervisory Board

The remuneration system of the Board of Directors and the Supervisory Board is set out in detail in the Remuneration Report which can be downloaded from the company's website at www.intica-systems.com in the section Investor Relations/Corporate Governance.

German Corporate Governance Code and corporate governance statement

The corporate governance statement for InTiCa Systems SE and the InTiCa Systems Group, which is required by sec. 289f and sec. 315d of the German Commercial Code (HGB), including the corporate governance report, is available on the internet at www.intica-systems.com in the section Investor Relations/Corporate Governance.

Related party transactions

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

Other information

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

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

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

Diekmann (Germany) and Mr. Thorsten Wagner (Germany) have direct and indirect interests in the company's capital exceeding 10% of the voting rights.

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

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

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

In addition, under sec. 3 paragraph 3 of the articles of incorporation, the Supervisory Board may alter the articles of incorporation in the event of a capital increase out of the authorized capital 2022/1 to bring them into line with the extent of the capital increase and may make any other amendments associated with this provided that these are merely editorial.

On the basis of the resolution of the Annual General Meeting of July 15, 2022, the Board of Directors is authorized to increase the capital stock with the Supervisory Board's consent, in one or more tranches, up to July 14, 2027, by a total of up to EUR 2,143,500.00 in return for cash or contributions in kind under exclusion of shareholders' subscription rights (authorized capital 2022). Further details are given in sec. 3 paragraph 3 of the company's articles of incorporation, which can be downloaded from the company's website at Company/Downloads [available in German only].

On the basis of the resolution of the Annual General Meeting of May 29, 2008, the company was authorized, until November 28, 2009, to repurchase up to 10% of the capital stock of 428,700 shares at the date of the resolution. This resolution was used to purchase 263,889 shares in the company. As of June 30, 2023, InTiCa Systems SE still had treasury stock amounting to 64,430 shares (June 30, 2022: 64,430).

On the basis of a resolution adopted by the Annual General Meeting on July 15, 2022, the company is authorized, up to July 14, 2027, to purchase its own shares, in one or more tranches, up to a total of 10% of the capital stock at the time of adoption of this resolution or, if the capital stock is lower when this authorization is utilized, of the capital stock at the time when it is utilized. The company has not yet used this authorization.

InTiCa Systems SE has loans amounting to EUR 0.9 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.

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

Segment report as of June 30, 2023
Segment sales and segment earnings

Segment	Automotive		Industry & Infrastructure		Total	
In EUR ´000	**H1 2023**	H1 2022	**H1 2023**	H1 2022	**H1 2023**	**H1 2022**
Sales	**31,503**	37,315	**13,857**	11,383	**45,360**	48,698
EBIT	**-68**	1.167	**532**	290	**464**	1,457

Key financial figures	H1 2023 EUR ´000 or %	H1 2022 EUR ´000 or %	Change 2023 vs. 2022
EBITDA	**3,454**	**4,456**	-22.5%
Net margin	**-0.3%**	**1.8%**	-
Pre-tax margin	**-0.3%**	**2.5%**	-
Material cost ratio (in terms of total output)	**61.4%**	**63.9%**	-
Personnel cost ratio	**25.0%**	**22.1%**	-
EBIT margin	**1.0%**	**3.0%**	-
Gross profit margin	**37.8%**	**36.3%**	-

Responsibility Statement

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

Passau, August 8, 2023

The Board of Directors

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

Financial Calendar 2023

August 09, 2023	Publication of Interim Financial Statements for H1 2023
November 15, 2023	Publication of Interim Financial Statements for Q3 2023
November 16, 2023	Presentation at the Munich Capital Market Conference 2023
December 31, 2023	End of the financial year

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