Focus on E-Mobility

2018

INTERIM REPORT H1

Technologies for growth markets!

InTiCa Systems

H1 2018 in figures

The Group	Q2 2017 EUR ´000	**Q2 2018 EUR ´000**	H1 2017 EUR ´000	**H1 2018 EUR ´000**	Change vs. H1 2017
Sales	12,280	**12,735**	24,555	**25,931**	+5.6%
Net margin (net result for the period)	1.51%	**1.81%**	1.40%	**1.49%**	-
EBITDA	1,458	**1,438**	2,869	**2,888**	+0.7%
EBIT	355	**365**	713	**735**	+3.1%
EBT	237	**251**	485	**525**	+8.2%
Net result for the period	186	**230**	344	**386**	+12.2%
Earnings per share (diluted/basic in EUR)	0.04	**0.05**	0.08	**0.09**	+12.2%
Total cash flow	2,842	**-668**	245	**-1,851**	-
Net cash flow for operating activities	2,350	**1,121**	1,224	**2,343**	+91.4%
Capital expenditure	636	**2,791**	1,687	**4,745**	+181.3%

	Jun 30, 2017 EUR ´000	Dec 31, 2017 EUR ´000	**Jun 30, 2018 EUR ´000**	Change vs. Dec 31, 2017
Total assets	42,927	43,249	**48,614**	+12.4%
Equity	17,465	18,122	**18,240**	+0.7%
Equity ratio	41%	42%	**38%**	-
Number of employees incl. agency staff	589	608	**625**	+2.8%

The Stock	H1 2017	2017	**H1 2018**
Closing price (in EUR)	6.94	8.19	**7.15**
Period high (in EUR)	7.05	10.60	**8.45**
Period low (in EUR)	4.31	4.31	**6.50**
Market capitalisation at end of period (in EUR million)	29.75	35.11	**30.65**
Number of shares	4,287,000	4,287,000	**4,287,000**

The stock prices are closing prices on XETRA.

Contents

Foreword by the Board of Directors

Dear shareholders, employees and business associates,

Conditions in the automotive industry have become tougher since the start of the year: the Brexit-related uncertainty affecting British car manufacturers, the ongoing “Dieselgate” scandal, the introduction of the new WLTP test cycle, worldwide material shortages and, in particular, punitive customs tariffs, which no longer seem unlikely. The fact that Daimler has reduced its earnings guidance is a sign that manufacturers are alarmed, even though car sales are still rising worldwide. Moreover, the transition to the future key technologies for electromobility, energy storage and automonous driving is in full swing.

InTiCa Systems felt the effects of this situation in the first half of 2018. Order call-off patterns by customers have become more cautious and in some cases there was a shift in call-off volumes. At our new facility in Mexico, in particular, this has led to delays in the ramp-up of production. However, we assume that most of the obstacles will be overcome during the remainder of the year and that we will therefore see an improvement in the Automotive Technology segment in the fourth quarter. We are therefore leaving our guidance unchanged, although the uncertainties suggest that our performance is more likely to be at the lower end of the forecast range.

Overall though, we can say that the timely refocusing of the company is paying off. We already provide solutions for tomorrow's key technologies: for the storage of electrical energy, e-mobility, safety technology and energy management. That is successful: as well as increasing orders on hand from EUR 47.8 million in the first half of 2017 to EUR 55.2 million in the first half of 2018, current requests for quotations clearly show a particularly sharp rise in volumes in the e-mobility sector. About half of all new orders gained are for applications in hybrid and electric vehicles. Countering the market and sector-related risks of today's standard technologies in this way gives us a good basis from which to benefit from the special opportunities and business potential offered by these key technologies in the future as well. After all, German car producers are set to increase the choice of e-mobility models from 30 to more than 100 in the next three years.

Already, this future-oriented focus has made us far less susceptible to fluctuations. That can also be seen from our half-year results: despite the tough market conditions, we managed to raise sales by more than 5 percent. While the Industrial Electronics segment was the growth driver in the first quarter with high demand for inverters and project revenues from strategically important EMC filters business, the Automotive Technology segment was back in the driving

Silao, Mexico

seat in the second quarter. Our ability to hold the EBIT margin nearly stable despite start-up costs and the increased headcount in Mexico is evidence that we have made further progress with our systematic focus on lean management. Evidence comes from the significant drop in the material cost ratio.

The operating cash flow doubled to almost EUR 2.3 million in the first half of 2018. That was one reason behind the renewed substantial hike in investment. In the first six months of 2018, we invested more than EUR 4 million. Alongside the new production lines in Mexico, the main focus was on expanding production capacity for EMC filters and stators at our plant in the Czech Republic. Both solutions are used principally in hybrid vehicles and e-mobility. In the spring, we started to build up a new sales office Mexico to acquire new customers in NAFTA, and especially locally in Mexico. We see this as a further investment in the future.

At the German Automotive Industry Association's half-yearly press conference in July, its president, Bernhard Mattes, said that innovation and internationalization are the cornerstones of the German automotive industry's success. InTiCa Systems can therefore look ahead to a successful future. That is due, first and foremost, to our employees, whom we would like to thank most sincerely for their untiring efforts and resourcefulness. We would also like to thank our shareholders and business associates for the trust they place in us.

Passau August, 2018
Yours,

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

Board of Directors

Gregor Wasle

Spokesman of the Board of Directors

Engineering graduate

Strategy, Finance, Human Resources, Production, Manufacturing Technology, IT, Investor and Public Relations

Günther Kneidinger

Member of the Board of Directors

Sales, R&D, Materials Management and Quality Management

Supervisory Board

Udo Zimmer

Chairman

Business administration graduate

Munich

- *Member of the Board of Management of REMA TIP TOP AG*

Werner Paletschek

Deputy Chairman

Business administration graduate

Fürstenzell

- *Managing director of OWP Brillen GmbH, Passau*

Christian Fürst

Member of the Supervisory Board

Business administration graduate

Thyrnau

- *Managing partner of ziel management consulting gmbh*
- *Chairman of the Supervisory Board of Electrovac Hacht & Huber GmbH*
- *Advisory Board of Eberspächer Gruppe GmbH & Co. KG*

The Stock

InTiCa Systems' share price performance[1)]

Following a very good performance in 2017, with a rise of 72.4%, shares in InTiCa Systems AG started the first quarter of 2018 at a price of EUR 8.19. The positive performance continued at first, bringing the share price to a year-to-date high on January 10, 2018. After that, the shares were unable to escape the negative market trend and the price dropped to a year-to-date low of EUR 6.50 on March 5, 2018. However, price rapidly rebounded to around EUR 7.00. Following the publication of the annual report at the end of April, the share price rose to EUR 7.50 in mid/late May, supported by the good operating performance and the medium-term growth prospects for electromobility, before settling at EUR 7.00 again. At the beginning of July, the InTiCa share suffered a short-term setback to a year-to-date low of EUR 6.28 on July 11, 2018. The share subsequently recovered quickly, closing at EUR 7.15 on August 15, 2018. That was a decline of 12.6% since the start of the year, bringing InTiCa Systems' market capitalization to EUR 30.7 million.

In the first half of 2018, we provided timely information for our shareholders and the general public on current business trends, specific events and the company's prospects. As in the past, this year's press conference to mark the publication of the annual report for 2017 attracted considerable interest from analysts and investors. The presentation and speech given at the press conference can be accessed on the company's homepage at Investor Relations/Publications [available in German only]. The presentation given at this year's Annual General Meeting, which took place in Passau on July 6, 2018 is also published on the website. At the AGM, shareholders were able to inform themselves about fiscal 2017 and the current situation at InTiCa Systems AG.

In addition, InTiCa Systems AG plans to give a presentation for investors, analysts and financial journalists at this year's Munich Capital Markets Conference (MKK). MKK is the biggest capital market conference in southern Germany and will be held on December 11/12, 2018.

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

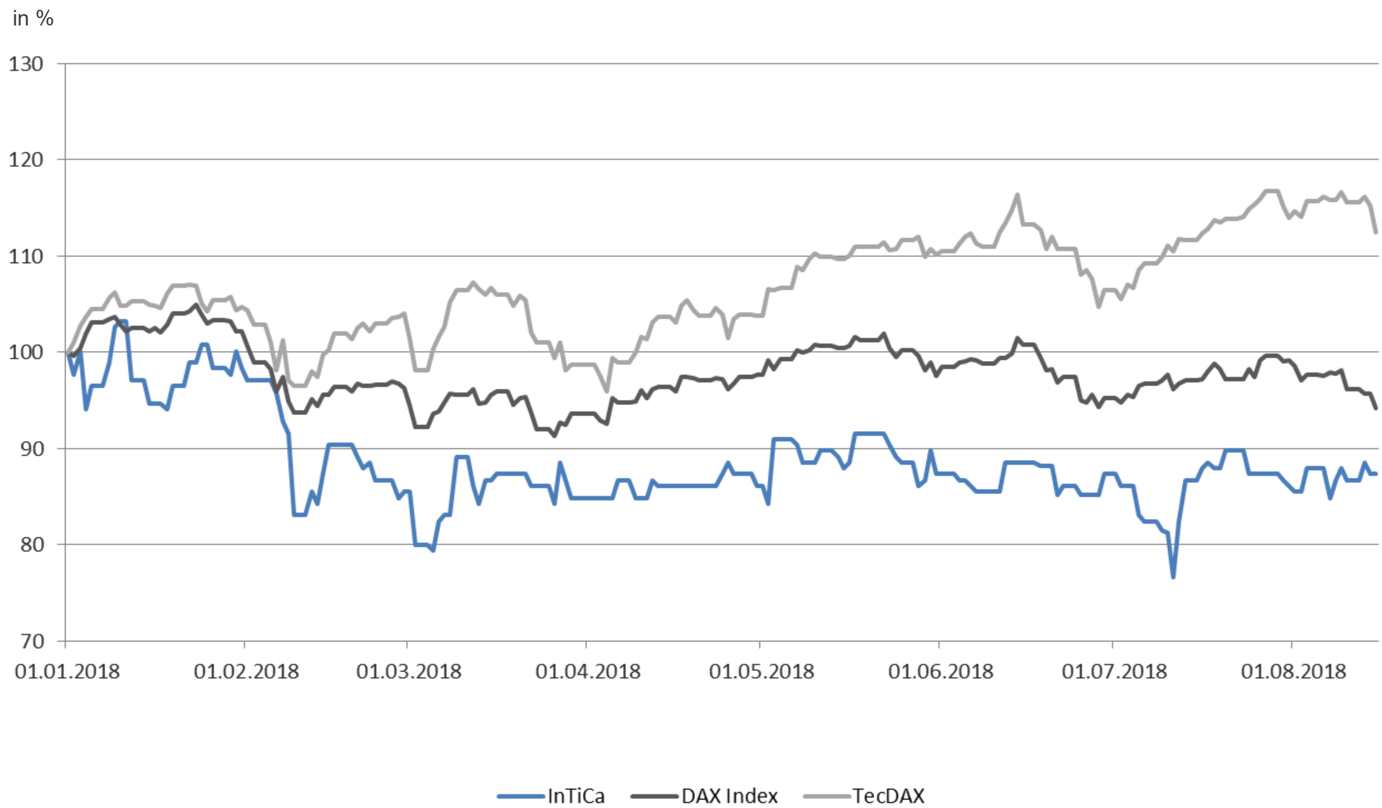
Designated sponsor	BankM - FTG Bank AG
Research coverage	SMC Research
No. of shares	4,287,000
Trading exchanges	XETRA®, Frankfurt, Hamburg, Berlin, Munich, Stuttgart, Düsseldorf

Shareholder structure

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

As of August 15, 2018

Share price performance



Interim Management Report of the Group

for the period from January 1 to June 30, 2018

Economic report

General economic conditions

Germany accounted for around two thirds of our sales in 2017, making it the most important market for InTiCa Systems AG. The company also supplies its products in Europe, the Americas and Asia. We have production facilities in Europe and NAFTA.

The global economic upswing lost momentum at the start of this year. Following slightly slow growth in output in the second half of last year, the global economy grew by just 0.8% in the first quarter of 2018. The Kiel Institute for the World Economy (IfW) has therefore reduced its forecast for global growth in 2018 by 0.2 percentage points to 3.8%. Nevertheless, the underlying economic trend remains positive.

While the pace of growth in the emerging markets was comparatively stable, the developed economies in particular paused for breath at the start of the year. For example, German GDP growth halved to 0.3% in the first quarter of 2018. Alongside high capacity utilization and declining order intake, this was caused by a number of one-off factors. The IfW therefore considers that the economic weakness at the start of the year was temporary and expects production pick up in the course of the year. Economic momentum is expected to rise again from mid-year as a result of the high growth in the private household income, which should bring a hike in consumer spending. Nevertheless, the IfW has reduced its forecast for German GDP growth this year by 0.5 percentage points to 2.0%. The development is similar in the euro zone. Here too, the IfW expects the upswing to continue at a slightly slower pace.

The situation is different in the USA: driven by robust consumer spending and buoyant investment, there should temporarily be a considerable rise in macroeconomic growth. The IfW anticipates that output will rise by 2.8% in 2018. Mexico will also benefit from this and the IfW is predicting that the growth rate here will increase from 2.3% to 2.8%. Asia will continue to drive global economic growth in 2018, with a forecast growth rate of 6.5%. The rise in output is expected to be especially high in India, at 7.4%. In China, the increase in production is expected to be stable at 6.8%, and the pace of industrial growth recently increased slightly.

Risks for the global economy mainly come from the smouldering international trade disputes, where could lead to a spiral of action and reaction, which would dampen global economic activity considerably. Appreciable customs duties on cars and spare parts imported into the USA could have significant negative effects on production in a number of countries because of the high economic significance of such exports. Moreover, the political uncertainty in the euro zone has increased, not least as a result of the change of government in Italy. Finally, there is still a risk that the upcoming normalization of monetary policy could suddenly unsettle the capital markets.

Market environment

The international automotive markets presented a positive picture across the board in the first half of 2018. According to the Germany Automotive Industry Association (VDA), a total of 28.8 million vehicles were sold in the three largest markets – China, the USA and Europe. That was 1 million more than in the first half of 2017. In Europe, 8.7 million new cars were registered in the first half of 2018 – 3% more than in the prior-year period. In the USA, volumes in the light vehicle market (cars and light trucks) have increased 2% to 8.6 million new vehicles so far this year. Sales of cars declined considerably while sales of light trucks increased strongly. The Chinese market registered 11.5 million new vehicles by the end of the first half of the year, nearly 6% more than in the prior-year period. Growth was even stronger in Russia, Brazil and India, all of which registered double-digit increases.

The German market remains at a high level. In the first five months of this year, there were 1.5 million new car registrations in Germany, an increase of nearly 3%. The debate about possible restrictions on the use of diesel vehicles has affected the market. The percentage of newly registered diesel cars dropped by nearly a third in Germany. At the same time, new registrations of electric cars increased by about 60% in Germany in the first five months of the year. The market share of German producers was around 66%. In Western Europe as a whole it was 48%. By contrast, exports by German producers declined slightly (-2%). Since three out of four cars produced in Germany are exported, domestic car production dropped to just under 2.4 million (-4%) in the first five months.

The German automotive industry is particularly worried about the development of international trade policy. Since Germany is an export nation, producers are reliant on free market access. Despite the economic and political uncertainties, the outlook remains positive. The VDA expects German car producers to raise global output by 1% to a new record of 16.7 million vehicles in 2018. Overall, the VDA predicts that the global car market will grow by 2% to 86 million vehicles this year.

Business sentiment in the German electrical and electronic industry remains positive according to the German Electrical and Electronic Manufacturers' Association (ZVEI). In the first five months of 2018, aggregate output in this sector was 3.1% above the prior-year level. As a result, sector revenue increased 4.0% year-on-year to EUR 79.0 billion. Domestic sales rose 4.3% to EUR 37.5 billion and export sales increased 3.8% to EUR 41.5 billion. Between January and May, order intake was 1.0% higher than in the prior-year period.

Significant events in the reporting period

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

Earnings, asset and financial position

Market dynamics also made themselves felt at InTiCa Systems in the reporting period. The uncertainty of British car manufacturers due to Brexit, the threat of punitive customs tariffs in the USA, the ongoing "Dieselgate" scandal, the introduction of the new WLTP test cycle and, in particular, the start-up challenges in the promising hybrid and electric mobility market are adversely affecting international market development and leading to fluctuations in customer call-off behaviour. In this market environment, InTiCa Systems AG achieved sales growth of 5.6% to EUR 25.9 million in the first half of 2018. After a somewhat weaker first quarter, the Automotive Technology segment returned to growth, although the start up of the third production line in Mexico and an increase in the call-off figures of the first two production lines are only expected for the second half of the year. In the Industrial Electronics segment, sales increased significantly compared to the previous year due to the strong first quarter.

At EUR 2.9 million, EBITDA was at the previous year's level, and the EBITDA margin was 11.1% (H1 2017: 11.7%). While it was possible to significantly reduce the ratio of material costs to total output, the personnel expense ratio increased as a result of the increase in the number of employees and rising wage costs in the Czech Republic. EBIT increased slightly year-on-year in the first half of 2018 to EUR 0.74 million (H1 2017: EUR 0.71 million), accompanied by an EBIT margin of 2.8% (H1 2017: 2.9%). Net income for the first six months amounted to EUR 386 thousand (H1 2017: EUR 344 thousand).

At EUR 2.3 million, operating cash flow was significantly higher than in the same period of the previous year (H1 2017: EUR 1.2 million). Due to high investment in a third production line in Mexico and expansion of the production facilities for hybrid and e-mobility at the plant in the Czech Republic, the total cash flow was negative at minus EUR 1.9 million (H1 2017: EUR 0.2 million). The equity ratio decreased to 38% (December 31, 2017: 42%).

Earnings position

Compared with the first six months of 2017, Group sales rose 5.6% to EUR 25.9 million (H1 2017: EUR 24.6 million), with both segments contributing to this. Sales increased 0.5% to EUR 19.9 million (H1 2017: EUR 19.8 million) in the Automotive Technology segment and 26.8% to EUR 6.0 million (H1 2017: EUR 4.8 million) in the Industrial Electronics segment. It should be noted that sales of EMC filter technology, which is used in both stationary systems (Industrial Electronics) and vehicles (Automotive Technology), are currently allocated entirely to the Industrial Electronics segment.

The ratio of material costs to total output was reduced to 53.0% in the reporting period (H1 2017: 54.9%). At the same time, the personnel cost ratio rose from 22.7% to 23.4% due to the increase in the average number of employees in the reporting period. Other expenses increased from EUR 3.1 million in the previous year to EUR 3.8 million, the rise being mainly due to the increase in the expenses for agency staff at the production sites in Prachatice and Silao to EUR 0.7 million (H1 2017: EUR 0.2 million).

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 2.2 million, as in the previous year. Spending on research and development was up slightly year-on-year in the reporting period at EUR 1.5 million (H1 2017: EUR 1.4 million). Development work focused principally on the Automotive Technology segment.

EBITDA (earnings before interest, taxes, depreciation and amortization) remained virtually unchanged at EUR 2.9 million (H1 2017: EUR 2.9 million). The EBITDA margin therefore declined from 11.7% to 11.1%. EBIT (earnings before interest and taxes) increased slightly year-on-year to EUR 0.74 million (H1 2017: EUR 0.71 million). At 2.8%, the EBIT margin was slightly below the previous year's level (H1 2017: 2.9%). At segment level, profitability in Automotive Technology segment was adversely affected by start-up costs in Mexico and general market conditions in the first half of 2018. At EUR 0.3 million, EBIT was significantly below the previous year's figure (H1 2017: EUR 0.7 million). By contrast, the Industrial Electronics segment grew EBIT to EUR 0.45 million (H1 2017: EUR 48 thousand).

As in the prior-year period, the financial result was minus EUR 0.2 million in the first half of 2018 (H1 2017: minus EUR 0.2 million). Tax expenses also remained constant in the reporting period at EUR 0.1 million (H1 2017: EUR 0.1 million). Group net income was therefore EUR 0.4 million in the reporting period (H1 2017: EUR 0.3 million). Earnings per share were EUR 0.09 (H1 2017: EUR 0.08).

As a result of currency translation losses of EUR 0.3 million (H1 2017: gains of EUR 0.4 million) from the translation of foreign business operations, comprehensive income was EUR 0.1 million in the first six months of 2018, compared with EUR 0.7 million in the first six months of 2017.

Non-current assets

Investment in property, plant and equipment in the reporting period significantly exceeded the corresponding depreciation, so property, plant and equipment rose to EUR 22.3 million (December 31, 2017: EUR 20.1 million). Intangible assets slightly increased to EUR 4.7 million (December 31, 2017: EUR 4.6 million) and deferred taxes amounted to EUR 1.0 million (December 31, 2017: EUR 1.1 million). In total, non-current assets increased to EUR 28.0 million as of June 30, 2018 (December 31, 2017: EUR 25.8 million).

Current assets

Current assets increased to EUR 20.6 million as of June 30, 2018 (December 31, 2017: EUR 17.5 million). The rise in the reporting period was mainly due to the increase in inventories from EUR 8.1 million to EUR 8.5 million and in trade receivables from EUR 8.8 million to EUR 10.7 million. Cash and cash equivalents totalled EUR 0.3 million on June 30, 2018 (December 31, 2017: EUR 0.1 million).

Liabilities

Current liabilities increased significantly to EUR 17.3 million in the first half of 2018 (December 31, 2017: EUR 12.5 million). This was mainly due to a rise in current liabilities to banks from EUR 9.1 million to EUR 11.0 million and in trade payables from EUR 1.6 million to EUR 3.7 million. Other current provisions increased to EUR 1.3 million (December 31, 2017: EUR 1.1 million).

Non-current liabilities amounted to EUR 13.1 million as of June 30, 2018, up from EUR 12.6 million as of December 31, 2017. Non-current liabilities to banks thereby increased from EUR 10.9 million to EUR 11.4 million as the assumption of new liabilities exceeded scheduled repayment instalments. Deferred taxes were EUR 1.7 million, unchanged from December 31, 2017.

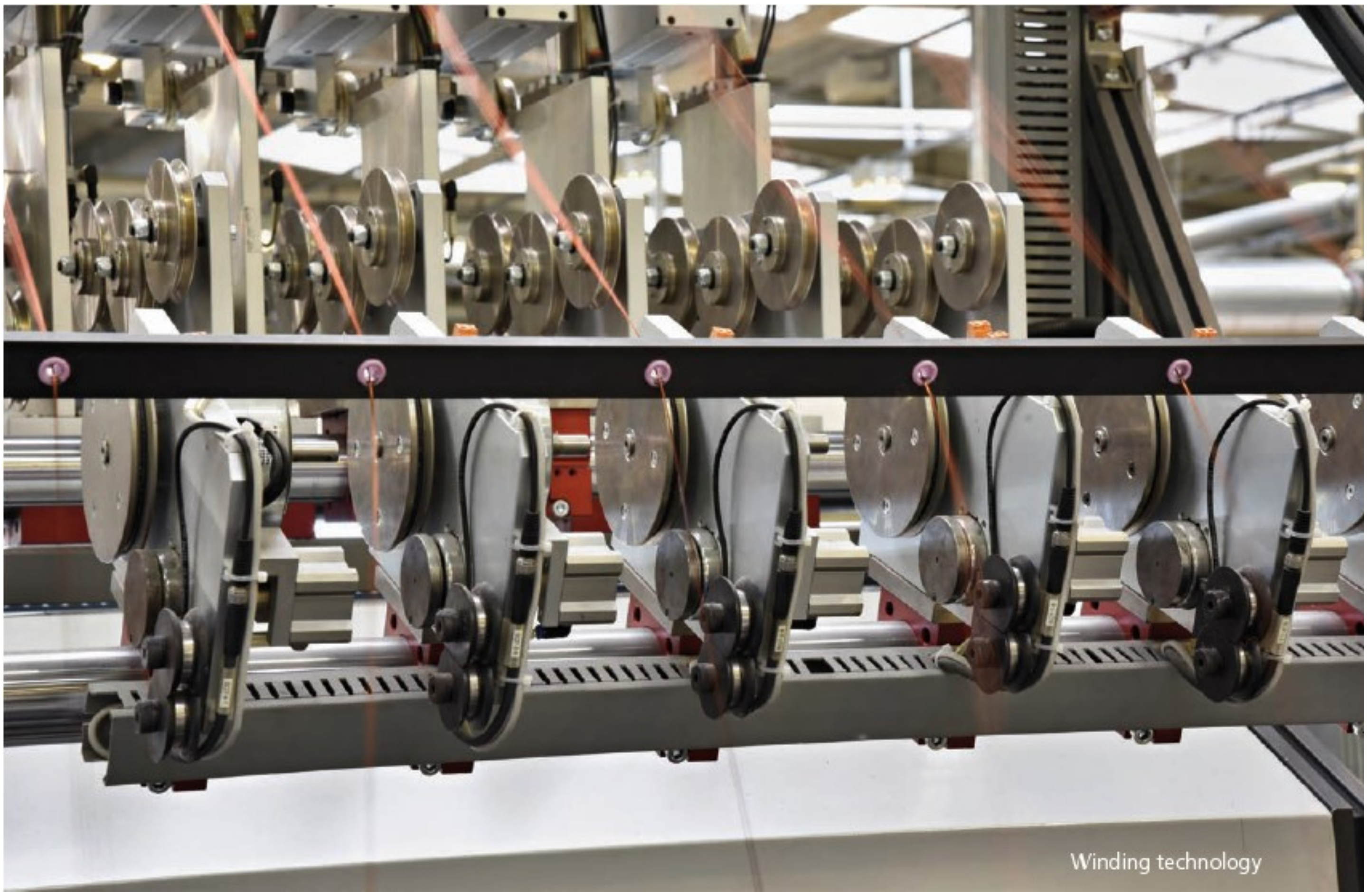
Equity

Equity amounted to EUR 18.2 million as of June 30, 2018 (December 31, 2017: EUR 18.1 million). While the net profit for the period led to a reduction in the negative revenue reserve, the negative currency translation reserve increased as a result of negative currency translation effects. The capital stock of EUR 4.3 million, treasury stock of EUR 64 thousand and capital reserve of EUR 15.4 million were constant in the reporting period. Total equity and liabilities increased to EUR 48.6 million at the end of the first half of 2018 (December 31, 2017: EUR 43.2 million) and the equity ratio dropped from 41.9% to 37.5% as a result.

Liquidity and cash flow statement

As in the first quarter, InTiCa Systems AG again generated a clearly positive operating cash flow in the second quarter of 2018. Overall, the net cash flow from operating activities amounted to EUR 2.3 million in the first half of 2018, almost twice as high as in the same period of the previous year (H1 2017: EUR 1.2 million). The increase was mainly due to the fact that on the liabilities side of the balance sheet, trade payables and other liabilities rose faster than inventories, trade receivables and other assets on the assets side. Excluding interest payments, cash flow from operating activities was EUR 2.5 million (H1 2017: EUR 1.4 million).

The net cash outflow for investing activities was EUR 4.7 million in the reporting period (H1 2017: outflow of EUR 1.7 million). While investment in intangible assets declined slightly to EUR 0.6 million (H1 2017: EUR 0.7 million), investment in property, plant and equipment increased strongly to EUR 4.1 million (H1 2017: EUR 1.0 million). Of this amount, around EUR 1.5 million



was invested in the construction of the third production line in Mexico and EUR 2.5 million in new lines for stators and EMC filters at the plant in the Czech Republic. To further raise efficiency in line with the lean philosophy, additional investments will be made in the modernization of existing production facilities. In total, capital expenditures for property, plant and equipment of up to EUR 5.5 million are planned for 2018 as a whole.

The net cash flow for financing activities was EUR 0.6 million in the first half of 2018 (H1 2017: EUR 0.7 million). In the reporting period, cash inflows from loans of EUR 1.7 million (H1 2017: EUR 1.5 million) were recorded, while cash outflows for the repayment of loans amounted to EUR 1.1 million (H1 2017: EUR 0.8 million).

That resulted in a total cash outflow of EUR 1.9 million in the reporting period (H1 2017: inflow of EUR 0.2 million). Cash and cash equivalents (less overdrafts) were minus EUR 7.5 million as of June 30, 2018 (June 30, 2017: minus EUR 6.5 million). As of the reporting date, InTiCa Systems AG had assured credit facilities which could be drawn at any time totalling EUR 10.35 million.

Employees

The headcount was 625 on June 30, 2018 (June 30, 2017: 589). 99 of these employees were agency staff (June 30, 2017: 42). The increase was due to the current labour market situation in the Czech Republic, with a shortage of personnel and rising wage costs, as well as to the construction and expansion of the plant in Mexico, where employees are initially hired as temporary workers until the call-off figures stabilize as serial production increases. On average, the Group had 618 employees in the reporting period (H1 2017: 592), including agency staff in both cases.

Risks and opportunities

The management report in the annual report for 2017 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 AG in the reporting period.

Outlook

The start of 2018 was more difficult than originally planned for InTiCa Systems’ Automotive Technology segment. Market uncertainties led to delays in call-offs by customers, especially at the new plant in Mexico, where two production lines came into service in the first half of the year. However, the Board of Directors assumes that call-off patterns will improve in the second half of the year. In addition, a third production line has now been completed for an additional customer, and is scheduled to come into operation before year-end. In spring, the first steps were taken to build up a new sales office to acquire new customers in NAFTA, especially Mexico. This underscores the ambitious and longer-term growth prospects here. Together with the ongoing investment in key technologies such as electromobility, InTiCa Systems is therefore taking optimum action to counter the present market risks. The investment in expanding production capacity and optimizing production workflows has reduced material costs and overcome capacity bottlenecks but the Board of Directors sees further scope for optimization.

Alongside EMC filters, which are used in both market segments, the Industrial Electronics segment is focusing on inverter technology and the growing market for energy storage systems. Here, the positive trend seen in 2017 has continued. Although sales fluctuate somewhat during the year as a result of project business, the Board of Directors assumes that they will be well above the planned level of EUR 8-9 million this year. InTiCa Systems' ability to offer customer-specific solutions, combined with greater vertical integration and systems solution competence, are its main competitive advantage in addressing the opportunities that arise. In-house manufacturing is expected to be over 80% again in 2018.

At the end of the first half of 2018 orders on hand were well above the prior-year level at EUR 55.2 million (June 30, 2017: EUR 47.8 million). 89% of orders were for the Automotive Technology segment (June 30, 2017: 80%). From current requests for quotations, it is clear that unit volumes are rising especially fast in the e-mobility sector. Overall, the Board of Directors expects orders on hand to rise in both the Automotive Technology segment and the Industrial Electronics segment.

Based on this, as of now the Board of Directors is confirming its forecast for 2018 as a whole. However, in view of the delayed start-up of high-volume serial production in Mexico and the macroeconomic and sector-specific uncertainties, the increase is more likely to be at the lower end of the expected range of EUR 53 million to EUR 56 million for sales and 3.0% to 3.5% for the EBIT margin.

Further information on the segments can be found in the annual report for 2017 in section 6 "Outlook".

Consolidated interim financial statements in accordance with IFRS

The unaudited consolidated interim financial statements for InTiCa Systems AG and its subsidiaries as of June 30, 2018, have been drawn up in accordance with the International Financial Reporting Standards (IFRS), as applicable for use in the European Union, and the supplementary commercial law regulations set out in sec. 315a paragraph 1 of the German Commercial Code (HGB). No audit review has been conducted of the consolidated interim financial statements.

Forward-looking Statements and Predictions

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

Consolidated Interim Financial Statements

for the period from January 1 to June 30, 2018

Consolidated Balance Sheet

of InTiCa Systems AG in accordance with IFRS as of June 30, 2018

Assets	Jun 30, 2018 EUR ´000	Dec 31, 2017 EUR ´000
Non-current assets		
Intangible assets	4,728	4,593
Property, plant and equipment	22,325	20,109
Deferred taxes	954	1,054
Total non-current assets	**28,007**	**25,756**
Current assets		
Inventories	8,494	8,099
Trade receivables	10,686	8,802
Tax assets	3	3
Other financial assets	114	53
Other current receivables	1,020	395
Cash and cash equivalents	290	141
Total current assets	**20,607**	**17,493**
Total assets	**48,614**	**43,249**

Equity and liabilities

	Jun 30, 2018 EUR ´000	Dec 31, 2017 EUR ´000
Equity		
Capital stock	4,287	4,287
Treasury stock	-64	-64
General capital reserve	15,389	15,389
Profit reserve	-358	-744
Currency translation reserve	-1,014	-746
Total equity	**18,240**	**18,122**
Non-current liabilities		
Interest-bearing non-current liabilities	11,402	10,928
Deferred taxes	1,711	1,676
Total non-current liabilities	**13,113**	**12,604**
Current liabilities		
Other current provisions	1,292	1,074
Tax payables	113	116
Interest-bearing current financial liabilities	11,022	9,106
Trade payables	3,714	1,592
Other financial liabilities	413	328
Other current liabilities	707	307
Total current liabilities	**17,261**	**12,523**
Total equity and liabilities	**48,614**	**43,249**
Equity ratio	38%	42%

Consolidated Statement of Profit and Loss and other Comprehensive Income

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to June 30, 2018

	Q2 2018 EUR ´000	Q2 2017 EUR ´000	H1 2018 EUR ´000	H1 2017 EUR ´000	Change 2018 vs. 2017
Sales	**12,735**	**12,280**	**25,931**	**24,555**	**+5.6%**
Other operating income	313	91	397	175	+126.9%
Changes in finished goods and work in process	143	281	-161	161	-
Other own costs capitalized	302	295	603	595	+1.3%
Material expense	6,845	7,015	13,985	13,887	+0.7%
Personnel expense	3,057	2,834	6,060	5,585	+8.5%
Depreciation and amortization	1,073	1,103	2,153	2,156	-0.1%
Other expenses	2,153	1,640	3,837	3,145	+22.0%
Operating profit (EBIT)	**365**	**355**	**735**	**713**	**+3.1%**
Cost of financing	114	118	210	228	-7.9%
Other financial income	0	0	0	0	-
Profit before taxes	**251**	**237**	**525**	**485**	**+8.2%**
Income taxes	21	51	139	141	-1.4%
Net profit for the period	**230**	**186**	**386**	**344**	**+12.2%**
Other comprehensive income					
Exchange differences from translating foreign business operations	-394	275	-268	394	-
Other comprehensive income, after taxes	**-394**	**275**	**-268**	**394**	**-**
Total comprehensive income for the period	**-164**	**461**	**118**	**738**	**-84.0%**
Earnings per share (diluted/basic in EUR)	0.05	0.04	0.09	0.08	+12.2%
EBITDA	**1,438**	**1,458**	**2,888**	**2,869**	**+0.7%**

Consolidated Cash Flow Statement

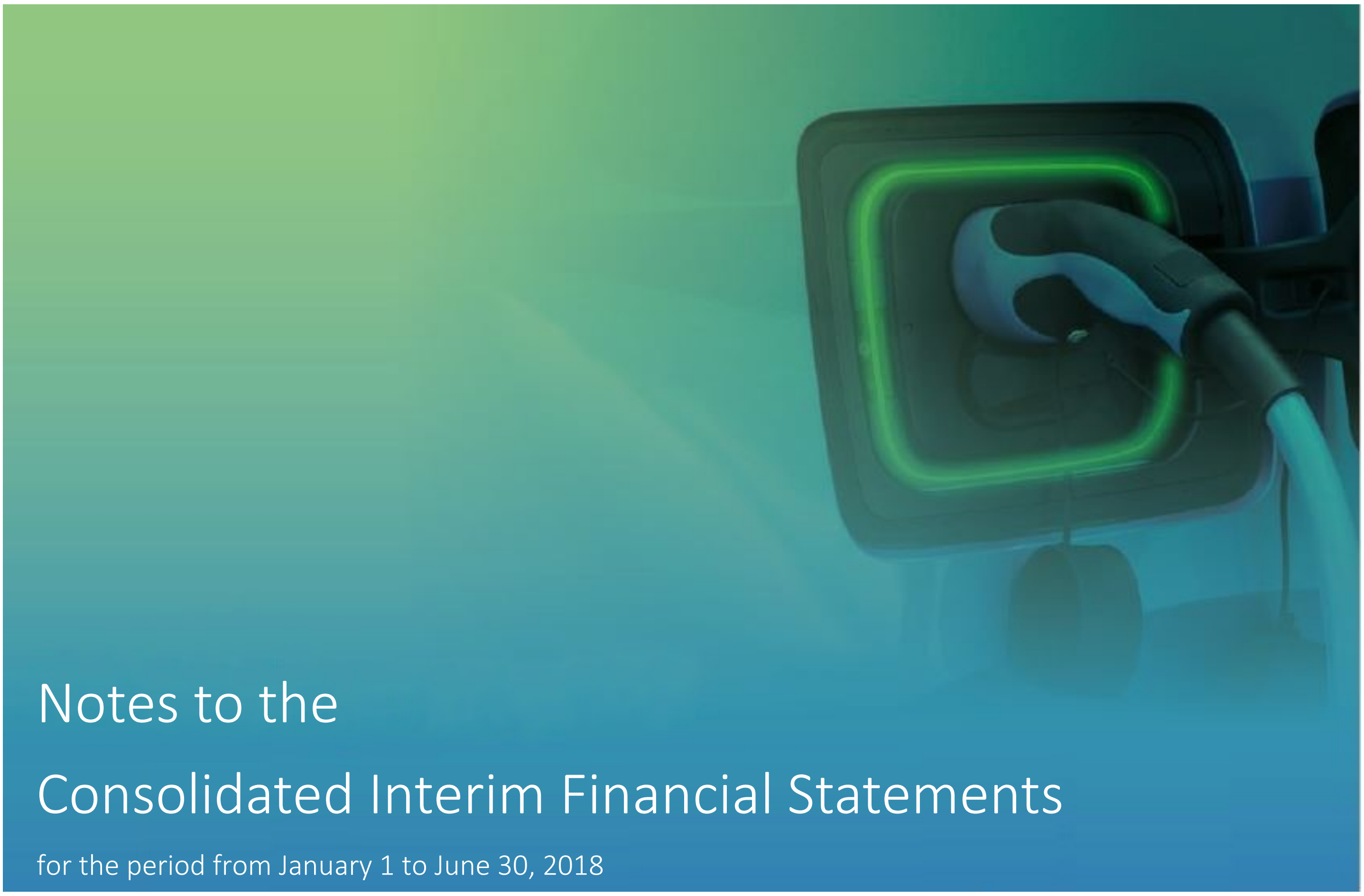
of InTiCa Systems AG in accordance with IFRS for the period from January 1 to June 30, 2018

	Jan 1 - Jun 30, 2018 EUR ´000	Jan 1 - Jun 30, 2017 EUR ´000
Cash flow from operating activities		
Net profit for the period	386	344
Income tax expenditures / receipts	139	141
Cash outflow for borrowing costs	210	228
Income from financial investments	0	0
Depreciation and amortization of non-current assets	2,153	2,156
Other non-cash transactions		
Net currency gains/losses	-192	17
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	-395	-935
Trade receivables	-1,884	-525
Other assets	-686	143
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	218	203
Trade payables	2,122	-353
Other liabilities	434	3
Cash flow from operating activities	**2,505**	**1,422**
Cash outflow for income taxes	-3	1
Cash outflow for interest payments	-159	-199
Net cash flow from operating activities	**2,343**	**1,224**
Cash flow from investing activities		
Cash inflow from interest payments	0	0
Cash outflow for intangible assets	-644	-680
Cash outflow for property, plant and equipment	-4,101	-1,007
Net cash flow from investing activities	**-4,745**	**-1,687**
Cash flow from financing activities		
Cash inflow from loans	1,663	1,548
Cash outflow for loan repayment installments	-1,112	-840
Cash outflow for liabilities under finance leases	0	0
Net cash flow from financing activities	**551**	**708**
Total cash flow	**-1,851**	**245**
Cash and cash equivalents at start of period	-5,721	-6,674
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies	69	-98
Cash and cash equivalents at end of period	**-7,503**	**-6,527**

Consolidated Statement of Changes in Equity

of InTiCa Systems AG in accordance with IFRS for the period from January 1 to June 30, 2018

	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, 2017	**4,287**	**-64**	**15,389**	**-1,471**	**-1,414**	**16,727**
Net result for H1 2017	0	0	0	344	0	344
Other comprehensive income, after taxes H1 2017	0	0	0	0	394	394
Total comprehensive income for H1 2017	0	0	0	344	394	738
As of June 30, 2017	**4,287**	**-64**	**15,389**	**-1,127**	**-1,020**	**17,465**
As of January 1, 2018	**4,287**	**-64**	**15,389**	**-744**	**-746**	**18,122**
Net result H1 2018	0	0	0	386	0	386
Other comprehensive income, after taxes for H1 2018	0	0	0	0	-268	-268
Total comprehensive income for H1 2018	0	0	0	386	-268	118
As of June 30, 2018	**4,287**	**-64**	**15,389**	**-358**	**-1,014**	**18,240**



Notes to the Consolidated Interim Financial Statements

for the period from January 1 to June 30, 2018

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems AG as of June 30, 2018, 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 2017, which were drawn up in accordance with the International Financial Reporting Standards valid as of the reporting date, as applicable for use in the European Union, and the relevant Interpretations. The consolidated interim financial statements have been prepared for the six-month period ending on June 30, 2018. Comparative data refer to the consolidated financial statements as of December 31, 2017, or the consolidated interim financial statements as of June 30, 2017. 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 2017.

This is available at Investor Relations/Publications on the company’s website at www.intica-systems.com/en.

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

Scope of consolidation

In addition to the parent company, InTiCa Systems AG, Passau, Germany, InTiCa Systems s.r.o., Prachatice, Czech Republic, and Sistemas Mecatrónicos InTiCa S.A.P.I. de C.V., Silao, Mexico are included in the consolidated financial statements. The Czech subsidiary is a wholly owned company, while InTiCa Systems AG holds 99% of shares in the Mexican company and InTiCa Systems s.r.o. holds 1%. The annual financial statements and interim financial statements of the Group companies are drawn up as of the last day of the Group’s fiscal year or the interim reporting period. Compared with H1 2017, there has been no change in the scope of consolidation of InTiCa Systems AG.

Currency translation

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

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

Segment report as of June 30, 2018
Segment sales and segment earnings

Segment	Automotive Technology		Industrial Electronics		Total	
In EUR ´000	**H1 2018**	H1 2017	**H1 2018**	H1 2017	**H1 2018**	H1 2017
Sales	**19,906**	19,803	**6,025**	4,753	**25,931**	24,556
EBIT	**280**	665	**455**	48	**735**	713

Key financial figures	H1 2018 EUR ´000 or %	H1 2017 EUR ´000 or %	Change 2018 vs. 2017
EBITDA	**2,888**	2,869	+0.7%
Net margin	**1.5%**	1.4%	
Pre-tax margin	**2.0%**	2.0%	
Material cost ratio (in terms of total output)	**53.0%**	54.9%	
Personnel cost ratio	**23.4%**	22.7%	
EBIT margin	**2.8%**	2.9%	
Gross profit margin	**45.4%**	44.1%	

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

Closing rates

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 26.020	CZK 25.540	CZK 26.195
USA	USD 1.164	USD 1.199	USD 1.140
Mexico	MXN 23.189	MXN 23.693	MXN 20.600

Average rates

	Jun 30, 2018	Dec 31, 2017	Jun 30, 2017
	EUR 1	EUR 1	EUR 1
Czech Republic	CZK 25.500	CZK 26.330	CZK 26.784
USA	USD 1.211	USD 1.130	USD 1.083
Mexico	MXN 23.101	MXN 21.316	MXN 21.042

Segment information

The notes to the consolidated financial statements in the annual report for 2017 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, 2017.

Consolidated income statement

Group sales rose to EUR 25,931 thousand in H1 2018, up from EUR 24,555 thousand in H1 2017, with both segments contributing to this. At EUR 2,888 thousand, EBITDA was at the previous year's level (H1 2017: EUR 2,869 thousand). Group net income was EUR 386 thousand in the reporting period, compared with EUR 344 thousand in the first half of the previous year.

Consolidated balance sheet and cash flow statement

The capital stock of InTiCa Systems AG is EUR 4,287,000 and is divided into 4,287,000 no-par bearer shares with a theoretical pro rata share of the capital stock of EUR 1.00 per share. The equity ratio of around 38% as of June 30, 2018 (December 31, 2017: 42%) shows that the company is still soundly financed.

The net cash flow for operating activities was EUR 2,343 thousand in the first six months of 2018 (H1 2017: EUR 1,224 thousand). Due to high investment in the plants in Mexico and the Czech Republic, the total cash outflow in the reporting period was EUR 1,851 thousand (H1 2017: EUR 245 thousand). Cash and cash equivalents therefore declined from minus EUR 5,721 thousand as of December 31, 2017 to minus EUR 7,503 thousand as of June 30, 2018. Equity and liabilities changed as follows in the reporting period: equity increased slightly to EUR 18,240 thousand (December 31, 2017: EUR 18,122 thousand), while non-current liabilities increased to EUR 13,113 thousand (December 31, 2017: EUR 12,604 thousand). Current liabilities increased to EUR 17,261 thousand (December 31, 2017: EUR 12,523 thousand), mainly because of new bank borrowings and the increase in trade payables. On the assets side of the balance sheet, non-current assets increased to EUR 28,007 thousand (December 31, 2017: EUR 25,756 thousand), while current assets increased to EUR 20,607 thousand (December 31, 2017: EUR 17,493 thousand) as a result of the increase in inventories and trade receivables.

Events after the reporting date

No reportable events have occurred since the reporting date, June 30, 2018.

German Corporate Governanace Code and declaration of conformance

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

Related party transactions

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

Other information

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

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

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

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

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

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

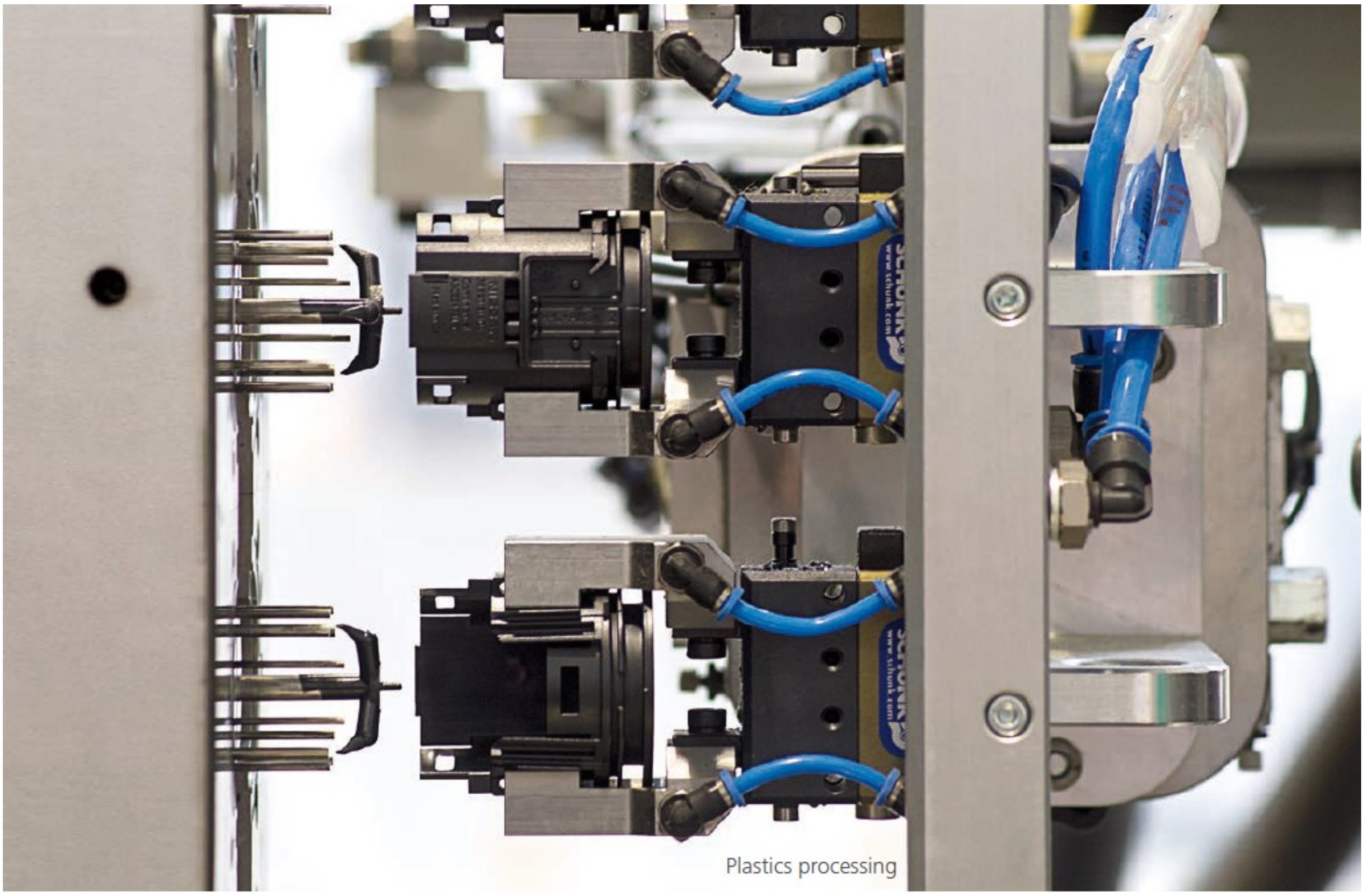
In addition, under sec. 3 paragraph 3 of the articles of incorporation, the Supervisory Board may alter the articles of incorporation in the event of a capital increase out of the authorized capital 2017/I to bring them into line with the extent of the capital increase and may make any other amendments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

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

On the basis of the resolution of the Annual General Meeting of May 29, 2008, the company was authorized, until November 28, 2009, to repurchase up to 10% of the capital stock of 428,700 shares at the date of the resolution. This resolution was used to purchase 263,889 shares in the company. As of June 30, 2018, InTiCa Systems AG still had treasury stock amounting to 64,430 shares (December 31, 2017: 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.

InTiCa Systems has loans amounting to EUR 4.7 million which give the lender a right of termination in the event of a change in the borrower's shareholder or ownership structure such that the shareholders or owners relinquish control over the borrower during the term of the loans or a person or group of persons acting jointly acquire more than 50% of the



Plastics processing

voting rights and/or more than 50% of the capital of the borrower, unless the prior consent of the lender is obtained.

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

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

Responsibility Statement

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

Passau, August 22, 2018

The Board of Directors

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

Financial Calendar 2018

August 23, 2018	Publication of Interim Financial Statements for H1 2018
November 22, 2018	Publication of Interim Financial Statements for Q3 2018
December 11/12, 2018	Presentation at the Munich Capital Market Conference 2018

Headquarter:
InTiCa Systems AG
Spitalhofstraße 94
94032 Passau
Germany

Phone +49 (0) 851 96692-0
Fax +49 (0) 851 96692-15

www.intica-systems.com
info@intica-systems.com

Technologies for growth markets!