InTiCa Systems

2024

INTERIM REPORT 9M

9M 2024 in figures

The Group	Q3 2023 EUR ´000	**Q3 2024 EUR ´000**	9M 2023 EUR ´000	**9M 2024 EUR ´000**	Change vs. 9M 2023
Sales	22,185	**15,987**	67,545	**55,403**	-18.0%
Net margin (net result for the period)	-2.4%	**-7.9%**	-1.0%	**-3.1%**	-
EBITDA	1,379	**857**	4,833	**4,557**	-5.7%
EBIT	-136	**-849**	328	**-396**	-
EBT	-523	**-1,281**	-679	**-1,801**	-
Net result for the period	-525	**-1,259**	-673	**-1,726**	-
Earnings per share (diluted/basic in EUR)	-0.12	**-0.29**	-0.16	**-0.40**	-
Total cash flow	-1,626	**2,512**	-6,590	**-331**	-
Net cash flow for operating activities	625	**4,788**	-227	**4,749**	-
Capital expenditure	1,211	**355**	5,309	**2,539**	-52.2%

	Sep 30, 2023 EUR ´000	Dec 31, 2023 EUR ´000	**Sep 30, 2024 EUR ´000**	Change vs. Dec 31, 2023
Total assets	68,869	67,722	**61,772**	-8.8%
Equity	21,567	20,827	**18,394**	-11.7%
Equity ratio	31.3%	30.8%	**29.,8%**	-
Number of employees incl. agency staff	834	761	**603**	-20.8%

The Stock	9M 2023	2023	**9M 2024**
Closing price (in EUR)	6.90	6.40	**2.88**
Period high (in EUR)	8.60	8.60	**6.40**
Period low (in EUR)	6.50	4.95	**2.88**
Market capitalisation at end of period (in EUR million)	29.58	27.44	**12.35**
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,

“Unsatisfactory, but not unexpected” was how we summed up the foreword in our half-year report. Three months later, our dissatisfaction has reached a level that goes beyond what had been expected, even though we had not anticipated an improvement in the short term and had already factored in a further reduction in order offtake. Nevertheless, we had to downgrade both our sales and our earnings forecast at the end of October. This was due to the persistently negative business conditions in both segments. While the German automotive industry association (VDA) had previously sharply reduced its forecast for new registrations of electric vehicles, in October the German electro and digital industry association (ZVEI) also significantly reduced its outlook for production. Almost one in two German industrial companies is now suffering from a lack of orders, while wages are rising faster than productivity.

We do not need to point out to you how badly the automotive industry, which is of particular relevance for InTiCa, is affected. You can find a new set of negative headlines in the press every day. Consequently, InTiCa suffered a broadly based downturn in the third quarter. Order call-offs were repeatedly altered at the last moment. In particular, there was far lower demand for components for battery electric vehicles such as our on-board chargers. At the same time, in our project business we have noticed that an increasing number of companies are only driving forward their most important development activities and delaying others or even putting them on hold due to the challenging economic situation.

Another effect also had a major impact on InTiCa’s earnings situation in the first nine months, and especially in the third quarter: exchange losses on the currencies used by our foreign locations led to a significant rise in other operating expenses. Essentially, these currency effects do not affect cash flows but had a cumulative negative effective of almost EUR 1.5 million in the reporting period. Without this, EBIT would have been positive in both the third quarter and the first nine months.

The currency effects therefore negated the success of the measures taken to reduce costs, which are starting to have an effect and beginning to have a growing impact. For example, inventories have been streamlined insofar as possible and continuously reduced despite the ongoing deferral and cancellation of orders. That has been successful because we are negotiating closely with our customers to find solutions for the transfer of excess inventories of raw materials for which no use is foreseeable. The mutual and for InTiCa satisfactory agreement with a major customer was an important step.

On the supplier side, too, price negotiations are showing initial signs of success. Some price rises that had been announced were cancelled and, in a few cases, slight reductions were achieved. Optimized production workflows and an altered product mix are reflected in a lower material cost ratio. Capital expenditure has been reduced as planned and there has been a further significant improvement in quality costs. We have aligned personnel capacity to the order situation insofar as possible and at the Passau site employees are currently working reduced hours again. The further development of the business environment will show whether the measures taken so far are sufficient overall. In any case, they will be implemented energetically.

In parallel with the ongoing efforts to reduce costs, as announced, we are driving forward the reorganization of our business areas to reduce dependence on individual market segments. While the European automotive industry will still have to contend with strong competitive pressure from Asia and high volatility in the foreseeable future, during its difficult transition phase, other areas such as commercial vehicles, special vehicles and rail should be influenced to a far lesser extent. The picture is similar in the Industry & Infrastructure segment, where the photovoltaics business is likely to prove challenging despite rising demand, while opportunities are opening up in many other areas.

At InTiCa, we want to seize these opportunities by progressively positioning our core competencies there. Rising enquiries indicate that this is a promising approach. For example, engineering plastics have been identified as a new area of focus. There is high demand for these, especially in the North American market. Therefore, we are currently concentrating on expanding our plastics competence at our Mexico site and have already started production of several orders. In the new area of Tailored Solutions, an initial large order has successfully been completed and we are continuously extending our market presence. The aim is to develop a new nucleus of business that can be scaled for the production facilities. At the same time, the high-margin small series business should help raise the profitability of the entire Group.

However, this strategy will only yield real results in the medium term. In the short term, we assume that the situation for Germany industry and especially the automotive industry will remain extremely challenging and that the crisis has not yet reached its lowest point. A consolidation is likely in Europe; in some cases, the strategy of the German premium producers will probably be adjusted. Order offtake by customers therefore still has to be viewed with a good deal of caution. Price pressure on tier 1 companies is increasing and they will endeavour to pass this on.

The ongoing geopolitical conflicts, the uncertainties surrounding the new US administration and the early general election in Germany are further disruptive factors. In addition, lending banks are tightening their risk assessments and decision-making processes are generally taking much longer. All in all, this constellation demands our full attention, far-reaching decisions and the courage to adjust our direction.

We would like to thank our shareholders most sincerely for their trust in us in these challenging times, our business partners for their good collaboration, and naturally our employees for their hard work and ideas.

Passau, November 2024

Yours,

Dr. Gregor Wasle	Bernhard Griesbeck
Chairman of the Board of Directors	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

Bernhard Griesbeck
Member of the Board of Directors
Business administration graduate (FH)

Sales, logistics and quality management

Supervisory Board

Udo Zimmer
Chairman
Business administration graduate
Rottach-Egern

- *Managing Director of GUBOR Schokoladen GmbH,*
- *Managing Director of Hans Riegelein GmbH & Co. KG*
- *Managing Director of Rübezahl Schokoladen GmbH & Co. KG*

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 the successful year-end rally in 2023, at the close of what had been a very positive year on the stock market, the markets initially continued their upward trend in the first nine months of 2024. Although the DAX had dropped to a low for the reporting period of 16,431.69 points by mid-January, by the end of the first quarter it was about 10% higher than at the start of the year. Following a temporary correction in April, pleasing quarterly figures and the prospect of an interest-rate cut by the ECB led to a rally on the markets in early May up to a provisional new record of 18,869.36 on May 15, 2024. Having traded sideways at around 18,500 points for a long time, the DAX surprisingly dropped by more than 6% in August. The reasons for this were fears of recession in the USA and the geopolitical tension in the Middle East. The impact was exacerbated by automated sales. However, the index rapidly rallied and rose to a high for the period of 19,473.63 on September 27, 2024. On September 30, 2024, the DAX closed at 19,324.93 points, which was 15.4% above the closing level at end-December 2023. By contrast, the TecDAX ended the first nine months at 3,413.34, only slightly up on the start of the year.

Having ended 2023 at EUR 6.40, shares in InTiCa traded sideways in a range of EUR 6.00 to EUR 6.50 in the first weeks of 2024. At their highest point, the Xetra closing price was EUR 6.40. From mid-January to end-February the share price fell steadily and only stabilized again at the beginning of March. In the following months, it traded in a range of EUR 3.50 to EUR 4.00. In early September, the share suffered a further setback to a level of EUR 3.00. The closing price in XETRA trading was EUR 2.88 on September 30, 2024, which was also a low for the reporting period. InTiCa Systems’ market capitalization was therefore EUR 12.3 million at the end of the first nine months (December 31, 2023: EUR 22.7 million).

In the first nine months of 2024, 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 2023 attracted considerable interest from analysts and investors. The presentation 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 on July 24, 2024, which was held virtually again, is also available on the website. At the AGM, shareholders were able to inform themselves about fiscal 2023 and the current situation at InTiCa Systems SE.

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

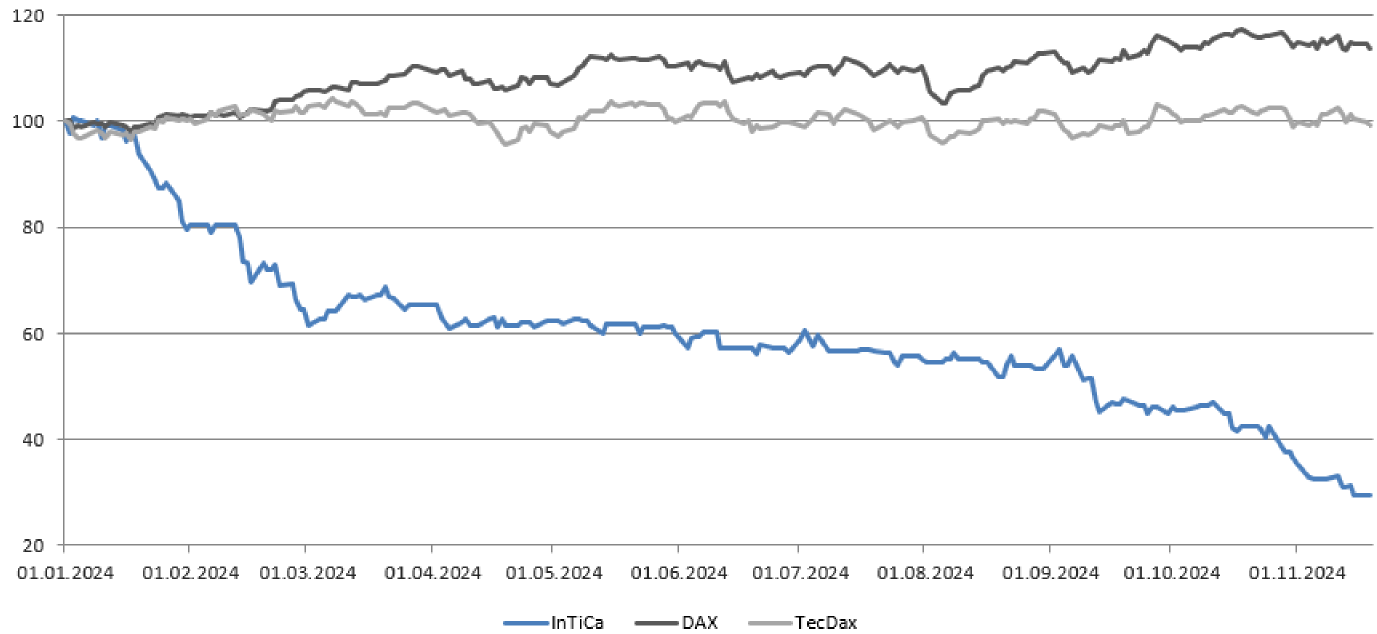
Shareholder structure

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

As of November 15, 2024

Share price performance

in %



Interim Management Report

for the period from January 1 to September 30, 2024

Economic report

General economic conditions

According to the most recent World Economic Outlook published by the International Monetary Fund (IMF) in October, global economic activity has been underwhelming but largely stable so far this year. The IMF is still forecasting global GDP growth of 3.2% for 2024 as a whole. However, notable revisions have taken place beneath the surface in recent months. The forecast for the USA has been upgraded, with wage growth there reflecting recent productivity gains. In the euro zone, by contrast, wages have been rising faster than productivity, driving up unit wage costs and resulting in a downgrading of the forecast.

German industry, in particular, is increasingly suffering from a lack of orders. According to the ifo survey of October, almost one in two industrial companies (47.7%) reported a lack of orders. In many emerging markets and developing economies, such as Mexico, the IMF also sees a deterioration in short-term growth prospects due to disruption in the production and shipping of oil and other raw materials, conflicts, civil unrest and extreme weather events. China and India remain growth drivers, supported by substantial public investment and rising demand for semiconductors and electronics.

Downside risks are increasing and now dominate the forecasts. An escalation of regional conflicts, an excessively long period of restrictive monetary policy, a possible renewed eruption of the financial market volatility with negative consequences for the government bond markets, a sharper slowdown in China and further intensification of protectionist policies result in persistently high uncertainty. For the IMF, the key now is to stabilize debt momentum and rebuild fiscal buffers.

Market and market environment

Mobility (formerly Automotive)

The German automotive industry association (VDA) reports that the majority of international car markets developed positively in the first three quarters of the year. The strongest growth was in Brazil (+14.2%), Mexico (+10.6%) and India (+4.1%). The important Chinese market (+2.0%) returned to its growth track after the weak second quarter. By contrast, the other two major world markets have recently shown signs of weakening. Partly for calendar-related reasons, there was a sharp decline in the US market in the third quarter. Overall, growth was just 0.7% in the first nine months. The development in Europe is similar. Following strong growth of 4.4% in the first six months, growth was only 1.0% at the end of September.

In Germany, the market stagnated in the first ten months. New registrations of electric vehicles were actually down considerably year-on-year (-18%). Growth in PHEV (+9%) was unable to offset the decline in new registrations of BEV (-27%). The VDA has already reduced its forecast for new registrations of electric vehicles from -9% to -17% in 2024. The poor sentiment can also be seen from the ifo business climate index, which dropped to -27.7 points in October. In particular, the current business situation is regarded as considerably more negative than in September. 44.3% of companies in the sector report a lack of orders, export expectations are lower than at any time since the start of the pandemic, and producers and suppliers are increasingly reporting lower sales, job reductions and investment cuts.

The weak economic situation and the current weakness of the European automotive market are increasingly affecting SMEs in the automotive sector. The high order backlogs of the past have finally been worked through and members of the sector are increasingly facing greater difficulty obtaining financing from banks. According to a recent SME survey by the VDA, so far this year the economic development has fallen short of expectations at one in two companies and a further 19% consider that their already poor expectations have been confirmed. Concern about higher customs tariffs by the new US administration and the unclear political situation in Germany are exacerbating the uncertainty.

Industry & Infrastructure

Continuously declining sector figures and the general weakness of the German economy are also putting pressure on the German electro and digital industry. In October, the sector association (ZVEI) therefore reduced its full-year forecast for the development of production from -2% to -7%. That reflects the business trend in the first three quarters. Between January and September, aggregate electro sales were EUR 166.3 billion, which was 7.1% below the prior-year figure; domestic sales (-7.5%) declined slightly faster than export sales (-6.7%). Price-adjusted production was down 9.8% year-on-year in the first nine months.

While the business climate showed something of an improvement at the start of the year, it has declined continuously since then. The index was at -4 points in June, but it registered -26 points in October. The business climate in the electrical drives sector is currently particularly poor at -52.2 points. The biggest handicap by far is the lack of orders. More than half of companies (57%) were affected by this in October. Sector-wide capacity utilization dropped further in the third quarter and was only 74.4% of normal full capacity utilization at the start of the fourth quarter. Order coverage also dropped, to 3.8 (production) months.

ZVEI still expects the global electro market to grow by 1% in 2024, but globally momentum is clearly declining. Market growth in China is forecasted to be 3%, well below past levels, and the US electro market could even stagnate. The ZVEI forecasts that the European electro market will shrink by 1%. Exports by the German electro and digital industry fell by 3.5%in the first eight months, with exports to Europe (-5.6%) dropping particularly fast, while deliveries to non-European countries remained at the prior-year level.

Significant events in the reporting period

The Supervisory Board of InTiCa Systems SE appointed Mr. Bernhard Griesbeck to the company's Board of Directors with effect from January 15, 2024. He succeeds the long-standing board member Mr. Günther Kneidinger, who left the Board of Directors by mutual agreement on September 30, 2023.

On July 18, InTiCa Systems SE announced that it was changing the name of its Automotive segment to Mobility. This strategic decision highlights the company's future-oriented vision and paves the way to access new markets. Alongside the present automotive business, which comprises advanced solutions for the automotive industry, including e-mobility and autonomous driving, the renamed segment will in future include innovative electronic components for commercial vehicles, buses, motorcycles and e-bikes. Innovative solutions from InTiCa could also be used in special vehicles for the construction and agricultural sectors and in various types of trailer. In addition, the company plans to address railways and aviation as new target markets. The introduction of the name Mobility more accurately reflects the segment's range of activities. The previous Automotive business has been integrated fully into the renamed Mobility segment, preserving the comparability and continuity of the segment data.

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

Business performance, which was already subdued in the first half of the year, has recently deteriorated further. The Mobility segment in particular had to cope with a significant reduction in order offtake in the third quarter. Demand for newly launched products such as stator coils for mild-hybrid applications and antennas is not yet high enough to compensate for this. Overall, margins are still under pressure and volatility remains high. In the Industry & Infrastructure segment, business remained at a low level due to the persistently low market demand for charging points and energy supply units. There is currently no sign of a market upturn in the near future.

Consequently, the profitability situation is challenging. However, as a result of continuous process optimization and a more efficient product mix, it was possible to reduce the material cost ratio in the reporting period. Both the gross margin and the EBITDA margin therefore improved year-on-year. Short-term cancellation and deferral of orders are hampering these efforts and making planning of materials and warehousing more difficult. In addition, currency effects that basically had no impact on cash flows reduced earnings by almost EUR 1.5 million in the reporting period. As a result, EBIT slipped into negative territory and at the end of the first nine months, the Group reported a loss for the period.

In view of the increased pressure on liquidity, liquidity management has very high priority. Intensive price negotiations are being conducted with suppliers and customers, inventories have been lowered and capital spending reduced as planned. As a result, operating cash flow improved significantly and was clearly positive in the first nine months. However, due to the negative cash flow from financing activities as a result of increased repayment of loans, total cash flow was slightly negative. The equity ratio slipped slightly in the reporting period but remains at a solid level.

Earnings position

Group sales declined by 18.0% year-on-year to EUR 55.4 million in the first nine months of 2024 (9M 2023: EUR 67.5 million). The Industry & Infrastructure segment in particular saw significant postponements or even cancellation of orders by some customers in the reporting period. Compared to the very strong prior-year period, this resulted in a 40.9% decline in sales to EUR 11.7 million (9M 2023: EUR 19.8 million). Demand in the Mobility segment was also significantly lower in the third quarter. Overall, segment sales dropped by 8.5% year-on-year to EUR 43.7 million (9M 2023: EUR 47.7 million).

At 55.0%, the ratio of material costs to total output in the reporting period was still clearly below the prior-year level (9M 2023: 62.4%). Alongside optimization of production workflows, this was mainly due to a less material-intensive product mix and a compensation payment from a larger customer. The personnel expense ratio (including agency staff) increased slightly from 24.6% to 25.1%. At the same time, other operating expenses decreased from EUR 8.8 million in the prior-year period to EUR 8.4 million. While the expenses for agency staff included in the other operating expenses fell to EUR 0.6 million (9M 2023: EUR 2.3 million), expenses from exchange rate differences increased by EUR 1.2 million to EUR 3.1 million (9M 2023: EUR: 1.9 Mio.).

Depreciation of property, plant and equipment and amortization of intangible assets amounted to EUR 5.0 million in the reporting period (9M 2023: EUR 4.5 million), and spending on research and development was EUR 2.1 million (9M 2023: EUR 2.1 million). Development work focused principally on the product areas grouped in the e-solutions business.

While EBITDA (earnings before interest, taxes, depreciation and amortization) increased in the first half of the year, it fell to EUR 4.6 million after nine months (9M 2023: EUR 4.8 million). As the percentage decline was lower than the fall in sales, the EBITDA margin nevertheless improved to 8.2% in the reporting period (9M 2023: 7.2%). As a result of considerable negative currency effects, which basically did not affect cash flows, EBIT (earnings before interest and taxes) slipped to minus EUR 0.4 million (9M 2023: positive EBIT of EUR 0.3 million). At segment level, Mobility reported EBIT of minus EUR 0.8 million in the first nine months of 2024 (9M 2023: minus EUR 0.7 million) and the Industry & Infrastructure segment reported EBIT of EUR 0.4 million (9M 2023: EUR 1.0 million). It should be noted that most of the expenses from exchange rate differences were assigned to the Mobility segment.

The financial result was minus EUR 1.4 million in the reporting period (9M 2023: minus EUR 1.0 million), with increased use of overdraft facilities and higher interest expense making themselves visible. Tax income was EUR 75 thousand in the reporting period (9M 2023: EUR 6 thousand). Group net income was therefore minus EUR 1.7 million in the first nine months (9M 2023: minus EUR 0.7 million). Earnings per share were minus EUR 0.40 (9M 2023: minus EUR 0.16).

As a result of currency translation losses of EUR 0.7 million (9M 2023: gains of EUR 0.3 million) from the translation of foreign business operations, total comprehensive income was minus EUR 2.4 million in the first nine months of 2024 (9M 2023: minus EUR 0.4 million).

Non-current assets

Non-current assets fell to EUR 33.1 million as of September 30, 2024 (December 31, 2023: EUR 37.0 million), as property, plant and equipment declined from EUR 29.5 million to EUR 25.9 million due to lower capital expenditures. Intangible assets were EUR 5.1 million (December 31, 2023: EUR 5.1 million) and deferred taxes were EUR 2.1 million (December 31, 2023: EUR 2.4 million), in other words, roughly the same level as at year-end 2023.

Current assets

Current assets decreased to EUR 28.7 million as of September 30, 2024 (December 31, 2023: EUR 30.7 million). This was mainly attributable to the drop in inventories as of the reporting date to EUR 16.4 million (December 31, 2023: EUR 18.7 million). Tax receivables also fell from EUR 1.2 million to EUR 0.7 million, other financial assets decreased from EUR 0.6 million to EUR 0.4 million and other current receivables dropped from EUR 1.5 million to EUR 1.1 million. By contrast, trade receivables increased slightly from EUR 7.7 million to EUR 8.7 million. Cash and cash equivalents totalled EUR 1.4 million on September 30, 2024 (December 31, 2023: EUR 0.9 million).

Liabilities

At EUR 29.4 million, current liabilities remained at around the same level as at the end of the previous year (December 31, 2023: EUR 29.8 million). There was a rise in financial liabilities from EUR 18.1 million to EUR 19.4 million, other current provisions increased from EUR 1.3 million to EUR 1.9 million and other current financial liabilities to EUR 3.1 million (December 30, 2023: EUR 3.0 million). By contrast, trade payables decreased from EUR 5.1 million to EUR 3.5 million, tax liabilities fell to EUR 28 thousand (December 31, 2023: EUR 0.4 million) and other current liabilities dropped to EUR 1.5 million (December 31, 2023: EUR 2.0 million).

Non-current liabilities decreased from EUR 17.1 million to EUR 13.9 million as of September 30, 2024. In the reporting period, there was a decline in both non-current liabilities to banks, which decreased to EUR 8.9 million (December 31, 2023: EUR 11.0 million) and other non-current financial liabilities, which decreased to EUR 3.3 million (December 31, 2023: EUR 4.3 million). At EUR 1.7 million, deferred taxes remained at the year-end level (December 31, 2023: EUR 1.8 million).

Equity

Equity decreased to EUR 18.4 million as of September 30, 2024 (December 31, 2023: EUR 20.8 million). This was attributable to the decrease in the profit reserve from EUR 1.4 million to minus EUR 0.3 million due to the loss for the period. In addition, the currency translation reserve changed from minus EUR 0.2 million to minus EUR 0.9 million. The capital stock of EUR 4.3 million, treasury shares of EUR 64 thousand and capital reserve of EUR 15.4 million were constant in the reporting period. Total assets decreased significantly to EUR 61.8 million at the end of the first nine months of 2024 (December 31, 2023: EUR 67.7 million). The equity ratio declined from 30.8% to 29.8%.

Liquidity and cash flow statement

The net cash flow for operating activities was EUR 4.7 million in the first nine months of 2024 (9M 2023: outflow of EUR 0.2 million). Working capital in particular improved in the reporting period due to the reduction in inventories and a significantly lower increase in trade receivables as compared to the previous year. The net foreign currency loss (9M 2023: net foreign currency gain) also had a noticeable effect. Excluding tax expense and interest payments, there was a cash inflow from operating activities of EUR 5.9 million (9M 2023: EUR 1.6 million).

The net cash outflow for investing activities was EUR 2.5 million in the reporting period (9M 2023: outflow of EUR 5.3 million). Investment in intangible assets amounted to EUR 0.9 million (9M 2023: EUR 1.4 million) and investment in property, plant and equipment was EUR 1.7 million (9M 2023: EUR 3.9 million). Given the measures taken in recent years and the continued uncertainty with regard to volumes in the present market conditions, lower capital expenditures of up to EUR 4.0 million have been budgeted for 2024 overall. Investments will focus primarily on an order received for higher quantities of an actuator coil for chassis systems in the Czech Republic and expanding production capacity for functional plastics components in Mexico. In addition, plants are required for the speciality products business.

The net cash flow for financing activities was minus EUR 2.5 million in the first nine months of 2024 (9M 2023: minus EUR 1.1 million). In the reporting period, cash inflows of EUR 2.1 million from the conversion of part of an overdraft facility amounting to EUR 1.5 million into a eurocredit and from a project-related loan (9M 2023: cash inflows of EUR 2.9 million) were offset by cash outflows of EUR 3.8 million for the repayment of loans (9M 2023: EUR 2.9 million) and EUR 0.8 million for lease payments (9M 2023: EUR 1.0 million).

This resulted in a total cash outflow of EUR 0.3 million in the reporting period (9M 2023: outflow of EUR 6.6 million). Cash and cash equivalents (less overdrafts) were minus EUR 12.6 million (September 30, 2023: minus EUR 10.3 million). As of the reporting date, InTiCa Systems SE also had assured credit facilities which could be drawn at any time totalling EUR 18.4 million.

Employees

The headcount was 603 on September 30, 2024 (September 30, 2023: 834). 17 of these employees were agency staff (September 30, 2023: 83). On average, the Group had 666 employees in the reporting period (9M 2023: 841), including agency staff in both cases.

Risks and opportunities

The management report in the annual report for 2023 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 is still dominated by numerous risk factors. At present there is no sign of an end to the war in Ukraine, or further escalation of the conflict in the Middle East. The results of the US elections and the early elections in Germany are also contributing to the uncertainty. That is compounded by the difficult situation in the markets served by InTiCa Systems SE, which is dominated by high competitive intensity, sluggish order patterns and lack of clarity about order offtakes. Almost one in two industrial companies in Germany is now suffering from a lack of orders.

At InTiCa as well, at the end of the first nine months, orders on hand were well below the prior-year level at EUR 86 million (September 30, 2023: EUR 106 million). 92% of orders were for the Mobility segment (9M 2023: 74%). One reason for the decline is that many customers are entering orders in the systems far later. Very high volatility is to be expected in the coming months, too. In December, in particular, it can be anticipated that customers will endeavour to shift the acceptance of goods to the coming year.

Nevertheless, efforts to optimize inventories despite the deferral and cancellation of orders are showing first signs of success and are making themselves visible, especially looking ahead. For example, InTiCa is working closely with customers on the transfer of raw materials for which it does not currently see a use. At the same time, the logistics warehouses have been streamlined where possible. The other measures to reduce costs are also having a continuous effect. These include price negotiations with suppliers, alignment of personnel capacity to the order situation at the sites and the considerable improvement in quality costs. Supply chains and the availability of materials are currently stable, as are purchasing prices. Suppliers have cancelled announced price rises.

In parallel with the ongoing efforts to reduce costs, InTiCa is driving forward the reorganization of its business areas to reduce dependence on individual markets such as the automotive industry. Rising enquiries show that InTiCa is successfully positioning its core competencies in other areas. For example, engineering plastics have been identified as a new area of focus. Apart from minor delays with individual orders, demand for new products is satisfactory. In particular, volume sales of antennas is stable. According to forecasts, some of these programmes run for another ten years and order offtake for the coming months has been confirmed. The EMC project acquired for high-performance sports cars is on schedule and another order is about to be acquired.

In the Industry & Infrastructure segment, the expansion of Tailored Solutions is proceeding on schedule. An initial major order has just been completed successfully and InTiCa is continuously extending its market presence. The aim is to develop a nucleus for new business that can be scaled for the production sites. At the same time, high-margin small series business should help raise the profitability of the group as a whole. Also beyond speciality products, the Industry & Infrastructure segment offers many opportunities. However, competitive pressure is rising steadily. While this comes mainly from Asian competitors In the photovoltaics business, the automotive crisis is forcing German and European producers to move into other areas of industry.

Based on the available information, both from the market and directly from customers, there is presently no sign of a recovery in the short term. Due to the persistently negative business environment, InTiCa Systems SE reviewed its forecast for the current financial year at the end of October and revised its guidance for 2024. Instead of Group sales at the lower end of the EUR 80.00 million to EUR 95.0 million range, sales are now expected to be between EUR 70.0 million and EUR 75.0 million.

Despite optimization of inventories and cost savings, the lower sales are putting pressure on earnings. Whereas previously, a positive EBIT margin of between 0% and 2.5% had been anticipated, at present the Board of Directors assumes an operating loss with EBIT ranging between minus EUR 1.0 million and minus EUR 2.0 million. The wide range is due to the difficulty of estimating currency effects. In the first three quarters alone, non-cash currency differences reduced EBIT by around EUR 1.5 million.

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 2024 are that the cyclical trend will not deteriorate further and geopolitical conflicts will not escalate. 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 2023 in section 6 “Outlook”.

Consolidated interim financial statements in accordance with IFRS

The unaudited consolidated interim financial statements for InTiCa Systems SE and its subsidiary as of September 30, 2024 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 interim 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 and unforeseeable factors and are based on assumptions that may prove incorrect. We neither intend nor assume any obligation to update forward-looking statements on an ongoing basis as these are based exclusively on the circumstances prevailing on the date of publication.

Consolidated Interim Financial Statements

for the period from January 1 to September 30, 2024

Consolidated Balance Sheet

of InTiCa Systems SE in accordance with IFRS as of September 30, 2024

Assets	Sep 30, 2024 EUR ´000	Dec 31, 2023 EUR ´000
Non-current assets		
Intangible assets	5,133	5,142
Property, plant and equipment	25,854	29,525
Deferred taxes	2,111	2,371
Total non-current assets	**33,098**	**37,038**
Current assets		
Inventories	16,386	18,693
Trade receivables	8,693	7,728
Tax assets	716	1,182
Other financial assets	411	625
Other current receivables	1,052	1,510
Cash and cash equivalents	1,416	946
Total current assets	**28,674**	**30,684**
Total assets	**61,772**	**67,722**

Equity and liabilities

	Sep 30, 2024 EUR ´000	Dec 31, 2023 EUR ´000
Equity		
Capital stock	4,287	4,287
Treasury stock	-64	-64
General capital reserve	15,389	15,389
Profit reserve	-324	1,402
Currency translation reserve	-894	-187
Total equity	**18,394**	**20,827**
Non-current liabilities		
Interest-bearing non-current liabilities	8,902	10,958
Other liabilities	3,344	4,346
Deferred taxes	1,697	1,770
Total non-current liabilities	**13,943**	**17,074**
Current liabilities		
Other current provisions	1,887	1,272
Tax payables	28	375
Interest-bearing current financial liabilities	19,409	18,081
Trade payables	3,500	5,127
Other financial liabilities	3,101	2,983
Other current liabilities	1,510	1,983
Total current liabilities	**29,435**	**29,821**
Total equity and liabilities	**61,772**	**67,722**
Equity ratio	**29.8%**	30.8%

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 September 30, 2024

	Q3 2024 EUR ´000	Q3 2023 EUR ´000	9M 2024 EUR ´000	9M 2023 EUR ´000	Change 2024 vs. 2023
Sales	**15,987**	22,185	**55,403**	67,545	-18.0%
Other operating income	1,117	678	2,234	2,547	-12.3%
Changes in finished goods and work in process	520	605	-2,336	-730	-
Other own costs capitalized	151	208	452	631	-
Material expense	9,427	14,759	29,430	42,071	-30.0%
Personnel expense	4,105	4,602	13,317	14,292	-6.8%
Depreciation and amortization	1,706	1,515	4,953	4,505	+9.9%
Other expenses	3,386	2,936	8,449	8,797	-4.0%
Operating profit (EBIT)	**-849**	-136	**-396**	328	-
Cost of financing	432	387	1,405	1,011	+39.0%
Other financial income	0	0	0	4	-
Profit before taxes	**-1,281**	-523	**-1,801**	-679	-
Income taxes	-22	2	-75	-6	-
Net profit / loss for the period	**-1,259**	-525	**-1,726**	-673	-
Other comprehensive income					
Exchange differences from translating foreign business operations	-341	-426	-707	271	-
Other comprehensive income, after taxes	**-341**	-426	**-707**	271	-
Total comprehensive income for the period	**-1,600**	-951	**-2,433**	-402	-
Earnings per share (diluted/basic in EUR)	-0.29	-0.12	-0.40	-0.16	-
EBITDA	**857**	1,379	**4,557**	4,833	-5.7%

Consolidated Cash Flow Statement

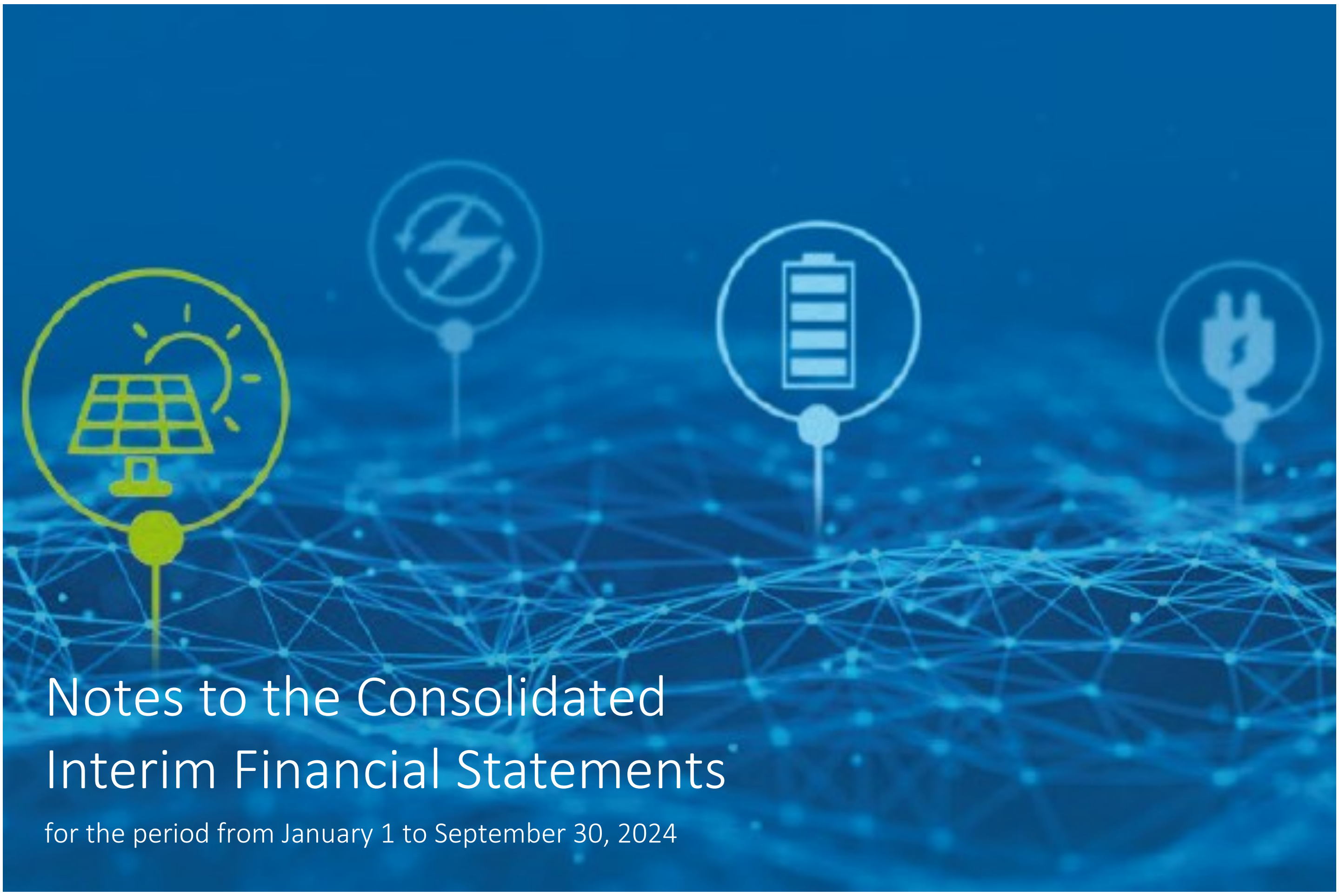
of InTiCa Systems SE in accordance with IFRS for the period from January 1 to September 30, 2024

	Jan 1 - Sep 30, 2024 EUR ´000	Jan 1 - Sep 30, 2023 EUR ´000
Cash flow from operating activities		
Net profit for the period	-1,726	-673
Income tax expenditures / receipts	-75	-6
Cash outflow for borrowing costs	1,405	1,011
Income from financial investments	0	-4
Depreciation and amortization of non-current assets	4,953	4,505
Other non-cash transactions		
Net currency gains/losses	724	-567
Increase/decrease in assets not attributable to financing or investing activities		
Inventories	2,306	-764
Trade receivables	-965	-2,503
Other assets	673	-205
Increase/decrease in liabilities not attributable to financing or investing activities		
Other current provisions	616	2,312
Trade payables	-1,627	-1,274
Other liabilities	-369	-233
Cash flow from operating activities	**5,915**	**1,599**
Cash outflow for income taxes	225	-889
Cash outflow for interest payments	-1,391	-937
Net cash flow from operating activities	**4,749**	**-227**
Cash flow from investing activities		
Cash inflow from interest payments	0	4
Cash outflow for intangible assets	-862	-1,436
Cash outflow for property, plant and equipment	-1,677	-3,877
Net cash flow from investing activities	**-2,539**	**-5,309**
Cash flow from financing activities		
Cash inflow from loans	2,110	2,861
Cash outflow for loan repayment installments	-3,803	-2,938
Cash outflow for liabilities under finance leases	-848	-977
Net cash flow from financing activities	**-2,541**	**-1,054**
Total cash flow	**-331**	**-6,590**
Cash and cash equivalents at start of period	-12,081	-3,800
Impact of changes in exchange rates on cash and cash equivalents held in foreign currencies	-164	122
Cash and cash equivalents at end of period	**-12,576**	**-10,268**

Consolidated Statement of Changes in Equity

of InTiCa Systems SE in accordance with IFRS for the period from January 1 to September 30, 2024

	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, 2023	**4,287**	**-64**	**15,389**	**2,530**	**-173**	**21,969**
Net result for 9M 2023	0	0	0	-673	0	-673
Other comprehensive income, after taxes 9M 2023	0	0	0	0	271	271
Total comprehensive income for 9M 2023	0	0	0	-673	271	-402
As of September 30, 2023	**4,287**	**-64**	**15,389**	**1,857**	**98**	**21,567**
As of January 1, 2024	**4,287**	**-64**	**15,389**	**1,402**	**-187**	**20,827**
Net result 9M 2024	0	0	0	-1,726	0	-1,726
Other comprehensive income, after taxes 9M 2024	0	0	0	0	-707	-707
Total comprehensive income for 9M 2024	0	0	0	-1,726	-707	-2,433
As of September 30, 2024	**4,287**	**-64**	**15,389**	**-324**	**-894**	**18,394**



Notes to the Consolidated Interim Financial Statements

for the period from January 1 to September 30, 2024

Accounting based on the International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of InTiCa Systems SE as of September 30, 2024, 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 2023, which were drawn up in accordance with the International Financial Reporting Standards valid as of the reporting date, as applicable for use in the European Union, and the relevant interpretations.

The consolidated interim financial statements have been prepared for the nine-month period ending on September 30, 2024. Comparative data refer to the consolidated financial statements as of December 31, 2023, or the consolidated interim financial statements as of September 30, 2023. 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 2023. 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 the 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 9M 2023, 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					
	Sep 30, 2024		Dec 31,.2023		Sep 30, 2023	
		EUR 1		EUR 1		EUR 1
Czech Republic	CZK	25.180	CZK	24.725	CZK	24.340
USA	USD	1.119	USD	1.108	USD	1.061
Mexico	MXN	21.910	MXN	18.665	MXN	18.650
Ukraine	UAH	45.954	UAH	42.208	UAH	38.554

	Average rates					
	Sep 30, 2024		Dec 31,.2023		Sep 30, 2023	
		EUR 1		EUR 1		EUR 1
Czech Republic	CZK	25.076	CZK	24.007	CZK	23.837
USA	USD	1.087	USD	1.081	USD	1.083
Mexico	MXN	19.230	MXN	19.177	MXN	19.298
Ukraine	UAH	43.188	UAH	39.562	UAH	39.629

Segment information

The notes to the consolidated financial statements in the annual report for 2023 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, 2023.

Consolidated income statement / statement of comprehensive income

Group sales were EUR 55,403 thousand in the first nine months of 2024, down from EUR 67,545 thousand in the first nine months of 2023. While sales in the Mobility segment did not decrease as fast, the Industry & Infrastructure segment recorded a significant decline compared to the prior-year period. EBITDA decreased from EUR 4,833 thousand to EUR 4,557 thousand. Group net income was minus EUR 1,726 thousand in the reporting period, compared with minus EUR 673 thousand in the first nine months 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 29.8% as of September 30, 2024 (December 31, 2023: 30.8%) shows that the company is still soundly financed.

The net cash flow for operating activities was EUR 4,749 thousand in the first nine months of 2024 (9M 2023: outflow of EUR 227 thousand). The total cash flow in the reporting period was minus EUR 331 thousand (9M 2023: minus EUR 6,590 thousand). Cash and cash equivalents therefore declined from minus EUR 12,081 thousand as of December 31, 2023 to minus EUR 12,576 thousand as of September 30, 2024. Equity and liabilities changed as follows in the reporting period: equity decreased to EUR 18,394 thousand (December 31, 2023: EUR 20,827 thousand) and non-current liabilities decreased to EUR 13,943 thousand (December 31, 2023: EUR 17,074 thousand). Current liabilities also decreased slightly to EUR 29,435 thousand (December 31, 2023: EUR 29,821 thousand). On the assets side of the balance sheet, non-current assets decreased to EUR 33,098 thousand (December 31, 2023: EUR 37,038 thousand), while current assets dropped to EUR 28,674 thousand (December 31, 2023: EUR 30,684 thousand).

Events after the reporting period

On October 24, InTiCa Systems SE reviewed its forecast for the current financial year and revised its guidance for 2024. The revision of the forecast is due to the persistently negative business environment in both the Mobility segment and the Industry & Infrastructure segment. In order to reduce dependence on individual products and sectors of industry, in July 2024 InTiCa decided on a strategic expansion of its product portfolio and extension of its expertise as a solution provider to further market areas. Although positive effects are visible, they are not sufficient in the short term to offset the continued clear reduction in order offtake by automotive customers also noticeable in the third quarter and the considerable reduction in planned demand in the photovoltaic and charging station markets.

No other reportable events have occurred since the reporting date on September 30, 2024.

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 is available for download 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 September 30, 2024, InTiCa Systems SE still had treasury stock amounting to 64,430 shares (September 30, 2023: 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 0.5 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 3 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 September 30, 2024
Segment sales and segment earnings

Segment	Mobility*		Industry & Infrastructure		Total	
In EUR ´000	**9M 2024**	9M 2023	**9M 2024**	9M 2023	**9M 2024**	9M 2023
Sales	**43,680**	47,712	**11,723**	19,833	**55,403**	67,545
EBIT	**-756**	-654	**359**	982	**-397**	328

* formerly Automotive

Key financial figures	9M 2024 EUR ´000 or %	9M 2023 EUR ´000 or %	Change 2024 vs. 2023
EBITDA	**4,557**	4,833	-5.7%
Net margin	**-3.1%**	-1.0%	-
Pre-tax margin	**-3.3%**	-1.0%	-
Material cost ratio (in terms of total output)	**55.0%**	62.4%	-
Personnel cost ratio	**25.1%**	24.6%	-
EBIT margin	**-0.7%**	0.5%	-
Gross profit margin	**42.7%**	36.6%	-

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 in the remainder of the financial year ."

Passau, November 28, 2024

The Board of Directors

Dr. Gregor Wasle	Bernhard Griesbeck
Chairman of the Board of Directors	Member of the Board of Directors

Financial Calendar 2024

November 29, 2024	Publication of Interim Financial Statements for 9M 2024
December 31, 2024	End of the financial year

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